

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

April 24, 2003

April 24, 2003 @ 10:00 a.m. - Advisory Committee
@ 1:00 p.m. - Watermaster Board

*at the office of the
Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, CA 91730
Tele. (909) 484-3888
FAX (909) 484-3890
www.cbwm.org*

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

10:00 a.m. – April 24, 2003

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

1. Draft Minutes - Meeting of the Advisory Committee held March 27, 2003. *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursement Report – March 2003 *(Page 15)*
2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through February 28, 2003 *(Page 19)*
3. Treasurer's Report of Financial Affairs For February 1 through February 28, 2003 *(Page 21)*
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget *(Page 23)*

C. WATER TRANSACTION

Notice of Sale or Transfer of Right to Produce Water in Storage from the City of Chino to the City of Ontario in the amount of 6,000 acre-feet of water (Noticed distributed January 28, 2003 and Pool Committees unanimously approved on March 13, 2003). *(Page 25)*

II. BUSINESS ITEMS - POSSIBLE ACTION

A. FORMATION OF WATER QUALITY COMMITTEE *(Page 33)*

Pursuant to OBMP Program Element 6, consider Pool action regarding the composition of the Water Quality Committee.

B. NIAGARA WATER COMPANY INTERVENTION *(Page 47)*

Consider Niagara Water Company's request to intervene into the Judgment.

C. CONSIDER LETTER TO MWD *(Page 51)*

Recommendation that the Watermaster Board Chair forward a letter to MWD regarding additional use of Proposition 50 monies for the QSA deal and authorize staff to act on letters of this nature and provide a copy under report items in the future.

D. MZ1 MANAGEMENT PLAN - EXTENSOMETER INSTALLATION & TESTING *(Page 55)*

Consider authorization of funding and execution of contract documents to Layne Christensen Company, low bidder for Extensometer Installation and Testing at Ayala Park.

E. NEW YIELD FROM ADDITIONAL STORMWATER RECHARGE *(Page 57)*

Consider ratifying action taken by the Appropriative Pool for review and allocation of new yield.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Chino Land & Water SBSC Case No. RCV 06484 *(Page 123)*
- 2. Watermaster's Santa Ana River Application

B. CEO REPORT/UPDATES

- 1. Meter Installation Program *(Page 127)*
- 2. Dry Year Yield Project.
- 3. Recharge Improvement Project
- 4. OBMP Status Update
- 5. AB303 Grant Application Update *(Page 129)*
- 6. AB599 Update
- 7. SB34 Legislation
- 8. AGWAWEF Water Quality Conference held April 8 & 9
- 9. Groundbreaking Ceremonies at Turner Basin April 11
- 10. Other

C. INLAND EMPIRE UTILITIES AGENCY (IEUA) REPORT

(IEUA's agenda and materials are being provided separately following this package)

IV. COMMITTEE MEMBER COMMENTS

V. OTHER BUSINESS

VI. FUTURE MEETINGS

- | | | |
|---------------|------------|--|
| *May 15, 2003 | 10:00 a.m. | Joint Meeting - Appropriative & Non-Ag Pools |
| | 1:00 p.m. | Ag Pool Meeting |
| *May 29, 2003 | 10:00 a.m. | Advisory Committee Meeting |
| | 1:00 p.m. | Watermaster Board Meeting |

(*Note: Because the ACWA Conference conflicts with the regularly scheduled Watermaster meeting dates during May, the Committees and Board meetings were moved forward one week.)

FUTURE EVENTS

May 7, 8, 9, 2003 ACWA Conference @ Lake Tahoe

Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

1:00 P.m. – April 24, 2003

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE & INVOCATION

PUBLIC COMMENTS

AGENDA - ADDITIONS/REORDER

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Recommendation that the Watermaster Board Chair forward a letter to MWD regarding additional use of Proposition 50 monies for the QSA deal and authorize staff to act on letters of this nature and provide a copy under report items in the future.

D. MZ1 MANAGEMENT PLAN - EXTENSOMETER INSTALLATION & TESTING *(Page 55)*

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E. NEW YIELD FROM ADDITIONAL STORMWATER RECHARGE *(Page 57)*

Consider ratifying action taken by the Appropriative Pool for review and allocation of new yield.

F. REVISED EMPLOYEE MANUAL (Page 59)

The Personnel Committee and staff recommend that the Watermaster Board adopt the Revised Employee Manual and an increase in the benefit cap.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Chino Land & Water SBSC Case No. RCV 06484 (123)
- 2. Watermaster's Santa Ana River Application

B. CEO REPORT/UPDATES

- 1. Meter Installation Program (Page 127)
- 2. Dry Year Yield Project.
- 3. Recharge Improvement Project
- 4. OBMP Status Update
- 5. AB303 Grant Application Update (Page 129)
- 6. AB599 Update
- 7. SB34 Legislation
- 8. AGWA/WEF Water Quality Conference held April 8 & 9
- 9. Groundbreaking Ceremonies at Turner Basin April 11
- 10. Other

C. AGWA REPORT

- 1. Agenda for the meeting held April 21, 2003 (Page 131)
- 2. Minutes for the meeting held March 17, 2003 (Page 132)

IV. BOARD MEMBER COMMENTS

V. OTHER BUSINESS

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Board meeting for the purpose of discussion and possible action regarding Personnel Matters and/or Potential Litigation.

VII. FUTURE MEETINGS

- | | | |
|---------------|------------|--|
| *May 15, 2003 | 10:00 a.m. | Joint Meeting - Appropriative & Non-Ag Pools |
| | 1:00 p.m. | Ag Pool Meeting |
| *May 29, 2003 | 10:00 a.m. | Advisory Committee Meeting |
| | 1:00 p.m. | Watermaster Board Meeting |

(*Note: Because the ACWA Conference conflicts with the regularly scheduled Watermaster meeting dates during May, the Committees and Board meetings were moved forward one week.)

FUTURE EVENTS

May 7, 8, 9, 2003 ACWA Conference @ Lake Tahoe

Adjourn

A decorative border of small, stylized Easter eggs with various patterns, arranged in a rectangular frame around the text.

CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

AGENDA PACKAGE MATERIALS

A decorative border of small, stylized Easter eggs with various patterns, arranged in a rectangular frame around the text.

CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

I. CONSENT CALENDAR

A. MINUTES
(Advisory Committee)

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
March 27, 2003

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA, on March 27, 2003 at 10:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Nathan DeBoom, Chair	Dairy, Milk Producers Council
<u>Agricultural Pool</u>	
Robert DeBerard	Crops
Jack Hagerman	State of California Institute for Men
Gene Koopman	Dairy
<u>Non-Agricultural Pool</u>	
Steve Arbelbide	California Steel Industries
<u>Appropriative Pool</u>	
Gerald Black	Fontana Union Water Company
Dave Crosley	City of Chino
Mohamed El Amamy	City of Ontario
Mark Kinsey	Monte Vista Water District
Rita Kurth	Cucamonga County Water District
Mike Maestas	City of Chino Hills
Michael McGraw	Fontana Water Company
Carol McGreevy	Jurupa Community Services District
Henry Pepper	City of Pomona
J. Arnold Rodriguez	Santa Ana River Water Company
Ray Wellington	San Antonio Water Company

Watermaster Pool Members Present

Martha Davis	Appropriative Pool, Inland Empire Utilities Agency
Raul Garibay	City of Pomona
Bill Stafford	Appropriative Pool, Marygold Mutual Water Company

Watermaster Staff Present

John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Mary Staula	Recording Secretary
Devonya Williams	

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Scott Slater	Hatch & Parent
Dave Argo	Black & Veatch, Inc.
Mark Wildermuth	Wildermuth Environmental, Inc.

Other Presents

Rick Hansen	Three Valleys Municipal Water District
Josephine Johnson	Monte Vista Water District
Tom Love	Inland Empire Utilities Agency
Diane Sanchez	State Department of Water Resources
Gerald Thibeault	Regional Water Quality Control Board

The Advisory Committee meeting was called to order by Chair deBoom at 10:05 a.m.

AGENDA - ADDITIONS/REORDER

None

I. CONSENT CALENDAR

A. MINUTES

- 1. Draft minutes of the Advisory Committee Meeting held January 30, 2003
- 2. Draft minutes of the Advisory Committee Meeting held February 27, 2003

B. FINANCIAL REPORTS

- 1. Cash Disbursement Report -- February 2003
- 2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through January 31, 2003
- 3. Treasurer's Report of Financial Affairs For The Period December 1, through January 31, 2003
- 4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

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

Moved, to approve Consent Calendar Items A and B, as presented.

II. BUSINESS ITEMS

A. OBMP STATUS REPORT #6

Mr. Rossi verified that OBMP Status Report #6 came forward from the Pools with a recommendation to approve and file with the Court, authorizing staff and legal counsel to make non-substantive edits as necessary.

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

Moved, to recommend the Board approve OBMP Status Report No. 6 for filing with the Court on March 31, 2003 and authorize staff and legal counsel to make non-substantive edits as necessary.

B. CONSIDER NOTICE TO TERMINATE CURRENT OFFICE LEASE

Previously, staff was authorized to work toward relocating Watermaster's current office to Cucamonga County Water District's (CCWD) facility once their operational staff moves out (estimated late-August). It is necessary for Watermaster to exercise the early termination clause in its lease now. If Watermaster is unable to move by September 30, the current office space will remain available on a month-by-month basis. Staff is working with CCWD on the terms of the lease for their facility, which should be ready for committee review in May.

Mr. Black reported that it is going to cost more than originally anticipated to refurbish the old CCWD facility. Mr. Rossi said that preliminary findings still indicate that Watermaster's lease for the CCWD facility will be about the same dollar amount currently expended for rent, electricity, security, etc. for twice the square footage and a private parking lot. Details are currently being worked out on how the upgrade costs will factor in.

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

Moved, to recommend staff be authorized to notify the current landlord by April 1 of Watermaster's intent to terminate its lease in September.

C. PRESENTATION ON CURRENT STATUS OF WATER QUALITY PROGRAM

With the monitoring and modeling data that is now available, Mr. Rossi said they could move forward with forming a Water Quality Committee under OBMP Program Element 6. The Pool Committees requested staff bring this item back in April for consideration. Senator Soto's SB 34 legislation introducing the formation of a Water Quality Authority and how that might fit into Watermaster's program was discussed.

Mr. Thibeault, Regional Water Quality Control Board (RWQCB), and a few members who were unable to attend the pool committee meetings requested Mr. Wildermuth repeat the presentation he had given showing monitoring and modeling data. Mr. Wildermuth provided overheads and reported that groundwater modeling is near completion and simulated scenarios of the DYY Program are being conducted. His maps indicated collective water quality monitoring results, pre-OBMP and post-OBMP. He reported that they are monitoring approximately 150-200 wells/year plus there is a cooperative program in-place for collecting data from DHS, RWQCB and the County. A comprehensive geographical information system on the Basin has also been developed. Watermaster is working with regulatory agencies to define water quality challenges and to refine the water quality management criteria. Current monitoring has been refined to identify and characterize water quality anomalies such as the Volatile Organic Compounds (VOCs) anomaly north of the Chino I Desalter well field. Water samples are being analyzed for general minerals, general physical parameters, hexavalent chromium, silica, barium, perchlorate, 1,2,3-trichloropropane, etc.

Discussion ensued regarding the Kaiser Steel plume. Mr. Wildermuth reported that no monitoring was required after Kaiser Steel was relieved of clean-up and abatement in mid-1980. The exact location of Kaiser's plume is unknown, which could be a significant problem for the City of Ontario and Jurupa Community Services District. He recommended initiative be taken to reactivate or redevelop the monitoring wells in order to find the plume. Mr. Thibeault, RWQCB, said that the City of Ontario has been monitoring the wells on both sides of the Kaiser plume and it appears that Well #30 is being impacted. Initial modeling for the Kaiser settlement, which brought monies and water in for the first desalter, indicated those wells would not be affected. In September, the RWQCB will hold a public hearing regarding this matter.

Mr. Argo reported that water quality monitoring ties into the Dry Year Yield (DYY) and Storage and Recovery Projects. When discussing storage programs, water quality issues come into play. The Storage and Recovery Program document will include an assessment of treatment technologies that deal with various water qualities. The good news is that RO treatment can remove perchlorate as well as TDS. Black & Veatch has developed a range of construction and operation costs as part of the MWD DYY Project Report. In general, they will quantify water quality issues and pick the treatment technologies needed. They plan to show the specific technology picked to solve individual problems related to projects advanced by each retail agency. Mr. Argo said that storage & recovery, conjunctive-use and partnerships are absolutely necessary to protect and save local resources.

Mr. Wildermuth continued his presentation focusing on the modeling work. After reviewing the mapping being done, the data flow building up and the water quality anomalies, he said this is the right time to form a Water Quality Committee. A monitoring plan to evaluate the state of hydraulic control in the southern end of the Basin has not yet been developed. Also, Watermaster will be developing a key well program based on future sampling.

Mr. Rossi pointed out how timely this data is as far as discussing SB34 and in a larger context, approaching regional water quality issues. He hoped for feedback on the information provided today in order to talk about the formation of a Water Quality Committee and discuss where to go from there at meetings in April.

Ms. Kurth questioned whether there are powers that Watermaster does not have that a Water Quality Authority (WQA) would need to take over to fill the void. In response, Mr. Rossi said only four things come to mind: 1) the ability to identify problems and Watermaster is certainly a long way down that road; 2) the ability to get monies and this Basin, with the help of Inland Empire Utilities Agency has certainly demonstrated our ability to bring funding in for projects; 3) the ability to sue polluters, which Watermaster has not considered in the past but probably has the ability to do, and; 4) the political where-with-all

and institutional ability to follow through and resolve issues and again, Watermaster has demonstrated an ability to take on problems and the where-with-all to solve them. He explained however, that until Watermaster can determine what it is actually dealing with, it is unknown if some of the anomalies described earlier will require different strategies.

Ms. Kurth said in her experience, WQA's were formed to seek outside funding. That is not needed in Chino Basin. Also CCWD recently learned of a new bill being promoted by Fontana, Ontario and Pomona, to create an Inland Valley Groundwater Clean-up District Act and expressed that these different layers of governance are not needed for things that Watermaster is already talking care of. None of the other members, including those representing the three agencies referred to, had heard of this "Act". Mr. Thibeault said the RWQCB has limited resources and staff, but perhaps through a cooperative process with Watermaster, enforcement measures could be taken on substantiated cases of pollution.

(Item added by Revised Agenda)

D. DRY YEAR YIELD PROJECT STORAGE & RECOVERY FUNDING AGREEMENT WITH METROPOLITAN

Staff is working with IEUA and MWD on some non-substantive changes in the language of the Funding Agreement. However, with approval to execute the Agreement subject to completing the non-substantive changes, the Agreement could be filed with the Court and staff could move forward with design funding the projects. This is one of a two-piece approval process on the Dry Year Yield Project. The remaining piece will be retail agreements with required storage agreements, which will be noticed for a 90-day review and comment period prior to going through the Watermaster process for approval.

Mr. Wellington asked how much of the \$43.3 million over the 25 year period would be spent on the collective overall benefits of the OBMP. Mr. Rossi said that a workshop is being scheduled to discuss the benefits by project. In the interim, staff is only requesting approval and execution of the master agreement for funding.

Motion by Pepper, second by Kurth, and by majority vote

Noes: Mr. Wellington

Moved, to recommend approval of the Dry Year Yield Project Storage & Recovery Funding Agreement with Metropolitan Water District.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water SBSC Case No. RCV 06484

A brief attorney/managers conference call took place yesterday to take initial comments on the Chino Land & Water Company's Notice of Appeal. An appeal could be filed within the next seven days. A brief discussion took place regarding the next course of action by Watermaster. Legal Counsel Fife explained that Watermaster's action would not be determined until an actual appeal has been filed and Lewis has responded to the appeal.

2. Attorney/Managers Meeting(s)

None

3. Niagara Water Company Well Production

Watermaster General Legal Counsel received authorization to file legal action against Niagara Water Company (Niagara). Since that time, Niagara has expressed a desire to intervene into the Judgment. Counsel Fife and Mr. Rossi will meet with them again this afternoon regarding additional data that is needed and to discuss the terms pertaining to past production. Staff anticipates submitting Niagara's intervention for approval next month.

ADDED

4. Santa Ana River Application

In January, Watermaster's application was officially noticed and began a sixty-day protest period that will expire Monday, March 31. One protest has been received from the U. S. Forrest Service, which was filed in error. Their intent was to protest anything having to do with Seven Oaks Dam. They plan to withdraw this protest.

B. CEO/STAFF REPORT

1. MZ-1 Interim Monitoring Program for March 12, 2003

Quarterly updates associated with progress on the MZ-1 Interim Plan will be provided and filed with the Court.

2. ~~Dry Year Yield Project~~ *Item moved to II.D above by Revised Agenda.*

3. Recharge Improvement Project

Mr. Rossi handed out a report that IEUA will be providing on a regular basis regarding the Recharge Improvement Project. A tentative date of April 11 has been set for the Recharge Basin Project groundbreaking. Progress is being made with the U. S. Army Corps of Engineers with regard to permits and jurisdictional issues. They plan to meet again tomorrow.

4. Replenishment Water Order

Watermaster has been able to fulfill some of its replenishment obligation, about 5900 acre-feet, with actual wet water available from MWD. To the extent the wet water runs out before Watermaster has completed its obligation, the balance will be taken out of the cyclic account.

5. SB34 Legislation

SB34 legislation was discussed earlier in the meeting along with related items. Mr. Rossi met in Sacramento with Senator Machado, Mr. Atwater, Mr. Whitehead, et al, to continue discussing criteria for the grant funding process.

ADDED

6. Personnel Committee Meeting

The Personnel Committee met yesterday to finalize a draft of the Watermaster Employee Manual that will come forward to the Board next month. Currently, the CBMWD Employee Manual that came with the employees at the time of separation is still being used for personnel-related matters.

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Update

Ms. Davis began IEUA's report with the status of MWD water supplies. In light of a series of dry years, MWD is anticipating a serious shortage. Indications are that the recent rains did not contribute enough to make a difference. In the long run, our Conjunctive-Use and Dry Year Yield programs with MWD will help to ensure future supply in this area.

- Colorado River - QSA

A new QSA agreement is being proposed. Of significance to the Chino Basin is that part of the financing package proposes to use between \$250 million to \$500 million out of Proposition 50 funds. Although \$50 million was always earmarked for addressing Salton Sea issues, an additional \$200 million will go to MWD to satisfy the QSA. The concern is which Prop 50 pocket the funds would be taken from. The likelihood is the 40% reserved for Southern California, which happens to be \$200 million. IEUA will be sending a letter to MWD asking for a complete analysis of the proposed QSA in order to understand the elements.

2. Conservation Programs

- Draft Water Conservation Information Package

DWR just announced its grant award for conservation programs. MWD received funding to cover all of our service areas for continuation of rebates for high efficiency clothes washers, etc.

- Grant Programs

IEUA submitted a grant proposal for a toilet retrofit program for CIM and they received 100%, \$2 million, for that program to be implemented. None of the surcharge from the retail agencies for the purchase of MWD water will go into that program.

The State of California State Water Resources Control Board just came out with a grant opportunity, its non-point source solution and watershed planning and project implementation, in the amount of \$138 million from different funding sources. There will be a two-step process for qualifying, 1) conceptual grant proposals are due May 9 and, 2) if they like the conceptual proposal, they will invite you to apply and write full grant proposals. They anticipate reviewing full grant proposals next fall, making awards by January and have the money available by the summer.

3. Legislative Update

- Proposition 50 - SB21
Copies of SB21 were handed out.
- Santa Ana River Conservancy (AB 496)
A briefing was held at SAWPA last week for the proposal to establish a conservancy for the watershed.
- Water Recycling/Title 16
Mr. Atwater is attending a hearing today being held by Ken Calvert's Subcommittee on Energy and Water to focus specifically on Title 16.
- Federal and State Legislative Issues
State Water Resources Control Board has decided not to use the \$100 million from Proposition 50 that was earmarked for water recycling projects, but to use it instead for other programs. A budget hearing is scheduled for next week and IEUA will be writing a letter to the Chairman of that budget subcommittee and she encouraged everyone to do the same.

4. Other

Copies of appropriations letters IEUA sent to Congress for programs that would benefit our region were included in the package. Ms. Davis asked for others to write letters of support for the programs.

D. OTHER AGENCY REPORTS

None

IV. COMMITTEE MEMBER COMMENTS

Mr. Stafford expressed concern about the FAX he received yesterday requesting a quarterly production report not including any additional information about the amount of water his agency currently has in storage, etc. Mr. Rossi said he would review that with Mr. Stafford after the meeting.

V. OTHER BUSINESS

Mr. Rossi pointed out the AGWA/WEF Conference at the Double Tree in Ontario on April 8 and 9. Discussion items will cover perchlorate, the QSA, and other items as well.

Additionally, Watermaster's May meetings have been moved forward to avoid conflicting with the ACWA conference time frame.

VI. FUTURE MEETINGS

April 10	10:00 a.m.	Joint Meeting – Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
April 24	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting
*May 15, 2003	10:00 a.m.	Joint Meeting - Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
*May 29, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

(*Please Note: May meetings will be held the 3rd and 5th Thursdays due to a conflict with ACWA)

FUTURE EVENTS

April 8 & 9, 2003	AGWAWEF Water Quality Conference @ Ontario Doubletree
April 11, 2003	Tentative Recharge Basin Project Groundbreaking
May 7, 8, 9, 2003	ACWA Conference @ Lake Tahoe

The meeting adjourned at 11:10 a.m.

Secretary

Minutes Approved: April 24, 2003

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee
1:00 p.m. – Watermaster Board

I. CONSENT CALENDAR

A. MINUTES
(Watermaster Board)

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
March 27, 2003

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, CA, on March 27, 2003 at 1:00 p.m.

WATERMASTER BOARD MEMBERS PRESENT

Dennis Yates, Chair	City of Chino
Terry Catlin, Vice-Chair	Inland Empire Utilities Agency
Bob Kuhn	Three Valleys Municipal Water District
Donald Schroeder	Western Municipal Water District
Michael Whitehead	Appropriative Pool, Nicholson Trust

WATERMASTER BOARD ALTERNATES PRESENT

Steve Arbelbide	Non-Agricultural Pool, California Steel Industries
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WATERMASTER BOARD MEMBERS ABSENT

Vic Barrion	Non-Agricultural Pool, Reliant Energy, Etiwanda LLC
Paul Hofer	Agricultural Pool, Crops
Dan Rodriguez	Appropriative Pool, City of Pomona
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy

Agricultural Pool Members Present

DeBerard	Grapes
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Non-Agricultural Pool Members Present

Bob Bowcock	Vulcan Materials Company
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Appropriative Pool Members Present

Gerald Black	Fontana Union Water Company
Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Henry Pepper	City of Pomona

Watermaster Staff Present

John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Mary Staula	Recording Secretary
Devonya Williams	

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Scott Slater	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental, Inc.

Others Present

David DeJesus	Three Valleys Municipal Water District
Barbara Gilbert	Western Municipal Water District
Diane Sanchez	State Department of Water Resources

The meeting was called to order by Chair Yates at 1:05 p.m.
Following the flag salute, a moment of silence was observed to reflect on the duties ahead.

PUBLIC COMMENTS

None

AGENDA - ADDITIONS/REORDER

None

I. CONSENT CALENDAR

A. MINUTES

1. Draft minutes of the Advisory Committee Meeting held January 30, 2003
2. Draft minutes of the Advisory Committee Meeting held February 27, 2003

B. FINANCIAL REPORTS

1. Cash Disbursement Report – February 2003
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3. Treasurer's Report of Financial Affairs For The Period December 1, through January 31, 2003
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C. WATER TRANSACTION

Lease of Water Production Rights from the City of Pomona to the Fontana Water Company in the amount of 2,500 acre-feet for F.Y. 2002-2003 (Notice mailed December 11, 2002; Pool Committees approved January 16, 2003)

Motion by Catlin, second by Arbelbide, and by unanimous vote

Moved, to approve Consent Calendar Items A through C, as presented.

II. BUSINESS ITEMS

A. OBMP STATUS REPORT #6

Mr. Rossi verified that OBMP Status Report #6 came forward from the Pools and the Advisory Committee with a recommendation to approve for filing with the Court and authorizing staff and legal counsel to make non-substantive edits as necessary.

Motion by Kuhn, second by Catlin, and by unanimous vote

Moved, to approve OBMP Status Report No. 6 for filing with the Court on March 31, 2003 and authorize staff and legal counsel to make non-substantive edits as necessary.

B. CONSIDER NOTICE TO TERMINATE CURRENT OFFICE LEASE

Previously, staff was authorized to work toward relocating Watermaster's current office to Cucamonga County Water District's (CCWD) vacated facility once their operational staff moves out (estimated late-August). It is necessary for Watermaster to exercise the early termination clause in its lease now. If Watermaster is unable to move by September 30, the current office space will remain available on a month-by-month basis. Staff is working with CCWD on the terms of the lease for their facility, which should be ready for committee review in May.

Motion by Whitehead, second by Catlin, and by unanimous vote

Moved, to authorize staff to notify the current landlord by April 1 of Watermaster's intent to terminate its lease in September.

C. PRESENTATION ON CURRENT STATUS OF WATER QUALITY PROGRAM

With the monitoring and modeling data that is now available, Watermaster could move forward with forming a Water Quality Committee under OBMP Program Element 6. The Pool Committees requested staff bring this item back in April for consideration.

Mr. Wildermuth provided overheads and reported that groundwater modeling is near completion and simulated scenarios of the DYY Program are being conducted. His maps indicated collective water quality monitoring results, pre-OBMP and post-OBMP. He reported that they are monitoring approximately 150-200 wells/year plus there is a cooperative program in-place for collecting data from DHS, RWQCB and the County. A comprehensive geographical information system on the Basin has also been developed. Watermaster is working with regulatory agencies to define water quality challenges and to refine the water quality management criteria. Current monitoring has been refined to identify and characterize water quality anomalies such as the Volatile Organic Compounds (VOCs) anomaly north of the Chino I Desalter well field. Water samples are being analyzed for general minerals, general physical parameters, hexavalent chromium, silica, barium, perchlorate, 1,2,3-trichloropropane, etc.

Black & Veatch is taking the lead on water quality monitoring, which ties into the Dry Year Yield (DYY) and Storage and Recovery Projects. When discussing storage programs, water quality issues come into play. On behalf of Mr. Argo, Mr. Wildermuth reported that the Storage and Recovery Program document would include an assessment of treatment technologies that deal with various water qualities. The good news is that RO treatment can remove perchlorate as well as TDS. Black & Veatch has developed a range of construction and operation costs as part of the MWD DYY Project Report. In general, they will quantify water quality issues and pick the treatment technologies needed. They plan to show the specific technology picked to solve individual problems related to projects advanced by each retail agency. Storage & recovery, conjunctive-use and partnerships are absolutely necessary to protect and save local resources.

Mr. Wildermuth continued his presentation focusing on the modeling work. After reviewing the mapping being done, the data flow building up and the water quality anomalies, he said this is the right time to form a Water Quality Committee. A monitoring plan to evaluate the state of hydraulic control in the southern end of the Basin has not yet been developed. Also, Watermaster will be developing a key well program based on future sampling. Mr. Rossi pointed out how timely this data is as far as discussing SB34 and in a larger context, approaching regional water quality issues. He hoped for feedback on the information provided today in order to talk about the formation of a Water Quality Committee and discuss where to go from there at meetings in April. No action was required.

(Item added by Revised Agenda)

D. DRY YEAR YIELD PROJECT STORAGE & RECOVERY FUNDING AGREEMENT WITH METROPOLITAN

Staff is working with IEUA and MWD on some non-substantive changes in the language of the Funding Agreement. However, with approval to execute the Agreement subject to completing the non-substantive changes, the Agreement could be filed with the Court and staff could move forward with design funding the projects. This is one of a two-piece approval process on the Dry Year Yield Project. The remaining piece will be retail agreements with required storage agreements, which will be noticed for a 90-day review and comment period prior to going through the Watermaster process for approval.

Motion by Catlin, second by Kuhn, and by majority vote

Moved, to approve the Dry Year Yield Project Storage & Recovery Funding Agreement with Metropolitan Water District.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. Chino Land & Water SBSC Case No. RCV 06484

An attorney/managers conference call took place yesterday to take initial comments on the Chino Land & Water Company's Notice of Appeal. An appeal could be filed within the next seven days. Legal Counsel Fife explained that Watermaster's action, if any, could not be determined until an actual appeal has been filed and Lewis has responded to the appeal.

2. Attorney/Managers Meeting(s)

None

3. Niagara Water Company Well Production

Watermaster General Legal Counsel received authorization through the Watermaster process to file legal action against Niagara Water Company (Niagara) for failure to intervene into the Judgment. Since that time, Niagara has expressed a desire to intervene. Counsel Fife and Mr. Rossi will meet with them again this afternoon to discuss additional data that is needed and the terms pertaining to past production. Staff anticipates presenting Niagara's Request for Intervention for approval next month.

ADDED4. Santa Ana River Application

In January, Watermaster's application was officially noticed and began a sixty-day protest period that will expire Monday, March 31. One protest has been received from the U. S. Forrest Service, which was filed in error. Their intent was to protest anything having to do with Seven Oaks Dam. They plan to withdraw this protest.

B. CEO/STAFF REPORT1. MZ-1 Interim Monitoring Program for March 12, 2003

Quarterly updates associated with progress on the MZ-1 Interim Plan will be provided and filed with the Court.

2. ~~Dry Year Yield Project~~ *Item moved to II.D above by Revised Agenda.*3. Recharge Improvement Project

Mr. Rossi handed out a report that IEUA will be providing on a regular basis regarding the Recharge Improvement Project. A tentative date of April 11 has been set for the Recharge Basin Project groundbreaking. Progress is being made with the U. S. Army Corps of Engineers with regard to permits and jurisdictional issues. They plan to meet again tomorrow.

4. Replenishment Water Order

Watermaster has been able to fulfill some of its replenishment obligation, about 5900 acre-feet, with actual wet water available from MWD. To the extent the wet water runs out before Watermaster has completed its obligation, the balance will be taken out of the cyclic account.

5. SB34 Legislation

SB34 legislation was discussed earlier in the meeting along with related items. Mr. Rossi met in Sacramento with Senator Machado, Mr. Atwater, Mr. Whitehead, et al, to continue discussing criteria for the grant funding process.

ADDED6. Personnel Committee Meeting

The Personnel Committee met yesterday to finalize a draft of the Watermaster Employee Manual that will come forward to the Board next month. Currently, the CBMWD Employee Manual that came with the employees at the time of separation is still being used for personnel-related matters.

C. AGWA REPORT

1. Minutes for the meeting held January 21, 2003
2. Minutes for the meeting held February 18, 2003
3. Agenda for the meeting held March 17, 2003

Mr. Rossi reported that the last AGWA meeting held March 17, was dedicated to legislation regarding groundwater issues.

IV. BOARD MEMBER COMMENTS

Mr. Arbelbide wanted the record to reflect his concern regarding action taken by the Board during Confidential Session in January to approve the restructure of Watermaster Services staff. He said the recommendation had been reported as coming from the Personnel Committee. However, as a member of that Committee, he was unaware of any discussions relating to this matter and he was very unhappy to see his name attached to a FAX memorandum the following day advising everyone that three staff positions had been eliminated. Additionally, when he received a call from the new Non-Agricultural Pool Board Member seated in January inquiring as to why he had not been apprised of this matter, Mr. Arbelbide had nothing to offer. He said that he did not know whether other Board members were caught off-guard as he was since many of them were new that day, so he felt it important to voice his concerns about the poor manner in which this was handled. Additionally, he expressed the desire to have his name be disassociated with the personnel action that was taken.

Mr. Rossi apologized and said that Mr. Arbelbide had missed the last two Personnel Committee meetings where the reorganization of Watermaster Services had been reviewed and recommended.

V. OTHER BUSINESS

Mr. Rossi reminded the members of the AGWA/WEF Conference at the Double Tree in Ontario on April 8 and 9 and pointed out that Watermaster's May meetings have been moved forward to avoid conflicting with the ACWA conference.

VI. FUTURE MEETINGS

April 10	10:00 a.m.	Joint Meeting – Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
April 24	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting
*May 15, 2003	10:00 a.m.	Joint Meeting - Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
*May 29, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

(*Please Note: May meetings will be held the 3rd and 5th Thursdays due to a conflict with ACWA)

FUTURE EVENTS

April 8 & 9, 2003	AGWA/WEF Water Quality Conference @ Ontario Doubletree
April 11, 2003	Tentative Recharge Basin Project Groundbreaking
May 7, 8, 9, 2003	ACWA Conference @ Lake Tahoe

The meeting adjourned at 2:10 p.m.

Secretary

Minutes Approved: April 24, 2003

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements

March 2003



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: April 24, 2003
TO: Advisory Committee Members
Watermaster Board Members
SUBJECT: CASH DISBURSEMENT REPORT – March 2003

SUMMARY

Issue – Record of cash disbursements for the month of March 2003.

Recommendation – Staff recommends the Cash Disbursements for March 2003 be received and filed as presented.

Fiscal Impact – All funds disbursed were included in the FY 2002-03 Watermaster Budget.

BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

DISCUSSION

Total cash disbursements during the month of February were \$250,403.36. The most significant expenditures during that month were Hatch & Parent in the amount of \$59,660.48; Wildermuth Environmental Inc. in the amount of \$35,741; and MWH Laboratories in the amount of \$18,833.00.

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CHINO BASIN WATERMASTER
 Cash Disbursement Detail Report
 March 2003

Type	Date	Num	Name	Amount
Mar 03				
General Journal	3/7/2003	03/03/4	PAYROLL	-3,479.09
General Journal	3/7/2003	03/03/4	PAYROLL	-12,395.39
General Journal	3/12/2003	03/03/02	PAYROLL	7,544.27
Bill Pmt -Check	3/20/2003	5437	ACWA SERVICES CORPORATION	-74.46
Bill Pmt -Check	3/20/2003	5438	APPLIED COMPUTER TECHNOLOGIES	-1,958.90
Bill Pmt -Check	3/20/2003	5439	ARGENT COMMUNICATIONS GROUP	-447.50
Bill Pmt -Check	3/20/2003	5440	CHEVRON	-385.73
Bill Pmt -Check	3/20/2003	5441	GROOMAN'S PUMP & WELL DRILLING, INC.	-1,213.76
Bill Pmt -Check	3/20/2003	5442	MWH LABORATORIES	-18,833.00
Bill Pmt -Check	3/20/2003	5443	OFFICE DEPOT	-435.54
Bill Pmt -Check	3/20/2003	5444	PAYCHEX	-153.90
Bill Pmt -Check	3/20/2003	5445	REID & HELLYER	-5,258.61
Bill Pmt -Check	3/20/2003	5446	RICOH BUSINESS SYSTEMS-Maintenance	-662.47
Bill Pmt -Check	3/20/2003	5447	TLC STAFFING	-1,582.56
Bill Pmt -Check	3/20/2003	5448	UNITED PARCEL SERVICE	-329.54
Bill Pmt -Check	3/20/2003	5449	VELASQUEZ JANITORIAL	-175.00
Bill Pmt -Check	3/20/2003	5450	VERIZON	-536.04
Bill Pmt -Check	3/20/2003	5451	WHEELER METER MAINTENANCE	-1,768.52
Check	3/20/2003	5452	TOGO'S	-104.85
Bill Pmt -Check	3/20/2003	5453	ASC SCIENTIFIC	-518.02
Bill Pmt -Check	3/20/2003	5454	BANK OF AMERICA	-4,847.43
Bill Pmt -Check	3/20/2003	5455	BEST BUY	-365.23
Bill Pmt -Check	3/20/2003	5456	CITIZENS CONFERENCING	-388.48
Bill Pmt -Check	3/20/2003	5457	COLONIAL LIFE & ACCIDENT INSURANCE CO	-93.15
Bill Pmt -Check	3/20/2003	5458	CONRAD & ASSOCIATES, L.L.P.	-75.00
Bill Pmt -Check	3/20/2003	5459	ELLISON, SCHNEIDER & HARRIS, LLP	-4,091.24
Bill Pmt -Check	3/20/2003	5460	ESRI INC	-400.00
Bill Pmt -Check	3/20/2003	5461	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	3/20/2003	5462	GROOMAN'S PUMP & WELL DRILLING, INC.	-221.00
Bill Pmt -Check	3/20/2003	5463	HATCH AND PARENT	-59,660.48
Bill Pmt -Check	3/20/2003	5464	IDEAL GRAPHICS	-84.05
Bill Pmt -Check	3/20/2003	5465	INLAND EMPIRE UTILITIES AGENCY	-8,231.50
Bill Pmt -Check	3/20/2003	5466	MWH Montgomery Watson Harza	-9,789.50
Bill Pmt -Check	3/20/2003	5467	POWERS ELECTRIC PRODUCTS CO.	-41.09
Bill Pmt -Check	3/20/2003	5468	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	3/20/2003	5469	SOUTHERN CALIFORNIA EDISON	-569.81
Bill Pmt -Check	3/20/2003	5470	STAULA, MARY L	-2,223.51
Bill Pmt -Check	3/20/2003	5471	TLC STAFFING	-879.20
Bill Pmt -Check	3/20/2003	5472	UNITEK TECHNOLOGY INC.	-415.91
Bill Pmt -Check	3/20/2003	5473	WATER EDUCATION FOUNDATION	-250.00
Bill Pmt -Check	3/20/2003	5474	WORLDCOM	-945.95
Bill Pmt -Check	3/20/2003	5475	INLAND COUNTIES INSURANCE SERVICES, INC.	-426.97
Bill Pmt -Check	3/20/2003	5476	MCCALL'S METER SALES & SERVICE	-11,711.78
Bill Pmt -Check	3/20/2003	5477	POWERS ELECTRIC PRODUCTS CO.	-25.00
Bill Pmt -Check	3/20/2003	5478	SANTA ANA WATERSHED PROJECT AUTHORITY	-1,000.00
Bill Pmt -Check	3/20/2003	5479	STATE COMPENSATION INSURANCE FUND	-886.50
Bill Pmt -Check	3/20/2003	5480	WILDERMUTH ENVIRONMENTAL INC	-35,741.59
General Journal	3/20/2003	03/03/10	PAYROLL	-13,407.86
General Journal	3/20/2003	03/03/10	PAYROLL	-3,782.86
Check	3/26/2003	5481	THE CHAIR GUY	-670.00
Check	3/27/2003	5484	CAFE CALATO	-181.84
Bill Pmt -Check	3/27/2003	5485	ADEX MEDICAL INC	-195.80
Bill Pmt -Check	3/27/2003	5486	ARROWHEAD MOUNTAIN SPRING WATER	-43.49
Bill Pmt -Check	3/27/2003	5487	BLACK & VEATCH CORPORATION	-6,575.00
Bill Pmt -Check	3/27/2003	5488	CALPERS	-1,491.55
Bill Pmt -Check	3/27/2003	5489	CATLIN, TERRY	-250.00
Bill Pmt -Check	3/27/2003	5490	COLONIAL LIFE & ACCIDENT INSURANCE CO	-93.15
Bill Pmt -Check	3/27/2003	5491	DUNCAN, GLENN	-125.00
Bill Pmt -Check	3/27/2003	5492	MCCALL'S METER SALES & SERVICE	-2,576.56
Bill Pmt -Check	3/27/2003	5493	MWH LABORATORIES	-1,690.00
Bill Pmt -Check	3/27/2003	5494	NEXTEL COMMUNICATIONS	-426.88
Bill Pmt -Check	3/27/2003	5495	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,228.95
Bill Pmt -Check	3/27/2003	5496	PUMP CHECK	-5,402.01
Bill Pmt -Check	3/27/2003	5497	RANCHO TECH LLC	-4,368.00
Bill Pmt -Check	3/27/2003	5498	RBM LOCK & KEY	-184.25
Bill Pmt -Check	3/27/2003	5499	TLC STAFFING	-879.20
Bill Pmt -Check	3/27/2003	5500	U S POSTMASTER	0.00
Bill Pmt -Check	3/27/2003	7500	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	3/27/2003	7501	WHEELER METER MAINTENANCE	-10,156.20

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2003

Type	Date	Num	Name	Amount
Bill Pmt -Check	3/27/2003	7502	YATES, DENNIS	-125.00
Bill Pmt -Check	3/27/2003	7503	BARRION, VICTOR A	-250.00
Bill Pmt -Check	3/27/2003	7504	LANTZ, PAULA	-125.00
Bill Pmt -Check	3/27/2003	7505	WHITEHEAD, MICHAEL	-250.00
Check	3/28/2003	7506	P.C. CLUB	-1,496.65
Check	3/28/2003	7507	TOGO'S	-81.90
Bill Pmt -Check	3/28/2003	7508	POWERS ELECTRIC PRODUCTS CO.	-25.00
Bill Pmt -Check	3/28/2003	7509	STANDARD INSURANCE CO.	-421.92
Bill Pmt -Check	3/28/2003	7510	USPS/PITNEY BOWES	-1,800.00
General Journal	3/31/2003	03/03/9	MONTE VISTA IRRIGATION COMPANY	66,045.13
Check	3/31/2003	7512	MONTE VISTA IRRIGATION CO	-66,045.13
Mar 03				<u>-250,403.36</u>

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2002 THROUGH FEBRUARY 28, 2003

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2002-03
Administrative Revenues										
Administrative Assessments			\$4,470,784.83		\$149,042.18				\$4,619,827.01	\$3,797,572
Interest Revenue			30,443.60	\$5,826.92	1,788.52			\$35.54	38,094.58	132,890
Mutual Agency Project Revenue	\$ 25,878.94								25,878.94	0
Grant Income									0.00	0
Miscellaneous Income									0.00	0
Total Revenues	25,878.94	\$0.00	4,501,228.43	5,826.92	150,830.70	\$0.00	\$0.00	35.54	4,683,800.53	3,930,462
Administrative & Project Expenditures										
Watermaster Administration	500,722.38								500,722.38	752,208
Watermaster Board-Advisory Committee	25,978.77								25,978.77	60,392
Pool Administration			8,965.64	42,887.52	3,308.15				55,161.31	139,782
Optimum Basin Mgmt Administration		\$ 587,790.39							587,790.39	891,634
OBMP Project Costs		1,871,859.22							1,871,859.22	3,324,257
Education Funds Use									0.00	375
Mutual Agency Project Costs	58,157.30								58,157.30	2,500
Total Administrative/OBMP Expenses	584,858.45	2,459,649.61	8,965.64	42,887.52	3,308.15				3,099,669.37	5,171,148
Net Administrative/OBMP Income	(558,979.51)	(2,459,649.61)								
Allocate Net Admin Income To Pools	558,979.51		407,211.81	133,072.60	18,695.10				0.00	0
Allocate Net OBMP Income To Pools		2,459,649.61	1,791,833.79	585,552.71	82,263.11				0.00	0
Agricultural Expense Transfer			758,887.83	(758,887.83)					0.00	0
Total Expenses			2,966,899.07	2,625.00	104,266.36				3,099,669.37	5,171,148
Net Administrative Income			1,534,329.36	3,201.92	46,564.34			35.54	1,584,131.16	(1,240,686)
Other Income/(Expense)										
Replenishment Water Purchases						1,432,608.71			1,432,608.71	615,000
MZ1 Supplemental Water Assessments						1,586,000.00			1,586,000.00	1,670,049
Water Purchases									0.00	0
MZ1 Imported Water Purchase									0.00	(699,000)
Groundwater Replenishment						(1,582,144.55)			(1,582,144.55)	(1,586,049)
Net Other Income			0.00	0.00	0.00	1,436,464.16	0.00	0.00	1,436,464.16	0
Net Transfers To/(From) Reserves			1,534,329.36	3,201.92	46,564.34	1,436,464.16	-	35.54	3,020,595.32	(1,240,686)
Working Capital, July 1, 2002			2,916,003.13	468,150.31	175,804.57	204,947.95	158,250.86	2,845.07	3,926,001.89	
Working Capital, End Of Period	\$ 4,450,332.49	\$ 471,352.23	\$ 222,368.91	\$ 1,641,412.11	\$ 158,250.86	\$ 2,880.61	\$ 6,946,597.21			
01/02 Production			120,855.574	39,494.349	5,548.481				165,898.404	
01/02 Production Percentages			72.849%	23.806%	3.345%				100.000%	

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CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 FEBRUARY 1 THROUGH FEBRUARY 28, 2003

SUMMARY at 2/28/2003

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500.00
Bank of America			
Governmental Checking-Demand Deposits	\$83,559.44		
Savings Deposits	9,580.81		
Zero Balance Account - Payroll	0.00		93,140.25
Local Agency Investment Fund - Sacramento			<u>7,014,317.05</u>
TOTAL CASH IN BANKS AND ON HAND	2/28/2003	\$	7,107,957.30
TOTAL CASH IN BANKS AND ON HAND	12/31/2002		7,875,159.16
PERIOD INCREASE (DECREASE)		\$	<u>(767,201.86)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	86,144.53
	Assessments Receivable	(203,953.31)
	Prepaid Expenses, Deposits & Other Current Assets	1,153.17
(Decrease)/Increase in Liabilities:	Accounts Payable	(23,475.88)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	(81,668.53)
	Transfer to/(from) Reserves	<u>(545,401.84)</u>
PERIOD INCREASE (DECREASE)		\$ <u>(767,201.86)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 1/31/2003	\$500.00	\$50,761.30	\$0.00	\$9,580.81	\$7,814,317.05	\$7,875,159.16
Deposits		140,223.21	0.00	0.00	0.00	140,223.21
Transfers		737,591.63	62,408.37	0.00	(800,000.00)	0.00
Withdrawals/Checks		<u>(845,016.70)</u>	<u>(62,408.37)</u>	0.00	0.00	<u>(907,425.07)</u>
Balances as of 2/28/2003	\$500.00	\$83,559.44	\$0.00	\$9,580.81	\$7,014,317.05	\$7,107,957.30
PERIOD INCREASE OR (DECREASE)	\$0.00	\$32,798.14	\$0.00	\$0.00	(\$800,000.00)	(\$767,201.86)

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 FEBRUARY 1 THROUGH FEBRUARY 28, 2003

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
2/12/2003	Withdrawal	L.A.I.F.	(600,000.00)				
2/27/2003	Withdrawal	L.A.I.F.	(200,000.00)				
TOTAL INVESTMENT TRANSACTIONS			(\$800,000.00)	\$0.00			

* The earnings rate for L.A.I.F. is a daily variable rate; 2.31% was the effective yield rate at the Quarter ended December 31, 2002.

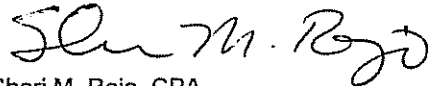
INVESTMENT STATUS
 February 28, 2003

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$7,014,317.05			
Time Certificates of Deposit		0.00		
TOTAL INVESTMENTS	\$7,014,317.05			

Funds on hand are sufficient to meet all foreseen and planned Administrative and project expenditures during the next six months.

All investment transactions have been executed in accordance with the criteria stated in Chino Basin Watermaster's Investment Policy.

Respectfully submitted,



Sheri M. Rojo, CPA
 Finance Manager
 Chino Basin Watermaster

CHINO BASIN WATERMASTER
2002/2003 ACTUAL YEAR TO DATE REVENUES AND EXPENSES
COMPARED WITH ADOPTED 2002/2003 BUDGET

	<u>Jul '02 - Feb 03</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	25,878.94	20,000.00	5,878.94	129.4%
4110 · Admin Asmnts-Approp Pool	4,470,784.83	3,580,590.00	890,194.83	124.86%
4120 · Admin Asmnts-Non-Agri Pool	149,042.18	196,982.00	-47,939.82	75.66%
4200 · Grants	0.00	0.00	0.00	0.0%
4700 · Non Operating Revenues	38,094.58	132,890.00	-94,795.42	28.67%
4900 · Miscellaneous income	0.00	0.00	0.00	0.0%
Total Income	<u>4,683,800.53</u>	<u>3,930,462.00</u>	<u>753,338.53</u>	<u>119.17%</u>
Gross Profit	4,683,800.53	3,930,462.00	753,338.53	119.17%
Expense				
6010 · Salary Costs	317,747.50	414,173.00	-96,425.50	76.72%
6020 · Office Building Expense	54,100.24	123,845.00	-69,744.76	43.68%
6030 · Office Supplies & Equip.	17,811.07	27,500.00	-9,688.93	64.77%
6040 · Postage & Printing Costs	40,974.46	72,450.00	-31,475.54	56.56%
6050 · Information Services	56,733.38	101,800.00	-45,066.62	55.73%
6061 · Other Consultants	17,229.51	29,000.00	-11,770.49	59.41%
6062 · Audit Services	0.00	5,000.00	-5,000.00	0.0%
6063 · Public Relations Consultan	0.00	12,000.00	-12,000.00	0.0%
6065 · MWD Connection Fee	7,800.00	15,600.00	-7,800.00	50.0%
6066 · Engineering Services	0.00	90,000.00	-90,000.00	0.0%
6067.1 · General Counsel	88,262.16	71,000.00	17,262.16	124.31%
6067.2 · Legal Services -Markot	90.36	5,000.00	-4,909.64	1.81%
6080 · Insurance	9,434.16	11,210.00	-1,775.84	84.16%
6110 · Dues and Subscriptions	12,001.85	13,500.00	-1,498.15	88.9%
6140 · Other WM Admin Expenses	1,197.93	2,300.00	-1,102.07	52.08%
6150 · Field Supplies	1,910.06	3,950.00	-2,039.94	48.36%
6170 · Travel & Transportation	17,085.94	25,500.00	-8,414.06	67.0%
6190 · Conferences & Seminars	9,611.07	14,500.00	-4,888.93	66.28%
6200 · Advisory Comm - WM Board	8,926.98	17,870.00	-8,943.02	49.96%
6300 · Watermaster Board Expenses	17,051.79	42,522.00	-25,470.21	40.1%
8300 · Appr PI-WM & Pool Admin	8,965.64	16,310.00	-7,344.36	54.97%
8400 · Agri Pool-WM & Pool Admin	11,527.31	18,710.00	-7,182.69	61.61%
8467 · Agri-Pool Legal Services	25,485.21	83,000.00	-57,514.79	30.71%
8470 · Ag Meeting Attend -Special	5,875.00	17,300.00	-11,425.00	33.96%
8500 · Non-Ag PI-WM & Pool Admin	3,308.15	4,462.00	-1,153.85	74.14%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	<u>-151,267.31</u>	<u>-286,120.00</u>	<u>134,852.69</u>	<u>52.87%</u>
Subtotal Administrative Expenses	581,862.46	952,757.00	-370,894.54	61.07%
6900 · Optimum Basin Mgmt Plan	544,455.09	810,777.00	-266,321.91	67.15%
6950 · Mutual Agency Projects	58,157.30	2,500.00	55,657.30	2,326.29%
9501 · G&A Expenses Allocated-OBMP	<u>43,335.30</u>	<u>80,857.00</u>	<u>-37,521.70</u>	<u>53.6%</u>
Subtotal OBMP Expenses	645,947.69	894,134.00	-248,186.31	72.24%

CHINO BASIN WATERMASTER
2002/2003 ACTUAL YEAR TO DATE REVENUES AND EXPENSES
COMPARED WITH ADOPTED 2002/2003 BUDGET

	<u>Jul '02 - Feb 03</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7101 · Production Monitoring	18,627.77	61,062.00	-42,434.23	30.51%
7102 · In-line Meter Installation	265,673.65	439,399.00	-173,725.35	60.46%
7103 · Grdwtr Quality Monitoring	126,587.66	321,829.00	-195,241.34	39.33%
7104 · Gdwtr Level Monitoring	58,951.93	205,916.00	-146,964.07	28.63%
7105 · Sur Wtr Qual Monitoring	23,266.31	85,161.00	-61,894.69	27.32%
7106 · Wtr Level Sensors Install	16,595.99	34,501.00	-17,905.01	48.1%
7107 · Ground Level Monitoring	368,903.10	801,070.00	-432,166.90	46.05%
7200 · PE2- Comp Recharge Pgm	131,591.69	184,168.00	-52,576.31	71.45%
7300 · PE3&5-Water Supply/Desalte	5,300.00	123,587.00	-118,287.00	4.29%
7400 · PE4-MZ1 Mgmt Plan	182,858.45	81,172.00	101,686.45	225.27%
7500 · PE6&7-CoopEfforts/SaltMgmt	109,665.23	58,299.00	51,366.23	188.11%
7600 · PE8&9-StorageMgmt/Conj Use	26,655.45	102,830.00	-76,174.55	25.92%
7690 · Recharge Improvement Debt Pymt	429,250.00	620,000.00	-190,750.00	69.23%
9502 · G&A Expenses Allocated-Projects	107,931.99	205,263.00	-97,331.01	52.58%
	<u>1,871,859.22</u>	<u>3,324,257.00</u>	<u>-1,452,397.78</u>	<u>56.31%</u>
Total Expense	<u>3,099,669.37</u>	<u>5,171,148.00</u>	<u>-2,071,478.63</u>	<u>59.94%</u>
Net Ordinary Income	1,584,131.16	-1,240,686.00	2,824,817.16	-127.68%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.0%
4210 · Approp Pool-Replenishment	1,424,041.36			
4220 · Non-Ag Pool-Replenishment	8,567.35			
4230 · MZ1 Sup Wtr Assessment	1,586,000.00	1,670,049.00	-84,049.00	94.97%
Total Other Income	<u>3,018,608.71</u>	<u>2,285,049.00</u>	<u>733,559.71</u>	<u>132.1%</u>
Other Expense				
5012.4 · MZ1 Imported Water Purchase	0.00	699,000.00	-699,000.00	0.0%
5010 · Groundwater Replenishment	1,582,144.55	1,586,049.00	-3,904.45	99.75%
9999 · To/(From) Reserves	3,020,595.32	-1,240,686.00	4,261,281.32	-243.46%
Total Other Expense	<u>4,602,739.87</u>	<u>1,044,363.00</u>	<u>3,558,376.87</u>	<u>440.72%</u>
Net Other Income	<u>-1,584,131.16</u>	<u>1,240,686.00</u>	<u>-2,824,817.16</u>	<u>-127.68%</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>

A decorative border of small, stylized Easter eggs with various patterns, arranged in a rectangular frame around the text.

CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee
1:00 p.m. – Watermaster Board

CONSENT CALENDAR

C. WATER TRANSACTION
City of Chino to City of Ontario



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

JOHN V. ROSSI

Chief Executive Officer

DATE: April 24, 2003

TO: Advisory Committee Members
Watermaster Board Members

SUBJECT: Summary and Analysis of Application for Water Transaction

Summary

There does not appear to be a potential material physical injury to a party or to the basin from the proposed transaction as presented.

Issue - Notice of Sale or Transfer of Right to Produce Water In Storage From the City of Chino to the City of Ontario in the amount of 6,000 acre-feet of water.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction as presented.

Fiscal Impact –

- None
- Reduces assessments under the 85/15 rule
- Reduce desalter replenishment costs

Background

The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000 and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

Where there is no material physical injury, Watermaster must approve the transaction. Where the request for Watermaster approval is submitted by a party to the Judgment, there is a rebuttable presumption that most of the transactions do not result in Material Physical Injury to a party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

The following application for a water transaction is attached with the notice of application.

- Notice of Sale or Transfer of Right to Produce Water In Storage From the City of Chino to the City of Ontario in the amount of 6,000 acre-feet of water.

Notice of the water transaction identified above was distributed on January 28, 2003 along with the materials submitted by the requestors.

DISCUSSION

This transfer occurs between a producer located in Management Zone 1 to a producer located within Management Zones 1, 2, and 3 and has been recommended by the Watermaster Engineer as a good interim management practice for the basin and for Management Zone 1.

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding these transactions is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.

NOTICE OF APPLICATION(S) RECEIVED

Date of Applications: **January 27, 2003** Date of this notice: **January 28, 2003**

Please take notice that the following Application has been received by Watermaster:

- A. Notice of Sale or Transfer of Right to Produce Water In Storage from the City of Chino to the City of Ontario in the amount of 6,000 acre-feet of water

This *Application* will first be considered by each of the respective pool committees on the following dates:

Agricultural Pool: February 13, 2003

Appropriative Pool: February 13, 2003

Non-Agricultural Pool: February 13, 2003

This *Application* will be scheduled for consideration by the Advisory Committee *no earlier than thirty days from the date of this notice and a minimum of twenty-one calendar days* after the last pool committee reviews it.

After consideration by the Advisory Committee, the *Application* will be considered by the Board.

Unless the *Application* is amended, parties to the Judgment may file *Contests* to the *Application* with Watermaster *within seven calendar days* of when the last pool committee considers it. Any *Contest* must be in writing and state the basis of the *Contest*.

Watermaster address:

Chino Basin Watermaster
8632 Archibald Ave., Suite 109
Rancho Cucamonga, CA 91730

Tel: (909) 484-3888
Fax: (909) 484-3890

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: January 28, 2003

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

CITY OF



ONTARIO

PUBLIC WORKS AGENCY

ONTARIO MUNICIPAL SERVICES CENTER

GARY C. OVITT
MAYOR

GERALD A. DuBOIS
MAYOR PRO TEM

ALAN D. WAPNER
PAUL S. LEON
DEBORAH B. ACKER
COUNCIL MEMBERS

January 27, 2003

GREGORY D. DEVEREAUX
CITY MANAGER

KENNETH L. JESKE
PUBLIC WORKS DIRECTOR

MARY WIRTES, MMC
CITY CLERK

JAMES R. MILHISER
TREASURER

Ms. Traci Stewart, Chief of Watermaster Services
Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, California 91730

Subject: PURCHASE OF WATER IN STORAGE
CHINO BASIN - FY 2002-2003

Dear Ms. Stewart:

Please take notice that the City of Ontario (Ontario) has agreed to purchase from the City of Chino (Chino) a portion of Chino's water in storage in the amount of 6,000 acre feet to satisfy a portion of the Ontario's anticipated Chino Basin replenishment obligation for FY 2002-2003.

Enclosed is executed application for sale or transfer of right to produce water from storage and a recapture plan for consideration by Watermaster. Please agendaize the proposed purchase at the earliest possible opportunity.

If you have any questions or require additional information concerning this matter, please call me at 395-2681. Thank you.

Sincerely,

Mohamed El-Amamy
Utilities Director

APPLICATION FOR
SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE

TRANSFER FROM LOCAL STORAGE AGREEMENT # 12

City of Chino

Name of Party

12/23/02

Date Requested

Date Approved

13220 Central Avenue

Street Address

6,000 Acre-feet

Amount Requested

_____ Acre-feet

Amount Approved

Chino

City

CA

State

91710

Zip Code

Telephone: 909-927-7577

Facsimile: 909-591-6829

[Signature]
Applicant (Glen Rojas, City Manager)

[Signature]
Attest: *[Signature]*

TRANSFER TO:

City of Ontario

Name of Party

Attach Recapture Form 4

1425 S. Bon View

Street Address

Ontario

City

CA

State

91761

Zip Code

Telephone: 909-395-2681

Facsimile: 909-395-2601

Have any other transfers been approved by Watermaster
between these parties covering the same fiscal year? Yes [] No [X]

WATER QUALITY AND WATER LEVELS

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

MATERIAL PHYSICAL INJURY

Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that
may be caused by the action covered by the application? Yes [] No [X]

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the
action does not result in Material Physical Injury to a party to the Judgment or the Basin?

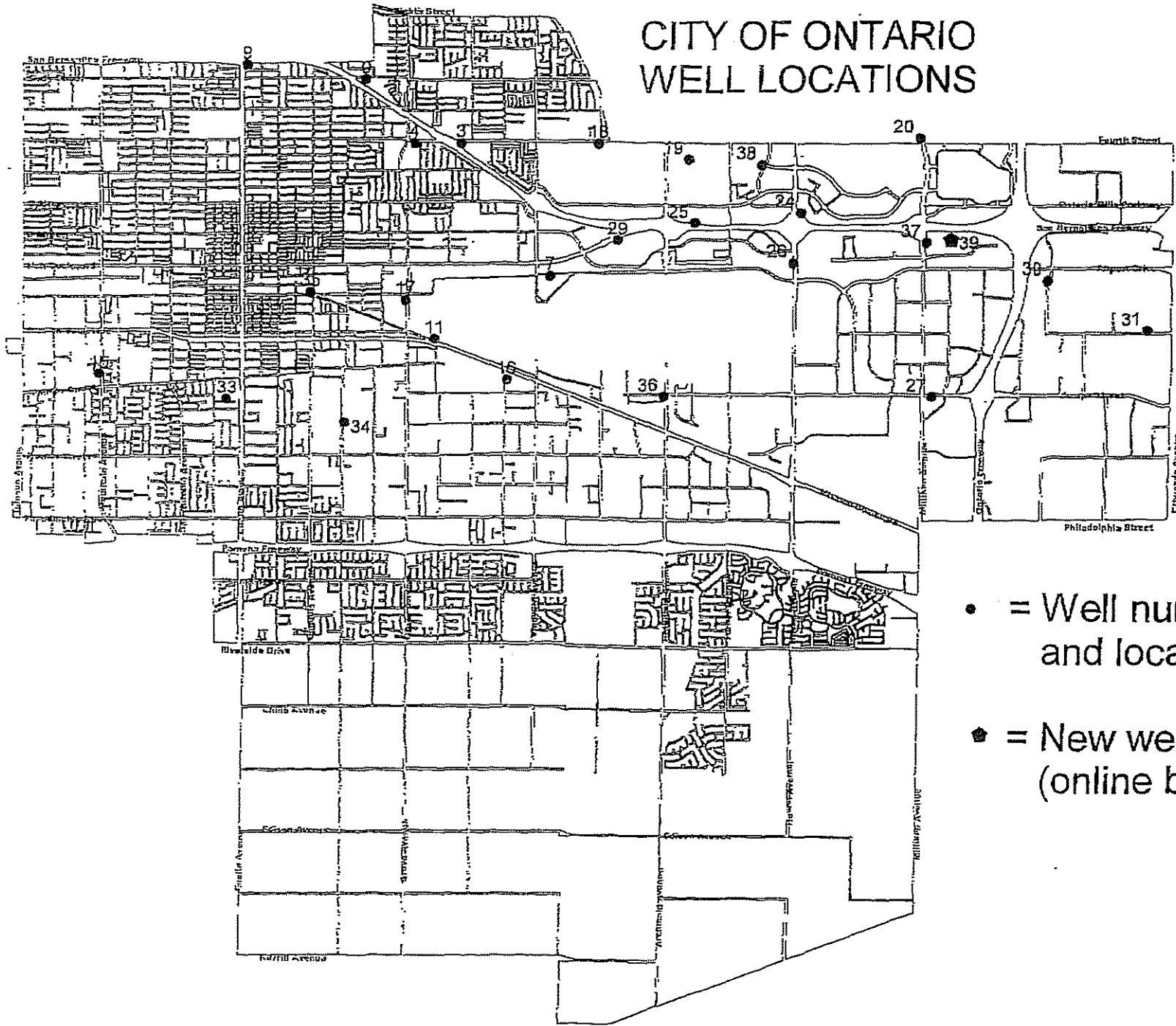
CITY OF ONTARIO **Recapture Plan**

The subject water is a transfer of stored groundwater from the City of Chino located within Management Zones 1 to the City of Ontario located within Management Zones 1, 2 and 3 in the amount of 6,000 acre-feet to satisfy a portion of the City's replenishment obligation for FY 2002-2003. Recapture of the stored water is accomplished by the production of any or all of the 23 wells owned and operated by the City with Management Zones 1, 2 or 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows.

Well No.	Capacity acre-feet/day
3	4.9
4	6.4
9	7.8
11	5.7
15	7.8
16	3.2
17	7.2
18	6.3
19	2.5
20	3.4
24	8.4
25	6.2
26	5.7
27	4.9
29	11.2
30	14.1
31	13.1
33	13.0
35	8.6
36	8.3
37	13.4
38	11.4
39	8.6
<hr/>	
181.3	

A map showing the locations of these wells is attached. The rate of extraction can vary significantly, depending upon system demand and seasonal changes.

CITY OF ONTARIO WELL LOCATIONS



- = Well number and location
- ◆ = New well 39 (online by winter 2001)

A decorative border of small, stylized Easter eggs with various patterns, arranged in a rectangular frame around the text.

CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

II. BUSINESS ITEM

A. FORMATION OF
WATER QUALITY COMMITTEE



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

Date: April 24, 2003
To: Advisory Committee Members
Watermaster Board Members
SUBJECT: Formation of Water Quality Committee

SUMMARY

Issue – The Watermaster’s Implementation Plan for the Peace Agreement and Optimum Basin Management Plan requires the formation of a Water Quality Committee.

Recommendation - Staff recommends action to form a Water Quality Committee pursuant to Watermaster’s Implementation Plan consisting of members of the Appropriative Pool, one member of the Non-Agricultural Pool, two members of the Agricultural Pool, a representative of the Santa Ana Regional Water Quality Control Board and IEUA, and to consider action to direct the Committee to:

- Determine committee membership and chair,
- Review water quality conditions in the basin,
- Develop cooperative strategies and plans to improve quality in the basin,
- Develop funding strategies to accomplish desired water quality improvements, and
- Direct the Committee to bring back recommendations to the Watermaster regarding goals and objectives in order to implement the items outlined above in accordance with the Judgment, OBMP, Peace Agreement, and Implementation Plan.

Fiscal Impact – Creation of the Committee will not impact current budgetary levels.

BACKGROUND

Water quality issues within the Chino Basin were recognized as part of the 1978 Judgment. Engineering Exhibit I stated, "Maintenance and improvement of water quality is a prime consideration and function of management decisions by Watermaster. During the development of the OBMP, the parties further recognized the importance as well by calling for the formation of a Water Quality Committee as part of the Peace Agreement Implementation Plan.

Watermaster, as part of Program Element 1 of the OBMP, has been collecting and/or analyzing data associated with water quality samples taken at both private and municipal water wells. Samples have also been taken at recharge basins.

At Watermaster meetings in March 2003, staff and the Watermaster’s consultant, Mark Wildermuth, presented some of the analytical results of this work. Various water quality anomalies were discussed as well as the water quality improvements associated with the desalters and other treatment activities.

DISCUSSION

Program Element 6 of the OBMP outlines the need for, and formation of, a water quality committee. The OBMP describes the following:

Watermaster will form an ad hoc committee, hereafter *water quality committee*, to review water quality conditions in the Basin and to develop cooperative strategies and plans to improve water quality in the Basin. The committee will meet regularly with Regional Board staff to share information and to recommend cooperative efforts for monitoring groundwater quality and detecting water quality anomalies. The schedule and frequency of meetings will be developed with the Regional Board during fiscal 2000/01 of the OBMP implementation. Watermaster will budget sufficient funds 2000/01 for the first year of ad hoc committee activities. Watermaster will refine its monitoring efforts to support the detection and quantification of water quality anomalies. This may require additional budgeting for analytical work and staff/support. If necessary, Watermaster will conduct investigations to assist the Regional Board in accomplishing mutually beneficial objectives. Watermaster will seek funding from outside sources to accelerate detection and clean up efforts.

Staff recommends action to form a Water Quality Committee pursuant to Watermaster's Implementation Plan and direct the Committee to:

- Determine committee membership and chair,
- Review water quality conditions in the basin,
- Develop cooperative strategies and plans to improve quality in the basin,
- Develop funding strategies to accomplish desired water quality improvements, and
- Bring back recommendations to the Watermaster regarding goals and objectives in order to implement the items outlined above in accordance with the Judgment, OBMP, Peace Agreement, and Implementation Plan.

At their meeting held April 10, 2003, the Appropriative and Non-Agricultural Pool Committees voted unanimously to recommend the composition of the Water Quality Committee be all the members of the Appropriative Pool, one member each from the Non-Agricultural and Agricultural Pools, and an invitation be extended the Santa Ana Regional Water Quality Control Board and the Inland Empire Utilities Agency to appoint a representative to participate on the Committee.

At their meeting held April 10, 2003, the Agricultural Pool Committee voted unanimously to support the Appropriative and Non-Agricultural Pool recommendation with the exception that the Agricultural Pool appoint two representatives on the Water Quality Committee, Advisory Committee Chair deBoom and Agricultural Pool Special Engineer, Frank Brommenschenkel.

VI. PHYSICAL SOLUTION

A. GENERAL

41. Watermaster Control. Watermaster, with the advise of the Advisory and Pool Committees, is granted discretionary powers in order to develop an optimum basin management program for Chino Basin, including both water quantity and quality considerations. Withdrawals and supplemental water replenishment of Basin Water, and the full utilization of the water resources of Chin Basin, must be subject to procedures established by and administered through Watermaster with the advice and assistance of the Advisory and Pool Committees composed of the affected producers. Both the quantity and quality of said water resources may thereby be preserved and the beneficial utilization of the Basin maximized.

D. REPLENISHMENT

49. Sources of Supplemental Water. Supplemental water may be obtained by Watermaster from any available source. Watermaster shall seek to obtain the best available quality of supplemental water at the most reasonable cost for recharge in the Basin. To the extent that costs of replenishment water may vary between pools, each pool shall be liable only for the costs attributable to its required replenishment. Available sources may include, but are not limited to:

(a) Reclaimed Water -- There exist a series of agreements generally denominated the Regional Waste Water Agreements between CBMWD and owners of the major municipal sewer systems within the basin. Under those agreements, which are recognized hereby but shall be unaffected and unimpaired by this judgment, substantial quantities of reclaimed water may be made available for replenishment purposes. There are additional sources of reclaimed water which are, or may become, available to Watermaster for said purposes. Maximum beneficial use of reclaimed water shall be given high priority by Watermaster.

CHINO BASIN JUDGEMENT

(b) State Water -- State water constitutes a major available supply of supplemental water. In the case of State Water, Watermaster purchases shall comply with the water service provisions of the State's water service contracts. More specifically, Watermaster shall purchase State Water from MWD for replenishment of excess production within CBMWD, WMWD and PVMWD, and from SBVMWD to replenish excess production within SBVMWD's boundaries in Chino Basin, except to the extent that MWD and SBVMWD give their consent as required by such State water service contracts.

(c) Local Import -- There exist facilities and methods for importation of surface and ground water supplies from adjacent basins and watersheds.

(d) Colorado River Supplies -- MWD has water supplies available from its Colorado River Aqueduct.

EXHIBIT "I" ENGINEERING APPENDIX

1. Basin Management Parameters. In the process of implementing the physical solution for Chino Basin, Watermaster shall consider the following parameters:

(a) Pumping Patterns -- Chino Basin is a common supply for all persons and agencies utilizing its waters. It is an objective in management of the Basin's waters that no producer be deprived of access to said waters by reason of unreasonable pumping pattern, nor by regional or localized recharge of replenishment water, insofar as such result may be practically avoided.

(b) Water Quality -- Maintenance and improvement of water quality is a prime consideration and function of management decisions by Watermaster.

(c) Economic Considerations -- Financial feasibility, economic impact and the cost and optimum utilization of the basin's resources and the physical facilities of the parties are objectives and concerns equal in importance to water quantity and quality parameters.

PEACE AGREEMENT

I DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions. As used in this Agreement, these terms, including any grammatical variations thereof shall have the following meanings:

- (y) "Material Physical Injury" means material injury that is attributable to the Recharge, Transfer, storage and recovery, management, movement or Production of water, or implementation of the OBMP, including, but not limited to, degradation of **water quality**, liquefaction, land subsidence, increases in pump lift (lower water levels) and adverse impacts associated with rising groundwater. Material Physical Injury does not include "economic injury" that results from other than physical causes. Once fully mitigated, physical injury shall no longer be considered to be material;

V WATERMASTER PERFORMANCE

5.1 Recharge and Replenishment. After the Effective Date and until the termination of this Agreement, the Parties expressly consent to Watermaster's performance of the following actions, programs or procedures regarding Recharge and Replenishment:

- (f) Watermaster shall undertake Recharge, using water of the lowest cost and the highest **quality**, giving preference as far as possible to the augmentation and the Recharge of native storm water.

5.2 Storage and Recovery. After the Effective Date and until the termination of this Agreement, the Parties expressly consent to Watermaster's performance of the following actions, programs or procedures regarding the storage and recovery of water:

(b) Local Storage.

- (viii) In the event more than one party to the Judgment submits a request for an agreement to store Supplemental Water pursuant to a Local Storage agreement, Watermaster shall give priority to the first party to file a bona fide written request which shall include the name of the party to the Judgment, the source, quantity and **quality** of the Supplemental Water, an identification of the party to the Judgment's access to or ownership of the Recharge facilities, the duration of the Local Storage and any other information Watermaster shall reasonably request. Watermaster shall not grant any person the right to store more than the then existing amount of available Local Storage. The amount of Local Storage available for the storage of Supplemental Water shall be determined by sub-

PEACE AGREEMENT

tracting the previously approved and allocated quantity of storage capacity for Supplemental Water from the cumulative maximum of 50,000 acre-feet.

IMPLEMENTATION PLAN

PROGRAM ELEMENT 1 – DEVELOP AND IMPLEMENT COMPREHENSIVE MONITORING PROGRAM

Groundwater Quality Monitoring Program

Description. Watermaster began the process to develop a comprehensive water quality monitoring program in July 1999. As with the groundwater level monitoring program, the water quality monitoring program will consist of an initial survey and a long-term monitoring effort. The initial survey will consist of:

- collection of all water quality data from appropriators' wells that are tested by appropriators;
- collection of all water quality data from Regional Board for water quality monitoring efforts that are conducted under their supervision; and
- collection and analysis of at least one water quality sample at all (or a representative set of) other production wells in the Basin. Assumed maximum number of wells sampled by Watermaster staff in the initial survey is 600.

Groundwater quality analyses will be obtained by the following entities:

- Overlying Agricultural Pool – Watermaster staff
- Overlying Non-agricultural Pool – pool member
- Appropriative Pool – pool member
- Other wells – Watermaster staff will obtain data from Regional Board or owners

Re-sampling and analysis will be done at wells sampled by Watermaster if volatile organic compounds (VOCs) are detected. These data will be mapped and reviewed. Based on this review and Watermaster management goals in the OBMP, a long-term monitoring program will be developed and implemented in the fall of 2002. The long-term monitoring program will contain a minimum set of key wells that can be periodically monitored to assess water quality conditions in the Basin over time.

Implementation Status. Watermaster began implementation of a groundwater quality monitoring program in fiscal year 1999/00 with a budget commitment of \$250,000 and will commit the same level of effort through 2001/02. After 2001/02, the budget commitment will be less reflecting the implementation of a key-well monitoring program.

Surface Water Discharge and Quality Monitoring.

Description. The current program of measuring water quality at recharge basins will be expanded to all recharge and retention basins that contribute or have the potential to contribute significant recharge to the Basin. Water level sensors will be installed in all recharge and retention basins that contribute significant recharge to the Chino Basin. These facilities are listed in Table 4-3 of the OBMP Phase 1 Report. A total of 16 new water-level sensors will be required at a total cost of about \$200,000. Water level data acquisition and water quality sampling will be done by Watermaster staff. The annual cost of laboratory analysis and interpretation of water level and water quality data is about \$45,000.

Watermaster needs to assess the existing surface water discharge and associated water quality monitoring programs for the Santa Ana River and its Chino Basin tributaries to determine the adequacy of the existing monitoring programs for characterizing historical ambient conditions

IMPLEMENTATION PLAN

and their utility in detecting water quality impacts from future Chino Basin management activities. If possible, Watermaster will contract with the agencies conducting these programs to modify their programs to accommodate Watermaster.

Implementation Status. Watermaster will take the lead in completing the following activities:

- Watermaster will install water level sensors in all existing recharge and retention facilities that have conservation storage and potential for storm water recharge. This activity will begin in Watermaster fiscal year 2000/01.
- Watermaster staff will obtain grab samples approximately every two weeks for all basins during the rainy season and have these samples analyzed. This activity has been occurring since 1997/98, is budgeted in the current fiscal year, and will continue in the future at some level reflecting the water resources management goals of Watermaster. Current fiscal year budget is \$38,250. In addition, Watermaster staff will supplement its storm water quality data by obtaining information from other agencies that are required to collect such data.
- In the current fiscal year, Watermaster will review the surface water discharge and associated water quality monitoring programs for the Santa Ana River and the lower Chino Basin tributaries, and compare what is available from these programs to what is needed for Watermaster investigations under the OBMP. A supplementary/cooperative monitoring program will be developed based on this review and will be implemented by Watermaster during fiscal year 2000/01. The cost of the initial assessment of surface water data for the Santa Ana River is \$15,000.

Summary of Implementation Actions and Schedule

First Three Years (1999/00 to 2001/02). The following actions will be completed in the first three years commencing fiscal year 1999/00:

- Complete initial survey for groundwater quality program and develop long-term program.
- Complete meter installation program for overlying agricultural pool.
- Complete Santa Ana River surface water monitoring adequacy analysis.
- Start and continue surface water discharge and quality monitoring at recharge and retention facilities.
- Develop agreements with county and state agencies regarding notification of new well drilling. Well construction and related information will be requested as new wells are identified.
- Watermaster will annually prepare a list of abandoned wells and forward that list to the counties for their action. Watermaster will follow up with the Counties to ensure that abandoned wells are destroyed.

Years Four to Ten (2002/03 to 2010/11). The following actions will be completed in years four through ten, commencing fiscal year 2002/03:

- Start and continue long-term groundwater quality monitoring program, cause key wells to be relocated as necessary.
- Continue surface water discharge and quality monitoring in the Santa Ana River.

IMPLEMENTATION PLAN

- Continue surface water discharge and quality monitoring at recharge and retention facilities.
- Well construction and related information will be requested as new wells are identified.
- Watermaster will annually prepare a list of abandoned wells and forward that list to the counties for their action. Watermaster will follow up with the Counties to ensure that abandoned wells are destroyed.

Years Eleven to Fifty (2011/12 to 2049/50). The following actions will be completed in years eleven to fifty, commencing fiscal year 2011/12:

- Continue long-term groundwater quality monitoring program, cause key wells to be relocated as necessary.
- Continue production monitoring.
- Participate as necessary in the Santa Ana River surface water monitoring.
- Continue surface water discharge and quality monitoring at recharge and retention facilities.
- Well construction related information will be requested as new wells are identified.
- Watermaster will annually prepare a list of abandoned wells and forward that list to the counties for their action. Watermaster will follow up with the Counties to ensure that abandoned wells are destroyed.

PROGRAM ELEMENT 6 – DEVELOP AND IMPLEMENT COOPERATIVE PROGRAMS WITH THE REGIONAL BOARD AND OTHER AGENCIES TO IMPROVE BASIN MANAGEMENT, AND PROGRAM ELEMENT 7 – DEVELOP AND IMPLEMENT SALT MANAGEMENT PROGRAM

These program elements are needed to address some of the water quality management problems that have occurred in the Basin. These water quality problems are described in Section 2 *Current Physical State of the Basin* and Table 3-8 in Section 3 *Goals of the OBMP* of the OBMP Phase 1 Report. The specific water quality issues addressed by these program elements are listed below:

- Watermaster needs to routinely demonstrate that implementation of the OBMP will lead to groundwater quality improvements. Watermaster will develop and use a method to determine water quality trends and to verify whether the OBMP is improving water quality.
- There is legacy contamination in the vadose zone from past agricultural activities (TDS and nitrogen) that will continue to degrade groundwater long into the future.
- Watermaster does not have sufficient information to determine whether point and non-point sources of groundwater contamination are being adequately addressed.
- There is ongoing salt and nitrogen loading from agriculture.

Demonstration of Water Quality Improvement

Description. The Court has indicated that Watermaster needs to routinely demonstrate that implementation of the OBMP will lead to groundwater quality improvements. Groundwater quality monitoring will be done in Program Element 1 and can be used to assess the long-term water quality benefits of the OBMP. In the short term, groundwater quality monitoring will not be a true metric of the water quality benefits of the OBMP. Water quality changes will occur

IMPLEMENTATION PLAN

very slowly. Water quality may continue to degrade after implementation of the OBMP due to legacy contamination in the vadose zone. Watermaster has committed to the development of a salt budget tool that will enable Watermaster to evaluate the water quality benefits of OBMP. The salt budget tool is a computer program that estimates the flow-weighted concentration of TDS and nitrogen into the Chino Basin at the management zone and basin levels, and estimates the TDS and nitrogen impacts of the OBMP on the Santa Ana River. The salt budget tool will cost about \$40,000 to \$45,000 to develop and use the first time. Watermaster will either build this tool directly for the Chino Basin, or will participate in an effort to develop a regional salt budget tool for the Santa Ana watershed. Subsequent uses, in either OBMP updates or *ad hoc* investigations, will involve developing new water quality input data based on new monitoring data and revised water and waste management scenarios.

Implementation Status. As part of the Phase 2 OBMP process, Watermaster is conducting preliminary salt budget studies. The preliminary salt budget studies will be completed in May of 2000. Watermaster will develop and use the salt budget tool during Watermaster fiscal year 2000/01.

Cooperative Efforts with the Regional Water Quality Control Board

Description. Watermaster does not have sufficient information to determine whether point and non-point sources of groundwater contamination are being adequately addressed. Watermaster's past monitoring efforts have been largely confined to mineral constituents in the southern half of the Basin and to available monitoring data supplied by municipal and industrial producers. The Regional Water Quality Control Board (Regional Board) has limited resources to detect, monitor and cause the clean up of point and non-point water quality problems in the Chino Basin. The Regional Board commits its resources to enforce remedial actions when it has identified a potential responsible party. Watermaster can improve water quality management in the Basin by committing resources to:

- identify water quality anomalies through monitoring;
- assist the Regional Board in determining sources of the water quality anomalies;
- establish priorities for clean-up jointly with RWQCB; and
- remove organic contaminants through regional groundwater treatment projects in the southern half of the Basin.

The last bulleted item requires some explanation. The well field for SAWPA desalter will eventually intercept a solvent plume of unknown origin that is emanating from the Chino airport area. There is a second solvent plume northeast of the Chino airport area that could be intercepted by the current desalter or another future desalter. This will require additional treatment for the water produced by the desalter. The desalter project can be used to clean up these plumes at some additional cost. The cost of cleaning up the solvent plumes at the desalters will be less than the cost of a dedicated solvent removal system. The additional cost should be paid for by the entity responsible for the solvent discharge.

Implementation Status. Watermaster is in the process of identifying water quality anomalies through its groundwater monitoring programs in Program Element 1. A revised anomaly map similar to Figure 2-58 in the OBMP Phase 1 report will be prepared by Watermaster by May 2000. These maps will be revised at least annually by Watermaster and submitted to the RWQCB for their use.

Watermaster will form an ad hoc committee, hereafter *water quality committee*, to review water quality conditions in the Basin and to develop cooperative strategies and plans to improve water

IMPLEMENTATION PLAN

quality in the Basin. The committee will meet regularly with Regional Board staff to share information and to recommend cooperative efforts for monitoring groundwater quality and detecting water quality anomalies. The schedule and frequency of meetings will be developed with the Regional Board during fiscal 2000/01 of the OBMP implementation. Watermaster will budget sufficient funds 2000/01 for the first year of ad hoc committee activities. Watermaster will refine its monitoring efforts to support the detection and quantification of water quality anomalies. This may require additional budgeting for analytical work and staff/support. If necessary, Watermaster will conduct investigations to assist the Regional Board in accomplishing mutually beneficial objectives. Watermaster will seek funding from outside sources to accelerate detection and clean up efforts.

TDS and Nitrogen (Salt) Management in the Chino Basin

Description. TDS and nitrogen management will require minimizing TDS and nitrogen additions by fertilizers and dairy wastes, desalting of groundwater in the southern part of the Basin, and maximizing the artificial recharge of storm water. The latter two management components are included in Program Elements 3 and 2, respectively

The agricultural area in the southern part of the Chino Basin will gradually convert to urban uses over the next 20 to 30 years and, thus, in the long term, the TDS and nitrogen challenges from irrigated agriculture and dairy waste management will go away. The Regional Board adopted new dairy waste discharge requirements in 1999. The requirements include the following:

- Each dairy will develop and implement an engineered waste management plan that will contain dairy process water and on-dairy precipitation runoff for up to a 25-year, 24-hour storm
- Manure scraped from corrals must be exported from the dairy within 180 days
- All manure stockpiled in the Chino Basin as of December 1, 1999, will be exported from the Basin by December 1, 2001.
- No manure may be disposed of in the Chino Basin
- Some manure can be applied to land at agronomic rates if and only if in the opinion of the Executive Officer there is reasonable progress toward the construction of a new desalter in the Chino Basin.

The urban land use that will replace agriculture will require low TDS municipal supplies that in turn will produce lower TDS irrigation returns to groundwater than those generated by agriculture. The construction of desalters in the southern part of the Basin (as described in Program Elements 3 and 5) will extract and export large quantities of salt from the Basin. If Desalters are installed or expanded as currently being evaluated, approximately 50% of the salt removal capacity contemplated by 2020 in the Phase I report will be occurring by 2005. By 2020, the salt removal capacity of the Desalters will reach over 77,000 tons per year. Watermaster expects a net reduction in salt loading of about 77,000 to 100,000 tons of salt per year in the next 20 to 30 years.

Implementation Status. Watermaster will review the economics of dairy waste management in the Chino Basin and may contribute funds to subsidize the removal of manure from the Basin. Watermaster will contribute \$150,000 during fiscal year 2000/01.

Summary of Implementation Actions and Schedule

First Three Years (2000/01 to 2002/03). The following actions will be completed in the first three years commencing fiscal year 2000/01:

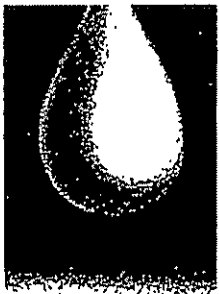
IMPLEMENTATION PLAN

- Watermaster will form an ad hoc committee, hereafter *water quality committee*. The schedule and frequency of meetings will be developed with the Regional Board during the first year of the OBMP implementation.
- Watermaster will refine its monitoring efforts to support the detection and quantification of water quality anomalies. This may require additional budgeting for analytical work and staff/support.
- If necessary, Watermaster will conduct investigations to assist the Regional Board in accomplishing mutually beneficial objectives.
- Watermaster will seek funding from outside sources to accelerate detection and clean up efforts.
- Develop salt budget goals, develop the salt budget tool described above and review all the OBMP actions.
- Watermaster will continue to monitor the nitrogen and salt management activities within the basin.

At the conclusion of the third year, the *water quality committee* will have met several times, developed and implemented a cooperative monitoring plan with the Regional Board, and developed a priority list and schedule for cleaning up all known water quality anomalies.

Years Four through Fifty (2003/04 to 2049/50). The following actions will be completed in years four through fifty, commencing fiscal year 2003/04:

- Continue monitoring and coordination efforts with the Regional Board.
- Annually update priority list and schedule for cleaning up all known water quality anomalies.
- Continue to seek funding from outside sources to accelerate clean up efforts.
- Implement projects of mutual interest.
- As part of periodic updates of the OBMP, re-compute the salt budget using the salt budget tool. The salt budget tool will be used to reassess future OBMP actions to ensure that salt management goals are attained.
- Watermaster will continue to monitor the nitrogen and salt management activities within the basin.



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

8440 NUEVO AVENUE • P.O. BOX 987, FONTANA, CALIFORNIA 92334 • (909) 822-2201

April 10, 2003

Mr. John Rossi
Chief Executive Officer
Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, California 91730

Dear Mr. Rossi:

I want to take this opportunity to thank you and Mr Wildermuth for the presentation regarding the status of Watermaster's groundwater monitoring program, March 27, 2003 at the Advisory Committee meeting and the Watermaster meeting. It is work like this that will make Watermaster the "go to" agency when anyone wants information regarding water quality, and, of course, other issues in which Watermaster is involved.

Of particular interest in Mr. Wildermuth's power point presentation was a new map showing what I believe Mr. Wildermuth called the porosity of the groundwater aquifer in the general vicinity of Fontana and Ontario which indicated the projected flow path of groundwater contamination. I don't have a copy of this map, therefore I can not describe it in more detail.

Since this projected flow path as shown on the map coincides with the general area of Fontana Water Company's wells that contain perchlorate over that action level of 4 parts per billion, I would recommend that Watermaster have Mr. Wildermuth study this area in more detail to develop a scenario which could predict the migration of perchlorate in the Chino Basin. This information could be useful in identifying contaminant plumes and their likely pathway as they migrate into and through the Chino Basin

Again, thank you for this presentation and the fine work that is being done in this area.

Very truly yours,

Michael J. McGraw
General Manager

MJM:bf

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

II. BUSINESS ITEM

B. NIAGARA WATER COMPANY
INTERVENTION



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: April 24, 2003
TO: Advisory Committee Members
Watermaster Board Members
SUBJECT: Intervention of Niagara Bottling, LLC

SUMMARY

Issue – Request for Intervention by Niagara Bottling, LLC

Recommendation – Staff recommends that the Pools recommend to the Advisory Committee that Niagara's request for intervention be accepted according to the following terms:

1. Niagara will be assigned to the Appropriate Pool.
2. Niagara will have an adjudicated right of 0 acre-feet per year.
3. Niagara will pay a full replenishment obligation.
4. Niagara will reimburse Watermaster for water pumped prior to intervention in the amount of \$41,115.00

Fiscal Impact - None

BACKGROUND

Niagara is a water bottling company that is pumping water from a well within the service area of the Cucamonga County Water District. On April 1, 2003, through counsel, Niagara submitted a letter to Watermaster, which indicated that it would like to voluntarily intervene into the Judgment. Such intervention is authorized by Paragraph 60 of the Judgment.

DISCUSSION

The terms of intervention that Niagara has requested are the same terms under which Arrowhead intervened into the Judgment.

Based on information provided by Niagara, Watermaster estimates that Niagara's production from the Basin to date has been less than 200 acre-feet. While Niagara has drilled a well with an estimated capacity of approximately 400 acre-feet per year, it appears that operational issues to date have prevented Niagara from using this well to its full capacity. Estimating Niagara's production has been complicated by the fact that it imports via trucks a considerable amount of water to its facility from outside the Basin. Based on extensive negotiations over the past few months, Watermaster believes that the amount of money that Niagara has offered to reimburse to Watermaster for the water that it has pumped to date is a fair reimbursement, representing substantially all of the water that has been pumped. Niagara is aware that it will be required to install a meter on its well in order to measure future production.

Given the relatively small quantity of water anticipated to be produced by Niagara in the future, Watermaster does not believe that any Material Physical Injury to any party or to the Basin will result from Niagara's intervention. Staff recommends that the Pools forward a recommendation to the Advisory Committee and Board to approve Niagara's request for intervention according to the terms listed above.

At their meetings held April 10, 2003, the Pool Committees voted unanimously to recommended approval of staff's recommendation.

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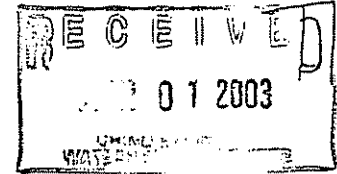


Pure Quality Since 1963

NIAGARA
WATER

17842 Cowan Street
Irvine, CA 92614

(949) 863-1400, (949) 955-0758 Facsimile
www.niagarawater.com



April 1, 2003

VIA FACSIMILE (909) 484-3890

Mr. John Rossi, CEO
Chino Basin Watermaster
8632 Archibald Ave., Ste. 109
Rancho Cucamonga, CA 91730

RE: NIAGARA BOTTLING, LLC, GENERAL BUSINESS MATTERS
Subject: *Request for Intervention by Niagara Bottling LLC*

Dear Mr. Rossi:

Please allow this correspondence to serve as Niagara's formal request to intervene in the Chino Basin Judgment (Case No. RCV 51010), effective April 1, 2003. In accordance with this request, we request that Niagara be placed into the Appropriate Pool with adjudicated production rights of 0 acre-feet per year and a full replenishment obligation. In other words, in the interests of compromise, Niagara will forfeit any and all existing water rights (including arguably convertible agricultural rights) it may have, and will terminate its relationship with Wayne Lemieux, to the extent such representation deals with, or in any way pertains to the Chino Basin and/or the Chino Basin Watermaster.

In order to demonstrate our desire to compromise, and participate as a member of the Chino Basin Community, and conditioned upon the Watermaster's acceptance of the terms set forth herein, Niagara will agree to pay the replenishment assessment (\$243 per acre-foot) on the water it produced from May of 2002 to April 1, 2003. Based on information provided to us by Watermaster, we are informed that this amount of water is approximately 169.2 acre-feet resulting in a replenishment cost of \$41,115.60.

We understand that with an approved intervention on these terms, all past issues with Niagara will have been resolved, and that Niagara will be able to produce water from the Chino Basin with all rights afforded to us as a party to the Judgment.



Pure Quality Since 1963

NIAGARA
WATER

17842 Cowan Street
Irvine, CA 92614

(949) 863-1400, (949) 955-0758 Facsimile
www.niagarawater.com

In the event you have any questions or concerns, please do not hesitate to contact the undersigned at (949) 735-4045.

Best Regards,

A handwritten signature in black ink, appearing to read "Brian M. Hess", with a long horizontal flourish extending to the right.

Brian M. Hess
General Counsel for
Niagara Drinking Waters, Inc.

(bhess@niagarawater.com)

cc: Michael Fife via facsimile (805) 965-4333

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

II. BUSINESS ITEM

C. LETTER TO MWD



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

DRAFT

April 24, 2003

Phillip J. Pace
Chairman of the Board
Metropolitan Water District of Southern California
700 North Alameda Street
Los Angeles, CA 90012

Re: Colorado River QSA Negotiations

Dear Chairman Pace:

On behalf of Chino Basin Watermaster (Watermaster), I am writing to express our deep concerns with the proposed Colorado QSA Agreement in its present form and our growing frustration with the lack of information and analysis on the potential impact this deal will have on both ratepayers and Metropolitan member agencies.

While we recognize that these negotiations are complex and involve many variables, the Watermaster is unable to support this proposal in its present form. We concur with many other agencies (Inland Empire Utilities Agency, the Calleguas Municipal Water District, the San Diego County Water Authority, et al) in saying that this fails to yield a cost effective return, commensurate asset or a significant social value and we consider such payments "gifts of public funds".

Following are six areas of concern:

1. Interim Surplus Guidelines - The Bureau of Reclamation's model of the Colorado River system for river operations shows the limiting impact of drier conditions, leaving the question of whether there will be any interim surplus water in the fifteen-year period that the guidelines would be in effect. If true, what are your member agencies paying for?
2. Salton Sea Impacts - Opinions abound on the value of the Salton Sea, and the prognosis for saving and restoring it vary greatly. Perhaps it is better to seek less environmentally impacted water than to assume a greater risk for mitigation efforts that have not been sufficiently evaluated for impacts or long-term costs. If potential transfers of water are going to impact the Salton Sea, we should steer clear of its waters and develop other resources that are not burdened by those concerns.
3. Expensive Water - Our rough calculations suggest a water price of \$250/af, as compared with other water opportunities around the State of \$100/af. Absent a full financial analysis from MWD, we fail to see the investment value of this agreement. The fact that the State is willing to subsidize the deal does nothing to increase its benefit. Given California's grave fiscal condition, it is our hope that the State's limited resources are invested in the most cost-effective manner.

It is imperative to recognize that the base cost of Colorado River water will likely rise due to anticipated treatment costs for perchlorate removal. These costs should be figured into any analysis prepared by MWD.

4. Proposition 50 Competition - Despite specific call-outs in Chapters 4 and 9 of Proposition 50 for Colorado River concerns, it appears that the proposed agreement is targeting Chapter 8's Integrated Regional Project funds to make up an additional \$200 million to close the deal. San Bernardino County supported Proposition 50 for varied reasons, but none so compelling as the chance to access funds for badly needed local water projects.

SB 1473 (Machado), signed into law last year, clarified the Legislature's intent "*that 40% of the (\$500 million in) funds made available by the initiative for integrated regional water management projects be made available for projects in Northern California and 40% of the funds be made available for projects in Southern California.*" A \$200 million earmark for the Colorado River would absorb all the funds intended for regional projects in Southern California and would leave San Bernardino County with nothing. We strongly support a competitive grant process (as did MWD) for the distribution of these funds and consider any additional earmarks for the Colorado River, official or implied, a raid on the measure.

5. Adequate Water Supplies - MWD's Water Supply Assessment continues to demonstrate that MWD has adequate firm water supplies through 2015 and numerous water sources, beyond the Colorado surplus, under development to assure a full 20-year supply. This is a result of MWD's excellent efforts to diversify its water portfolio. What is the relative cost of interim surplus water to these other options?
6. Future Funds - Given the significant role that water plays in California's economic and environmental health, it is appropriate that the Governor's office use its influence to assure the State's resources are well managed. Unfortunately, the high-profile of these negotiations have given "surplus" Colorado River water a status beyond its worth and have left many Californians with the impression that this one agreement will take care of all our water concerns in the South. This is not the case, nor does it support our on-going efforts to develop local supplies and reduce our reliance on the State's two large water projects.

If the state commits bond funds and loan guarantees for this agreement, will the Legislature be willing to provide additional funds for local projects in the six county Southern California Region? Our fear is that they will not – nor will the voters who saw Proposition 50 as the answer to many of the local water needs in their communities, unless we show progress with the funds they voted us this past year.

As resource managers, we plan for the future needs of this region by carefully developing cost-effective, reliable, quality water supplies. Considering the anticipated cost for this "phantom" surplus water, compared to other water supply options in this State, Watermaster must question the value of this deal - especially if it relies on funds that could be better invested in local water projects, as the voters intended.

Watermaster thanks you for considering our comments and the comments from other agencies and asks that you seek additional information to assist us in further evaluating the proposed QSA Agreement.

Sincerely,

Dennis Yates, Chairman
Chino Basin Watermaster Board

c: R. Gastelum, CEO
MWD Board of Directors

CALIFORNIA STATE SENATE COMMITTEE OF LOCAL GOVERNMENT

Senator Nell Soto
California State Senate
State Capital
Sacramento, CA 95814

Senator Tom Torlakson
Chair, Local Government Committee
State Capitol, Room 2068
Sacramento, CA 95814

Senator Bob Margett
Vice-Chair, Local Government Committee
State Capitol, Room 3082
Sacramento, CA 95814

Senator Dick Ackerman
Member, Local Government Committee
State Capitol, Room 4066
Sacramento, CA 95814

Senator Michael Machado
Member, Local Government Committee
State Capitol, Room 3086
Sacramento, CA 95814

Senator Don Perata
Member, Local Government Committee
State Capitol, Room 4061
Sacramento, CA 95814

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

II. BUSINESS ITEM

D. MZ1 MANAGEMENT PLAN
EXTENSOMETER
INSTALLATION & TESTING



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: April 24, 2003
TO: Advisory Committee Members
Watermaster Board Members
SUBJECT: Authorization of Funding for Management Zone 1 Management Plan -
Extensometer Installation and Testing

SUMMARY

Issue – Authorization of Funding for Extensometer Installation and Testing - Management Zone 1 (MZ1) Management Plan

Recommendation – Staff recommends authorization of funding in the amount of \$ 383,037 for the installation of the Extensometer at Ayala Park, authorization for the CEO to execute contract documents as required, and authorization to the CEO to expend up to \$30,276 of contingency funding in the event field changes may be necessary.

Fiscal Impact – As described in discussion below:

Extensometer Installation:	
• Drilling Contract	\$302,761
• Building Contract*	40,000
• Instrumentation*	10,000
• Contingency 10%	<u>30,276</u>
Total Costs	<u>\$383,037</u>

*Estimated construction costs. The Building and Instrumentation contracts have not been bid.

BACKGROUND

The Court approved the Peace Agreement, the Implementation Plan, and the goals and objectives identified in the Optimum Basin Management Program (OBMP) Phase I Report on July 13, 2000 and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Program Element 4 in the OBMP Implementation Plan is to develop and implement a comprehensive groundwater management plan for MZ1. The MZ1 Management Plan states:

The continued occurrence of subsidence and fissuring in MZ1 is not acceptable and must be reduced to tolerable levels or completely abated. However, there is some uncertainty as to the causes of subsidence and fissuring and more information is necessary to distinguish among potential causes. An interim management plan must be developed and implemented to:

- minimize subsidence and fissuring in the short-term;
- collect the information necessary to understand the extent and causes of subsidence and fissuring; and
- formulate an effective long-term management plan.

Unless certain actions are taken, unacceptable levels of subsidence and fissuring could continue in the southern end of MZ1. This impediment speaks to a localized subsidence and fissuring problem within the City of Chino and to a potentially larger and similar problem in the southern end of MZ1. This part of the Basin contains a higher fraction of fine-grained materials that originated from sedimentary deposits in the Chino and Puente Hills. This area also consists of a multiple aquifer system. The upper aquifer(s) are moderately high in TDS and are often very high in nitrate. Some producers have drilled wells into the deeper aquifer(s) to obtain better quality water. The storage and hydraulic properties of the deeper aquifers are quite limited relative to the upper aquifer. The correlation of the recent groundwater production in the deep aquifers and the timing of localized subsidence and fissuring, and a review of the hydrogeologic data from the area suggest a linkage may exist between localized deep aquifer production and subsidence.

The proposed piezometer and extensometer installation and monitoring program will collect the information necessary to understand the extent and causes of subsidence and fissuring in the southern end of MZ1, and will be used to develop operating parameters for the long-term MZ1 management plan. The second phase includes the construction of the extensometers to understand aquifer and aquitard responses to changes in hydraulic head within the area of maximum subsidence and ground fissuring.

DISCUSSION

Watermaster must develop and implement an interim management plan for Management Zone 1 to:

1) minimize subsidence and fissuring in the short-term, 2) collect the information necessary to understand the extent and causes of subsidence and fissuring, and 3) formulate an effective long-term management plan. For item 2 above, Watermaster committed in the Peace Agreement to construct extensometers to collect data on the properties of compressible sediments in MZ1. The first step in the construction of the extensometers was the drilling of a test hole and construction of piezometers at the extensometer site. Piezometer construction was completed in October 2002. The Phase 2 of this work is the construction of the extensometers and extensometer building.

To collect the information necessary to understand the extent and causes of subsidence and fissuring in MZ1, Watermaster will install, test, and monitor two nested piezometers and a dual borehole extensometer at Ayala Park in Chino, California. This work will be performed in three separate phases. The Phase 1 is complete and included the construction and logging of a test hole and the installation and testing of two nested piezometers. The Phase 2 includes the installation of a dual borehole extensometer. The Phase 3 includes long-term monitoring of the piezometers and extensometer.

Phase 1 activities including test hole drilling and piezometer installation were completed in October 2002. Piezometer instrumentation was completed and piezometer testing began in November 2002. Phase 2 activities including plan and specification preparation have been completed. Extensometer installation is scheduled to begin in April 2003. Phase 3 long-term monitoring will begin when the extensometer is completed in June 2003.

At their meetings held April 10, 2003, the Pool Committees voted unanimously to recommended approval of staff's recommendation.

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

II. BUSINESS ITEM

E. NEW YIELD FROM
STORMWATER RECHARGE



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: April 24, 2003
TO: Appropriative Pool Committee Members
SUBJECT: Calculation of Expected New Stormwater Recharge in the Chino Basin and the Allocation of New Storm Water Recharge

SUMMARY

Issue - Watermaster must estimate the new stormwater recharge generated by the Recharge Facilities Improvement Project, then allocate that recharge first to meet the replenishment obligation of the desalters and secondly, if the annual replenishment obligation of the desalter is satisfied, to the members of the Appropriator Pool. Recharge facility improvements will be completed in the next 18 months and some new stormwater recharge could occur in the next fiscal year. The Appropriator Pool has directed staff to estimate the potential new stormwater recharge created by the recharge improvements and to consider crediting the new recharge that will occur in fiscal 2003-04 to the 2003-04 assessments.

Recommendation - The Pools recommend the Advisory Committee and the Watermaster Board approve the method adopted by the Pools to:

- estimate the annual average of new stormwater recharge beginning in 2003/2004,
- direct staff to perform reconciliation between actual amounts received and estimates recorded in year 2008/09 and adjust amounts previously allocated accordingly, and
- direct staff to review annual activity and bring back recommended changes to estimates if material changes in assumptions take place

Fiscal Impact - Crediting new stormwater recharge that is estimated to occur in 2003-04 to either the desalter replenishment obligation and/or members of the Appropriative Pool may lower assessments to members of the Appropriator Pool in fiscal 2003-04 and may result in cost savings to some appropriators in subsequent years.

BACKGROUND

The Appropriative Pool has directed staff to estimate the potential new yield of the Chino Basin Facilities Improvement Project (CBFIP) and to describe how the new yield provided by the CBFIP could be allocated. Mr. Wildermuth of Wildermuth Environmental (WEI) will present draft findings on potential new yield from new storm water recharge created by the CBFIP. Mr. Wildermuth will also present conceptual alternatives of methods to allocate new recharge based on long-term average recharge estimates and estimates of recharge based on historical basin performance.

DISCUSSION

The Court approved the Peace Agreement, the Implementation Plan, and the goals and objectives identified in the Optimum Basin Management Program (OBMP) Phase I Report on July 13, 2000 and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Watermaster has moved quickly to implement

the expansion of Desalter No 1 and the construction of Desalter No. 2 and the construction of recharge improvements. The expansion of Desalter No. 1 should be operational in 2004 and Desalter 2 should be operational in 2005. Some of the stormwater recharge improvements will be completed in time to provide new recharge in fiscal 2003-04 and the remainder will be completed sometime in 2004.

The desalters have the capacity to increase yield to the Basin by reducing groundwater outflow in the Prado area and by increasing Santa Ana River recharge upstream of Prado. The increase in yield from the desalters has been estimated in the past by various groundwater models. Watermaster staff has developed newer more detailed models that, among other things, can be are being used estimate the increase in yield from desalter production. This increment of new yield is proportional to desalter production.

The recharge improvements will capture urban stormwater and recharge it into the Chino Basin. This is considered new yield if it occurs at rates that are greater than that which occurred prior to the effective date of the Peace Agreement (July 1, 2000). The average annual stormwater recharge to the Basin prior to the effective date of the Peace Agreement was estimated by Watermaster, in the Peace Agreement, to be 5,600 acre-ft/yr. Some of the recharge improvements in the CBWIP will produce new stormwater recharge in fiscal 2003-04. All the recharge improvements in the CBFIP will contribute new stormwater recharge in 2004-05. In contrast to new yield developed by the desalters, new recharge from the recharge improvements will vary significantly from year to year as a function of actual precipitation. At the April 10, 2003 Pool meetings, WEI will present their estimates of the new stormwater recharge that can be expected from the CBFIP using a 50-year daily precipitation time history. These estimates will include the average annual recharge, maximum annual recharge and minimum annual recharge statistics for each basin.

There are two issues that need to be discussed. The first issue is to determine the method by which new yield created from new recharge at the CBFIP needs to be estimated. The second is the timing of the allocation.

There are two basic methods that Watermaster can use to estimate new yield from the CBFIP. The first method is to estimate the long-term average annual recharge performance of the Basin with and without the CBFIP and to calculate the new yield as the difference. Modeling tools would be used to estimate recharge and the new yield estimate would be refined over time if historical observation suggest that assumptions and data in the models needs to be refined. In this approach, the new yield estimate would be stable over time providing certainty to the members of the Appropriative Pool. The yield of the Chino Basin is based on recharge components some of which are highly variable over time (stormwater recharge and deep percolation of precipitation) yet the yield is a constant value. This occurs because the Chino Basin is a large storage reservoir that buffers the effects of wet and dry periods. The use of a long-term average annual estimate of new recharge as the new yield from recharge is consistent with the notion of safe yield of the Chino Basin and other basins that are managed to a safe yield.

The second method would be to estimate the actual recharge annually based on observed data and to estimate what would have recharged if the CBFIP had not been constructed. The difference would be the new yield. In this approach, the new yield estimate would be highly variable over time.

The timing of the allocation of new yield is somewhat specific to the method used to estimate new yield. If long-term annual average method is used then an allocation of new yield could be included in the assessments for fiscal 2003-04 based on the facilities that will be constructed and operational prior to the rainy season. This would provide a one-time benefit to members of the Appropriative Pool in that it accelerates the new yield allocations by one year. Either method of estimating new yield could be used if the allocation of new yield is done after the recharge occurs.

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

II. BUSINESS ITEM

F. REVISED EMPLOYEE MANUAL



CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

Date: April 24, 2003
To: Board Members
SUBJECT: Adoption of Revised Employee Manual

SUMMARY

Issue – The Watermaster Employee Manual needed to be revised and updated to comply with current law and reflect current Watermaster employment policies.

Recommendation – The Personnel Committee recommends that the Watermaster Board take action to approve and adopt the Employee Manual as revised. In addition, the Personnel Committee recommends that the maximum contribution amount established by the Watermaster for employee monthly insurance premiums be increased from \$475 per month to \$525 per month.

Fiscal Impact - Adoption of the Employee Manual will have minimum impact on current budgetary approvals. The increase in the insurance premium contribution amount will result in a total annual cost increase of approximately \$4,200.

BACKGROUND

The Watermaster utilizes consensus plans and policies for Watermaster implementation. The Chief Executive Officer and other employees at Watermaster are assigned the actual task of administering and enforcing the Judgment and implementing those plans and policies adopted by Watermaster. The Chief Executive Officer is also responsible for the selection and appointment of the employees at Watermaster and for making recommendations on matters concerning the affairs of Watermaster; for preparing and submitting a recommended annual budget and assessment package, and for interfacing with the parties to the Judgment. The Chief Executive Officer may delegate these duties to other Watermaster employees as deemed appropriate. The Employee Manual was developed to describe some of the expectations relating to their employment at Watermaster and to outline the policies, programs, and benefits available to eligible employees.

Numerous statutes have been enacted or amended since the Employee Manual was last revised (prior to 1996). Moreover, many of the policies stated in the old Employee Manual were either inconsistent with the actual Watermaster policies as they were applied or were no longer competitive with comparable government entities. Therefore, the Personnel Committee requested that Hatch and Parent review the Employee Manual to ensure compliance with all applicable laws and to make effective recommendations regarding the employment policies. At the Personnel Committee meeting in March 2003, Hatch and Parent presented the recommendations resulting from that analysis.

DISCUSSION

The revised Employee Manual continues the civil service employment of all Watermaster employees with the standard procedural safeguards afforded civil service employees. However, the Employee Manual reiterates that employment with the Watermaster is considered "at-will." All references to transitioned and probationary employees were outdated and, thus, removed from the Employee Manual. Rather than a probationary period, new employees will now go through an introductory period.

All employees, including exempt employees, will now be required to maintain records of their hours worked to ensure compliance with California law. In addition, the policy regarding payment of overtime wages was revised to be consistent with the more stringent California law, which mandates that employees must receive overtime wages for hours worked over 8 hours a day and 40 hours a week, rather than federal law, which only requires payment of overtime wages for hours worked over 40 hours in a week. It is very rare that non-exempt employees are required to work overtime; thus, this effect of this policy should be negligible on current budgetary approvals.

Some of the changes will result in cost savings to the Watermaster. The maximum number of hours that an employee may accrue of compensatory time in lieu of overtime was reduced from 42 hours to 40 hours. The number of days of unpaid authorized leave of absence in which the Watermaster will pay the premiums on an employee's insurance was lowered from 30 days to 7 days. In addition, many of the benefits offered to the employees did not have caps, potentially exposing the Watermaster to large unplanned expenses. For example, the maximum number of accrued, unused sick leave that may be paid upon retirement is now 600 hours; the maximum education/certification benefit an employee may receive in any fiscal year is \$1,000.00; and an employee may now be reimbursed for a maximum of \$300 per fiscal year for membership in professional organizations.

The provisions dealing with leaves of absence had to be completely revised to address recent changes in the law. Specifically, employees are entitled to different rights for family and medical leave than they are for pregnancy-related disabilities. In addition, beginning on July 1, 2004, employees will be eligible to take paid time off for the sickness or injury of a family member or domestic partner; or the birth, adoption or foster care placement of a new child. This state program will be funded through State Disability Insurance and will not cost the Watermaster anything at this time.

Some of the employee benefits were changed to ensure Watermaster remains competitive with other government agencies. Watermaster currently pays premiums for employee health, dental, vision care and life insurance (including dependant coverage) plans up to a maximum contribution amount established by Watermaster. Staff and the Personnel Committee recommend that the contribution amount be increased from the present amount of \$475 per month to \$525 per month. This increase is, in part, due to the rising costs of insurance premiums. In addition, full-time employees will now receive two days per year as a floating holiday in addition to the ten paid holidays annually observed by Watermaster. Part-time employees will receive the floating holiday on a pro-rata basis. This will help ensure Watermaster's benefits are competitive with comparable government entities.

Provisions dealing with membership in credit unions, personal computer purchase programs, and retiree health insurance were removed from the Employee Handbook.

A mandatory binding arbitration provision was added. The rights and requirements under the arbitration provision are in addition to, not in lieu of, the grievance procedures enunciated in *Skelly v. State Personnel Bd.* Those grievance procedures were not revised. The arbitration provision requires an employee to arbitrate any dispute they may have resulting from their employment with Watermaster rather than litigating it before a judge or jury.

The Personnel Committee recommends that the Watermaster Board take action to approve and adopt the Employee Manual as revised. In addition, the Personnel Committee recommends that the maximum contribution amount established by the Watermaster for employee monthly insurance premiums be increased from \$475 per month to \$525 per month.

Chino Basin Watermaster

Employee Manual

Draft

April 2003

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WATERMASTER EMPLOYEE MANUAL

On behalf of the Chino Basin Watermaster (Watermaster), I welcome you as an employee.

The 1978 Judgment in the Chino Basin Adjudication (Judgment) established a collaborative process to manage the Chino Groundwater Basin. In this process, the Watermaster Advisory Committee recommends consensus plans and policies for Watermaster implementation. Employees at Watermaster are assigned the actual task of administering and enforcing the Judgment and implementing those plans and policies adopted by Watermaster. We believe that each employee contributes directly to the success of Watermaster and we hope you will take pride in being a member of our team.

This Employee Manual was developed to describe some of the expectations relating to your employment at Watermaster and to outline the policies, programs, and benefits available to eligible employees. Employees should familiarize themselves with the contents of the Manual as soon as possible.

Since the Watermaster is a dynamic organization, it must be able to adjust to the varying tasks with which it is charged. During the course of your employment, changes, deletions or additions will be made as appropriate to the policies, procedures or benefits stated in this Manual or in other Watermaster documents. It is the responsibility of each employee to maintain this Manual and to file any updates. Please understand that this Manual is not a contract, and is not intended to imply a contractual relationship.

Your support in helping to provide the highest possible level of service to the parties to the Judgment is appreciated.

Sincerely,

John Rossi
Chief Executive Officer

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SECTION 1 INTRODUCTION TO EMPLOYMENT

1.1 WHAT IS THE CHINO BASIN WATERMASTER?

The Chino Basin Watermaster was established under a 1978 Judgment entered in the Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly known as Case No. SCV 164327) entitled *Chino Basin Municipal Water District v. City of Chino, et. al*, which Judgment was signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of the Judgment for accounting and operations was July 1, 1977.

Background of Judgment and Watermaster

After many years of studies and discussions among concerned water producers, a Memorandum of Agreement on the Chino Basin Program was signed; and, in January 1975, Senator Ruben S. Ayala introduced a bill in the California Legislature. This final effort to draw up a management plan for the Chino Groundwater Basin was designated SB 222 (Senate Bill).

SB 222, now renumbered as part of the Municipal Water District Law in Section 74120 of the Water Code, was approved by Governor Ronald Reagan and filed with the Secretary of State on June 28, 1975. Three major types of producers represent the majority of the producer interests in the Chino Groundwater Basin: (1) Overlying (Agricultural) Pool, including the State of California and minimal producers; (2) Overlying (Non-Agricultural) Pool, representing industries; and (3) Appropriative Pool, representing cities, water districts and water companies. Acting together, representatives of the three pools make up the Watermaster Advisory Committee. The Advisory Committee makes recommendations for formal action regarding the Court Judgment.

In the process established by the Judgment, the Advisory Committee is charged with oversight of the Watermaster's discretionary activities. Each of the three pool committees meets regularly to transact the business concerns of its respective producers. Items affecting more than one pool committee are brought forward to the Watermaster Advisory Committee and recommendations regarding those items are forwarded to the Watermaster Board. Voting power on the Advisory Committee is determined by the assessments paid in the prior year and by allocated safe yield, as provided in the Judgment. The Watermaster Board consists of nine members, six of whom are appointed by the respective pools on a rotating basis and three of whom are appointed by the Regional Water Districts which are Metropolitan Member Agencies.

Approximately five percent (5%) of the Chino Groundwater Basin is located in Los Angeles County, fifteen percent (15%) in Riverside County, and the remaining portion is in the west end of San Bernardino County.

Organization

The daily administrative needs of the Judgment are carried out by the employees at Watermaster, under the direction and guidance of the Chief Executive Officer. Meetings are held with the Pool and Advisory Committees and the Watermaster Board to inform them of Watermaster activities at a frequency established by each body, to make recommendations, to receive direction and to obtain necessary approvals. Additional meetings are conducted as necessary on an ad-hoc basis.

The Chief Executive Officer and the other employees at Watermaster are responsible for carrying out all direction received and policies established under the Judgment. The Chief Executive Officer is also responsible for: the selection and appointment of the employees at Watermaster for making recommendations to the committees on matters concerning the affairs of Watermaster; for preparing and submitting a recommended annual budget and assessment package, and for interfacing with the parties to the Judgment. The Chief Executive Officer may delegate these duties to other Watermaster employees as deemed appropriate.

1.2 WATERMASTER MISSION STATEMENT

TO MANAGE THE CHINO GROUNDWATER BASIN IN THE MOST BENEFICIAL MANNER AND TO EQUITABLY ADMINISTER AND ENFORCE THE PROVISIONS OF THE CHINO BASIN WATERMASTER JUDGMENT, CASE NO. RCV 51010 (FORMERLY CASE NO. SCV 164327).

SECTION 2 EMPLOYMENT POLICIES

2.1 ADMINISTRATIVE POLICY

The provisions contained in this Manual set forth the personnel policies and procedures of the Watermaster. They are intended to provide for a fair and equitable system of personnel management and for efficient and economical services to the public. They also describe, in general terms and without limitation, the obligations, rights, privileges, benefits and prohibitions which apply to Watermaster employees.

This Employee Manual supersedes and replaces all previous personnel policies, practices, and guidelines. The provisions of this Employee Manual have been adopted by the Watermaster based upon a recommendation of the Advisory Committee. The Watermaster reserves the right and discretion to add to, modify, or delete provisions of this Manual and withdraw any benefits provided by this Manual, at any time without advance notice by subsequent action of the Watermaster. Only the Watermaster, pursuant to its rules and regulations, has the authority to add to, modify, or delete provisions of this Manual and no individual has the authority to enter into any employment or other agreement that modifies the provisions of this Manual.

2.2 ADMINISTRATION

The Chief Executive Officer shall be responsible for all personnel matters. The Chief Executive Officer may delegate as many of the day-to-day personnel functions to such other employees as the Chief Executive Officer deems appropriate. However, to be effective all changes to salary ranges and establishment of new job classifications must be approved by the Watermaster Board.

2.3 MERIT PRINCIPLE

The personnel system of the Watermaster is based on the merit principle. Appointments of all employees of the Watermaster shall be based upon merit, including job-related knowledge, experience, ability, performance, qualifications, potential and competence. This Section does not change or alter an employee's "at-will" status.

2.4 EQUAL EMPLOYMENT OPPORTUNITY

It is the Watermaster's policy to provide equal employment opportunities for all applicants and employees. The Watermaster does not unlawfully discriminate against its employees or applicants on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, marital status, veteran status, physical or mental disability or medical condition or any other basis protected by federal state or local laws.

The Watermaster will make reasonable accommodations for the known physical or mental disabilities of an otherwise qualified applicant or employee, unless undue

hardship would result. Additionally, the Watermaster prohibits the harassment of any individual on any of the bases listed above.

This policy applies to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer, discipline, layoff, recall and termination.

2.5 SELECTION AND HIRING

2.5.1 Vacant Positions Procedures

Vacancies may be filled, with or without announcement, by appointment, transfer, promotion, demotion, or by the use of temporary help as deemed in the best interest of the Watermaster by the Chief Executive Officer.

2.5.2 Vacancy Announcements

Applications for vacant positions which are subject to open or promotional examination may be solicited by public announcements posted in a manner and at locations as determined by the Chief Executive Officer or his/her designee. The announcements may specify the title and pay range of the position class, the nature of the work to be performed, minimum and desirable qualifications, manner of making applications, closing date for receiving applications, examination required, and other pertinent information. Advertisements, with or without the foregoing information, may be placed for recruitment purposes.

2.5.3 Examination and Selection

Selection procedures may include written, oral and/or performance procedures. All examinations shall be conducted by or arranged for by the Chief Executive Officer or his/her designee. Offers of employment may be made only by the Chief Executive Officer or his/her designee. Offers are made based on applicant's qualifications, experience, references, examination results, comments by interviewers, and all other relevant information, including independent information obtained from the employment application.

After an offer of employment has been made to a job applicant, and prior to the commencement of employment with the Watermaster, applicants may be asked to undergo a job related medical examination, which may include drug and/or alcohol screening, by a physician selected by the Watermaster. The results of any such examination will be treated as a confidential medical record and will be used only to evaluate the applicant's physical or mental ability to perform job-related functions. The Watermaster will only be informed of determination of fitness to perform the particular job. The offer of employment will be conditioned on a determination that the applicant is medically fit to perform the essential functions of the position and can

perform it without endangering the health and safety of the applicant or others. Successful

2.5.4 Temporary Employment

Notwithstanding the regular selection and hiring procedures, the Chief Executive Officer or his/her designee is authorized to use simplified recruitment and hiring procedures as the Chief Executive Officer or his/her designee deems appropriate in the case of temporary, casual or emergency employment.

2.6 EMPLOYMENT STATUS

All employment at the Watermaster is "at-will." This means that both the employee and the Watermaster have the right to terminate employment at any time, with or without advance notice, and with or without cause, subject to the other provisions of this Employee Manual. Neither the employee or the Watermaster is committed to continuing the employment relationship for any specific term. Rather the employment relationship will continue at-will. In deciding to work for us, or continuing to work for us, you must understand and accept these terms of employment. This policy applies to all employment classifications.

Status refers to the condition of an employee's appointment, such as introductory, regular or temporary. Changes in status may result from reinstatement, transfer, promotion, demotion or suspension. Status is described as follows:

2.6.1 Introductory Employee

New employees, former employees who are rehired, or promoted employees serving an introductory period as set forth in Section 2.9 of this Manual.

2.6.2 Regular Employee

Employees who successfully complete the introductory period, including any extension thereof.

2.6.3 Full-time Employees

Employees regularly scheduled to work 40 hours per work. Full-time employees may be introductory, regular, or temporary.

2.6.4 Part-time Employee

Employees regularly scheduled to work less than 40 hours, but at least 20 hours per week. Part-time employees may be introductory regular, or temporary.

2.6.5 Temporary Employee

Employees hired to work on a special assignment, project, or other temporary basis. These assignments are for a limited period time, usually less than 180 days. This period may be extended at the discretion of the Watermaster, without any change in status. Temporary employees do not become regular employees as a result of the passage of time and may be terminated for any reason without notice or appeal.

2.6.6 Exempt/Non-Exempt Employees

Exempt or non-exempt status of employment is determined pursuant to state and federal law. Employees will be informed of their exempt or non-exempt status when they are offered the job. Exempt employees by definition are exempt from earning overtime compensation.

2.7 AGENCY PLACEMENTS

From time to time, an employment or personnel agency may be used to provide personnel for limited assignments. In such cases, personnel provided through an agency are employed by that agency and are not considered Watermaster employees. Agency placements are not subject to or covered by the provisions of this Manual. Except for the Harassment and Discrimination provisions of this Manual (4.17).

2.8 AUTHORIZATION TO WORK

All offers of employment are contingent on verification of an employee's right to work in the United States. Prior to starting employment, or when authorized within the first three days of employment, the employee will be asked to provide original documents verifying the employee's right to work and to sign a verification form required by federal law. If the employee at any time cannot verify his/her right to work in the United States, the Watermaster may be obliged to terminate the employee's employment.

2.9 INTRODUCTORY PERIOD

Your first six (6) months of continuous employment serve as an introductory period, during which time we have the opportunity to assess whether there is a suitable match between your skills and performance and the Watermaster's requirements. During this period, or at any time thereafter, either party may decide that there is not a suitable match, and either party may terminate the employment relationship for any reason and without advance notice. The Watermaster may decide to extend your introductory period for an additional period if deemed appropriate. A 90-day evaluation period will apply if you transfer to a new position within the organization. All new and re-hired employees are entitled to a performance evaluation upon completing the introductory period. Successful completion of the introductory period does not guarantee employment for any specific duration or alter the at-will employment relationship in any way. Employment is for no specified term and either

the Watermaster or the employee can terminate it at any time.

2.10 EMPLOYEE PERFORMANCE EVALUATION

The Watermaster will attempt to conduct periodic performance reviews for employees. Written performance reviews generally occur annually. An employee's supervisor may conduct more frequent evaluations of an employee's work performance at the discretion of the Chief Executive Officer.

The purpose of the review is to evaluate the employee's current level of performance, to examine the progress made since the last review, and to establish goals for the employee's next review. During their performance reviews, employees are encouraged to discuss any issues raised. Although performance reviews are not subject to appeal, employees are encouraged to discuss concerns about the performance evaluation with the Chief Executive Officer. Satisfactory performance reviews will not necessarily result in wage increases.

After receiving their performance evaluation, employees will be required to sign the evaluation acknowledging that they have received the evaluation and are aware of its contents. A copy of the performance evaluation will then be placed in the employee's personnel file.

2.11 TIME KEEPING

All employees are responsible for recording actual time worked and are expected to complete time sheets at the beginning and at the end of each work shift including lunch periods. If you leave the facility during the workday for personal business you must record your time in and out on your time sheet for the period of absence.

To falsify your own or another employee's time is a serious breach of trust subject to disciplinary action, up to and including termination. Your time sheet should accurately reflect the hours worked, as well as paid time off hours taken. You must sign and date your time sheet and have it approved by your supervisor at the end of each pay period.

Your time sheet will be reviewed by the Finance Manager for accuracy. You should immediately notify your supervisor if you find any mistakes on your time records. Any changes must be initialed by both the employee and the employee's supervisor.

2.12 PAY PERIODS

Pay periods are biweekly and checks are issued on alternate Fridays. The bi-weekly pay period shall begin on Sunday at 12:01 a.m. through the second following Saturday at midnight, with pay for the biweekly pay period being issued on the Friday after the end of the pay period. If a payday falls on a holiday, the paycheck will be distributed on the preceding workday. In the event employees are absent on a payday, their checks will be held in a secure location for safekeeping. Employees

may designate in writing and in advance another individual to receive their paycheck in their absence. In the unlikely event that there is an error in the amount of a paycheck, the employee should promptly bring the discrepancy to the attention of their supervisor so that corrections can be made as quickly as possible.

2.13 ATTENDANCE/HOURS AND BREAKS

2.13.1 Attendance

Attendance and punctuality are important to the efficient operation of any business. Good attendance and punctuality are essential components of solid employee performance. Poor attendance and tardiness disrupts productivity and burdens fellow employees.

Employees are responsible for being present at the time required each day. Employees will be advised of the times their work schedule will normally begin and end. On those rare occasions an employee must be absent from or late to work, the employee shall notify the office of Watermaster before their scheduled starting time. Poor attendance and/or excessive tardiness may lead to disciplinary action, up to and including termination of employment.

When an employee returns to work after a medical-related absence, the employee may be required to provide a doctor's statement verifying the time off work and the employee's ability to return to work. At the discretion of the Chief Executive Officer, before being allowed to return to work the employee may be required to undergo a job-related examination at Watermaster's expense by a Watermaster-selected physician to verify the employee's ability to return to work.

If an employee is absent for three (3) consecutive days without notifying the office of Watermaster, the employee may be considered to have voluntarily abandoned their employment as of the end of the third day missed. The effective date of termination will be the last day the employee reported for work.

2.13.2 Work Schedule

Business office hours for Watermaster are Monday through Friday, from 8:00 a.m. to 5:00 p.m. At the discretion of the Chief Executive Officer, employees may work under a 9/80 flexible work schedule. Under this schedule, employees are scheduled to work nine (9) hours per day on eight (8) days of the biweekly pay period and eight (8) hours on one (1) day of the pay period, for a total of eighty (80) hours worked in each biweekly pay period. Employees will be advised of the times their work schedule will normally begin and end. The workweek for overtime purposes for employees who work a 9/80 work schedule will begin in the middle of their eight (8) hour shift. In order to address staffing and operational demands, the Watermaster

reserves the right to modify an employee's starting and quitting time and the number of hours worked in any workweek.

2.13.3 Breaks and Meal Periods

Watermaster encourages fifteen (15) minute rest breaks twice daily for non-exempt full-time employees. These breaks are to be taken approximately two (2) hours after the start of the workday and approximately two hours after the lunch period. All full-time employees and part-time employees who work at least five (5) hours in a workday are provided an unpaid meal period of not less than thirty (30) minutes. Employees will be relieved of all active responsibilities and restrictions during meal periods. Breaks and meal periods should be scheduled to accommodate operating requirements.

2.14 EMERGENCY CLOSINGS

At times, emergencies such as severe weather, fires, power failures, earthquakes or other causes can disrupt Watermaster operations. In extreme cases, as determined at the sole discretion of the Chief Executive Officer, these circumstances may require the closing of the Watermaster business office. When operations are officially closed due to emergency conditions, the time off from scheduled work will be paid provided the duration of the emergency closing does not exceed three (3) workdays. In the event of extreme conditions that require the office to remain closed longer than three (3) work days, employees may choose to make individual arrangements to: 1) take available vacation time, 2) take an unpaid leave, 3) temporarily perform regular duties from another available office location, or 4) temporarily work at home. The decision to allow any such alternative arrangements during an emergency closing is at the sole discretion of the Chief Executive Officer.

2.15 PERSONNEL FILE

Your employment record begins with your application for employment. The application and the cumulative file of your employment history (e.g., changes in job status, promotions, salary increases, attendance, vacations, holidays, accrued leave, performance evaluations, etc.) are maintained in your personnel file. An employee has the right to inspect his/her personnel file at reasonable times and upon reasonable notice by making an appointment with the Finance Manager. Upon request, an employee will be provided a copy of any materials in his/her personnel file that he/she has signed. Personnel files are the property of the Watermaster and may not be removed from the Watermaster's premises without written authorization from the Finance Manager.

An employee may only inspect his or her own personnel file. However, authorized members of the management staff may examine selected portions as needed. Your employment record will be considered when you become eligible for advancement, during periodic salary reviews, and incident to other changes in your employment status.

No evaluation or disciplinary document shall be placed in an employee's file without the employee being allowed to review the document and a copy presented to the employee for his/her records. The employee will be requested to acknowledge that he has reviewed and received a copy of the evaluation or disciplinary document by signing it.

2.16 EMPLOYEE SUGGESTIONS

In addition to the grievance and complaint procedure found at Section 4.24 of this Manual, Watermaster has an open door policy and encourages employee participation in decisions affecting them and their daily professional responsibilities. Watermaster is always interested in the constructive ideas and suggestions of its employees. Employees who have job-related suggestions or concerns are encouraged to talk them over with their supervisor. At the employee's discretion, written suggestions or inquiries may be anonymous or signed. If an employee's suggestion or inquiry is signed, the employee will be notified of Watermaster's response after the suggestion or inquiry is considered. Employees are encouraged to pursue further discussions of their suggestions or inquiries when appropriate.

Watermaster believes that suggestions may indicate initiative on the part of an employee. With the employee's approval, Watermaster will place suggestions in the employee's personnel file and take them into consideration at the time of the employee's performance evaluation.

SECTION 3 EMPLOYEE BENEFITS

3.1 EMPLOYEE SALARIES

3.1.1 General

Except as otherwise authorized by the Watermaster Board, each employee classification shall be assigned to a salary range with 5 steps as indicated on Appendix A. Increases in steps shall not be automatic but shall be based on performance and shall be granted at the discretion of the Chief Executive Officer. To be eligible for a discretionary increase in step(s), an employee's annual performance appraisal general rating must be at least the equivalent of "exceeds expectations".

3.1.2 Salary Upon Hire

All employees hired by Watermaster, except as specified below, will receive the entry level salary (Step A) for the classification into which they are appointed. However, where special circumstances exist, the Chief Executive Officer may, at his/her discretion, approve an entry level salary above the established entry level step for the classification in order to recruit an individual who has demonstrated superior knowledge and ability in the hiring process and/or whose combined education and experience represents substantially better preparation for the duties of the classification than required by the minimum employment standards. The Watermaster Board may establish separate salaried or hourly pay rates for temporary employees.

3.1.3 Salary Upon Promotion

Whenever employees are promoted, they shall receive the lowest step in the higher range which provides a minimum salary increase of one step. This salary shall in no event exceed the top step for the promotional classification.

3.1.4 Step Reduction

As part of a disciplinary action, employees may be denied future step increases, have future step increases delayed, or suffer a reduction in step or steps in the classification to which they are assigned.

3.1.5 Special Incentive Increases

The Chief Executive Officer may recommend or award special incentive step increases or one time incentive payments to one or more employees as incentive for continued outstanding performance provided such action is ratified or consistent with adopted actions by the Watermaster Board.

3.1.6 Introductory and Regular Hourly Employees

Unless otherwise established by the Watermaster Board, the hourly rate of pay for regular hourly employees and employees in their introductory period shall be determined by the hourly rate for the salary of full-time employees in the same classification as described in Appendix A of this Manual. The salary of introductory and regular hourly employees shall be determined based on the hours the employees are regularly scheduled to work multiplied by their hourly rate of pay.

3.1.7 Deductions

The law requires that certain deductions be made from every employees' compensation. Among these are applicable federal and state income taxes. As a benefit to employees, Chino Basin Watermaster pays the required percentage of the employee=s base salary as the employees contribution to the Public Employees= Retirement System (PERS). Watermaster also pays an employer contribution to PERS. Because employees initially elected not to fall under the Social Security System, neither Watermaster nor its employees contribute to the Social Security System.

Watermaster offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs. If you have any questions concerning why deductions were made from your paycheck or how they were calculated, the Finance Manager or other designated representative(s) can assist in having your question answered.

3.2 OVERTIME

All non-exempt employees, unless they are working under an alternative workweek agreement, shall be paid overtime and compensated at the rate of one and one-half (1.5) times their regular rate of pay for (A) any hours worked in excess of 8 hours in one workday, (B) any work in excess of 40 hours in one workweek, and (C) the first eight hours worked on the seventh consecutive day of work in a workweek. Any work in excess of twelve hours in one workday, and any work in excess of eight hours on the seventh consecutive day of work in a workweek, will be compensated at the rate of twice the employee's regular rate of pay. All employees working under an alternative workweek agreement shall be paid overtime in a manner consistent with state and federal law and the terms of the alternative workweek agreement.

Overtime will be computed on actual hours worked, adjusted to the next highest increment of 15 minutes. Overtime should not be worked unless authorized by your immediate supervisor. In the event operational needs require overtime hours, employees will be given the opportunity to volunteer to work overtime. In the event not enough qualified volunteers are available to work the overtime required,

employees may be required to work overtime in order to meet the needs of administering the Judgment.

3.3 COMPENSATORY TIME

Non-exempt employees who are regularly scheduled to work no less than forty (40) hours in a workweek may accrue compensatory time in lieu of overtime pay only at the discretion of their supervisor and if approved in writing in advance. Compensatory time off shall be accrued at the rate of 1½ hours of compensatory time for each hour of overtime worked. However, where an employee would be entitled to more than time and one half for overtime work (e.g., double time or triple time) compensatory time shall be accrued accordingly. Employees may accrue up to a total of 40 hours of compensatory time. Use of compensatory time off shall be by prior scheduling with and approval by the employee's immediate supervisor. Upon separation, employees shall be paid for their accrued compensatory time balance at their then current hourly rate.

3.4 HOLIDAYS

3.4.1 General

Watermaster observes the following ten (10) paid holidays annually:

New Years Day	Veteran's Day
Presidents' Day	Thanksgiving Day
Memorial Day	Friday following Thanksgiving
Independence Day	Christmas Day
Labor Day	Day After Christmas

In addition, on July 1st of each year, full-time employees receive two (2) days per year as a floating holiday, after one full year of continuous employment with the Watermaster. This time will be added to the employees compensatory time account on their employment hire date, with the employee being paid for any time in excess of the maximum amount of compensatory time accrual. Part time employees receive their floating holiday on a pro rata basis.

Temporary employees are ineligible for holiday benefits. All employees are ineligible for holiday benefits that accrue while on unpaid leave of absence.

When a holiday falls on a Saturday, it will be observed on the preceding Friday. When a holiday falls on a Sunday, it will be observed on the following Monday. If Christmas falls on Friday, the day after Christmas shall be observed on the following Monday. If Christmas falls on Saturday, it will be observed on the preceding Friday and the day after Christmas will be observed on the following Monday. If Christmas falls on Sunday, Christmas Day and the day after Christmas shall be observed on the following Monday

and Tuesday. The day a holiday is observed is termed the observed holiday; the actual day on which the holiday occurs is termed the actual holiday@ (e.g., Independence Day (July 4th), Christmas Day (December 25th) and New Years Day (January 1st). For the purpose of this section, the holiday is the 24-hour period beginning at 12:01 a.m. on the observed or actual holiday.

3.4.2 Work on Holiday

In addition to receiving straight time pay for the holiday, non-exempt full-time employees who work on an observed holiday shall be paid for all hours worked on the observed holiday at straight-time pay . The scheduling of such time off is at the discretion of the Chief Executive Officer, who may allow the time off to be taken in a subsequent pay period. Non-exempt part-time employees shall be paid for all hours worked on an observed holiday, plus straight-time pay for their normal workday falling on an observed holiday. Employees who work on both the observed and actual holiday shall only be entitled to additional time off for hours worked on the observed holiday.

3.5 VACATION

All regular and introductory full-time employees shall accrue vacation on a biweekly basis according to the following annual accrual schedule:

Introductory or Regular Employees	Hours Accrued Per Pay Period	Hours Accrued Per Year
During first 5 years	3.077	80
During years 6 – 9	4.615	120
During 10th year and thereafter	6.154	160

Regular and introductory part-time employees will accrue vacation biweekly based on a pro-rata basis. While vacation time is accrued during the introductory period, employees may not take vacation time off until the completion of their introductory period. Temporary employees do not accrue vacation benefits. An employee who is on an unpaid leave shall not accrue vacation leave.

Vacation time off is subject to the advance approval of the Chief Executive Officer. Generally, the maximum length of continuous vacation shall not exceed fifteen (15) working days. No advance of vacation leave shall be permitted except with the written approval of the Chief Executive Officer. In the event an employee is advanced vacation prior to accrual and the employee is separated from service, the employee’s final paycheck will reflect any necessary reconciliation resulting from an employee taking paid vacation before it is accrued. Paid vacation time can be used in one-hour increments. For exempt employees only, absences of less than one (1) day

for reasons covered under this subsection shall not be charged against the employee's accrued vacation time balance.

The maximum amount of unused vacation benefits that an employee may accrue is twice the amount of annual vacation benefit available to the employee for the current year. After an employee has accrued the maximum amount, no further vacation benefits will accrue until the employee uses some portion of the maximum amount or becomes eligible for accrual of additional vacation benefits because of years of service. When an employee uses vacation benefits so that his/her accrued but unused vacation benefits fall below the maximum, or when an employee is entitled to additional vacation benefits, the employee will resume earning vacation benefits from that date forward until the employee again has accrued the maximum amount.

Holidays that occur during an employee's vacation period shall not be considered as vacation days. Should an employee be absent due to illness or injury at the time of scheduled vacation, the employee will be permitted to change his/her vacation to a subsequent date, which will not conflict with another employee's vacation. If an employee becomes sick after his/her vacation time becomes effective, the employee may, upon notifying his/her supervisor, take the balance of vacation at a subsequent date so long as it does not conflict with another employee's vacation period. The employee may be required to provide verification of any illness or injury claimed under this provision.

Vacation time off is paid at the employee's base rate of pay at the time of the vacation. The basic rate of pay does not include overtime or any specific forms of compensation such as incentives, bonuses or shift differentials. On separation from employment, the employee shall be paid for all accrued but unused vacation at the employee's base rate at the time of separation.

3.6 SICK LEAVE

3.6.1 General

Regular and introductory full-time employees shall accrue one (1) day of sick leave per month (3.692 hours per pay period). Regular and introductory part-time employees will accrue sick leave biweekly on a pro rata basis. Temporary employees do not accrue sick leave benefits.

Sick leave may be taken for personal illness, emergency, disability, or for illness, emergency or disability in an employee's immediate family. "Immediate family" is defined as the employee's spouse, children, parent or domestic partner and when permanently residing with the employee, the employee's father-in-law, mother-in-law, brother, sister, brother-in-law and sister-in-law. Hours absent for medical and dental appointments will be treated as sick leave. Watermaster retains the right to request verification from a licensed medical practitioner for all absences due to illness or

disability or for the ability of an employee to return to work following the use of sick leave. Sick pay may be withheld and the employee may not be allowed to return to work, if a satisfactory verification is not received. Employees may not receive pay in lieu of sick leave and will not receive pay for unused sick leave on termination of employment except as provided in Sections 3.6.2 and 3.6.3.

An employee who is unable to work due to illness, emergency or disability is required to notify his/her supervisor, or someone designated to receive such notice, as promptly as possible. Notification should be given on a daily basis at the beginning of the workday.

Accrued sick leave must be taken by eligible employees in at least one-hour increments for non-exempt employees. Exempt employees shall not be charged against their accrued sick leave balance for absences of less than one (1) day. An employee who is on unpaid leave shall not accrue sick leave.

3.6.2 Sick Leave Buy-Back

Up to twice a year, employees may, at their option, convert hours of accrued sick leave to a cash payment at fifty percent (50%) of their current rate of pay, provided that at least 480 hours of accrued sick leave remains after the cash-out.

3.6.3 Sick Leave Payoff at Separation

Except as otherwise provided in this section, upon separation from employment (except by retirement), employees who have been employed for five (5) or more years of continuous regular and/or introductory employment will be paid at their current rate of pay for twenty five (25) percent of their accrued unused sick leave. Employees who are terminated for cause, or resign in lieu of termination shall not be paid for accrued sick leave in any case.

3.6.4 Sick Leave Payoff at Retirement

Employees who retire at or after age 55 with a minimum of five (5) years of continuous regular and/or introductory employment will be paid at their current base rate of pay for fifty percent (50%) of their accrued, unused sick leave, up to a maximum of 600 hours, and for one hundred percent (100%) of their accrued unused sick leave if retiring with a minimum of twenty (20) years of continuous regular and/or introductory employment, up to a maximum of 600 hours. Employees receiving payment under this section shall not be entitled to payment under Section 3.6.3.

3.7 LEAVES OF ABSENCE

The Watermaster provides (1) family care and medical leave for up to 12 weeks per year in accordance with the California Family Rights Act (CFRA) and the federal Family and Medical Leave Act (FMLA); (2) pregnancy leave for up to four months in accordance with the California Fair Employment and Housing Act (FEHA); (3) disability leave as required to reasonably accommodate employees with a workplace injury or a qualified disability under the Americans with Disabilities Act (ADA) or the FEHA; and (4) leave for other legally required absences as set forth below.

3.7.1 Family Care and Medical Leave

Any full-time or part-time employee who is temporarily disabled and unable to work due to a medical condition and any employee who becomes disabled on account of pregnancy, will, upon request, be granted a medical leave of absence without pay.

“Family care leave” may be requested for (1) the birth or adoption of an employee’s child; (2) the placement of a foster child with the employee; or (3) the serious health condition of an employee’s child, spouse, or parent. “Medical leave” may be requested for an employee’s own serious health condition. A “serious health condition” is one that requires either in-patient care in a medical facility or continuing treatment or supervision by a health care provider.

Except to the extent that other paid leave is substituted for family care or medical leave, family care and medical leave is unpaid. Employees may substitute accrued vacation time and other paid personal leave (except sick leave) for all family care and medical leaves. Employees are required to substitute sick leave for medical leaves. Employees may elect to substitute sick leave to attend to an illness of a child, parent, or spouse of the employee or for other types of family care leave.

Provided all the conditions of the policy are met, an employee may take a maximum of 12 weeks of family care and medical leave in a rolling 12-month period measured backwards from the date the employee’s leave commences. Parents who are both employed by the Watermaster may take a maximum combined total of 12 weeks of family care leave in a 12-month period for the birth, adoption, or foster care of their child. The substitution of paid leave for family care or medical leave does not extend the total duration of family care and medical leave to which an employee is entitled to beyond 12 weeks in a 12-month period. For example, if an employee has accrued four weeks of unused paid vacation time at the time of the request for family care or medical leave, that paid vacation will be substituted for the first four weeks of family care or medical leave, leaving up to eight additional weeks of unpaid leave.

Family care or medical leave for the employee's own serious health condition, or for serious health condition of the employee's spouse, parent, or child, may be taken intermittently or on a reduced schedule where medically necessary. If leave is taken intermittently or on a reduced schedule, the Watermaster retains the discretion to transfer the employee temporarily to an alternative position with equivalent pay and benefits which better accommodates the employees' leave schedule.

Health insurance benefits ordinarily provided by Watermaster and for which the employee is otherwise eligible will remain in effect during an employee's family care or medical leave. Neither sick leave nor vacation will accrue during any period of unpaid family care or medical leave. Employees on unpaid family care or medical leave also do not receive holiday pay.

Employees should notify the Watermaster in writing of their request for family care or medical leave as soon as they are aware of the need for such leave. This written notice should specify the reason for the leave, the commencement date of the leave and the expected duration of the leave, and attach a signed physician's statement confirming the existence of the disability and the expected period of time the employee will be unable to work due to the disability. For foreseeable events, if possible, the employee must provide 30 calendar days' advance notice to the Watermaster of the need for family care or medical leave. For events that are unforeseeable 30 days in advance, but are not emergencies, the employee must notify the Watermaster as soon as he or she learns of the need for the leave, ordinarily no later than 1 to 2 working days after the employee learns of the need for the leave. When an unplanned medical situation or emergency occurs that does not allow the employee to provide advance notification of the need for a medical leave, the employee must notify Watermaster within three (3) working days of an absence. If an employee is absent more than three (3) working days without notifying Watermaster, the employee will be considered to have voluntarily resigned.

Watermaster reserves the right to request at any time that an employee confirm the existence of his/her disability with a written verification from a licensed physician. Watermaster also reserves the right to require written verification from a licensed physician that an employee's disability does not impair the employee's ability to perform the essential functions of his or her job before permitting the employee to return to work. Watermaster further reserves the right to require an employee on family or medical leave to be examined at Watermaster expense by a Watermaster-selected physician prior to his/her return to work to verify his/her ability to return to work. An employee will not be allowed to return to work and may be terminated if no reasonable accommodation can be made to allow the employee to perform the

essential functions of his or her job without endangering either the employee's own health and safety or the health and safety of others.

3.7.2 Pregnancy-Related Disability Rights

Any employee who is disabled on account of pregnancy, childbirth, or related conditions may take a pregnancy-related disability leave for the period of actual disability of up to four months, in addition to any family care or medical leave to which the employee may be entitled under Section 3.7.1 (Family Care and Medical Leave). Pregnancy-related disability leaves may be taken intermittently, or on a reduced-hours schedule, as medically necessary.

Moreover, an employee is entitled to a reasonable accommodation for pregnancy, childbirth, or related medical conditions if she so requests and provides the Watermaster with medical certification from her health care provider. In addition to other forms of reasonable accommodation, a pregnant employee is entitled to transfer temporarily to a less strenuous or hazardous position or to less hazardous or strenuous duties if the transfer request is supported by proper medical certification, and the transfer can be reasonably accommodated.

An employee taking pregnancy-related disability leave must substitute any available sick pay for her leave and may, at her option, substitute any accrued vacation time for her leave. The substitution of paid leave for pregnancy-related disability leave does not extend the total duration of the leave to which an employee is entitled.

Health insurance benefits ordinarily provided by Watermaster and for which the employee is otherwise eligible will remain in effect during an employee's pregnancy-related disability leave. Neither sick leave nor vacation will accrue during any period of unpaid leave. Employees on pregnancy-related disability leave also do not receive holiday pay.

3.8 WORKERS' COMPENSATION

All employees are covered by workers' compensation insurance, as required by law to protect employees who are injured on the job. This insurance provides medical, surgical, and hospital treatment in addition to payment for loss of earnings that result from work-related injuries. Compensation payments begin from the first day of an employee's hospitalization or after the third day following the injury if an employee is not hospitalized. The cost of this coverage is paid completely by the Watermaster.

Employees are responsible for reporting any workplace injury or illness, no matter how insignificant to the employee's supervisor.

Health insurance benefits ordinarily provided by Watermaster and for which the employee is otherwise eligible will remain in effect for the first 120 days of the Workers' Compensation leave period. If the leave continues past 120 days, the employee will receive Cal-COBRA notice information.

Neither sick leave nor vacation will accrue during any unpaid period of workers' compensation leave. Employees on workers' compensation leave also do not receive holiday pay.

3.9 MODIFIED DUTY POLICY

While Watermaster does not maintain ongoing modified duty positions, when the work requirements of Watermaster permit, an employee may be given a modified duty assignment while on restricted duty due to an industrial illness or injury. When modified duty work can be provided under the terms of this policy, employees on restricted duty due to an industrial illness or injury do not have the right to refuse such assignment without jeopardizing benefits and entitlements.

In addition, when the work requirements of Watermaster permit, employees on restricted duty due to a non-work related illness or injury might be offered a modified duty assignment under this policy while on such restricted duty. Acceptance of and assignment to such a modified duty assignment under the terms of this policy must be by mutual consent of Watermaster and the employee on restricted duty due to a non-work related illness or injury.

A modified duty assignment may be offered only when modified work is available and of benefit to Watermaster. Modified duty assignments are not considered part of the regular staffing pattern. Watermaster does not maintain ongoing modified duty positions. Any modified duty assignment will be temporary in nature and may not exceed six (6) months in duration or the date the employee receives a release to return to full-duty, whichever is earlier.

The Chief Executive Officer will determine an employee's initial and continuing eligibility for modified duty under this policy. The employee must have a medical clearance authorization slip from the attending physician specifying work restrictions and abilities prior to being considered for a modified duty assignment. While on modified duty assignment, employees will be evaluated at thirty (30) days, or when medically stationary, whichever occurs first.

Employees assigned a modified duty assignment under this policy are encouraged to schedule physical therapy and doctor's appointments around their work schedules. If this cannot be arranged, appointments should be scheduled at the beginning or end of the workday. For appointments requiring time away from work, employees may be required to provide written verification of time in and out of the treating facility. If the health status of an employee assigned to a modified duty assignment changes, it must be reported immediately to his/her supervisor.

3.10 FAMILY BEREAVEMENT LEAVE

Employees who have completed their introductory period will be allowed up to three consecutive working days of paid time off to arrange and attend the funeral of an immediate family member. If the employee requires more than three days off for bereavement leave, the employee may request in writing additional unpaid leave or may request the opportunity to use any accrued vacation time or unused sick leave. For purpose of this provision, the term "immediate family" includes the spouse, domestic partner, child, grandchild, brother, sister, father, mother, grandparents, brother-in-law, sister-in-law, father-in-law, mother-in-law, and grandparents-in-law.

3.11 PERSONAL LEAVE

The Watermaster may, at the sole discretion of the Chief Executive Officer, grant up to 30 days of Personal Leave without pay during any 12 month period to employees who have a need for leave under circumstances other than those set forth elsewhere in this Employee Manual. Leave under this section are intended only for very exceptional circumstances and will not be routinely granted. The Chief Executive Officer must approve the granting of any leave under this section. The terms of such a leave may vary depending on the circumstances. Please contact your immediate supervisor or the Chief Executive Officer as soon as you become aware of the need for Personal Leave. Subject to the terms, conditions, and limitations of the applicable plans, health insurance benefits normally earned will continue for the full period of approved personal leave. Vacation, sick leave, and holiday benefits will not continue to accrue during the approved personal leave period. When a personal leave ends, every reasonable effort will be made to return the employee to the same position if it is available, or to a similar available position for which the employee is qualified. However, reinstatement cannot be guaranteed in all cases. Failure to report to work promptly at the end of the approved leave period without providing notice or justification for the continued absence will be deemed to be a voluntary termination of employment.

3.12 VOTING TIME OFF

Employees who do not have sufficient time outside of their regular working hours to vote in a statewide election may request time off to vote. If possible, employees should make their request at least two days in advance of the election. Up to two hours of paid time off will be provided at the beginning or end of the employee's regular shift, whichever will allow the most free time for voting and require the least time off work.

3.13 ABSENCE FOR MILITARY DUTY

Employees will be granted a leave of absence without pay as required by applicable federal and state law for the purpose of fulfilling any required military obligation. Employees are required to provide reasonable advance notice of any need for such leave.

A full-time employee who is a member of a reserve military organization of the United States, or a member of the National Guard, and who attends a regular military training camp, will be given the necessary time off, with pay, for such training, and this will not be considered vacation time provided the employee has been employed by Watermaster for a period of one year or more. Such training time with pay shall not exceed two (2) weeks per year, except in emergency or extenuating circumstances as determined by the Chief Executive Officer. Members of the reserve military organizations of the United States or of the National Guard who have been employed by Watermaster for less than one year will also be allowed time off to attend routine military training, but will not receive pay for such time. Such employees may substitute vacation time for unpaid time off to attend military reserve duty.

Watermaster will continue existing health insurance benefits during the entire period of military duty leave, unless prohibited by the applicable plan. Vacation, holiday and sick leave benefits will continue to accrue during a military duty leave of absence up to a maximum of thirty (30) cumulative days of military duty leave.

3.14 JURY DUTY/APPEARANCE AS WITNESS

The Watermaster will provide employees time off to serve, as required by law, on a jury or grand jury if the employee provides reasonable advance notice. The Watermaster will also provide employees with time off to (1) appear in court or other judicial proceeding as a witness to comply with a valid subpoena or other court order or (2) obtain any relief, including a temporary restraining order, to help ensure the health, safety, or welfare of a sexual assault or domestic violence victim or his or her child.

Employees will be granted a paid leave of absence up to 10 business days per year for the purpose of fulfilling jury duty. Any jury duty that extends beyond 10 business days per year will be unpaid. However, exempt employees who work any portion of a workweek in which they also serve on jury duty or appear as a witness will receive their full salary for that workweek. Employees may elect to substitute accrued vacation during any unpaid leave due to jury duty or a witness appearance.

Employees must show the jury duty summons to the Chief Executive Officer as soon as possible so that arrangements may be made to accommodate their absence.

If an employee is called to appear as an expert witness based on their employment with Watermaster and receives compensation for such appearance, the employee will turn into Watermaster any compensation received.

3.15 OTHER LEGALLY REQUIRED LEAVES OF ABSENCE

Employees will be granted a leave of absence as required by law for the purpose of fulfilling any required obligation (for example, appearance at school by parent when

requested pursuant to the Education Code, or performance of emergency duty by a volunteer fire fighter). Employees are required to provide reasonable advance notice of need for such leave and are expected to return to work each day or a portion of the day that they are not required. For nonexempt employees, this leave will be unpaid. For exempt employees, salary will be paid for workweeks in which work for Watermaster is performed.

3.16 RETIREMENT

All regular and introductory employees will be enrolled in the 2% @ 55 Public Employees Retirement System (CalPERS), and shall be subject to such terms and conditions as Watermaster may contract for with CalPERS. As a part of an employee benefit, Watermaster pays the employer's contribution to the CalPERS, in addition to paying the employee's contribution, which is approximately 7% of his/her salary.

3.17 DEFERRED COMPENSATION PLAN

Watermaster participates in a Deferred Compensation Program. Through this plan, employees may make tax-deferred payroll contributions, which can be invested in a variety of options offered. This is a voluntary, supplemental retirement plan that has no effect on the CalPERS or Social Security retirement programs. Watermaster does not make any type of matching contributions to the deferred compensation plans. Employees interested in participating in a deferred compensation plan should contact the Finance Manager or other designated representative(s) for additional information.

3.18 MEDICAL, DENTAL, VISION INSURANCE AND FLEXIBLE BENEFIT PLAN

3.18.1 General

A general program of medical, dental, vision care and life insurance is available, to all regular and introductory full-time employees and eligible part-time employees regularly scheduled to work thirty (30) or more hours per week. Health insurance coverage is effective the first day of the month after the date of hire. Vision and/or dental insurance coverage are effective the first day of the month following three (3) full months of employment.

Premiums for employee health, dental, vision care and life insurance (including dependent coverage) plans will be paid by Watermaster, up to a maximum contribution amount established by Watermaster (Contribution Amount). Employees should contact the Finance Manager if they are uncertain as to the current Contribution Amount. If the cost of the premiums is less than the Contribution Amount, eligible employees will receive the difference as wages in two equal installments in the month of coverage. If the cost of the premiums is greater than the Contribution Amount, the employee is responsible for the difference between the allowance and the actual cost to be paid by salary deduction in two equal installments in the

month of coverage. An employee must be in a paid status for a minimum of sixty (60) hours per pay period to receive the difference between the Contribution Amount and the actual cost of his or her health, dental, vision and/or life insurance benefits. Furthermore, the employee must at a minimum enroll in employee-only health insurance coverage unless the employee can provide the Chief Executive Officer proof of health insurance coverage from another source. Any questions about insurance coverage should be brought to the attention of the Chief Executive Officer.

3.18.2 Insurance Premiums While On Unpaid Leave

Except as otherwise provided in this Manual when an employee is on an unpaid leave of absence, the Watermaster will pay the premiums on the employee's insurance for the first seven (7) days of authorized unpaid leave of absence in accordance with Section 3.18.1. Subsequent to the seven (7) day period, the employee is responsible for all insurance premium payments during an unpaid leave of absence or coverage will be terminated.

3.18.3 COBRA Benefits

Pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, under certain situations, an employee and/or dependents may be eligible to continue group medical insurance coverage at the employee's own expense after employment with the Watermaster ceases. Watermaster provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under Watermaster's health insurance plan. The notice contains important information about the employee's rights and obligations.

3.19 SHORT AND LONG TERM DISABILITY INSURANCE

Short and long term disability insurance is provided for all regular and introductory full-time employees, effective the first day of the month following three (3) full months of employment, and is fully paid by Watermaster.

3.20 LIFE INSURANCE

Employees are provided with \$10,000 basic life and accidental death and dismemberment insurance. Enrollment is included in your health insurance plan. Dependent coverage is also available at employee's expense. Basic life insurance coverage is effective the first day of the month following three (3) full months of employment.

At no premium cost to the employee a life insurance death benefit equal to the employee's annual salary is also provided for employees, and is effective the first day of the month following three (3) full months of employment.

Supplemental life insurance may be available, on an optional basis, to the employee (and spouse, if applicable) through Watermaster's insurance carrier, at the employee's expense.

3.21 HEALTH INSURANCE PREMIUM PAYMENT PROGRAM (HIPP)

The California Department of Health Services will pay the private health insurance premiums for certain persons losing employment under certain circumstances. You may qualify if you have high cost medical conditions and are in the Medi-Cal program, or if you are disabled by HIV/AIDS. If you are terminated by Watermaster, you will receive a Notice of HIPP Benefits.

3.22 STATE DISABILITY INSURANCE

Employees are covered under the State Disability Insurance program, with the cost of such coverage paid for by each employee as a deduction from his/her paycheck.

3.23 FAMILY TEMPORARY DISABILITY LEAVE INSURANCE BENEFITS

This state program begins in January 2004 and is funded through SDI. Employees will be eligible to take time off for the sickness or injury of a family member or domestic partner; or the birth, adoption or foster care placement of a new child after July 1, 2004. Employees must apply for the leave as soon as they anticipate the need for one. If approved, we may ask that you use any unused accrued vacation or sick time before receiving this benefit. Please see the Finance Manager for further details.

3.24 LONGEVITY LEAVE

Employees shall receive the following number of paid leave days on July 1st of the year following the employee's designated anniversary dates:

- 10 years – two (2) days leave
- 15 years – three (3) days leave
- 20 years – four (4) days leave
- 25 years – five (5) days leave

Longevity leave shall apply only to the employment year indicated and shall not apply to intermediate years. The leave must be used in the fiscal year in which it is granted and may not be carried over to the next fiscal year.

SECTION 4 PERSONNEL PROCEDURES

4.1 REIMBURSEMENT OF EXPENSES

Authorized employees are reimbursed for reasonable expenses incurred in the performance of job-related duties, when such expenditures are deemed to be of benefit to the administration of the Judgment and are approved by the Chief Executive Officer.

4.1.1 Business Travel

Employees will be reimbursed for reasonable business travel expenses incurred while on assignments away from the normal work location. All business travel by employees must be approved, in advance, by the Chief Executive Officer. When approved, the actual reasonable costs of travel, meals, lodging, and other expenses directly related to accomplishing business travel objectives will be reimbursed by Watermaster or may be paid in advance by Watermaster. When using their own vehicles, employees shall be reimbursed for mileage at the rate allowed by the Internal Revenue Service. Employees are expected to limit expenses to reasonable and necessary amounts.

Any employee who is involved in an accident while traveling on business must promptly report the incident to the Chief Executive Officer, or other designated representative. Vehicles owned, leased, or rented by Watermaster may not be used for personal use without prior approval.

Cash advances to cover reasonable anticipated expenses may be made to employees at the discretion of the Chief Executive Officer, after travel has been approved. Employees must submit a written request to the Chief Executive Officer.

With prior approval, employees on business travel may be accompanied by a family member or friend when the presence of a companion will not interfere with successful completion of business objectives. Generally, employees are also permitted to combine personal travel with business travel, as long as time away from work is approved. Additional expenses arising from such non-business travel or the travel of a family member is the responsibility of the employee.

Employees shall submit completed travel expense reports within 30 days following the completion of travel. Reports must be accompanied by receipts for all business expenses. Abuse of this business travel expense policy, including falsifying expense reports to reflect costs not incurred by the

employee, can be grounds for disciplinary action, up to and including termination of employment.

4.1.2 Education/Certification

When approved, at the discretion of the Chief Executive Officer, any regular full-time employee, after completing one year of satisfactory service, may be reimbursed in an amount not to exceed one thousand dollars (\$1,000.00) per fiscal year for tuition and associated costs of certificate or degree-related classes at an accredited college or university. The class/course must be job related. Approval for tuition reimbursement should be obtained in advance of incurring the expense. Whether a class/course is job-related is determined at the reasonable discretion of the Chief Executive Officer. To receive the tuition reimbursement, the employee must successfully complete the class or program. Proof of tuition payment and final grade will be required. The Chief Executive Officer should discuss classes of any significant duration or expense with Watermaster prior to his/her registration.

4.1.3 Car Allowance.

The Chief Executive Officer receives a monthly car allowance and does not receive mileage reimbursement.

4.1.4 Mileage.

Mileage is paid to all employees who incidentally use their personally owned vehicle in the performance of job-related duties. The mileage reimbursement is the amount per mile as established by the Internal Revenue Service. Travel to and from home to work and back is not compensated. Employees who have an employment contract that provide for a car allowance are not eligible for this benefit.

4.1.5 Professional Organizations.

When approved by the Chief Executive Officer, each employee may be reimbursed for the cost of joining and maintaining membership in a professional organization(s) related to the employee's job duties. The maximum reimbursable amount under this provision is three hundred dollars (\$300) per fiscal year.

4.2 **CELL PHONE POLICY**

Watermaster may provide certain employees with cellular phones which are to be used only for official Watermaster business. Employees must reimburse Watermaster for any incidental personal uses of the cellular phones provided by Watermaster.

Employees are not to dial cell phones while driving. In the event an employee receives an incoming call while driving, the employee should either safely pull off the road to converse, inform the caller that he or she will return the call, or ask the caller to call again in such time as will allow the employee to reach a place where it is safe to use the phone.

4.3 EMPLOYMENT OF RELATED PERSONS

Relatives of present employees of Watermaster may be hired only if the individual concerned will not work in a direct supervisory relationship with the related employee, and the employment will not pose difficulties for supervisor, security, safety or morale. "Relatives" are defined as spouses, domestic partners, children, sisters, brothers, mothers, and fathers. Present employees who marry or become domestic partners, or who become related by marriage, will be permitted to continue employment with Watermaster only if they do not work in a direct supervisory relationship with one another, or otherwise pose difficulties for supervision, security, safety, or morale. If employees who marry or become domestic partners, or who become related by marriage, do work in a direct supervisory relationship with one another, or otherwise pose difficulties for supervision, security, safety or morale, Watermaster will attempt to re-assign one of the employees to another position for which he/she is qualified, if such a position is available. If no such position is available, then one of the employees will be required to leave Watermaster. The decision regarding which employee will leave is to be left, whenever possible, solely to the employees affected.

4.4 OUTSIDE EMPLOYMENT

Outside employment is prohibited where there may exist a conflict of interest or where such employment would impair an employee's effectiveness or ability to perform his/her assigned job duties.

If you engage in employment or projects outside of the Watermaster, it is expected that it will not create a conflict with your work here. Some examples of conflict are: private consulting for Watermaster clients, using proprietary information whose disclosure could adversely affect the Watermaster, and allowing outside employment to adversely affect your job performance, attendance, or availability for work. You are strongly encouraged to discuss your outside employment with the Chief Executive Officer to avoid any misunderstanding.

4.5 STANDARDS OF CONDUCT AND WORK RULES

To ensure orderly operations and provide the best possible work environment, employees are required to adhere to standards of conduct that will accomplish the goals and objectives of Watermaster and will protect the interest and safety of all employees and the organization. Improper conduct means not only any improper action by an employee during working hours, but also conduct by an employee during off-duty hours which brings discredit to Watermaster, or which affects the ability of

the employee to perform his or her duties efficiently and any improper use of an employee's position for personal advantage. Improper conduct may be cause for disciplinary action, up to and including termination, and includes, but is not limited to, the following:

- a. Willful or negligent violation of the provisions of this Manual, or other applicable written rules, regulations and policies, which do not conflict with this Manual.
- b. Manufacturing, distributing, dispensing, possessing, ingesting or using for any purpose controlled substances, including narcotics or illegal drugs, and/or alcohol in the workplace, or being under the influence of drugs and/or alcohol while on duty as Watermaster employee either on Watermaster premises, while performing Watermaster business, and/or while responding to work assignments.
- c. Insubordination, including failure or refusal to comply with a lawful order or to accept a reasonable and proper assignment from an authorized supervisor.
- d. Failure to follow established safety regulations.
- e. Inefficiency, unsatisfactory work quality or quantity, incompetence, carelessness, or negligence in the performance of duties.
- f. Harassing, including sexually harassing, employees or the public.
- g. Excessive absenteeism, tardiness, or abuse of break and lunch privileges.
- h. Damage to or negligence in the care and handling of Watermaster property.
- i. Improper or unauthorized use of Watermaster vehicles or equipment, or misappropriation of supplies.
- j. Claim of sick leave under false pretense or misuse of sick leave.
- k. Furnishing false information to secure appointment or promotion.
- l. Absence from duty without leave, failure to report after leave of absence has expired or after such leave of absence has been disapproved, revoked or canceled.
- m. Acceptance by an employee of any bribe, gratuity, kickback or other item of value when such is given in the hope or expectation of receiving preferential treatment.

- n. Any action which reflects discredit on Watermaster or is a direct hindrance to the effective performance of Watermaster functions.
- o. Outside work which creates a conflict of interest with Watermaster work or causes discredit to the Watermaster, or other violation of conflict of interest rules.
- p. Failure to obtain and maintain a current license or certificate as a condition of employment.
- q. Falsifying or altering Watermaster records, including the application for employment and time records.
- r. Interfering with the work performance of others.
- s. Failure to maintain satisfactory and harmonious working relations with the public or other employees.
- t. Unauthorized release of confidential information from official records, as defined by law.
- u. Conviction of a crime, which relates to the qualifications, functions, or duties of the employee's position.
- v. Physical attack, fighting, or verbal altercations toward fellow employees or the public.
- w. Sleeping on the job or leaving the job without authorization.
- x. Possessing a firearm or other dangerous weapon on Watermaster property or while conducting Watermaster business.

4.6 CONFLICT OF INTEREST

An employee should never place himself/herself in a position where his/her actions or personal interest may be in conflict with those of the Watermaster. A conflict of interest exists where the employee's loyalties or actions are divided between the Watermaster's interest and those of another, such as a supplier or contractor. Both the fact and the appearance of a conflict of interest shall be avoided. Employees unsure as to whether a certain transaction, activity or relationship constitutes a conflict of interest should discuss it with the Chief Executive Officer for clarification. Any exception to this provision must be approved in writing by the Chief Executive Officer. While it is not feasible to describe every situation which might create or contain such a conflict, examples are: significant ownership (1% or more) in any business entity with which the Watermaster does business; acceptance of payments, services or loans from concerns dealing or contemplating dealing with the

Watermaster; working for a supplier or contractor of the Watermaster; or acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to the Watermaster. Employees have a responsibility to report to their supervisors any facts or situations where their interests, or the interests of someone with whom an employee has a close relationship, conflict or may conflict with those of the Watermaster.

Participation in outside activities should not adversely interfere with the performance of the employee's duties and responsibilities to the Watermaster, or pose a prohibited conflict of interest.

There should be no use of the Watermaster equipment, facilities or supplies for political activities, nor would such equipment, facilities or supplies be used for personal or civic activities without prior notice to and approval of the Chief Executive Officer. In engaging in outside activities, employees should conduct themselves in a manner that will not discredit or embarrass the Watermaster. Employees who run for or hold public office must do so as private citizens and only to the extent that holding such public office does not constitute a prohibited conflict of interest, unless an employee holds public office as the authorized representative of the Watermaster.

4.7 CONFIDENTIAL INFORMATION AND WATERMASTER RECORDS

The materials, products, designs, plans, ideas and data collected or developed as a result of Watermaster are the property of Watermaster. Any improper transfer of material or disclosure of information, even if an employee has not personally gained by such action, constitutes unacceptable conduct. Any employee who participates in such a practice may be subject to disciplinary action, up to and including termination of employment.

Confidential information should be disseminated only by authorized personnel, and may not be disseminated to any individual who does not have a recognized need to have such information to conduct the business of Watermaster. This includes family, relatives, friends, or business and professional associates. Confidential information is any Watermaster information that is not a matter of public record. Using confidential Watermaster information for personal gain or to Watermaster's detriment is prohibited.

Employees who receive inquiries from the press should decline comment and refer the inquirer to the Chief Executive Officer or other designated officer assigned the responsibility to answer such inquiries.

4.8 GIFTS OF ENTERTAINMENT PROVIDED TO OTHERS

Employees may not give or offer to give to or accept from, either directly or indirectly, any supplier, customer or other entity with which the Watermaster does

business or any officer, director or employee of any such entity, any personal gift or other personal item of value unless authorized in writing by the Chief Executive Officer.

4.9 NOTICE OF PERSONAL STATUS CHANGE

In order to maintain accurate, current records and to properly administer various benefit programs, employees are responsible for informing the Chief Executive Officer or his designee immediately of any changes of address, telephone number(s), marital status (when required for business purposes), number of dependents, person(s) to notify in case of emergency and insurance beneficiary designation (when applicable).

4.10 LOANS, ADVANCES, PERSONAL CHECKS

Loans or advances against wages will not be permitted, nor is it possible for Watermaster to cash personal checks.

4.11 TELEPHONE CALLS

All employees are asked to keep personal calls to a minimum and to confine them to break periods when possible. Employees should inform family and friends to phone only in the case of necessity. Personal long distance calls on Watermaster telephones are prohibited except in an emergency, in which case they must be approved by the Chief Executive Officer or designee so that charges can be collected.

4.12 APPEARANCE AND DEMEANOR

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image employees at Watermaster present to visitors. During normal business hours, employees are expected to present a clean, neat, professional appearance and to dress according to the requirements of their positions. Clothing should not constitute a safety hazard. The Chief Executive Officer maintains the authority to determine acceptable or appropriate attire.

4.13 SAFETY

4.13.1 Safety Program.

Watermaster is committed to providing and maintaining a healthy and safe work environment for all employees; however, a safety program can only be successful if everyone cooperates. Employee assistance in eliminating hazards and unsafe conditions as well as attention to good housekeeping will do much to make Watermaster a safe place to work. Every employee is required to follow safe and healthy work practices at all times. Employees may be subject to discipline for engaging in any unsafe or unhealthy work practices.

4.13.2 Injury at Work

An employee is required to report all injuries at work, or other work-related injuries to the employee's immediate supervisor. Supervisors are responsible for obtaining first aid and proper medical care, and promptly reporting the injury to the Chief Executive Officer or designee, who will fill out all appropriate forms and reports. For insurance purposes exact details of the accident or injury must be provided to the Chief Executive Officer or designee. The location of the nearest doctor and/or medical facility is posted on the bulletin board(s).

4.13.3 Workplace Violence

Statement of Policy: Watermaster recognizes that workplace violence is a growing concern among employers and employees across the country. Watermaster is committed to providing a safe, violence-free workplace and strictly prohibits employees, consultants, customers, visitors, or anyone else on Watermaster premises or engaging in a Watermaster-related activity from behaving in a violent or threatening manner. As part of this policy, Watermaster seeks to prevent workplace violence before it begins and reserves the right to deal with behavior that suggests a propensity toward violence even prior to any violent behavior occurring. Watermaster believes that prevention of workplace violence begins with recognition and awareness of potential early warning signs, and prompt reporting of any workplace violence related concerns.

Workplace Violence Defined: Workplace violence includes: 1) threats of any kind; 2) threats, physically aggressive or violent behavior, such as intimidation or attempts to instill fear in others; 3) other behavior that suggests a propensity toward violence, which can include belligerent speech, excessive arguing or swearing, sabotage, or threats of sabotage of Watermaster property, or a demonstrated pattern of refusal to follow Watermaster policies and procedures; 4) defacing Watermaster property or causing physical damage to the facility; or 5) with the exception of security personnel, bringing weapons or firearms of any kind onto Watermaster premises, in Watermaster parking lots, or while conducting Watermaster business.

Reporting: If any employee observes or becomes aware of any of the above-listed actions or behaviors by an employee, customer, consultant, visitor, or anyone else in connection with Watermaster, he/she shall notify the Chief Executive Officer.

Further, employees shall notify the Chief Executive Officer or designee if any restraining order is in effect, or if a potentially violent non-work related situation exists that could result in violence in the workplace.

Investigation: All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly. In appropriate circumstances, Watermaster will inform the reporting individual of the results of the investigation. To the extent possible, Watermaster will maintain the confidentiality of the reporting employee and of the investigation but may need to disclose results in appropriate circumstances, for example, in order to protect the individual's safety. Watermaster will not tolerate retaliation against any employee who reports workplace violence in good faith.

Corrective Action and Discipline: If Watermaster determines that workplace violence has occurred, Watermaster will take appropriate corrective action and will impose discipline on offending employees, up to and including termination. The appropriate discipline will depend on the particular facts of each case. If violent behavior is that of a non-employee, Watermaster will take appropriate corrective action in an attempt to ensure that such behavior is not repeated.

Under certain circumstances, Watermaster may forgo disciplinary action on the condition that the employee takes a medical leave of absence. In addition, Watermaster may request that the employee participate in counseling, either voluntarily or as a condition of continued employment.

4.14 USE OF WATERMASTER VEHICLES

Use of a Watermaster vehicle must be authorized by the employee's supervisor or the Chief Executive Officer. Unauthorized use of any Watermaster vehicle or transporting of passengers other than Watermaster personnel, consultants or contractors, or committee members, without prior authorization, may result in discipline up to and including dismissal of the employee. Employees are required to operate the vehicle in compliance with all applicable laws and in a safe manner, and to have their valid California Driver's license in their possession at all times while operating Watermaster vehicles. Traffic violations are discouraged and any fines resulting therefrom will be the responsibility of the operator. Vehicles should be locked when not in use to prevent theft. In the event that an accident occurs which causes injury to persons or property damage, including damage to the Watermaster vehicle, the Chief Executive Officer must be informed immediately, and a written report of the incident submitted to the Chief Executive Officer within two (2) working days. Damage to Watermaster vehicles which is determined to be due to the negligence of the employee, may result in discipline up to and including dismissal of the employee.

4.15 USE OF PERSONAL VEHICLES

In the event a Watermaster owned vehicle is not available for employee use, an employee may utilize his or her personal vehicle when necessary, with the prior

authorization of the employee's supervisor. An employee utilizing his/her personal vehicle for Watermaster related business is required to operate the vehicle in compliance with all applicable laws and in a safe manner, and to have his/her valid California driver's license in his/her possession at all times. Prior to seeking authorization to utilize a personal vehicle in connection with Watermaster business, an employee must provide the Chief Executive Officer evidence of automobile liability insurance covering all automobiles, which may be operated by the employee in connection with the performance of his/her duties. Whenever possible, the employee's personal automobile insurance will be considered primary. Traffic violations are discouraged and any fines therefrom will be the responsibility of the operator.

In the event that an accident occurs, or the vehicle is otherwise damaged in the discharge of the employee's duties, the Chief Executive Officer must be informed immediately of the occurrence, and a written report of the incident submitted to the Chief Executive Officer, within two (2) working days. Employees may be eligible for reimbursement of any out-of-pocket expenses suffered due to damage of their personal vehicles in the conduct of Watermaster business not resulting from gross negligence or intentional misconduct by the employee. The employee shall be required to pursue insurance or third party payment of the out-of-pocket expenses and to repay Watermaster if, at a later date, the employee recovers any portion of the reimbursed out-of-pocket expenses from a third party. Employees seeking such reimbursement shall submit a written request to the Chief Executive Officer, including any information (such as police reports or witness statements) establishing non-negligence by the employee, and two (2) automobile repair estimates. The Chief Executive Officer or his/her designee will respond to employee requests for reimbursement within fifteen (15) working days.

Employees authorized to utilize their personal vehicles in connection with the performance of their duties, shall receive reimbursement in accordance with current IRS guidelines for mileage reimbursement on submission of a mileage reimbursement request, with appropriate documentation, to the Finance Manager.

4.16 CARE OF EQUIPMENT

Watermaster equipment, issued for individual as well as for collective use (i.e. computers, telephone units, instrumentation, furniture and supplies), must be maintained with care and guarded by Watermaster personnel against abuse, misuse and waste. In the event Watermaster issued equipment becomes lost or damaged, the employee should immediately notify their immediate supervisor. Watermaster equipment is not to be used for personal purposes or loaned to third parties without written approval by the Chief Executive Officer.

On termination of employment, whether voluntary or involuntary, or at the request of the Chief Executive Officer, all Watermaster property, including computer disks, keys, identification cards, and all Watermaster documents in the employee's

possession or control must be returned to the Chief Executive Officer. Employees may be liable for the cost of equipment which is not returned or is returned in a damaged condition.

4.17 HARASSMENT AND DISCRIMINATION

Watermaster is committed to providing a workplace free of sexual harassment or discrimination (which includes harassment or discrimination based on gender, pregnancy, childbirth, or related medical conditions) as well as harassment or discrimination based on such factors as race, color, religion, national origin, ancestry, age, physical or mental disability, medical condition, marital status, sexual orientation or veteran status. Watermaster strongly disapproves and will not tolerate unlawful harassment or discrimination against employees by managers, supervisors, or co-workers, as well as by non-employees in the workplace. Harassment includes verbal, physical, and visual conduct that creates an intimidating, offensive or hostile working environment or interferes with work performance. Such conduct constitutes harassment when (1) submission to the conduct is made either an explicit or implicit condition of employment; (2) submission to or rejection of the conduct is used as the basis for an employment decision; or (3) the harassment interferes with an employee's work performance or creates an intimidating, hostile or offensive work environment.

Harassing conduct can take many forms and includes, but is not limited to, slurs, jokes, statements, gestures, pictures, or cartoons regarding an employee's sex, race, color, national origin, religion, age, physical disability, medical condition, ancestry, marital status, sexual orientation or veteran status.

Sexually harassing conduct in particular includes all of these prohibited actions as well as other unwelcome conduct such as requests for sexual favors, unwelcome sexual advances, or verbal or physical conduct of a sexual nature (like name calling, suggestive comments, or lewd talk).

Any incident of discrimination or harassment, including work-related harassment by Watermaster personnel or any other person, should be reported promptly to the employee's supervisor or, if that individual is involved in the harassment or discrimination, to the Chief Executive Officer. If an employee believes he/she is the victim of any type of harassment or discrimination, including sexual harassment, the employee should report the incident at once to his/her immediate supervisor. If the immediate supervisor is involved in the reported conduct, or if for some reason the employee feels uncomfortable about making a report at that level, the report should be made to the Chief Executive Officer. If the Chief Executive Officer is involved in the reported conduct or, if for some reason the employee feels uncomfortable making a report at that level, the report should be made to the Chairman of the Watermaster Board.

Watermaster will promptly investigate any such report of discrimination or harassment, preserving confidentiality to the fullest extent possible. In the case of

Watermaster employees, if discrimination or harassment is established, the offender will be disciplined, up to and including discharge.

Retaliation against Watermaster employees or any other person for the good faith reporting of possible acts or incidents of discrimination or harassment will not be tolerated. Watermaster employees shown to have engaged in such retaliation will be disciplined, up to and including discharge.

Sexual harassment and retaliation for opposing sexual harassment or participating in investigations of sexual harassment are illegal. In addition to notifying Watermaster about harassment or retaliation complaints, affected employees may also direct their complaints to the California Department of Fair Employment and Housing (DFEH), which has the authority to conduct investigations of the facts. The deadline for filing complaints with the DFEH is one (1) year from the date of the alleged unlawful conduct. If the DFEH believes that a complaint is valid and settlement efforts fail, the DFEH may seek an administrative hearing before the California Fair Employment and Housing Commission (FEHC) or file a lawsuit in court. Both the FEHC and the courts have the authority to award monetary and non-monetary relief in meritorious cases. You can contact the nearest DFEH office or the FEHC at the locations listed in the Watermaster's DFEH poster or by checking the state government listings in the local telephone directory.

Further information on Watermaster's Sexual Harassment Policy is attached as Appendix B.

4.18 SUBSTANCE ABUSE

Employees are required to abide by the provisions of the Watermaster Substance Abuse Policy, a copy of which is set forth at the end of this Manual as Appendix C.

4.19 RIGHT TO SEARCH

Watermaster reserves the right to search, under reasonable suspicion, or for reasonable cause, without employee consent, all areas and property in which the Watermaster maintains control or joint control with the employee. Such areas could include, but are not limited to, Watermaster buildings, vehicles, equipment, lockers, desks, closets or file cabinets, and computers. Employees are expected to cooperate in the conduct of such searches.

4.20 SMOKING

For health, safety and legal considerations, all Watermaster buildings, structures and vehicles are considered non-smoking areas.

4.21 VOICE-MAIL, E-MAIL AND TECHNOLOGY POLICY

Watermaster maintains and utilizes, as part of its operations, a computer system, voice-mail, e-mail and other systems. These systems are provided to assist

employees in the conduct of Watermaster business. All computers and the data stored on them, as well as all voice-mail and the data stored on it, are and remain at all times, the property of Watermaster. As such, all voice-mail, e-mail and other messages composed, created, sent, and received are, and remain, the property of Watermaster.

Employees should attempt to limit voice-mail and E-mail messages to the conduct of Watermaster business. Use of the voice-mail and E-mail systems for the conduct of personal business is discouraged. Watermaster reserves the right to prohibit the use of voice-mail and E-mail for the conduct of personal business when deemed appropriate. Other use of computer systems, including use of the internet and other telecommunicating capabilities, should be limited to the conduct of Watermaster business unless prior written approval is received from an employee's supervisor.

Except for the right of Watermaster to access voice-mail and E-mail messages as described in this policy, all messages sent by voice-mail and E-mail are considered to be confidential, and as such are to be accessed only by the addressed recipient or at the direction of the addressed recipient. Any exception to this policy must be approved by the Chief Executive Officer.

Watermaster reserves the right to retrieve and read any message composed, created, sent or received on the voice-mail, E-mail or other computer systems at any time, with or without advance notice to the employee.

Although voice-mail, E-mail and other computer systems may accommodate the use of passwords for security, the reliability of passwords for maintaining confidentiality cannot be guaranteed. All passwords must be made known to Watermaster, and passwords not known to Watermaster may not be used. In addition, files created or stored on the Watermaster computer systems may not be password protected except with the written authorization of the Chief Executive Officer. This is due to the need to access computer and voice-mail systems in the event that you are absent or when otherwise deemed appropriate by Watermaster. All voice-mail, E-mail and other computer generated or stored messages may be read by someone other than the intended or designated recipient, and the ultimate privacy of messages cannot be guaranteed.

Voice-mail, E-mail and other computer generated or stored messages may not contain material that may reasonably be considered offensive or disruptive to any employee. Offensive messages or material includes, but is not limited to, sexual comments or images, racial slurs, gender-specific comments or any comments that might offend someone on account of his or her age, sex, sexual orientation, race, religious or political beliefs, national origin or disability.

Employees learning of any misuse of the voice-mail, E-mail or other computer systems or violations of this policy shall immediately notify the Chief Executive Officer.

4.22 REFERENCE REQUESTS

Inquires regarding the employment of past or present employees of Watermaster must be submitted in writing. Watermaster will provide a written response to proper inquiries confirming dates of employment, wage rates and positions held only. No further employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry.

4.23 SEPARATION AND DISCIPLINE

4.23.1 Layoff

An employee may be terminated without fault on his/her part, in the event of the abolition of the employee's position, if a shortage of work or funds requires a reduction in personnel, or for other operational needs. Regular employees shall receive notice of layoff two (2) weeks prior to effective date or may receive two (2) weeks pay in lieu of notice. Layoffs generally will be based at the Watermaster's sole discretion on Watermaster's business and operational needs or an employee's performance.

4.23.2 Resignation

An employee may resign employment by submitting a written resignation at least two (2) weeks before the effective date. Failure to do so may result in disqualification for future employment with the Watermaster. Absence without approval for more than three (3) consecutive days, or failure to return from vacation or from an approved leave of absence shall be considered a voluntary resignation.

4.23.3 Involuntary Termination and Disciplinary Action

All employment at the Watermaster is "at-will." In addition, a regular employee may be terminated involuntarily or otherwise disciplined for cause, including, without limitation, for violating the provisions of this Manual, poor performance, misconduct, excessive absences, tardiness, insubordination or dishonesty. Disciplinary action may include but is not limited to oral or written warnings, suspension without pay, demotion or reduction in pay. The nature of the disciplinary action will depend on the particular circumstances involved and is at the discretion of the Watermaster.

4.24 PROCESSING OF GRIEVANCES AND COMPLAINTS

4.24.1 Grievance and Complaint Defined

A grievance is an alleged violation of this Manual, or dispute regarding the interpretation, application or enforcement of this Manual, including disputes regarding disciplinary action, termination or employment discrimination or harassment. A grievance does not include disagreements or disputes pertaining to promotions, performance evaluations, oral or written reprimands or termination of employment during an employee's probationary period. A complaint is any dispute arising out of employment with Watermaster that does not constitute a grievance. Temporary employees may not file grievances or complaints. No punitive action will be assessed against an employee for utilizing the grievance procedure.

4.24.2 Informal Resolution

Employees should first attempt to informally resolve any grievance or complaint by orally bringing the grievance or complaint to the attention of his/her immediate supervisor. If the immediate supervisor is unable or unwilling to resolve the matter within three (3) days of having it brought to his/her attention or, if the immediate supervisor is the subject of the dispute, the employee shall file a written grievance or complaint with the Chief Executive Officer. The written grievance or complaint must set forth the entire grounds of the employee's grievance or complaint and the proposed resolution. The Watermaster may require that grievances or complaints be filed on a designated form.

4.24.3 Processing of Written Grievance or Complaint

The Chief Executive Officer, or his/her designee, shall investigate the grievance or complaint, and meet with the employee and any other individuals if deemed appropriate. The employee shall fully cooperate in this investigation. The Chief Executive Officer shall issue a written response to the employee within twenty (20) days of the filing of the written grievance or complaint, unless the employee and Chief Executive Officer agree to extend the deadline. Except as provided in Section 4.22.4, the decision of the Chief Executive Officer as to matters constituting a grievance or a complaint shall be final and not appealable.

4.24.4 Procedure for Grievances Involving Suspensions of More Than Five (5) Days, Disciplinary Action Resulting in Loss of the Equivalent of More Than Five (5) Days Wages, Demotion, Termination or Claims of Employment Discrimination.

When a grievance concerns a suspension of more than five (5) days, disciplinary action resulting in the loss of the equivalent of more than five (5) days wages, a demotion, termination of employment, or a claim of

employment discrimination or harassment, an evidentiary hearing shall be held within forty-five (45) days after the appeal has been filed. The hearing date may be continued by mutual agreement of the parties. A Hearing Committee or Hearing Officer designated by the Watermaster Board shall conduct the hearing and shall notify the Chief Executive Officer and the employee of the date, time and location of the hearing. The members of the Hearing Committee shall be determined by the Watermaster Board. If a Hearing Officer is to conduct the hearing, the Watermaster Board shall appoint an impartial and qualified hearing officer appointed from a list of hearing officers maintained by the San Bernardino County Civil Service Commission. In the event the selected hearing officer is unable or unwilling to accept this appointment, any remaining candidates for hearing officer on the list shall be selected to act as the hearing officer. In the event none of the eligible names on the list are able or willing to accept the appointment as hearing officer, the Watermaster Board and employee shall attempt to agree on an acceptable hearing officer. If such agreement cannot be achieved, a new list of three names of qualified hearing officers shall be obtained from the office of the San Bernardino County Civil Service Commission and the selected process set forth above shall be followed. The costs for the services of the hearing officers shall be paid by the Watermaster.

The hearing shall be recorded by a certified shorthand reporter or by tape recording, at Watermaster's expense. Any transcription cost shall be borne by the party requesting the transcript. Unless the employee requests a private hearing, the hearing shall be public. Each party shall have the right to call and examine witnesses. While oral evidence shall be taken on oath, the hearing will be conducted informally and the legal rules of evidence shall not apply.

Unless otherwise agreed to by the parties within twenty (20) days after the matter is submitted, the Hearing Committee or Hearing Officer shall issue written findings and conclusions, which shall be transmitted to the Chief Executive Officer and the employee. The findings and conclusions of the Hearing Committee shall be final and non-appealable.

The findings and conclusions of the Hearing Officer shall be advisory to the Watermaster Board. Unless otherwise agreed to by the parties, within thirty (30) days of receiving the findings and conclusions of the Hearing Officer, the Watermaster Board shall review the hearing transcript and evidence presented at the hearing, and meet to affirm, modify or rescind the findings and conclusions of the Hearing Officer. At the discretion of the Watermaster Board, the parties may be allowed to present oral and/or written argument. The Watermaster Board shall certify its findings and conclusions in writing, and provide such written findings and conclusions to the Chief Executive Officer and the employee within the thirty (30) day period. The findings and conclusions of the Watermaster Board shall be final and non-appealable.

To the extent applicable, as part of its written findings and conclusions, the Hearing Committee shall provide notice to the employee that the time within which judicial review must be sought is governed by the Code of Civil Procedure 1094.6.

4.24.5 Time Limitation on Initial Filing of Grievances

No act, activity or claim which may constitute a grievance may be considered for resolution unless a written grievance is filed with the Chief Executive Officer in accordance with procedure contained herein within thirty (30) days after the event occurs which gave rise to the grievance or the date the employee could reasonably have known such event occurred.

4.24.6 Non-Retaliation

An employee shall not be disciplined, penalized or otherwise discriminated against because of filing a complaint or grievance under the procedure set forth in this section.

4.24.7 Representation

In filing and processing a grievance under this section, an employee may be represented by a representative of his or her designation upon proving written notice of such designation to the Chief Executive Officer.

4.25 ARBITRATION

The Watermaster and its employees agree that they prefer and choose to arbitrate any dispute they may have instead of litigating in court before a judge or jury. Therefore, as a condition of employment, they agree that any claim or dispute between them or against the other or any agent or employee of the other, whether related to the employment relationship or otherwise, including those created by practice, common law, court decision, or statute, now existing or created later, concerning in any way the subject of the Employee's employment with the Watermaster or its termination, including any related to allegations of violations of state or federal statutes related to discrimination, and all disputes about the validity of this arbitration clause, shall be resolved by final binding arbitration. The Watermaster's Mandatory Arbitration Policy is set forth at the end of this Manual as Appendix D. This policy shall be in addition to, and not in lieu of, the rights and policies set forth in Section 4.24, Processing of Grievances and Complaints.

ACKNOWLEDGMENT FORM

I have received a copy of the Chino Basin Employee Manual, and it is my responsibility to read and abide by the policies and procedures contained therein. I accept these policies and procedures as the basis for my employment at the Watermaster, as witnessed by my signature below. I understand that I should consult with the Chief Executive Officer concerning any questions not answered by this manual. I understand that the handbook expresses an at-will agreement between the Watermaster and me, which means that either party may terminate the relationship at any time, with or without cause or notice.

Employee's Signature

Date

APPENDIX A - SALARY SCHEDULE

APPENDIX B - SEXUAL HARASSMENT INFORMATION

CHINO BASIN WATERMASTER

Purpose of Policy

The Watermaster is committed to providing a workplace free of sexual harassment (which includes harassment based on gender, pregnancy, childbirth, or related medical conditions), as well as harassment based on such factors as race, color, creed, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, family care or medical leave status, veteran status, or any other basis protected by federal or state laws. The Watermaster strongly disapproves of and will not tolerate harassment of employees by managers, supervisors, or co-workers.

Federal and state laws and Watermaster policy prohibit sexual harassment (which includes harassment based on gender, pregnancy, childbirth, or related medical conditions), as well as harassment against applicants for employment and employees on the basis of race, color, religion and religious creed, sex, pregnancy, marital status, age, national origin, ancestry, physical and mental disability, medical condition, or sexual orientation.

Harassment consists of unwelcome conduct, whether verbal, physical, or visual. The Watermaster will not tolerate harassing conduct on these bases that affects tangible job benefits, that interferes unreasonably with an individual's work performance, or that creates an intimidating, hostile, or offensive working environment. The Watermaster does not allow anyone, including any manager, supervisor, or co-worker to unlawfully harass Watermaster employees or applicants for employment. Harassment is also prohibited against any person providing services to the Watermaster pursuant to a contract, as that term is defined by the Fair Employment and Housing Act.

Harassing conduct can take many forms and include, but is not limited to the following: slurs, jokes, statements, gestures, assault, impeding or blocking another's movement or otherwise physically interfering with normal work, pictures, drawings, or cartoons based upon an employee's sex, race, color, national origin, religion, age, physical disability, mental disability, medical condition, ancestry, marital status, sexual orientation, family care or medical leave status, veteran status, or any other basis protected by federal or state laws.

Sexual harassing conduct in particular includes all of these prohibited actions as well as other unwelcome conduct, such as unwelcome sexual advances, requests for sexual favors, and other physical, verbal, or visual conduct based on sex which are not allowed. This includes such things as sexual innuendoes, suggestive comments, sexually oriented teasing or practical jokes, display of sexually suggestive posters or other materials, suggestive or insulting sounds, looks, or gestures, and physical contact such as patting, pinching, or brushing against another's body. Obviously more severe forms of harassment, such as assault and coerced sexual intercourse, are also prohibited.

All Watermaster employees are responsible for helping to assure that we avoid unlawful harassment. If you feel that you, another applicant or employee have been harassed in violation of this policy, you should immediately notify the Chief Executive Officer, your supervisor, or any other Watermaster supervisor or manager.

It is the Watermaster's policy to investigate all concerns about unlawful harassment thoroughly and promptly, and to take appropriate remedial steps. This can include discipline of the harasser up to and including termination. To the fullest extent that it is practical, the concern, the investigation, and the resolution of the concern will be kept confidential. The Watermaster will not allow retaliation against anyone who has expressed a concern about harassment or who has participated in an investigation.

Employee's Signature

Date

APPENDIX C - SUBSTANCE ABUSE POLICY

CHINO BASIN WATERMASTER

I. PURPOSE OF POLICY

It is Watermaster's intent to maintain a workplace that is free of drugs and alcohol and to discourage drug and alcohol abuse by its employees. Watermaster has a vital interest in maintaining safe and efficient working conditions for its employees. Substance abuse is incompatible with health, safety, efficiency and success at Watermaster. Employees who are under the influence of a drug or alcohol on the job compromise Watermaster interests, endanger their own health and safety and the health and safety of others, and can cause a loss of efficiency, productivity, and create a disruptive working environment.

To further its interest in avoiding accidents, to promote and maintain safe and efficient working conditions for employees, and to protect its business, property and operations, Watermaster has established this policy concerning the use of alcohol and drugs. As a condition of continued employment with Watermaster, all employees must abide by this policy.

II. DEFINITIONS

For purposes of this policy:

1. Illegal drug means any drug or controlled substance that is not legally obtainable or is legally obtainable but has not been legally obtained.
2. Legal drug means any drug, including prescription drugs and over-the-counter drugs that were legally obtained and are not unlawfully sold or distributed.

III. EMPLOYEE ASSISTANCE

An employee who suspects they may have alcohol or drug problems, even in the early stages, are encouraged to voluntarily seek diagnosis and to follow through with the treatment prescribed by qualified professionals. An employee who wishes to voluntarily enter and participate in an alcohol or drug rehabilitation program are encouraged to contact the Chief Executive Officer, who will determine whether Watermaster can accommodate the employee by providing unpaid leave for the time necessary for the employee to complete participation in the program. Disclosures made by an employee to the Chief Executive Officer concerning the employee's use of drugs will be treated confidentially and will not be revealed unless there is an important work-related reason to do so in order to determine whether it is advisable for the employee to continue working. Disclosures made by employees to the Chief Executive Officer concerning their participation in any drug or alcohol rehabilitation program will be treated confidentially.

Employees should be aware, however, that participation in a rehabilitation program will not necessarily shield them from the imposition of disciplinary action for a violation of this policy, particularly if discipline is imposed for a violation occurring before the employee seeks assistance.

Nothing in this policy is intended to diminish Watermaster's commitment to employ qualified handicapped individuals or to provide reasonable accommodation to such individuals as required under state and federal law.

IV. USE OF LEGAL DRUGS

Watermaster recognizes that it may be necessary for an employee to use legal drugs from time to time. Watermaster also recognizes that legal drugs might impair or compromise an employee's ability to perform or to perform safely. Employees who know that use of a legal drug might endanger their own safety or the safety of some other person, or pose a risk of significant damage to Watermaster property, or substantially interfere with their job performance or the efficient operation of Watermaster business, are obligated to report such use of the legal drug to the Chief Executive Officer and obtain consent to continue working. Watermaster reserves the right to have a Watermaster physician or the employee's own physician determine whether it is advisable for the employee to continue working while taking such legal drug.

If appropriate, Watermaster may restrict the work activities of an employee who is using a legal drug or require that the employee take a leave of absence while taking such drug. If Watermaster permits an employee to work while using a legal drug, the employee must not report to work in any case if impaired by its use and if the impairment might endanger the employee's own safety or the safety of anyone else, pose a risk of significant damage to Watermaster property or substantially interfere with the employee's job performance or the efficient operation of Watermaster's business. Watermaster may require a medical certificate as a precondition for returning to work.

V. PROHIBITED CONDUCT

On-Duty Prohibition of Illegal Drugs and Alcohol.

An employee shall not use, possess, purchase, sell, manufacture, distribute, transport, dispense, or be under the influence of any illegal drug or alcohol during working hours, while on Watermaster premises, while conducting or performing Watermaster business regardless of location, or while operating or responsible for the operation, custody, or care of Watermaster equipment or other property.

Employees are further prohibited from working while impaired by the use of a legal drug whenever such impairment might endanger the safety of the employee or another person, pose a risk of significant damage to Watermaster property or equipment, or substantially interfere with the employee's job performance or the efficient operation of Watermaster business or equipment.

Off-Duty Conduct.

In addition to the restrictions imposed above, the use, possession, purchase, sale, manufacture, distribution, transportation, dispensation, or being under the influence of any illegal drug or alcohol while off duty may result in disciplinary action, up to and including termination, dependent upon whether such off-duty conduct negatively affects the employee's ability to perform their job duties, undermines the public's confidence in the Watermaster or otherwise poses the risk of bringing Watermaster into disrepute. Such off-duty conduct will be reviewed on a case-by-base basis.

Reasonable Suspicion

Any employee suspected of being under the influence of illegal drugs or alcohol will be suspended from work and required to submit to a urine or blood test to determine the presence of illegal drugs or alcohol. Such testing may be ordered only by the Chief Executive Officer based upon a reasonable suspicion that an employee is under the influence of any illegal drug or alcohol in violation of this policy. Refusal to undergo a urine or blood test when required pursuant to this policy constitutes insubordination and will result in disciplinary action, up to and including termination.

Reasonable suspicion means an articulable belief based on specific facts and reasonable inferences drawn from those facts that an employee is under the influence of illegal drugs or alcohol. Circumstances which constitute a basis for determining reasonable suspicion may include, but are not limited to:

- a. A pattern of abnormal conduct or erratic behavior;
- b. Observable phenomena, such as direct observation of drug or alcohol abuse or possession and/or the physical symptoms of being under the influence of illegal drugs or alcohol (e.g., glassy or bloodshot eyes, alcohol odor on breath, slurred speech, poor coordination and/or reflexes);
- c. Conviction for a drug-related offense;
- d. Information provided by a reliable and credible source of information which is independently corroborated; or
- e. Newly discovered evidence that the employee has tampered with a previous drug test.

Any employee may identify someone suspected of being under the influence of drugs and/or alcohol to any supervisory or management personnel. Employees should realize, however, that it is against Watermaster policy to make false or malicious statements about other employees and doing so can result in disciplinary action being taken against the offending employee. Following such identification, the supervisor or manager must witness first hand the suspected employee's signs and symptoms.

The supervisor or manager shall document in writing the facts, symptoms, or observations that form the basis for the determination that reasonable suspicion existed to warrant the testing of an employee.

Testing

Whether testing is conducted by urine or blood sample shall be at the discretion of Watermaster and/or physician performing the test. The urine or blood sample will be given and the testing will take place at an approved testing facility in a manner as to provide the employee with appropriate rights of privacy. Positive results will be reviewed by a licensed physician who will discuss all positive results with the employee to determine if the positive result was from the use of legal drugs or other causes.

Any urine or blood sample showing positive test results will be retested. The physician and/or testing facility will report the test results to Watermaster only if the re-testing of the sample shows positive results for illegal drugs or alcohol. The positive test results will also be made available to the employee.

A portion of each sample taken will be properly preserved, and the employee will be allowed to have the sample tested by his or her own physician.

Watermaster shall observe all laws and regulations protecting the confidentiality of medical information.

Any employee testing positive for illegal drugs or alcohol, or otherwise found to be in violation of this policy would be immediately relieved of duty, without pay or benefits, pending further disciplinary action. Any employee testing negative for illegal drugs or alcohol will be paid for time away from scheduled work resulting from the testing procedure.

Any employee who refuses to comply with a request for testing will be considered to be insubordinate and to have a positive (failed) test. Any employee who provides false information in connection with a test or who attempts to falsify test results through tampering, contaminating, adulterating, or substituting, shall be removed from duty immediately, and will be terminated. Refusal to submit to a test can include an inability to provide a urine specimen, blood test or breath sample without a valid medical explanation, as well as a verbal declaration, or obstructive behavior or physical absence resulting in the inability for a test to be conducted.

VI. DISCIPLINARY GUIDELINES

Cause for Immediate Termination

The first violation of this policy may result in immediate termination, particularly when the prohibited conduct:

- a. Involved the sale, manufacture, possession, distribution or dispensation of illegal drugs in violation of this policy;

- b. Caused injury to the employee or any other person, or, in the sole opinion of Watermaster, endangered the safety of the employee or any other person;
- c. Resulted in significant damage to Watermaster property or equipment or, in the sole opinion of Watermaster, posed a risk of significant damage; or
- d. Involved an employee who had not completed the probationary period or the employee was a casual or temporary employee.

Discretion Not to Terminate

Watermaster, at its sole discretion, may choose not to discharge an employee for a first violation of this policy. However, all violations of this policy will result in disciplinary action, up to and including termination. The nature of such disciplinary action will depend on the circumstances of each case, including a consideration of the following factors:

- a. The circumstances under which the violation of the policy occurred;
- b. The employee's participation in and satisfactory completion of a drug or alcohol abuse assistance or rehabilitation program;
- c. The length of Watermaster service; and
- d. History of job performance with Watermaster

Effect of Criminal Conviction

An employee who is convicted under a criminal drug statute for a violation occurring in the workplace or during any Watermaster-related activity or event will be deemed to have violated this policy.

Effect of Second Violation

A second violation of this policy by an employee at any time will result in immediate discharge.

APPENDIX D - MANDATORY ARBITRATION POLICY

CHINO BASIN WATERMASTER

The Watermaster and its employees agree that they prefer and choose to arbitrate any dispute they may have instead of litigating in court before a judge or jury. Therefore, as a condition of employment, they agree that any claim or dispute between them or against the other or any agent or employee of the other, whether related to the employment relationship or otherwise, including those created by practice, common law, court decision, or statute, now existing or created later, concerning in any way the subject of the Employee's employment with the Watermaster or its termination, including any related to allegations of violations of state or federal statutes related to discrimination, and all disputes about the validity of this arbitration clause, shall be resolved by final binding arbitration. Binding arbitration will be conducted in San Bernardino County, in accordance with the American Arbitration Association's National Rules for the Resolution of Employment Disputes then in effect. The Watermaster agrees to pay all costs of arbitration. Fees paid are subject to the award of fees by the arbitrator, as provided by law and arbitration rules. Each party shall bear its own attorneys' fees, unless otherwise permitted by law and so ordered by the arbitrator. This agreement shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16, and any award of the arbitrator may be entered as a judgment in any court of competent jurisdiction. In the event a court having jurisdiction finds any portion of this agreement unenforceable, that portion shall not be effective and the remainder of the agreement shall remain effective. By signing this arbitration agreement, the parties understand that the arbitration shall be instead of any civil litigation, that the arbitrator's decision shall be final and binding to the fullest extent permitted by law and enforceable by any court having jurisdiction thereof, and the parties are giving up any right they might have to sue each other in court and have their case decided by a judge or jury.

Employee's Signature

Date

CHINO BASIN WATERMASTER BUDGET WORKSHEET						
Including COLA		SALARY MATRIX				
2002/03 COLA	1	2002/2003				
GRADE	STEP	ANNUAL	MONTHLY	BI-WEEKLY	WEEKLY	HOURLY
W010 Project Engineer	A	76,956	6,413	2,959.85	1,479.92	37.00
	B	80,804	6,734	3,107.84	1,553.92	38.85
	C	84,844	7,070	3,263.23	1,631.62	40.79
	D	89,086	7,424	3,426.39	1,713.20	42.83
	E	93,540	7,795	3,597.71	1,798.86	44.97
W009 Finance Manager	A	68,455	5,705	2,632.88	1,316.44	32.91
	B	71,878	5,990	2,764.53	1,382.26	34.56
	C	75,472	6,289	2,902.76	1,451.38	36.28
	D	79,245	6,604	3,047.89	1,523.95	38.10
	E	83,207	6,934	3,200.29	1,600.14	40.00
W005 Administrative Assistant	A	43,807	3,651	1,684.88	842.44	21.06
	B	45,997	3,833	1,769.13	884.56	22.11
	C	48,297	4,025	1,857.59	928.79	23.22
	D	50,712	4,226	1,950.46	975.23	24.38
	E	53,248	4,437	2,047.99	1,023.99	25.60
W011 Executive Assistant	A	39,516	3,293	1,519.85	759.92	19.00
	B	41,492	3,458	1,595.84	797.92	19.95
	C	43,566	3,631	1,675.63	837.82	20.95
	D	45,745	3,812	1,759.41	879.71	21.99
	E	48,032	4,003	1,847.38	923.69	23.09
W006 Secretary II	A	29,245	2,437	1,124.81	562.40	14.06
	B	30,707	2,559	1,181.05	590.52	14.76
	C	32,243	2,687	1,240.10	620.05	15.50
	D	33,855	2,821	1,302.11	651.05	16.28
	E	35,547	2,962	1,367.21	683.61	17.09
W007 Senior Engineer	A	73,836	6,153	2,839.85	1,419.92	35.50
	B	77,528	6,461	2,981.84	1,490.92	37.27
	C	81,404	6,784	3,130.93	1,565.47	39.14
	D	85,474	7,123	3,287.48	1,643.74	41.09
	E	89,748	7,479	3,451.85	1,725.93	43.15
W008 Water Resource Engineer	A	44,015	3,668	1,692.88	846.44	21.16
	B	46,216	3,851	1,777.53	888.76	22.22
	C	48,527	4,044	1,866.41	933.20	23.33
	D	50,953	4,246	1,959.73	979.86	24.50
	E	53,501	4,458	2,057.71	1,028.86	25.72

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

III. REPORTS/UPDATES

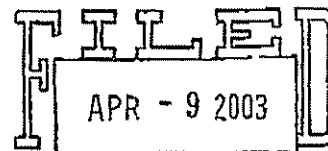
A. LEGAL COUNSEL REPORT

RECEIVED

APR 14 2003

BEST BEST KRIEGER

COURT OF APPEAL -- STATE OF CALIFORNIA
FOURTH DISTRICT
DIVISION TWO



COURT OF APPEAL FOURTH DISTRICT

CHINO LAND & WATER CO., INC.,

Plaintiff and Appellant,

v.

LEWIS INVESTMENT COMPANY, LLC,

Defendant and Respondent.

E033342

(Super.Ct.No. RCV064284)

The County of San Bernardino

THE COURT

This court has reviewed the civil case information statement received March 20, 2003, and the attached copy of a minute order sustaining a demurrer without leave to amend dated February 6, 2003, and the notice of appeal from the minute order, filed in the superior court March 12, 2003.

Orders sustaining demurrers, whether with or without leave to amend, are not appealable. (Code Civ. Proc., § 904.1; e.g., *Evans v. Dabney* (1951) 37 Cal.2d 758, 759; *Nowlon v. Koram Ins. Center, Inc.* (1991) 1 Cal.App.4th 1437, 1440; see 9 Witkin, Cal. Procedure (4th ed. 1997) Appeal, § 113, pp. 178-179.) Review of an order sustaining a demurrer lies only from a final judgment or signed order of dismissal. (Code Civ. Proc., §§ 904.1, subd. (a)(1), 581d.) Consequently, on the court's own motion, this appeal is DISMISSED without prejudice. (*Shpillar v. Harry C's Redlands* (1993) 13 Cal.App.4th 1177, 1179-1180 [no loss of right to appeal, but appellant must file a new notice of appeal once appealable order or judgment is filed]; *Jordan v. Malone* (1992) 5 Cal.App.4th 18, 22 [appellant's responsibility to provide appealable judgment; trend toward strict adherence to appealability requirements].)

If a final judgment or signed order of dismissal has been entered in this case before the date of this order, appellant may serve and file a file-stamped copy of the judgment

COPY

and a motion to vacate the dismissal and reinstate the appeal with the clerk of this court on or before 15 days following the date of this order. (See Cal. Rules of Court, rule 2(c).)

McKINSTER

Acting Presiding Justice

cc: See attached list

MAILING LIST FOR CASE: E033342

Superior Court Clerk
San Bernardino County
401 N. Arrowhead Ave.
San Bernardino, CA 92415

-
Law Ofc Herbert Hafif
Robert Scott Ackley
269 W Bonita Ave
Claremont, CA 91711

-
Law Offices of Mark Calahan
Mark C. Callahan
c/o Stapke & Harris, LLP
10880 Wilshire Blvd., #800
Los Angeles, CA 90024 4311

-
Best Best & Krieger
Eric Garner
✓ 3750 University Ave
Ste. 400
Riverside, CA 92501

-
Law Offices of Susan M. Trager
Susan M. Trager
19712 MacArthur Blvd.,
Suite 120
Irvine, CA 92612

-
Buxbaum & Chakmak
Betty Ogitani Yamashiro
414 Yale Avenue
Claremont, CA 91711

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

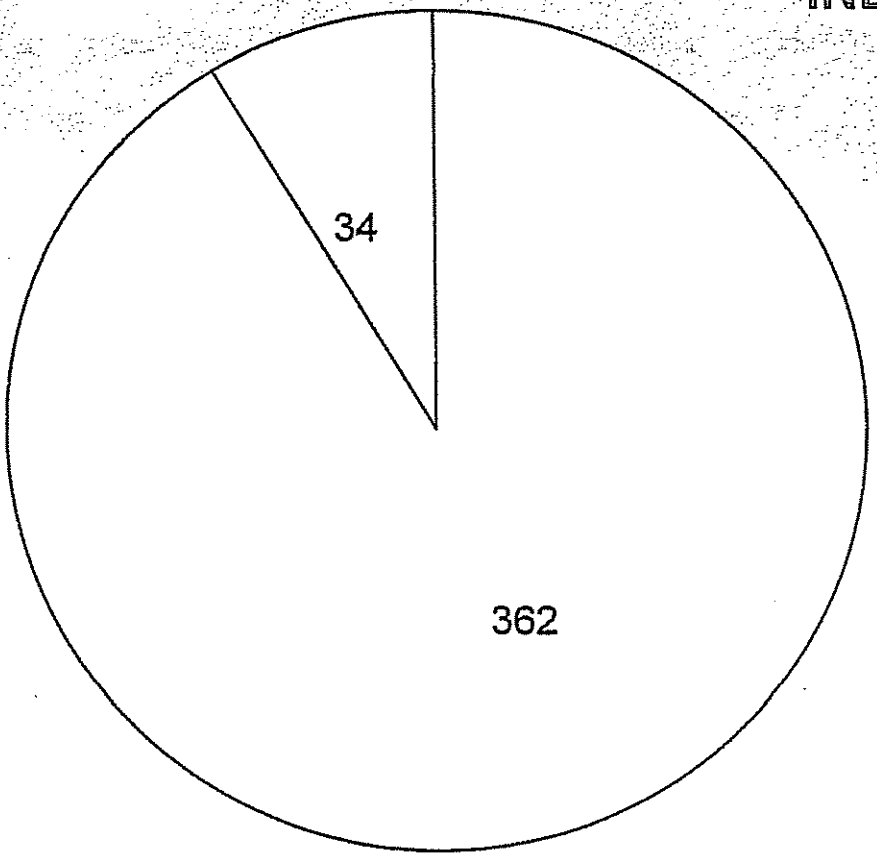
III. REPORTS/UPDATES

B. CEO/STAFF REPORT

1. Meter Installation Program

Wells Metered-
operating or installed
 Wells to be metered

CHINO BASIN WATERMASTER INLINE METER PROJECT Thru March, 2003



Wells assigned to:
Pump Check
Wheeler Meter
Grooman's Pump
Pascal & Ludwig

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee
1:00 p.m. – Watermaster Board

III. REPORTS/UPDATES

B. CEO/STAFF REPORT

4. AB 303 Update

FY 2002-2003 AB 303 PRELIMINARY RANKINGS BY AGENCY NAME

3/21/2003

NO.	Agency Name	Project Description	County	Amount Requested	Total Score
17	Denair Community Services District	DCCSD proposed to construct two cluster-monitoring wells. Information from these wells, along with other wells, will be used to support advancement of an existing hydrogeologic model.	Stanislaus	\$200,000.00	33.0
32	Madera County Resource Management Agency	This applicant will use hydrologic testing, borehole geophysics, geologic mapping, and analysis of groundwater chemistry to develop a conceptual model for flow and recharge of the groundwater system in the Oakhurst area.	Madera	\$250,000.00	32.0
52	San Jacinto Mountain Area Water Study Agency	This study will provide a basin-wide groundwater management plan, including monitoring wells, for long-term use of local groundwater and surface water resources.	Riverside	\$200,000.00	32.0
22	Fresno Irrigation District	The project expands the current monitoring program by including water level monitoring data, constructing additional monitoring wells, installing water delivery measurement devices, and evaluating the placement of recharge facilities.	Fresno	\$250,000.00	31.0
31	Los Osos Community Services District	This application proposes two studies: (1) two monitoring wells to determine extent of salt water intrusion; and (2) determine the source of recharge to the area's deep aquifer.	San Luis Obispo	\$220,000.00	31.0
34	Marina Coast Water District	Utilizing data collected from proposed multi-completion monitoring well, critical and strategic new information will be obtained from the Deep Aquifer.	Monterey	\$250,000.00	30.5
58	Six Basins Watermaster	The Ground Water Feasibility Study would evaluate the potential to deliver untreated imported water into the San Antonio Spreading Grounds for groundwater recharge	Los Angeles	\$250,000.00	29.5
44	Quincy Community Services District	This study will include assessing groundwater development potential at twelve locations in American Valley to use the results for a groundwater management plan.	Plumas	\$243,932.00	29.0
14	Cresenta Valley Water District	CVWD plans to conduct a feasibility study to evaluate the potential of developing a recharge and conjunctive use program in the Verdugo Basin.	Los Angeles	\$185,000.00	28.0
27	Kaweah Delta Water Conservation District	The project will include the construction of 19 monitoring wells, and the development of a basin-wide numerical groundwater model.	Tulare	\$250,000.00	28.0
29	Kings River Conservation District	This proposal would form a Basin Advisory Panel, coordinate groundwater management plans, compile data, and create a new Groundwater Management Plan.	Fresno	\$249,958.00	28.0
43	Pleasant Valley Water District	Pleasant Valley Water District wants to establish a regular groundwater quality monitoring program.	Fresno	\$247,331.00	28.0
46	Reclamation District 206B	RD 206B proposes to conduct a study to evaluate the feasibility of using groundwater to offset surface water demand within the District. Two monitoring wells will be installed.	Yolo	\$249,614.00	28.0
49	San Bernardino Valley Water Conservation District	Two 400-foot deep dedicated monitoring wells are proposed to be installed in the San Bernardino Valley to evaluate recharge operations and groundwater levels and flow.	San Bernardino	\$230,000.00	28.0

FY 2002-2003 AB 303 PRELIMINARY RANKINGS BY TOTAL SCORE

10	Chino Basin Watermaster	The project proposes installing two nested monitoring wells to determine whether groundwater originating in the upper part of the Chino Basin is discharged to the Santa Ana River.	San Bernardino	\$250,000.00	27.5
18	Dunnigan Water District	Dunnigan Water District proposes to increase its understanding of its groundwater resource through hydrologic characterization, design and implementation of a monitoring program, conjunctive operations analysis, basin management objectives, and public outreach.	Yolo	\$249,830.00	27.5
23	Glenn, County of	Glenn County proposes to install two monitoring wells, convert unused agricultural wells into monitoring wells, install a subsidence monitoring system, and perform aquifer tests.	Glenn	\$250,000.00	27.5
28	Kern Water Bank Authority	The Kern Water Bank Authority will install one triple completion monitoring well, 17 data loggers, and continue database development to map the stratigraphy of the Kern Fan.	Kern	\$250,000.00	27.5
35	Merced Area Groundwater Pool Interests (MAGPI)	MAGPI will use Merced ID to conduct a survey of all public supply wells within the Merced Groundwater Basin and install 22 monitoring wells to evaluate the influence of eastern Bear Creek on the basin.	Merced	\$250,000.00	27.5
45	Rainbow Municipal Water District	The project proposes developing a groundwater basin management plan for Rainbow Valley area by forming a development team, involving stakeholders, and performing basin hydrologic analysis.	San Diego	\$199,810.00	27.5
54	Santa Clara Valley Water District	This project proposes installation of nine monitoring wells at eight sites in Coyote and Llagas subbasins to fill data gaps in Santa Clara Valley Water District's groundwater monitoring system.	Santa Clara	\$249,320.00	27.5
15	Davis, City of	The project will install monitoring points, collect data, and develop a database to develop a better understanding of the deeper aquifer zone in southern Yolo County.	Yolo	\$248,850.00	26.5
60	South Tahoe Public Utility District	The project will involve developing a numerical groundwater model to assist the District in managing its groundwater resources in the presence of known contaminants.	El Dorado	\$210,802.00	26.5
62	Squaw Valley Public Service District	The project will install two monitoring wells, and continue monitoring of surface and groundwater characteristics to assist in verifying the basin's groundwater model.	Placer	\$249,000.00	26.5
37	Montara Sanitary District	This proposed project will construct nine monitoring wells; install streamflow gaging equipment, build a groundwater model, and develop a groundwater management plan.	San Mateo	\$236,195.00	26.0
11	Chowchilla Water District -Red Top City Joint Powers Authority	Chowchilla Water District -Red Top City Joint Powers Authority proposes using STELLA water resource model to analyze different operational schemes with the goal to see if groundwater banking in the basin can increase the yield on the Friant system.	Madera/ Merced	\$199,169.00	26.0
20	Eastern Municipal Water District	To better characterize basin hydrology, grant funds would be used to purchase, install, maintain, gather, and enter data into a database from approximately 65 meters on privately owned wells.	Riverside	\$188,000.00	26.0
48	Sacramento Groundwater Authority	This study will investigate the hydraulic connection between the American River and the aquifer on both sides of the river in the vicinity of California State Univ., Sacramento.	Sacramento	\$250,000.00	26.0
19	Eastern Kern County Water Conservation District	The proposed project consists of filling data gaps identified in the development of the conceptual hydrogeologic model with existing data sources, updating the hydrologic budget, and developing an outreach program for small systems.	Kern	\$249,960.00	25.5

SUB
TOTAL
\$ 4.974
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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee
1:00 p.m. – Watermaster Board

III. REPORTS/UPDATES

C. ASSOCIATION OF GROUNDWATER AGENCIES

ASSOCIATION OF GROUND WATER AGENCIES

Monday, April 21, 2003 - 1:30 p.m.

Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, CA
(909) 484-3888

1. Determination of Quorum/Introductions
2. Approve minutes from March 17, 2003 meetings
Receive and File Financial Statements for March 2003
3. Presentation and Discussion of Current State Legislation
4. Discussion and Actions
 - a. PowerPoint Presentation - ACWA Groundwater /
Communications Subcommittee
5. Committee Reports
 - a. MWD Liaison Committee (T. Zampiello)
 - b. General Communications/Public Information Committee
(C. Williams)
 - 1) Proposal from Jennifer Greenlief for 2003-04
 - c. Program Committee (M. Blevins)
 - d. Legislative Committee (B. Mowry)
6. Other
7. Future Agenda Items
8. Next Meeting: Monday, May 19, 2003, 1:30 p.m. - Main San
Gabriel Basin Watermaster
9. Adjourn

Chairman Bruce Mowry Presiding

DRAFT
 MINUTES OF THE
 ASSOCIATION OF GROUND WATER AGENCIES (AGWA)
 BOARD OF DIRECTORS MEETING
 HELD MONDAY, MARCH 17, 2003 - 1:30 P.M.
 AT MAIN SAN GABRIEL BASIN WATERMASTER

John Rossi, Vice Chairman, called the meeting to order.

Directors/Alternates present:

Bruce Mowry, Chairman	Water Replenishment District of Southern California
John Rossi, Vice Chairman	Chino Basin Watermaster
Carol Williams, Secretary/CFO	Main San Gabriel Basin Watermaster
Rick Iger	Kern County Water Agency
Bill Straub	Main San Gabriel Basin Watermaster
Tony Zampiello	Raymond Basin Management Board
Burnell Cavender	San Bernardino Valley Water Conversation District
Rick Hansen	Six Basins Watermaster
John Otto	Tehachapi-Cummings County Water District
Mel Blevins	Upper Los Angeles River Area Watermaster

Affiliates present:

Lesley Thornburg	Cadiz, Inc.
Edgar Fandalian	Metropolitan Water District of Southern California
Rob Johnson	Psomas

Others present:

Josephine Johnson	Chino Basin Watermaster
Ken Breitag	Main San Gabriel Basin Watermaster
Frank Forbes	Main San Gabriel Basin Watermaster
Jack Woodbury	San Bernardino Valley Conservation District
David De Jesus	Three Valleys Municipal Water District
Rita Sudman	Water Education Foundation

MINUTES/FINANCIAL STATEMENTS

On a motion by Director Blevins, seconded by Director Zampiello, and unanimously carried, the minutes from the January 21 and February 18, 2003 meetings were approved. The Vice Chairman stated that the Financial Statements for February 2003 were available for review, and then he ordered the Financial Statements to be received and filed.

PRESENTATION

Treatment Process Development for Hexavalent Chromium - The Vice Chairman introduced Dr. Michael J. McGuire of McGuire Environmental Consultants. Dr. McGuire began his presentation by stating that his firm is very interested in the water resources of Southern California, particularly in regard to those issues that affect water quality, and he explained how his firm became involved with a project with the City of Glendale. He noted that much of the public health concern related to hexavalent chromium contamination (Cr6) is a result of the Erin Brockovich story. He explained that there is no question that

inhalation of Cr6 can cause adverse health effects; however, there is still much uncertainty among regulators, water utilities and health experts about the risk from ingesting it, especially since Cr6 is broken down to trivalent chromium (CrIII) by the stomach.

Dr. McGuire reported that it has only recently been discovered that Cr6 occurs naturally and that it is present in some amount in a high percentage of wells in California. California's current MCL for total chromium in drinking water is 50 parts per billion (ppb), whereas the current federal standard is 100 ppb. Currently the Public Health Goal in California is 2.5 ppb for total chromium.

The presence of Cr6 in drinking water in the City of Glendale became an urgent issue when the Glendale City Council imposed a goal of 1 ppb (later relaxed to 5-6 ppb), despite the much higher California and EPA MCLs. The eight wells providing water to the Glendale Water Treatment Plant contained an average of 15 ppb Cr6, but after removal of VOCs at the plant the water was discharged to the Los Angeles River, because of Glendale's higher Cr6 standard. This waste of water, however, was not a practice which could be allowed to long continue.

Dr. McGuire explained that, though there were no demonstrated technologies for treatment of Cr6, methods developed for removal of other contaminants presented hope of finding a feasible treatment system. However, any study to examine possible treatment methods would also have to take into account the costs of the treatment, how to dispose of residuals, and the health consequences of Cr6 at levels below the current MCL. Besides those issues, any study would need to take into account how new treatment methods would then lead to changes to the state and federal MCLs.

In response to these questions, a group of local water entities, led by the City of Glendale, established a Cr6 Research Program. The recently completed Phase 1 of this program was a Bench Scale Testing Program and was funded through \$200,000 from the water entities and a \$200,000 grant from AwwaRF. Among the objectives of this phase was a better understanding of chromium occurrence, a comparison of performance among alternative Cr6 treatment technologies and a characterization of residuals from chromium treatment of successful technologies.

Dr. McGuire explained that in examining chromium treatment alternatives it was important to determine whether to treat Cr6 or CrIII. Ultimately, it was decided in the study to treat for both Cr6 and CrIII because it was found that when testing chemical reduction treatment methods CrIII very easily reoxidizes back to Cr6, even in the presence of relatively weak oxidants like chloramines. Consequently, this has cast doubt on the viability of chemical reduction treatment methods, because such methods would necessitate disinfection of resultant water.

Phase 1 also examined the possibility of using membranes to filter out the chromium. All levels of membranes, including ultra, nano and RO, were tested with results ranging from almost no chromium removed up to almost 100% removed. Dr. McGuire stated that the third category of treatment technologies examined were absorptive media, and, among the several different media tested, a wide variety of results were observed. A disappointing finding from these tests was that, although media which would remove nearly all of the chromium were found, no single media was found to successfully remove both Cr6 and arsenic.

Now that Phase 1 of the project has been completed, Phase 2 is beginning, and Dr. McGuire noted that \$750,000 was provided in last

year's House Appropriations Bill for this second phase. Phase 2 will be a Pilot-Scale Study, whereby well-respected vendors are being invited to participate in proving the results of Phase 1 through design, fabrication, and testing of pilot facilities. This phase of the Program is expected to continue until the summer of 2004 at which time Phase 3, the Demonstration Testing Program, will begin. This third phase recently received a \$900,000 appropriation.

Mr. McGuire concluded by stating that a lot work has been done that shows that hexavalent chromium can definitely be removed from groundwater, but the questions of how much it will cost and how to dispose of the residuals remain.

Director Blevins stated that his agency has assembled a report on the history of hexavalent chromium contamination in the San Fernando Basin and that he would provide a copy of the report to any member who would like one.

Mr. Bill Straub asked if it is possible to draw plume contours from naturally occurring instances of hexavalent chromium, and Mr. McGuire replied that his firm has actually tried to do this in the Lancaster area but was not able to draw such contours.

Director Iger asked if it was known whether hexavalent chromium could become airborne with the use of evaporative coolers. McGuire replied that he did not know whether this was possible.

DISCUSSION AND ACTIONS

WEF Groundwater Power Point Presentation - Director Rossi introduced Ms. Rita Sudman of the Water Education Foundation (WEF). Ms. Sudman distributed copies of a draft Groundwater PowerPoint Presentation and explained that the presentation is being developed for an audience of primarily legislators and legislative aids. Given the knowledge among this audience of groundwater issues, the presentation is essentially being developed as if it were directed at the general public. She noted that there are multiple possible approaches to developing presentations explaining groundwater. For instance, this initial presentation might act as a basic overview of groundwater issues, while subsequent presentations could go into more detail on such topics as groundwater quality or groundwater management. Ms. Sudman further explained that the goal is to finish the PowerPoint presentation by about the end of April and to pilot it at one of WEF's regular brown-bag sessions for legislative aids. She stated that it is important to receive input from AGWA members relative to what they would like to see included and excluded from the presentation.

Director Rossi suggested that a subcommittee be formed to review the presentation in detail, and he volunteered for the committee along with Director Cavender. The Chairman, too, said that he would participate in the committee or provide a member of his staff to do so. He also asked that if members had input on the presentation to provide that information to Director Rossi. Director Cavender noted that one of the original intentions of the presentation was that it be structured in such a way that it could be supplemented with a particular agency's own information.

STANDING COMMITTEE REPORTS

Metropolitan Water District of Southern California Liaison Committee -

Director Zampiello reported that Foothill Municipal Water District recently executed a contract with MWD for a Prop. 13. conjunctive use program.

General Communications/Public Information Committee - Director Williams reported that AGWA is nearing the end of its year-long contract with Jennifer Greenlief for production of AGWA's newsletter and that in the next month or two she would bring a new contract for consideration.

Program Committee - Ms. Sudman reported that there have been several changes to the agenda for the AGWA-WEF conference. She noted that Sen. Mike Machado will not be attending as hoped and that Tony Perry of the Los Angeles Times is on his way to Iraq, so he will not be able to participate as well. She further noted that Sen. Byron Sher has not yet been confirmed as a speaker, and she asked if any AGWA member might be in a position to accomplish this.

Ms. Sudman also reported that there are currently about 50 people registered for the conference and that she was concerned that this seemed low, given the conference is less than a month away. She asked if members had any ideas to increase the registration or whether there are additional email lists which could be used to publicize the conference. Mr. Ken Breitag stated that he could provide a list of AGWA email addresses to help in the effort.

Ms. Sudman also asked if there are entities which might be interested in sponsoring the reception honoring Director Palmer. She noted that the event would cost approximately \$3,000 and that each sponsor would be asked to contribute about \$500. Various members offered suggestions for possible sponsors.

The Chairman asked AGWA members to call other members of the water industry and encourage them to register for the conference.

Legislative Committee - The Chairman distributed documents from WRD and Main San Gabriel Basin Watermaster representing current legislation of possible interest to members. He noted that he will be in Sacramento during the next two days working on legislative matters, and he also stated that it appears \$200 million of Prop. 50 funds will be earmarked for helping to execute a Quantification Settlement Agreement relative Colorado River water.

Director Cavender reported that there would be a meeting on Thursday, March 20 at the Orange County Water District to discuss AB 496 (Correa), which would establish a Santa Ana River Conservancy. A member of Assembly Member Correa's staff will be at the meeting to make a presentation.

The Chairman asked if there was interest among members for AGWA to take action on any current bills, noting that a new water bond is expected to be released shortly.

OTHER

The Chairman noted that AGWA meetings had recently been changed to the afternoon of the third Monday of each month, primarily to accommodate his schedule where there was a conflict with WRD board meetings. However, WRD board meetings have again been changed, and he asked members if there was interest in changing AGWA meetings back to the morning of the third Monday. Director Williams asked that if such a change was made that it not take effect for a couple of months because

of scheduled meetings which would utilize the Azusa meeting room those mornings.

FUTURE AGENDA ITEMS

Mr. Ken Breitag noted that at the previous meeting the possibility of an extended report on current legislation be the program for AGWA's April meeting, and he asked if this was still members' wish. The Chairman noted that the timing would seem right for such a program and that he would be meeting the following day with Bob Reeb, ACWA's State Legislative Director. The Chairman stated that he would ask Mr. Reeb if he or one of his staff could come down to give a presentation about current legislation at the April meeting.

NEXT MEETING

The Chairman stated that the next meeting would be held on Monday, April 21, 2003, at 1:30 p.m. at the offices of the Chino Basin Watermaster located in Rancho Cucamonga, CA.

Carol Williams, Secretary/CFO

ATTEST:

Dr. Bruce Mowry, Chairman

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CHINO BASIN WATERMASTER

April 24, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

III. REPORTS/UPDATES

C. INLAND EMPIRE UTILITIES AGENCY



CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
April 24, 2003

AGENDA

INTER-AGENCY WATER MANAGERS' REP ORT

Chino Basin Watermaster
8632 Archibald Ave., Suite 109
Rancho Cucamonga, CA 91730

30 – 40 Minutes

PROPOSED ITEMS:

1. MWD Status Report – Rich Atwater
2. Conservation Programs – Martha Davis
 - Draft FY 03-04 Budget (attached)
 - Conservation Resolution and Information Package (attached)
3. CALFED Grant Report: Integrated Water Resources Management – Martha Davis

Landscape Planning in a Water Context (attached)
4. Updates
 - Recharge Master Plan/MWD Dry Year Storage Program – John Rossi
 - State/Federal Legislation – Martha Davis (attached)
 - Recycled Water Program – Tom Love

Draft FY 2003-04 IEUA and Retail Agency
Water Conservation Program Budget

Revenues

Conservation Surcharge (est 65,000 x \$3/AF)	\$195,000	
Meter Charge Revenues (est.)	\$60,000	
Ad Valorum (est)	\$69,000	
Interest	\$4,000	(WW Fund-Water Conv Reserve @ 3%)
Carry Forward (FY 2002-03 est.)	\$40,000	
Total	\$368,000	
Other Revenue		
Rebates through MWD and DWR	\$1,018,500	(Toilets, HECW's, X-Ray Proces and Waterbrooms)
Grants	\$2,060,000	(CIM Grant)
Total	\$3,078,500	
Total Estimated Revenues	\$3,446,500	

Expenses

Water Conservation Programs w/ Outside Funding Asst.	Estimated Expenditures	MWD/DWR Funding	IEUA Budget
- ULFT Rebate Program (Expert Inc.) (2,000 ULF Toilets @ \$67.50)	\$135,000	\$120,000	\$15,000
- Regional ULFT Program (1,600 ULF Toilets @ \$85.50)	\$136,800	\$96,000	\$40,800
- Multi-Family ULFT Prog (Oldtimers) (4,000 ULF Toilets @ \$94)	\$376,000	\$240,000	\$136,000
- Single Day Event (Member Agency) (2,000 ULF Toilets @ \$62)	\$124,000	\$120,000	\$4,000

Draft FY 2003-04 IEUA and Retail Agency
Water Conservation Program Budget

- HECW Rebate Program			
- 2,500 Rebates @ \$100 each	\$250,000	\$250,000	\$0
- Administration (2,500 x \$10 per unit recoverable)	\$30,000	\$25,000	\$5,000
- Marketing	\$2,500	\$0	\$2,500
- X-Ray Film Processor Rebate Program			
- 30 Rebates @ \$4,000 each	\$120,000	\$120,000	\$0
- Restaurant Water Awareness Program	\$5,000	\$2,500	\$2,500
- CIM Project	\$2,060,000	\$2,060,000	\$0
- Water Broom Program			
- 300 Brooms @ \$90 per broom (net cost after \$100 rebate)	\$57,000	\$30,000	\$27,000
- ICP Grant Projects	\$15,000	\$15,000	\$0
Total Reimbursable Projects	\$3,311,300	\$3,078,500	\$232,800

**Water Conservation Budget - 100% IEUA
Non- Reimbursable Programs**

Estimated Expenditures	MWD/DWR Funding	IEUA Budget
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School Education Programs

- Environmental Education			
- Think Earth (Annual Membership)	\$10,000	\$0	\$10,000
- Magic Show (\$300 1st show, \$100 for 2nd & 3rd shows)	\$30,000	\$0	\$30,000

Pool Cover Rebate Program

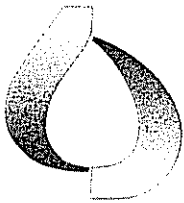
- Pool Cover Rebates (200 x \$60)	\$12,000	\$0	\$12,000
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Landscape Programs

- Regional Landscape Management Programs (Consultant) (Landscape Management Tool Promotion) (Landscape Contractor Certification Program)	\$25,000	\$0	\$25,000
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Draft FY 2003-04 IEUA and Retail Agency
Water Conservation Program Budget

(Commercial and Residential Workshops)			
(ET Controller Promotion)			
(City Planner Workshop)			
(Shade Tree Program)			
- "Landscape Gardener" Grants to Schools	\$25,000	\$0	\$25,000
- Inland Empire West RCD (Note: In kind services)	\$16,000	\$16,000	\$0
Agency BMP Support Programs			
- CUWCC Dues Payments (Funding for 6 Agencies)	\$12,000	\$0	\$12,000
- WEWAC	\$1,300	\$0	\$1,300
- Chino Basin Water Conservation District	\$1,000	\$0	\$1,000
- BMP Support Grants (8 Agencies x \$2,000)	\$16,000	\$0	\$16,000
Other Programs	\$2,900	\$0	\$2,900
Total	\$3,462,500	\$3,094,500	\$368,000



Inland Empire

UTILITIES AGENCY

9400 Cherry Ave., Bldg A • Fontana, CA 92335
P.O. Box 697 • Rancho Cucamonga, CA 91729
TEL (909) 993-1600 • FAX (909) 357-3884
www.ieua.org
A Municipal Water District

Richard W. Atwater
Chief Executive Officer
General Manager

April 16, 2003

John Rossi, Chief Executive Officer
Chino Basin Watermaster
8632 Archibald Ave, Ste 109
Rancho Cucamonga, CA 91730

Board of Directors

John L. Anderson
President

Dear Mr. Rossi:

May is water awareness month – and marks an important opportunity for the Chino Basin to kick off a united campaign to promote water efficiency throughout our communities.

Terry Catlin
Vice President

Inland Empire Utilities Agency (IEUA) and the water agencies of the Chino Basin have always been dedicated to the efficient use of water. Growing demands in local water supplies require that we make the most efficient use of our water resources – especially now that we are facing another dry summer in California.

Angel Santiago
Secretary/Treasurer

Water efficiency is the key, even in times of plenty. Ever gallon of water saved in the Chino Basin translates into reduced demand for expensive imported water supplies. By being more efficient, we will increase the reliability of our existing water supplies and reduce imported water costs to the Chino Basin.

Wyatt L. Troxel
Director

Gene Koopman
Director

This summer, Chino Basin water agencies are joining with the Inland Empire Utilities Agency and the Metropolitan Water District of Southern California to promote special water conservation “rebate” programs that will reward customers for using water efficient showerheads, toilets, clothes washers and other appliances. The attached information package on Water Efficiency in the Chino Basin showcases the outstanding conservation packages that are available to your residents and businesses to help them save water – and save money on their water bills.

Please join us in making a special effort to conserve water this summer. We are asking you to adopt the attached water conservation resolution and by promoting water conservation programs throughout the Chino Basin.

Remember, being water smart in the Chino Basin means using water efficiently – come rain or come shine!

INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS

John L. Anderson, President

Terry Catlin, Vice President

Angel Santiago, Secretary/Treasurer

Gene Koopman, Director

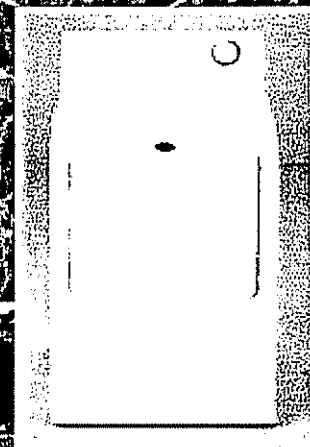
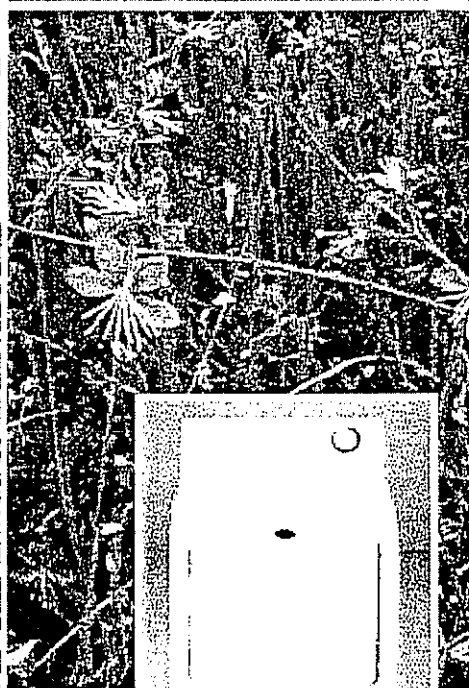
Wyatt Troxel, Director

Water Smart



COME RAIN OR COME SHINE

Water Efficiency in the Chino Basin



Inland Empire
UTILITIES AGENCY

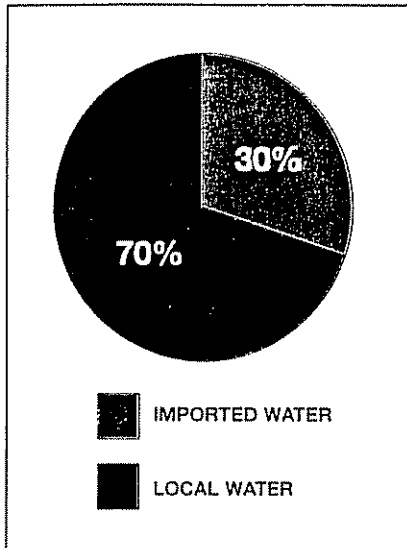
Chino Basin Local Water Agencies
Cities of Chino, Chino Hills, Ontario
and Upland, Cucamonga County Water
District, Monte Vista Water District,
Fontana Water Company and San
Antonio Water Company

Water Smart



COME RAIN OR COME SHINE

The Challenges and Opportunities for Smart Water Planning in the Chino Basin



Today the 700,000 residents of the Chino Basin receive their drinking water through the Inland Empire Utilities Agency, the wholesale distributor of imported water supplies within the Chino Basin, and the Basin's local water agencies: the cities of Chino, Chino Hills, Ontario and Upland, Cucamonga County Water District, Monte Vista Water District, the Fontana Water Company and the San Antonio Water Company.

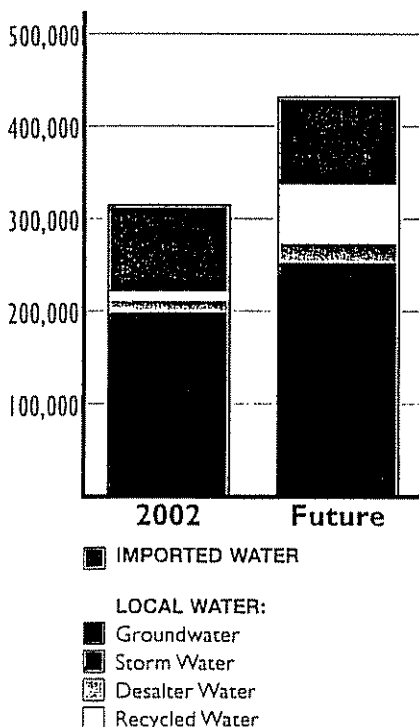
On average, 70% of the Basin's water supply comes from local groundwater and canyon supplies, while 30% is imported from Northern California by the Metropolitan Water District of Southern California. Of all the sources of water available to the Chino Basin, imported water supplies are the most expensive, costing almost twice as much as local groundwater.

It is likely that imported water supplies to the Chino Basin will be more expensive and far more uncertain in future years. Recent pricing changes for imported water supplies mean that purchases above current levels will be more costly at a time when Chino Basin water needs are growing rapidly. The population within the Chino Basin is expected to exceed one million people by 2020. At the same time, both the Colorado River and the Northern California systems are facing substantial supply cutbacks, making these systems less reliable over time.

How should the Chino Basin plan for a reliable, water smart future?

“With careful management and efficient use of local resources, there will be enough water for all to use in the Chino Basin.”

Congressman Joe Baca



Smart water planning starts with water efficiency. Every gallon of water saved translates into reduced demand for expensive imported water supplies. By being more efficient, we will increase the reliability of our existing water supplies and reduce the cost of imported water purchases for everyone in the Chino Basin. IEUA's goal is to help the Chino Basin to save over 25,000 acre-feet of water over the next twenty years through conservation – about 7% of our current water use.

To accomplish this goal IEUA, in partnership with the local water agencies within the Chino Basin and the Metropolitan Water District of Southern California, is offering special conservation rebates that will reward residential customers for using water efficient toilets, clothes washers and other appliances and reward business customers for using water brooms, and installing efficient toilets, commercial clothes washers and x-ray processing systems.

In addition, IEUA is undertaking a native landscaping initiative to promote the use of native and other water efficient plants as well as the installation of water efficient irrigation systems. In the coming year, we will sponsor programs for landscape professional that maintain large landscape areas to promote water saving practices. We will also develop demonstration native landscaping at all of IEUA's facilities, and will feature native gardens at the new Chino Creek Park.

Other regional conservation programs sponsored by IEUA include the award winning "Think Earth" and Water Conservation Magic Show offered through the San Bernardino school system, the Water Education Water Awareness Committee activities, and special grants to support local conservation event and programs.

Water efficiency is the start of smart water planning for the Chino Basin – but it doesn't end there. IEUA, working in partnership with the Chino Basin community, has developed an integrated water management strategy that will yield new, local water supplies, reduce the need for costly imported water supplies, and drought-proof the Chino Basin economy.

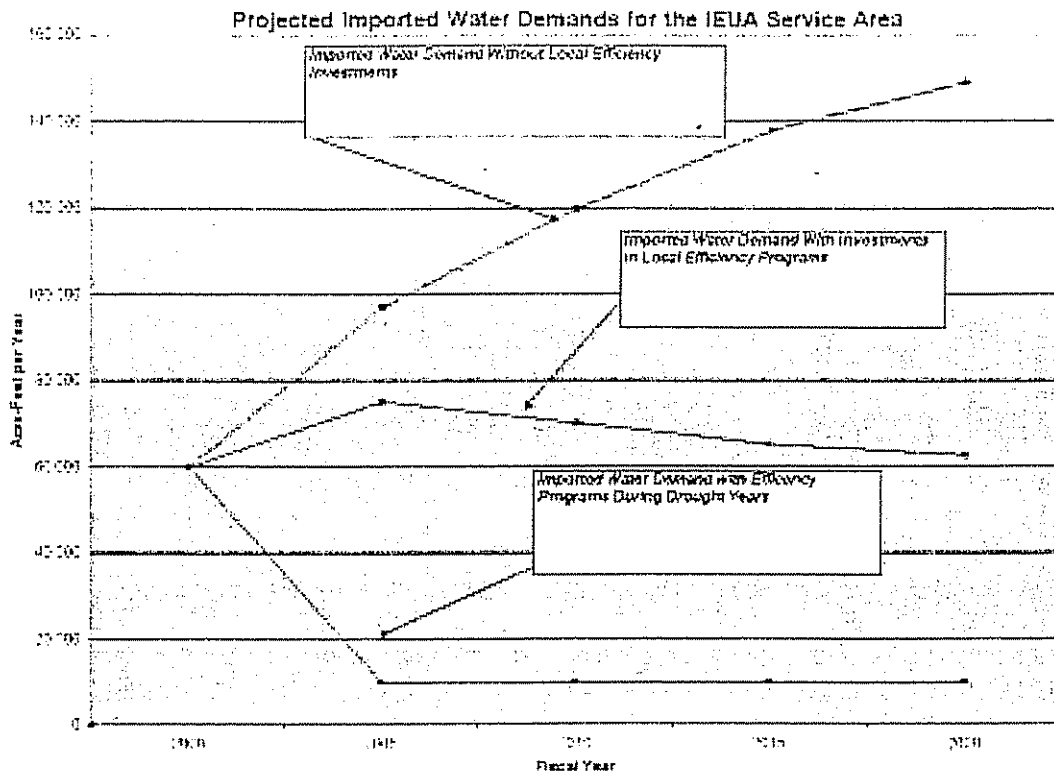
***“Every \$1.00 invested in conservation saves \$2.00 in expensive imported water.
Rebates are investments in water efficiency that pay dividends by reducing the need for expensive imported water”***

***-- Rich Atwater, CEO, General Manager
Inland Empire Utilities Agency***

Today, IEUA is building a regional recycled water program that will provide up to 20% of our future water needs. Safe and inexpensive, this water will be used for outdoor irrigation and in cooling towers and other industrial processes, further stretching our drinking water supplies.

We are also helping to build facilities like the Chino Desalter that will take 10,000 tons of salt annually out of our underground aquifers and provide enough water to supply 20,000 families each year. Two new desalters will be constructed over the next few years, providing 6% of our future water needs.

Finally, IEUA is working with the Chino Basin Watermaster, to implement a comprehensive groundwater enhancement program that will provide over 500,000 acre-feet of new groundwater storage within the Chino Basin, and yield critical dry year water supplies for the region. New projects include well-head treatment, groundwater recharge and water quality improvements that will ensure that Chino's vast groundwater supply is available to meet the future needs of the region.



Together, these programs – water conservation, recycled water, desalinization, and groundwater management – will provide over 160,000 acre-feet of new local water supplies for the Chino Basin – more than enough to meet projected future demands

By investing in efficiency and the development of our local water supplies, the Chino Basin will be among the first regions of California to reduce its future need for expensive imported water supplies. This is particularly important during drought years when imported water supplies are limited. Under the integrated water management plan, the Chino Basin will be able to increase groundwater pumping and almost completely eliminate the need for imported water for up to three years of dry conditions.

Being water smart in the Chino Basin means planning for our future . . . come rain or come shine.

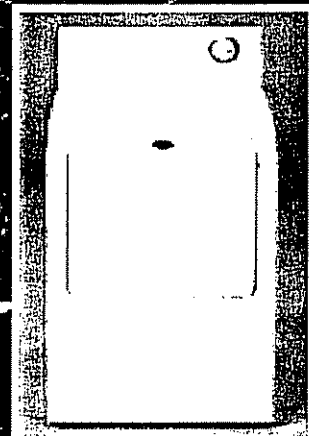
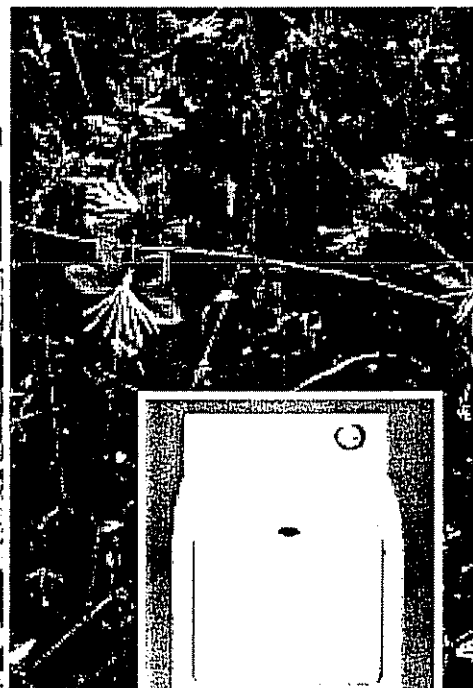
Water Smart



COME RAIN OR COME SHINE

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Inland Empire
UTILITIES AGENCY

Chino Basin Local Water Agencies
Cities of Chino, Chino Hills, Ontario
and Upland, Cucamonga County Water
District, Monte Vista Water District,
Fontana Water Company and
San Antonio Water Company

What Chino Basin Water Leaders Are Saying About the Importance of Water Efficiency

"We've done so much, but there is so much more we can do to save water. Using pool covers, low-flush toilets and low-flow shower heads, adjusting sprinkler settings and landscaping with drought-resistant plants will make a difference – a big difference – in saving water."

John Anderson
Board President, Inland Empire Utilities Agency

"The City of Chino conserves a great deal of potable water by using recycled water for its irrigation needs. But public education and outreach continues to be a key component to conservation. For example, both water and money can be saved by simply adjusting automatic sprinklers to current weather conditions."

Dennis Yates
Council Member, City of Chino
Chairman, Chino Basin Watermaster

"Water conservation needs to be a priority for everyone. The City of Ontario has been active in water conservation for many years."

Gary Ovitt
Mayor, City of Ontario

"We have worked very hard to reduce our dependence upon imported water supplies, and that has assisted us to control the cost of water to our customers."

Mark Kinsey
General Manager, Monte Vista Water District

"Conservation is an absolute key. People cannot afford to be wasting water."

Ray Wellington
General Manager, San Antonio Water Company

"Conservation of our natural resources continues to be the major focus for us."

Mike Maestas
Water and Sewer Manager, City of Chino Hills

"The dry conditions of the past few years have made it more important than ever to partner with our residents to conserve valuable water resources."

Rob Turner
Director of Public Works, City of Upland

"Our staff has looked into the future and has developed a water supply plan which incorporates elements of water conservation, water recycling and the increased use of our groundwater supplies. Together, these will ensure a safe and reliable supply for our customers for years to come."

Robert A. DeLoach
General Manager, Cucamonga County Water District

"Conservation is the single best method of managing our limited water resources in the region. Without it, we may see large rate increases in the near future to pay for increasing amounts of expensive imported water."

Jeff Davis
Director of the Water Resource Institute
California State University San Bernardino

Water Smart



COME RAIN OR COME SHINE



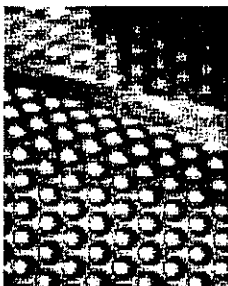
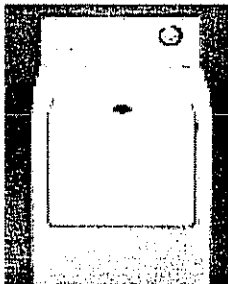
Inland Empire
UTILITIES AGENCY

Inland Empire Utilities Agency

The Inland Empire Utilities Agency (IEUA) was formed in 1950 to supply imported drinking water to the Chino Basin. Originally named the Chino Basin Municipal Water District, the IEUA has been a leader in water supply planning and programs to protect the region's vital water supplies for over fifty years.

Since its formation, IEUA has expanded its responsibilities to include regional wastewater treatment and the distribution of high quality recycled water. In addition, IEUA treats biosolids, produces fertilizer products, and has developed a state-of-the-art energy recovery and renewable energy generation facilities.

Today, IEUA continues to work to ensure that the Chino Basin has reliable, cost-effective water supplies to meet the future needs of its residents. The 242 square mile IEUA service area is located in the southwest corner of San Bernardino County, approximately 35 miles east of Los Angeles. IEUA serves over 700,000 people within the Chino Basin, in partnership with the following local retail water agencies: the cities of Chino, Chino Hills, Ontario, and Upland, Cucamonga County Water District, Monte Vista Water District, Fontana Water Company and the San Antonio Water Company.



Regional Water Efficiency Programs

In partnership with the Metropolitan Water District of Southern California, State of California, and the Chino Basin retail water agencies, IEUA offers financial incentives to residents and businesses within the Chino Basin to encourage water efficiency.

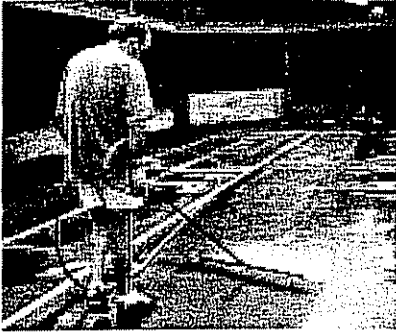
RESIDENTIAL REBATE PROGRAMS

High Efficiency Clothes Washers - A rebate of \$100 is being offered for the purchase of an "Energy Star" rated clothes washer. Call toll free (800) 492-0661 to request an application or go online at www.ieua.org

Pool Cover Rebate - A rebate of \$50 is being offered for the purchase of a qualified swimming pool cover. Call toll free (800) 492-0661 to request an application or go online at www.ieua.org

ULF Toilet Rebate - A rebate of \$50 is being offered for the purchase and installation of any Ultra-Low Flush (ULF) toilet. Limit two ULF toilet rebates per household. Call toll free (888) 616-8568 to request an application or go online at www.ieua.org

COMMERCIAL REBATE PROGRAMS



Water Broom Rebate – A rebate of \$100 for the purchase of a "Water Broom" These devices are used to wash down commercial properties in place of using a hose. Call toll free (877) 728-2282 for information and to request an application.

High Efficiency Commercial Clothes Washer – A rebate of \$400 is being offered for each high efficiency clothes washer purchased and installed in a commercial Laundromat. Call toll free (877) 728-2282 for information and to request an application.

Free Commercial Kitchen Sprayers – For a very limited time, Pre-Rinse Spray Nozzles will be installed in commercial kitchens and restaurants for FREE. Call (877) 728-2282 for information and to request an application.

X-Ray Film Processing Recirculation Devices – For a limited time, X-Ray film processing recirculation devices will be installed in hospitals and clinics in the IEUA service area for FREE. Call (909) 993-1705 for information. Once the special funding is exhausted, these processors will receive a rebate of \$2,000 per unit installed. Call toll free (877) 728-2282 for information and to request an application.

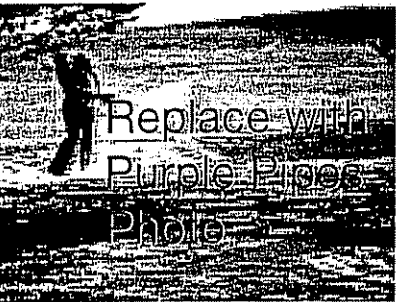


Commercial ULF Toilet and Urinal Rebates – A rebate of \$90 to \$120 is being offered for the purchase and installation of commercial ULF toilets and \$60 is being offered for the purchase and installation of a urinal. Call toll free (877) 827-2282 for information and to request an application.

Cooling Tower Conductivity Controller Rebate – A rebate of \$500 is being offered for the purchase and installation of a cooling tower conductivity controller. Have your engineering department manager call toll free (877) 827-2282 for information and to request an application.

For any additional information regarding any of the residential or commercial rebates mentioned here, or to inquire about any water management program, IEUA encourages residents to call their local water agency.

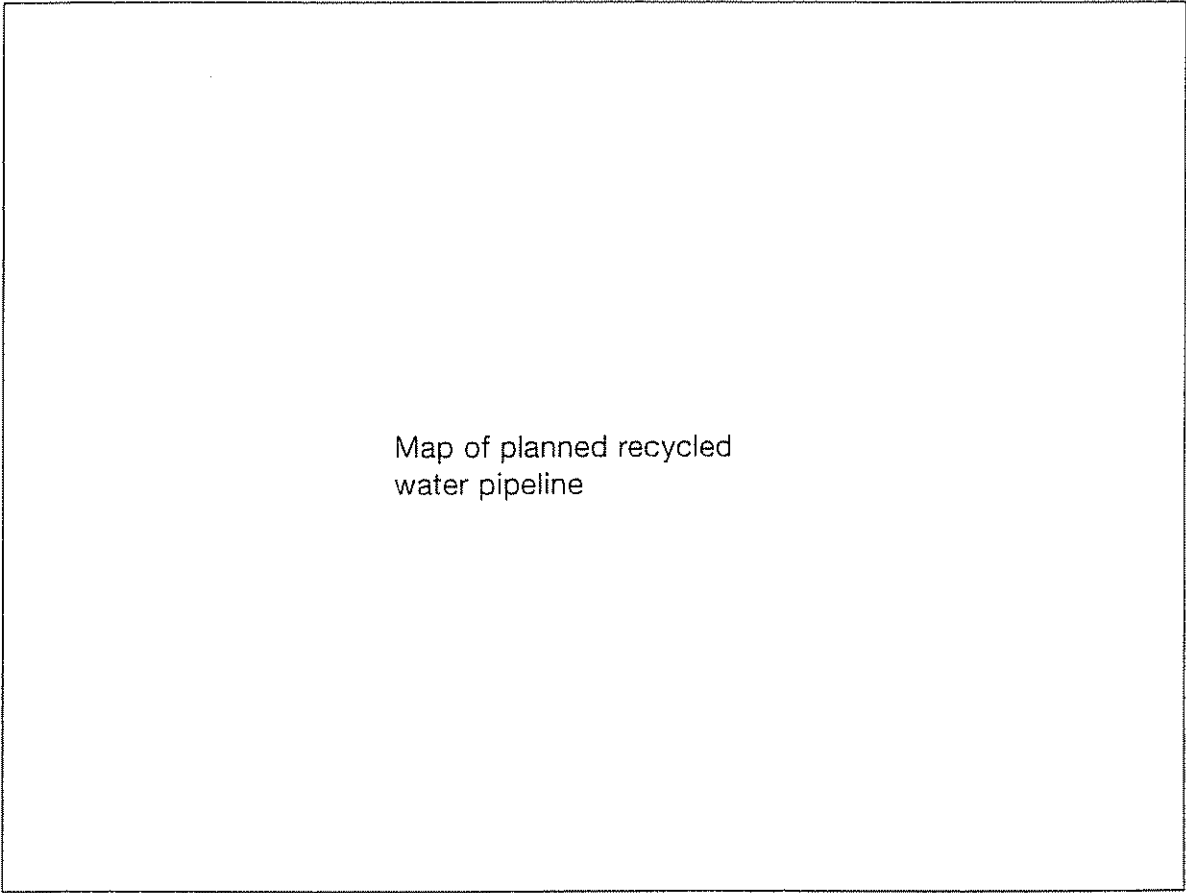
RECYCLED WATER



IEUA is developing a regional recycled water distribution system to make high quality and cost effective recycled water available throughout the Chino Basin. By using recycled water for outdoor irrigation and industrial processing, we can stretch our existing drinking water supplies for potable uses and, at the same time, drought-proof our local businesses and economy.

Currently almost 60 commercial, industrial and agricultural customers are receiving recycled water within the Chino Basin, with many new customers scheduled to be hooked up in 2003. Take a look at the recycled water distribution map below to see how soon recycled water will be coming to your neighborhood.

For more information about the regional recycled water program please contact your local water agency or IEUA at (909) 993-1705.



Map of planned recycled
water pipeline

Water Smart



COME RAIN OR COME SHINE



Cucamonga County Water District

Cucamonga County Water District Service Area

Cucamonga County Water District serves 152,000 customers in a 47 square mile area including the City of Rancho Cucamonga, portions of the Cities of Upland, Ontario and Fontana, and some unincorporated areas of San Bernardino County.

CCWD functions as a special district, which means it is an independent unit of local government serving the needs of a community. Special districts are the most efficient forms of government since the cost of the services provided to our customers directly equals the revenue generated from the charges for services provided.

CCWD is one of the leading water suppliers in the region due to its innovative technologies to treat water and its leadership in dealing with regional and state water issues.

Water Efficiency Programs:

Commercial Industrial Institutional Rebate Program (CII)

Commercial, industrial and institutional customers can apply for rebates for retrofitting several types of high water-use fixtures and equipment with more efficient ones. Fixtures that qualify are ultra low flow toilets, ultra low flow urinals, cooling tower conductivity controllers, coin or card operated high-efficiency clothes washers, automatic faucet shut-off valves, and flow valve kits. Rebate information can be obtained by calling 1-877-SAV-A-BUC (1-877-728-2282).

Ultra Low Flow Toilet (ULFT) Distribution Program

The District annually conducts a one-day distribution of ULFT's to single-family customers that reside in homes built prior to 1992. Customers pay \$15 per toilet, and are limited to two toilets per household. Call the CCWD Public Affairs Office at (909) 987-2591 to find out about the next scheduled event.

Ultra Low Flow Toilet Rebate Program

Customers desiring to select their own toilet may receive up to a \$50 rebate towards the purchase of an ultra low flow toilet. Toilets can be purchased at a local retailer and customers are limited to two rebates per household. For more information call toll free 1-888-616-8568 to receive an application.

Swimming Pool Cover Rebate

Customers purchasing a swimming pool cover that is either a solar or safety cover (non-netted type material), at least 12 mil in thickness and at least 15'x 30' in size, can qualify for a \$50 rebate. The rebate offer will end June 30, 2003, or when 250 rebates have been issued. *Call 1-800-462-0661 to receive an application for the program, or obtain an application on-line at www.ieua.org

Protector del Agua

The District sponsors free classes for landscape professionals that maintain large landscape areas. The class curriculum contains basic irrigation principles, irrigation system adjustment and repair, irrigation system troubleshooting, basic and advanced controller programming and irrigation scheduling. To enroll in the course call the CCWD Public Affairs Office at (909) 987-2591

Residential Plant Class

The District sponsors a free class for residential customers that teaches how to detect water waste, the basics of maintaining a home sprinkler system, where and how a sprinkler system can be improved, adjusting sprinkler system to eliminate dead grass and brown spots, how to develop a landscape plan, plant selection, plant identification and plant use. To enroll in the course call the CCWD Public Affairs Office at (909) 987-2591

Low Flow Shower Heads

Customers can exchange their water guzzling showerhead with a new low flow showerhead. Showerheads can be obtained from our Administrative Offices at 10440 Ashford Street, Rancho Cucamonga. Please call the CCWD Public Affairs Office at (909) 987-2591

High Efficiency Washer Rebate

Customers can receive a rebate of up to \$100 when purchasing a high efficiency washing machine and receive up to a \$100 rebate. Call 1-800-462-0661 to receive an application for the program, or obtain an application on-line at www.ieua.org

Water Awareness Day Celebration

As part of the District's commitment to raising the awareness of water conservation, CCWD annually hosts a Water Awareness Day celebration in the month of May. This event features an environmental fair with hands on interactive displays, an equipment show, landscape conservation demonstrations, and conservation education materials.

Water Smart



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Monte Vista Water District
10575 Central Avenue
Montclair, CA 91763
(909) 624-0035
(909) 624-0037 FAX
www.mvwd.org

Monte Vista Water District

Monte Vista Water District, founded as a county water district in 1927. The District provides retail and wholesale water services to a population of 113,000, including the cities of Montclair and Chino Hills, portions of the City of Chino and the unincorporated areas of San Bernardino County lying between Chino, Ontario, Pomona and Chino Hills.

One of the goals of the District's Facilities Master Plan is to reduce its dependency on imported water from the State Water Project. Over the past four years, the construction of three new groundwater production wells and nitrate blending programs has provided increased access to local water supplies. A \$100,000 feasibility study granted by the California Department of Water Resources through Proposition 13 is evaluating the reactivation of idle wells for injection/extraction purposes. The District will also receive approximately \$3 million from Metropolitan Water District through Proposition 13 to construct well-head treatment facilities and another new groundwater production well to be used in times of drought when imported water supplies may be decreased.

Conservation Programs

The Monte Vista Water District conducts a number of programs promoting water efficiency.

Rebate Programs

MVWD participates in the rebate programs offered by IEUA by promoting the programs on its website, in customer newsletters, billing statements and telephone infomercials. These rebate programs include:

- Ultra Low Flow Toilets
- Washing Machines
- Swimming Pool Covers
- Commercial, Industrial, Institutional Water Efficiency Rebate Program

Ultra Low Flow Toilet Distributions

Since 1996, MVWD has distributed 1,643 Ultra Low Flow Toilets with 500 Ultra Low Flow Toilets being retrofitted in 2002 alone.

Water Use Efficiency Home Gardening Classes

In 2002, the District conducted two series of four classes each in water efficiency in the garden and landscape design. Sixty participants enrolled in the classes. In 2003, two more series of four classes are scheduled for another 60 participants.

Customer Newsletter

The District produces a quarterly customer newsletter called *Waterline*. The newsletter informs MVWD customers about conservation and water efficiency opportunities, District news, and water quality issues.

Annual Student Art Contest

The District brings the Metropolitan Water District's annual calendar art contest to local students as part of its ongoing effort to educate youth about water conservation issues.

Water Education Water Awareness Committee

MVWD is an active member of the Water Education Water Awareness Committee that is comprised of Chino Basin and Three Valleys MWD member agencies. As a member of WEWAC, MVWD co-sponsors programs for the education of students at all grade levels. Programs such as Edu-Grant, Project Wet, and WEWAC Video Contest provide learning opportunities for teachers and students to develop projects related to conservation and the environment. WEWAC maintains a website (www.UseWaterWisely.com) that is very user friendly, entertaining, and informative for anyone curious to learn more about the committee and water issues in general.

For more information about the Monte Vista Water District and the programs outlined here, contact Mary Ann Melleby, Public Affairs Director at (909) 267-2165 or by e-mail at mmelleby@mwwd.org

Water Smart



COME RAIN OR COME SHINE



The City of Chino Hills

The Challenge

The goal of a good Water Conservation program is to encourage consumers to use water wisely to ensure that we have a continuous water supply for future water needs. The City of Chino Hills' challenge is to deliver this message to the public through a variety of water conservation programs and through water awareness education.

Water Conservation Programs

The City created a Utilities Conservation Specialist position addressing utilities conservation efforts and representing the City on issues regarding water conservation and recycled water use. While the City manages the overall program, some aspects of the program are a collaborative effort with other agencies. The program includes:

Central Irrigation System

The City of Chino has a Central Irrigation System that allows the City to manage water consumption based on rainfall, temperature, humidity and evaporation. Last year, the system saved the City an estimated 142 million gallons of water – a savings of \$190,000 in operating expenses for water alone. This is a "win-win" situation as the system preserves a valuable resource and saves money at the same time.

Recycled Water System

The City has been aggressively developing its Recycled Water System with the first connections coming on line in 2000. In FY 2000/01, 206 million gallons of recycled water were delivered and savings can only increase as additional users join the system. Recycled water is used for landscape irrigation and for dust control on construction sites. This saves the consumer money and saves valuable potable water.

Classes and Workshops

The City offers a host of classes and workshops to provide better water awareness and promote good water conservation practices. The workshops cover sprinkler systems, irrigation techniques, fertilization, landscape design, landscape plants, and informational tours of the water treatment facilities.

Customer Communications

The City's monthly water bills include educational and informational flyers addressing awareness topics and advertise City-sponsored water conservation initiatives

The City staffed information kiosks at a number of community events where education literature and water conservation materials were provided to the public. These events included: City's annual "Fourth of July Picnic in the Park"; Chino Hills' Tenth Anniversary Celebration; Chino Valley Chamber of Commerce Mixer; The Los Angeles County Fair; and the Ontario Home & Garden Show

Water Education and Water Awareness Programs

Water education and water awareness programs are targeted to local schools for to educate youth for a lifetime of good water practices. Examples of these programs include: The Annual Water Conservation Poster Contest, targeted at grades 1-6; National Theater for Children plays, also targeted for grades 1-6; High School Video Contest; EduGrant: providing financial assistance to teachers seeking to do creative classroom projects that increase student awareness of the importance of water in Southern California; Project WET: Water Education for Teachers; and a newsletter also geared for teachers entitled "The Next Wave"

The Ultra Low Flush Toilet (ULFT) Rebate and Distribution/Exchange Programs

The City of Chino has had great success with Ultra Low Flush Toilet (ULFT) Rebate and Distribution/Exchange programs. A total of 80 residents applied for rebates on 123 toilets and approximately 100 residents participated in the Distribution/Exchange Program. Based upon an average annual water savings of 22,000 gallons per toilet, these two programs combined to save nearly 5 million gallons of water annually! The consumers also benefited by saving thousands of dollars on their collective water bills.

The City of Chino Hills continues to refine its Water Conservation & Education Program. The City collaborates with other agencies to share resources, experiences and ideas. This collaborative effort reinforces the valuable nature of water as a commodity, and the need for all agencies and individuals to work to conserve this precious natural resource.

Water Smart



COME RAIN OR COME SHINE



City of Chino

Conservation Programs

The City of Chino conducts a number of programs promoting water efficiency, including:

Children's Museum

A water educational display providing interactive experiences (i.e., software and board games, and pipe and pipe-fittings assembly) combined with pictorial displays depicting water and environmental awareness and conservation measures. The water feature display is located on the northeast corner of Sixth and D Street.

National Theatre for Children

A theatrical group provides live presentations pertaining to water and environmental concerns. The student audiences (K through 6th grade) get to participate and learn about water resources and how to protect them.

Earth Day

Chino co-sponsors environmental and water conservation activities for the City's 5th grade students. Students and Teachers are transported to the Chino Basin Water Conservation District facilities, located in Montclair, for a day of learning activities.

Home and Garden Show

Held at the Ontario Convention Center, this annual event provides a place for member agencies of the Water Education and Water Awareness Committee (WEWAC) to meet and speak with visitors to the Show. Water resource information and conservation materials are distributed to anyone interested in conserving water or learning more about local water issues.

Water Education Water Awareness Committee

Chino is an active member in this committee comprised of Chino Basin and Three Valleys MWD member agencies. As a member of WEWAC, Chino co-sponsors programs for the education of students at all grade levels. Programs such as Edu-Grant, Project Wet, and WEWAC Video Contest provide learning opportunities for teachers and students to develop projects related to conservation and the environment. WEWAC also maintains a Web-Site (www.UseWaterWisely.com) that is very user friendly, entertaining and informative for anyone curious to learn more about the committee and water issues.

Ultra Low Flush Toilet Distribution

Every Spring, Chino distributes Ultra-Low Flush Toilets to its single family residential customers. Approximately 400 to 600 ULFTs are distributed at the City Hall parking lot. Old "water guzzler" toilets are exchanged for the new toilets during a two-day ULFT distribution/Toilet return period.

Consumer Confidence Report/Annual Water Quality Report

Chino annually mails an Annual Water Quality Report to its water customers. Within the report, customers learn about what is in their water, where it comes from, and who to contact if they have any questions regarding water quality, water conservation, or local water issues.

Water Smart



COME RAIN OR COME SHINE



San Antonio Water Company

The San Antonio Water Company is a historically established Mutual Water Company located within the western inland valley of San Bernardino County, with headquarters in Upland, California. The Company was incorporated October 25, 1882 and has consistently provided water service to its customers for the past 120 years.

The region has changed dramatically in the past dozen decades, and the San Antonio Water Company played a major role in facilitating the development of agriculture, business, residency and the style of life that people have enjoyed through the decades. One of the most major changes over the decades has been the importance of efficiency in using and managing our water resources.

In years past, water use awareness had been stressed during the five to six warmer months in which water usage typically increased to critical levels. But in June 2001, the San Antonio Water Company initiated a serious effort to attain increased water efficiency awareness among its consumers. Initial efforts involved using stickers, articles, pamphlets and bill inserts as simple reminders and encouragement to make use of various ways to conserve water.

In the spring of 2002, as water usage began to increase and the water available continued to decline (both the canyon stream flows and the groundwater table for the wells dropped), the Company promoted water conservation by doing the following:

- Mailing focused letters with each monthly bill to stress awareness and the importance of reducing water usage during the continuing drought conditions.
- Providing information regarding available rebates for water conserving products such as ultra low flow toilets, solar pool covers and high efficiency washers.
- Supplying Internet web site addresses for additional sources for water conservation information.

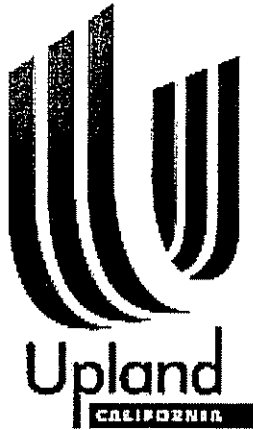
Over the months and years ahead, we intend to further encourage and assist each of our consumers to utilize water more efficiently. Efforts will include continuing communications with our customers, reporting on successful options, being more active in community events, thereby heightening awareness of the critical need to conserve water.

For more information about the San Antonio Water Company and water efficiency, please call (909) 982-4107.

Water Smart



COME RAIN OR COME SHINE



City of Upland

Water: A Valuable Resource

Like many things around us, we seldom appreciate what is plentiful and easy to obtain. And what could be more plentiful than water? To get water, all we do is turn on the faucet and it's there, ready to use. The rest goes on lawns, in washing machines and down toilets and drains. The lack of rainfall has taken its toll on our local groundwater basins. This has reduced the amount of groundwater available to produce water from the City's wells for our customers. We need to conserve this precious resource.

Why Conserve Water?

When you conserve water, you also save on other services. Less hot water requires less energy to heat the water, thereby reducing gas and electric bills. Using less water decreases the cost for water storage, purification, distribution and treatment facilities.

Water Saving Rebate Programs

The City of Upland, in cooperation with the Inland Empire Utilities Agency, offers various rebate programs to the public that include ultra low flow toilets, energy efficient washing machines, swimming pool covers, and commercial, industrial and institutional water saving devices.

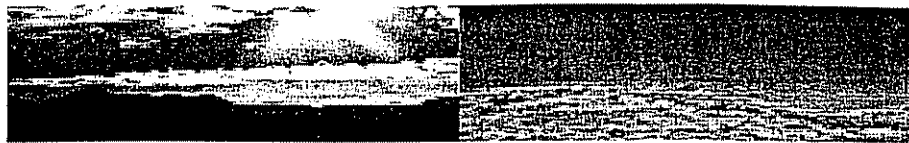
Ways You Can Help Conserve Water

- Plant drought resistant plants that are native to our area
- Only water your lawns and plants when they need it
- Water between 8:00 a.m. and 10:00 a.m. or 8:00 p.m. and 6:00 a.m.
- Turn off the water when brushing your teeth.
- Run full loads in your dishwasher and washing machine.
- Install low-flow showerheads.
- Install Ultra Low-Flow Toilets.
- Check your toilets, faucets and other piping for leaks.
- Adjust sprinkler heads to reduce run-off
- Install irrigation system controllers and timers
- Use drip irrigation for plants, shrubs and trees
- Replace plumbing fixtures with low-flow or demand units where possible or when replacement is required.
- Unused or slightly used water is often suitable for other purposes, even with no treatment or filtration. Make the most of any water before you let it go down the drain.

More Information about Water Conservation

If you should have additional questions or need more information about the water conservation program of the City of Upland's Public Works Water Division, call Bill Neelans, Senior Management Analyst, (909) 931-4235 or e-mail at bneelans@ci.upland.ca.us.

Water Smart



COME RAIN OR COME SHINE



City of Ontario

The City of Ontario is a rapidly growing community located in the western portion of San Bernardino County. With recent annexation of the New Model colony, its current population of 158,000 is expected to exceed 250,000 by the year 2030. New developments in the New Model Colony provide the City excellent opportunities to implement more water conservation measures and expand the use of recycled water. One of the City's goals is providing reliable local water supplies and reducing dependence on imported more expensive water to meet current and future needs. To achieve that goal, Ontario continue to construct new groundwater wells and participate in regional programs to create new sources of local water such as wellhead treatment, expansion of an existing regional desalter (Chino I) and construction of a new regional desalter (Chino II).

WATER CONSERVATION PROGRAMS:

Ultra Low Flow Toilet (ULFT) Distribution Program

The City of Ontario promotes water conservation through several programs including annual distribution of highly efficient Ultra Low Flush Toilets to replace old-fashioned toilets. Single family customers that reside in homes built prior to 1992 are eligible to participate in this program. Customers receive these toilets free of charge, and are limited to two toilets per household. Call the Utilities Department at (909) 395-2678 to find out about the next scheduled event.

Ultra Low Flush Toilet Rebate Program

Customers not able to participate in one of our annual toilet giveaways may purchase toilets from a local retailer and apply for a \$50.00 rebate per toilet. The rebate is limited to two toilets per household. For more information call toll free 1-888-616-8568.

High Efficiency Washer Rebate

Customers can purchase a high efficiency washing machine and receive up to a \$100 rebate. For more information or to receive an application for the program, call 1-800-462-0661. You can also obtain an application on-line at www.ieua.org

Home and Garden Show

Home and Garden show is held each year at the Ontario Convention Center. This annual event provides water resource information and conservation materials to anyone interested in conserving water or learning more about local water issues.

Water Education Water Awareness Committee

Ontario is an active member in this committee comprised of local water agencies. As a member of this group, Ontario co-sponsors several educational programs, which provide learning opportunities for teachers and students to develop projects related to conservation and the environment. For more information, visit www.UseWaterWisely.com web site.

Low Flow Shower Heads

Customers can exchange their water less water efficient showerheads with new low flow showerheads. Showerheads can be obtained from the Utilities Department located at 1425 S Bon View Ave Ontario, Ca. For more information call (909) 395-2678.

Cooling Tower Rebate

Commercial customers can receive a rebate of \$500 by installing a Cooling Tower Conductivity Controller. With such device and proper management, the estimated savings average 800,000 gallons annually. For more details about program contact IEUA at www.IEUA.org, or call 1-800-492-0661.

Swimming Pool Cover Rebate

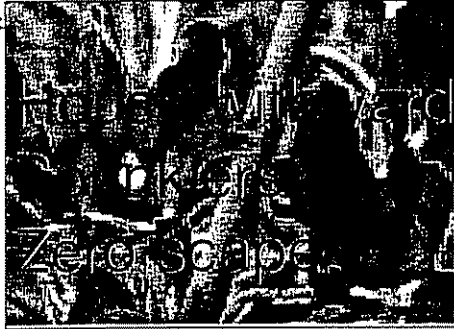
Customers can qualify for a \$50.00 rebate for the purchasing a swimming pool cover. The cover has to be at least 15'x30' in size and be a minimum of 12 mil in thickness. For more information and complete details call 1-800-462-0661.

For more information about what the City of Ontario is doing for water conservation, please call the Utilities Department at (909) 395-2678.

Water Smart



COME RAIN OR COME SHINE



\$50 REBATE



Purchase an Ultra Low Flush Toilet and receive a \$50 rebate... or \$100 for up to two toilets.

SEE US AT THE REBATE STATION AT THE CHINO BASIN WATER TREATMENT PLANT, 11000 CHINO AVENUE, CHINO, CA 91710. SEE US FROM 9:00 AM TO 5:00 PM. WEBSITE: WWW.IEUA.ORG

Water smart, come rain or come shine

IEUA's Water Efficiency Tips

Saving water in the yard

- Consider native and drought-tolerant plants and grasses when making landscape choices
- Water your lawn only when it needs it. Water in the evening or morning to prevent rapid evaporation during the heat of the day.
- Adjust your sprinklers so there is less watering on cool and overcast days and don't water when it is raining. Reduce the number of days your automatic sprinklers run during the cooler months between October and April
- Use compost around trees and plants.
- If you have a pool or spa, use an insulated cover to cut down on evaporation
- Use a broom or rake rather than a hose to remove leaves and debris from driveway, walk, patio, and pool decks.
- Wash your car with a bucket instead of the hose

Saving water in the home

- Run only full loads in the dishwasher and washing machine. Consider replacing your old washing machine with a high-efficiency clothes washer.
- Change your old toilet with a new water-efficient model. Since 1994, that is the only kind you can buy in California and it will save up to 14,000 gallons of water per year
- Install a new water-efficient showerhead, which saves on hot water and energy
- Take shorter showers
- While waiting for the shower to warm up, catch the cold water in a container to use on outside plants
- Turn off the water while brushing your teeth or while shaving
- Clean vegetables by rinsing them in a filled sink or pan

Want more information?
Please visit these
outstanding web sites



www.usewaterwisely.com

Provides up-to-date information on conservation activities throughout the Chino Basin and excellent monthly water conservation tips

www.mwdh20house.com

Offers detailed information on water saving opportunities around your home and yard

www.ieua.org

Visit our web site for more information on water efficiency rebate opportunities or contact us by calling 800-492-0661

Water Smart



COME RAIN OR COME SHINE

IEUA's Resource List for Native Plants and Water Conservation Demonstration Gardens

Did you know that over 60% of all of the water used within the Chino Basin goes to irrigation of lawns and other landscaping? Most of the plants in our yards and surrounding our businesses are not native to Southern California and so need more water to survive in our dry climate. In addition our irrigation systems often over water our landscapes. How often have you seen sprinklers running during rainstorms? Or have seen water running down the street and into the storm drains from landscapes that are drowning in water?

IEUA and the local water agencies within the Chino Basin are joining with the Metropolitan Water District of Southern California to promote the use of native plants and drought-tolerant vegetation as well as more efficient irrigation systems as a way for our communities to significantly conserve our community's water supplies.

By using native and drought tolerant plants, you can help restore the beauty and natural heritage of Southern California's landscape. These plants also provide important opportunities to restore habitat for native birds, butterflies and other species. At the same time, you can save water because these plants are adapted to our dry climate and need less irrigation.

There is a wealth of information available in the Chino Basin for how to create gardens and landscapes that are beautiful as well as water efficient. We invite you to visit the region's conservation demonstration gardens, botanic gardens and nurseries and see for yourself how wonderful these landscapes can be. The following resources will assist you in designing your own water efficient landscape that will preserve our precious water resources and California's native plant heritage.

Native Plant and Water Conservation Demonstration Gardens

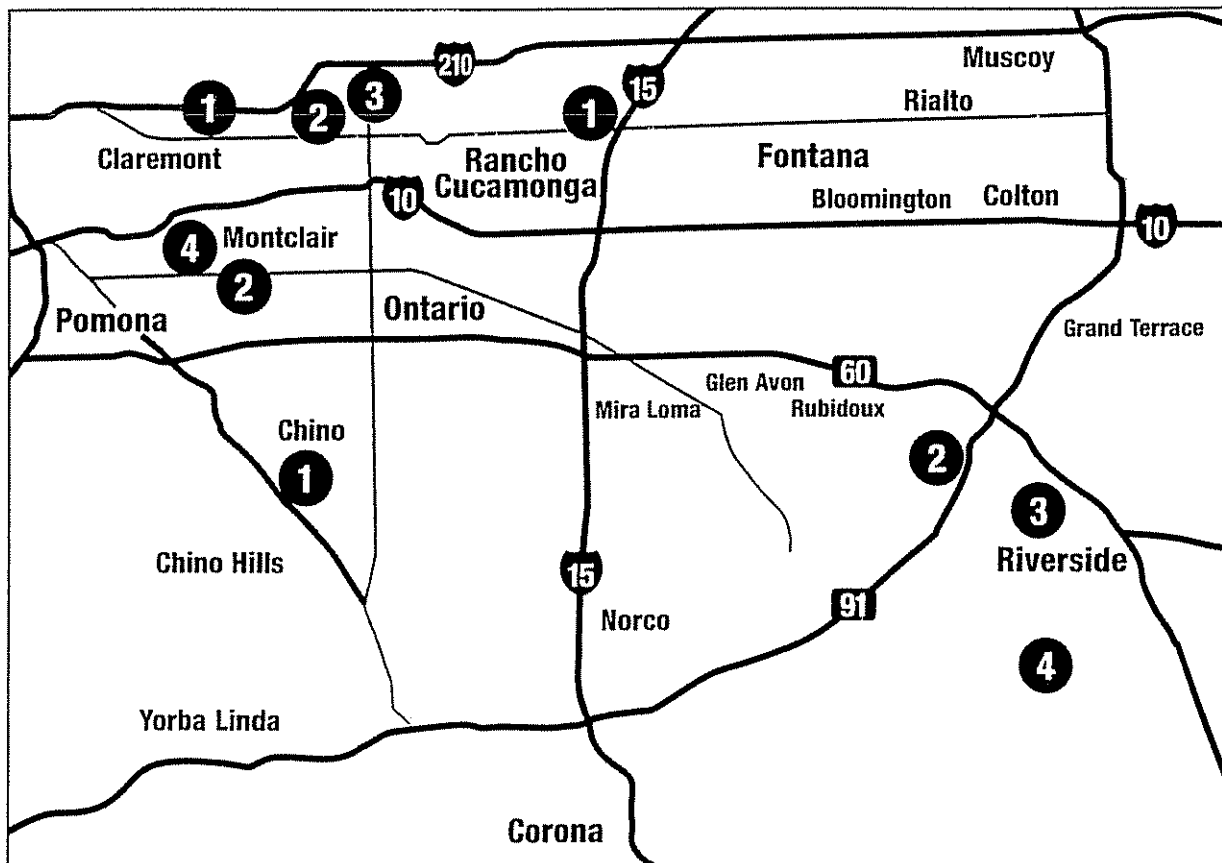
- 1 Chino Creek Park and Inland Empire Utilities Agency Headquarters (opens Summer 2003)
- 2 Chino Basin Water Conservation District
4297 San Bernardino St., Montclair, CA 91763, (909) 626-2711
- 3 Landscapes Southern California Style
450 E. Alessandro Blvd., Riverside, CA 92508, (909) 780-4177
- 4 E. Rowley Demonstration Garden
4594 San Bernardino St., Montclair, CA 91763, (909) 626-2711

Botanic Gardens Displaying Native Plants

- 1 Rancho Santa Ana Botanic Garden
1500 N. College Ave., Claremont, CA 91711
(909) 625-8767
www.rsabg.org
- 2 UC Riverside Botanic Gardens
University of California, Riverside, CA 92521
(909) 787-4650
www.gardens.ucr.edu

Nurseries

- 1 Dean's Greens
12696 Baseline Rd., Rancho Cucamonga, CA 91739
(909) 899-1820
- 2 Garrison Foothill Nursery
679 E. 16th St., Upland, CA 91784
(909) 949-9878
- 3 Mt. Fuji Nursery
1555 W. Foothill Blvd., Upland, CA 91786
(909) 985-2219
- 4 Mockingbird Nursery
1670 Jackson St., Riverside, CA 92504
(909) 780-3571



Other Botanic Gardens Displaying Native Plants

Descanso Gardens
(818) 952-4400 (La Canada)
www.descanso.com

Friends of the Regional
Parks Garden
www.nativeplants.org

Fullerton Arboretum
(714) 278-3579
www.arboretum.fullerton.edu

Santa Barbara Botanic Gardens
(805) 682-4726
www.santabarbarabotanicgarden.org

South Coast Botanic Garden
(310) 544-6815 (Palos Verdes Peninsula)

Other Nurseries

El Alisal: Charles F. Lummis Home
(323) 222-0546

El Nativo Grower's Inc.
(626) 969-8449 (Azusa)

Las Pilitas Nursery
(760) 749-5930 (Escondido)

Matilija Nursery
(805) 523-8604 (Moorpark)

Perrson's Nursery
(626) 792-6073 (Pasadena)

Native Sons
(805) 481-5996 (Arroyo Grande)

San Marcos Growers
(805) 683-1561 (Santa Barbara)

Suncrest Nurseries, Inc.
(831) 728-2595 (Watsonville)

Tarweed Nursery & Landscape
(818) 888-2318 (Chatsworth)

Tree of Life Nursery
(949) 728-0685 (San Juan Capistrano)

Other Native Plant and Water Conservation Demonstration Gardens

The Water Conservation Garden
(619) 660-0614 (El Cajon)

El Alisal: Charles F. Lummis Home
(213) 222-0546 (Los Angeles)

Waterwise Garden
(714) 765-4256 (Anaheim)

South Coast Botanic Garden
(310) 544-6815 (Palos Verdes Peninsula)

Other Native Plant Resources

Other native plant resources that are helpful in learning about native plants as well as the opportunities and benefits for creating water efficient landscapes and gardens in the Chino Basin include:

Water Education Water Awareness Committee
(WEWAC)
(909) 431-4238 (Montclair)
www.usewaterwisely.com

California Native Plant Society
www.cnps.org

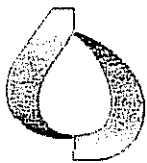
California Oak Foundation
www.californiaoaks.org

Theodore Payne Foundation
(818) 768-1802

Cal Flora
www.calflora.org

Native Plants for a California Garden
www.mynativeplants.com

Wildflower Hotline (March to May)
(818) 768-3533



Inland Empire
UTILITIES AGENCY

Date: April 16, 2003

To: Honorable Board of Directors

Through: Public and Legislative Affairs Committee (4/09/03)

From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager

Submitted by: Martha Davis
Executive Manager – Policy Development

Subject: Agency Positions on State Legislative and Budget Issues and Adoption of Resolution No. 2003-4-3. Expressing Support for Senate Bill 981 (Soto & Romero), Which Would Enact the Children's Health and Petroleum Pollution Remediation Act of 2003

RECOMMENDATION

It is recommended that the Committee/Board approve the following positions on State Legislative and budget issues:

1. Support SB 21(Machado) – Establishes implementation criteria for Proposition 50 funds;
2. Support SB 318 (Alpert) – Requires inclusion of information on desalinization opportunities in the urban water management plan;
3. Support AB 306 (Kehoe) – Requires statewide installation of water meters on residential and agricultural service connections by 2008;
4. Support SB 312 (Machado) – Establishes a Task Force to review and revise model landscape water conservation ordinance, including setting a requirement for installation of separate outdoor water meters;
5. Oppose SB 906 (Escutia) – For specified water agencies, prohibits imposition of administrative overhead charges on water sold;
6. Support Restoration of Williamson Act Subventions to the State Budget;
7. Support Proposal to Use Proposition 50 to Fund Water Recycling Projects, and

8. Adoption of Resolution No. 2003-4-3. Expressing Support for Senate Bill 981 (Soto & Romero), Which Would Enact the Children's Health and Petroleum Pollution Remediation Act of 2003.

BACKGROUND

IEUA's legislative representatives in Sacramento recommend that IEUA adopt the following positions:

- **SB 21 (Machado)** **Support**

This bill establishes implementation criteria for Proposition 50 funds. The criteria were derived from a series of working group meetings convened by Senator Machado in February and March. IEUA participated in the work groups, and the bill's provisions are consistent with staff recommendations.

Key Points:

 - Funding programs are to be statewide competitive grants unless smaller geographic region is specified;
 - Specific RFP criteria is to be developed through an agency-sponsored public advisory process (similar to Machado's work group process);
 - Preference is given for projects that meet the needs of economically disadvantaged communities and projects that provide net environmental benefits.
 - Chapter 4 (Safe Drinking Water)
 - \$261 million for competitive grants among Southern California water agencies (counties specified) to meet safe drinking water standards and assist in meeting 4.4 Colorado River Plan;
 - \$90 million to DHS for State Revolving Fund for statewide competitive loan program;
 - \$84 million to DHS for competitive statewide grants. Southern California region eligible, but cannot apply for both these funds and the \$261 million.
 - Chapter 8 (Integrated Regional Water Management)
 - 40% for southern California; 40% northern California; 20% statewide;
 - Program requirements are to be developed through public advisory process. (See Attachment)

- **SB 318 (Alpert)** **Support**

This bill requires agencies, when preparing an Urban Water Management Plan, to describe the opportunities for development of desalinated water. Staff requested that the author amend the definition of desalinated water to include brackish water. SAWPA estimates that the amount of "new" water within the

Santa Ana watershed that will be generated from desalting as well as ion exchange and other treatment processes to remove nitrates, perchlorates, arsenic and other contaminants from groundwater could range up to 120 mgd within the next twenty years. SB 318 is consistent with the Agency's 2003 legislative policy.

- **AB 306 (Kehoe)** **Support**
This bill requires metering of water usage at all residences and most commercial buildings and agricultural service connections statewide by 2008. In addition, the bill requires that, by 2009, water purveyors charge customers for water based on actual volume of deliveries.

This bill is an important water conservation measure. Although southern California has required installation of water meters for decades, much of the central valley still provides service on a flat fee basis. Compromise legislation was approved in 1991 that required meters to be installed in new development but without the requirement that billings be based on the readings. As a result, even where meters are available, they are not used for billing purposes.

This bill is consistent with the Agency's 2003 legislative policy. The bill is supported by MWD.

- **SB 312 (Machado)** **Support**
This bill establishes a task force to review and revise model landscape water conservation ordinance. In addition, the bill currently includes language setting a requirement for installation of separate outdoor water meters for residences to assist homeowners to monitor and adjust their outdoor water use appropriately.

This legislation is consistent with MWD's Heritage Landscape and conservation programs, as well as with the Agency's 2003 legislative policy. There have been significant improvements in outdoor irrigation systems since the creation of the model landscape water conservation ordinance in the early 1990's. There is concern that the task force is not funded. Senator Machado is working on several options to address this issue, including the possible use of Proposition 50 funds. In addition, this bill could be a candidate for the suspense file in June if a mechanism is not identified for how cities and counties can obtain funds to implement the bill.

- **SB 906 (Escutia)** **Oppose**
This bill specifies a number of actions that could be taken by a water replenishment district, and would specifically prohibit Central Basin Municipal Water District and West Basin Municipal Water District from imposing of administrative overhead charges on the wholesale price of water supplied by the Metropolitan Water District of Southern California.

SB 906 is of tremendous concern to water agencies statewide. By prohibiting a water agency's ability to charge fees outside of the cost of transporting water, the bill establishes a precedent for the elimination of funding for crucial water improvement programs including recycling, conservation, water quality treatment, research and development of alternative water supplies. If allowed to become law, the implications for IEUA's programs would be devastating. In addition, the bill provides inappropriate authority to the Water Replenishment District of Southern California to bypass public bidding processes and to no longer maintain a prudent cap on reserves. (See Attachment)

- **Restoration of Williamson Act Subventions** **Support**

The Governor's Budget proposes to eliminate \$39 million in Williamson Act Subventions from the State Budget. These subventions have been historically paid to local government to help cover property tax losses incurred when agricultural land is enrolled in a Williamson Act contract. A significant number of agricultural properties within the Chino Basin are under contract in this program.

Clearly, the loss of the subventions will impact city and county budgets at a time that they can least afford it. Further, the discontinuation of these subventions will force many of the participating cities and counties to not renew the Williamson Act contracts, with tremendous impacts across the State. The loss of the Williamson Act will mean more leapfrog development, fragmented habitat and threatened agricultural viability.

Support for the restoration of the Williamson Act subventions is consistent with the Agency's 2003 legislative policy. (See Attachment)

- **Use of Prop. 50/Chapter 5 to Fund Recycling Projects** **Support**

The Governor's proposed budget recommends that Chapter 5 funds within Proposition 50 be used to solely fund water quality and pollution prevention programs and not water recycling, even though recycling projects are a designated use for the funds.

Funding for water recycling projects is urgently needed. The Proposition 13 funds are completed expended, and there remains a backlog of over \$548 million in "priority one" project requests. Yet, under the Governor's proposal none of the \$100 million available through Chapter 5 would be used for water recycling, even though over \$34.6 million would be held to be spent on future projects as far out as 2007.

The WateReuse Association is requesting the legislative Budget Subcommittee support a proposal for shifting the \$34.6 million reserved for future expenditures to the 2003-2004 budget to increase the funding available for recycled water local assistance grants. If approved the legislature, this proposal would ensure that significant new funds will be available next year for projects identified by the State Water Resources Control Board as being ready to proceed. This proposal is consistent with the Agency's 2003 legislative policy. (See Attachment)

- **SB 981 (Soto)** **Support**

This bill will establish a dedicated source of funding to support children's health programs related to air pollution as well as to fund pollution reduction programs, such as the purchase of new school buses that reduce air pollution. The act requires that the operator of every refinery in California pay an environmental mitigation fee of 30 cents for each barrel of crude oil received at a refinery with the State. Further, the legislation specifically declares that refiners should not pass on the cost of this mitigation fee to consumers.

San Bernardino and Riverside Counties have the worst air quality record in southern California, especially for smog precursors such as particulate matter. The South Coast Air Quality Management District is in the process of revising the State Implementation Plan (SIP) that will enable the region to meet its Clean Air requirements. The SIP includes stringent proposed requirements for concentrated animal feeding operations and for composting, with anaerobic digesters and enclosed composting facilities identified as the "best management practices" for the region.

Emissions from mobile sources (cars and trucks) remain the biggest source of air quality pollutants in the region. The establishment of the proposed

environmental mitigation fee will ensure that pollution reduction and education programs continued to be funded. (See attachment -- draft resolution).

DRAFT

Inland Empire Utilities Agency

Position Recommendations

March 27, 2003

Bill # / Title	Summary	Position	Status
Propositions 50			
SB 21 (Machado) Prop. 50 Implementation	Proposition 50 implementation measure. IEUA has participated in the Machado's working group process and is interested in the implementation of a number of Prop. 50 funding categories. Machado staff has promised to include amendments that will allow perchlorate and other emerging contaminants to be eligible for certain types of Prop. 50 funding. At this point the bill should be viewed as a work in progress.	Recommend Support	Senate Ag. Water Resource 4/1
Desalination			
SB 318 (Alpert) UWMP: Desal	Requires UWMP to describe the opportunities for development of desalinated water. Recent amendments will add brackish water to the definition of "desalination". IEUA requested these amendments, as did committee staff.	Recommend Support	Senate Ag. Water Resource 4/22
Water Conservation/Water Supply Land Use			
AB 306 (Kehoe) Water Meters	Requires water purveyors by 2008 to install meters on all residential and agricultural service connections constructed prior to 1992. By 2009, requires water purveyor to charge customers for water based on actual volume of deliveries. MWD is in support of the measure, as are a number of other water districts.	Recommend support	Assembly Water Parks and Wildlife 4/8
SB 312 (Machado) Landscape Water Conservation	As proposed to be amended, the bill creates a task force to review the model landscape ordinance and make recommendations for its improvement. Also requires separate outdoor water meters that will assist homeowners to monitor and adjust their outdoor water use appropriately.	Recommend Support	Senate Ag. and Water Resources 4/22
SB 906 (Escutia)	Among other provision, the measure prohibits the Central Basin Municipal Water	Recommend	Senate Ag.

Municipal Water District Act	District and the West Basin Municipal Water District from imposing an administrative overhead charge on water sold to Water Replenishment Districts. If the measure passes in this form it would set a very bad precedent in the Municipal Water District Act.	Oppose	and Water Resources 4/22
Water Quality/Water Quality Penalties and Fees			
AB 10X (Oropeza) Waste Discharge Fees	Removes cap on waste discharge fees for POTWs. Allows SWRCB to set an annual fee for POTWs and dairies holding NPDES permits. Contains open-ended recoverable costs, including groundwater monitoring and surface water monitoring.	Recommend working with CASA on fee structure	Signed
SB 923 (Sher) Water Quality	Requires annual fees be assessed for waste discharge waivers. The fee would be established by the regional water boards to cover the costs of administering the waiver. Deletes the requirement that a regional water board must first notify someone violating Water Code Section 13264 before civil liability fines are issued. Recommend that the notification provisions be reinstated before a fine can be levied. This provision has always allowed unintentional discharges to be quickly corrected.	Recommend oppose unless amended. (Check on CASA's position)	Senate E.Q. 4/7
SB 204 (Perata) Diaper Recycling	Requires the Waste Board to provide grants to local agencies for funding programs for the recycling and diversion from landfill disposal of diapers. These grants would be paid for by fees imposed on the purchase of diapers (\$.0025 per diaper). IEUA supports the bill for water quality purposes.	Support	Senate E.Q. 4.7

April 1, 2003

The Honorable Michael Machado
California State Senate
State Capitol
Sacramento, CA 95814

RE: SB 21 (Machado) – Support

Dear Senator Machado:

On behalf of the Inland Empire Utilities Agency (IEUA), I want to express our support for SB 21, as recently amended, and commend you and your staff for your hard work on the measure.

The latest version of SB 21, in general, allocates Proposition 50 funding on a competitive basis, giving highest priority to those projects that are “ready to go” and which will have the most immediate impact on water resources. IEUA thinks this strategy for allocating Proposition 50 funds is fiscally prudent and will help the state maximize its water resources.

As we have discussed with your staff, we will pursue technical amendments in the Chapter 4 Safe Drinking Water section that will allow those funds to be used for the removal and clean up of perchlorates and other emerging contaminants. We have attached these amendments for your review.

Thank you once again for your efforts on this measure. We look forward to working with you and your staff as SB 21 moves through its policy and budget committees.

Sincerely,

Richard Atwater
CEO/General Manager

cc: Senate Agriculture and Water Resources

IEUA technical amendments to SB 21

Section 79532 (e) (1)

The project will assist the grantee to meet safe drinking water standards, maximum contaminate levels and action levels.

BILL NUMBER: SB 21 AMENDED
 BILL TEXT

AMENDED IN SENATE MARCH 25, 2003

INTRODUCED BY Senator Machado

DECEMBER 2, 2002

~~An act to add Chapter 12 (commencing with Section 79500) to Division 26.5 of the Water Code, relating to water.~~

An act to add Sections 79505.5, 79522, 79532, 79533, 79534, 79535, 79540.1, 79541.1, 79542.1, 79543.1, 79544.1, 79544.2, 79547, 79555, 79560.5, 79562.5, 79564.1, 79564.5, 79568.5, and 79571.5 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 21, as amended, Machado. Water: Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.

The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, an initiative measure approved by the voters at the November 5, 2002, statewide general election, authorizes the state to issue general obligation bonds in the amount of \$3,440,000,000 for the purposes of the act.

This bill would ~~express legislative intent with respect to the enactment of a comprehensive statutory framework for implementing the act~~ require various state agencies, including the State Department of Health Services, the State Water Resources Control Board, and the Department of Water Resources, to adopt regulations for the purposes of implementing the act, and to convene and consult with a public advisory committee composed of certain representatives to assist each of those state agencies in carrying out that task. The bill would require each state agency to submit a report to the Legislature that describes its regulations and would authorize the allocation of bond funds subject to those respective regulations 60 days after the date on which the state agency submits its report to the Legislature. The bill would require state agencies that are required to implement certain provisions of the act to submit an annual report to the Legislature that identifies each recipient of bond funds, the amount of each expenditure made during the previous fiscal year, and the amount of bond funds available for implementation of those respective provisions of the act.

The bill would require state agencies to award grants pursuant to certain provisions of the act on a competitive statewide basis and would require the State Department of Health Services to allocate certain grant money available to Southern California water agencies on a competitive basis for projects to reduce Colorado River water use, including projects undertaken jointly with other entities.

The bill would declare the intent of the Legislature, of the funds made available for the purposes of desalination projects, to enact in subsequent legislation, to appropriate at least \$10,000,000 for feasibility studies. The bill would establish various other requirements relating to the implementation of the act.

Vote: majority. Appropriation: no. Fiscal committee:
~~no~~ yes. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Chapter 13 (commencing with Section 79500)~~

SECTION 1. The Legislature finds and declares the following:

(a) In order to protect the intent of the voters in approving the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Division 26.5 (commencing with Section 79500) of the Water Code), it is necessary and desirable that that act be implemented in as open and transparent manner as is practicable.

(b) It is further necessary and desirable that the public be directly involved in the adoption of regulations governing project solicitation, criteria, and evaluation to the maximum extent practicable.

(c) Funds made available by that act are limited relative to apparent need. Therefore, both of the following implementing measures are necessary and desirable:

(1) Expenditures, including expenditures for loans and grants, pursuant to that act should be made on a competitive basis and evaluated solely on merit and need.

(2) Projects that meet the needs of economically disadvantaged communities and projects that provide net environmental benefits should receive a preference in funding.

(d) To ensure that that act is implemented in accordance with the intent of the voters, it is necessary and desirable for agencies that implement that act to report annually on all of the following matter:

(1) The regulations and procedures adopted through a public advisory process.

(2) The geographic distribution of funds allocated pursuant to that act and the intended public benefit provided by those expenditures.

(3) The balance of funds available by that act for expenditures, including expenditures for loans and grants.

SEC. 2. Section 79505.5 is added to the Water Code, to read:

79505.5. As used in this division, the following terms shall have the following meanings:

(a) "Economically disadvantaged communities" means ____.

(b) "Matching funds" means funds made available by other than this division, donated services from nonstate sources, or both.

(c) "Net environmental benefits" means ____.

SEC. 3. Section 79522 is added to the Water Code, to read:

79522. (a) Funds made available pursuant to Section 79520 shall be appropriated to the State Department of Health Services for statewide competitive grants.

(b) The State Department of Health Services, at a minimum, shall convene and consult with a public advisory committee for the purposes of adopting solicitation and evaluation regulations for awarding grants under Section 79520.

(c) The public advisory committee shall be composed of representatives of interested federal, state, and local governmental agencies, regional water management groups and other regional resource planning groups, public and private water agencies, agricultural interest groups, environmental interest groups, public interest groups, and other interested parties.

(d) The public advisory committee shall provide advice and comments to the State Department of Health Services on project solicitation and evaluation, including, at a minimum, funding

priorities and criteria for evaluating grant proposals.

(e) Based on the advice and comments of the public advisory committee, the State Department of Health Services shall adopt project solicitation and evaluation regulations. The State Department of Health Services shall submit a report to the Legislature that describes the project solicitation and evaluation regulations adopted under this section.

(f) Funds for awarding grants under this section are available for allocation 60 days after the date on which the State Department of Health Services submits its report to the Legislature on the project solicitation and evaluation regulations.

(g) Beginning January 1, 2005, the State Department of Health Services shall submit an annual report to the Legislature that identifies the recipient and the amount of each grant awarded during the previous fiscal year under this chapter. The report shall include information on the geographic distribution of grants awarded under this chapter and the intended public benefit those grants provide. The report shall also include information on the balance of funds available under this chapter for grants in that current fiscal year and future fiscal years.

SEC. 4. Section 79532 is added to the Water Code, to read:

79532. (a) Funds made available pursuant to subdivision (b) of Section 79530 shall be administered in accordance with this section.

(b) Grants shall be awarded on a competitive basis among southern California water agencies.

(c) For the purposes of this chapter, "southern California water agencies" means water agencies whose service area is entirely or partly in one or more of the following counties: San Diego, Imperial, Riverside, Orange, Los Angeles, San Bernardino, or Imperial.

(d) Grants may be awarded to southern California water agencies for projects undertaken jointly by one or more Southern California water agencies and other entities.

(e) A project funded by a grant made pursuant to subdivision (b) of Section 79530 shall meet both of the following requirements:

(1) The project will assist the grantee to meet safe drinking water standards.

(2) The project will assist the grantee to meet the state's commitment to reduce Colorado River water use to 4.4 million acre-feet per year.

SEC. 5. Section 79533 is added to the Water Code, to read:

79533. (a) The State Department of Health Services, at a minimum, shall convene and consult with a public advisory committee for the purposes of adopting solicitation and evaluation regulations for awarding grants under subdivision (b) of Section 79530.

(b) The public advisory committee shall be composed of representatives of interested federal, state, and local governmental agencies, regional water management groups and other regional resource planning groups, public and private water agencies, agricultural interest groups, environmental interest groups, public interest groups, and other interested parties.

(c) The public advisory committee shall provide advice and comments to the State Department of Health Services on project solicitation and evaluation, including, at a minimum, funding priorities and criteria for evaluating grant proposals.

(d) Based on the advice and comments of the public advisory committee, the State Department of Health Services shall adopt project solicitation and evaluation regulations. The regulations may include a requirement for matching funds, but only if the regulations also include a waiver process for economically

disadvantaged communities. The regulations may also include a cap on the size of grants awarded pursuant to subdivision (b) of Section 79530. The regulations shall include a preference for grants to economically disadvantaged communities.

(e) The State Department of Health Services shall submit a report to the Legislature that describes the project solicitation and evaluation regulations adopted under this section. Funds for awarding grants pursuant to subdivision (b) of Section 79530 are available for allocation 60 days after the date on which the State Department of Health Services submits its report to the Legislature.

SEC. 6. Section 79534 is added to the Water Code, to read:

79534. (a) Funds made available pursuant to paragraphs (1) to (5), inclusive, of subdivision (a) of Section 79530, and not for the purposes of subdivision (b) of that section, shall be administered in accordance with this section.

(b) Grants shall be awarded on a statewide competitive basis. A project that receives funding for the purposes of subdivision (b) of Section 79530 is not eligible for a grant subject to this section.

(c) The State Department of Health Services, at a minimum, shall convene and consult with a public advisory committee for the purposes of adopting solicitation and evaluation regulations for awarding grants under this section.

(d) The public advisory committee shall be composed of representatives of interested federal, state, and local governmental agencies, regional water management groups and other regional resource planning groups, public and private water agencies, agricultural interest groups, environmental interest groups, public interest groups, and other interested parties.

(e) The public advisory committee shall provide advice and comments to the State Department of Health Services on project solicitation and evaluation, including, at a minimum, funding priorities and criteria for evaluating grant proposals.

(f) Based on the advice and comments of the public advisory committee, the State Department of Health Services shall adopt project solicitation and evaluation regulations. The regulations may include a requirement for matching funds, but only if the guidelines also include a waiver process for economically disadvantaged communities. The regulations may also include a cap on the size of grants awarded pursuant to this section. The regulations shall include a preference for grants to economically disadvantaged communities.

(4) The State Department of Health Services shall submit a report to the Legislature that describes the project solicitation and evaluation regulations adopted under this section. Funds for awarding grants subject to this section are available for allocation 60 days after the date on which the State Department of Health Services submits its report to the Legislature.

SEC. 7. Section 79535 is added to the Water Code, to read:

79535. Beginning January 1, 2005, the State Department of Health Services shall submit an annual report to the Legislature that identifies the recipient and the amount of each grant awarded during the previous fiscal year under this chapter. The report shall include information on the geographic distribution of grants awarded under this chapter and the intended public benefit those grants provide. The report shall also include information on the balance of funds available under this chapter for grants in that current fiscal year and future fiscal years.

SEC. 8. Section 79540.1 is added to the Water Code, to read:

79540.1. (a) Funds made available pursuant to 79540 shall be

administered in accordance with this section.

(b) Grants shall be awarded on a statewide competitive basis.

(c) The board, at a minimum, shall convene and consult with a public advisory committee for the purposes of adopting solicitation and evaluation regulations for awarding grants under this section.

(d) The public advisory committee shall be composed of representatives of interested federal, state, and local governmental agencies, regional water management groups and other regional resource planning groups, public and private water agencies, agricultural interest groups, environmental interest groups, public interest groups, and other interested parties.

(e) The public advisory committee shall provide advice and comments to the board on project solicitation and evaluation, including, at a minimum, funding priorities and criteria for evaluating grant proposals.

(f) Based on the advice and comments of the public advisory committee, the board shall adopt project solicitation and evaluation regulations. The regulations may include a requirement for matching funds, but only if the regulations also include a waiver process for economically disadvantaged communities. The regulations may also include a cap on the size of grants awarded pursuant to this section.

The regulations shall include a preference for grants to economically disadvantaged communities.

(g) The board shall submit a report to the Legislature the project solicitation and evaluation regulations adopted under this section. Funds for awarding grants pursuant to Section 79540 are available for allocation 60 days after the date on which the board submits its report to the Legislature.

(h) Beginning January 1, 2005, the board shall submit an annual report to the Legislature that identifies the recipient and the amount of each grant awarded the previous fiscal year pursuant to Section 79540. The report shall include information on the geographic distribution of grants awarded under Section 79540 and the intended public benefit those grants provide. The report shall also include information on the balance of funds available under Section 79540 for grants in that current fiscal year and future fiscal years.

SEC. 9. Section 79541.1 is added to the Water Code, to read:

79541.1 Beginning January 1, 2005, the secretary shall submit an annual report to the Legislature that identifies the recipient and the amount of each expenditure, loan, or grant awarded during the previous fiscal year pursuant to Section 79541. The report shall include information on the geographic distribution of those expenditures, loans, or grants awarded under Section 79541 and the intended public benefit those expenditures, loans, or grants provide.

The report shall also include information on the balance of funds available under Section 79541 for expenditures, loans, or grants in that current fiscal year and future fiscal years.

SEC. 10. Section 79542.1 is added to the Water Code, to read:

79542.1 Beginning January 1, 2005, the California Tahoe Conservancy shall submit an annual report to the Legislature that identifies the seller and the amount of each expenditure made during the previous fiscal year pursuant to Section 79542. The report shall include information on the geographic distribution of expenditures under Section 79542 and the intended public benefit those expenditures provide. The report shall also include information on the balance of funds available under Section 79542 for expenditures in that current fiscal year and future fiscal years.

SEC. 11. Section 79543.1 is added to the Water Code, to read:

79543.1 Beginning January 1, 2005, the board shall submit an

annual report to the Legislature that identifies the recipient and the amount of each expenditure, grant, and loan made during the previous fiscal year pursuant to Section 79543. The report shall include information on the geographic distribution of expenditures, grants, and loans awarded under Section 79543 and the intended public benefit those expenditures, grants, and loans provide. The report shall also include information on the balance of funds available under Section 79543 for expenditures, grants, and loans in that current fiscal year and future fiscal years.

SEC. 12. Section 79544.1 is added to the Water Code, to read:

79544.1. The secretary shall require all prospective grantees for land and water acquisitions pursuant to Section 79544 to include in the grant application a proposal for the long-term management of the resource proposed to be acquired. The proposal shall identify the agency or organization that will hold title to the resource, including any state or federal agency to which title may be transferred after acquisition, and the agency or organization that will be responsible for managing and protecting the water quality values of the resource.

SEC. 13. Section 79544.2 is added to the Water Code, to read:

79544.2. Beginning January 1, 2005, the secretary shall submit an annual report to the Legislature that identifies the recipient and the amount of each acquisition funded during the previous fiscal year pursuant to Section 79544. The report shall include information on the geographic distribution of acquisitions funded under Section 79544 and the intended public benefit those acquisitions provide. The report shall also include information on the balance of funds available under Section 79544 for acquisitions in that current fiscal year and future fiscal years.

SEC. 14. Section 79547 is added to the Water Code, to read:

79547. (a) Funds made available pursuant to Section 79545 shall be administered in accordance with this section.

(b) Grants shall be awarded on a statewide competitive basis.

(c) The department, at a minimum, shall convene and consult with a public advisory committee for the purposes of adopting solicitation and evaluation regulations for awarding grants under this chapter.

(d) The public advisory committee shall be composed of representatives of interested federal, state, and local governmental agencies, regional water management groups and other regional resource planning groups, public and private water agencies, agricultural interest groups, environmental interest groups, public interest groups, and other interested parties.

(e) The public advisory committee shall provide advice and comments to the department on project solicitation and evaluation, including, at a minimum, funding priorities and criteria for evaluating grant proposals.

(f) Based on the advice and comments of the public advisory committee, the board shall adopt project solicitation and evaluation regulations. The regulations may also include a cap on the size of grants awarded pursuant to this chapter. The regulations shall include a preference for projects that provide a net environmental benefit.

(g) The department shall submit a report to the Legislature that describes the project solicitation and evaluation regulations adopted pursuant to this section. Funds for awarding grants pursuant to Section 79545 are available for allocation 60 days after the date on which the department submits its report to the Legislature.

(h) The department may not delay convening the public advisory committee pursuant to subdivision (c) for the purposes of receiving the report prepared pursuant to Section 12949.6.

(i) Beginning January 1, 2005, the department shall submit a report to the Legislature that identifies the recipient and the amount of each grant awarded during the previous fiscal year under this chapter. The report shall include information on the geographic distribution of grants awarded under this chapter and the intended public and environmental benefit those grants provide. The report shall also include information on the balance of funds available under this chapter for grants in that current fiscal year and future fiscal years.

(j) Of the funds made available for the purposes of subdivision (a) of Section 79545, it is the intent of the Legislature to enact subsequent legislation to appropriate at least ten million dollars (\$10,000,000) for feasibility studies.

SEC. 15. Section 79555 is added to the Water Code, to read:

79555. The Legislature finds and declares all of the following:

(a) According to the Environmental Water Account Operating Principles Agreement, the environmental water account will expire on September 30, 2004, unless extended by written agreement among the management agencies and project agencies.

(b) The Environmental Water Account Operating Principles Agreement also state that before the environmental water account expires, the management agencies and project agencies will assess the success of environmental water account operations and analyze the potential impacts from new facilities and expanded conveyance capacity. The agencies will then determine the appropriate size and composition of an environmental water account, as well as the environmental water account's sharing in the benefits from new facilities, in the fifth and future years.

(c) If the Environmental Water Account is extended, it is the intent of the Legislature to enact subsequent legislation requiring that not less than 50 percent of the funds made available pursuant to subdivision (d) of Section 79550 for acquisition of water for the CALFED environmental water account be expended for long-term water purchase contracts and water rights.

SEC. 16. Section 79560.5 is added to the Water Code, to read:

79560.5. The department and the board may develop a joint process for soliciting and reviewing proposals for grants pursuant to Section 79560 to reduce the complexity and confusion of the grant application process and to encourage greater coordination and collaboration in funding between state agencies and programs.

SEC. 17. Section 79562.5 is added to the Water Code, to read:

79562.5. (a) Funds made available pursuant to Section 79560 shall be administered by the department and the board in accordance with this section.

(b) Grants shall be awarded on a statewide competitive basis.

(c) The department and the board, at a minimum, shall convene and consult with a public advisory committee for the purposes of adopting solicitation and evaluation regulations for awarding grants under this chapter.

(d) The public advisory committee shall be composed of representatives of interested federal, state, and local governmental agencies, regional water management groups and other regional resource planning groups, public and private water agencies, agricultural interest groups, environmental interest groups, public interest groups, and other interested parties.

(e) The public advisory committee shall provide advice and comments to the department and the board on project solicitation and evaluation, including, at a minimum, funding priorities and criteria for evaluating grant proposals.

(f) Based on the advice and comments of the public advisory

committee, the department and the board shall adopt project solicitation and evaluation regulations. The regulations may include a provision that authorizes the department and the board to consider whether or not a project benefits an economically disadvantaged community for the purposes of imposing requirements relating to matching funds. The regulations shall include a preference for projects that provide a net environmental benefit.

(g) The department and the board shall submit a report to the Legislature that describes the project solicitation and evaluation regulations established under this section. Funds for awarding grants pursuant to Section 79560 are available for allocation 60 days after the date on which the department and the board submit their report to the Legislature.

(h) Beginning January 1, 2005, the department and the board shall each submit an annual report to the Legislature that identifies the recipient and the amount of each grant awarded during the previous fiscal year under this chapter. The reports shall include information on the geographic distribution of grants awarded under this chapter and the intended public and environmental benefit those grants provide. The reports shall also include information on the balance of funds available under this chapter for grants in that current fiscal year and future fiscal years.

SEC. 18. Section 79564.1 is added to the Water Code, to read:

79564.1. (a) Of the funds made available by Section 79560, not less than 40 percent shall be available for projects in northern California and not less than 40 percent be available for projects in southern California to the maximum extent possible, subject to a determination by the administering agency that each project meets all of the requirements of this chapter.

(b) For the purposes of this section, "southern California" means the Counties of San Diego, Imperial, Riverside, Orange, Los Angeles, San Bernardino, and Imperial.

(c) For the purposes of this section, "northern California" means all California counties except those identified in subdivision (b).

SEC. 19. Section 79564.5 is added to the Water Code, to read:

79564.5. To be eligible for financing by the department pursuant to Section 79560.1, a project shall be consistent with an adopted integrated regional water management plan as described in subdivision (a) of Section 79564.

SEC. 20. Section 79568.5 is added to the Water Code, to read:

79568.5. It is the intent of the Legislature in subsequent legislation to allocate fifty million dollars (\$50,000,000) from funds available pursuant to Section 79568 as a minimum state contribution or matching contribution for federal funds or funds obtained from other sources, to assist in the implementation of the preferred alternative or other related restoration activities, including the program referred to in paragraph (3) of subdivision (d) of Section 2081.7 of the Fish and Game Code, at the Salton Sea or the lower Colorado River, or to assist in the development of a natural community conservation plan that is consistent with the initiative and that is implemented to effectuate the Quantification Settlement Agreement.

SEC. 21. Section 79571.5 is added to the Water Code, to read:

79571.5. Beginning January 1, 2005, each state agency expending funds pursuant to this chapter shall submit an annual report to the Legislature that identifies the recipient and the amount of each expenditure or grant made during the previous fiscal year under this chapter. The report shall include information on the geographic distribution of expenditures and grants made under this chapter and

~~the intended public and environmental benefit that those expenditures and grants provide. The report shall also include information on the balance of funds available under this chapter for expenditures and grants in that current fiscal year and future fiscal years. is added to Division 26.5 of the Water Code, to read:~~

~~CHAPTER 12. IMPLEMENTATION~~

~~79500. (a) The Legislature finds and declares all of the following:~~

~~(1) The enactment of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Division 26.5 (commencing with Section 79500)) through the voters' approval of Proposition 50 at the statewide general election on November 5, 2002, demonstrates the public's commitment to all of the following:~~

~~(A) Maintenance of adequate funding of the state's major water programs, including the CALFED Bay Delta program.~~

~~(B) Meeting the state's obligations under the Colorado River Water Use Plan.~~

~~(C) Investing in water quality and safe drinking water programs.~~

~~(D) Protecting coastal water quality and marine, aquatic, and terrestrial habitat for fish and wildlife.~~

~~(2) The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 requires the Legislature to appropriate the funds provided by that act, and authorizes the Legislature to establish funding criteria and direction in most of the programmatic areas of the measure.~~

~~(3) The achievement of a geographically and programmatically balanced implementation of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 requires the enactment of a comprehensive statutory framework that is consistent with the provisions of that act.~~

~~(b) It is, therefore, the intent of the Legislature to enact a comprehensive statutory framework for implementing the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 that accomplishes all of the following:~~

~~(1) Ensures the equitable distribution of funding to meet the needs of all regions of California in a manner that optimizes the use of the taxpayers' dollars.~~

~~(2) Provides for the efficient, expeditious, and coordinated administration of programs funded by the act.~~

~~(3) Contributes to the long term improvement of California's water quality, water supply reliability, and environment.~~

March 20, 2003

The Honorable Martha Escutia
Member, California State Senate
State Capitol
Sacramento, CA 95814

Senate Bill 906 (Escutia) – Water Districts – Oppose

Dear Senator Escutia:

I am regretfully writing to inform you that on March 24, 2003, the Central Basin Municipal Water District (Central Basin) Board of Directors unanimously voted to oppose your Senate Bill 906 relating to water districts. This bill is in no uncertain terms a death knell to all water agencies across the state and a clear anathema to every good water policy advancement the state has made.

SB 906 aims to accomplish three things:

1. Lift the reserve cap established by the legislature on the Water Replenishment District of Southern California (WRD) in 2000 (SB 1979 – Escutia; Chapter 894; September 29, 2000; Water Code §60290);
2. Establish a signature authority for the General Manager of the WRD for an unspecified amount, bypassing the public bidding process and obviating the need to attain prior Board of Directors approval; and
3. Prohibit Central Basin Municipal Water District and West Basin Municipal Water District from charging fees outside of pipeline delivery costs for sale of water purchased from the Metropolitan Water District of Southern California and resold to WRD.

Items one and two are fiscally permissive measures which at first glance appear innocuous and irrefutably necessary for the operation of a well-run public agency. However, I beseech you to consider the well-documented lack of fiscal prudence demonstrated over the years by the agency in question. WRD's gross fiscal mismanagement and largess led to a state audit of the agency and immediate intervention by the state legislature. The legislature imposed the reserve cap on WRD and other fiscal controls to reign in what was known as a public agency gone awry. Lifting the reserve cap at this point in time and authorizing the General Manager to sign all contracts without board approval would in essence deliver a blank check to an agency that has yet to fully reform its bad practices.

As recently as March 2, 2003, the editorial board of the Press Telegram wrote a scathing editorial entitled, "The District Can't Rebuild Trust If It Won't Follow Its Own Rules".

The piece states “WRD has yet to come up with an adequate strategic plan, capital improvement plan or even an acceptable description of an optimal water level” and concludes by stating “trust never will develop as long as the WRD won't follow its own basic rules”. Lack of adherence to its own basic rules brings me to item three of what SB 906 aims to accomplish – prohibiting a water district from charging fees outside of pipeline delivery costs.

Eliminating a water agency’s ability to charge fees outside of the cost of transporting water, would eliminate every good water policy program across the state. Every water agency’s rate structure, including that of WRD, has two major components – the cost of the actual water delivered and a surcharge which includes overhead, water quality, conservation and recycling programs, and research and development into alternate water supplies, to name a few. If the surcharge is eliminated, this arid state will not be able to provide sufficient water to its ever-growing population. Simply put, this section of SB 906 flies in the face of every water policy advancement made in the state.

SB 906 jeopardizes:

- water recycling
- water conservation
- community outreach
- infrastructure repair & restoration (especially in low-income areas)
- capital projects
- desalination
- water quality
- water reliability
- water resources planning
- water education

No state can afford to turn its back on such efforts, let alone our arid state. California made a commitment to the 4.4 Plan which limits the state to 4.4 million acre-feet of Colorado River deliveries. SB 906 would eliminate programs that enable California to live within the 4.4 Plan. Since all water agencies in the state finance water stewardship programs through a surcharge there will be a vested interest for each to ensure that SB 906 does not pass. This sentiment will not be dimmed by the fact that the bill currently only targets Central Basin and West Basin MWDs.

I urge you to consider the grave ramifications SB 906 portends. It is bad public policy and sets a horrible precedent. For these reasons I urge you to vote “nay” on SB 906.

Sincerely,

Robert Apodaca
President

xc: Members, Senate Committee on Agriculture and Water Resources

March 24, 2003

The Honorable Joseph Dunn
Chair, Senate Budget and Fiscal Review Subcommittee No. 4
State Capitol, Room 2080
Sacramento, CA 95814

RE: Restore Williamson Act Subventions to the State Budget

Dear Senator Dunn:

We, the undersigned, urge you to restore the Williamson Act Subventions to the state budget. The Governor's Budget proposal to eliminate subventions totaling \$39 million to local governments for property tax losses incurred by enrolling agricultural land in Williamson Act contracts saves only a small amount of money at great environmental and economic cost to the state.

The Williamson Act is California's broadest-based agricultural conservation program, protecting from development approximately one-third of the privately held land and over half of its farm land. The Williamson Act is a voluntary program that provides agricultural landowners with lower property taxes in exchange for their contractual commitments with participating cities and counties to keep their land in agricultural or open space uses for at least 10 years.

The people of the state, in turn, benefit from a safe and plentiful food supply, an increased level of efficient land use planning and an inexpensive and relatively easy form of habitat conservation.


Discontinuing the subventions will force many of the participating cities and counties to non-renew Williamson Act contracts. Jeopardizing local government's participation in these contracts by eliminating the subvention program would be a giant step backwards. If the state abolishes the Williamson Act, the landscape in California would be fundamentally different with more leapfrog development, fragmented habitat and threatened agricultural viability.

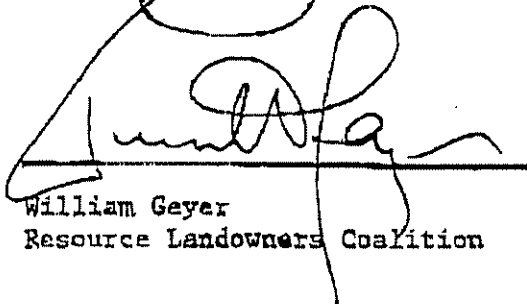
The Honorable Joseph Dunn
March 24, 2003
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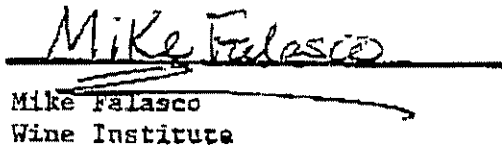
For all of these reasons, our organizations respectfully urge you to restore the \$39 million for cities and counties for property tax losses under the Williamson Act.


Sincerely,



John Gamber
California Farm Bureau Federation



Mary Ann Warner
Regional Council of Rural Counties



William Geyer
Resource Landowners Coalition



Mike Falasco
Wine Institute



Rayne Thompson
Agricultural Council of California


Susan T. LaGrande
California Cartlemen Association

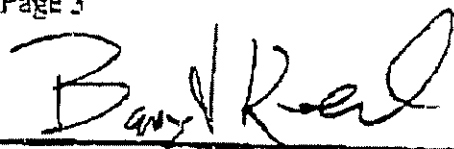

Kimberly Belfino
Defenders of Wildlife


Bill Allaysud
Sierra Club California

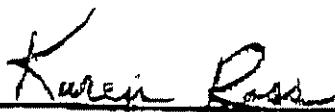

Karen Douglas
Planning and Conservation League


Chris Toaker
CALAFCO

The Honorable Joseph Dunn
March 24, 2003
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Harry F. Kriebel
Sun-Maid Growers of
California



Karen Ross
California Association of Winegrape
Growers



Karen Keene
California State Association of
Counties

CC: The Honorable John L. Burton
The Honorable Herb J. Wesson
Members Senate Subcommittee on Budget and Fiscal Review, No. 4
Members Assembly Subcommittee on Budget, No. 4
Members Senate Committee on Agriculture and Water Resources
Members Assembly Committee on Agriculture
The Honorable Gray Davis

LAW OFFICES
NOSSAMAN, GUTHNER, KNOX & ELLIOTT, LLP

WALTER L NOSSAMAN
(1886-1964)

WILLIAM E GUTHNER JR
(1932-1999)

SAN FRANCISCO
THIRTY-FOURTH FLOOR
50 CALIFORNIA STREET
SAN FRANCISCO CA 94111-4707
(415) 398-3600

IRVINE
SUITE 1800
18101 VON KARMAN AVENUE
IRVINE CA 92612-0177
(949) 833-7800

SUITE 1000

915 L STREET

SACRAMENTO, CALIFORNIA 95814-3705

TELEPHONE (916) 442-8888

FACSIMILE (916) 442-0382

RICHARD C HARRIS
EMAIL rharris@nossaman.com

JOHN T KNOX
WARREN G ELLIOTT
OF COUNSEL

WASHINGTON, D.C.
SUITE 370-S
801 13TH STREET N.W.
WASHINGTON D.C. 20005
(202) 783-7272

LOS ANGELES
THIRTY-FIRST FLOOR
445 S FIGUEROA STREET
LOS ANGELES, CA 90071-1602
(213) 612-7800

March 24, 2003

REFER TO FILE NUMBER

111111 - 6111

The Honorable Byron D. Sher
Chair, Senate Budget Subcommittee #2
Resources, Environmental Protection, Public
Safety, and Energy
State Capitol, Room 2082
Sacramento, CA 95814

RE: Budget Item 3940, State Water Resources Control Board:
Implementation of Section 79540 (a) of Proposition 50

Dear Senator Sher:

On behalf of our client, the WateReuse Association, I am writing to request the Budget Subcommittee support shifting funds to increase local assistance grants in the 2003-2004 Budget for construction of water recycling facilities. The funding shift would come from \$34.6 million in Proposition 50 funds available to water recycling [Chapter 5, Section 79540 (a)(2)] but proposed by the Administration to be spent in out years (04-05, 05-06 and 06-07) for other purposes.

WateReuse Proposal: Spend Non-Recycling Proposition 50 "Out Year" Funds On Water Recycling In 2003-04

The Legislature should shift the Administration's out year spending to the 2003-2004 Budget and insure more recycling projects are built, more new water created, more new jobs created and the will of the voters carried out sooner.

Chapter 5, the *Clean Water and Water Quality* section of Proposition 50, made available \$100 million to the State Water Resources Control Board for competitive grants in several categories, including "water reclamation" (recycling). Unfortunately, the Administration's budget proposes approximately \$36 million for water quality and pollution prevention programs from Section 79540(a) in 03-04 but no funding for water recycling. Instead, the remaining funds in Section 79540(a) are proposed for expenditure in 2003-04 through 2007 on non-recycling programs.

The Honorable Byron D. Sher

March 24, 2003

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In other sections of Proposition 50 where several categories of water projects or programs were eligible for funding, the Administration attempted to evenly distribute the funds among the categories. For example, in Chapter 7, Section 79550 (g), under the *CALFED Bay-Delta Program*, recycling is slated to receive one third of the funds among three categories of programs.

However, under the *Clean Water and Water Quality* Section 79540 (a), no attempt was made at equal distribution, none of the \$100 million in funds are proposed for water recycling and \$34.6 million is being held for spending as far out as 2007.

This allocation of funds is unacceptable. There is an unprecedented need for recycled water, with a backlog of projects already evaluated as top priority by the State Board ready to proceed if state assistance were available.

\$548.4 Million in Projects on SWRCB Priority List Ready to Proceed

The State Board's very successful distribution of over \$100 million of Proposition 13 funds for local assistance in building water recycling projects was a fair and exhaustive, but streamlined and timely, process of evaluation. The Board funded many worthwhile projects which were ready to proceed and those projects are now on their way to creating new water supplies, treating groundwater, bringing waste discharges into compliance with state and federal law and restoring or expanding wetlands.

There remains a large backlog of projects that have already been evaluated and meet the tests used for funding under Proposition 13. As of March 2003, \$548.4 million in project requests already evaluated as Priority One by the Board are ready to be built by local agencies. The qualifying projects are in large urban areas such as San Jose, as well as small communities such as Palo Alto, Lake County and Napa. The State Board's list of projects is attached.

Another \$1 billion in project requests in all other stages of development were also evaluated by the Board for funding from Proposition 13 and remain un-funded. While not yet "ready to proceed", those projects represent the future potential for water recycling in the state.

The passage of Proposition 50 will also bring applications for funding from many other agencies that were not ready to apply for assistance from Proposition 13. Since the successful implementation of that Bond and the passage in 2000 of the Water Recycling in Landscaping Act, more communities are investigating the feasibility of water recycling projects.

The Legislature should carry out the public's intent to invest in the water infrastructure of this state sooner rather than later by taking advantage of the Board's existing process and funding projects in 2003-04 through Proposition 50. California's economy will reap the benefits of an early infusion of new jobs and investments.

NOSSAMAN, GUTHNER, KNOX & ELLIOTT, LLP

The Honorable Byron D. Sher

March 24, 2003

Page 3

State Multi-Agency Recycled Water Task Force Recommends More Funding

The public and many state and local stakeholders have been actively participating in the 2002 Recycled Water Task Force that is set to make its recommendations to the Legislature next month. The Task Force draft report from this diverse group of water professionals, state regulators and public representatives calls for significant new funding for water recycling. The proper implementation of Proposition 50 is the first step toward achieving that goal.

Thank you for your consideration of this request to shift proposed expenditures of Proposition 50 in the out years to water recycling project funding in 2003-04.

Sincerely,

Richard C. Harris
for NOSSAMAN, GUTHNER, KNOX & ELLIOTT, LLP

RH/mgn

cc: Senator Sheila Kuehl, Member, Senate Budget Subcommittee # 2
Senator Bruce McPherson, Member, Senate Budget Subcommittee #2
Assemblymember Fran Pavley, Chair, and Members of the Assembly Budget Subcommittee #3
Assemblymember Joe Canciamilla, Chair, Assembly Water, Parks and Wildlife Committee
Assemblymember Rick Keene, Vice Chair, Assembly Water, Parks and Wildlife Committee
Senator Mike Machado, Chair, Senate Agriculture and Water Resources Committee
Senator Charles Poochigian, Vice Chair, Senate Agriculture and Water Resources Committee
Jonas Minton, Deputy Director, California Department of Water Resources
Arthur Baggett, Esq., Chairman, California Water Resources Control Board
Richard Katz, Board Member, California State Water Resources Control Board
Celeste Cantu, Executive Director, California State Water Resources Control Board
Linda Adams, Office of Governor Gray Davis

Senate Bill 981 (by Senator Nell Soto)
The Children's Health and Petroleum Pollution Remediation Act of 2003

Fact Sheet

- Notwithstanding years of progress in cleaning up the emissions from mobile sources (cars and trucks), approximately 90% of airborne carcinogens still come from these sources. These toxic emissions and smog forming pollutants from these sources are the single largest air quality threat to public health and the environment and are particularly damaging to children and the elderly.
- There is clear evidence linking air pollutant exposure and adverse health effects, including: decreased breathing capacity, increased asthma attacks and other respiratory ailments, eye/throat/nose irritations, and headaches. Evidence also links air pollution with certain forms of cancer.
- Children may be a particularly vulnerable population to air pollution effects because of the greater exposure they face, when compared to adults. By simply playing outside, children increase their exposure to pollution from mobile sources. Children literally breathe more than adults in relation to their body weight and lung capacity.
- SB 981 establishes the *Children's Health and Petroleum Pollution Remediation Act of 2003*. This act requires the operator of every refinery in California to pay 30¢ for each barrel of crude oil received at a refinery within the State and dedicates fee revenues to the elimination of health risks associated with the combustion of gasoline and diesel fuels.
- SB 981 is focused on child health programs related to air pollution, and funding less polluting vehicles such as new school buses.
- SB 981 specifically declares that refiners should not pass the cost of this mitigation fee to consumers.
- SB 981 directs mitigation fees to be used for the benefit of communities most impacted by unhealthy air, including minority communities and low-income populations.
- SB 981 creates a stable, long-term funding source to ensure a comprehensive attack on the health risks of diesel and gasoline engine exhaust. Funds would go to programs with an already proven track record of success.
- The SB 981 environmental mitigation fee will not affect existing gasoline and diesel taxes dedicated to the improvement and building of the state's transportation infrastructure.

Dear:

On behalf of the South Coast Air Quality Management District, I urge your support for SB 981 (Soto) to protect the health of our children and to clean up petroleum-related air pollution. This bill would place a small fee on each barrel of crude oil refined in California for transportation fuels for the purpose of funding programs that help mitigate the adverse health impacts of motor vehicle emissions.

We believe SB 981 is an important piece of legislation that will provide a tremendous benefit to our communities and your support is urgently needed. We hope you will consider sending a letter of support to the state legislators in the Senate Environmental Quality Committee and the Revenue & Taxation Committee for SB 981.

We need your support now. A copy of the bill, a fact sheet, and a sample support letter is enclosed for your convenience, as well as a list of the legislators in each committee.

We appreciate your consideration in support of SB 981.

Sincerely yours,

RESOLUTION NO. 2003-4-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, EXPRESSING SUPPORT FOR SENATE BILL 981 (SOTO & ROMERO), WHICH WOULD ENACT THE CHILDREN'S HEALTH AND PETROLEUM POLLUTION REMEDIATION ACT OF 2003.

WHEREAS, the combustion of transportation fuels cause public health and environmental degradation problems, with approximately 90% of air pollution statewide attributed to mobile sources; and

WHEREAS, San Bernardino and Riverside Counties have the worst air quality within the 6 county region of Southern California;

WHEREAS, studies establish a direct correlation between air quality and respiratory health; and

WHEREAS, further studies show that 2.5 million Californians suffer from asthma, 500,000 of them being children; and

WHEREAS, asthma is the most common chronic childhood disease, and is the leading cause of school absences and hospital admissions for children in California; and

WHEREAS, in addition to causing asthma, some toxic air pollutants found in transportation fuels cause lung cancer, and possibly brain cancer; and

WHEREAS, combustion of transportation fuel, including gasoline and diesel, is the major source of ozone precursors and of fine particulate matter throughout the state; and

WHEREAS, the Inland Empire Utilities Agency is deeply concerned about the protection and stewardship of the water and air resources within the Chino Basin; and

WHEREAS, the Agency is committed to developing and implementing programs that reduce global warming, particulate matter, ammonia and other air quality constituents that impair local air resources, including the construction of anaerobic digesters and enclosed composting facilities;

WHEREAS, the Agency recognizes that development of multiple programs to reduce air pollution within the Chino Basin will greatly benefit the local economy and quality of life;

WHEREAS, establishment of a stable funding source is essential to ensure continued operation of programs dedicated specifically to the purposes of air pollution cleanup and prevention, and the treatment and education of sensitive populations suffering from exposure to petroleum-related pollution; and

WHEREAS, Senate Bill 981 will create that vital stable funding source by imposing a small fee, which is not intended to be passed through to consumers, on each barrel of petroleum refined within the state; and

WHEREAS, the imposition of such a fee is a fair and reasonable means to mitigate the past, present, and future harm to public health and safety resulting from petroleum pollution in California.

NOW, THEREFORE, BE IT RESOLVED, that the Inland Empire Utilities Agency hereby supports the passage of SB 981, the Children's Health and Petroleum Pollution Remediation Act of 2003, and the Board of Directors urges the California Legislature and the Governor to take all necessary actions to ensure the enactment of this important proposed legislation.

ADOPTED this 2nd day of April, 2003.

ATTEST:

President of the Inland Empire
Utilities Agency* and of the Board
Of Directors thereof.

Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof.

* a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Angel Santiago Secretary/Treasurer, of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2003-4-3, was adopted
at a regular meeting on April 2, 2003, of said Agency by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Secretary/Treasurer

(SEAL)

- a Municipal Water District

Integrated Resources Management: Landscape Planning in a Watershed Context

CALFED Urban Water Use Efficiency Pilot Project

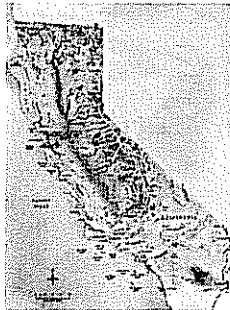
*Rocky Mountain Institute
Inland Empire Utilities Agency
March 2003*

With grateful acknowledgement to the United States Bureau of Reclamation and the CALFED Program for their support.

Points to Cover

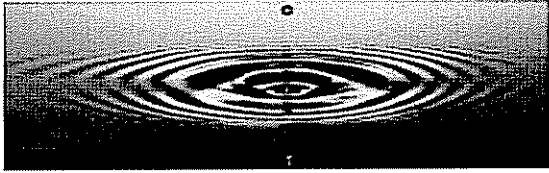
- 1 State-Wide Water Management Challenges
- 2 Integrated Water Resources Management: The Multiple Benefits Approach
- 3 Multiple Benefit Opportunities in the Chino Basin and Implications for Urban Streams

State-Wide Water Management Challenges

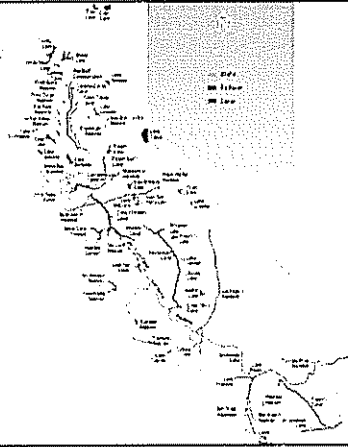


Water Supply

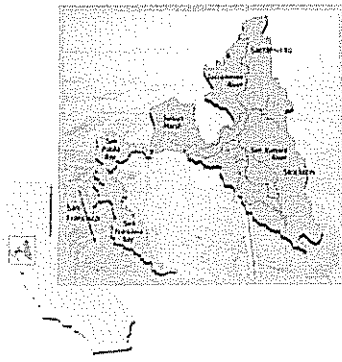
Every major water supply system in California is over-allocated.



California's Major Interbasin Water Supply Projects



The Bay-Delta



CALFED Mission Statement

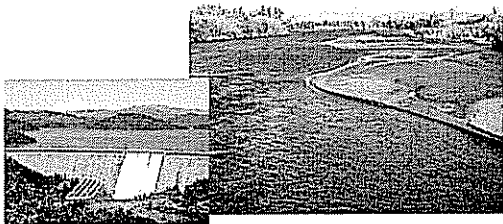
The mission of the CALFED Bay-Delta Program is to develop and implement a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta System.

A new Focus and Legal Priority for Local Water Supply Sources

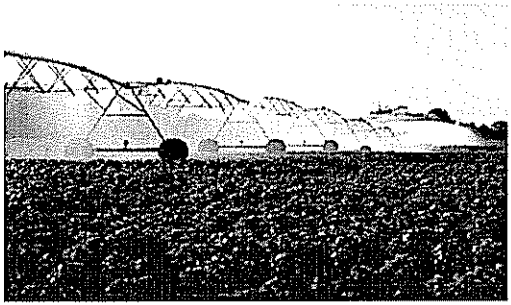
California law requires that the state examine ways to "*minimize the need to import water from other hydrologic regions*" and report on these approaches in the official State Water Plan.

SB 672, Machado, 2001. California Water Plan: Urban Water Management Plans. (The

Increasingly Scarce Water Resources



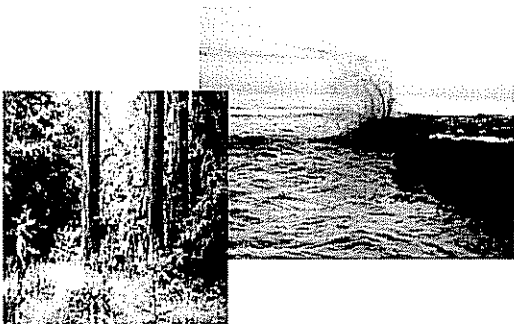
Irrigation



Agricultural Systems



Ecosystems



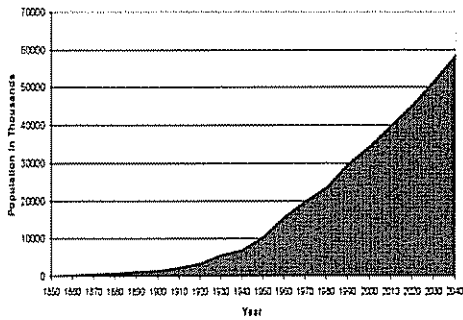
Urban Systems



Planning Urban Growth



Population Growth in California 1850-2040



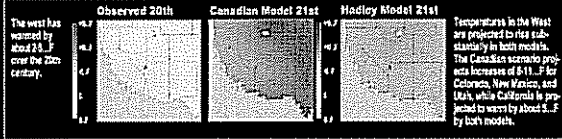
Gross Product Ranking of G-7 Countries and California

(in billions of U S dollars: 2001)

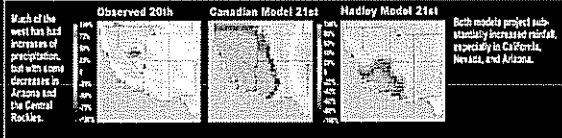
United States	\$9,927
Japan	\$4,611
Germany	\$1,873
United Kingdom	\$1,416
CALIFORNIA	\$1,350
France	\$1,291
Italy	\$1,074
Canada	\$ 688

Projected Climate Change: Temperature and Precipitation

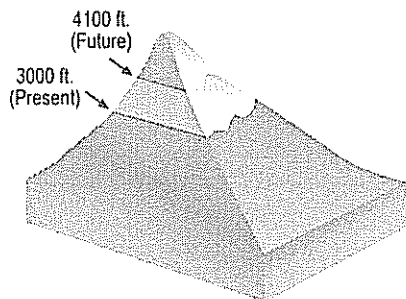
Temperature Change - 20th & 21st Centuries



Precipitation Change - 20th & 21st Centuries



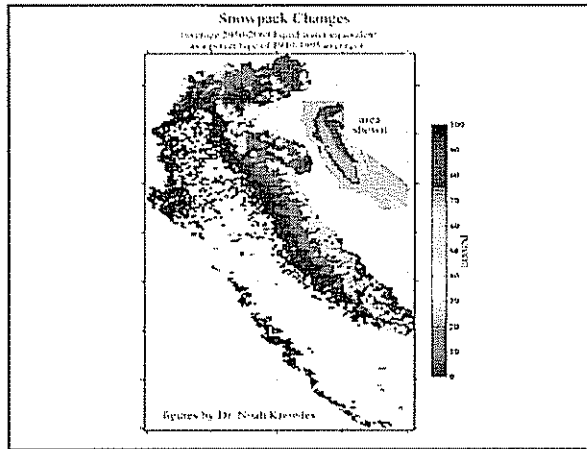
Shift in Snow Elevation



Rough estimate of how much snowlines in the Pacific Northwest are likely to shift by 2050, assuming about 4 F warming.

Mt. Shasta



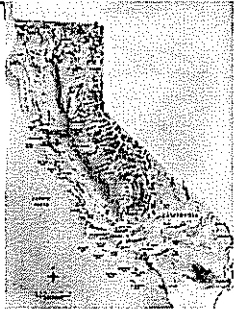


State-Wide Significance

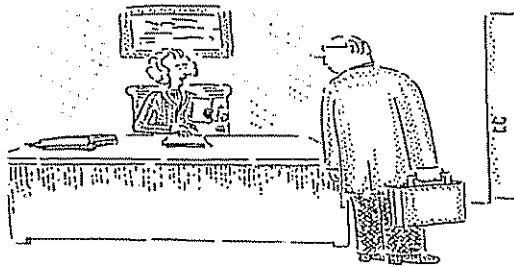
The Chino Basin is an integral part of the regional and statewide water supply system.

One of the largest groundwater basins in Southern California, the Basin contains about 5,000,000 acre-feet of water and has an unused storage capacity of about 1,000,000 acre-feet.

Integrated Water Resources Management: The Multiple Benefits Approach



New Concepts



"Sir, the following paradigm shifts occurred while you were out."

MANHOFF

Local Water Sources in Southern California

Nearly half (46%) of the water used in the service area of the Metropolitan Water District of Southern California (Ventura to Mexico) is in fact secured from *local* sources, and the percentage of total supplies provided by local sources is growing steadily.

Metropolitan Water District of Southern California, 2000. *The Regional Urban Water Management Plan for the Metropolitan Water District of Southern California*, p. A-2-7

Local Water Sources in Southern California

This figure is up from approximately one-third of the supply provided by local resources in the mid-1990s.

Metropolitan Water District of Southern California, 2000. *The Regional Urban Water Management Plan for the Metropolitan Water District of Southern California*. p.A.2-3

Multiple Benefits Analysis

Multiple environmental, economic, and social benefits can be achieved through integrated management of stormwater resources at a landscape level.

Multiple Benefits Analysis

These benefits accrue not only to the local area, but also to the restoration of ecosystems throughout California and to broad, state-wide economic benefits.

Multiple Benefits Approach

With a focus on *multiple benefits*, we target various goals to be achieved through well-designed investments and/or policy strategies.

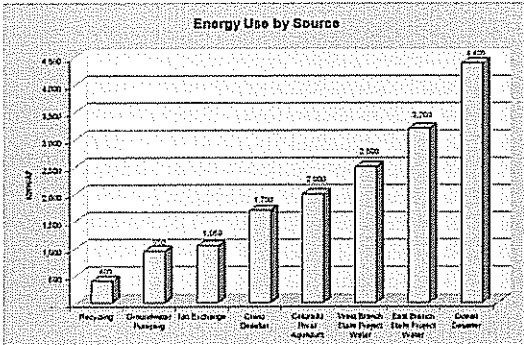
Multiple Benefits Examples

- Groundwater management
- Water reclamation
- Water supply, energy, and wastewater benefits that accrue from water-use efficiency improvements

Energy Intensity of Water Supplies

Total energy requirements for marginal (e.g. imported) supplies of water in Southern California are 3,519 kWh/acre-foot (0.01 kWh/gallon).

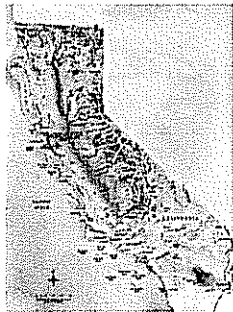
Energy Intensity of Water Supplies for IEUA



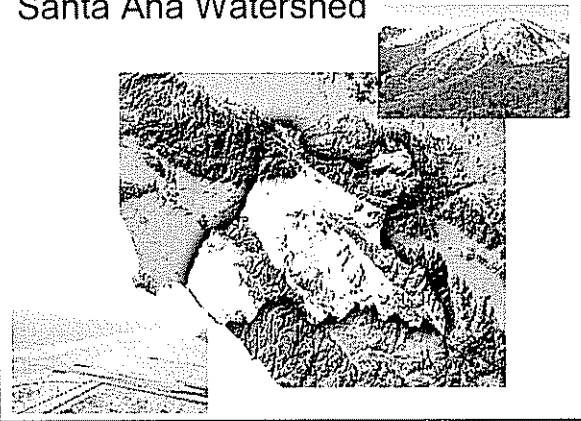
Environmental Benefits

In addition to avoiding the energy and other costs of pumping additional water supplies, there are benefits for stressed ecosystems such as the delta.

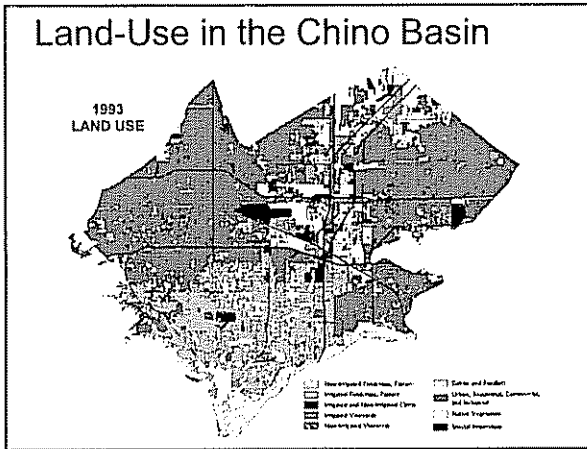
Multiple Benefit Opportunities in the Chino Basin



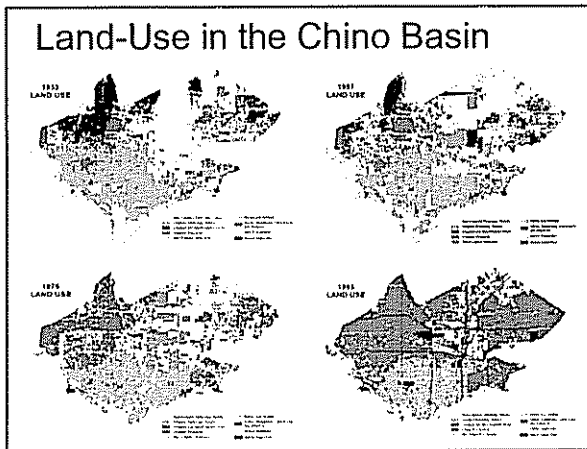
Santa Ana Watershed



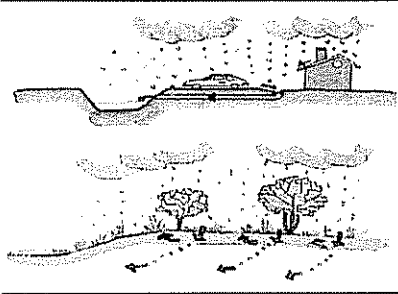
Land-Use in the Chino Basin



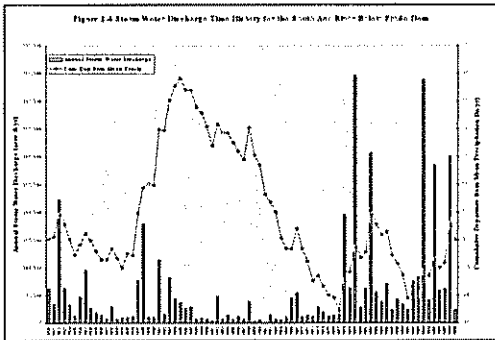
Land-Use in the Chino Basin



Impervious vs. Pervious Surfaces and Groundwater Recharge



Precipitation and Runoff



Source: Wildermuth Environmental and Black & Veatch, 2001 *Recharge Master Plan Phase II Report: Chino Optimum Basin Management Program, Chino Basin*

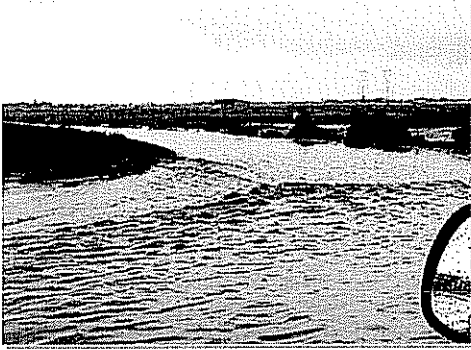
Land Use in the Chino Basin



Stormwater Flows in the Chino Basin



Stormwater Flows in the Chino Basin



Stormwater Flows in the Chino Basin



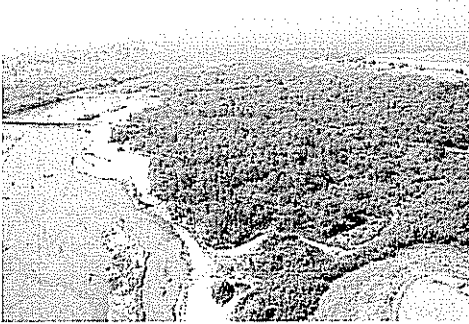
Water Harvesting

Water harvesting consists of capturing and recharging new storm water discharges created by urbanization.

In the Chino Basin, the best and least expensive way to put this new water to beneficial use is groundwater recharge.

Wildermuth Environmental and Black & Veatch, 2001 Recharge Master Plan Phase II
Report: Chino Optimum Basin Management Program, Chino Basin Watermaster

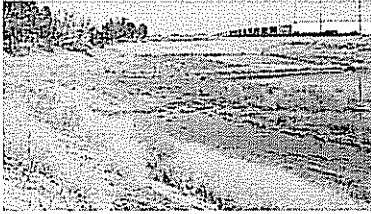
Santa Ana River at Riverside



Santa Ana River Recharge



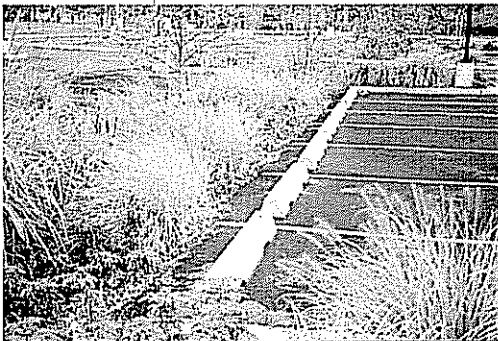
Hickory Basin



Montclair Basins

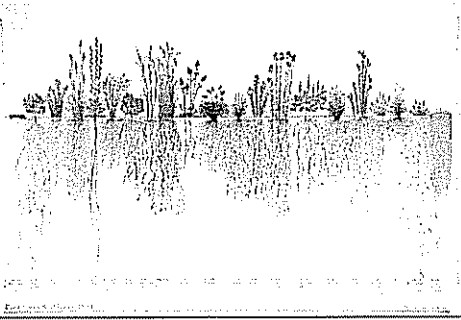


Infiltration Islands



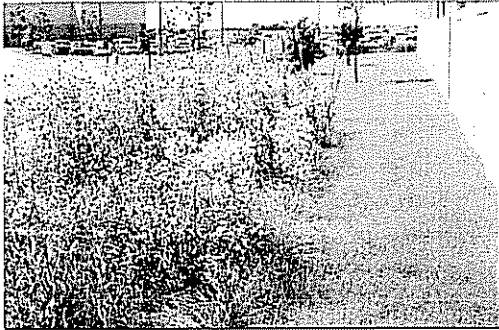
Courtesy of Bruce Ferguson

High-performance plantings



Courtesy of Conservation Design Forum

High-performance plantings



Courtesy of Conservation Design Forum

Infiltration Islands



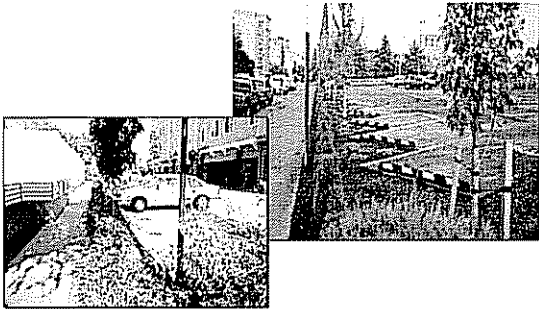
Courtesy of Low Impact Development Center

Retrofit function



Courtesy of Low Impact Development Center

Perimeter Infiltration Strips



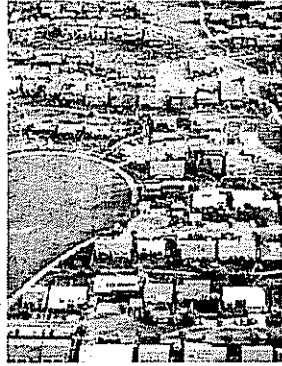
Courtesy of Portland Bureau of Environmental Services

Land-Use Planning and Landscape Design

Natural drainage swales



Land-Use Planning



Village Homes, Davis, CA

Landscape Design and Surface Drainage Options



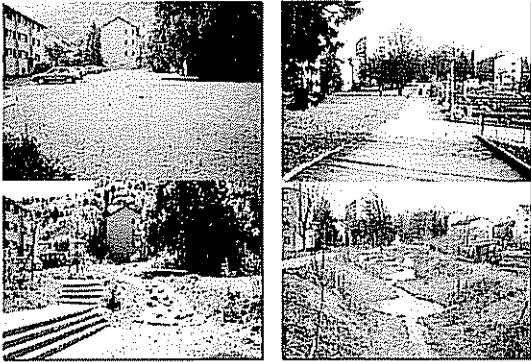
Village Homes, Davis, CA

Swales

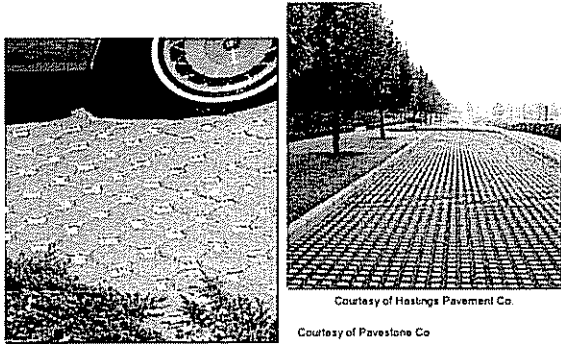


Courtesy of Portland Bureau of Environmental Services

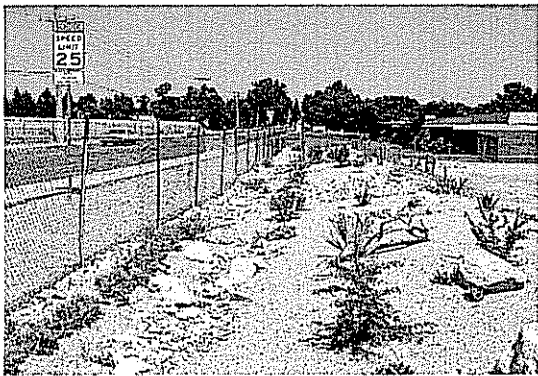
Daylighting



Modular Block Paving



Chino Basin Water Conservation District



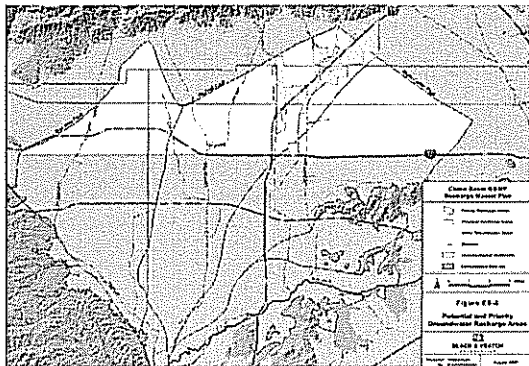
Chino Basin Water Conservation District



Chino Basin Water Conservation District



Recharge Areas



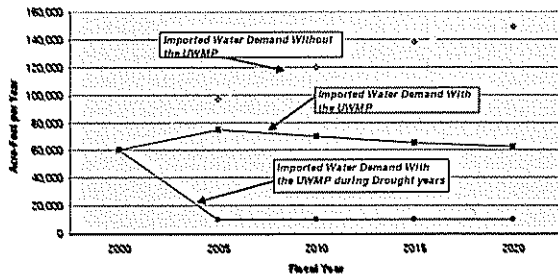
Recharge Potential

The volume of storm water *not* captured for recharge in the Basin during the period October 1977 and September 1999 averaged about 41,000 acre-feet per year (acre-ft/yr)

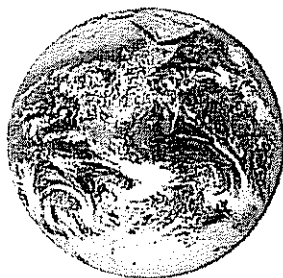
and ranges from a low of 2,000 acre-ft/yr to a high of about 174,000 acre-ft/yr.

Wildermuth Environmental and Black & Veatch, 2001 *Recharge Master Plan Phase II Report: Chino Optimum Basin Management Program*, Chino Basin Watermaster

Projected Chino Basin Imported Water Demands



CONCLUSIONS



Multiple Benefits

Increasing the yield of the Basin by increasing the capture of new storm water discharge will *improve ambient groundwater quality, improve surface water quality in the Santa Ana River and its tributaries, and increase the assimilative capacity of the Basin.*

Wildermuth Environmental and Black & Veatch, 2001. Recharge Master Plan Phase II Report: Chino Optimum Basin Management Program, Chino Basin Watermaster

Multiple Benefits

Increasing the capture of new storm water will *reduce the cost of mitigation requirements for recharge of recycled water.* The volume of new storm water recharge will have a *dramatic impact on the future cost of recycled water recharge.*

Wildermuth Environmental and Black & Veatch, 2001. Recharge Master Plan Phase II Report: Chino Optimum Basin Management Program, Chino Basin Watermaster

Multiple Benefits

Every acre foot of local water developed reduces the need for significant amounts of energy required to pump imported water to Southern California.

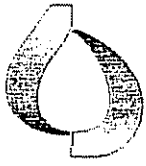
The energy savings results in cost savings, air quality benefits, and reduced greenhouse gas emissions.

Multiple Benefits

Stormwater capture and use in Southern California improves local environmental conditions while also helping to reduce the pressure on damaged ecosystems in the Bay-Delta and elsewhere in the state.

*People and nations behave wisely
— once they have exhausted all
other alternatives.*

Winston Churchill




Inland Empire
UTILITIES AGENCY

Date: April 16, 2003

To: Honorable Board of Directors

Through: Public and Legislative Affairs Committee (4/09/03)

From: Richard W. Atwater 
Chief Executive Officer/General Manager

Submitted by: Martha Davis
Executive Manager – Policy Development

Subject: AB 496 (Correa) Santa Ana River Conservancy

RECOMMENDATION

This is an informational item regarding AB 496 (Correa) Santa Ana River Conservancy

BACKGROUND

AB 496 (Correa) would create a state conservancy covering the entire watershed for the three-county Santa Ana River region for the purpose of managing natural resources, capturing park and water bond funds, creating open space and green areas, restoring habitat and protecting flood control.

Provisions of the bill include the following: The conservancy would be authorized to acquire and direct the management of specified public lands within the Santa Ana River watershed. It would also be authorized to create a three county "River Parkway Open Space Plan," giving the conservancy some planning authority over the region. Finally, the bill would create the Santa Ana River Conservancy Fund, but this provision would not become operative until the Legislature appropriates, or a bond act approved by the voters allocates, the necessary funds.

Mr. Correa's staff provided a briefing on the bill at SAWPA on March 20th to over 60 people from throughout the watershed. Overall, the reaction was one of interest but also of concern. Most people supported the notion that it was desirable for the watershed to have a more effective means of capturing "green" park bond money, such as the funds approved through Proposition 12 and 40. However, many expressed concern about the need for an additional layer of government, who would serve on the conservancy's board, and how the conservancy might compete with or overlap with SAWPA.

Within the last two weeks both Orange County and the Orange County Water District have adopted positions of opposition to the bill. AB 496 is expected to pass out of its first policy committee (it will be heard in Water Parks and Wildlife on April 7th), however the author has indicated that the bill will be a two-year effort in order to provide time to resolve issues and build support for the legislation.

Staff recommends that the Inland Empire Utilities Agency remain neutral on the bill, and work with the author on possible options for the development of a suitable governance structure to assist the region in more effectively capturing the Proposition 12 and 40 funds.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

LOCAL

COMMUNITY CONNECTION B2 • OBITUARIES B4 • FEATURES B10 • COMICS B11 • WEATHER B12

Watershed proposal gets Inland support

PRESERVE: A state conservancy could bring funds to the Santa Ana River area, some say.

BY JENNIFER BOWLES
THE PRESS ENTERPRISE

A bill that would create a nature preserve along the Santa Ana River and its tributaries could lure state funding to create playgrounds, protect open space and restore habitat, supporters said Thursday.

With 5 million people living in the watershed that stretches from the San Bernardino Mountains to the ocean, the need for open space in San Bernardino, Riverside and Orange counties is becoming more and more necessary, they said.

"And it's getting more crowded all the time," said Chris Leo, chief of staff for the bill's author, Assemblyman Lou Correa, D-Santa Ana.

Leo held a meeting in Riverside to gather thoughts on how the proposed state conservancy should operate. Some 65 gov-

ernment and water officials, from Rialto, Riverside, San Jacinto and other Inland communities, attended. Some community officials wanted to make sure their areas would benefit.

"We tend to be the ugly stepchild in the watershed. We've been shut out before," said Pat Kilroy, operations manager at Lake Elsinore.

But some water agency officials, leery of creating another government agency to manage the heavily used river, questioned who would oversee the conservancy and how it would allocate money.

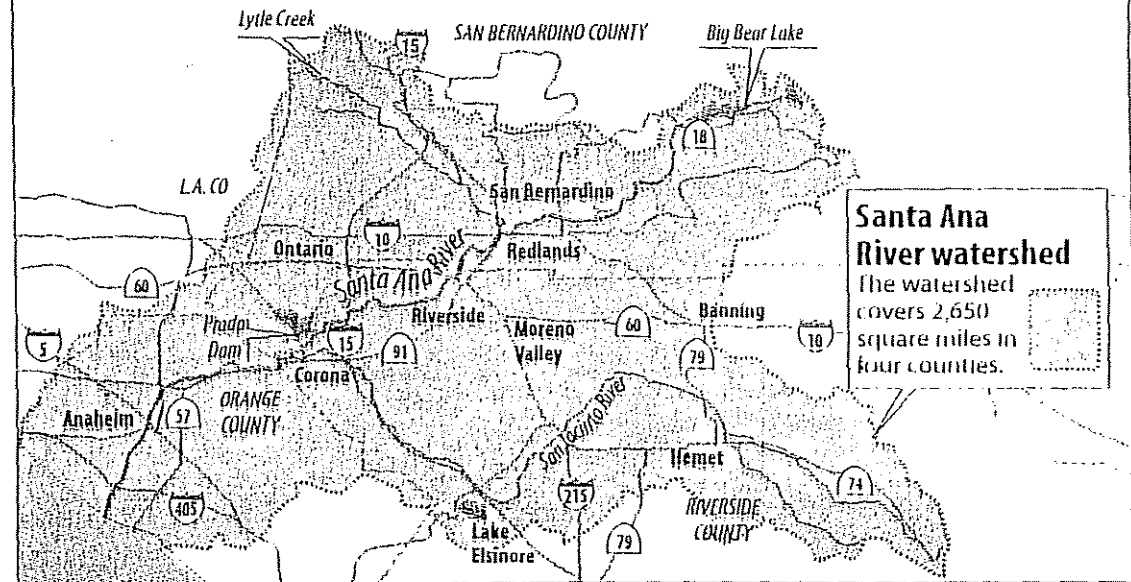
"It's an intriguing proposal, and clearly we have a ways to go in figuring out what the conservancy would do," said Martha Davis of the Fontana-based Inland Empire Utilities Agency.

The Orange County Water District and the Orange County Board of Supervisors this week voted to oppose the bill.

"The assemblyman didn't talk to us before he presented this bill," said Denis Bilodeau, president of the Orange County Water District. "We should not have to have this conservancy

Protecting the river

A proposed bill would create a state nature conservancy in the Santa Ana River watershed. The move aims to attract more attention and create more funding for open space, habitat restoration and flood control.



THE PRESS-ENTERPRISE

thrust upon us without more public hearings."

Some Orange County officials, he said, are concerned about how the conservancy would affect the proposed extension of Highway 57, which could be elevated above the river from Santa Ana to Huntington Beach.

But the bill, introduced last month, does have supporters, including Riverside Mayor Ron Loveridge and David Myers of

the Wildlands Conservancy in Oak Glen. Myers' group already has pumped \$32 million into helping create a parkway along the entire river. The parkway, however, still has missing links.

Creating a state conservancy, Myers said, would help lure future park bond funds to fill in the gaps. The state's eight existing conservancies have reaped millions of dollars in park bond funds.

"The watershed got nothing in Proposition 12. We got zero," Myers said of the bond measure passed in 2000. "The goal of this is to create a superagency to go after that."

Leo said the bill could undergo changes as it moves along in the state Legislature. It will go to the state Assembly's natural resources committee on April 7.

Reach Jennifer Bowles at (909) 368-9548 or jbowles@pe.com

MEMORANDUM

TO: RLC Members in the Three County Santa Ana River Region
John Hunter, Irvine Company
Sat Tamaribuchi, Irvine Company
Beth Beeman, Irvine Ranch Water District
Norris Brandt, Irvine Ranch Water District
Joe Grindstaff, SAWPA
Daniel Cozad, SAWPA
Bob Feenstra, Milk Producers Council
Rich Atwater, IEUA
Martha Davis, IEUA
Macie Cleary-Milan, Transportation Corridor Agency
Rob Thornton, Nossaman et al
Kathy Cole, MWD
Norm Flette, MWD

FROM: Bill Geyer and Jennifer West

DATE: March 11, 2003

RE: AB 496 (Correa) Santa Ana River Conservancy

AB 496 (Correa), which creates a state conservancy for the three-county Santa Ana River region, is set for hearing March 24 in Assembly Natural Resources. In general, Assemblyman Correa wants to create a conservancy so that the region will be "more" eligible for existing or future bond funding (both Propositions 40 and 50 were written with earmarks for all state conservancies). We have spoken to some of you about this concept and, as of yet, have not heard clear direction beyond the observation that Correa is working hard on the bill and apparently making it an important plank in his campaign for Orange County supervisor.

We did want to flag a number of issues with the current version of the bill. As written, AB 496 leaves the membership of the conservancy board blank. However, the bill appears to contemplate a traditional state-run conservancy where the state insists on control of the majority of the appointees, state employees run the day-to-day operation of the conservancy, and the state pays the administrative costs.

A possible alternative to a state-run conservancy would be to form a local, state recognized, joint powers authority (JPA) that has a statutory working relationship with the state. This local voluntary JPA would be accountable to a locally appointed governing board and would be paid for by JPA members, which could include the three

WATER RESOURCES GOVERNANCE DIVISION
AB 496 CONSERVANCY

33825 The board shall consist of ~~the following~~ 13 voting
30 members and 9 nonvoting members appointed as follows:

(a) *The 13 voting members of the board shall consist of all of the following:*

(1) *Secretary of Resources Agency, or his or her designee*

(2) *Director of Finance, or his or her designee*

(3) *One public member appointed by the Governor who resides within the watershed and has expertise in economic development, agriculture and/or conservation, wildlife and natural resources.*

(4) *Three public members appointed by the Governor, who reside within the watershed and are selected from a list submitted by the following:*

(a) *Orange County Council of Governments;*

(b) *Western Riverside Council of Governments, and,*

(c) *San Bernardino Association of Governments*

(5) *One member of the Board of Supervisors of Riverside County, appointed by the majority of the members of that board.*

(6) *One member of the Board of Supervisors of San Bernardino County, appointed by the majority of the members of that board.*

(7) *One member of the Board of Supervisors of Orange County, appointed by the majority of the members of that board.*

(8) *One member of the Santa Ana Watershed Project Authority, appointed by the majority of the members of that board.*

(9) *One public member appointed by the Senate Committee on Rules, who resides within the watershed and has expertise in conservation, wildlife and natural resources.*

(10) *One public member appointed by the Speaker of the Assembly, who resides within the watershed and has expertise in conservation, wildlife and natural resources.*

(11) *One representative designated by the Governing Councils of the San Manuel Band of Mission Indians and the Soboba Band of Luiseno Indians*

(b) *The 9 ex officio, nonvoting members of the board shall consist of all of the following officers or an employee of each agency designated annually by that officer to represent the office or agency:*

(1) *The Director of the California Department of Parks and Recreation*

(2) *The District Engineer of the United States Army Corps of Engineers*

(3) *The Secretary of the California Environmental Protection Agency*

(4) *The Regional Forester, Pacific Southwest Region of the United States Forest Service.*

(5) *General Manager, Eastern Municipal Water District*

(6) *General Manager, Inland Empire Utilities Agency*


(7) *General Manager, Orange County Water District*

(8) *General Manager, San Bernardino Valley Municipal Water District*

(9) *General Manager, Western Municipal Water District*



Inland Empire
UTILITIES AGENCY

Date: April 16, 2003
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (4/09/03)
From: Richard W. Atwater 
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager – Policy Development
Subject: Legislative Report from Agricultural Resources

RECOMMENDATION

This is an informational item regarding legislative reporting from Agricultural Resources.

BACKGROUND

David Weiman provides a monthly report on his federal activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

March 31, 2003

Legislative Report

TO: Richard W. Atwater
General Manager, Inland Empire Utility Agency

FR: David M. Weiman
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

SU: Legislative Report, March 2003

Highlights:

- Congressional Response to Water Recycling Cut
- Southern California Comprehensive Water Recycling Feasibility Study
- Rep. Joe Baca named to Resources Committee
- Boxer Initiative on Perchlorate
- Feinstein Initiative on Perchlorate
- Senate Energy Bill on Desal
- Corps Permitting Process – Chino Basin Facilities Improvement Project

Congressional Response to Water Recycling Cut. At the urging of SAWPA, IEUA, WateReuse and others, Chairman Calvert and Ranking Member Napolitano scheduled a March 27 hearing on the Title XVI, Water Recycling Program. The request was made after the Administration's Budget was released and we realized that funding was proposed to be cut by 60+% AND a heretofore unknown Budget Review recommended Title XVI be functionally terminated. IEUA's Rich Atwater and SAWPA's Joe Grindstaff appeared before the panel at the Chairman's invitation. As such, they "represented" California. Robert DeLoach, GM, Cucamonga County Water District, submitted a letter for the Record.

As a result of the hearing, several observations:

- * The Interior Department perceives Title XVI as a “California” program. Calvert and Napolitano invited witnesses from Texas and Arizona. Calvert’s efforts took definitive steps to ensure that Title XVI was clearly understood to be a “regional” program.
- * The witnesses from outside California were forceful and articulate, including a retired Four-Star General from San Antonio who was especially persuasive on the program’s benefit, strengths and impact.
- * Doug Scott, Director, Public Finance, Southwest Regional Office of Fitch Ratings based in Austin, TX explained how Title XVI dollars helped leverage the bond and public market funding. His participation helped focus a portion of the discussion to the Title XVI’s value – financially.
- * The OMB-DOI-BuRec declaration that water recycling was NOT a “core function” of the Bureau was rejected by all witnesses. No one understood it. All rejected it.
- * SAWPA’s letter to the Bureau demanding a \$300,000 “refund” from the Bureau because it failed to submit the Southern California Comprehensive Water Recycling and Reuse Feasibility Study was discussed at the hearing and made part of the Subcommittee’s formal Record.
- * Calvert remarked, at the hearing’s conclusion, that Subcommittee members certainly support Title XVI. The hearing was exceptionally well-attended. Members from Texas, Washington, New Mexico, Arizona, Colorado and Nebraska voiced their support for the program.
- * IEUA and others are actively working with the Subcommittee to develop a post-hearing strategy to expand support for Title XVI.

Southern California Comprehensive Water Recycling and Reuse Feasibility Study. In early February, SAWPA was informed by Bennett Raley, Assistant Secretary, Water and Science, DOI, that the Feasibility Study would be submitted to Congress within a few weeks. The Feasibility Study was completed in April 2001. Congress has not received the report yet.

Rep. Baca Named to Calvert’s Water Subcommittee. Effective March 28, Rep. Joe Baca was named by his caucus to serve on the Water and Power Subcommittee. In February, Mr. Baca was granted a waiver from the Caucus and his request to serve on Resources was approved. Subcommittee assignments were not final until the end of the month. Mr. Baca was named to the Subcommittee a day prior to the Calvert Oversight Hearing on Water Recycling.

Senator Boxer – Perchlorate. Senator Boxer introduced a bill to protect drinking water from perchlorate. Among other things, the bill requires EPA to establish a standard by 2004. According to her statement, some seven million Californians are exposed to the toxin and she specifically referenced the challenge in the Inland Empire. The Senator serves on the Environment and Public Works Committee (EPW) which has legislative jurisdiction over such issues.

Senator Feinstein – Perchlorate. Senator Feinstein, in mid-March, urged EPA to identify those, in the Inland Empire with perchlorate contaminated waters, and to order the clean up of those water supplies. The Senator participated in a widely-publicized meeting on perchlorate in Southern California back in December.

Senate Energy Bill – Desal, Impaired Waters. The Senate Energy Committee is actively considering a major energy bill. The bill contains a section directing the Department of Energy to undertake the study of desalination and contaminated waters. Senator Feinstein’s office has asked Orange County WD and IEUA to review the provision and make recommendations. That evaluation is presently underway.

Corps of Engineers – Chino Basin Facilities Improvement Project. In late February, the Corps informed IEUA and Chino Basin Watermaster, after months of working together, that the recharge basins would be “jurisdictional” under the Clean Water Act. A letter from the Corps reversed more than a half-year of agency-to-agency discussions and collaboration. Martha Davis was in DC attending the ACWA mid-Winter meeting. A strategy was developed to “dual-track” the issue. Meetings and discussions would occur in DC and locally. With Martha in town, we immediately informed our congressional delegation. Later, I began discussions with Col. Gunther, LA District office. In late March, on the eve of local meetings with Col. Thompson, the District Engineer, LA District I arranged for Rich Atwater to have a meeting with the Corps Commander.

IEUA Continues to Work With Various Partners. On an on-going basis in Washington, IEUA continues to work with:

- * Metropolitan Water District of Southern California
- * Milk Producer’s Council
- * SAWPA
- * Water Environment Federation (WEF)
- * Association of California Water Agencies (ACWA)
- * WateReuse

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Inland Empire
UTILITIES AGENCY

Date: April 16, 2003
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (4/09/03)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager – Policy Development
Subject: Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item regarding legislative reporting from Geyer and Associates

BACKGROUND

Bill Geyer and Jennifer West provide a monthly report on their state activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West and Bill Geyer

DATE: March 27, 2003

RE: Legislative Report: March

IEUA Bill Lists

Attached are two bill lists for your review. The "watch" list contains bills of interest, which have been ranked A, B, and C in order of importance. Examples of high priority "watch" bills include a number of measures that IEUA has been actively involved in, but has not taken a formal position on, such as SB 34 (Soto) and AB 496 (Correa). Examples of lower priority bills include measures that earmark Prop 50 funds. These bills are expected to be held indefinitely in Senator Machado's committee. The other list contains recommendations for positions on a number of bills.

Legislative Deadlines and Budget

May 9 is the deadline for all 2003 bills to pass out of their first policy committees. The month of April will be spent tracking legislation that passes and is amended in these committees.

At the same time, budget hearings continue on the 02/03 mid-year corrections and the 03/04 budget. It has been widely reported that if the Legislature does not make the 02/03 mid-year cuts soon, Wall Street financiers may impose a spending plan, an unprecedented move that would leave the Legislature with no control over state finances for the near future.

For the 03/04 budget, the issuance of the "May Revise" will mark the next major budget action. While hearings continue, most major cuts will not be made until it is clear how much revenue the state gets in from April tax returns.

Protection of IEUA property tax revenue remains a top priority. IEUA is participating in a number of coalitions on the state and local level to try to defend these funds. Though rumors abound, no formal Legislative or Administrative proposals have been made at this time to shift special district property tax revenues to state programs or funds.

Proposition 50

Throughout February and most of March, IEUA has participated in Senator Machado's SB 21 meetings, which is the primary vehicle for Proposition 50 implementation. Senator

Machado recently released his first draft of SB 21, but it will be reviewed and amended by budget and policy committees. IEUA and SAWPA need to continue to coordinate on a Proposition 50 funding strategy and try to resolve differences with MWD. Some IEUA priorities for funding include contaminate removal and treatment, watershed, recycled water, and brackish water desalination funding.

DRAFT

Inland Empire Utilities Agency

Position Recommendations

March 27, 2003

Bill # / Title	Summary	Position	Status
Propositions 50			
SB 21 (Machado) Prop. 50 Implementation	Proposition 50 implementation measure. IEUA has participated in the Machado's working group process and is interested in the implementation of a number of Prop. 50 funding categories. Machado staff has promised to include amendments that will allow perchlorate and other emerging contaminants to be eligible for certain types of Prop. 50 funding. At this point the bill should be viewed as a work in progress.	Recommend Support	Senate Ag. Water Resource 4/1
Desalination			
SB 318 (Alpert) UWMP- Desal	Requires UWMP to describe the opportunities for development of desalinated water. Recent amendments will add brackish water to the definition of "desalination" IEUA requested these amendments, as did committee staff.	Recommend Support	Senate Ag. Water Resource 4/22
Water Conservation/Water Supply Land Use			
AB 306 (Kehoe) Water Meters	Requires water purveyors by 2008 to install meters on all residential and agricultural service connections constructed prior to 1992. By 2009, requires water purveyor to charge customers for water based on actual volume of deliveries. MWD is in support of the measure, as are a number of other water districts.	Recommend support	Assembly Water Parks and Wildlife 4/8
SB 312 (Machado) Landscape Water Conservation	As proposed to be amended, the bill creates a task force to review the model landscape ordinance and make recommendations for its improvement. Also requires separate outdoor water meters that will assist homeowners to monitor and adjust their outdoor water use appropriately.	Recommend Support	Senate Ag. and Water Resources 4/22
SB 906 (Escutia)	Among other provision, the measure prohibits the Central Basin Municipal Water	Recommend	Senate Ag.

Municipal Water District Act	District and the West Basin Municipal Water District from imposing an administrative overhead charge on water sold to Water Replenishment Districts. If the measure passes in this form it would set a very bad precedent in the Municipal Water District Act.	Oppose	and Water Resources 4/22
Water Quality/Water Quality Penalties and Fees			
AB 10X (Oropeza) Waste Discharge Fees	Removes cap on waste discharge fees for POTWs. Allows SWRCB to set an annual fee for POTWs and dairies holding NPDES permits. Contains open-ended recoverable costs, including groundwater monitoring and surface water monitoring.	Recommend working with CASA on fee structure	Signed
SB 923 (Sher) Water Quality	Requires annual fees be assessed for waste discharge waivers. The fee would be established by the regional water boards to cover the costs of administering the waiver. Deletes the requirement that a regional water board must first notify someone violating Water Code Section 13264 before civil liability fines are issued. Recommend that the notification provisions be reinstated before a fine can be levied. This provision has always allowed unintentional discharges to be quickly corrected.	Recommend oppose unless amended. (Check on CASA's position)	Senate E.Q. 4/7
SB 204 (Perata) Diaper Recycling	Requires the Waste Board to provide grants to local agencies for funding programs for the recycling and diversion from landfill disposal of diapers. These grants would be paid for by fees imposed on the purchase of diapers (\$.0025 per diaper). IEUA supports the bill for water quality purposes.	Support	Senate E.Q. 4.7

DRAFT

Inland Empire Utilities Agency

WATCH

("C" lowest level, "B" mid level, "A" high level watch)

March 27, 2003

Bill # / Title	Summary	Watch Level	Status
Propositions 50 and 40			
AB 107 (Corbett) Prop. 50: EBMUD	Earmarks \$23 million from Prop. 50's water security account to EBMUD for capital improvements to its water security system.	C	Assembly W.P.W. 4/8
AB 120 (Wyland) Prop. 50: Earmark	Earmarks \$1.1 million from Prop. 50 for SWRCB grants to the Southern California Caulerpa Action Team to eradicate Caulerpa taxifolia in the Agua Hedionda Lagoon.	C	Assembly E.S.&T.M. 4/8
AB 704 (Hancock) Prop. 40 Funds	Earmarks unspecified amount of Prop. 40 funds for the East Bay Regional Park District.	C	Not set
AB 817 (Pacheco) Prop. 50: Earmark	Appropriates \$15 million in Prop. 50 funds from the Clean Water and Water Quality section of the bond for a SWRCB education program on water quality.	C	Assembly E.S.& T.M.
AB 859 (Nakano) Prop. 50: Earmark	Appropriates \$30 million in Prop. 50 Chap. 8 funds to the Coastal Conservancy for an ocean observing system. Chap. 8 funds must be split between DWR and SWRCB.	C	Assembly N.R.
AB 866 (Pavley) Watershed/Prop. 40	Adds water conservation, water use efficiency and water supply reliability to the list of elements that can be in the Integrated Watershed Management Program, which was created last year to allocate Prop. 40 funds. Also specifies that the Santa Monica Bay Restoration Commission shall appropriate the \$20 million earmarked in Prop. 50 for the Santa Monica Bay.	B	Assembly N.R.
AB 1054 (Spitzer)	Appropriates \$20 million in Prop. 40 funds to Orange County. These funds	C	Assembly

Prop. 40 Orange County	would come from the \$300 million category for clean beaches, coastal waters, and lakes.		N. R.
AB 1110 (Harman) Prop. 50: Earmark	Earmarks unspecified water security funds from Prop. 50 for the Anaheim Public Utilities Department.	C	Assembly E.S. &T.M.
AB 1300 (Laird) Prop. 50: Reporting	Requires Secretary of Resources to prepare annual report on Prop. 50 expenditures.	C	Assembly N.R.
AB 1406 (Wolk) Prop.50: Earmark	Earmarks unspecified amount of funds from Prop. 50 for mosquito abatement projects related to wetlands.	C	Assembly W.P.W.
SB 511 (Escutia) Prop 50: Urban Areas	Spot bill to ensure that urban areas and areas with "special needs" receive an equitable amount of Prop. 50 funds.	C	Senate E.Q. 4/7
SB 518 (Escutia) Prop. 50: Spot	Prop. 50 spot bill.	C	Senate A.W.R. 4/22
SB 564 (Ackerman) Prop. 50: Orange County	Appropriates \$15 million from Prop. 50 to be made available for water efficient landscape management technologies and to significantly reduce urban runoff in urban communities.	C	Senate A.W.R. 4/22
Drinking Water Contaminates			
AB 83 (Corbett) Drinking Water Reports	Requires each bottled water vendor to prepare and distribute an annual consumer confidence report. Requires unannounced inspections by DHS of bottled water facilities, the cost of which would be reimbursed by the water company.	C	Assembly Toxics 4/8
AB 826 (Jackson) Perchlorate	Intent language asking that DHS to set regulatory drinking water standards for perchlorate that are as close to the corresponding public health goal as is economically and technically feasible.	A	Not set
AB 1020 (Laird) Contaminates: Civil Action	Authorizes a public water system to bring civil action against any RP for the presence of any contaminate in surface or groundwater supplies utilized by the water district. Recoverable costs include investigation, replacement water	A	Assembly Toxics

	and attorney's fees.		
SB 34 (Soto) Inland Empire Groundwater Perchlorate	Vehicle for addressing the perchlorate problem in the Chino Basin and surrounding groundwater basins. Fontana Water Company is the sponsor. Senator Soto is considering establishing a JPA-like agency. Jurisdiction, governance and "mission" still need to be established. IEUA has been working with the Senator to try to establish an acceptable local solution.	A	Senate Rules
SB 50 (Sher) Bottled Water	Contains intent language to submit bottled water to similar standards as those contained in the California Safe Drinking Water Act.	C	Senate
SB 311 (Sher) Drinking Water	Specifies when the public can ask for external peer review of OEHHA's drinking water hazard assessment.	B	Not set
SB 922 (Soto) Contaminates Drinking Water	Requires the SWRCB or RWQCB in any drinking water cleanup and abatement order to make the discharger replace and pay for the contaminated drinking water.	A	Senate EQ
SB 1004 (Soto) Perchlorate	Requires that the SWRCB be notified when perchlorate is discharged into waters of the state, or when it is likely to be discharged into waters of the state, unless the discharge is in compliance with a waste discharge requirement. Failure to notify is punishable by fines up to \$5,000 per day. Also requires perchlorate manufacturers to provide water suppliers with the total number of pounds of perchlorate discharged into state waters by their facility.	A	Senate EQ
SB 1020 (Soto) Perchlorate	Intent language that would require a health facility to provide notification to county health departments and regulatory agencies if the health facility is using well water contaminated by perchlorate. Would require that the health facility develop a remediation plan to remove perchlorate from the well water.	A	Senate Rules
Water Supply/Future Bonds			
AB 93 (Canciamilla) Water Bond 04	Placeholder for an 04' water bond. Machado also intends to pursue an 04' water bond. Some in the environmental community have indicated they will accept a water bond with "Cal-Fed approved" storage proposals. Cal-Fed is	A	Assembly W.P.W. 4/8

	not likely to have finished its environmental analysis of storage proposals in time for an 04' bond.		
AB 314 (Kehoe) Desalination	Intent language to facilitate the development of desalination projects.	A	Assembly Rules
AB 531 (Kehoe) Infrastructure Bond 04	Would place a \$10 billion measure on the 04 ballot that would finance local infrastructure and economic development projects. Funds would be issued from the Infrastructure Bank and would require at least a 50% match.	B	Assembly Judiciary
AB 740 (Pavley) Water Bond 04	\$2.9 billion "Clean Air, Clean Water and Coastal Protection" bond measure for the 04' ballot.	A	Assembly N.R. 4/7
AB 877 (Maddox) Urban Runoff Appropriated Water	Declares that urban runoff that has been discharged from a municipal storm sewer system into a natural coastal creek is unappropriated water.	C	Assembly W.P.W 4/22
AB 1002 (LaMalfa) Bay Delta	Cal-Fed spot bill	C	Assembly W.P.W
AB 1011 (Richman/ Canciamilla) ACA 11 Allocation	ACA 11 allocations. 15% of the funds would go for state competitive grant programs for cities, counties, water districts or wastewater agencies for water supply, water recycling, wastewater and storm water. 50% of the funds would be for transportation projects.	B	Rules
AB 1562 (Keene) Water Storage	Spot bill on storage.	C	Rules
SB 479 (Machado) Water transfers	Prohibits the SWRCB from approving long-term water transfers if the transfer would result in substantial negative third party impacts.	B	Senate Ag. W.R. 4/1
SB 750 (Machado) Water Bond 04	Spot bill for 04 water bond.	A	Not Set
Groundwater			
AB 1107 (Liu) Groundwater Data	Requires AB 599 committee to develop uniform groundwater data standards. Requires regulatory agencies to adopt any standard that are developed pursuant to the bill. Watermaster is reviewing the bill for its impact to the	B	Assembly W.P.W.

	Chino Basin.		
AB 1159 (Liu) Groundwater Data	Creates a workgroup to make recommendations for groundwater database standards and for the collection and transfer of groundwater data. Watermaster is reviewing the bill for its impact to the Chino Basin.	B	Assembly W.P.W.
AB 1522 (Parra) Groundwater	Requires the CVRWQCB to prepare a groundwater report that identifies potential groundwater supplies within its jurisdiction.	B	Assembly W.P.W.
SB 543 (Machado) Groundwater	Authorizes SWRCB to file action with the superior court to prevent the impairment of water rights to groundwater. Watermaster is reviewing the bill for its impact to the Chino Basin. We may need an amendment to exclude adjudicated basins.	A	Senate Ag. W.R 4/22
SB 909 (Machado) Groundwater Data	Spot bill on groundwater for possible "clean up" of SB 1938 from last year.	B	Senate Ag. W.R. 4/1
Water Conservation/Water Supply Land Use			
AB 334 (Goldberg) Recycled Water	Intent language to implement the recommendations of the 2002 Recycled Water Task Force. As a member of the task force IEUA may want to consider supporting the bill when it is amended with the recommendations.	A	Not set
AB 562 (Spitzer) Recycled Water	Placeholder for recommendations from the Recycled Water Task Force.	A	Not set
AB 607 (Plescia) Landscape Water Conservation	Sponsored by the Landscape Contractors, the measure would enact the Landscape Water Conservation Rate Structure Act.	B	Assembly Local Gov. 4/9
AB 741 (Canciamilla) Water Shortage	Spot bill on the statute dealing with the declaration of water shortage emergencies by water districts.	B	Assembly Water P & W
AB 888 (McCarthy) Water Shortages	Allows the governing body of a public water supply to declare a water shortage emergency if there is insufficient water for agriculture. Likely to be a very controversial bill.	B	Assembly Water P & W 4/8
AB 1015 (Laird)	Requires all general plans be amended by 2006 to identify existing and	A	Assembly

Land Use Water Supply	planned sources of water supply, including groundwater, that will serve existing and future development in normal and dry years. Requires that the city and county prepare the water supply information in consultation with the water supplier or regional water management group. Allows the local agency to assess fees for the preparation of water supply component of the plan. State AG is the sponsor. ACWA is opposed.		Local Gov. 4/9
AB 1659 (S. Horton) Gray Water	Requires DWR to propose a reduced fee schedule for water districts service connections to residential customers who agree to use gray water for their irrigation systems.	B	Assembly Water P & W
SB 654 (Ag Water Committee) UWMP	UWMP spot bill.	B	Senate Ag. WR 4/1
SB 1000 (Aanestad) Beneficial Uses	Allows a water right permit holder that has implemented water conservation measures to receive credit for the conserved water in any extension proceeding before the SWRCB.	C	Senate Ag. WR 4/1
Water Quality/Water Quality Penalties and Fees			
ACA 10 (Harman) Nonpoint Source	Allows local jurisdiction to raise rates for storm water and urban runoff management by a simple majority vote.	B	Assembly Local Gov. 4/30
AB 58 (Bates) SWRCB Fine Allocation	Amends Section 13308 of the Water Code. Requires that 75% of the civil liability penalties collected go to RWQCB and 25% go to the SWRCB. The concern is that the SWRCB is not using fine monies for RWQCB monitoring activities.	B	Assembly Enviro. STM 4/18
AB 760 (Maldonado) Water Penalties	Spot bill on mandatory minimum penalties.	B	Assembly Enviro. STM 4/8
AB 897 (Jackson) Water Quality Objectives	Deletes the requirement in Porter-Cologne that requires economic considerations be taken into account when water quality objectives are	B	Assembly Enviro. STM

	established. Is supposed to be completely amended soon.		4/8
AB 951 (Bates) Municipal storm water	Intent language to improve the municipal storm water permit system.	C	Not set
AB 1353 (Matthews) Waste Discharge	States that annual discharge fees cannot be charged if it can demonstrated that pollution is not entering waters of the state. Applies to waivers only anticipating that waivers will be subject in the future to an annual fee. Sponsored by the Wine Institute.	B	Assembly Enviro. STM
AB 1375 (Daucher) Municipal sewers	Changes waste discharge enforcement standards for municipal separate storm sewer systems to a "maximum extent practicable" standard set forth in the CWA.	C	Assembly Enviro. STM
AB 1517 (Plescia) Stormwater	Creates permit and management system for municipal storm water.	C	Assembly Nat. Res.
AB 1541 (Montanez) Waste Discharge Requirements	States that failure to file a monitoring report or technical report is a "serious violation" of Porter-Cologne, which would mean these violations would be subject to a \$3000 fee.	A	Assembly Enviro. STM
SB 214 (Morrow) Waste Discharge Requirements	Changes waste discharge enforcement standards for municipal separate storm sewer systems to a "maximum extent practicable" standard set forth in the CWA.	C	Senate E.Q.
SB 304 (Morrow) Storm Water	Spot bill on storm water.	C	
SB 803 (Soto) Stormwater	Legislative intent to establish a uniform means of compliance with storm water runoff requirement on a regional basis.	B	Senate Ag. W R. 4/22
Quantification Settlement Agreement/Salton Sea			
AB 1484 (Pavley) Prop. 50: QSA	Earmarks an unspecified amount in Prop. 50 funds to facilitate the QSA.	A	A.W.P.W
SB 117 (Machado/Kuehl) QSA	Intent language that the Legislature wants to the QSA to be signed and that the QSA be consistent with the state's commitment to the restoration of the Salton Sea.	A	Senate Rules
SB 277 (Ducheny)	Spot bill on the Salton Sea and California's entitlement to the use of 4.4	B	Senate Rules

Salton Sea	million AF of Colorado River water.		
SB 317 (Kuehl) Salton Sea/FPS	Authorized the take of fully protected species as part of the QSA. States legislative intent to allocate a minimum of \$50 million from Prop. 50 for the QSA.	A	Senate N.R. 4/8
SB 411 (Ducheny) Prop. 50: Salton Sea	Appropriates an unspecified amount of Prop. 50 funds, from an unspecified section of the initiative, to the Resource Agency to finance a restoration plan for the Salton Sea.	A	Senate A.W.R. 4/22
SB 994 (Hollingsworth) Prop 50: Salton Sea	Appropriates \$50 million from Prop 50 to the WCB for projects approved by DWR to mitigate environmental impacts associated with the Colorado River deal.	A	Senate A.W.R. 4/1
Watersheds			
AB 66 (Leslie) Adopt A Waterway	Authorizes Resource Agency to enter into agreements to accept funds, equipment or services from any person for maintenance or environmental enhancement of a state waterway.	C	Assembly W.P.W. 4/8
AB 496 (Correa) Santa Ana Conservancy	Creates a state conservancy for the three-county Santa Ana River area. Co-authors include McLeod, Maddox and Harman.	A	Assembly N.R. 4/7
AB 1405 (Wolk) Watersheds	Sponsored by RCRC. Spot bill on watershed.	B	Assembly N.R. 5/5
MISC.			
AB 589 (Ridley-Thomas) MWD Employees	Specifies various salary distinction for MWD employees.	C	Assembly Local Gov. 4/9
AB 847 (Pavley) Coastal Conservancy	Specifies that the Coastal Conservancy's duties include protecting sensitive habitat areas and improving coastal water quality. Probably a spot bill.	B	Assembly N.R. 4/7
AB 1532 (Nakano) SWP Security	Intent bill to require DWR to establish a pilot project to undertake real-time monitoring to protect the security of the SWP	C	Not set
AB 1695 (Ridley-Thomas) MWD	Changes MWD employee civil service requirements.	C	Assembly Local Gov.

employees			4/9
SB 83 (Soto) Assessments	Sponsored by Three Valleys, the bill addresses preapproved assessments from Proposition 218.	C	Senate Floor
SB 196 (Kuehl) RWQCB Appointments	Specifies that the city council member and a county supervisor serve on the RWQCB rather than someone from city or county "government."	C	Senate H.Q. 4/7
SB 698 (Battin) Water District: Power	Spot bill on water district powers.	C	Senate Rules
SB 783 (Margett) Water Rights	Spot bill for water rights permits.	C	Senate Rules

DRAFT

Inland Empire Utilities Agency

WATCH

("C" lowest level, "B" mid level, "A" high level watch)

March 27, 2003

Bill # / Title	Summary	Watch Level	Status
Propositions 50 and 40			
AB 107 (Corbett) Prop. 50: EBMUD	Earmarks \$23 million from Prop. 50's water security account to EBMUD for capital improvements to its water security system.	C	Assembly W.P.W 4/8
AB 120 (Wyland) Prop. 50:Earmark	Earmarks \$1.1 million from Prop. 50 for SWRCB grants to the Southern California Caulerpa Action Team to eradicate Caulerpa taxifolia in the Agua Hedionda Lagoon.	C	Assembly E.S.&T.M. 4/8
AB 704 (Hancock) Prop 40 Funds	Earmarks unspecified amount of Prop. 40 funds for the East Bay Regional Park District.	C	Not set
AB 817 (Pacheco) Prop. 50: Earmark	Appropriates \$15 million in Prop. 50 funds from the Clean Water and Water Quality section of the bond for a SWRCB education program on water quality.	C	Assembly E.S.& T.M.
AB 859 (Nakano) Prop.50: Earmark	Appropriates \$30 million in Prop. 50 Chap. 8 funds to the Coastal Conservancy for an ocean observing system. Chap. 8 funds must be split between DWR and SWRCB.	C	Assembly N.R.
AB 866 (Pavley) Watershed/Prop.40	Adds water conservation, water use efficiency and water supply reliability to the list of elements that can be in the Integrated Watershed Management Program, which was created last year to allocate Prop. 40 funds. Also specifies that the Santa Monica Bay Restoration Commission shall appropriate the \$20 million earmarked in Prop. 50 for the Santa Monica Bay.	B	Assembly N.R.
AB 1054 (Spitzer)	Appropriates \$20 million in Prop. 40 funds to Orange County. These funds	C	Assembly

Prop. 40 Orange County	would come from the \$300 million category for clean beaches, coastal waters, and lakes.		N. R.
AB 1110 (Harman) Prop. 50: Earmark	Earmarks unspecified water security funds from Prop. 50 for the Anaheim Public Utilities Department.	C	Assembly E.S. & T.M.
AB 1300 (Laird) Prop. 50: Reporting	Requires Secretary of Resources to prepare annual report on Prop. 50 expenditures.	C	Assembly N.R.
AB 1406 (Wolk) Prop. 50: Earmark	Earmarks unspecified amount of funds from Prop. 50 for mosquito abatement projects related to wetlands.	C	Assembly W.P.W.
SB 511 (Escutia) Prop 50: Urban Areas	Spot bill to ensure that urban areas and areas with "special needs" receive an equitable amount of Prop. 50 funds.	C	Senate E.Q. 4/7
SB 518 (Escutia) Prop. 50: Spot	Prop. 50 spot bill.	C	Senate A.W.R. 4/22
SB 564 (Ackerman) Prop. 50: Orange County	Appropriates \$15 million from Prop. 50 to be made available for water efficient landscape management technologies and to significantly reduce urban runoff in urban communities.	C	Senate A.W.R. 4/22
Drinking Water Contaminates			
AB 83 (Corbett) Drinking Water Reports	Requires each bottled water vendor to prepare and distribute an annual consumer confidence report. Requires unannounced inspections by DHS of bottled water facilities, the cost of which would be reimbursed by the water company.	C	Assembly Toxics 4/8
AB 826 (Jackson) Perchlorate	Intent language asking that DHS to set regulatory drinking water standards for perchlorate that are as close to the corresponding public health goal as is economically and technically feasible.	A	Not set
AB 1020 (Laird) Contaminates: Civil Action	Authorizes a public water system to bring civil action against any RP for the presence of any contaminate in surface or groundwater supplies utilized by the water district. Recoverable costs include investigation, replacement water	A	Assembly Toxics

	and attorney's fees.		
SB 34 (Soto) Inland Empire Groundwater Perchlorate	Vehicle for addressing the perchlorate problem in the Chino Basin and surrounding groundwater basins. Fontana Water Company is the sponsor. Senator Soto is considering establishing a JPA-like agency. Jurisdiction, governance and "mission" still need to be established. IEUA has been working with the Senator to try to establish an acceptable local solution.	A	Senate Rules
SB 50 (Sher) Bottled Water	Contains intent language to submit bottled water to similar standards as those contained in the California Safe Drinking Water Act.	A	Senate
SB 311 (Sher) Drinking Water	Specifies when the public can ask for external peer review of OEIHA's drinking water hazard assessment.	B	Not set
SB 922 (Soto) Contaminates Drinking Water	Requires the SWRCB or RWQCB in any drinking water cleanup and abatement order to make the discharger replace and pay for the contaminated drinking water.	C	Senate EQ
SB 1004 (Soto) Perchlorate	Requires that the SWRCB be notified when perchlorate is discharged into waters of the state, or when it is likely to be discharged into waters of the state, unless the discharge is in compliance with a waste discharge requirement. Failure to notify is punishable by fines up to \$5,000 per day. Also requires perchlorate manufacturers to provide water suppliers with the total number of pounds of perchlorate discharged into state waters by their facility.	A	Senate EQ
SB 1020 (Soto) Perchlorate	Intent language that would require a health facility to provide notification to county health departments and regulatory agencies if the health facility is using well water contaminated by perchlorate. Would require that the health facility develop a remediation plan to remove perchlorate from the well water.	A	Senate Rules
Water Supply/Future Bonds			
AB 93 (Cancrampilan) Water Bond 04	Placeholder for an 04' water bond. Machado also intends to pursue an 04' water bond. Some in the environmental community have indicated they will accept a water bond with "Cal-Fed approved" storage proposals. Cal-Fed is	A	Assembly W.P.W. 4/8

	not likely to have finished its environmental analysis of storage proposals in time for an 04' bond.		
AB 314 (Kehoe) Desalination	Intent language to facilitate the development of desalination projects.	A	Assembly Rules
AB 531 (Kehoe) Infrastructure Bond 04	Would place a \$10 billion measure on the 04 ballot that would finance local infrastructure and economic development projects. Funds would be issued from the Infrastructure Bank and would require at least a 50% match.	B	Assembly Judiciary
AB 740 (Pavley) Water Bond 04	\$2.9 billion "Clean Air, Clean Water and Coastal Protection" bond measure for the 04' ballot.	A	Asseby N.R. 4/7
AB 877 (Maddox) Urban Runoff Appropriated Water	Declares that urban runoff that has been discharged from a municipal storm sewer system into a natural coastal creek is unappropriated water.	C	Assembly W.P.W 4/22
AB 1002 (LaMalfa) Bay Delta	Cal-Fed spot bill	C	Assembly W.P.W
AB 1011 (Richman/ Canciamilla) ACA 11 Allocation	ACA 11 allocations. 15% of the funds would go for state competitive grant programs for cities, counties, water districts or wastewater agencies for water supply, water recycling, wastewater and storm water. 50% of the funds would be for transportation projects.	B	Rules
AB 1562 (Keene) Water Storage	Spot bill on storage.	C	Rules
SB 479 (Machado) Water transfers	Prohibits the SWRCB from approving long-term water transfers if the transfer would result in substantial negative third party impacts.	B	Senate Ag. W.R. 4/1
SB 750 (Machado) Water Bond 04	Spot bill for 04 water bond.	A	Not Set
Groundwater			
AB 1107 (Liu) Groundwater Data	Requires AB 599 committee to develop uniform groundwater data standards. Requires regulatory agencies to adopt any standard that are developed pursuant to the bill. Watermaster is reviewing the bill for its impact to the	B	Assembly W.P.W

	Chino Basin.		
AB 1159 (Liu) Groundwater Data	Creates a workgroup to make recommendations for groundwater database standards and for the collection and transfer of groundwater data. Watermaster is reviewing the bill for its impact to the Chino Basin.	B	Assembly W.P.W
AB 1522 (Parra) Groundwater	Requires the CVRWQCB to prepare a groundwater report that identifies potential groundwater supplies within its jurisdiction.	B	Assembly W.P.W.
SB 543 (Machado) Groundwater	Authorizes SWRCB to file action with the superior court to prevent the impairment of water rights to groundwater. Watermaster is reviewing the bill for its impact to the Chino Basin. We may need an amendments to exclude adjudicated basins.	A	Senate Ag. W.R 4/22
SB 909 (Machado) Groundwater Data	Spot bill on groundwater for possible "clean up" of SB 1938 from last year.	B	Senate Ag. W.R. 4/1
Water Conservation/Water Supply Land Use			
AB 334 (Goldberg) Recycled Water	Intent language to implement the recommendations of the 2002 Recycled Water Task Force. As a member of the task force IEUA may want to consider supporting the bill when it is amended with the recommendations.	A	Not set
AB 562 (Spitzer) Recycled Water	Placeholder for recommendations from the Recycled Water Task Force.	A	Not set
AB 607 (Plescia) Landscape Water Conservation	Sponsored by the Landscape Contractors, the measure would enact the Landscape Water Conservation Rate Structure Act.	B	Assembly Local Gov. 4/9
AB 741 (Canciamilla) Water Shortage	Spot bill on the statute dealing with the declaration of water shortage emergencies by water districts.	B	Assembly Water P & W
AB 888 (McCarthy) Water Shortages	Allows the governing body of a public water supply to declare a water shortage emergency if there is insufficient water for agriculture. Likely to be a very controversial bill.	B	Assembly Water P & W 4/8
AB 1015 (Laird)	Requires all general plans be amended by 2006 to identify existing and	A	Assembly

Land Use Water Supply	planned sources of water supply, including groundwater, that will serve existing and future development in normal and dry years. Requires that the city and county prepare the water supply information in consultation with the water supplier or regional water management group. Allows the local agency to assess fees for the preparation of water supply component of the plan. State AG is the sponsor. ACWA is opposed.		Local Gov. 4/9
AB 1659 (S. Horton) Gray Water	Requires DWR to propose a reduced fee schedule for water districts service connections to residential customers who agree to use gray water for their irrigation systems.	B	Assembly Water P & W
SB 654 (Ag Water Committee) UWMP	UWMP spot bill.	B	Senate Ag. WR 4/1
SB 1000 (Aanestad) Beneficial Uses	Allows a water right permit holder that has implemented water conservation measures to receive credit for the conserved water in any extension proceeding before the SWRCB.	C	Senate Ag. WR 4/1
Water Quality/Water Quality Penalties and Fees			
ACA 10 (Harman) Nonpoint Source	Allows local jurisdiction to raise rates for storm water and urban runoff management by a simple majority vote.	B	Assembly Local Gov. 4/30
AB 58 (Bates) SWRCB Fine Allocation	Amends Section 13308 of the Water Code. Requires that 75% of the civil liability penalties collected go to RWQCB and 25% go to the SWRCB. The concern is that the SWRCB is not using fine monies for RWQCB monitoring activities.	B	Assembly Enviro. STM 4/18
AB 760 (Maldonado) Water Penalties	Spot bill on mandatory minimum penalties.	B	Assembly Enviro. STM 4/8
AB 897 (Jackson) Water Quality Objectives	Deletes the requirement in Porter-Cologne that requires economic considerations be taken into account when water quality objectives are	B	Assembly Enviro. STM

	established. Is supposed to be completely amended soon.		4/8
AB 951 (Bates) Municipal storm water	Intent language to improve the municipal storm water permit system.	C	Not set
AB 1353 (Matthews) Waste Discharge	States that annual discharge fees cannot be charged if it can demonstrated that pollution is not entering waters of the state. Applies to waivers only anticipating that waivers will be subject in the future to an annual fee. Sponsored by the Wine Institute.	B	Assembly Enviro. STM
AB 1375 (Daucher) Municipal sewers	Changes waste discharge enforcement standards for municipal separate storm sewer systems to a "maximum extent practicable" standard set forth in the CWA.	C	Assembly Enviro. STM
AB 1517 (Plescia) Stormwater	Creates permit and management system for municipal storm water.	C	Assembly Nat. Res.
AB 1541 (Montanez) Waste Discharge Requirements	States that failure to file a monitoring report or technical report is a "serious violation" of Porter-Cologne, which would mean these violations would be subject to a \$3000 fee.	A	Assembly Enviro. STM
SB 214 (Morrow) Waste Discharge Requirements	Changes waste discharge enforcement standards for municipal separate storm sewer systems to a "maximum extent practicable" standard set forth in the CWA.	C	Senate E.Q.
SB 304 (Morrow) Storm Water	Spot bill on storm water.	C	
SB 803 (Soto) Stormwater	Legislative intent to establish a uniform means of compliance with storm water runoff requirement on a regional basis.	B	Senate Ag. W R. 4/22
Quantification Settlement Agreement/Salton Sea			
AB 1484 (Pavley) Prop. 50: QSA	Earmarks an unspecified amount in Prop. 50 funds to facilitate the QSA.	A	A.W.P.W.
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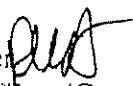


Inland Empire
UTILITIES AGENCY

Date: April 16, 2003

To: Honorable Board of Directors

Through: Public and Legislative Affairs Committee (4/09/03)

From: Richard W. Atwater 
Chief Executive Officer/General Manager

Submitted by: Martha Davis
Executive Manager – Policy Development

Subject: Legislative Report from Dolphin Group

RECOMMENDATION

This is an informational item regarding legislative reporting from Dolphin Group

BACKGROUND

Michael Boccodoro provides a monthly report on his activities on behalf of the Chino Basin/Optimum Basin Management Program Coalition.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None

Chino Basin / OBMP Coalition

Status Report

March 2003

The Dolphin Group (DGI) and Lang, Hansen, O'Malley, and Miller (LHOM) continue to pursue a number of efforts and issues on behalf of the Chino Basin Coalition and Chino Basin Watermaster. Following is a brief update on activities:

- 1) **2002 Legislation Implementation** – Both firms are currently working to ensure both coalition sponsored measures (AB 2228 & SB 1755), which took effect on 1/1/03, are fully and effectively implemented. Both PG&E and Edison filed revised net metering tariffs in early March. If not protested, those tariffs will take effect on 4/3/03. We are also currently monitoring CPUC deliberations/decisions regarding distributed generation and the potential impacts of “departing load” charges on local projects. The Commission is scheduled to act on April 3. Biogas generation projects are fully protected under all current versions of the pending decisions.
- 2) **QSA Implementation** – DGI is currently monitoring initial legislative discussions on QSA proponents efforts to utilize \$250 – 500 million of the funding under Proposition 50 to finalize the San Diego / IID transfer. Once initial intelligence is gathered, coalition members will need to formulate their position on the final QSA.
- 3) **New Potential Funding for Digesters** – LHOM is currently working with IEUA staff to gain an additional \$2 million in funding for local digester programs. The additional funding may be available through the digester pilot program administered by Western United Resource Development (WURD). IEUA is expected to submit a formal proposal in April.
- 4) **Prop. 40 and Prop. 50 Implementation / Appropriation** – DGI is currently identifying potential opportunities for coalition projects under both Prop. 40 and Prop. 50. Legislation, SB 21 (Machado) has already been introduced to implement Prop. 50 water programs. The measure, as recently amended, creates a number of competitive programs under which coalition members should be well positioned to obtain funding. SB 21 is set for hearing on April 1, in the Senate Agriculture and Water Resources Committee.

- 5) **2004 / 2006 Water Bond** – Legislation (AB 93) to place another water bond before statewide voters in either 2004 or 2006 has been advanced by Assembly Water Parks and Wildlife Chair, Assemblyman Joe Canciamilla (D-Pittsburg). Assemblymember Fran Pavley has also introduced AB 740, the so-called Clean Air, Clean Water and Coastal Protection Act. Senator Mike Machado has also introduced SB 750. AB 93 is set for hearing on April 7. We will be working diligently on all 3 fronts to ensure the next water bond and regional projects.

Martha Davis

From: Labrado, Larry Jr [lbrado@ocwd.com]
Sent: Tuesday, April 08, 2003 12:23 PM
To: Wildermuth, Ron; Miller, Craig; Zembal, Richard; Grebbien,
Cc: Sonja Wassgren (E-mail); Martha Davis
Subject: story on the santa ana river conservancy

fyi

-----Original Message-----

From: Cohen, Jeff [mailto:jcohen@water.ca.gov]
Sent: Tuesday, April 08, 2003 11:28 AM
To: CaliforniaWaterNewsReaders (E-mail)
Subject: 3. DWR'S CALIFORNIA WATER NEWS: WATERSHEDS - 4/8/03

Department of Water Resources

California Water News

A daily compilation of significant news articles and comment

April 8, 2003

River conservancy proposal undergoes more changes; Assemblyman names governing parties with voting powers that would lead agency. - Daily Pilot, Orange County (LA Times)

SANTA ANA RIVER

River conservancy proposal undergoes more changes

Assemblyman Lou Correa names governing parties with voting powers that would lead agency.

Daily Pilot, Orange County (LA Times) - 4/5/03

By Paul Clinton, staff writer

NEWPORT-MESA -- Hoping to find consensus on what was thought to be a slam-dunk bill, Assemblyman Lou Correa (D-Santa Ana) has amended a proposal to create a Santa Ana River conservancy.

The agency would be enlisted to protect and restore the 96-mile waterway that runs from its lip at the border of Newport Beach and Huntington Beach through three counties. It also runs along Costa Mesa's border at Fairview Park.

Correa, on March 28, added a new wrinkle to his Assembly Bill 496 that delineates the governing body. It names the 13 agencies whose representatives would have voting powers and the nine nonvoting members.

"We know we had to get a governance structure in," said Bill Orton, a Correa aide. "We'd

4/8/2003

like everybody to continue commenting. Hopefully, we'll get it right."

In February, Correa proposed the legislation, which garnered broad-based support. But by mid-March, three county supervisors, including Newport-Mesa representative Jim Silva, said they didn't support the bill because it adds unneeded bureaucracy and could imperil plans to extend the Orange Freeway.

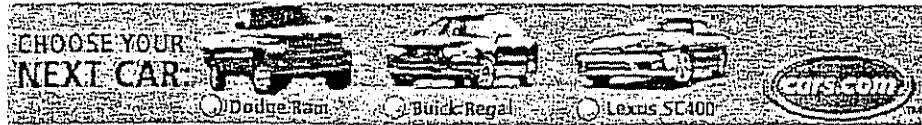
"I believe we should avoid creating additional layers of government," Silva said at the time.

The bill has collected endorsements from assembly members Ken Maddox, who represents Costa Mesa, and Tom Harman (R-Huntington Beach). Both are listed as co-authors.

Correa, who is considering running for a supervisor's seat, has disagreed with the critique that the bill creates more red tape. He said the bill would, in actuality, connect a variety of agencies, so they could pin down more bond funding for river projects.

Correa has also pulled his request for a Monday hearing on the bill in the Assembly's natural resources committee. The hearing is now set for April 21, Orton said.

In the amendment, Correa listed 13 agencies whose representatives would sit on the conservancy, including a supervisor from the river's three counties and three members of city councils in the stream's path.#



This story is taken from [opinion](#) at sacbee.com.

Opposing view: Proposition 50 funds belong in a Salton Sea solution

By Mary D. Nichols -- Special To The Bee - *(Published April 7, 2003)*

The announcement that four Southern California water agencies have agreed to a transfer of conserved agricultural water from the Imperial Irrigation District to the San Diego Water Authority was cheered by Gov. Gray Davis as a historic breakthrough in addressing California's long-term water needs. Yet one issue -- use of funds approved by voters in Proposition 50 -- has provoked wild accusations from The Bee of money laundering or misuse of public funds. These are grave charges. They are also false, and betray a parochial approach toward public support for water projects that threatens to set one region against another.

Investing in conservation, as this plan does, frees up water currently being used to grow crops, and allows Imperial Valley to make money from the sale of the saved water to the more affluent coastal cities. Why is a subsidy for a water transfer that benefits the entire state -- by maintaining our ability to purchase surplus supplies of water from the Colorado River -- more distasteful than a subsidy for a fish screen that allows more pumping of water from the Delta?

Proposition 50 is the latest and largest in a series of bonds in which voters authorized more than \$10 billion in new funds for open space and water infrastructure. Among its specific listed purposes was the need to "invest in projects that further the ability of Californians to live within California's basic apportionment of 4.4 million acre-feet per year of Colorado River water." We propose \$200 million of Proposition 50 bond money to offset expenditures the local agencies will make to keep the Salton Sea hospitable to more than 100 species of birds, fish and mammals. These creatures survive the harsh desert climate only because imported Colorado River water ends up flowing into the Salton Sea after being used in fields in the Imperial Valley.

With less water flowing into the Salton Sea, measures need to be taken to control salinity until the federal government approves a long-term restoration plan for the sea. Because the transfer will last a minimum of 35 years -- and may go on for 75 years -- there are other potential environmental impacts that may also need to be addressed. These include wind-blown air pollution if the sea's bed is exposed.

Local water agencies have pledged \$43 million of their funds toward implementing measures to hold the Salton Sea harmless from the proposed water transfer. Additional proposed state funding reduces the risk that unforeseen environmental circumstances would terminate the transfer, and provides greater certainty that the sea's status quo can be maintained. While \$200 million for the Salton Sea and related habitat is by no means a small sum, it is dwarfed by the funds that are going into repairs for the seriously impaired Sacramento-San Francisco Bay Delta water system.

All the details of the proposed \$200 million must be worked out in legislation appropriating the bond funds. This is a crucial step because it guarantees the requirement by Davis that projects funded by resources bonds be cost-effective, and subject to public oversight and rigorous accountability.

Crying foul before a bill has been passed indicates a reluctance to continue the tradition of public financing for water. Such cries ring hollow when they come from parts of the state that are wholly dependent on infusions of public money to restore salmon fisheries and habitat decimated by past water development. Communities in these regions are also dependent on public money to build new facilities to store and treat water.

Appropriation of the money is one of three preconditions that must be satisfied for the entire agreement to take effect. The other two -- signup of enough growers in Imperial to fulfill the water transfer agreement, and dropping of litigation arising from the Interior Department's suspension of water sales -- are being worked out. Now the Legislature will take up the issue of appropriating the bond funds and set its mark on this historic water agreement.

California Resources Secretary Mary D. Nichols is responding to The Bee's editorial "Dud on arrival / Davis does water deal with laundered funds," which appeared March 21. Nichols can be reached at (916) 653-7310.

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