

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
November 18, 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 November 18 2008 at 1:00 p.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Ken Jeske, Chair	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Robert Tock	Jurupa Community Services District
Justin Scott-Coe	Monte Vista Water 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 Board Members Present

Bob Bowcock	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
Scott Slater	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Rob Vanden Heuvel	Milk Producers
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Martha Davis	Inland Empire Utilities Agency
David Penrice	Aqua Capital Management
Mohamad El Amamy	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 1:33 p.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning noted the staff report in the meeting packet regarding the budget transfer for the TMDL study has been revised and there is a copy of the revised staff report on the back table.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held October 9, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September, 2008
5. Budget vs. Actual July 2008 through September 2008

Item C was pulled for discussion and separate motion

C. INTERVENTIONS

1. Consider Approval for the Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool

Mr. Manning explained the Red Hill Country Club intervention would put them into the Overlying Non-Agricultural Pool. Mr. Manning stated they are aware that once recycled water is available they will be using that type of water. Mr. Manning noted this is the first time a condition has been added to an intervention that the party would use recycled water it was made available. A lengthy discussion regarding this intervention, the pool that the Red Hill Country Club should be applying for and their proposed well timing and location ensued.

*Motion by DeLoach, second by Scott-Coe, and by unanimous vote – Non-Ag concurred
Moved to deny request from the Red Hill Country Club intervention into the Overlying Non-Agricultural Pool and to request them to submit their plans for digging a well prior to a second attempt to intervene into the Judgment, as presented*

2. Consider Approval for the Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool

Mr. Manning stated Aqua Capital Management is purchasing property and water rights from CCG and they are asking to intervene into the Judgment; they do have a transaction in process where they are buying both land and water rights. Aqua Capital Management is requesting to intervene into the Overlying Non-Agricultural Pool. Staff feels this is the appropriate pool and for this entity.

*Motion by Tock, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items C2, as presented*

D. WATER TRANSACTION

1. **Consider Approval for 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 4,265 acre-feet. Date of Application: October 6, 2008
2. **Consider Approval for Notice of Sale or Transfer** – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Date of Application: November 7, 2008

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

II. BUSINESS ITEMS**A. 2008/2009 ASSESSMENT PACKAGE**

Mr. Manning stated an Assessment Package is in the meeting packet and a workshop was held on October 30, 2008 on this item. The Assessment Package reflects all the production from last year and production was down and therefore the cost per acre-foot has changed. Ms. Rojo gave the Assessment Package presentation. A discussion regarding storage losses and O&M costs ensued. A question regarding the individual agency breakdown and Ms. Rojo noted the individual sheets are available and they will be provided as handouts at a future meeting. Ms. Rojo stated the recalculation of the over allocation of the of the Agricultural Pool rights is in a new format and has been calculated in a new way based on quantity of water that was potentially available to reallocate per Peace II. The 10% of Non-Agricultural transfer of water is done on a predetermined amount that was included in Peace II. This Assessment Package includes no inflow from the Santa Ana River (SAR) as a credit to offset the desalter production. The desalter production is offset by the remaining 400,000 acre-feet that was transferred into the account last year. A discussion regarding zero SAR inflow to offset desalter production ensued. Mr. Wildermuth stated he can give an update on this at another meeting.

*Motion by Garibay, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to approve the 2008/2009 Assessment Package, as presented*

B. CONTRACT WITH BLACK & VEATCH

Mr. Manning stated the proposed contract with Black & Veatch is to perform services on the Recharge Master planning process. This process was discussed at the recent Strategic Planning Conference as well as many other meetings. The work that needs to be performed for this plan is going to be broken up into pieces. This is different than the original plan in having Wildermuth Environmental doing all the work. Staff has looked at the process with the help of Wildermuth Environmental and it has been decided that Black & Veatch can perform some of the tasks at a lower cost and this would also free up some of Wildermuth's time. This break up of tasks will also allow the Recharge Master Plan to be completed on time. This cost is already in the budget; staff will move funds from one company to another while keeping costs in the same category. A discussion regarding this endeavor and the contamination clause in the standard contract ensued.

*Motion by DeLoach, second by Moorrees, and by unanimous vote – Non-Ag concurred
Moved to approve the contract with Black & Veatch, as presented*

C. BUDGET TRANSFERS**1. Budget Transfer from OBMP & Water Quality Committee Expense to Recharge Master Plan and Watermaster Legal Counsel for \$413,750**

Mr. Manning noted staff is seeking approval for two budget transfers this month. When the original budget was developed and approved in June, the Appropriative Pool requested and the Watermaster Board agreed to adopt a budget that was not sufficient based upon the information that was provided at that time. It was asked that the budget be lowered in the category of legal fees and then bring the budget back when the assessment package was being approved with a shored up legal fee number. This actual budget transfer will move money from the OBMP category to the legal category meaning there will not be an increase to assessments associated with this transaction. A discussion regarding pro rata shares ensued.

*Motion by DeLoach, second by Scott-Coe, and by unanimous vote – Non-Ag concurred
Moved to approve the budget transfer from OBMP & Water Quality Committee Expenses to Recharge Master Plan and Watermaster Legal Counsel for \$413,750, as presented*

2. Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request for \$21,000

Mr. Manning stated this is an Agricultural Pool request for the farming portion of the TMDL Study and administrative fees associated with this study. This item was brought forward at the Agricultural Pool last month and at that meeting it was decided to seek payment for this item through the Watermaster process as a Special Project. This will require Watermaster staff to move monies around to cover the \$21,000 since this was not a budgeted cost. A discussion regarding what a special project is ensued. Mr. Jeske requested a written report be submitted to this committee on the actual TMDL study. A discussion regarding this matter ensued.

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

Moved to deny request to fund the farming portion of the Middle Santa Ana Water shed TMDL Study, to request staff to provide a very explanatory description of what “Special Projects” are, and to bring back a written report on this item at a future meeting, as presented

D. DELINQUENT ASSESSMENT POLICY

Mr. Manning stated when the item regarding delinquent payments/fees was brought through the Watermaster process last month it was noted Watermaster did not have a formal approved delinquent assessment policy to refer to when this type of situation came up. This month staff is bringing a draft delinquent assessment policy through the process to offer staff clear direction in sending out these types of bills. It was noted not only does this draft policy request a 10% per annual fee it also has a 2% administration fee attached to it. This new policy will be enforced as a going forward policy. A discussion regarding lowering the \$1,000 write-off amount and adding fees not paid to next year's assessments ensued.

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

Moved to approve the Delinquent Assessment Policy and to allow Watermaster staff to waive up to \$200.00 only, as presented

E. CONDITION SUBSEQUENT NO. 7

Mr. Manning stated staff is asking for the approval of the Condition Subsequent No. 7 which is outlined in the meeting package. Mr. Manning noted the recommendations for Condition Subsequent No. 7 are on page 149. Mr. Manning stated there was a workshop held on this item recently which allowed for questions and answers. Mr. Wildermuth stated this presentation will give the elements within Condition Subsequent No. 7. Mr. Wildermuth read the court order regarding Condition Subsequent No. 7. Mr. Wildermuth gave the Condition Subsequent No. 7 presentation which included a review of the Initial Corrected Schedule that is in the Peace II Agreement. Mr. Wildermuth reviewed the staff recommendation for reconciliation of new yield from new storm water recharge. A discussion regarding Mr. Wildermuth's presentation ensued. Mr. Manning stated staff is recommending the recommendations presented in Mr. Wildermuth's presentation.

Motion by Scott-Coe, second by Crosley, and by unanimous vote – Non-Ag concurred

Moved to approve the corrected initial schedule to account for un-replenished pre-Peace II desalter production from the re-operation water (other than the amount allocated to WMWD) because (a) engaging in physical replenishment will delay the achievement of hydraulic control; and (b) there will be greater yield benefits. To provide the court tables illustrating historical storm water recharge estimates for the period 2000/01 through 2006/07 and a description of the method used by Watermaster to compute new storm water estimates that was adopted by the Watermaster in 2003 and the schedule for the first correction to the new storm water recharge estimate; new prediction and correction will be computed in the summer of 2009, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. November 13, 2008 Hearing

Counsel Fife stated a new judge has been appointed to Chino Basin Watermaster and last week was the first hearing with Judge Wade. There were two very brief hearings in the past with Judge Wade but this was the first one of any length and with dialog. There were two main topics at this hearing; 1) approval of Conditions Subsequents 1 through 6, and 2) the receipt and filing of the Annual Report and the Status Reports. A notice of the hearing has not been sent out because counsel and staff are waiting on the court transcript to come back. Judge Wade did note during the hearing that the status reports that Watermaster has been filing are not helpful and he does not want them written and/or filed with the court any longer. In place of those the judge wants status reports and updates to be given to him verbally. The next hearing has been scheduled for February 2nd & 3rd where the judge wants to be educated about "all things Chino Basin." Counsel Fife stated the judge wants to hear about the OBMP and how implementation is proceeding, recharge activity, and recharge numbers, all in terms that he can understand easily. Mr. Manning noted staff and counsel will provide an outline in advance of the hearing so that the parties have an idea of what will be discussed at the hearing. Counsel Fife noted the motion regarding the dismissal of the Special Referee was not granted at this time; however, Judge Wade did make himself clear to the Special Referee who was present via a conference call that specific written orders by the judge to her would be the only way she was to perform any tasks. This would be on an as needed basis while Judge Wade gets himself familiar with the ends and outs of Chino Basin Watermaster processes, policies, and endeavors. Counsel Fife stated Judge Wade does want to discuss governance at the next hearing.

2. February 2 & 3, 2009 Hearing

Counsel Fife noted this item was discussed under the November 13, 2008 Hearing item.

3. Sale of Overlying Non-Agricultural Pool Stored Water

No comment was made regarding this item.

B. ENGINEERING REPORT1. Oral Progress Report on Engineering Activities, September – October 2008

Mr. Wildermuth stated with regard to the Recharge Master Plan Wildermuth Environmental has been working with the Conservation District and their consultant to get their scope of work going and working directly with Black & Veatch to help them interpret what the scope of work is. Water supply and demand and replenishment projections are complete; staff did use those in water supply demands plans in the Dry Year Yield expansion work. Mr. Wildermuth stated he has spent a lot of time in the last few months working on the Dry Year Yield expansion; our role on that is to supply modeling support and to do a material physical injury analysis. Inland Empire Utilities Agency has not submitted a request to Watermaster for that analysis yet. Mr. Wildermuth stated this portion work is out now and has been done in a study by the Dodson Group and should be reviewed. Work has been done on Condition Subsequent No. 7 which included a lot of double checking calibration periods, including work that IEUA has performed. For MZ1 Wildermuth has been working with the state and the City of Chino Hills trying to get that contract signed. Mr. Manning noted all \$250,000 of AB303 grant was awarded to us. Work is being done on basin wide subsidence checking; a report on this will be done shortly. Portions of the monitoring for the Master Plan has begun partially due to loss of Agricultural wells and other various aspects has begun; we are trying to reduce costs and to minimize monitoring in this effort.

C. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated with the elections over that there was a continued resolution that put everything on schedule from last year's budget all the way through January 1st. There will be new authorities set with the new administration. The State has new projections on the deficit which is now at \$24-\$25 billion dollars over a two year period. We are all watching both state and federal issues very closely.

2. Recharge Update

Mr. Manning stated there is a copy of the most recent recharge update on the back table. This last month there was some significant recycled water recharge.

3. Replenishment Obligation

Mr. Manning stated Watermaster does have a replenishment obligation of almost 20,000 acre-feet this year. Watermaster does not have a source for that water at this point in time identified. Staff will be making the call to buy water out of storage from producers; similar to what was done last year. The water will be purchased at the MWD replenishment rate.

4. MOU on Accounting Procedures

Mr. Manning stated this item was put on the agenda in case there were any questions because this item was on a recent agenda as an action item. Metropolitan Water District was asking the three municipal water districts, Three Valleys Municipal Water District, Western Municipal Water District, Inland Empire Utilities Agency, and Chino Basin Watermaster to sign an agreement on accounting procedures. Watermaster's position was that it would not sign the MOU because it was merging three documents into one and Watermaster was not signatory on all three documents; signing the MOU on that basis would not be appropriate. The suggestion to MWD was to just submit something on accounting procedures only that could be reviewed.

5. MWD Groundwater Study

Mr. Manning stated the MWD Groundwater Study is still going on through workshops/meetings with consultants and MWD so that they can get a better understanding of what recommendations they are going to make to the State Water Recourse Board in June 2009. Four sessions have already taken place and they are adding a fifth session to further their education and get parties together.

Mr. Manning stated he just received word that the City of Chino Hills has approved the Desalter Agreement which means that Western Municipal Water District will now be allowed to join the Chino Desalter Authority. This has been conveyed to Mr. Thibeault and he was very pleased that this was now concluded and a hearing is scheduled for this Friday.

IV. INFORMATION1. 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

November 13, 2008	8:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino
November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
November 20, 2008	9:00 a.m.	Advisory Committee Meeting
November 20, 2008	11:00 a.m.	Watermaster Board Meeting
November 20, 2008	1:30 p.m.	Roundtable Discussion
December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting

The Joint Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Jeske at 3:00 p.m.

Secretary: _____

Minutes Approved: December 11, 2008