

PERS00234

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
June 16, 2011

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 8841 San Bernardino Road, Rancho Cucamonga CA, on June 16, 2011 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT WHO SIGNED IN

Non-Agricultural Pool

Ken Jeske, Chair
Brian Geye

California Steel Industries
Auto Club Speedway

Appropriative Pool

Mark Kinsey
Marty Zvirbulis
Raul Garibay
Dave Croasley
Ron Craig
Mohamed El-Amamy

Monte Vista Water District
Cucamonga Valley Water District
City of Pomona
City of Chino
City of Chino Hills
City of Ontario
Fontana Water Company
Fontana Union Water Company
City of Upland
Jurupa Community Services District

Sheri Rojo

Josh Swift

Shaun Stone

Robert Tock

Agricultural Pool

Bob Feenstra
Jeff Pierson
Rob Vanden Heuvel
Pete Hall

Ag Pool - Dairy
Ag Pool - Crops
Ag Pool - Milk Producers Council
State of California - CIM

BOARD MEMBERS PRESENT WHO SIGNED IN

Bob Kuhn

Three Valleys Municipal Water District

Watermaster Staff Present

Desi Alvarez
Danielle Maurzio
Joe Joswiak
Sheri Molino

Chief Executive Officer
Senior Engineer
Chief Financial Officer
Recording Secretary

Watermaster Consultants Present

Michael Fife
Mark Wildermuth

Brownstein, Hyatt, Farber & Schreck
Wildermuth Environmental Inc.

Others Present Who Signed In

Jo Lynne Russo-Pereyra
John Bosler
Scott Burton
Ryan Shaw
Chris Berch
David DeJesus
James Linthicum
Mike Sovich
Bill Kruger
John Mura

Cucamonga Valley Water District
Cucamonga Valley Water District
City of Ontario
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Three Valleys Municipal Water District
Three Valleys Municipal Water District
Three Valleys Municipal Water District
City of Chino Hills
City of Chino Hills



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Curtis Paxton
Seth Zieike
Craig Stewart

Chino Desalter Authority
Fontana Water Company
Geomatix Consultants, Inc.

Chair Jeske called the Advisory Committee meeting to order at 8:04 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held May 19, 2011

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2011
2. Watermaster VISA Check Detail for the month of April 2011
3. Combining Schedule for the Period July 1, 2010 through April 30, 2011
4. Treasurer's Report of Financial Affairs for the Period April 1, 2011 through April 30, 2011
5. Budget vs. Actual July through April 2011

C. WATER TRANSACTIONS

1. Consider Approval for Notice of Sale or Transfer -- The purchase of 1,100,000 acre-feet of water from Santa Ana River Water Company (SARWC) to Jurupa Community Services District (JCSD). This purchase is made first from SARWC's Annual Production Right, with any additional from storage. Date of Application: April 28, 2011

Motion by Kinsey, second by Pierson, and by unanimous vote

Moved to approve Consent Calendar items A, through C, as presented

II. BUSINESS ITEMS

A. WATERMASTER 2011-2012 BUDGET

Mr. Alvarez stated Mr. Joswiak is going to present this item with the latest version of the budget as it moves through the process for finalization. Mr. Joswiak noted there have been two changes to the budget and those changes do not affect the assessments. Mr. Joswiak gave the revised 2011-2012 Budget presentation. Mr. Joswiak reviewed the comments made at both the 1st and the 2nd Budget Workshops, including previous meetings, in detail. Mr. Joswiak stated the one item added from Peace II, article 9, section 9.1 is the \$300,000 from Three Valleys Municipal Water District (TVMWD). Mr. Garibay inquired about the \$300,000 from TVMWD. Mr. Joswiak stated the previously mentioned clause from Peace II states that TVMWD would pay \$300,000 to Watermaster and, in speaking with them, they do have that money on hand. Ms. Rojo inquired about the expense for \$300,000. Mr. Joswiak stated that money is if Watermaster needs to do any work regarding the Chino Creek Wellfield. Mr. Alvarez stated this is for the installation of extensometers and noted if it can be done with an existing well, it will be at approximately \$85,000 level. However the understanding is if it can't use the existing well then the cost will be approximately \$400,000. To offset that cost there is the \$300,000 that TVMWD previously committed to. A brief discussion regarding the money from TVMWD ensued. Mr. Joswiak stated this concept has been discussed with the Pools at their last meetings. Mr. Joswiak continued with the budget presentation. A discussion regarding all legal expenses and how they are reflected in the budget ensued. Mr. Joswiak gave a complete breakdown on how legal expenses for each Pool are categorized in the budget. Chair Jeske asked that a document that clearly explains this breakdown be created by Watermaster staff. A discussion regarding legal expenses for attending meetings ensued. Mr. Joswiak continued with the budget presentation. Mr. Kuhn stated he hopes there is no assumption that Three Valleys is going to write a check for \$300,000; the money is on the books and that money is to be used for studies. Three Valleys wants to be involved in what those studies are through negotiations between their staff and Watermaster. A discussion regarding Mr. Kuhn's

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comments ensued. Mr. Zvirbulis inquired about the \$100,000 for the Agricultural Pool Special Legal Counsel as the recommendation out of the Appropriative Pool was to remove that amount. Mr. Alvarez stated the recommendation was to conditionally remove those monies and obtain justification of those costs from the Agricultural Pool; no additional information has been received to date from the Agricultural Pool. Mr. Pierson stated on June 9, 2011 the Agricultural Pool met, and by a majority vote that committee approved the budget with the \$100,000 included. As of last week the Agricultural Pool members were polled again and they are all consistent with leaving those additional legal monies in the budget. Mr. Kinsey stated when the budget process was started the goal was to keep the assessment flat with the current fiscal year assessment, and also to return any unused current fiscal year assessment revenue as a credit back to the Pools. Mr. Kinsey stated there were costs cut in the budget after several revisions and it appears those goals were met. However, with regard to the Agricultural Pool's request for an additional \$100,000 for the restated Judgment, Art Kidman was asked what it would take for him to perform that task on behalf of Monte Vista Water District and he was told approximately \$20,000, which means the \$100,000 appears to be too much money. Mr. Kinsey stated that \$100,000 will be something we all pay in assessments whether it is spent or not. Mr. Kinsey offered further comment on the Agricultural Pool's legal expenses. Mr. Garibay stated his understanding on the work to be done for the restated Judgment is more of a formatting exercise and did not believe it is a substantial effort. Counsel Fife stated the judge instructed Watermaster to take the original documents and put them into one workable document; however, there has been discussion on an extended effort but there has been no formal approval by the court or Board direction for that. Counsel Fife stated the task item right now, as directed by the judge, is simply to put all of the amendments that have been approved over the years into one document, and the updating of the Pool lists. Chair Jaske stated at the Non-Agricultural Pool meeting the budget was presented with the \$100,000 in it and the Pool instructed the representatives to vote in favor of the budget and encourages all the parties to continue to look at costs. Mr. Pierson stated we are a family of Pools trying to get this process done in the most efficient and cost-conscious way possible. Mr. Pierson offered history on past experiences for the Agricultural Pool to come to the Appropriative Pool and ask for additional monies, and discussed the legal expenses on the upcoming budget. A lengthy discussion regarding the Agricultural Pool's legal budget and the approval of the 2011-2012 budget ensued.

Motion by Kinsey second by Craig, and by volume vote (57.51 in favor)

Moved to approve the 2011-2012 Watermaster Budget, taking out the \$100,000 for the Agricultural Pool Legal Fees for the Restated Judgment, as presented

B. PURCHASE OF 50,000 ACRE-FEET WATER FROM METROPOLITAN WATER DISTRICT

Mr. Alvarez stated this is a continuation of the discussion regarding the purchase of replenishment water that became available recently when the Metropolitan Water District approved the replenishment rate for the first time since 2007. Mr. Alvarez stated at the last Appropriative Pool meeting, and subsequent to the Pool meeting, this item has been considered and a couple of decisions have been made with this regard. One decision was to move forward with the approval of applications for local storage agreements for the purposes of replenishment; two applications are before this Pool for approval. The second request is to approve the 30 day notice and consider periods be waived in furtherance of moving this forward in a timely manner. Mr. Alvarez stated water has now been spread for three weeks. Mr. Alvarez stated staff is seeking approval for both items today. Mr. Alvarez stated there will be a third item introduced after the discussion for the first two items, regarding the financing of the purchased water. A lengthy discussion regarding this matter ensued.

Motion by Zvirbulis second by Garibay, and by unanimous vote

Moved to approve as follows: 1. Approve the applications of Fontana Water Company and Niagara Water Company for Local Storage Agreements, and 2. Request that the Watermaster Board waive the thirty day notice period (Watermaster Rules and Regulations Section 10.10) and the twenty-one day consideration period

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(Watermaster Rules and Regulations Section 10.11) for Applications for Local Storage Agreements, so that the Advisory Committee and Watermaster Board may approve the Local Storage Agreements in June. This request is sought with the express acknowledgment that it does not create precedent for future applications, as presented

Added item:

Mr. Alvarez stated the second part of the replenishment water purchase deals with the financing aspect. Mr. Alvarez stated at the last meeting, the Pool directed staff to look at financing alternatives; this is a work in progress. Mr. Alvarez stated when this item first came to the committee the recommendation was to finance this endeavor through a Special Assessment. Mr. Alvarez gave the Replenishment Water Purchase Financing presentation. Mr. Alvarez discussed the Special Assessment, Watermaster Bank Financing, and Regional Agency Financing alternatives in detail. Ms. Rojo stated she wants to go on the record and stated the basis for calculating the spreadsheet is not correct and the methodology is not what was agreed to as a result of the Peace II discussions. A lengthy discussion regarding this item, issues related to the presented numbers, and overall financing concerns ensued. It was noted it would be best to schedule an actual workshop to discuss the financing of the replenishment water.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Paragraph 31 Appeal

Counsel Fife stated there will be a closed session today regarding the Paragraph 31 appeal. Counsel Fife stated the Watermaster Board directed counsel to file Watermaster's reply brief by the deadline, which is Tuesday, June 7, 2011. The brief has been completed and it was mailed to the court recently.

2. Restated Watermaster Judgment

Counsel Fife stated there was a basic roadmap presented during the budget workshops, and in that memo the steps were described in detail. Counsel Fife stated the first step was to create a database of the old orders and that is currently being worked on. A discussion regarding this item ensued.

3. July 8, 2011 Court Hearing

Counsel Fife stated the CDA is not ready to go to court yet and, since the main reason to have the court hearing was to present the CDA Resolution which was not finalized yet, the court date needed to be changed; that court date has now officially moved to September 30, 2011 at 10:30 a.m.

B. CEO/STAFF REPORT

1. Recharge Update

Mr. Alvarez stated the most recent spreadsheet is available on the back table. Mr. Alvarez reviewed the numbers in detail. Mr. Alvarez stated the recharge water that has been spread is approximately 6,000 acre-feet of the Metropolitan Water District's replenishment water.

2. Horizontal Extensometer Update

Mr. Alvarez offered comment regarding this item. This item will come back through the Watermaster process

Added Comment:

Mr. Alvarez stated one of the items being discussed is legal costs, and staff is working very closely with legal counsel to cut costs wherever possible. Mr. Alvarez stated legal counsel receives a lot of requests from a lot of parties so staff has directed legal counsel that unless a request comes from Watermaster they are not to be working with parties. Mr. Alvarez asked that

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staff be contacted first and then direction for assistance will be provided so that legal is not brought into every item unnecessarily.

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Update

Mr. Shaw stated last Tuesday MWD approved the CDA LRP Agreement which is excellent news.

2. Proposed Water Softener Ordinance Update

Mr. Shaw stated that last night there was a public hearing on the proposed amendment to Ordinance 87, which is the water softener rebate program; there was no opposition to this item.

3. Monthly Water Use Report

No comment was made regarding this item.

4. State and Federal Legislative Reports

No comment was made regarding this item.

5. Community Outreach/Public Relations Report

No comment was made regarding this item.

6. IEUA Monthly Water Newsletter

No comment was made regarding this item.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION

1. Cash Disbursements for May 2011

No comment was made regarding this item.

2. Newspaper Articles

No comment was made regarding this item.

3. State Water Supply Conditions

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Advisory Committee 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 called.

VIII. FUTURE MEETINGS

Thursday, June 16, 2011	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
Thursday, June 16, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, June 23, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, July 7, 2011	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, July 7, 2011	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, July 14, 2011	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, July 21, 2011	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
Thursday, July 21, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM

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Thursday, July 21, 2011
Thursday, July 28, 2011

10:30 a.m.
11:00 a.m.

Land Subsidence Committee Meeting @ CBWM
Watermaster Board Meeting @ CBWM

Note: The Land Subsidence Committee meeting for Thursday, June 16, 2011 at 10:30 a.m. has been cancelled.

The Advisory Committee meeting was dismissed by Chair Jeske at 10:27 a.m.

Secretary: _____

Minutes Approved: July 21, 2011