



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, March 4, 2010

2:30 p.m. – Non-Agricultural 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

2:30 p.m. – Non-Agricultural Pool Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL MEETING**

2:30 p.m. – March 4, 2010

*Mr. Bob Bowcock, Chair, Non-Agricultural Pool
Mr. Kevin Sage, Vice-Chair Non-Agricultural 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 January 7, 2010 *(Page 1)*
2. Minutes of the Non-Agricultural Pool Conference Call Meeting held January 18, 2010 *(Page 5)*
3. Verbatim Minutes of the Non-Agricultural Pool Conference Call Meeting held January 18, 2010 *(Page 7)*
4. Minutes of the Special Non-Agricultural Pool Meeting held January 28, 2010 *(Page 23)*
5. Verbatim Minutes of the Special Non-Agricultural Pool Meeting held January 28, 2010 *(Page 25)*
6. Verbatim Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held February 4, 2010 *(Page 29)*
7. Action Items of the Non-Agricultural Pool Meeting Adjourned February 4, 2010 *(Page 55)*

B. FINANCIAL REPORTS

-JANUARY PACKAGE-

1. Cash Disbursements for the month of November 2009 *(Page 57)*
2. Watermaster Visa Check Detail for the month of November 2009 *(Page 61)*
3. Combining Schedule for the Period July 1, 2009 through November 30, 2009 *(Page 63)*
4. Treasurer's Report of Financial Affairs for the Period November 1, 2009 through November 30, 2009 *(Page 65)*
5. Budget vs. Actual July through November 2009 *(Page 67)*

-FEBRUARY PACKAGE-

1. Cash Disbursements for the month of December 2009 *(Page 69)*
2. Watermaster Visa Check Detail for the month of December 2009 *(Page 73)*
3. Combining Schedule for the Period July 1, 2009 through December 31, 2009 *(Page 75)*
4. Treasurer's Report of Financial Affairs for the Period December 1, 2009 through December 31, 2009 *(Page 77)*
5. Budget vs. Actual July through December 2009 *(Page 79)*

-MARCH PACKAGE-

1. Cash Disbursements for the month of January 2010 *(Page 81)*
2. Watermaster Visa Check Detail for the month of January 2010 *(Page 85)*
3. Combining Schedule for the Period July 1, 2009 through January 31, 2010 *(Page 87)*
4. Treasurer's Report of Financial Affairs for the Period January 1, 2010 through January 31, 2010 *(Page 89)*
5. Budget vs. Actual July 2009 through January 2010 *(Page 91)*

C. INTERVENTION INTO THE AGRICULTURAL POOL

Intervention of Rafael Treto into the Agricultural Pool *(Page 93)*

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 97)*

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 103)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

1. Potential 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 January 7, 2010
2. Non-Agricultural Pool Conference Call Meeting held January 18, 2010
3. Non-Agricultural Pool Conference Call Meeting held January 18, 2010 (Verbatim)
4. Special Non-Agricultural Pool Meeting held January 28, 2010
5. Special Non-Agricultural Pool Meeting held January 28, 2010 (Verbatim)
6. Appropriative & Non-Agricultural Pool Meeting held on February 4, 2010
7. Action Items of the Non-Agricultural Pool Adjourned February 4, 2010



Minutes
CHINO BASIN WATERMASTER
ANNUAL JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
January 7, 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 January 7, 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
J. Arnold Rodriguez	Santa Ana River Water Company
John Mura	City of Chino Hills
Dave Crosley	City of Chino
Anthony La	City of Upland
Ben Lewis	Golden State Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Bob Bowcock	Vulcan Materials Company (Calmat Division)
Mohammad El-Amamy	City of Ontario
David Penrice	Aqua Capital Management

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis	City of Upland
Michael Camacho	Inland Empire Utilities Agency

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 De Jesus	Three Valleys Municipal Water District
Rick Hansen	Three Valleys Municipal Water District
Marty Zvirbulis	Cucamonga Valley Water District
Kevin Sage	Vulcan Materials Company (Calmat Division)
Gil Aldaco	City of Chino
Tom Harder	Groundwater Consulting
Timotheus Hampton	City of Pomona

Chair Kinsey called the Annual Joint Appropriative and Non-Agricultural Pool Meeting to order at 1:15 p.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative Pool Meeting held December 3, 2009

B. FINANCIAL REPORTS

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

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 10-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 10-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. NOTICE OF INTENT

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

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

II. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. December 11, 2009 Court Hearing**

Counsel Fife stated all the items that legal counsel has to report on today have been discussed at the Advisory Committee and Watermaster Board meeting; however, these updates were not presented to this Pool. Counsel Fife stated a hearing on December 11, 2009, took place. This was a surprise hearing in that notice for this hearing was not given by the court until one week prior to the hearing date. The purpose of the hearing was for the new judge to introduce himself and to find out what he needed to expect from our case. Counsel Fife noted the judge seems excited about working on our case. Another hearing was scheduled by Judge Reichert for September 24, 2010 at 10:30 a.m. to decide on the motion to approve the updated Recharge Master Plan which is the next Condition Subsequent out of the December 21, 2007, order approving the Peace II Agreement.

2. Santa Ana Critical Habitat

Counsel Fife stated this item came up in December, 2009, after the Appropriative and Non-Agricultural Pool meeting took place. Counsel Fife stated there is a map of the Santa Ana Sucker Critical Habitat Re-Proposed 2009 area on the back table which proposes to expand the designation of the critical habitat for the sucker. This notice was published in the federal register on December 9, 2009, and the notice is long and was not printed for distribution. Counsel Fife reviewed the map in detail. Counsel Fife noted comments are due by February 5, 2010 and counsel is encouraging CBWM to comment. Counsel Fife stated he has heard there are going to be extensive comments coming from a coalition of parties who could be seriously affected by the proposed expansion area for critical habitat. A discussion regarding joinders from other parties and the schedule for this process ensued.

3. Auction Process

Counsel Fife stated the water auction was postponed and a meeting took place last month with some of the parties to discuss what next steps should be taken next. Those discussions are continuing and another meeting will be held next Wednesday at 3:00 p.m. to continue discussing this matter. Counsel Fife stated any party who would like to participate in those meetings, the next meeting is on January 20, 2010 starting at 3:00 p.m. Feedback has been received from the parties who were at the previous meeting and staff will come forward with recommendations at a future meeting.

B. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated legislatively the most noteworthy topic from this month is the governor had his state of the state address yesterday. At that address the governor had a lot of points about having the water bond as a primary focus of this next year. The governor also made a commitment to education to not make major cuts in the areas of education, which means he is going to look at filling in the gap of about \$20 billion dollars from other potential funds. This could mean our parties looking at additional impacts somehow. The governor's draft budget will not be out until early next week. Mr. Manning referenced a handout from the San Gabriel Tribune blog that was put out right after Christmas that appears to be of interest and summarizes how some people feel about water. A discussion regarding the blog ensued.

2. Recharge Update

Mr. Manning stated the recharge numbers for November, 2009, are on the back table for your review. It appears December will be a much better month as far as recharge is concerned and December report will be available by the next Advisory Committee meeting.

3. Policy Manual

Mr. Manning stated this item has been discussed in the last several months. A group of producers have been reviewing the Policy Manual and have made recommendations. Those recommendations will go through the Watermaster process in February. Watermaster is in the process of going through the recommendations and working on format.

III. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

IV. POOL MEMBER COMMENTS

Mr. Penrice stated he is looking for some clarification regarding the water auction items. Mr. Penrice stated that as a member of the Non-Agricultural Pool he is attempting to figure out when the Notice of Intent to Purchase given to the Non-Agricultural Pool. Mr. Manning stated he would need to check the records and get back to him with the exact date.

V. OTHER BUSINESS

No comment was made regarding this item.

VI. FUTURE MEETINGS

January 7, 2010	1:00 p.m.	Annual Non-Agricultural Pool Elections @ CBWM
January 7, 2010	1:05 p.m.	Annual Appropriative Pool Elections @ CBWM
January 7, 2010	1:15 p.m.	Annual Joint Appropriative & Non-Ag Pool Meeting @ CBWM
January 14, 2010	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 21, 2010	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 21, 2010	9:00 a.m.	Annual Advisory Committee Meeting @ CBWM
January 26, 2010	9:00 a.m.	GRCC Meeting @ CBWM
January 28, 2010	11:00 a.m.	Annual Watermaster Board Meeting @ CBWM

The Annual Joint Appropriative Pool and Non-Agricultural Pool meeting was dismissed by Chair Kinsey at 1:25 p.m.

Secretary: _____

Minutes Approved By: Appropriative Pool Only on February 4, 2010

Draft Minutes
CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL CONFERENCE CALL MEETING
January 18, 2010

The Non-Agricultural Pool Conference Call Meeting was held on January 18, 2010 at 9:00 a.m.

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
Mohammad El-Amamy	City of Ontario
Chris Stubbings	Praxair, Inc.
Dave Penrice	Aqua Capital Management
Lisa Hamilton	General Electric Company
David Starnes	Swan Lake Mobile Home Park
Jim Barr	Reliant Energy

Watermaster Staff Present at Watermaster

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

Board Members Present on Call

Bob Kuhn	Three Valleys Municipal Water District
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Watermaster Consultants Present on Call

Michael Fife	Brownstein, Hyatt, Farber & Schreck
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Others Present on Call

Kevin Sage	Vulcan Materials Company (Calmat Division)
David DeJesus	Three Valleys Municipal Water District
Chris Helm	Praxair, Inc. consultant
Ken Jeske	City of Ontario

Chair Bowcock called the Non-Agricultural Pool Conference Call Meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

A roll call was taken by the recording secretary.

I. BUSINESS ITEM

A. Sale of Non-Agricultural Pool Water to the Appropriate Pool

There was an inquiry if this meeting was noticed and if an agenda was sent out with the notice. Mr. Manning stated this meeting was noticed and an agenda was included in the email. Chair Bowcock noted there will be no action taken regarding the one business item listed on the agenda today; this meeting is for discussion purposes only. Clarification on the parties' names and who they were representing was discussed. Chair Bowcock offered background on why this meeting was called and clarified the issues that will be addressed today.

Mr. Penrice discussed the letter he received recently that was written by Mr. Manning dated January 14, 2010. Chair Bowcock offered comment on the contents of the letter which was sent to the members of the Overlying Non-Agricultural Pool. A discussion regarding the letter ensued.

Chair Bowcock asked that Counsel Fife review the chronology regarding the Notice of Intent to Purchase due to a question that was brought up by Mr. Penrice at the January 7, 2010, Appropriative and Non-Agricultural Pool meeting. Counsel Fife gave a detailed chronological account regarding the Notice of Intent to Purchase from the Purchase and Sale Agreement. Counsel Fife reiterated, several times during his recap of events, that the Notice of Intent to Purchase notice satisfied the terms of the Purchase and Sale Agreement on August 27, 2009 but that there was also a full year of Watermaster process that is relevant to the notice. A question regarding Chino Basin Watermaster's website address was presented and Mr. Manning gave the website address. Counsel Fife continued with his account of sequence of events. When Counsel Fife was finished, Chair Bowcock asked if there were any questions. Mr. Penrice presented a question regarding the notice for the Notice of Intent to Purchase. Counsel Fife stated the Notice of Intent was issued in written form and was included in the package for the August 27, 2009, meetings. Mr. Penrice presented other questions regarding the notice and the 2,652 acre-feet of water. Counsel Fife stated the notice was presented in written form at the August 27, 2009, Watermaster Board meeting and was approved by the Watermaster Board with representation from the Non-Agricultural Pool being present. Counsel Fife noted the 2,652 acre-feet of water was included in the notice which stated the water would be used for Desalter replenishment. A discussion regarding this matter ensued. Mr. Penrice inquired about a punch list that was distributed at one of the past meetings. Counsel Fife noted he did not have that list in front of him and would have to get it and review it before any reply could be given. A discussion regarding the punch list ensued. Chair Bowcock affirmed the participation of the Non-Agricultural Pool during this process and noted he and/or Mr. Sage did not engage in the closed sessions regarding this item. Mr. Penrice asked for clarification on a trust account for the water. Mr. Manning explained where the word trust account came from. A discussion regarding the use of the words "trust account" ensued. Counsel Fife offered further comments on the chronology of events. Mr. Manning offered further comments on this matter. A lengthy discussion regarding this matter ensued.

Chair Bowcock inquired if a confidential session should be called and there was no reply.

II. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

No confidential session was called.

The Non-Agricultural Pool conference call meeting was dismissed by Chair Bowcock at 10:08 a.m.

Secretary: _____

Minutes Approved: _____

Draft *Verbatim* Minutes
CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL CONFERENCE CALL MEETING
January 18, 2010

The Non-Agricultural Pool Conference Call Meeting was held on January 18, 2010 at 9:00 a.m.

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
Mohammed El-Amamy	City of Ontario
Chris Stubbings	Praxair, Inc.
Dave Penrice	Aqua Capital Management
Lisa Hamilton	General Electric Company
David Starnes	Swan Lake Mobile Home Park

Watermaster Staff Present at Watermaster

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

Board Members Present on Call

Bob Kuhn	Three Valleys Municipal Water District
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Watermaster Consultants Present on Call

Michael Fife	Brownstein, Hyatt, Farber & Schreck
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Others Present on Call

Kevin Sage	Vulcan Materials Company (Calmat Division)
David DeJesus	Three Valleys Municipal Water District
Jim Barr	Reliant Energy
Chris Helm	Praxair, Inc. consultant
Ken Jeske	City of Ontario

Chair Bowcock called the Non-Agricultural Pool Conference Call Meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. BUSINESS ITEM

A. Sale of Non-Agricultural Pool Water to the Appropriative Pool

Bob Bowcock: Okay I will open this up. It is 9:05 a.m. and I will call the Non-Agricultural Pool meeting to order and ask the secretary, Sherri Lynne, to take a roll call of Non-Agricultural Pool members.

Sherri Lynne: Called roll call from the 2009/2010 list of Non-Agricultural Pool members.

Ken Jeske: Do we have a quorum?

Bob Bowcock: Yes.

Ken Manning: Yes, based on the number of votes a quorum is present.

Ken Jeske: My second question is this was not advertised as anything other than a conference call and not as an official meeting.

Bob Bowcock: Well, it is an official meeting but there will be no action.

Ken Jeske: It was not advertised as such and there was no agenda.

Ken Manning: Yes there was an agenda that was sent out.

Ken Jeske: What I got was simply a reminder of conference call.

Bob Bowcock: I received an agenda last week and I will accept the comment and we can decide what we want to do with it later.

Ken Jeske: That is fine. I wanted to make sure whatever we did was not challengeable Bob.

Bob Bowcock: I totally agree. I do not anticipate at this time that pending a decision of the members present whether action will be taken. The purpose for this meeting is to officially first broach a subject that has been talked about in an official fashion in order that it may be properly dealt with.

Ken Manning: Bob, if I could clarify something as well, because I want to make sure everybody understands the rules of how votes are distributed amongst the pools when a meeting is called and a volume vote is asked for. In Watermaster if a person is not present and has water rights and voting rights within the pool, and they are not present, those voting rights are reallocated based upon the voting rights of those who are in the pool who are on the call or at the meeting. In this particular case, the assigned rights that are shown to all would only to apply to everyone if everyone in the pool was present and voting. In this particular case the votes are redistributed throughout the pools. If you want Sherri Lynne to read what those reassignments would be based upon the number of people who are on the phone. We can do that now.

Bob Bowcock: Once again, at this particular moment in time, believe that any action will be taken; I don't believe that is necessary. If the Non-Agricultural Pool committee chooses to take action, at that time I would call for a voting roll call.

Ken Manning: Okay I just wanted you to know that is available.

Bob Bowcock: Back to Ken Jeske's concerns and questions. I appreciate those that are in attendance and those who are listening whose names have not been called because you are listening by your own choice. We did advertise this and Sherri Lynne did broadcast to all members of the Watermaster family. That being said, for the benefit of Ken, staff, and ultimately counsel, are there any members who are not members of the Non-Agricultural Pool who would like to be recognized as participating?

Bob Kuhn: I am on the call, Bob Kuhn.

David DeJesus: And David DeJesus is monitoring.

Ken Manning: Any other Board Members on the call?

Dave Penrice: Could you all let us know your rolls?

Mr. Manning: Bob Kuhn and David DeJesus are members of the board representing Three Valleys Municipal Water District. Bob Kuhn is the actual board member and David DeJesus is his alternate.

Dave Penrice: Okay, thank you.

Ken Manning: So we only have two members of the board on the call which is Bob Bowcock and Bob Kuhn.

Bob Bowcock: With that, on January 14th some of the members of the Non-Ag Pool have received the letter. If you were due a compensation for the water, I heard General Electric was participating on this call but would not have received that correspondence. Is that correct Ken? Only recipients of revenue would receive the letter.

Ken Manning: Correct.

Bob Bowcock: I just want parties to understand so that those who do not have the correspondence can continue to play along.

Dave Penrice: This is Dave from Aqua Capital and we did receive our letter dated January 14, 2010 from Mr. Manning today along with a check in accordance with section C of the Purchase and Sale Agreement.

Bob Bowcock: Okay so there are parties whom have received those correspondences. I will begin with a simple reflection upon the chain of events which led us to this call today and then I will look to Watermaster counsel to give a chronology of events that have led up to the events of this day. The conclusion of the last Watermaster meeting in the public comment period Aqua Capital Management represented by David Penrice expressed concern and asked Watermaster staff and counsel a question as to when notice was received by the Non-Agricultural Pool affecting the option for water to be sold to Watermaster to be held in trust for the Non-Agricultural Pool. And I am going to stumble over this and probably say things incorrectly and I trust that staff and counsel will correct me if I error too far out of way. That question was brought up at the last Watermaster meeting. Watermaster staff intended to look into it and they produced a couple of documents that we then reviewed and the question still remained a concern at that time. The letter was then issued on January 14th indicating that Watermaster had provided notice to the Non-Agricultural Pool and the matter still remains in a question format from the Non-Agricultural Pool members. I believe, and have heard from other members of the Non-Agricultural Pool, that they too would like to ask and lodge the same question. At this point in time all that is on the table is the question. And that goes back to staff and legal counsel. And that question remains, when and how and was notice provided to the Non-Agricultural Pool for the purpose of affecting the option for the sale of water from the Non-Agricultural Pool storage account, identified in Peace II, to Watermaster to be held trust for the Non-Agricultural Pool. With that counsel will now pick it up and answer the question at hand.

Ken Manning: Bob let me turn this over to Michael because we have prepared a chronology of events that I think will help assist in people understanding what has occurred in terms of the notice from Watermaster's perspective. Let me correct one thing that you said. You said that following the last meeting when the issue was brought up as to whether or not that is the Appropriative Pool meeting in January as to whether or not the Notice of Intent was sent. When we provided you with the documentation, questions were asked of both you and of Dave Penrice at that time by members of the Appropriative Pool and Watermaster staff, if this met the requirement from which you were concerned with; was this issue over and the answer to the question was yes it was over.

Dave Penrice: I object to that Ken, to the point where I said we needed to review it because we were just given documentation, we needed to review it.

Ken Jeske: I will report that in the parking lot Dave, you told me that you had reviewed the documentation and everything is in order.

Ken Manning: I am not sure that is relevant Dave in terms because obviously you have the right to reserve judgment. I am just telling you that at that moment in time Watermaster staff and counsel was feeling that the issue was resolved. So when it came back up again we were caught a little off guard. But with that I am going to turn it over to Michael Fife who is going to walk through the chronology as Watermaster perceives them based upon the minutes of the meetings and our recollections of actions taken. So Michael you are on the line right?

Michael Fife: Yes I am. Just as a preface, I want to apologize to everybody, I am house monitoring my Mom's house up in the Station Fire area and the power has come on and off. So if you lose me I apologize but hopefully everything will be okay for the duration of the call.

Michael Fife: As Ken said, since this issue came up we have been reviewing the chronology of events and I will only hit the relevant ones during this call. But one of the significant things I think we discovered in that review is that on just about every agenda for the past year, since January 2009, the issue of this purchase of water has been on the agenda in one form or another. Whether it was approval of a Storage & Recovery Agreement that was to follow upon exercise of this option, whether it was auction administration, or whatever, and this purchase has been on the agenda with consistent concession of subject for the past year. And in our review of the minutes we have found no indication as any time that there was any ambiguity as to the intent of the Appropriative Pool to exercise this option. That is just the first thing as just an overview of the chronology is that there has been a consistent pattern and no indication at any time that this option was not to be exercised. I believe the minutes reflect that was a consistent understanding from both the Appropriative and the Non-Agricultural Pool who was a participant in most of these meetings. For the specific question as to when the written notice required under the Purchase and Sale Agreement was provided. First note the Purchase and Sale Agreement requires simply that written notice of Intent to Purchase will be provided; it says nothing else. There has been some talk about references to other documents within the Watermaster library of rules and agreements and Judgment, etc. and I believe that with reference to all of those, the notice has been provided. But the agreement itself, doesn't say anything more than that written notice will be provided. In July, 2009, the Appropriative Pool began discussions about what the content of the Notice of Intent to Purchase would contain. These were simply discussions about what the specific language to be used in the notice would be. That occurred throughout July and then in August an actual written Notice of Intent to Purchase was presented and considered by the Appropriative Pool. The date of that meeting was August 13, 2009. The Non-Agricultural Pool was a participant at that meeting. The Pool discussed a specific Notice of Intent to Purchase which had been drafted by Watermaster and presented for their consideration. They reflected on various questions as to how that notice would be constructed and at the August 13, 2009, meeting they approved the Notice of Intent to Purchase. This written notice was then put into the agenda package and was delivered to every Watermaster party for the August 27, 2009, Advisory Committee and Watermaster Board meeting. This is a customary manner of Watermaster to provide notice and in fact, this is the manner that Watermaster provides notice of all things pursuant to court direction. The court has directed Watermaster to provide notice in an electronic form whenever possible and all parties have either consented to receive this type of notice, that is electronic delivery of notice through the agenda packages or if they didn't want to receive it that way they still received paper notices that are actually printed out and delivered to them. The actual Notice of Intent to Purchase was in the agenda package, delivered to all parties, and that includes all members of the Non-Agricultural Pool in anticipation for the August 27, 2009 Board meeting. If you have the packet of that meeting you will find the Notice of Intent to Purchase on page 41 of that agenda package.

Ken Manning: Let me add in here Michael that Watermaster, also when we send those out we require read receipts on that so we know who opened those packets and who actually read those or at least opened the packet.

Michael Fife: Okay thank you. If you do not have your packet any more since that was August, and you want to look at that Notice of Intent to Purchase, all Watermaster agendas packages, agendas, and meeting minutes are on their website. You find that on the homepage of Watermaster. There is a button on the left that will say meetings. Just click on that and you will click through to all of the

Pool meetings and minutes, all of the Advisory Committee meetings and minutes, and the Boards, as well as the packages.

Dave Penrice: Excuse me what is Watermaster's internet page.

Michael Fife: It is www.cbwm.org

Dave Penrice: Okay, thank you.

Michael Fife: And so the notice was provided in that package. There were subsequent discussions about how to allocate that water. There was some discussion as to whether the 2,600 acre-foot part would be used for the CURO or for Desalter Replenishment. Those discussions occurred in the September time frame. There were continuing discussions about the auction when the auction got postponed. There was another agenda item where the Appropriative Pool decided how to pay for the water since the original intent had been that the auction would occur on November 4, 2009, and then the proceeds would be used to actually fulfill the agreement and pay for the water. But when the auction was postponed, they had to come up with a separate payment mechanism and that was an agenda item at the November 4, 2009, Appropriative Pool meeting. Again the Non-Agricultural Pool participated in that meeting. So even after the notice was provided and the auction was postponed, again a clear pattern of conduct that the Appropriative Pool believed that the notice had been provided and there is nothing in the minutes that indicate that the Non-Agricultural Pool felt otherwise. That is the chronology and I am happy to answer any questions about it. But Watermaster does believe that it provided notice as required under the Purchase and Sale Agreement on behalf of the Appropriative Pool.

Bob Bowcock: Does anyone have any questions of Michael.

Dave Penrice: I've got a couple questions. So if I understand you right Michael, the meeting in August is when you are saying the Notice of Intent was issued.

Michael Fife: The Notice of Intent was issued in written form and was included in the package for the August 27, 2009, meeting.

Dave Penrice: Okay. So the only thing that makes me a little unclear about that when I read that, and I definitely see it, and what it says when I look at that packet, it says that Watermaster staff has prepared a form of notice to satisfy the requirements of section C. So I read that as it was a form that the notice was going to look like and that like you indicated there was some discussion particularly when Fontana Water Company brought up what was going to happen with the 2,652 acre-feet that was going to be discussed at later board meetings. It sure read like what was going to happen is there was a new form that was going to be agreed to and actually may have been agreed to, to be provided, and I can't find when that new form was put into writing or the new notice was put into writing to reflect the changes that the Appropriative Pool agreed to after the issue that was raised by Fontana.

Michael Fife: There was some discussion at the August 27, 2009, meeting about whether a new notice would be drafted and issued but ultimately there was no change to the notice. And specifically the question was concerning the 2,652 acre-feet. The notice that was provided indicated that the 2,652 acre-feet would be used for Desalter replenishment. At the August 27, 2009, Board meeting there was some discussion as to whether it should be used for Desalter replenishment or for some other purpose. And so there was discussion whether a new notice should be issued to reflect that different purpose. Again this was discussed at the subsequent Appropriative Pool meeting at which the Non-Agricultural Pool was present and it was decided there would be no change to the notice so no new notice needed to be issued because the previously issued notice was sufficient for the intended purpose of the Appropriative Pool.

Dave Penrice: So the form of notice that was agreed to in August was the form of notice. I am kind of seeing that as a form of notice and you were saying that was the actual issuance of notice. Okay I understand the difference there. Then the next question I have is, at the November Board meeting that you referred to were the basically Plan B was discussed about the auction not happening and how the funds were appropriated to pay for this water. There is like a punch list plan for the disposition of water purchased from the Non-Agricultural Pool. There is a punch list and the first item on the punch list is it says by December, 21, 2009, Watermaster under the direction of the Appropriative Pool will send Notice of Intent to Purchase pursuant to the Purchase and Sale Agreement. So my question is, if in Watermaster's view the Notice was issued in August, why on the November Board meeting were they still saying they needed to issue that Notice of Intent.

Michael Fife: Well again I don't have this punch list in front of me but that sounds like a simple quote out of the Purchase and Sale Agreement.

Ken Manning: Dave, I can answer that. The answer is that I was asked in terms of numbers of things that we were going to do at Watermaster. Not things that we had to do but a number of things that we were going to do and we had been requested to send another copy as a reminder of the sale. And that all it was, was a reminder.

Dave Penrice: And that was requested by who Ken?

Ken Manning: I don't remember if it was at a Board meeting or the Appropriative Pool meeting there was a question in terms of some of the things we were going to do and we talked about sending out a reminder.

Dave Penrice: So my guess what would have been appropriate would say that we already issued the Notice of Intent or pursuant to our decision in August we have issued the Notice of Intent but it says that we will have to do it. Is basically what it says and that is the part that confuses me.

Ken Manning: You are partly right Dave we were going to send out a reminder, that is something we were going to do, but it does not say we did not send out the initial notice which is what we had already done. It doesn't negate the fact that we had already sent out the notice; everybody had that understanding.

Michael Fife: Again Dave, you are looking at one specific word in a punch list that again, I don't know where that punch is; I don't have it in front of me. But again it's one specific phrasing that is simply a direct quote out of the Purchase and Sale Agreement listing our requirements. But looking at the surrounding circumstances, I don't see anything in any of the meeting minutes or anything else and I was personally in attendance at each of these meetings. There was nothing said about any intention or belief by any party including the Non-Agricultural Pool party that the notice had not been issued or that there was not a full intent that everything had been done in compliance with the Purchase and Sale Agreement to exercise the option on the water.

Dave Penrice: Excuse me, what was the date of that notice? Initial notice dated?

Michael Fife: The notice was provided again in the August 27, 2009, Board package. The notice states that the date of notice is December 18, 2009. The reason we did that was because the original plan was that the auction would take place in November and the proceeds from the auction would be used to make the initial payment which was required 30 days after the date of the notice. So timing wise, we wanted to provide enough time for the auction to be completed and for us to receive a check from the successful bidder and so the notice was forward dated to December 18, 2009, in order to provide that cushion of time after the anticipated November 4, 2009, auction. And again this was one of the subjects of a lengthy discussion during the July, Appropriative Pool meeting at which the Non-Agricultural Pool was present.

Ken Jeske: It was a joint meeting correct?

Michael Fife: Correct.

Bob Bowcock: For the record, and this has no bearing one way or the other, but in all of the Non-Agricultural / Appropriative Pool joint meetings when the subject of the water purchase would be issued a closed session was called and the Non-Agricultural Pool was excused from those meetings. That has no bearing on anything but I just want to make sure.

Ken Manning: Actions taken were noted.

Michael Fife: I think that is an over statement to say that in all the discussions a confidential session was called. There were confidential sessions called when the Appropriative Pool was discussing sensitive issues about auction strategy and things like that. But especially with regard to the Notice of Intent to Purchase and the contents of it, that was all done in open session.

Ken Manning: The other thing is that if the Appropriative Pool had taken action in closed session, to do anything other than what they had talked in open session that would have been announced and is required to be announced in open session following the meeting or in the minutes. None of which happened.

Dave Penrice: It just looks like from my seat that the Appropriative Pool did approve the form and did decide they wanted to issue a Notice of Intent but it doesn't appear that the Notice of Intent was actually issued and that the written was provided and that's the part that is puzzling to me because it's not very clear how they did that. The other question is. I am still not real clear what the intended use of the water is. I mean I hear the Storage and Recovery and I hear Desalter replenishment but then I see some language about a trust agreement that Watermaster is holding the water in trust. I am confused by that because it is not very clear.

Ken Manning: The use of the water is irrelevant. Watermaster is buying the water for purpose as described in the Peace Agreement.

Dave Penrice: The use of the water is not irrelevant; it says the Notice of Intent has to declare whether the water is used for Desalter replenishment or a Storage and Recovery Program. But then there is Plan B when it talks about still needing to issue the Notice of Intent; it talked about some kind of trust arrangement. And to me that further clouds what the intention of the Appropriative Pool was and really what is going on here.

Michael Fife: Well no Dave there again you are mixing steps in the process up. The chronology intention was that the notice was dated December 18, 2009, so that the auction could occur November 4, 2009, and that would produce the proceeds that would be used to purchase the water. The Plan B was a plan for what happened if the auction did not occur which is what happened. The auction has been postponed, in which case, all of the Appropriative Pool members knew that the payment for the water under the Notice of Intent to Purchase had to be made within 30 days of the December 18, 2009, date. So there had to be Plan B in place in order to generate the funds to make the payment required under the Notice of Intent. There was never any discussion that if the auction didn't occur that they would not exercise the option. There is nothing in the minutes. There was nothing in the discussions that ever suggested that. And to again just to emphasize, I was at all of those meetings, and am familiar with the discussions. The Plan B was simply a plan for how to pay for the water. Which I suggest is a course of conduct which clearly indicates the intention by the Appropriative Pool that it had exercised the option.

Dave Penrice: And in using that same logic Michael when I look at the Plan B analysis the first thing on that list around Plan B is the statement that by December 21, 2009, Watermaster will send Notice of Intent pursuant to the Purchase and Sale Agreement. And to me that is the missing piece.

Michael Fife: This is a list of things to be done. It is a list of all the things that are required to be done not necessarily a list of everything that hasn't yet been done. It's just these are the steps and step one had been completed.

Ken Manning: We created that check list long before. Watermaster had always been asked to create a list and Watermaster internally created that list of things that we needed to do. Again, that was not a list of things that still needed to be done, it was a list of things that we had or still needed to be done.

Michael Fife: I think that the ambiguity to the extent there is any that you are identifying is based on two words in staff reports. That is now you are identifying the word "will" so you are identifying a word that has a future tense rather than a past tense to it and then you previously identified the word "form" and so any ambiguity or the extent of the ambiguity you've is founded shades of interpretation of two specific words. And this is put against a backdrop of a solid of year of process and public process and discussions and financial planning – all of which demonstrates a clear intent to exercise the option and then after August, that option had been exercised. And so I really think that trying to generate an ambiguity out of two words against this entire backdrop where there has been no suggestion by anybody that they actually in their minds thought that this option hadn't been exercised.

Dave Penrice: Also you make the point that there has been a lot of intent and history, what I have also notice about Watermaster when there are notices in the agenda packages it is very clear, there are separate pages that say Notice of Intent to Transfer, Notice of Intent to Approve Safe Operating Yield, Notice to Approve Voting Interest, there are very clear protocol in how notices are issued by Watermaster and you would have thought that this form of Notice of Intent that was approved back in August, would have fallen under some type of similar formal notice process as indicated by the intent that was laid out in Plan B that was discussed in November. That is what I would expect and that is what I was looking for. That is how I would presume that the Purchase and Sale Agreement for Peace II was contemplated the notice being given.

Michael Fife: Again I would only say it's looking post talk at shades of meaning where if you actually look at what happened at the meetings, look at the meeting minutes, look at the discussions the Non-Agricultural Pool participated in this entire process and never once said hey guys where is the notice; we don't think you have provided the notice. It was quite the opposite that the Non-Agricultural Pool conduct at all times indicated an understanding that the auction would be exercised and then had been exercised.

Ken Manning: There is also a distinction here Dave that you need to understand. The transactions that you referred to in terms of notice in the Watermaster meetings agendas are transactions that are taking place between two distinct parties absent the presence of Watermaster and other Watermaster parties. Its noticed in the Watermaster agendas in order to provide a clear light or a focus on that so that everybody knows that took place. The transaction we are talking about was part of a court order and part of a different set of circumstances that shed light on this. To say that nobody in Watermaster didn't know we were buying the water or Watermaster wasn't buying the water is not the case. Everybody here knew the transaction; it was part of the action taken by the court. There was no need to notice it in the same way that we notice the other transactions, therefore, a distinct difference between the two.

Michael Fife: Again, there is nothing in the Purchase and Sale Agreement or in any of the Watermaster Rules, the Peace Agreement, or the Judgment that requires that the written notice under this agreement be provided in exactly the same way as other written notices of say meetings or water transactions, or like Ken said the normal run-of-the-mill things. The fact is, the bottom line to all of this is that there was a written clear un-ambiguous written notice entitled Notice of Intent to Purchase that was in the meeting package and delivered to all members of the Non-Agricultural Pool. And there is no dispute that everyone received this actual written notice.

Bob Bowcock: Michael, one of the things I want to make sure that we do and that we manage the tone of this meeting appropriately and we need to characterize fairly on both sides because I think you are very favorably characterizing things as you see them. I just want to make sure that it is understood participation means we were present as there are Appropriators present in this meeting of the Non-Agricultural Pool. Specifically when any votes which would indicate participation came forward it was clearly the message to the Non-Agricultural Pool representative that for the Non-Agricultural Pool to take a vote on a Appropriators action is inappropriate and so no participatory actions were taken; we were present at the meeting that will not be disputed and I don't want to get into a situation of who more favorably characterized the event or whose perceived side until we even determine that sides are being taken. The mere question that is being asked at this particular time is was proper notice given. I am trying to keep it very fair and characterize the fact as they actually happened. Emotions are high and therefore people are taking position but they need to be taken in a very fair and appropriate fashion.

Michael Fife: And Mr. Bowcock I would actually take issue with your suggestion that this characterization of the chronology is being somehow clouded to advocate for one side or another. I do believe I have presented a very fair and factual accounting of what has occurred over the past year, what has occurred at the August meetings, and it's true that the Non-Agricultural Pool did not vote on these notice of issues but it sat there and it heard the discussion and that discussion, the relevance of the fact that they heard that discussion nowhere suggested that there was any ambiguity as to whether the notice had been issued or was intended to be issued.

Bob Bowcock: The characterization, and I am not going to get into splitting hairs here, but the characterization is that they sat there indicates we had our thumb in our butts and we were a damn fool. And I take offence to that. You have repeatedly said that on this call. It does not need to go any further. But I am telling you and have not denied that I and other members of the Non-Agricultural Pool were present in those discussions. That is not in dispute here at all.

Michael Fife: I am not suggesting actually that you sat on your hands during the meeting, and that is because it is my belief that the Non-Agricultural Pool up until the issue was raised by Mr. Penrice a few days ago, I believe that the Non-Agricultural Pool believed that this Notice of Intent to Purchase had been issued. So I do not believe that the Pool members that were in attendance were sitting on their hands because they believed that the Notice of Intent to Purchase had been issued.

Dave Penrice: I will chime into that one Michael. What I believed, and I can only speak for my company, was that the Notice of Intent was coming and we were waiting for it. We were surprised we did not receive it by the 21st. We thought it would be coming in the mail and it never showed up and that is why I asked the question on the 7th because I was looking for some clarity.

Ken Manning: Dave, were you under the impression it was coming to you?

Dave Penrice: I was under the impression it would either come to me or be notified to the Pool; it would be very clear to everyone that the notice had been given. And I never saw anything; never saw it.

Ken Manning: Understood.

Dave Penrice: The other question I have is that I know on the Plan B is that the auction obviously did not happen so the Plan B came about. Is it my understanding that Watermaster per the January 14, 2009, letter that exercised or said they exercised the option and are now making payments? Is it my understanding that the water is going into a trust account for Watermaster?

Ken Manning: The word trust account was a term of art used by one member of the Watermaster Appropriative Pool, Mr. Kinsey, to describe a process whereby the water would be held by Watermaster until a decision was made somewhere down the line as to how that water would be

treated. That was his term of art so it was used in the minutes. It doesn't refer to a formal trust; it refers to a process.

Dave Penrice: That is the part that confuses me because it seems like it called trust in Plan B but according to the. It is my understanding of the Judgment says court approval is required in advance. So I did not see where court approval was given to buy the water from the Non-Agricultural Pool and put it in a trust account. And that also created a lot of ambiguity about, okay well they aren't getting approval through the trust account maybe they decided not to buy the water. And so that is something I am confused about and I would love to get some clarity on that.

Michael Fife: The intension was to dispose of the water pursuant to a Storage and Recovery Agreement by auction. The court did approve that process. The auction has been postponed. I don't know that there is any intention that the auction will not take place. In fact we are still talking to FTI the auction administrator about how we manage that situation since they anticipated that their contract would be completed November 4, 2009.

Ken Manning: Dave, Watermaster has made note of your comment and Watermaster will provide you with that information in terms of this discussion on trust. Not a problem.

Bob Bowcock: In order to summarize where we are at, and please I am going to do it wrong so I would trust that it would be re-summarized.

Ken Manning: You will handle it just fine Bob.

Bob Bowcock: There has been a process as Michael has described in a chronology that has taken place. Where the confusion or potential contest to that process comes into play is over whether or not official notice was affected. I am of the opinion at this time that there is no dispute. I don't necessarily dispute the chronology of events as outlined. Whether or not official notice was provided or the act of participation or non-participation is even an issue at point. What I believe has occurred is that there are members of the Non-Agricultural Pool currently being led and voiced by Aqua Capital Management/Dave Penrice. He has spoken to other members of the Non-Agricultural Pool as have I that have expressed a similar concern and that is to the issue of, was official notice provided in order to affect the option. I believe that even with the summary that is still a contested matter. That there is a disagreement as to whether or not actual legal notice was provided. The best way to summarize that is as I understand it and not from a legal perspective. It has been summarized in conversations over the last week since this first arose. A party can have an option on a piece of real property which water rights are recognized as real property for a specific calendar period of time. If the party that is going to exercise the option fails to do that in the proper form as outlined then there are backup options within that contract. I understand that within the contract of the Purchase and Sale Agreement, which I did execute on behalf of members of the Non-Agricultural Pool. There are back up or Plan B's as that unraveled. And as I understand that for the benefit for the Non-Agricultural Pool members, there are options that the water held in storage can then be offered again for sale at the Watermaster at 92% of the then Metropolitan Water Districts replenishment rate. Then all waters on a going forward basis of course follow that same methodology. So I understand that should at some date in the future Watermaster wishes to exercise those purchases that is the same format or default position. There is a question as to whether or not a declaration of available water in storage is required to be made on that quantity. I will need clarification from legal counsel on that matter. In summary, we are basically in a position, as the Non-Agricultural Pool members; feel that legal notice was not provided.

Ken Manning: Some members of your pool do think that Bob and you have to characterize that.

Dave Penrice: Bob you raise a good point. Michael in section C the notice provision, let's just assume for the sake of argument, that the notice was not given. Then my understanding is that we would revert to section H the early termination. How would it work under that circumstance?

Ken Manning: I do not want to even speculate on that Dave.

Michael Fife: Yes and that was going to be my answer Ken, is that there is no point in speculating that; Watermaster's position, a very clear position, is that notice was provided. And we have gone forward and implemented that and Watermaster's books have been changed. The 38,000 and change acre-feet of water have been moved out of the Non-Agricultural Pool storage accounts. So there is really no relevancy in addressing that.

Dave Penrice: Even if it's just to understand where we are as a pool if the pool in fact decides that notice was not given. We want to understand how Watermaster interprets the contract.

Ken Manning: Dave, you are asking Watermaster's attorney to make an opinion against itself. The Overlying Non-Agricultural Pool has the ability to hire their own legal counsel and could answer that question themselves. I do not think it is appropriate that Watermaster's legal counsel answers that question on behalf of the pool.

Bob Bowcock: I agree. Has Watermaster's counsel acted as the Appropriate Pool's counsel in this fashion?

Michael Fife: Never. Watermaster's legal counsel that is Brownstein, Hyatt, Farber & Schreck represents the Watermaster Board and we represent no one else and never have.

Dave Penrice: So if we as a Non-Agricultural Pool believe that Watermaster acted in appropriately, and I am not saying we do or we don't, in your opinion and maybe you can't tell me this either, but in your view is section 31 of the Judgment the appropriate way we should air our grievance?

Michael Fife: There are the dispute provisions in the Judgment and there are also complaint provisions in article 10 of the Rules and Regulations and if the pool is going to bring a legal challenge to Watermaster, then I would suggest that you have your legal counsel contact me and we can discuss which specific provisions would govern here. I believe your first step is a complaint under article 10 of the Rules and Regulations.

Ken Jeske: Michael are you referring to the complaint of this specific party or of the pool?

Michael Fife: Mr. Bowcock said that the members of the pool believed that there is a dispute here but then there were people trying to get into saying not all members of the pool agree with that.

Bob Bowcock: I did not represent all members of the pool, I said some members of the pool.

Ken Jeske: That does not answer my question. My question is that would require a step of actions for the pool to engage. The pool would have to take a majority vote to engage then the pool would have to seek representation. The pool would have to put in place an assessment plan to pay for that representation. Seek and hire representation with a contract under a vote of the pool and then that representation could file actions with the pool. Now is there a timeline for doing that?

Michael Fife: Again I have not yet checked on this. Yes, there are timelines for challenging Watermaster's actions.

Ken Jeske: If the majority of the pool wanted to follow that process, I think I have fairly outlined the steps they would have to go through to do that. Could an individual party contest an agreement?

Bob Bowcock: I believe both are appropriate but I would like Michael to answer that.

Dave Penrice: My reading of the thing Ken is I think you can go either as a pool or as an individual party and I think you have 90 days. And I definitely want to make sure that it is very clear here that by no means am I trying to imply that we have the support of the pool behind this. I have talked with

some parties informally. I do not know where the pool stands on this. The main thing here was to get as many people up to speed on what the issues are and what some of the...

Ken Jeske: I don't recognize who has not been engaged in this process for a long time. This agreement between the pools to sell off what was formerly stranded water at a fixed price resulted from another pool agreeing with the Non-Agricultural Pool to create a transferability and tangibility of a water rights that's prior to that time never existed and created a large benefit in a go forward process for those holders of Non-Agricultural rights. That agreement was a joint effort with the Overlying Non-Agricultural Pool and the Appropriative Pool if my memory serves me correct. Since I actually led the discussions to try and create more value in the transferability of these Non-Agricultural rights back when I was representing Appropriator elements. I think all those parties on the call that weren't part of Peace I discussions and Peace II discussions do run a risk of challenge to that whole agreement and needs to respond very carefully.

Dave Penrice: I guess the thing I would comment on regarding that, when I look at that agreement, no one is disputing the agreement, no one is disputing the validity of the agreement, and I think that from a Non-Agricultural perspective my view is that by agreeing to grant a 24 month option to Watermaster had considerable value. And we have in fact given considerable consideration already in performance of the Peace II Agreement. And our contention is not that we don't have an agreement, our potential contention is that there may be an issue as far as written Notice of Intent to Purchase and that is all we are saying.

Ken Jeske: You understand the difficulty with the situation in the Appropriative Pool; my guess is they would say hey we approved doing everything and now you are putting Watermaster in the middle of two pools where they will be challenged by both of them. And then who ends up paying for the sort out and that will go to court and that risk could fall equally on the Non-Agricultural Pool as well as the Appropriative Pool. Because it is clear in the record that the Appropriative Pool authorized every step of the way. Watermaster is not an agency that is self funded through property taxes, sales taxes, or other means, it assesses only those parties to the Judgment. So if there is an issue and Watermaster is compelled by the Appropriative Pool to refund the sum total of their losses, where does that come from? And does that implicate right back on to the Appropriative Pool?. It could be a zero sum gain even if the Non-Agricultural Pool wins the argument as set forth by David Penrice.

Dave Penrice: Well that is possible. But I guess I would...

Ken Jeske: It is a possible outcome.

Dave Penrice: What I would do is... Well Ken if your view is the Appropriators instructed Watermaster then maybe there was a mistake at the Watermaster level so yes then that could be a problem and then it becomes a matter of Ken we work it out. That becomes the solution rather than fighting about it. If there was a mistake made and we can agree there was a mistake made we should try and figure out a way to fix it.

Bob Bowcock: Okay. I certainly do not want to think that the situation at hand, at the level it is at, is something that is capable of unraveling Peace II. Frankly I do not think it is possible. I think Peace II has far too many elements in it and the unraveling of that would certainly be significant. I think that handling or a decision on this... The purpose of this call was to gather information for the pool members either individually or collectively to determine how they intend to proceed forward. And to make sure they have enough information so they can make an informed decision on how they choose to proceed forward. But at the end of the day what it comes down to is that now we understand what that procedure may or may not be. Watermaster has clearly outlined their position; they are in the position they believe that written notice was provided. At least one member of the Non-Agricultural Pool and others that I have heard from believe it may not have been and they are capable of either

banning together as a pool or forwarding an appeal to Watermaster or as individuals forwarding an appeal to Watermaster. In summary, I understand this call to be that Watermaster position based on the chronology of counsel is that official notice was delivered in August, 2009, in the agenda package.

Ken Manning: Correct and I am also going to kind of weigh in on the point that Dave made that a mistake was made, who made that comment, as it was a universal feeling and I don't believe that to be true. I think Watermaster has followed it and I don't think a mistake has been made.

Michael Fife: I would like to add to what Ken just said for simplicity sake we have said that official notice was provided in the agenda package for the August 27, 2009, meeting but that was certainly not the extent of it. There was a year of notice provided. There was a specific moment and you can look at a specific piece of paper that was in the August 27th meeting package but there was so much more than that as well.

Dave Penrice: Just a second Michael, when you are making those comments you represent Watermaster.

Michael Fife: Correct.

Dave Penrice: Okay thank you.

Bob Bowcock: So the official position of Watermaster is that a) paper was delivered in the August 27, 2009, package; however, there were multiple opportunities for notice to be repeatedly understood. I don't want to characterize it because it does definitely sound like a belt and suspenders approach. If you feel that the August 27th was sufficient, I wish you would stand on that but that is not my place to state.

Michael Fife: I do believe that and I don't know how many times I can say it. The August 27, 2009, notice satisfied the terms of the Purchase and Sale Agreement but there was also so much more.

Bob Bowcock: Okay with that are there any other questions from the Non-Agricultural Pool?

?: Yes is it possible to get notes on a recap of this conference call.

Ken Manning: Yes, we will be glad to put those together.

Bob Bowcock: Sherri Lynne you will write minutes or we will get minutes out of staff somehow.

Ken Manning: Minutes are being taken of the meeting by no means are they a recap of word by word but we can provide a Watermaster summation of the sequence of events as Michael has portrayed them and of comments made by parties. A sequence is much faster and I can get that out to you fairly quick but the minutes will take a while because they need to be correct.

?: Okay who can I call to find out and let them know where to send it because I have moved my office out of Santa Ana and I haven't received any correspondence from Watermaster in some time.

Ken Manning: Send them to Watermaster in care of me or to Sherri Lynne Molino.

Dave Penrice: Is there a tape of this call that we could get? Or have made available to the parties.

Ken Manning: We have a tape yes.

Bob Bowcock: But will you make it available to him?

Ken Manning: I have to check with counsel on that.

Dave Penrice: Also as a note on the side, I don't want to presume any of the Non-Agricultural Pool are going to say that our position is correct or Watermaster's position is correct and we need to think about and contemplate what was said on this call on our end as well. But until we really come up with what we want to do our counsel has advised us to not cash the checks that were sent out because that could be construed as an acceptance that a notice was given. Until we get some clarity here we will not cash that check.

Ken Manning: Okay so ACM's attorney has advised ACM not to cash the check.

Dave Penrice: Yes. And at this time until we get some clarity and decide what position we want to go.

Ken Manning: But your attorney is not advising others?

Dave Penrice: No, I am merely passing that along for information.

Ken Manning: Okay.

Bob Bowcock: Are there any other questions?

Ken Jeske: Since the City of Ontario intervened from Sunkist Growers into the Non-Agricultural Pool; and I think it is actually the largest single rights holder in the pool. So if you see Sunkist Growers on your reports that is the City of Ontario because they acquired the property.

Bob Bowcock: Are there members of the Non-Agricultural Pool on this call that feel a confidential session is in order. Would anyone feel more comfortable discussing this in a closed session setting?

No answer –

Bob Bowcock: Okay that was item number 2 of the agenda and hearing that no one would request a closed session I will call the meeting adjourned.

Jim Barr: This is Jim Barr from Reliant Energy Etiwanda. The contact information for Etiwanda is incorrect is there anybody in your organization I can call to change to change that information?

Ken Manning: Yes, send it to Watermaster to me and I will forward it on to Sherri Lynne and we will get the records changed.

Jim Barr: Okay what is your name?

Ken Manning: This is Ken Manning CEO. And if you go to the website you can get it on there.

II. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

No confidential session was called.

The Non-Agricultural Pool conference call meeting was dismissed by Chair Bowcock at 10:08 a.m.

Secretary: _____

Minutes Approved: _____

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Draft Minutes
CHINO BASIN WATERMASTER
SPECIAL NON-AGRICULTURAL POOL MEETING
January 28, 2010

The Special Non-Agricultural Pool Meeting was held on January 28, 2010 at 9:30 a.m.

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
Mohammad El-Amamy	City of Ontario
Chris Stubbings	Praxair, Inc.
Dave Penrice	Aqua Capital Management
Bob Lawhn	RRI Etiwanda
Brian Geye	Auto Club Speedway
Jorge Rosa	Southern California Edison
Steve Arbelbide	California Steel Industries
David Starnes	Swan Lake Mobile Home Park

Watermaster Staff Present at Watermaster

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

Board Members Present

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Consultants Present on Call

Michael Fife	Brownstein, Hyatt, Farber & Schreck
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Others Present

Kevin Sage	Vulcan Materials Company (Calmat Division)
Roger Han	Praxair
Dave Crosley	City of Chino
Marty Zvirbulis	Cucamonga Valley Water District
D. Poulsen	California Steel Industries
Ken Jeske	City of Ontario
Marguerite Battersby	Sheppard Mullin Richter & Hampton LLP
Geoff Willis	Sheppard Mullin Richter & Hampton LLP
Ben Lewis	Golden State Foods
Jill Willis	Best Best & Krieger

Chair Bowcock called the Special Non-Agricultural Pool Meeting to order at 9:31 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. REPORTS/UPDATES

Chair Bowcock stated on January 7, 2010 at the regularly scheduled Non-Agricultural Pool meeting that is held in conjunction with the Appropriative Pool, a member of the Non-Agricultural Pool asked a question of staff as to when notice was given for the Watermaster to purchase on behalf of the Appropriative Pool the Non-Agricultural Pool water in storage that was made available under the terms of Peace II. Chair Bowcock noted staff's response to this inquiry was that they would have to get back to him and after the meeting information and documents were provided to that member. Chair Bowcock stated on January 18, 2010, a Non-Agricultural Pool conference call took place and on that call the question regarding the Notice of Intent to Purchase was discussed.

The special Non-Agricultural Pool meeting convened its meeting at 9:39 a.m.

The special open Non-Agricultural Pool meeting was convened to hold its confidential session at 9:40 a.m.

II. CLOSED SESSION

1) Conference regarding possible Court review of Watermaster's actions in connection with Peace II; including January 14 letter from Watermaster.

2) Retention of counsel in connection therewith.

Chair Bowcock stated two actions were taken by the Non-Agricultural Pool members. The first one is that the Pool Committee apply to the court for review pursuant to section 31 of the Judgment. 1) Whether Watermaster delivered a written Notice of Intent to Purchase the Non-Agricultural Pool's stored water in time and manner required by Peace II Purchase and Sale Agreement. 2) Whether Watermaster has transferred the Non-Agricultural Pool June 30, 2007 stored water in violation of Peace II and the Rules and Regulations. A volume vote was taken and the motion passed.

Second that the Pool committee retained Hogan & Hartson to represent the Pool committee in connection with the application for court review subject to appropriate conflict checks and waivers. A voice vote was taken and the motion was approved.

The special Non-Agricultural Pool meeting was convened to 1:00 p.m. or when the Chino Basin Watermaster Bard meeting was concluded by Chair Bowcock at 11:00 a.m.

The special Non-Agricultural Pool closed session reconvened at 1:10 p.m.

No action items were reported

The special Non-Agricultural Pool meeting was dismissed by Chair Bowcock at 2: 21 p.m.

Secretary: _____

Minutes Approved: _____

Draft *Verbatim* Minutes
CHINO BASIN WATERMASTER
SPECIAL NON-AGRICULTURAL POOL MEETING
January 28, 2010

The Special Non-Agricultural Pool Meeting was held on January 28, 2010 at 9:30 a.m.

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
Mohammad El-Amamy	City of Ontario
Chris Stubbings	Praxair, Inc.
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David Starnes	Swan Lake Mobile Home Park

Watermaster Staff Present at Watermaster

Ken Manning	Chief Executive Officer
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Board Members Present

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Consultants Present on Call

Michael Fife	Brownstein, Hyatt, Farber & Schreck
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Others Present

Kevin Sage	Vulcan Materials Company (Calmat Division)
Roger Han	Praxair
Dave Crosley	City of Chino
Marty Zvirbulis	Cucamonga Valley Water District
D. Poulsen	California Steel Industries
Ken Jeske	City of Ontario
Marguerite Battersby	Sheppard Mullin Richter & Hampton LLP
Geoff Willis	Sheppard Mullin Richter & Hampton LLP
Ben Lewis	Golden State Foods
Jill Willis	Best Best & Krieger

Chair Bowcock called the Special Non-Agricultural Pool Meeting to order at 9:31 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. REPORTS/UPDATES**Report by Pool Chairman Regarding Written Notice of Intent Pursuant to Peace II**

Bob Bowcock: For the benefit of the audience I will take this opportunity to make a brief report outlining the events that led us to today. On January 7, 2010 at the regularly scheduled Non-Agricultural Pool meeting that is held in conjunction with the Appropriative Pool, a member of the Non-Agricultural Pool asked a question of staff as to when notice was given for the Watermaster to purchase on behalf of the Appropriative Pool the Non-Agricultural Pool water in storage that was made available under the terms of Peace II. Staff's response was that they would have to get back to him and the meeting was adjourned. Information and documents were provided and that member of the pool took them under submission for evaluation. On January 18, 2010 a Non-Agricultural Pool conference call was held; a 1-800 number dial in and Watermaster staff kept minutes of that meeting. The Watermaster staff then reported out after the dissatisfaction of the pool members' receipt of notice that staff had indeed provided written notice in the agenda packages of August 27, 2009. A document referred to as form of notice. That is the position of staff and Watermaster. The Non-Agricultural Pool have differing opinions and for that we would like to go into closed session so that we might discuss them.

The special Non-Agricultural Pool meeting convened its meeting at 9:39 a.m.

The special open Non-Agricultural Pool meeting was convened to hold its confidential session at 9:40 a.m.

II. CLOSED SESSION

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

RE: Possible Court Review.

- 1) Conference regarding possible Court review of Watermaster's actions in connection with Peace II; including January 14 letter from Watermaster.
- 2) Retention of counsel in connection therewith.

Reported Actions:

Bob Bowcock: I will report on two actions taken by the Non-Agricultural Pool. The first one is that the Pool Committee apply to the court for review pursuant to section 31 of the Judgment. 1) Whether Watermaster delivered a written Notice of Intent to Purchase the Non-Agricultural Pool's stored water in time and manner required by Peace II Purchase and Sale Agreement. 2) Whether Watermaster has transferred the Non-Agricultural Pool June 30, 2007 stored water in violation of Peace II and the Rules and Regulations. A volume vote was taken and the motion passed.

Second that the Pool committee retained Hogan & Hartson to represent the Pool committee in connection with the application for court review subject to appropriate conflict checks and waivers. A voice vote was taken and the motion was approved.

The special Non-Agricultural Pool meeting was convened to 1:00 p.m. or when the Chino Basin Watermaster Bard meeting was concluded by Chair Bowcock at 11:00 a.m.

The special Non-Agricultural Pool closed session reconvened at 1:10 p.m.

No action items were reported

The special Non-Agricultural Pool meeting was dismissed by Chair Bowcock at 2: 21 p.m.

Secretary: _____

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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 7th, 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: Insomuch 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 18th. I have requested that a transcript be prepared of the January 18th 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 18th 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. Arbelbide. 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 insomuch 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 7th 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 18th, 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 25th; 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 2nd 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 18th, 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 18th; 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 18th. 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 18th, 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 7th 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 1st 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 18th 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 11th via teleconference.

Michael Fife: January 11th – 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

NON-AGRICULTURAL POOL CONFERENCE CALL MEETING ADJOURNED CONFIDENTIAL SESSION

1:00 p.m. – February 11, 2010

Non-Agricultural Pool Action Items Reported out of confidential session

Called to Order 1:07 p.m.

Action Item No. 1

That the Non-Agricultural Pool Committee hereby adopts a budget of \$100,000 for legal fees and costs incurred by Hogan & Hartson LLP in connection with the Court review previously authorized by the Pool Committee; that Watermaster staff is hereby authorized and instructed by the Non-Agricultural Pool Committee to assess those members of the Pool with 6/30/07 storage water, in an aggregate amount equal to such budgeted amount, such aggregate amount to be allocated among them in proportion to their ownership of such 6/30/07 storage water; that Watermaster staff is hereby authorized and instructed to transmit notices of such assessment to the members of the Pool immediately following receipt from the Pool Chairman of notice of this motion, but not more than 10 calendar days thereafter, with such assessments payable within 30 calendar days of receipt of notice of such assessment; that Watermaster staff is hereby authorized and instructed to pay Hogan & Hartson LLP promptly in such amounts, from time to time, as Watermaster staff is instructed by the Pool Chairman, from and to the extent of such assessments received by Watermaster; that the Pool Chairman is directed to report back to the Pool Committee if Watermaster staff takes any action to avoid, circumvent or delay the foregoing, for possible further action.

Action item No. 2

That the Non-Agricultural Pool Committee hereby authorizes and directs the Pool Chairman to request from Watermaster staff an accounting of all amounts assessed by Watermaster to, and paid by, members of the Non-Agricultural Pool in respect of the expenses of the Agricultural Pool, and to report back his findings to the Pool Committee for possible further action.

Adjourned 2:08 p.m.

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

JANUARY PACKAGE:

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

FEBRUARY PACKAGE:

1. Cash Disbursements for the month of December 2009
2. Watermaster 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

MARCH PACKAGE:

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
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 7, 2010
TO: Committee Members
SUBJECT: Cash Disbursement Report

SUMMARY

Issue – Record of cash disbursements for the month of November 2009.

Recommendation – Staff recommends the Cash Disbursements for November 2009 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 November 2009 were \$412,524.98. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$175,800.07, Brownstein Hyatt Farber Schreck in the amount of \$62,794.45, and MWH Laboratories in the amount of 29,364.00.

ACTIONS:

1-07-10 Appropriative Pool – January 7, 2010
1-07-10 Non-Agricultural Pool -
1-14-10 Agricultural Pool – January 14, 2010
1-21-10 Advisory Committee – January 21, 2010
1-28-10 Watermaster Board – January 28, 2010

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
November 2009

Type	Date	Num	Name	Amount
Nov 09				
Bill Pmt -Check	11/3/2009	13687	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	11/3/2009	13688	CAMACHO, MICHAEL	-500.00
Bill Pmt -Check	11/3/2009	13689	DIRECTV	-79.99
Bill Pmt -Check	11/3/2009	13690	KUHN, BOB	-125.00
Bill Pmt -Check	11/3/2009	13691	PETTY CASH	-517.09
Bill Pmt -Check	11/3/2009	13692	PURCHASE POWER	-26.01
Bill Pmt -Check	11/3/2009	13693	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	11/3/2009	13694	VERIZON	-452.55
Bill Pmt -Check	11/3/2009	13695	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	11/3/2009	13696	WILLIS, KENNETH	-125.00
Bill Pmt -Check	11/3/2009	13697	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	11/12/2009	13698	ALLIED ELECTRONICS	-222.55
Bill Pmt -Check	11/12/2009	13699	CALIFORNIA WATER AWARENESS CAM...	-375.00
Bill Pmt -Check	11/12/2009	13700	CALPERS	-1,661.78
Bill Pmt -Check	11/12/2009	13701	JAMES JOHNSTON	-1,125.00
Bill Pmt -Check	11/12/2009	13702	MET LIFE SMALL BUSINESS CENTER	-50.00
Bill Pmt -Check	11/12/2009	13703	RAUCH COMMUNICATION CONSULTAN...	-14,853.75
General Journal	11/14/2009	09/11/03	PAYROLL	-7,608.81
General Journal	11/14/2009	09/11/03	PAYROLL	-26,190.67
Bill Pmt -Check	11/16/2009	13704	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	11/16/2009	13705	NAKANO, JUSTIN	-99.95
Bill Pmt -Check	11/16/2009	13706	YOO, FRANK	-99.00
Bill Pmt -Check	11/18/2009	13707	ACWA SERVICES CORPORATION	-219.03
Bill Pmt -Check	11/18/2009	13708	ADLIN, BEN	-1,380.00
Bill Pmt -Check	11/18/2009	13709	BANC OF AMERICA LEASING	-3,215.74
Bill Pmt -Check	11/18/2009	13710	BANK OF AMERICA	-2,701.54
Bill Pmt -Check	11/18/2009	13711	BLACK & VEATCH CORPORATION	-9,784.60
Bill Pmt -Check	11/18/2009	13712	BROWNSTEIN HYATT FARBER SCHRECK	-62,794.45
Bill Pmt -Check	11/18/2009	13713	COMPUTER NETWORK	-4,053.86
Bill Pmt -Check	11/18/2009	13714	CUCAMONGA VALLEY WATER DISTRICT	-5,792.00
Bill Pmt -Check	11/18/2009	13715	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	11/18/2009	13716	HSBC BUSINESS SOLUTIONS	-496.43
Bill Pmt -Check	11/18/2009	13717	IAAP	-103.00
Bill Pmt -Check	11/18/2009	13718	INLAND EMPIRE UTILITIES AGENCY	-8,802.14
Bill Pmt -Check	11/18/2009	13719	LOS ANGELES TIMES	-48.00
Bill Pmt -Check	11/18/2009	13720	MCI	-1,230.47
Bill Pmt -Check	11/18/2009	13721	MWH LABORATORIES	-29,364.00
Bill Pmt -Check	11/18/2009	13722	PAYCHEX	-223.72
Bill Pmt -Check	11/18/2009	13723	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	11/18/2009	13724	PREMIERE GLOBAL SERVICES	-682.30
Bill Pmt -Check	11/18/2009	13725	PRINTING RESOURCES	-2,687.66
Bill Pmt -Check	11/18/2009	13726	R&D PEST SERVICES	-85.00
Bill Pmt -Check	11/18/2009	13727	REID & HELLYER	-7,958.20
Bill Pmt -Check	11/18/2009	13728	RICOH BUSINESS SYSTEMS-Lease	-942.05
Bill Pmt -Check	11/18/2009	13729	ROJO, SHERI M	-99.00
Bill Pmt -Check	11/18/2009	13730	SAFEGUARD DENTAL & VISION	-7.68
Bill Pmt -Check	11/18/2009	13731	STAULA, MARY L	-136.61
Bill Pmt -Check	11/18/2009	13732	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	11/18/2009	13733	UNION 76	-252.61
Bill Pmt -Check	11/18/2009	13734	UNITED PARCEL SERVICE	-51.13
Bill Pmt -Check	11/18/2009	13735	VERIZON WIRELESS	-525.21
Bill Pmt -Check	11/18/2009	13736	WESTERN DENTAL SERVICES, INC.	-28.06
Bill Pmt -Check	11/18/2009	13737	WILDERMUTH ENVIRONMENTAL INC	-175,800.07
Bill Pmt -Check	11/18/2009	13738	RICOH BUSINESS SYSTEMS-Lease	-183.64
Bill Pmt -Check	11/18/2009	13739	STATE WATER RESOURCES CONTROL ...	-720.77
Bill Pmt -Check	11/18/2009	13740	STATE WATER RESOURCES CONTROL ...	-444.77
Bill Pmt -Check	11/18/2009	13741	STATE WATER RESOURCES CONTROL ...	-1,675.27
Bill Pmt -Check	11/18/2009	13742	CLARK PLUMBING SPECIALTIES, INC.	-497.28
Bill Pmt -Check	11/19/2009	13743	CITISTREET	-2,273.07
Bill Pmt -Check	11/19/2009	13744	CITISTREET	-2,068.34
Bill Pmt -Check	11/19/2009	13745	CITISTREET	-2,068.34
Bill Pmt -Check	11/20/2009	13746	GROUNDWATER RESOURCES ASSOCIA...	-100.00
Bill Pmt -Check	11/20/2009	13747	PUMP CHECK	-6,730.30
Bill Pmt -Check	11/20/2009	13748	RICOH BUSINESS SYSTEMS-Lease	-228.50
Check	11/30/2009		BANK OF AMERICA	-229.81
General Journal	11/30/2009	09/11/04	PAYROLL	-3,792.18
General Journal	11/30/2009	09/11/04	PAYROLL	-16,932.90
Check	11/30/2009		BANK OF AMERICA	-25.06

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
November 2009

Type	Date	Num	Name	Amount
Nov 09				<u>-412,524.98</u>

9:19 AM
01/04/10

CHINO BASIN WATERMASTER
Check Detail
November 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	13710	11/18/2009	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	10/30/2009		6191 · Conferences	-1,188.20
				6174 · Transportation	-30.00
				6141.3 · Admin Meetings	-32.63
				6909.1 · OBMP Meetings	-35.87
				6061.4 · Other Contract Services	-662.26
				6312 · Meeting Expenses	-144.10
				6212 · Meeting Expense	-144.09
				6031.7 · Other Office Supplies	-464.39
TOTAL					-2,701.54

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CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE

PERIOD JULY 1, 2009 THROUGH NOVEMBER 30, 2009

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATE	POOL AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2009-2010
Administrative Revenues									
Administrative Assessments			7,120,483	-	225,016			7,345,499	\$7,340,839
Interest Revenue			11,739	1,068	529		2	13,338	191,540
Mutual Agency Project Revenue			-	-	-			-	148,410
Grant Income			-	-	-			-	0
Miscellaneous Income	111,000							111,000	0
Total Revenues	111,000	-	7,132,222	1,068	225,545	-	2	7,469,837	7,680,789
Administrative & Project Expenditures									
Watermaster Administration	271,466							271,466	580,238
Watermaster Board-Advisory Committee	23,734							23,734	61,901
Pool Administration		11,910		55,202	2,580			69,692	229,860
Optimum Basin Mgmt Administration		637,873						637,873	1,557,820
OBMP Project Costs		1,679,639						1,679,639	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	295,200	2,884,554	11,910	55,202	2,580			3,249,446	7,680,789
Net Administrative/OBMP Expenses	(184,200)	(2,884,554)							
Allocate Net Admin Expenses To Pools	184,200		128,696	48,829	6,675				
Allocate Net OBMP Expenses To Pools		2,317,512	1,619,185	614,345	83,982				
Allocate Debt Service to App Pool		567,042	567,042						
Agricultural Expense Transfer*		718,376	(718,376)						
Total Expenses	3,045,209	-	93,237	-	-	-	-	3,249,446	7,680,789
Net Administrative Income	4,087,013		1,068				2	4,220,391	-
Other Income/(Expense)									
Replenishment Water Assessments		2,176,962			4,896,842			7,073,804	0
Interest Revenue					8,492			8,492	0
Water Purchases									0
Balance Adjustment									0
Groundwater Replenishment					(1,012,578)			(1,012,578)	0
Net Other Income	2,176,962				3,892,756			6,069,718	0
Net Transfers To/(From) Reserves	10,290,109			1,068	132,308		2	10,290,109	-
Working Capital, July 1, 2009			5,942,967	470,719	256,577	158,251	995	10,995,966	
Working Capital, End Of Period			12,206,942	471,787	388,885	158,251	997	21,286,075	21,286,075
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%	
								(1,012,578)	

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

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CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
NOVEMBER 1 THROUGH NOVEMBER 30, 2009

DEPOSITORIES:		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	205,790
Zero Balance Account - Payroll		-
Local Agency Investment Fund - Sacramento		
TOTAL CASH IN BANKS AND ON HAND		11/30/2009
TOTAL CASH IN BANKS AND ON HAND		10/31/2009
PERIOD INCREASE (DECREASE)		\$ (412,526)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	\$	-
Assessments Receivable		(14,419,304)
Prepaid Expenses, Deposits & Other Current Assets		10
(Decrease)/Increase in Liabilities		(45,792)
Accounts Payable		68,166
Accrued Payroll, Payroll Taxes & Other Current Liabilities		13,984,394
Transfer to/(from) Reserves		-
PERIOD INCREASE (DECREASE)		\$ (412,526)

SUMMARY OF FINANCIAL TRANSACTIONS:

	Balances as of 10/31/2009	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 10/31/2009	\$ 500	\$ 218,316	\$ -	\$ 7,394,199	\$ 7,613,015	
Deposits	-	-	-	-	-	
Transfers	-	345,475	54,525	(400,000)	-	
Withdrawals/Checks	-	(358,001)	(54,525)	-	(412,526)	
Balances as of 11/30/2009	\$ 500	\$ 205,790	\$ -	\$ 6,994,199	\$ 7,200,489	
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (12,526)	\$ -	\$ (400,000)	\$ (412,526)	

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 NOVEMBER 1 THROUGH NOVEMBER 30, 2009

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
11/19/2009	Withdrawal	L.A.I.F.	\$ (400,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (400,000)				

* The earnings rate for L.A.I.F. is a daily variable rate; 0.9% was the effective yield rate at the Quarter ended September 30, 2009.

INVESTMENT STATUS
 November 30, 2009

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 6,994,199			
TOTAL INVESTMENTS	\$ 6,994,199			

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 through November 2009

	<u>Jul - Nov 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	148,410	-148,410	0%
4110 · Admin Asmnts-Approp Pool	7,120,483	7,185,411	-64,928	99%
4120 · Admin Asmnts-Non-Agri Pool	225,016	155,427	69,589	145%
4700 · Non Operating Revenues	13,338	191,540	-178,202	7%
4900 · Miscellaneous income	111,000	0	111,000	100%
Total Income	7,469,837	7,680,788	-210,951	97%
Gross Profit	7,469,837	7,680,788	-210,951	97%
Expense				
6010 · Salary Costs	203,176	487,838	-284,662	42%
6020 · Office Building Expense	37,836	102,500	-64,664	37%
6030 · Office Supplies & Equip.	16,623	43,500	-26,877	38%
6040 · Postage & Printing Costs	29,812	84,300	-54,488	35%
6050 · Information Services	60,927	148,500	-87,573	41%
6060 · Contract Services	67,424	98,000	-30,576	69%
6080 · Insurance	15,934	16,730	-796	95%
6110 · Dues and Subscriptions	14,956	17,000	-2,044	88%
6140 · WM Admin Expenses	1,278	3,000	-1,722	43%
6150 · Field Supplies	170	2,800	-2,630	6%
6170 · Travel & Transportation	12,239	37,800	-25,561	32%
6190 · Conferences & Seminars	11,368	26,500	-15,132	43%
6200 · Advisory Comm - WM Board	7,772	18,078	-10,306	43%
6300 · Watermaster Board Expenses	15,962	43,823	-27,861	36%
8300 · Appr PI-WM & Pool Admin	11,910	23,069	-11,159	52%
8400 · Agri Pool-WM & Pool Admin	11,831	25,114	-13,283	47%
8467 · Ag Legal & Technical Services	39,396	98,000	-58,604	40%
8470 · Ag Meeting Attend -Special	3,975	12,000	-8,025	33%
8471 · Ag Pool Expense	0	65,000	-65,000	0%
8500 · Non-Ag PI-WM & Pool Admin	2,580	6,677	-4,097	39%
6500 · Education Funds Use Expens	0	375	-375	0%
9500 · Allocated G&A Expenditures	-200,277	-488,230	287,953	41%
Subtotal G&A Expenditures	364,892	872,374	-507,482	42%
				0%
6900 · Optimum Basin Mgmt Plan	573,716	1,399,371	-825,655	41%
6950 · Mutual Agency Projects	0	10,000	-10,000	0%
9501 · G&A Expenses Allocated-OBMP	64,157	148,448	-84,291	43%
Subtotal OBMP Expenditures	637,873	1,557,819	-919,946	41%
				0%
7101 · Production Monitoring	44,756	107,047	-62,291	42%
7102 · In-line Meter Installation	20,440	56,179	-35,739	36%
7103 · Grdwtr Quality Monitoring	98,461	214,362	-115,901	46%

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

	<u>Jul - Nov 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7104 · Gdwtr Level Monitoring	131,174	366,956	-235,782	36%
7105 · Sur Wtr Qual Monitoring	765	43,912	-43,147	2%
7107 · Ground Level Monitoring	57,816	550,059	-492,243	11%
7108 · Hydraulic Control Monitoring	157,413	567,022	-409,609	28%
7109 · Recharge & Well Monitoring Prog	2,413	9,152	-6,739	26%
7200 · PE2- Comp Recharge Pgm	867,334	1,478,560	-611,226	59%
7300 · PE3&5-Water Supply/Desalte	26,084	96,003	-69,919	27%
7400 · PE4- Mgmt Plan	55,709	91,985	-36,276	61%
7500 · PE6&7-CoopEfforts/SaltMgmt	54,970	163,727	-108,757	34%
7600 · PE8&9-StorageMgmt/Conj Use	26,188	29,550	-3,362	89%
7690 · Recharge Improvement Debt Pymt	567,039	1,131,233	-564,194	50%
7700 · Inactive Well Protection Prgm	0	5,066	-5,066	0%
9502 · G&A Expenses Allocated-Projects	136,119	339,782	-203,663	40%
Subtotal Project Expenditures	<u>2,246,681</u>	<u>5,250,595</u>	<u>-3,003,914</u>	<u>43%</u>
Total Expense	<u>3,249,446</u>	<u>7,680,788</u>	<u>-4,431,342</u>	<u>42%</u>
Net Ordinary Income	4,220,391		4,220,391	100%
Other Income/Expense				
Other Income				
4225 · Interest Income	8,492			
4210 · Approp Pool-Replenishment	4,887,364			
4220 · Non-Ag Pool-Replenishment	9,478			
4600 · Groundwater Sales	2,176,962			
Total Other Income	<u>7,082,296</u>			
Other Expense				
5010 · Groundwater Replenishment	9,578			
5100 · Other Water Purchases	1,003,000			
9999 · To/(From) Reserves	10,290,109			
Total Other Expense	<u>11,302,687</u>			
Net Other Income	<u>-4,220,391</u>			
Net Income	<u><u>0</u></u>		<u><u>0</u></u>	<u><u>0%</u></u>



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: February 4, 2010
TO: Committee Members
SUBJECT: Cash Disbursement Report

SUMMARY

Issue – Record of cash disbursements for the month of December 2009.

Recommendation – Staff recommends the Cash Disbursements for December 2009 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 December 2009 were \$387,348.52. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$151,770.46, Brownstein Hyatt Farber Schreck in the amount of \$41,458.77, and MWH Laboratories in the amount of \$13,360.00.

Actions:

2-04-10 Appropriative Pool – February 4, 2010
2-04-10 Non-Agricultural Pool -
2-11-10 Agricultural Pool – February 11, 2010
2-18-10 Advisory Committee – February 18, 2010
2-25-10 Watermaster Board – February 25, 2010

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2009

Type	Date	Num	Name	Amount
Dec 09				
General Journal	12/1/2009	09/11/12	PAYROLL	-9,581.28
General Journal	12/1/2009	09/11/12	PAYROLL	-28,612.72
Bill Pmt -Check	12/3/2009	13749	CALPERS	-1,663.96
Bill Pmt -Check	12/3/2009	13750	DIRECTV	-79.99
Bill Pmt -Check	12/3/2009	13751	GUARANTEED JANITORIAL SERVICE, INC.	-1,730.00
Bill Pmt -Check	12/3/2009	13752	KONICA MINOLTA BUSINESS SOLUTIONS	-686.87
Bill Pmt -Check	12/3/2009	13753	PARK PLACE COMPUTER SOLUTIONS, I...	-3,450.00
Bill Pmt -Check	12/3/2009	13754	PUBLIC EMPLOYEES' RETIREMENT SYS...	-13,172.97
Bill Pmt -Check	12/3/2009	13755	VISION SERVICE PLAN	-64.98
Bill Pmt -Check	12/3/2009	13756	W.C. DISCOUNT MOBILE AUTO DETAILI...	-100.00
Bill Pmt -Check	12/3/2009	13757	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	12/8/2009	13758	APPLIED COMPUTER TECHNOLOGIES	-3,955.75
Bill Pmt -Check	12/8/2009	13759	ARROWHEAD MOUNTAIN SPRING WATER	-53.32
Bill Pmt -Check	12/8/2009	13760	CAMACHO, MICHAEL	-250.00
Bill Pmt -Check	12/8/2009	13761	DAILY BULLETIN	-216.00
Bill Pmt -Check	12/8/2009	13762	GOLDMAN COMMUNICATIONS INC.	-312.50
Bill Pmt -Check	12/8/2009	13763	HSBC BUSINESS SOLUTIONS	-643.67
Bill Pmt -Check	12/8/2009	13764	JAMES JOHNSTON	-810.00
Bill Pmt -Check	12/8/2009	13765	KUHN, BOB	-125.00
Bill Pmt -Check	12/8/2009	13766	MET LIFE SMALL BUSINESS CENTER	-50.00
Bill Pmt -Check	12/8/2009	13767	MWH LABORATORIES	-13,360.00
Bill Pmt -Check	12/8/2009	13768	PAYCHEX	-320.07
Bill Pmt -Check	12/8/2009	13769	PRINTING RESOURCES	-297.02
Bill Pmt -Check	12/8/2009	13770	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	12/8/2009	13771	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	12/8/2009	13772	WILLIS, KENNETH	-125.00
Bill Pmt -Check	12/8/2009	13773	PUBLIC EMPLOYEES' RETIREMENT SYS...	-6,578.54
Bill Pmt -Check	12/8/2009	13774	SAGE, KEVIN	-125.00
Bill Pmt -Check	12/8/2009	13775	STANDARD INSURANCE CO.	-551.10
Bill Pmt -Check	12/8/2009	13776	STATE COMPENSATION INSURANCE FU...	-1,120.91
Bill Pmt -Check	12/9/2009	13777	BROWNSTEIN HYATT FARBER SCHRECK	-41,458.77
Bill Pmt -Check	12/9/2009	13778	CUCAMONGA VALLEY IAAP	-50.00
Bill Pmt -Check	12/9/2009	13779	RAUCH COMMUNICATION CONSULTAN...	-620.00
Bill Pmt -Check	12/9/2009	13780	OLEGARIO ROCHA	-460.00
Bill Pmt -Check	12/10/2009	13781	PETTY CASH	-469.37
Bill Pmt -Check	12/10/2009	13782	CA SOCIETY OF MUNICIPAL FINANCE O...	-110.00
Bill Pmt -Check	12/10/2009	13783	MIJAC ALARM	-396.00
Bill Pmt -Check	12/10/2009	13784	REID & HELLYER	-6,074.30
Bill Pmt -Check	12/10/2009	13785	SAFEGUARD DENTAL & VISION	-7.68
Bill Pmt -Check	12/10/2009	13786	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	12/10/2009	13787	UNION 76	-91.04
Bill Pmt -Check	12/10/2009	13788	VERIZON	-442.63
Bill Pmt -Check	12/10/2009	13789	W.C. DISCOUNT MOBILE AUTO DETAILI...	-100.00
Bill Pmt -Check	12/10/2009	13790	WATER EDUCATION FOUNDATION	-874.00
Bill Pmt -Check	12/10/2009	13791	WESTERN DENTAL SERVICES, INC.	-28.06
General Journal	12/12/2009	09/12/03	PAYROLL	-7,065.39
General Journal	12/12/2009	09/12/03	PAYROLL	-26,879.51
Bill Pmt -Check	12/15/2009	13792	ACWA SERVICES CORPORATION	-219.03
Bill Pmt -Check	12/15/2009	13793	BANC OF AMERICA LEASING	-3,274.88
Bill Pmt -Check	12/15/2009	13794	BANK OF AMERICA	-2,201.27
Bill Pmt -Check	12/15/2009	13795	BLACK & VEATCH CORPORATION	-8,863.75
Bill Pmt -Check	12/15/2009	13796	CUCAMONGA VALLEY WATER DISTRICT	-5,792.00
Bill Pmt -Check	12/15/2009	13797	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	12/15/2009	13798	GUARANTEED JANITORIAL SERVICE, INC.	-865.00
Bill Pmt -Check	12/15/2009	13799	INLAND EMPIRE UTILITIES AGENCY	-1,416.74
Bill Pmt -Check	12/15/2009	13800	MCI	-1,230.47
Bill Pmt -Check	12/15/2009	13801	PREMIERE GLOBAL SERVICES	-378.54
Bill Pmt -Check	12/15/2009	13802	STAPLES BUSINESS ADVANTAGE	-226.57
Bill Pmt -Check	12/15/2009	13803	UNITED PARCEL SERVICE	-26.52
Bill Pmt -Check	12/15/2009	13804	VERIZON WIRELESS	-529.43
Bill Pmt -Check	12/15/2009	13805	WILDERMUTH ENVIRONMENTAL INC	-151,770.46
Bill Pmt -Check	12/17/2009	13806	OLEGARIO ROCHA	-420.00
Bill Pmt -Check	12/21/2009	13807	JAMES JOHNSTON	-250.00
Bill Pmt -Check	12/21/2009	13808	STAULA, MARY L	-136.61
General Journal	12/26/2009	09/12/05	PAYROLL	-9,141.99
General Journal	12/26/2009	09/12/05	PAYROLL	-26,767.42
				-387,348.52

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CHINO BASIN WATERMASTER
Check Detail
December 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	13794	12/15/2009	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	1024...	11/30/2009		6191 · Conferences	-1,475.57
				6147 · Other Admin Expenses	-65.22
				6061.4 · Other Contract Services	-77.56
				6312 · Meeting Expenses	-180.80
				6212 · Meeting Expense	-180.79
				7104.6 · Grdwtr Level-Supplies	-221.33
TOTAL					-2,201.27

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

	WATERMASTER ADMINISTRATION	MANAGEMENT	POOL	APPROPRIATIVE	POOL	AGRICULTURAL NON-AGRIC.	POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2009-2010
Administrative Revenues	111,000	-	-	-	-	-	-	-	-	-	111,000	0
Administrative Assessments	111,000	-	-	-	-	-	-	-	-	-	111,000	0
Interest Revenue	7,115,654	-	-	225,016	-	-	-	-	-	-	7,340,670	\$7,340,839
Mutual Agency Project Revenue	18,574	-	1,425	842	-	-	-	-	3	-	20,844	191,540
Grant Income	-	-	-	-	-	-	-	-	-	-	-	148,410
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	0
Total Revenues	7,134,228	-	1,425	225,658	-	-	-	-	3	-	7,472,514	7,680,789
Administrative & Project Expenditures	307,127	-	-	-	-	-	-	-	-	-	307,127	580,238
Watermaster Administration	28,196	-	-	-	-	-	-	-	-	-	28,196	61,901
Watermaster Board-Advisory Committee	28,196	-	-	-	-	-	-	-	-	-	28,196	61,901
Pool Administration	13,864	-	70,569	2,891	-	-	-	-	-	-	87,324	229,860
Optimum Basin Mgmt Administration	663,575	-	-	-	-	-	-	-	-	-	663,575	1,557,820
OBMP Project Costs	1,747,736	-	-	-	-	-	-	-	-	-	1,747,736	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	335,323	2,978,353	70,569	2,891	-	-	-	-	-	-	3,401,000	7,680,789
Net Administrative/OBMP Expenses	(224,323)	(2,978,353)	-	-	-	-	-	-	-	-	-	-
Allocate Net Admin Expenses To Pools	224,323	-	59,465	8,129	-	-	-	-	-	-	-	-
Allocate Net OBMP Expenses To Pools	2,411,311	-	639,210	87,381	-	-	-	-	-	-	-	-
Allocate Debt Service to App Pool	567,042	-	(769,244)	-	-	-	-	-	-	-	-	-
Agricultural Expense Transfer	769,244	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	3,191,599	-	1,425	127,457	-	-	-	-	3	-	3,401,000	7,680,789
Net Administrative Income	3,942,629	-	1,425	127,457	-	-	-	-	-	-	4,071,514	-
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
Groundwater Replenishment	-	-	-	-	-	-	(1,019,746)	-	-	-	(1,019,746)	0
Net Other Income	-	-	-	-	-	-	6,067,562	-	-	-	6,067,562	0
Net Transfers To/(From) Reserves	10,139,076	-	1,425	127,457	-	-	6,067,562	-	3	-	10,139,076	-
Working Capital, July 1, 2009	5,942,967	-	470,719	256,577	-	-	4,166,457	-	995	-	10,995,966	-
Working Capital, End Of Period	9,885,596	-	472,144	384,034	-	-	10,234,019	-	998	-	21,135,042	21,135,042
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.

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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
DECEMBER 1 THROUGH DECEMBER 31, 2009**

DEPOSITORIES:		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	623,087
Zero Balance Account - Payroll		-
Local Agency Investment Fund - Sacramento		<u>14,894,199</u>
TOTAL CASH IN BANKS AND ON HAND		\$ 15,517,786
TOTAL CASH IN BANKS AND ON HAND		7,200,489
PERIOD INCREASE (DECREASE)		\$ 8,317,297

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	\$	(12,518)
Accounts Receivable		8,751,187
Assessments Receivable		(46,911)
Prepaid Expenses, Deposits & Other Current Assets		(185,628)
(Decrease)/Increase in Liabilities		(42,629)
Accounts Payable		(146,204)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		
Transfer to/(from) Reserves		
PERIOD INCREASE (DECREASE)	\$	<u>8,317,297</u>

	Petty Cash	Gov't'l Checking Demand	Zero Balance		Local Agency Investment Funds	Totals
			Account Payroll	Account Payroll		
\$	500	\$ 205,790	\$ -	\$ -	6,994,199	\$ 7,200,489
Deposits	-	8,704,645	-	-	-	8,704,645
Transfers	-	(8,008,048)	108,048	-	7,900,000	-
Withdrawals/Checks	-	(279,300)	(108,048)	-	-	(387,348)
Balances as of 12/31/2009	\$ 500	\$ 623,087	\$ -	\$ -	14,894,199	\$ 15,517,786
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 417,297	\$ -	\$ -	7,900,000	\$ 8,317,297

SUMMARY OF FINANCIAL TRANSACTIONS:

Balances as of 11/30/2009						
Deposits						
Transfers						
Withdrawals/Checks						
Balances as of 12/31/2009	\$ 500	\$ 623,087	\$ -	\$ -	14,894,199	\$ 15,517,786
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 417,297	\$ -	\$ -	7,900,000	\$ 8,317,297

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
12/17/2009	Deposit	L.A.I.F.	\$ 1,300,000				
12/23/2009	Deposit	L.A.I.F.	\$ 6,600,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 7,900,000				

* 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
December 31, 2009**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 14,894,199			
TOTAL INVESTMENTS	\$ 14,894,199			

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 through December 2009

	<u>Jul - Dec 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
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	20,844	191,540	-170,696	11%
Total Income	<u>7,472,514</u>	<u>7,680,788</u>	<u>-208,274</u>	<u>97%</u>
Gross Profit	7,472,514	7,680,788	-208,274	97%
Expense				
6010 · Salary Costs	244,692	487,838	-243,146	50%
6020 · Office Building Expense	47,238	102,500	-55,262	46%
6030 · Office Supplies & Equip.	18,200	43,500	-25,300	42%
6040 · Postage & Printing Costs	33,639	84,300	-50,661	40%
6050 · Information Services	67,913	148,500	-80,587	46%
6060 · Contract Services	68,136	98,000	-29,864	70%
6080 · Insurance	15,934	16,730	-796	95%
6110 · Dues and Subscriptions	17,205	17,000	205	101%
6140 · WM Admin Expenses	1,703	3,000	-1,297	57%
6150 · Field Supplies	271	2,800	-2,529	10%
6170 · Travel & Transportation	14,905	37,800	-22,895	39%
6190 · Conferences & Seminars	11,593	26,500	-14,907	44%
6200 · Advisory Comm - WM Board	9,314	18,078	-8,764	52%
6300 · Watermaster Board Expenses	18,882	43,823	-24,941	43%
8300 · Appr PI-WM & Pool Admin	13,864	23,069	-9,205	60%
8400 · Agri Pool-WM & Pool Admin	15,169	25,114	-9,945	60%
8467 · Ag Legal & Technical Services	48,650	98,000	-49,350	50%
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	2,891	6,677	-3,786	43%
6500 · Education Funds Use Expens	0	375	-375	0%
9500 · Allocated G&A Expenditures	<u>-234,302</u>	<u>-488,230</u>	<u>253,928</u>	<u>48%</u>
Subtotal G&A Expenditures	422,647	872,374	-449,727	48%
6900 · Optimum Basin Mgmt Plan	589,008	1,399,371	-810,363	42%
6950 · Mutual Agency Projects	0	10,000	-10,000	0%
9501 · G&A Expenses Allocated-OBMP	<u>74,567</u>	<u>148,448</u>	<u>-73,881</u>	<u>50%</u>
Subtotal OBMP Expenditures	663,575	1,557,819	-894,244	43%
7101 · Production Monitoring	49,881	107,047	-57,166	47%
7102 · In-line Meter Installation	20,440	56,179	-35,739	36%
7103 · Grdwtr Quality Monitoring	101,619	214,362	-112,743	47%
7104 · Gdwtr Level Monitoring	138,856	366,956	-228,100	38%

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

	<u>Jul - Dec 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7105 · Sur Wtr Qual Monitoring	2,659	43,912	-41,253	6%
7107 · Ground Level Monitoring	57,816	550,059	-492,243	11%
7108 · Hydraulic Control Monitoring	167,560	567,022	-399,462	30%
7109 · Recharge & Well Monitoring Prog	2,413	9,152	-6,739	26%
7200 · PE2- Comp Recharge Pgm	878,760	1,478,560	-599,800	59%
7300 · PE3&5-Water Supply/Desalte	28,016	96,003	-67,987	29%
7400 · PE4- Mgmt Plan	56,265	91,985	-35,720	61%
7500 · PE6&7-CoopEfforts/SaltMgmt	55,399	163,727	-108,328	34%
7600 · PE8&9-StorageMgmt/Conj Use	28,317	29,550	-1,233	96%
7690 · Recharge Improvement Debt Pymt	567,042	1,131,233	-564,191	50%
7700 · Inactive Well Protection Prgm	0	5,066	-5,066	0%
9502 · G&A Expenses Allocated-Projects	159,735	339,782	-180,047	47%
Subtotal Project Expenditures	<u>2,314,778</u>	<u>5,250,595</u>	<u>-2,935,817</u>	<u>44%</u>
Total Expense	<u>3,401,000</u>	<u>7,680,788</u>	<u>-4,279,788</u>	<u>44%</u>
Net Ordinary Income	4,071,514		4,071,514	100%
Other Income/Expense				
Other Income				
4225 · Interest Income	13,504			
4210 · Approp Pool-Replenishment	4,887,364			
4220 · Non-Ag Pool-Replenishment	9,478			
4600 · Groundwater Sales	<u>2,176,962</u>			
Total Other Income	<u>7,087,308</u>			
Other Expense				
5010 · Groundwater Replenishment	16,746			
5100 · Other Water Purchases	1,003,000			
9999 · To/(From) Reserves	<u>10,139,076</u>			
Total Other Expense	<u>11,158,822</u>			
Net Other Income	<u>-4,071,514</u>			
Net Income	<u>0</u>		<u>0</u>	<u>0%</u>



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: 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				<u>-2,494,704.61</u>

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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 ADMINISTRATION AND SPECIAL PROJECTS		GROUNDWATER OPERATIONS		GRAND TOTALS	BUDGET 2009-2010
	POOL	POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	REPLENISHMENT	SB222 FUNDS		
Administrative Revenues								
Administrative Assessments	7,115,654	-	225,016				7,340,670	\$7,340,639
Interest Revenue	18,677	1,425	842				20,947	191,540
Mutual Agency Project Revenue	-	-	-				-	148,410
Grant Income	188	-	-				-	0
Miscellaneous Income	111,000	-	-				111,188	0
Total Revenues	7,134,519	1,425	225,858				7,472,805	7,660,789
Administrative & Project Expenditures								
Watermaster Administration	347,974						347,974	560,238
Watermaster Board-Advisory Committee	31,923						31,923	61,901
Pool Administration	14,576	79,307	4,358				98,241	229,660
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	4,358				3,931,105	7,660,789
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	-	118,683				3,931,105	7,660,789
Net Administrative Income	3,433,097	1,425	107,175				3,541,700	-
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	3,433,097	1,425	107,175	3,901,540		7,443,240	-
Working Capital, July 1, 2009	5,942,967	470,719	256,577		4,166,457	158,251	10,995,966	
Working Capital, End Of Period	9,376,064	472,144	363,752		8,067,997	158,251	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.

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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**

DEPOSITORIES:		
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
		<u>18,729,075</u>
		<u>15,517,786</u>
		<u>\$ 3,211,289</u>

TOTAL CASH IN BANKS AND ON HAND	1/31/2010
TOTAL CASH IN BANKS AND ON HAND	12/31/2009

PERIOD INCREASE (DECREASE)

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	<u>3,211,289</u>	
	<u>\$ 3,211,289</u>	

SUMMARY OF FINANCIAL TRANSACTIONS:

	12/31/2009	1/31/2010	Period Increase or (Decrease)
Balances as of	12/31/2009	1/31/2010	
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	12/31/2009	1/31/2010	
	17,394,199	18,729,075	1,334,876
PERIOD INCREASE OR (DECREASE)	\$ 711,289	\$ -	\$ 711,289

**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			
TOTAL INVESTMENTS	\$ 17,394,199			

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>
Ordinary Income/Expense				
Income				
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			
Total Income	7,472,805	7,680,788	-207,983	97%
Gross Profit	7,472,805	7,680,788	-207,983	97%
Expense				
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%
	478,139	872,374	-394,235	55%
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%
	744,678	1,557,819	-813,141	48%
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>
Total Expense	<u>3,931,105</u>	<u>7,680,788</u>	<u>-3,749,683</u>	<u>51%</u>
Net Ordinary Income	3,541,700		3,541,700	100%
Other Income/Expense				
Other Income				
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			
Total Other Income	<u>7,087,308</u>			
Other Expense				
5010 · Groundwater Replenishment	475,884			
5100 · Other Water Purchases	2,709,884			
9999 · To/(From) Reserves	7,443,240			
Total Other Expense	<u>10,629,008</u>			
Net Other Income	<u>-3,541,700</u>			
Net Income	<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.)"

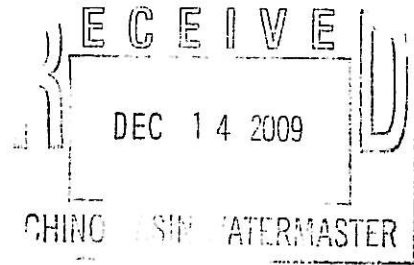
Watermaster received a petition to Intervene into the Judgment from Rafael Treto dated December 10, 2009. Treto recently drilled a well on his property at 13160 Bon View Avenue in Ontario. The City does not have a potable water line in this area. The five-acre farm at this address has five cows, 12 horses, 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: Appropriative 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

Scott S. Slater
805.882.1420 tel
805.965.4333 fax
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, we'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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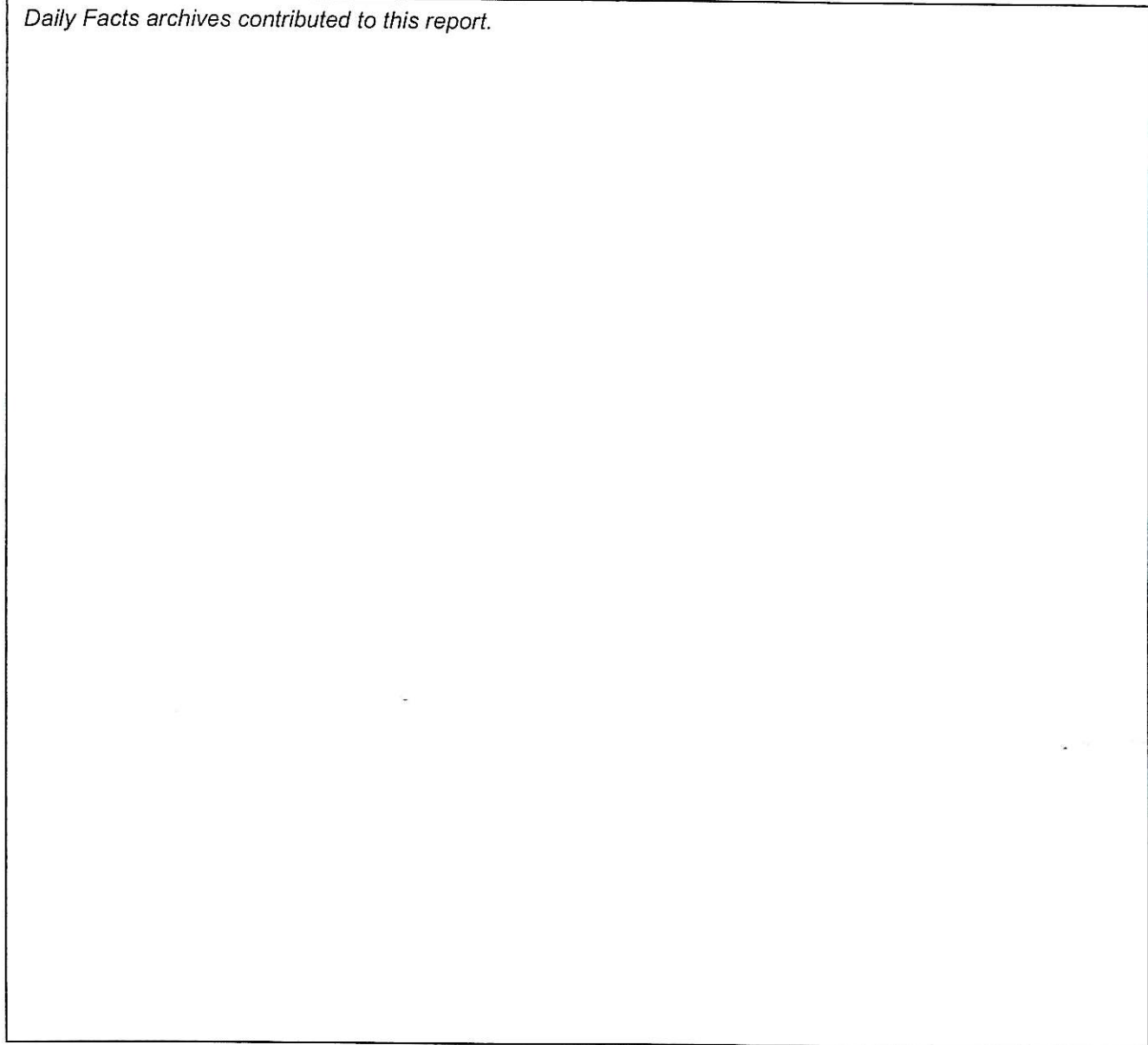
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Bottleneck at Delta must be opened

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," Figoni 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, Figoni 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 , 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

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.

"Water is a precious commodity these days," district general manager Michael Holmes said. "And it's tough in our world now."

Single-family residential customers will move from a flat rate to a usage-based, three-tiered rate structure. Also included in the proposal: a pumping zone surcharge affecting half the district's customers, a size-based meter charge and a five-year plan for additional increases.

This is necessary, district officials said, because the district relies on imported water from the Metropolitan Water District of Southern California.

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 now 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.wwd.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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