

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
July 13, 2006

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 13, 2006 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

| | |
|-----------------------|---------------------------------|
| Robert DeLoach, Chair | Cucamonga Valley Water District |
| Mark Kinsey | Monte Vista Water District |
| J. Arnold Rodriguez | Santa Ana River Water Company |
| Ken Jeske | City of Ontario |
| Rosemary Hoerning | City of Upland |
| Charles Moorrees | San Antonio Water Company |
| Ashok K. Dhingra | City of Pomona |
| Mike McGraw | Fontana Water Company |
| Mike Maestas | City of Chino Hills |
| Dave Crosley | City of Chino |

NON-AGRICULTURAL POOL MEMBERS PRESENT

| | |
|------------------|--|
| Justin Scott-Coe | Vulcan Materials Company (Calmat Division) |
|------------------|--|

Watermaster Board Members Present

| | |
|-------------|----------------------------|
| Sandra Rose | Monte Vista Water District |
|-------------|----------------------------|

Watermaster Staff Present

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

Watermaster Consultants Present

| | |
|-----------------|-------------------------------|
| Michael Fife | Hatch & Parent |
| Mark Wildermuth | Wildermuth Environmental Inc. |

Others Present

| | |
|---------------|--|
| Rich Atwater | Inland Empire Utilities Agency |
| David DeJesus | Three Valleys Municipal Water District |
| Paul Deutsch | Geomatrix/GE |

Chair DeLoach called the meeting to order at 10:08 a.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 and Non-Agricultural Pool Meeting held June 8, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through May 31, 2006
3. Treasurer's Report of Financial Affairs for the Period May 1, 2006 through May 31, 2006
4. Profit & Loss Budget vs. Actual July through May 2006

Item B4 was pulled for discussion.

Mr. Kinsey inquired into the costs for category 8467 regarding Agricultural Pool legal service fees and category 7109 regarding recharge and the well monitoring programs. Mr. Manning stated the Appropriative Pool does pay for the Agricultural Pool legal expenses and he will mention the over budget amount at the next Agricultural Pool meeting. Ms. Rojo noted on the 7109 category this cost is actually shared by Inland Empire Utilities Agency which has not been divided out and billed to them yet. Ms. Rojo noted starting July 1, 2006 the accounting breakdowns will show differently in this category so that only Chino Basin Watermaster's portion will show up. Mr. Kinsey referenced the Judgment regarding when a line item for administration costs goes over budget by 20% that item needs to go through the Watermaster process for notification/approval.

*Motion by Kinsey, second by Jeske, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through B, as presented*

II. REPORTS/UPDATES

A. **WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Counsel Fife stated consultants and staff are gearing up for the upcoming Special Referee Workshop on July 26, 2006 at 11:00 a.m. here at the Watermaster office. We are working with Professor David Sunding from the University of Berkley who is performing the macro level economic review and we are anticipating a presentation by him at the workshop. Mr. Wildermuth is working with Mr. Scalmanini on his review of the model and we are anticipating hearing about that review at the workshop also.

Counsel Fife stated he did receive the comment letters to the Orange County Water District (OCWD) PEIR. Watermaster did submit a comment letter; however, we were not sure who else was submitting one. We have now received copies of all the comment letters and OCWD's responses. The comments are interesting, although, nothing that was not already anticipated in the way of verbiage. The main comments were from the Center for Biological Diversity and from the State Water Resources Control Board, both of which had a lot of problems with OCWD's environmental work. Copies can be distributed on the gathered comments. A lengthy discussion ensued with regard to the comment letters and the re-operational approach.

Mr. Kinsey inquired to the format of the Special Referee's Workshop. Counsel Fife stated we are hoping this to be a workshop with a fair amount of discussion. The agenda has been informally put together with the workshop beginning at 11:00 a.m., Scott will then give an overview of what is the Peace II Agreement, then we will take a short lunch, after lunch Mark Wildermuth will give his technical presentation on the modeling work regarding hydraulic control, and then we will hear from Professor Sunding who will present his findings regarding the macro level review of the non-binding term sheet. We do not know if Mr. Scalmanini will be giving a presentation or not at this point in time. A court reporter will be present; however, we are attempting to keep this workshop on an informal level to allow questions and comments. A discussion ensued with regard to the presentation Mr. Wildermuth will be giving along with using the non-binding term sheet which was previously approved. A lengthy discussion ensued with regard to the re-operational approach. Mr. Manning stated the presentation that Mr. Wildermuth is going to be giving is based upon the same information that all of you have available to you, there is nothing new added or deleted from it. The only new information that will be given is from Professor

Sunding regarding the financial information. A discussion ensued with regard to parties speaking at the workshop and the non-binding term sheet that will be discussed and presented.

B. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Treweek stated there is a handout on the back table which summarizes the year end recharge totals. We have recharged 49,000 acre-feet from "all sources", imported, storm, and recycled water. A plan for fiscal year 06-07 has been drawn up and is available on the back table; the plan consists of four pages. The first page is on imported water, the second page is on storm water, the third page recycled water plan, and the fourth is a summary; we anticipate 60,000 acre-feet of recharge for the next fiscal year. There were two assumptions made in drawing up the new plan, that MWD would continue to provide replenishment water and that we will have an average rainfall year. This year our rainfall was about 20% below average. Our Phase II design consultant Kennedy Jenks has been brought under contract and they will design our Phase II improvements this fiscal year with the idea that in July of 2007 the Phase II improvements will be designed and constructed and that will add 15,000 acre-feet to the total replenishment. Watermaster staff has already identified some additional basins that we want to either lease or purchase; the Etiwanda Conservation Ponds, Victoria Basins South, and improvements to the Upland Basin that would constitute as a Phase III design for fiscal year 08-09. We are anticipating in the year 2008 we will be able to report that we can recharge 80,000 acre-feet. A discussion regarding College Heights Basin ensued.

2. Legislative/Bond Update

Mr. Manning thanked Rich Atwater and Martha Davis for the work they are doing in the legislative area. Regarding Proposition 84, Inland Empire Utilities Agency and Metropolitan Water District have both taken positions of favor on Prop 84. It is an issue that all the agencies should be looking at. Chair DeLoach asked that Mr. Manning explain what Prop 84 entails. Mr. Manning stated this is the Caves initiative which is a \$5.4 billion dollar bond issue that is a water bond broken down into a \$2.7 billion dollar water bond and \$2.7 billion dollar environmental bond and it does provide money for the Santa Ana regions. There is a lot of discussion on this proposition. Mr. Atwater stated most of the member agencies that he has spoken to are in favor of Prop 84. A discussion ensued with regard to legislation issues.

3. Hanson Aggregate

Mr. Manning stated this item has now been in the newspaper a few times and some of those articles are in the meeting packet under information. Mr. Manning noted last month a letter was sent to Hanson Aggregate which was signed by Rich Atwater and himself informing Hanson that we have silt build up in our Lower Day Basin which is just below the 210 freeway. The letter stated that preliminary investigations have pointed to the fact that we suspect Hanson was the cause of the silt from illegal discharges from their Hanson plant. A few weeks ago the Daily Bulletin phoned and scheduled an appointment with us go out with them to look at the damaged area and at Hanson facilities. Watermaster staff met with the Daily Bulletin staff at the site and showed them the problems first hand. We received a letter from Hanson Aggregate yesterday which informed us that they firmly believe they did not cause any of this damage because they practice Best Management Practices and this type of incident could not take place. Watermaster is now looking at our options as to how to proceed next and staff will keep the parties apprised. Mr. Manning stated the Daily Bulletin has taken this event on and feels it is news worthy material; they are spending a lot of time and resources on following up on this item. Mr. Manning stated we are looking at approximately \$1.2 million dollars in losses and that figure is going up almost every day. A discussion ensued with regard to this issue.

- 4. Annual Monitoring Program Agreement between IEUA & CBWM
Mr. Manning stated this is actually a notification item that this agreement is being worked on and will be coming up for approval through the Watermaster process in August.

III. INFORMATION

- 1. Newspaper Articles
No comment was made regarding this item.

IV. POOL MEMBER COMMENTS

No comment was made regarding this item.

V. OTHER BUSINESS

No comment was made regarding this item.

VI. FUTURE MEETINGS

| | | |
|---------------|------------|---|
| July 13, 2006 | 10:00 a.m. | Appropriative & Non-Agricultural Pool Meeting |
| July 17, 2006 | 1:00 p.m. | AGWA Meeting @ CBWM |
| July 18, 2006 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| July 25, 2006 | 9:00 a.m. | GRCC Meeting |
| July 26, 2006 | 11:00 a.m. | Workshop for Peace II w/ Special Referee |
| July 27, 2006 | 9:00 a.m. | Advisory Committee Meeting |
| July 27, 2006 | 11:00 a.m. | Watermaster Board Meeting |

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 10:55 a.m.

Secretary: _____

Minutes Approved: August 10, 2006