

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
October 9, 2008

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 October 9, 2008 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Ken Jeske, Chair	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Robert Tock	Jurupa Community Services District
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Dave Crosley	City of Chino

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
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

Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Rick Hansen	Three Valleys Municipal Water District

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:04 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 & Non-Agricultural Pool Meeting held September 11, 2008

B. FINANCIAL REPORTS

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

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

II. BUSINESS ITEMS

A. GOVERNANCE

Mr. Manning stated in December 2005, the Watermaster Board directed staff to convene a governance committee that was to address the issue of governance. It was determined that the committee would be directed to deal with the issue before December, 2007. During the process of the Peace II negotiations a number of issues were discussed and it was staff's understanding and many other parties that the issue of governance needed to be placed on hold in order to proceed with Peace II issues only. At the 2007 Watermaster Strategic Planning Conference which was held at the Etiwanda Gardens was presented by Counsel Slater and this matter was discussed in great detail. Following that discussion on governance it was the general consensus by all parties attending that this issue be postponed for five years. The governance committee was no longer relevant to the discussions and Watermaster was directed to leave the issue alone for an additional five years. Based upon that decision, Watermaster staff did not form a governance committee and did not move the issue forward. During a recent filing motion by City of Chino, City of Chino Hills, and Monte Vista Water District the issue of governance was brought up again. In their argument they noted Watermaster had never dealt with the issue of governance as directed by the Watermaster Board. Watermaster staff does not agree with this statement and felt it prudent to bring this matter before the Pools, Advisory Committee, and Watermaster Board to obtain confirmation that the issue of governance had been dealt with or to receive a new direction on this issue. A discussion regarding this matter ensued. Mr. DeLoach stated it was his recollection that the issue of governance was tabled at that Strategic Planning Conference and the Board took action to table this matter and to have no further discussion for a set period of time. Mr. Jeske stated he recalls reluctance from some parties to even put this issue on the table at that time because of Peace II negotiations and the parties would be satisfied in tabling the issue for several years. It was noted there are several pressing issues that need to be taken care of by the end of this calendar year, once again questioning if this is the right time to be tackling this issue when parties should be directing their attention to the physical issues of managing the basin. A discussion regarding this topic ensued. Ms. Rose commented on the reappointment of the nine member board and in that reappointment there being a caveat that there would be the formation of a governance committee; that was never done. Counsel Fife stated counsel and staff are seeking a recommendation so that there is a record in the minutes as to how to proceed with this matter to be taken to the Watermaster Board for a final recommendation. A discussion regarding the process and the court requirements on this matter ensued. Counsel Fife stated he recalls there were no court requirements on reporting this matter back to the court; however, will research this further and let the committee know at a future meeting; the five year appointment ends in January 2011. A discussion on how to deal with this issue and/or move forward ensued.

Motion by DeLoach, second by Garibay, and by unanimous vote – Non-Ag concurred

Moved to take no action and to only ask the Watermaster Board of directors to formally clarify whether this is still their intent to take action today as they took on January 26, 2006 when the reappointment of the nine member board took place, that would then form a committee to deal with governance at the next reappointment of the nine member board in 2011 or to calendar this item now for the formation of a governance committee and to have counsel review the February 9, 2006 court order, as presented

B. WAIVER OF INTEREST CHARGES

Mr. Manning stated Watermaster has an obligation as part of the Judgment to invoice for administrative, OBMP recharge debt and Assessments for overproduction and included in the Judgment are provisions by which interest would bear on unpaid balances. On an average most all parties have responded to paying their assessments in a timely manner; however, there are two outstanding interest bills that are being presented today for the waiver of those interest charges. Both parties have been contacted and dialog has taken place regarding these charges. During those conversations the two parties were asked to write a letter requesting the waiver of interest charges and upon receipt of those letters staff will recommend

accommodating the waiver. Staff is seeking direction on how to deal with the issue of interest charges for the future and staff is also currently drafting a policy for more efficiently processing assessments. Mr. Manning stated since he does not have the authority to waive fees it was appropriate to bring this matter through the Watermaster process for recommendations. A discussion regarding this matter along with refunding other past interest charges ensued. Ms. Rojo stated Watermaster staff does many tasks to collect payments, such as phone calls, emails, faxes, and registered letters. Ms. Rojo stated staff is now questioning itself as to what point does Watermaster start assessing the 10% interest charges. A discussion regarding parties wanting a pass on paying their next late fees ensued. Mr. Manning stated staff is seeking a waiver of these charges. Mr. DeLoach stated he would make a motion to waive these two interest bills and that Watermaster needs to form a policy or procedure that would not need to be approved by this committee but to be informed that one has been written and enforced. Mr. Tock offered comment on using a 60 day due date instead of 30 days and requested some sort of publication on due dates for various items like water transfers because of staff turnover. Mr. Manning stated the policy will be introduced in the January/February time frame.

Motion by DeLoach, second by Crosley, and by majority vote – Non-Ag concurred – City of Pomona was a no vote

Moved to approve waiver in interest charges for Arrowhead Mountain Spring Water in the amount of \$4,828.53 and Monte Vista Water District in the amount of \$31,582.97, to bring back a policy on interest assessments, not for approval but to show one has been put in place, and to issue a timeline of due dates, as presented

C. MOU OF WATER ACCOUNTING PROCEDURE

Mr. Manning stated staff received this MOU a couple months ago; last month it was included in the meeting package as an information item for review. Mr. Manning reviewed the cover letter written by Mr. Arakawa, noting it states this accounting procedure does not change the agreement in any way, creating the question why is it called an amendment if there is no amendment being made? Mr. Manning noted staff feels this MOU interprets the agreement as opposed to what the original agreement actually states. Staff is looking for guidance; it was noted the three other signatories have signed this. Mr. DeLoach inquired about the consequences of not signing the agreement. Counsel Fife stated we are looking at the implementation of the Dry Year Yield Program as it currently going on now. There were things in the original DYY Program Agreement that now in 2008 when we come to a take year that all parties start looking closer at how those procedures are impacting them. Review by all the Watermaster parties need to take place and direction to sign or not to sign need to be formalized. Counsel Fife reviewed the cover letter provided in the meeting packet and noted that most of the agreement coincides with the original agreement; however, there are sections that can't be found in the original agreement and those are section 2A3 on pp. 40, 2B2 on pp. 41, and 2B3 on pp. 42 in the meeting packet. Counsel Fife reviewed these sections in detail. This MOU will not be signed without direction from the Watermaster parties. A discussion regarding this matter ensued. It was noted a meeting with Metropolitan Water District staff needs to take place and possibly a meeting with Chino Basin Watermaster parties, Inland Empire Utilities Agency, and Three Valleys Municipal Water District first before the meeting with MWD.

No motion was made on this item.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 21 Hearing

Counsel Fife stated the October 21, 2008 hearing has had a few filings made to it, one of which is from Cucamonga Valley Water District for a continuance on their portion of the hearing due to their attorney having pre-established traveling plans and cannot attend a hearing on that date. The procedure on that type of ex parte is that the party receives a hearing and that hearing is scheduled for next Tuesday at 8:30 a.m. Counsel Fife stated

there was a second filing that Watermaster made with regard to the Ontario Intervention and to confirm that all of the other interventions that are on calendar are going to be heard. There was some confusion at the courthouse yesterday regarding if the October 21st hearing was still on calendar so Watermaster staff is going to the courthouse to verify hearing dates. Counsel Fife stated staff and counsel will keep the parties apprised of any changes.

2. Santa Ana River Water Right Final Decision
Counsel Fife stated this should be the last report on this item and the final permit should be signed today.
3. Sale of Overlying Non-Agricultural Pool Stored Water
Counsel Fife stated this item does need to come through the process for approval for the auction process to begin. It was noted the parties do not want any delay on this. Mr. DeLoach stated his staff is trying to schedule another meeting on this item shortly and should have something to report on next month.
4. Board Closed Session Report
Counsel Fife stated there was a closed session at the last Watermaster Board meeting to discuss three items; Hanson Aggregates litigation, the Tongva American Indian possible litigation situation, and the OIA/Chino Airport possible litigation matter. The only direction given from the Board was regarding the plume and noted the action was to reaffirm its conceptual decision and Watermaster will assume primary responsibility for prosecuting the potentially responsible parties for airport plume contamination. Counsel Fife noted there will be a closed session held at the October meeting and one of the items that will be discussed will be the ongoing dispute with Inland Empire Utilities Agency about the cooperative monitoring program and the cost sharing agreement.

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, August – September 2008
Mr. Wildermuth stated his staff is continuing on with its monitoring work and in October, will be submitting quarterly monitoring reports to the Regional Board pursuant to the Max Benefit requirement. Staff has initiated the technical work from the Recharge Master Plan and continues to do planning on that. The other major effort that is currently being worked on is a contract that Watermaster has with IEUA, to do the material physical injury analysis on the DYY Expansion. That information will be subsequently included in their CEQA documentation. Next month should be a good time to have a short meeting report on what our findings were on that analysis.
2. Progress on Condition Subsequent No. 7
Mr. Wildermuth stated regarding Condition Subsequent No. 7 there are two different technical issues that are addressed. The first issue is dealing with the amount of subsurface inflow from the Santa Ana River that should be credited to the Desalters. The second issue is the validation of the computed storm water recharge numbers we receive from IEUA; the validation of storm water recharge will be done by the end of the month and by the time Watermaster goes to court the five year projection will be redone. The committee members noted an informal workshop on Condition Subsequent No. 7 needs to take place prior to this item coming back through the Watermaster process and to the court.

C. CEO/STAFF REPORT

1. Agricultural Well Meter Status Update
Ms. Maurizio gave a presentation on Meter Installation & Maintenance on Agricultural Pool Wells. Ms. Maurizio noted Watermaster is responsible for providing the meter, as well as the cost of any installation, maintenance, inspection, testing and repairing of the Agricultural Pool wells which are mandated by the Peace Agreement and the OBMP. Ms. Maurizio reviewed information on the installation of meters since 2001 including calibration and the

repair of the meters. The evaluation of the costs of meter installation and maintenance was reviewed in detail and it was noted there is \$88,000 budgeted for FY 2008/2009 for these costs. Several charts were analyzed in detail. A discussion regarding the presentation ensued.

2. Legislative Update

Mr. Manning stated one of the bills that were being followed closely was AB2270 which gave the ability to regulate water softeners were vetoed by the Governor. The Governor said that the amount of salt that would have been saved was minimal and the impact would have been greater than the savings. The revenues are significantly lower than what was anticipated and now the leaders in Sacramento to talk about those issues and how they are going to fill the gap.

3. Recharge Update

Mr. Manning stated there were approximately 200 acre-feet of urban water recharged and approximately 80 acre-feet of recycled water that was put into the ground. A current recharge sheet is available on the back table for review.

4. Thanksgiving & Christmas Meetings

Mr. Manning stated both the Advisory Committee and Watermaster Board meetings have been moved up one week in the months of November and December to accommodate the Thanksgiving and Christmas holiday, so please note those changes on your schedules.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Manning stated the Assessment Package Workshop has now been scheduled for Thursday, October 30, 2008 starting at 2:00 p.m.

Mr. Manning thanked those who attended the recent Strategic Planning Conference and noted it went very well. A signup sheet has been circulated for committees for the four areas that were addressed at that conference to begin further work on the Recharge Master Plan; please sign up for one or more of those committees.

Mr. DeLoach distributed the Agricultural Pool bill that Watermaster staff provides him – this is for information only. Mr. Manning noted that these bills are also forwarded to Mr. Feenstra the chairman of the Agricultural Pool for his review and signature.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster 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 held.

VIII. FUTURE MEETINGS

October 9, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
October 21, 2008	2:00 p.m.	Agricultural Pool Meeting @ IEUA
October 21, 2008	9:00 a.m.	Chino Basin Watermaster Hearing, San Bernardino
October 23, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 23, 2008	9:00 a.m.	Advisory Committee Meeting
October 23, 2008	11:00 a.m.	Watermaster Board Meeting

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October 9, 2008

The Joint Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Jeske at 11:33 a.m.

Secretary: _____

Minutes Approved: November 18, 2008