

Minutes
ANNUAL APPROPRIATIVE POOL ELECTION MEETING
AND
JOINT ANNUAL APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
January 11, 2007

The Annual Appropriative Election and 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 11, 2007 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Robert DeLoach, 2006 Chair	Cucamonga Valley Water District
Raul Garibay, 2007 Chair	City of Pomona
Rosemary Hoerning	City of Upland
Dave Crosley	City of Chino
Ken Jeske	City of Ontario
Mike McGraw	Fontana Water Company
Chris Diggs	Fontana Union Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Justin Brokaw	Marygold Mutual Water Company
Charles Moorrees	San Antonio Water Company
Mike Maestas	City of Chino Hills
Mark Kinsey	Monte Vista Water District

NON-AGRICULTURAL POOL MEMBERS PRESENT

Robert Bowcock	Vulcan Materials Company (Calmat Division)
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WATERMASTER BOARD MEMBERS PRESENT

Sandra Rose	Monte Vista Water District
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Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Kevin Sage	Vulcan Materials Company (Calmat Division)
David DeJesus	Three Valleys Municipal Water District

Chair DeLoach called the meeting to order at 10:05 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. ANNUAL ELECTIONS - ACTION

A. Calendar Year 2007 Appropriative Pool Officers

Nominations will be heard for the Appropriative Pool Chair to serve during calendar year 2007.

Chair	<u>Raul Garibay, City of Pomona</u>
Vice-Chair	<u>Rosemary Hoerning, City of Upland</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

Chair DeLoach turned the meeting over to the new 2007 Chair, Raul Garibay, from the City of Pomona

B. Calendar Year 2007 Advisory Committee Members & Officers

According to the rotation sequence established among the pools, the appropriators will be asked to appoint a designated representative to serve on the Advisory Committee during calendar year 2007.

Chair	Appropriative Pool	<u>Ken Jeske, City of Ontario</u>
Chair Alternate for Advisory Committee		<u>Robert DeLoach, CVWD</u>
Vice-Chair	Non-Agricultural Pool	<u>Robert Bowcock</u>
2 nd Vice-Chair	Agricultural Pool	<u>Robert Feenstra</u>

C. Calendar Year 2007 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2007, the following will represent the Appropriative Pool on the Watermaster Board.

City of Ontario – New Member: Jim W. Bowman
Alternate: Sheila Mautz

The Annual Appropriative Pool Election Meeting Adjourned at 10:17 a.m.

Chair Garibay called the joint annual Appropriative and Non-Agricultural Pool meeting to order at 10:17 a.m.

Mr. Manning noted there is a confidential Storage and Recovery meeting scheduled for today directly after this meeting concludes.

II. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held December 14, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2006
2. Combining Schedule of November 30, 2006
3. Treasurer's Report of Financial Affairs for the Period November 1, 2006 through November 30, 2006
4. Profit & Loss Budget vs. Actual July 2006 through November 2006

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 07-02 – 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 Crosley, second by Rodriquez, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through E, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

Counsel Fife stated counsel has been meeting with the other parties involved in the application process to discuss our joint strategies for the hearings. It is the general agreement by all parties who have attended these meetings that we are going to have one hearing on all of the applications. The parties are trying to approach this process cooperatively between all the different agencies; because of the cooperation we are anticipating the process to go smoothly. Watermaster staff is going to Sacramento to meet with the State Board staff next week regarding this issue. Counsel has requested from the State Board that they hold a series of pre-hearing workshops before noticing the hearings and have not yet had a response back from the State Board.

2. Regional Salinity Cooperative Agreement

Counsel Fife stated a draft agreement was made available at last month's meeting. Since that meeting, that draft has been completely scrapped and the parties involved in drafting this agreement are starting from scratch again. This has been a long process and with recent events it appears it will continue to be a time-consuming progression.

3. MWD DYY Agreement

Counsel Fife stated because of events that took place yesterday, a confidential storage and recovery meeting has been noticed for today to be held directly after this meeting. No further comment was made regarding this item.

4. Peace II Process

Counsel Fife stated studies are still being worked on regarding this item. Mr. Scalmanini has indicated he will have his review of the Wildermuth model done in January and ready for counsel and staff review. In addition to Mr. Scalmanini's report, we have had the macro economic review from Dr. Sunding and the next step in that aspect is to have a micro economic analysis done. There was discussion about how Watermaster should approach the micro analysis and the Watermaster Board directed counsel and staff to ask Dr. Sunding what would be involved in this next study and to put together a preliminary cost structure to provide that report. Dr. Sunding has worked up a cost estimate; Counsel Fife handed out the cost estimate. Counsel Fife stated since Dr. Sunding prepared the macro economic review, he has a good idea on a time frame and related costs. Counsel Fife noted Dr. Sunding estimated his costs at \$160,000 dollars to do this study; no motion is being asked for at this time, it is being handed out for review only. A lengthy discussion ensued with regard to the work that will be considered necessary to prepare the next study and the associated costs. Mr. Kinsey inquired if this estimated cost is in the Watermaster budget and Mr. Manning stated it is not budgeted. A discussion ensued with regard to possible costs if this item goes out for bid from another party other than Dr. Sunding to perform the micro economic review. Ms. Hoerning commented on the handout and noted it was not complete as far as actual tasks being performed or an actual scope of work. Counsel Fife stated this was drafted by Dr. Sunding as an initial pass at a cost estimate and not a concrete or detailed scope of work at this point in time because we needed to get feedback first prior to too much work being put into it by Dr. Sunding. If the parties feel Dr. Sunding is the right person for the job, staff can then go back to him and ask him for a

more detailed scope of work for his phases. Mr. Manning stated this item will come back through the Watermaster process once discussions have concluded.

B. ENGINEERING UPDATES

1. Rialto Request

Mr. Wildermuth stated a year ago when the Regional Board was beginning to talk about writing permits for imported water recharge, the Regional Board engaged the Watermaster staff to have a discussion about it. From those deliberations one of the concerns that came up was granting people who are not part of the Optimum Basin Management Program (OBMP) process, access to the maximum benefit permit. The Regional Board, at that time, had issues thinking it could not stop other parties who are not part of the OBMP from getting access. After several discussions, the Regional Board issued its first draft recharge permit and in that draft it was stated you had to be a part of the OBMP or you would not get access to the assimilative capacity in the Chino Basin. Subsequent to that draft issue, the City of Rialto's Wastewater Discharge Permit has come up for renewal and is being written presently. In that process the Regional Board noted that part of Rialto's planning was to serve recycled water, which would be on property overlying in the Chino Basin. The Regional Board has contacted the Inland Empire Utilities Agency (IEUA) and the Chino Basin Watermaster (CBWM) staff regarding this issue for comment. From that request for comment, it was determined that in order for the City of Rialto to serve recycled water to the Chino Basin they have to get a letter from both IEUA and CBWM saying whatever the City of Rialto is doing is consistent with the OBMP. Mr. Wildermuth stated, to his knowledge, the City of Rialto has not participated monetarily or personally in the formation and adoption of the OBMP. This is an information item only at this time and parties may be asked to provide them with a letter in the near future. A lengthy discussion ensued with regard to Mr. Wildermuth's update on the Rialto request. Mr. Manning stated it is staff's recommendation since the City of Rialto has not participated in any of the costs necessary to achieve the Maximum Benefit there would have to be some sort of negotiations before a letter would be written granting them access including some sort of buy-in comparable with the proportional area that they are talking about; we will not automatically write them an acceptance letter. Mr. Manning stated staff has notified the Regional Board's staff that the Chino Basin Watermaster is not prepared at this time to write a letter because we do not have enough information on their request. A formal request that includes more details is now needed from the City of Rialto in order to proceed with their request.

C. FINANCIAL REPORT

1. Assessment Package Update

Ms. Rojo stated the Assessment Package is not included in the agenda for this month nor was it on the previous month for consideration because there have been some notifications by parties that the activity of the previous year was different than what was agreed to on their Water Activity Reports. Ms. Rojo stated investigations have begun on those discrepancies as well as some of the balances on record for the Dry Year Yield account between Metropolitan Water District, Inland Empire Utilities Agency and Chino Basin Watermaster. Ms. Rojo noted the accounting department received the last of the information needed to complete the Assessment Package today so we are anticipating having a copy to possibly hand out at the Advisory Committee and Watermaster Board meeting later on this month. This version will be different from the copy that was previously sent out and hopefully this will be the final draft which will then be put through the Watermaster process next month. Mr. Manning stated Watermaster staff sends out the Water Activity Reports (WAR) and agencies sign off on those reports as being correct and since then there have been more than one agency come back and say they had disagreements with the reports they signed and requested them to be redone. Mr. Manning stated on a go forward basis Watermaster staff would like to make sure the certifications that are made on the WAR's are verified before they are signed and returned to Watermaster to elevate sending out the Assessment Package at such a late date. One of a few important reasons staff wants the Assessment Package out when scheduled is

because of the volume vote. If for some reason there was a contested motion or election at the Appropriate Pool level and a volume vote was needed, we would have had to use the previous year's numbers. A brief discussion ensued with regard to the Assessment Package changes.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning discussed the Governors new state report and in that report the Governor discussed infrastructure. One of these infrastructures is tied to a water bond that the Governor is proposing and that appears to be approximately a \$3.9 billion dollar proposal with \$2 billion dollars authorized in revenue bonds. Mr. Manning stated he has not heard what the senate and the house assembly will do with that when they get it. Mr. Manning stated on the federal level there is some discussions going on in Washington right now regarding creating a new tax related mechanism to assist in financing certain kinds of water infrastructure projects including water recycling, desalting, and groundwater remediation. That involves authorization of the tax credit bonds which is similar to what congress did with renewable energy project in 2005; this is not tied to appropriative dollars. This just might finance several of the projects which are being discussed for California and projects here in the Chino Basin. Updates will be given on these and several more changes in the upcoming months.

2. Recharge Update

Mr. Manning stated Chino Basin Watermaster basins are right on target with approximately 5,500 acre-feet of monthly recharge. We are expecting at the end of January/beginning of February a shut down on the Rialto line from Metropolitan Water District who will be doing some repairs. The shut down could last as long as four weeks.

3. Cyclic Storage Account

Mr. Manning stated he has asked Inland Empire Utilities Agency to negotiate with Metropolitan Water District for an extension of the existing cyclic storage account. Our existing cyclic storage program runs through the end of this year. The provisions within the cyclic storage call for Watermaster to buy the water out of cyclic storage if we do not have an extension beyond 2007. Our balance in that account presently is zero, however, being aggressive with recharge this year we do not want to give up our recharged water. We are putting water into the Dry Year Yield as temporary hold until the cyclic storage account is taken care of with the extension. Mr. Kinsey inquired as to how large the cyclic storage account needs to be. Mr. Manning stated the agreement has a limit on it but we have never come close to that number and if we had a cyclic storage account with 25,000 to 30,000 acre-feet that would be fine. Mr. Kinsey stated he would ask Watermaster staff to consider capping the account not much lower than 100,000 acre-feet and several of the committee members agreed. Mr. Manning stated Metropolitan will probably want that cap as well and they may also want some language included on length of time before Watermaster actually purchases water out of it; both of those stipulations are fine with Watermaster.

4. AGWA February 5, 2007

Mr. Manning stated this is notification regarding the upcoming Association of Groundwater Agencies which is holding their annual conference on February 5, 2007 at the Ontario Convention Center and it is an all day event. This conference will be discussing a number of subjects that are relevant to all of your agencies and Mr. Manning encouraged all who could attend should. A copy of the flyer is available on the back table.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Ms. Hoerning thanked the committee members for the vote of confidence in making her the new 2007 Vice-Chair for the Appropriative Pool.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

January 11, 2007	10:00 a.m.	Annual Appropriative Pool Meeting
January 11, 2007	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 16, 2007	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 23, 2007	9:00 a.m.	GRCC Meeting
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

The Annual Appropriative and Non-Agricultural Pool Meeting Adjourned at 10:50 a.m.

Secretary: _____

Minutes Approved: February 8, 2007