

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
July 9, 2009

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 July 9, 2009 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Mark Kinsey, Vice-Chair	Monte Vista Water District
Marty Zvirbulis	Cucamonga Valley Water District
Mohamad El Amamy	City of Ontario
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

Michael Camacho	Inland Empire Utilities Agency
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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
Janine Wilson	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Scott Slater	Brownstein, Hyatt, Farber & Schreck

Others Present

David De Jesus	Three Valleys Municipal Water District
Tim Hampton	City of Pomona
Michelle Lauffer	Jurupa Community Services District
Marv Shaw	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District

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

AGENDA - ADDITIONS/REORDER

It was asked to move the Confidential Session Item VII directly after the Consent Calendar items.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held June 11, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2009
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through May 31, 2009
4. Treasurer's Report of Financial Affairs for the Period May 1, 2009 through May 31, 2009
5. Budget vs. Actual July 2008 through May 2009

C. INTERVENTION INTO THE AGRICULTURAL POOL

1. Intervention into the Agricultural Pool from Guillermo Hurtado through the Well Used by Alfredo Jara's Mountain Green Nursery

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 765 AF from San Antonio Water Company to the City of Ontario. This lease is made first from San Antonio's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage. Date of application: June 30, 2009

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

The Appropriative Pool meeting convened a confidential session at 10:12 a.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative and Non-Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

The open session was reconvened at 10:25 a.m.

Chair Kinsey stated there was no reportable action resulting from the confidential session.

II. BUSINESS ITEM

A. WATERMASTER AUCTION

Mr. Manning stated there is a detailed staff report included in the meeting packet and staff is recommending the Appropriative Pool authorize staff to retain FTI Auction Solutions/Harold Lea and to draft a contract with that firm to perform the Watermaster auction. Chair Kinsey noted this contract was discussed in closed session and inquired if there were any further questions or comments on the item before the call for motion. No further comment was made regarding this item.

Motion by El Amamy, second by Moorrees, and by unanimous vote – of the Appropriative Pool-overlying Non agricultural pool abstained

Moved to approve retaining FTI Auction Solutions/Harold Lea to administer the water auction services, as presented

B. BUDGET TRANSFER

Mr. Manning stated the staff report included in the meeting packet reviews the process that is gone through with our consultants to come up with the best numbers for the budget; however, there are times when budget transfers need to take place. Ms. Rojo noted staff gets together frequently with the Wildermuth Environmental staff to review budget and project progress. Ms. Rojo stated Watermaster staff does review several of the budget items to track the progress that is being made on a monthly basis. Ms. Rojo discussed the need for shifting monies to accommodate funds needed in other categories. Ms. Rojo noted the staff report gives a breakdown on why staff is able to shift money away from some categories and why monies are needed to be added to other categories. Mr. Wildermuth offered comment on Wildermuth Environmental's unforeseen changes on projects that are being worked on which

lead to the shifting of monies within the categories. Chair Kinsey inquired if this transfer is for fiscal year 2008/2009. Ms. Rojo stated that was correct.

Motion by Garibay, second by Zvirbulis, and by unanimous vote – Non-Ag concurred
Moved to approve fiscal year 2008/2009 budget transfer T-09-07-01 for OBMP Condition Subsequent No. 7, Hydraulic Control Monitoring Program Water Quality Committee, and Storage Program to OBMP Data and CEO Requests, OBMP SOB Report, Groundwater Quality Monitoring Program, and Recharge Master Plan, as presented

C. REVISED FORMS

Mr. Manning stated this item was part of the CEO Report at last month's meeting and at that meeting Ms. Maurizio gave a presentation on the newly revised forms. Mr. Manning stated Ms. Maurizio has been working on revising these forms at the request of producers over the last few years by the parties to provide more user friendly ones. Mr. Garibay inquired if these forms are a part of the original Rules & Regulations (R&R) for the basin and if they would require any kind of change to the R&R's. Counsel Fife stated yes and noted this is why this matter is going through the Watermaster process and will constitute an amendment to the Rules & Regulations. Ms. Maurizio stated after the Advisory Committee meeting last month there was no comments received back on the forms presented; consequently the forms are the same. Mr. Garibay stated the forms were reviewed carefully and there were no need for changes from the City of Pomona. Mr. Zvirbulis thanked staff for the time and effort put into creating the new forms which will make filling them out much easier.

Motion by Moorrees, second by Crosley, and by unanimous vote – Non-Ag concurred
Moved to approve revised Rules & Regulations forms for Water Transfers and Land Use Conversions, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. June 29, 2009 Hearing

Counsel Fife stated the June 29, 2009 hearing took place, making it the third hearing with Judge Wade. Counsel Fife noted the hearing went fairly quickly and was for all intent and purposes an informal hearing. Unfortunately Judge Wade announced at that hearing, he was going to be retiring in September and would not be keeping our case. In the September/October time frame the process of securing another judge will begin. Counsel Fife stated he has had some dialog with other attorneys of the parties and they expressed various concerns about the matter. Counsel Fife stated Judge Wade does want to hold the fourth hearing. That hearing will be regarding Program Elements 7, 8, and 9. Program Elements 8 and 9 are the storage elements of the OBMP and coincidentally Watermaster needs to be submitting the Template Storage Agreement to court for approval meaning the last hearing can be used to submit items for more than just the Program Elements. The next hearing will be on August 11, 2009 in San Bernardino at 9:30 a.m. and that notice has been sent out. Counsel Fife stated a pleading regarding the motion for approval for the Template Storage Agreement needs to be filed with the court by July 20, 2009 and a draft of that pleading should be sent out shortly for comment. This draft pleading can be discussed at the upcoming Watermaster Workshop on July 16, 2009. A discussion regarding the next judges' term ensued. Mr. Manning commented on Judge Wade's comments made at the last hearing regarding the hearings and his desire, to have a clear record that the new judge could draw from that was relevant and recent. A brief discussion regarding this matter ensued.

B. ENGINEERING REPORT1. Recharge Master Plan Update

Mr. Wildermuth stated he has two items to report on this morning; 1) Recharge Master Plan Update, and 2) CEQA Hydrology and Modeling work that is being done for Peace II. Mr. Wildermuth stated the Recharge Master Plan is moving along on the supplemental water side of it very well. More details on this item will be discussed at the Workshop scheduled for July 23, 2009. Mr. Wildermuth stated the upcoming workshop will be information intensive and it is an important workshop for the parties to attend. Mr. Wildermuth reviewed several items that are currently being worked on for the storm water work and with regard to the Peace II work. A discussion regarding Mr. Wildermuth's report on the Recharge Master Plan and the modeling work ensued.

2. CEQA Modeling Assessment of Peace II

This item was presented during the Recharge Master Plan Update.

C. FINANCIAL REPORT1. Year End Reporting

Ms. Rojo stated the Land Use Conversions are done and there are some reversions Land use Revision in progress. Production reports have been sent out and they are due to be received at Watermaster by July 15, 2009. Ms. Rojo noted Voluntary Agreements is something staff is still working on to tie up the year end, as well as obtaining all the water transaction information for the past fiscal year. Ms. Rojo stated as soon as those items are handled, staff will be sending out the Water Activity Reports.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated Sacramento is embroiled in discussions regarding the budget. Mr. Manning stated there was a workshop/meeting scheduled between the Senate Natural Resources Committee combined with the Water Parks & Wildlife Committees to discuss Delta programs, water issues, and the potential of a bond measure or a construction of a proposed program that would incorporate all of the water issues dealing with the Delta. That workshop/combined meeting was cancelled indefinitely due to the budget issue and several other legislative happenings are taking place. Mr. Manning commented on AB1366, the Water Softener bill which will hit the senate floor in August. Mr. Manning commented on IEUA's award notification of grant funds which were distributed locally.

2. Recharge Update

Mr. Manning stated there is not a current recharge water update for distribution; however, a detailed report will be given at the Advisory Committee meeting.

3. Watermaster Policies

Mr. Manning stated this is an information only item and this item will be seen more in the upcoming months. Mr. Manning stated Watermaster operates by using a variety of different documents regarding procedures and operations; staff is attempting to consolidate those in an actual Policy Manual. This manual will come to you in two segments. First there will be those that are easily identifiable and non-controversial; after that, a series of additional policies that will have greater implications and will need discussions and/or input will be brought forward. This will then become a regular part of the agenda as this manual is refined. A discussion regarding the new Policy Manual process ensued.

IV. INFORMATION1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Ms. Rose inquired if there is an agenda for the upcoming workshop on July 16, 2009. Mr. Manning stated there will be agenda issued prior to the workshop and offered comment on how the two scheduled workshops regarding the auction will be handled.

VI. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

July 9, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
July 16, 2009	10:00 a.m.	Stored Water Auction Workshop @ CBWM
July 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 23, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
July 23, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
July 23, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
July 23, 2009	1:00 p.m.	Recharge Master Plan Workshop #3 @ CBWM
July 28, 2009	9:00 a.m.	GRCC Meeting @ CBWM
August 13, 2009	8:00 a.m.	MZ1 Technical Committee Meeting @ CBWM
August 13, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
August 18, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA

The Appropriative Pool meeting was dismissed by Chair Jeske at 10:55 a.m.

Secretary: _____

Minutes Approved: August 13, 2009