

Minutes
CHINO BASIN WATERMASTER
ANNUAL APPROPRIATIVE POOL MEETING
January 13, 2005

The Annual Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 13, 2005 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Mike Maestas, Chair 2004	City of Chino Hills
Dave Crosley, Chair 2005	City of Chino
Ray Wellington	San Antonio Water Company
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Mike Maestas	City of Chino Hills
Robert DeLoach	Cucamonga Valley Water District
James T. Bryson	Fontana Water Company
Mark Kinsey	Monte Vista Water District
J. Arnold Rodriguez	Santa Ana River Water Company
Bill Stafford	Marygold Mutual Water Company

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	Finance Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sheri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Mohamed El-Amamy	City of Ontario
Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
Rita Kurth	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
Gary Hackney	Inland Empire Utilities Agency

Chair Maestas called the meeting to order at 9:02 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. ANNUAL ELECTIONS – Action

A. Calendar Year 2005 Appropriative Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair, to serve during calendar year 2005.

First by DeLoach, second by Rodriguez, and by unanimous vote

Chair Dave Crosley, City of Chino

First by Crosley, second by Rodriguez, and by unanimous vote

Vice-Chair Robert DeLoach, Cucamonga Valley Water District

Secretary/Treasurer Watermaster Chief Executive Officer

B. Calendar Year 2005 Non-Major Appropriators on the Advisory Committee

Non-Major Appropriators will be asked to elect two representatives to serve on the Advisory Committee during calendar year 2005.

- () Arrowhead Mountain Springs Water Company
- () Inland Empire Utilities Agency
- () Los Serranos Country Club
- () Marygold Mutual Water Company
- () Monte Vista Irrigation Company
- () Nicholson Trust
- () Norco, City of
- (x) San Antonio Water Company
- (x) Santa Ana River Water Company
- () San Bernardino, County of (Prado Shooting Park)
- () Southern California Water Company
- () Upland, City of
- () West End Consolidated Water Company
- () West San Bernardino County Water District

First by DeLoach, second by Rodriguez, and by unanimous vote

C. Calendar Year 2005 Advisory Committee Members & Officers

According to the rotation sequence established among the pools, the appropriators will be asked to appoint a designated representative to serve on the Advisory Committee during calendar year 2005.

Chair Non-Agricultural Pool _____

First by DeLoach, second by Rodriguez, and by unanimous vote

Vice-Chair Appropriative Pool Ken Jeske, City of Ontario

2nd Vice-Chair Agricultural Pool _____

It was noted by the Non-Agricultural Pool representative, Bob Bowcock that he will defer the Non-Agricultural Chair position to the Appropriative Pool nominee.

D. Calendar Year 2005 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2005, the City of Chino Hills, Jurupa Community Services, and the Fontana Union Water Company will represent the Appropriative Pool on the Watermaster Board. The City of Chino Hills and the Fontana Union Water Company representatives will remain the same and Jurupa Community Services has selected Paul Hamrick as their interim.

This item was acknowledged by the masses.
Chair Maestas turned the meeting over to the new 2005 Chair Crosley.

II. CONSENT CALENDAR

A. MINUTES

1. Minutes of the of the Appropriative Pool held November 18, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through October 31, 2004
3. Treasurer's Report of Financial Affairs for the Period October 1, 2004 through October 31, 2004
4. Profit & Loss Budget vs. Actual July 2004 through October 2004
5. Cash Disbursements for the month of December 2004
6. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through November 30, 2004
7. Treasurer's Report of Financial Affairs for the Period November 1, 2004 through November 30, 2004
8. Profit & Loss Budget vs. Actual July 2004 through November 2004

C. INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR YEAR ENDED

Consider Receiving and Filing the Annual Audited Financial Statements for Year Ended June 30, 2004

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 05-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

E. LOCAL AGENCY INVESTMENT FUND

Resolution 05-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

F. ASSESSMENTS

Resolution 05-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2004-2005

G. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

Motion by Rodriguez, second by Wellington, and by unanimous vote

Moved to approve Consent Calendar Items A through G, as presented

III. BUSINESS ITEMS

A. ESTABLISH TWO NEW POSITIONS

Mr. Manning noted this item ties into the CEO goals and objectives item to follow. Watermaster is in the process of coming into conformity with the IRS rules regarding contract employees with the field staff that is now housed at Chino Basin Watermaster (CBWM). In discussions with the Personnel Committee and the Board it was felt if CBWM released all of the positions held with Wildermuth, Inc. staff, it would leave Watermaster understaffed. The intention is to retain two of the positions on CBWM staff, one being the GIS position and the other would be an engineering position. The engineering position would be utilized by all three of our senior staff to make sure current activities are being addressed. Salaries were decided upon after surveys of the same or similar positions at other water agencies were performed. The question of the time scope and/or time frame in comparison to the work these two people are performing now was presented. Mr. Manning stated Watermaster has broadened the perspective on both of the positions. The GIS position will be mainly for working with the GIS system, that person will also work with Ms. Maurizio and Mr. Treweek on other activities in the field as necessary. The engineering position will be a generalist and that person will be inputting data, working on field activities, and other various tasks. With these two positions it is felt Watermaster will be able to respond to activities that come up and this will also allow us to not be totally dependent upon Wildermuth's staff. The question regarding the salary and benefits increase that will be put into the budget and along those lines what about equipment, facilities, other necessities was presented. Mr. Manning stated the only costs that will affect the budget are salaries and benefits. The cost will be more than what we are paying Wildermuth, Inc. presently, although staff feels this is a necessary action.

Motion by Wellington, second by DeLoach, and by unanimous vote

Moved to approve establishing two new Chino Basin Watermaster positions for a GIS Specialist and an Environmental Specialist including the salary and benefit increase to the budget, as presented

B. SALE OF WATERMASTER TRUCKS TO WILDERMUTH ENVIRONMENTAL, INC.

Mr. Manning noted this item was in conjunction with item A Staff is proposing the sale for three of Watermaster's five trucks to Wildermuth, Inc. This will allow the remainder of the staff which is moving into a location nearby to perform their duties under Wildermuth's direction. The three trucks would keep the Chino Basin Watermaster logo (as a familiar recognition reference) and Wildermuth's logo would be added also. The sold trucks would then be the sole property and responsibility of Wildermuth, Inc.

Motion by Wellington, second by DeLoach, and by unanimous vote

Moved to approve the sale of three Watermaster trucks to Wildermuth Environmental, Inc., as presented

IV. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Attorney-Manager Meetings**

Counsel Fife noted the Attorney Manager meetings are ready to resume and due to time constraints the parties will be pressed for time to set up a date and compose an agenda. There are many issues on the table that will need to be resolved in 2005. Counsel Fife stated that Mr. Wildermuth will be giving a short technical presentation today that will provide background on the Hydraulic Control/Water Supply Plan and at that time the committee members can decide if another technical meeting is necessary. The question of time frames for the upcoming Attorney Manger meetings so that schedules could be changed if necessary was presented. Counsel Fife stated a recap of everything that has been

addressed thus far is being drafted and an agenda will be provided once the committee members decide if they want a technical discussion for the work Wildermuth has done or get right back into the negotiations.

Counsel Fife stated there was a hearing in December on Monte Vista's salt credit motion and the First Amendment to the Peace Agreement; the court approved the First Amendment and at that hearing Monte Vista withdrew its salt credits motion. With Monte Vista's decision to withdraw this issue is completely resolved and is off the table.

2. Comments to Western/Muni EIR

Counsel Fife noted this issue arose in December when the committee members were not meeting. Counsel Fife referred to page 91 of the packet which is a comment letter written by Hatch & Parent submitted on behalf of Watermaster. Counsel Fife stated this was a very generic comment letter due to finding no substantive problems with the Western project; however, it has been one of Watermaster's goals to try and get the entire Santa Ana process more locally controlled rather than organized through the State Water Resources Control Board. There is a meeting scheduled next week with John Rossi, Ken Manning, Virginia Grebbien, and Scott Slater to try and come up with a solution to the whole Santa Ana application process.

3. Santa Ana Water Rights Application

Counsel Fife stated due to all the EIR's coming out, staff is looking for ways to move the joint effort process forward. Counsel Fife referred to page 93 in the packet which is the stipulation that have been sent in by East Valley Water District. There were a number of protests to Watermaster's application; mostly were generic protests that parties filed to all of the applications expressing concerns regarding withdrawals from the Santa Ana River. Counsel Fife noted these protests can likely be resolved by providing assurances that we do not divert water from the Santa Ana River. Counsel Fife stated this item might be put on the agenda for February asking for approval to sign the stipulation to try and resolve the protests to Watermaster's application. The Department of Fish and Game will mostly likely be the only party who will not withdraw their protest and will require negotiations.

4. North Gualala Decision

Counsel Fife noted the entire decision was put into the packet because of the magnitude of the lower court decision. The substance of this decision is the court has found that some groundwater pumping in the North Gualala Groundwater Basin had an impact on a surface stream. Counsel Fife stated counsel does not know if the parties plan to appeal the decision and if they do Watermaster will want to be involved with an amicus brief at some level.

5. Santa Ana Sucker Critical Habitat Decision

Counsel Fife stated on January 4, 2005 the Fish and Wildlife Service made its final determination on the Santa Ana Sucker; the decision was to not list unit 1A and unit 1B (which is the Santa Ana River) as designated critical habitat. This is very good news.

The question regarding habitat issues in the spreading areas and the status of the kangaroo rats was presented. Counsel Fife commented this was an issue that was dealt with during the permit process for all these basins and we did resolve this issue through the permits we got through the Army Corp.

B. CEO/STAFF REPORT

Added Comment:

Mr. Manning added comment regarding the added handout regarding the storm reports. As a reminder Mr. Manning noted it was mentioned at the meetings that as we go into the storm season Watermaster would be providing updates on the storm events. This handout represents storms 1 through 5; the most recent storm was not included in this handout because all the data from that storm has not been deciphered. The SCADA system is just starting to come up with data so the last December storm listed was calculated without the assistance of the SCADA system.

1. Information Regarding AB2733 Retro Act

Mr. Manning stated the AB2733 is a piece of legislation which went through State Legislature last year. Currently pumpers are required, if you are pumping more than 25 acre feet a year, to file a State Water Resources Control Board Annual Notice of Extraction with the State Water Resources Control Board. AB2733 essentially moves that authorization down to the local level giving Watermaster the authority to be able to capture and house that data. Staff is working with SAWPA and other agencies locally in determining a general sphere of influence for the capturing of that data because there is overlap with San Bernardino Municipal Water District and with Western Municipal Water District. Mr. Manning stated eventually what will take place is a report will be submitted to the State Water Resources Board and all of the pumpers within our area will be notified to now send that information to Watermaster instead of sending it to the State.

2. Chief Executive Officer Goals and Objectives Report

Mr. Manning noted while going through the process of refining his goals and objectives in working with the Personnel Committee and the Board, the Board requested at the pool meetings an overview be given on those goals and objectives which were set up for the year. The goals were set up in four separate areas, 1) OBMP, 2) Personnel, 3) Budget and Assessment Process, and 4) Community Relations. Each one of those areas has sub-goals within themselves. In OBMP the first area is recharge, maximizing recharge, and working on building relationships with Flood Control. The second area of the OBMP is water quality planning, funding, and looking at opening up the water quality process. In the area of personnel, the position in dealing with the IRS conflicts and contract employees. In the area of the budget and assessment; at the assessment workshop some of the changes that would take place for the assessment package were introduced and the decision to split the water activity reporting. Assessment and budget workshops will continue to be held at Watermaster. In the area of community relations staff is discussing on building relationships with local government, our community, and state and federal agencies. These goals are written out in more detail and can be made available to those who wish to have them in writing.

3. Redesign of Chino Basin Watermaster Logo

Mr. Manning stated the redesign of the Watermaster logo came about during the work being done for the public information campaign that we are presently working on with Inland Empire Utilities Agency (IEUA). In the ad that will be coming out for the public information campaign, all logos of the organizations that funded the project will be placed at the bottom of the ad and if we are going to start to have our logo branded we want to have a distinguishable and also reproducible logo. Our current Watermaster logo is almost impossible to reproduce because the center pictures run together and are not distinguishable as to what they are. Cerrell and Associates have come up with a few new possible logo ideas which are on the back table as a handout; the one presented was the best out of the many possible choices. Mr. Manning inquired to the committee members any comments on the presented new logo. The comment was made that this new logo

looked too similar to another water districts logo. The comment regarding having a unique logo that might also portray a partnership with other agencies was noted.

4. Public Information Campaign Update

Mr. Manning stated the Water Conservation Department, Western Municipal Water District, Three Valleys Municipal Water District, and Chino Basin Watermaster along with working with IEUA on the development of this one year program to inform the public on what is happening regarding water issues. The program is designed to instill confidence in the constitutions and in the law makers within our area that we in fact are taking care of the water issues and staff feels the message is going to be a first-rate and constant over a year's time frame.

5. Revised Water Supply Plans for the OBMP

Mr. Wildermuth commented this was being worked on by Black & Veatch to try and take this information and begin a process to use models in the future. Mr. Wildermuth referred to the slide presentation "Comparison of Chino Basin Groundwater Production from the Peace Agreement, Dry-Year Yield Planning and Peace II Process". Mr. Wildermuth reviewed the sum of OBMP Desalter I and II raw water supply, including nonpotable water production, production for ion-exchange, and WECWC production in the Chino Basin for Upland. The total production for Appropriators was reviewed in detail noting a very large increase which will leave replenishment obligations too difficult to meet. Mr. Wildermuth stated he can provide more technical detail at the next Attorney Managers meeting on this topic. The question if a discussion on Wildermuth's findings would need to take place prior to the release of the report was presented. Mr. Wildermuth noted he would not be able to complete the report until a discussion has taken place. It was decided a managers meeting needs to take place prior to taking this to the Attorney Manager meetings to resolve some issues. A discussion ensued with regard to water supply and demand. The question was presented to Mr. Wildermuth on the accuracy of the numbers being presented. Mr. Wildermuth stated he trusts the numbers being supplied. Mr. Manning offered a technical managers meeting to meet early in February to review and discuss this plan.

6. Status of the State of the Basin

Mr. Manning stated Mr. Wildermuth has been working diligently on this report and noted this report will be complete next week and will be up on the Watermaster web site as soon as possible for review and/or download. Once you have had a chance to review the document please give staff a call if you have any questions.

V. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

2. Mapping the System – GIS Conversion Keeps Data Current

Mr. Manning stated this was a very interesting article that was in the Opflow magazine, October 2004 issue and encouraged the committee members to look at it.

3. Replenishment Service Availability Update for Calendar Year 2005

No comment was made regarding this item.

VI. POOL MEMBER COMMENTS

No comment was made regarding this item.

VII. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

January 13, 2005	9:00 a.m.	Appropriative Pool Annual Meeting
January 13, 2005	11:00 a.m.	Non-Agricultural Pool Annual Meeting
January 18, 2005	9:00 a.m.	Agricultural Pool Annual Meeting
January 27, 2005	9:00 a.m.	Advisory Committee Annual Meeting
January 27, 2005	11:00 a.m.	Watermaster Board Annual Meeting
February 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
February 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 24, 2005	9:00 a.m.	Advisory Committee Meeting
February 24, 2005	11:00 a.m.	Watermaster Board Meeting

The Annual Appropriative Pool Meeting Adjourned at 9:50 a.m.

Secretary: _____

Minutes Approved: _____