

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
February 8, 2007

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 February 8, 2007 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Rosemary Hoerning, Vice-Chair	City of Upland
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Mike McGraw	Fontana Water Company
Mohamed El-Amamy	City of Ontario
Raul Garibay	City of Pomona
Chris Diggs	Fontana Union Water Company
Dave Crosley	City of Chino

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
Charles Field	Western Municipal 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
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Bob Bowcock	Vulcan Materials Company (Calmat Division)
Marty Zvirbulis	Cucamonga Valley Water District

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

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Annual Non-Agricultural Pool Election Meeting held January 11, 2007
2. Minutes of the Joint Annual Appropriative and Non-Agricultural Pool Meeting held January 11, 2007

Pulled for separate discussion and motion

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2007
2. Combining Schedule of December 31, 2006
3. Treasurer's Report of Financial Affairs for the Period December 1, 2006 through December 31, 2006
4. Profit & Loss Budget vs. Actual July 2006 through December 2006

Mr. DeLoach inquired about the cash disbursements detailed in the meeting packet for January 2007 regarding the Ellison Schneider & Harris expenditures totaling over \$29,000 dollars. Mr. DeLoach stated we have nothing back from our special referee to date to substantiate such high expenditures. A discussion ensued by the committee members with regard to this inquiry. Mr. Manning stated from discussions with the Special Referee this week, the new date for the release of the Scalmanini report will be the first week in March. It was noted the invoices for this matter need to be pulled and reviewed by the Appropriative Pool committee members. Ms. Rojo stated since there was some discussion regarding the upcoming budget it is to be noted that Watermaster had budgeted \$50,000 dollars for Ellis & Schneider for the year and half way through the fiscal year they are currently at 200% of budget. We also budgeted \$15,000 dollars for the Scalmanini report and he is current at \$70,000 dollars at the end of December 2006. Mr. DeLoach stated there have been discussions at this pool regarding the time when the Agricultural Pool legal expenses exceeded budget. Mr. DeLoach stated the commitment that we got from staff and the Agricultural Pool at the time was they would work to limit those costs to within the budgeted amount. Mr. DeLoach asked that we communicate with the Special Referee and her technical assistant the financial budget constraints within Watermaster. Mr. Manning stated he had planned on having a conference call within the next few days with them and this matter was one of the items on his list for discussion. A discussion ensued with regard to this matter.

*Motion by DeLoach, second by Moorrees, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Item B, as presented*

C. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007. Date of application: January 22, 2007

D. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006

Independent Auditors' Report from Mayer Hoffman McCann P.C. an Independent CPA firm

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

II. BUSINESS ITEMS

A. ASSESSMENTS FOR FISCAL YEAR 2006-2007

Mr. Manning stated the Watermaster Assessment Package was held over from a few months ago due to various changes that needed to be incorporated. The Assessment Package that is in the meeting packet has included all known needed changes and is being presented for approval today. Ms. Rojo reviewed the Overview for the History of the 2006/2007 Assessment Package which is now on revision number four. Ms. Rojo reviewed the Assessment Package Timeline which began on July 15, 2006 when the Water Activity Reports (WAR) was sent out and concluded in February 2007 with the final revision. Ms. Rojo compared the 2005/2006 assessments with the 2006/2007 assessments which resulted in a net increase to all assessments. Ms. Rojo stated Watermaster administrative assessments are equal to \$6.23/af,

OBMP assessments are equal to \$34.49/af, and there is a 2% loss on beginning storage balances. In summary, Ms. Rojo stated, the additional costs will include, Agricultural Pool reallocation, replenishment assessments, 85/15 charges for replenishment and water transactions, your piece of the Pomona credit, and recharge debt service. Ms. Rojo acknowledged the recommendations for future assessment packages would be to modify the collection process, to shorten the WAR/Assessment timeframe, and to ensure WAR accuracy. Ms. Rojo noted next month staff will be bringing forward the volume vote analysis. A discussion ensued with regard to the Agricultural Pool reallocation numbers and the presented revised Assessment Package. It was noted that the Watermaster budget process needs to be revisited. Mr. Manning stated after this Assessment Package is approved, Watermaster staff is looking at putting together a multiple year budget with projections. Mr. DeLoach stated a three year budget would be great, however, what he and others, it appears are looking for is a whole new approach by every angle which could provide a much better projection. Mr. Bowcock stated it is his understanding by the acceptance of the 2006/2007 Assessment Package is that there is an obligation to assess the 2% losses and that those losses will be returned with the adoption of the Peace II process; if they are not, then he will withhold his approval of the presented Assessment Package.

*Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred
Moved to approve the fiscal year 2006-2007 Assessments, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

Counsel Fife stated staff and counsel went to Sacramento on January 17, 2007 and at that time we met with all of the State Boards staff, who are addressing our application, including the head of hearings unit. A long presentation regarding the Chino Basin was presented to them and when they were asked for feedback the State Board staff declined because they stated they were ready to issue a notice on our hearing to us. At the meeting it was noted the notice of hearing would be released by the end of January and to date we have not heard any news on said hearing. Counsel stated the meeting in Sacramento was a very productive meeting despite no notice being received.

2. Peace II Process

Counsel Fife stated we do not have the Scalmanini Report yet and we are now looking at the first week in March to receive the highly anticipated report. Ms. Hoerning inquired to the Peace II schedule which was previously released and inquired if the court was aware of the impact the technical referee's delays in submitting his report could have on all of the items on the schedule. Mr. Manning stated the Special Referee has a copy of the anticipated schedule which showed the Scalmanini report due in January and noted the Special Referee is fully aware that everything keys off of that timeline and the delay with receiving the report could cause additional delays as we move down the line. Counsel Fife stated that while the referee knows about the delay we are not positive that the court knows about it and it might be helpful for the court to know. Watermaster is going to be having a status report ready for approval next month and we will need to relay that information to the court in that report with a pleading. A discussion ensued with regard to this issue.

Added Comment:

Counsel Fife stated there is a letter from Baker Manock & Jensen regarding CCG Ontario request for Watermaster Discussion of proposed water transfer which was received yesterday on the back table; we were asked to distribute this letter. Counsel and staff have formulated no comments to the letter thus far and will keep the parties informed on this matter.

B. FINANCIAL REPORT

1. Budget Update for fiscal 2007/2008
No comment was made regarding this item.

C. CEO/STAFF REPORT

1. Upland Basin Funding Assistance

Mr. Manning stated the City of Upland is in the process of approving the improvements for the Upland Basin for flood control needs and for conservation purposes. The City of Upland does have a \$5M dollar grant and originally the City of Upland had put together a set of plans for the improvements at the Upland Basin; however, there were improvements that Watermaster's staff wanted to see included within those already stated plans. Staff has asked for an alternate bid to improve what our staff thinks would significantly improve their changes and the amount of conservation within the basins; the City of Upland has agreed and is putting together an alternate bid package. Watermaster has an informal agreement with the Chino Basin Conservation District and Inland Empire Utilities Agency to sit down with them regarding cost sharing after the alternate bid is accepted for the improvements to be shared one third by each party. Chair Hoerning stated the Upland Basin is the City of Upland's project and is a multi-phased project and is designed for flood control purposes as well as for groundwater recharge. The basin itself has no real outlet to it except for a mid-level outlet that is a requirement of the Division of Safety of Dams which is to relieve water that is impounded in the upper reaches of the facility which would be behind the dam face. Upland staff has met with the Conservation District and Watermaster staff; the Conservation District is interested in the City of Upland pursuing some modifications to our plans to incorporate a courser gradation in some of the backfill and to also consider adjusting the mid-level outlet to some degree. Chair Hoerning offered comment on new costs for the proposed changes and its benefits. Mr. Manning commented on the importance of the Upland Basin and noted this basin could give us 25% of our recharge within the Chino Basin.

2. Legislative Update

Mr. Manning stated next week he will be at the ACWA conference in Washington DC and when he returns he will have a full update on the happenings at the conference.

On March 21, 2007 ACWA is holding their Legislative Symposium in Sacramento.

Mr. Manning reviewed the upcoming legislative calendar.

3. Recharge Update

Mr. Treweek referenced the recharge handout and reviewed the numbers through January. Mr. Treweek stated it appears that February will be a dry month at the rate we are going regarding rainfall.

IV. INFORMATION

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

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

February 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
February 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA

February 22, 2007	9:00 a.m.	Advisory Committee Meeting
February 22, 2007	11:00 a.m.	Watermaster Board Meeting
February 27, 2007	9:00 a.m.	GRCC Meeting

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

Secretary: _____

Minutes Approved: March 8, 2007