

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
March 13, 2008

The Annual Appropriative Pool election meeting and the Joint Annual Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on March 13, 2008 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Rosemary Hoerning, Chair	City of Upland
Raul Garibay	City of Pomona
Robert DeLoach	Cucamonga Valley Water District
Dave Crosley	City of Chino
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Ken Jeske	City of Ontario
Robert Tock	Jurupa Community Services District

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
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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	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.
Andy Malone	Wildermuth Environmental Inc.

Others Present

Dean Martin	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District

Chair Hoerning called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:05 a.m.

AGENDA - ADDITIONS/REORDER

It was noted this will be Chair Hoerning's last meeting because she has accepted another position with the City of Redlands. The parties wished Ms. Hoerning the very best at her new job. Chair Hoerning stated she had previously spoken to Mr. Jeske who is the Appropriative Pool Vice-Chair to see if he wanted to assume the Chair position. It was noted a vote will be taken at the April Pool meeting for the new Chair and Vice-Chair positions.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held February 14, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through January 31, 2008
4. Treasurer's Report of Financial Affairs for the Period January 1, 2008 through January 31, 2008
5. Budget vs. Actual July 2007 through January 2008

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

II. BUSINESS ITEMS**A. SEMI-ANNUAL STATUS REPORT**

Mr. Manning stated this item was in the meeting packet last month as an information item in order to receive comments on the report prior to it being placed on the agenda for action. This Semi-Annual Status Report covers the periods from July 2007 to December 2007. Once this report is approved it will be filed with the court. A brief discussion ensued.

*Motion by DeLoach, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve the Semi-Annual Status Report and to file the report with the court, as presented*

B. BUDGET TRANSFER REQUEST

Mr. Manning stated this item was on the agenda last month as a business item and there were discussions at each Pool, Advisory Committee, and Watermaster Board meetings; at those meetings various motions were made. It is being placed on the agenda today as a placeholder pending the decision made by the joint group meeting which is not being held until later today. Mr. Manning noted this budget transfer request is to cover future anticipated legal and technical invoices for the Agricultural Pool. Counsel Fife stated Watermaster staff has been instructed by the court to implement this agreement by paying all assessments and expenses of the Agricultural Pool and then billing that to the Appropriative Pool. A lengthy discussion ensued and it was decided this item will be deferred until next month in anticipation of the outcome of the joint group meeting.

*Motion by DeLoach, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve deferral of this item for a month for further analysis, as presented*

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Non-Agricultural Water Proposal**

Mr. Manning handed out a memorandum regarding Overlying Non-Agricultural Pool Stored Water Sale Options. Mr. Manning stated staff has asked legal counsel to put together this memo to begin the thinking process regarding this matter. Counsel Fife reviewed the memo which briefly recaps three avenues generally available to directly market approximately 40,000 acre-feet of groundwater presently held in storage within the basin and available to Watermaster under the court approved agreement effect, create a storage and recovery opportunity. The three options are as follows: 1) Request for Proposal, which will pursue a selective request for proposals, 2) No Reserve Auction, which would provide for a no reserve auction, and 3) Price Floor Auction, which could auction some or all of the stored water – all three options were reviewed/discussed in detail.

2. SWRCB Permits

Counsel Fife stated a meeting did take place with the State Board regarding Watermaster's Water Rights Permit last week and a follow up communication will take place on a continued basis until the permit process is complete. Counsel Fife stated next Tuesday the State Board will hold their board meeting and will have a closed session item regarding the first of the Santa Ana's permits. The State Board will be taking into consideration the City of Riverside's permit first and counsel does not know why the State Board is taking this one separately. Counsel Fife will keep the parties up to date on this matter.

3. Hanson Aggregates

Counsel Fife stated this is the item regarding the dispute over the Lower Day Basin. Counsel and staff have agreed with Hanson Aggregates to take this to a mediation session which will begin on April 3, 2008.

4. Condition Subsequent Number 4

Counsel Fife stated by April 1, 2008 Watermaster needs to file a pleading which updates the court on our CEQA process on all the Peace II items. A draft of this document will be provided to the parties as soon as it is complete.

B. ENGINEERING UPDATES

1. Condition Subsequent No. 3 Report

Mr. Wildermuth stated on March 1, 2008 the Condition Subsequent No. 3 Report was filed with the court.

2. Condition Subsequent No. 6 Report

Mr. Wildermuth stated this report was requested by the court and due July 1, 2008 in which the definition of Hydraulic Control be formally stated with the concurrence of the Regional Board. Discussions have begun with the Regional Board. Mr. Wildermuth stated it is anticipated Watermaster will be receiving a letter from the Regional Board that will be filed in court substantiating our definition of Hydraulic Control.

3. Hydraulic Control Monitoring Program Report for 2007

Mr. Wildermuth stated this is a requirement from the Regional Board. Mr. Wildermuth reviewed a map which depicted the surface water monitoring locations; this map was evaluated in detail. A lengthy discussion ensued with regard to Hydraulic Control.

C. FINANCIAL REPORT

1. Financial Update

Ms. Rojo stated there is a handout available on the back counter submitted by Dean Martin from Inland Empire Utilities Agency regarding the 2002 Variable Rate Demand Bond Refinancing. This memo was submitted to the IEUA board on March 5, 2008 asking them to move forward expeditiously with the refinancing of the variable rate demand bonds and to update all the necessary documents including the Installment Purchase Agreements, the Preliminary and Final Official Statements, and all related documents. Ms. Rojo stated staff has been working with IEUA staff to get them the paperwork they needed to do their refinancing. A brief discussion ensued with regard to refinancing and debt service.

Ms. Rojo stated Watermaster staff has been working on the 2008/2009 budget. Ms. Rojo noted the MZ1 Technical Committee met this morning and that committee is working on their goals and action items that might be presented for possible inclusion in the 08/09 budget.

Ms. Rojo referenced the handout Watermaster Replenishment Calculation – Assessment Year 2007-2008 (Production Year 2006-2007). Ms. Rojo noted during a recent reevaluation of the Assessment Package this particular calculation has been updated for easier review. Ms. Rojo reviewed the newly revised page in detail.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated bill AB2046 Jones which is a water supply assessment groundwater bill would require that water supply assessment and urban water management plans exclude the amount of groundwater projected to be pumped if the source of the groundwater has not been determined by the State Department of Health to have been treated in a treatment standard applicable to the proposed purpose. What they are doing is restricting the use for urban water management plans to use water that is impaired; this could have a real impact on groundwater basins. Mr. Manning discussed Prop 98 which is on the ballot in June this proposition essentially eliminates emanating domain from the availability of water for agencies water supply projects; this proposition also contains a portion regarding rent control. Mr. Manning stated he will be in Washington DC next week and will get more information regarding legislative issues.

2. Recharge Activities, Plume Investigation/Remediation, and Conservation

Mr. Treweek gave the presentation "Preparing for 2020" which covered the past work done on the recharge basins in the Chino Basin to improve various water types/sources of recharge. Mr. Treweek updated the parties on the plumes and the progress that is being made in their cleanup efforts. A brief discussion ensued with regard to the presentation.

IV. INFORMATION1. New Water Bond Unveiled to Restart Legislative Negotiations

No comment was made regarding this item.

2. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Kinsey thanked Ms. Hoerning for her work in the Peace II process and wished her the best for her new job. Mr. Kinsey made mention of the three operational ASR wells at Monte Vista Water District.

All the parties thanked Mr. Treweek for a job well done in the areas of recharge and all his endeavors while at Chino Basin Watermaster and wished him the very best in his retirement.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

March 13, 2008	8:00 a.m.	MZ1 Technical Committee Meeting
March 13, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
March 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 27, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting
March 27, 2007	9:00 a.m.	Advisory Committee Meeting
March 27, 2007	11:00 a.m.	Watermaster Board Meeting

The joint Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Hoerning at 11:49 a.m.

Secretary: _____

Minutes Joint Appropriative & Non-Agricultural Pool Meeting

March 13, 2008

Minutes Approved: April 10, 2008