

CHINO BASIN WATERMASTER



AGENDA PACKAGE

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

THURSDAY, JUNE 19, 2003

**CHINO BASIN WATERMASTER
Advisory Committee Meeting
10:00 a.m. – June 19, 2003**

REVISED 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 April 24, 2003

B. FINANCIAL REPORTS

1. Cash Disbursement Report – May 2003
2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through April 30, 2003
3. Treasurer's Report of Financial Affairs For April 1 through April 30, 2003
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

C. WATER TRANSACTIONS

Sale or Transfer of Right to Produce Water in Storage from the City of Chino Hills to Monte Vista Water District in the amount of 2,700 acre-feet of water. (*Notice mailed April 25, 2003*)

D. WATERMASTER STATUS REPORT NO. 7

Consider authorization to staff and legal counsel to file Status Report No. 7 with the court.

E. CONSIDER CONTRACT WITH USGS FOR STREAMFLOW MEASUREMENTS

Consider approval of a contract with USGS for \$32,500 to perform necessary measurements.

II. BUSINESS ITEMS - POSSIBLE ACTION

A. FISCAL 2003-2004 WATERMASTER BUDGET

Consider approval of fiscal year 2003 – 2004 Watermaster budget.

B. CONSIDER REQUEST FROM MONTE VISTA WATER DISTRICT FOR REVIEW OF COST APPORTIONMENT RELATED TO OBMP SALT CREDITS

Consider letter received from Monte Vista Water District regarding cost apportionment of OBMP salt credits. A report on this item will be sent out on Tuesday, June 17, 2003.

C. BALANCE OF RECHARGE & DISCHARGE IN ALL AREAS; DETERMINATION OF OPERATING STORAGE & SAFE STORAGE; AND THE CUMULATIVE IMPACT OF TRANSFERS

Mark Wildermuth will make a presentation and request input to develop a recommendation for approval in July.

D. WATER QUALITY COMMITTEE RECOMMENDATIONS

Consider adoption of Water Quality Committee recommendations regarding Committee's objectives.

E. PRESENT FINDINGS ON MWD GROUNDWATER STORAGE ACCOUNT ANALYSIS
Mark Wildermuth will present findings on the analysis of the MWD Groundwater Storage Account.

**F. PRESENT UPDATE ON THE MZ1 SUBSIDENCE MONITORING PROGRAM
(Revision to the Agenda)**
Mark Wildermuth will provide a status update on program activities.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana Application Protests
2. June 5, 2003 Hearing
3. Hearing re Cyclic Storage Agreement Amendment

B. CEO REPORT/UPDATES

1. DWR Grant Application
2. SAWPA "Integrated Project of the Year" Award
3. MWD Long Term In-Lieu Storage Program Filing
4. Storage & Recovery Project Update

C. OTHER AGENCY REPORTS

IEUA REPORT (Revision to the Agenda)

IEUA Inter-Agency Water Managers' Report Attachment

IV. COMMITTEE MEMBER COMMENTS

V. OTHER BUSINESS

VI. FUTURE MEETINGS AND EVENTS

July 10, 2003	10:00 a.m.	Joint Meeting of the Appropriative & Non-Agricultural Pools
	1:00 p.m.	Agricultural Pool Meeting
July 24, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board

Meeting Adjourn

CHINO BASIN WATERMASTER
Watermaster Board Meeting
1:00 p.m. – June 19, 2003

REVISED AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE & INVOCATION

PUBLIC COMMENTS

AGENDA - ADDITIONS/REORDER

SPECIAL SIGNING CERMONY - SIGNING OF GROUNDWATER STORAGE AGREEMENT WITH METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, CHINO BASIN WATERMASTER, INLAND EMPIRE UTILITIES AGENCY AND THREE VALLEYS MUNICIPAL WATER DISTRICT.

I. CONSENT CALENDAR

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4. Storage & Recovery Project Update

C. OTHER AGENCY REPORTS

IV. BOARD MEMBER COMMENTS

V. OTHER BUSINESS

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	1:00 p.m.	Agricultural Pool Meeting
July 24, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board

Meeting Adjourn



CHINO BASIN WATERMASTER

June 19, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

NOTICE TO WATERMASTER BOARD

SPECIAL SIGNING CEREMONY – SIGNING OF GROUNDWATER STORAGE AGREEMENT WITH METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, CHINO BASIN WATERMASTER, INLAND EMPIRE UTILITIES AGENCY AND THREE VALLEYS MUNICIPAL WATER DISTRICT

CHINO BASIN WATERMASTER

June 19, 2003

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

I. CONSENT CALENDAR

- A. MINUTES
- B. FINANCIAL REPORTS
- C. WATER TRANSACTIONS
- D. WATERMASTER STATUS REPORT NO. 7
- E. CONSIDER CONTRACT WITH USGS FOR
STREAMFLOW MEASUREMENT

Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
April 24, 2003

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA, on April 24, 2003 at 10:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Nathan DeBoom, Chair	Dairy, Milk Producers Council
<u>Agricultural Pool</u>	
Robert DeBerard	Crops
Pete Hall	State of California Institute for Men
Marilyn Levin	State of California Attorney General's Office
<u>Non-Agricultural Pool</u>	
Vic Barrion	Reliant Energy, Etiwanda
<u>Appropriative Pool</u>	
Gerald Black	Fontana Union Water Company
Dave Crosley	City of Chino
Ken Jeske	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 Board Members Present

Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
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Watermaster Pool Members Present

Rich Atwater	Inland Empire Utilities Agency
Bill Stafford	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
Mark Wildermuth	Wildermuth Environmental, Inc.

Other Presents

Sondra Elrod	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District
Dave Hill	Inland Empire Utilities Agency
Raul Garibay	City of Pomona
Josephine Johnson	Monte Vista Water District
Dan McKinney	Special Counsel to the Agricultural Pool
Diane Sanchez	State Department of Water Resources

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 - Meeting of the Advisory Committee held March 27, 2003.

B. FINANCIAL REPORTS

1. Cash Disbursement Report – March 2003
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2002 through February 28, 2003
3. Treasurer's Report of Financial Affairs for February 1 through February 28, 2003
4. 2002-03 Actual YTD Revenues and Expenses Compared with Adopted 2002-03 Budget

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).

There were no questions or comments regarding Consent Calendar items.

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

Moved, to approve the Consent Calendar items, as presented.

II. BUSINESS ITEMS

A. FORMATION OF WATER QUALITY COMMITTEE

Pursuant to OBMP Program Element 6, the Pool Committees took action on April 10 to form a Water Quality Committee. It was recommended the Committee be composed of all interested Appropriators, two members of the Agricultural Pool, one member of the Non-Agricultural Pool, a representative from the Santa Ana Regional Water Quality Control Board and a representative from Inland Empire Utilities Agency. At their first meeting, tentatively scheduled for April 30, 3:00 p.m. at Watermaster, the Water Quality Committee will be asked to select a Chair, review water quality conditions and develop cooperative strategy and plans to improve water quality within the Basin, along with funding strategies, and bring back the Committee's goals and objectives for review through the Watermaster process.

There were no questions or comments regarding the recommendation.

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

Moved, to approve the formation of the Water Quality Committee and appoint Kuhn and Whitehead to serve as Board representatives on the committee.

B. NIAGARA WATER COMPANY INTERVENTION

Niagara Bottling Company has agreed to intervene into the judgment with zero rights and pay full replenishment costs in the amount of \$41,115.

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

Moved, to approve Niagara Bottling Company to intervene into the Judgment.

C. CONSIDER LETTER TO MWD

It was suggested that minor modifications be made to the MWD draft letter regarding additional use of Proposition 50 monies for the QSA deal.

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

Moved, to approve the MWD draft letter regarding additional use of Proposition 50 monies for the QSA deal.

D. MZ1 MANAGEMENT PLAN - EXTENSOMETER INSTALLATION & TESTING

As part of Watermaster efforts to move forward on the Interim Plan for the management of subsidence, Mr. Rossi requested authorization to execute the Layne Christiansen contract agreement for extensometer installation and testing at Ayala Park to meet the project deadline of June 30th

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

Moved, to authorize the funding and execution of the Layne Christiansen contract agreement for extensometer installation and testing of the extensometer at Ayala Park.

E. NEW YIELD FROM ADDITIONAL STORMWATER RECHARGE

Watermaster staff and Wildermuth Environmental made a presentation outlining opportunities and possible calculations for recording new yield. This new yield is based on stormwater associated with new facilities that are part of the \$40 million recharge project. The pools took action on April 10th to estimate the annual average of new stormwater recharge beginning in FY 2003-2004 and directed staff to perform reconciliation between actual and estimated calculations recorded over a five year period. Watermaster staff will begin crediting the 12,000 acre-feet of stormwater per year based on estimated calculations from the models of the new facilities.

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

Moved, to ratify action taken by the Appropriative Pool to review allocation of new yield, as amended to add point 9, that if the diversion structure or gates are not built within the fiscal year, the Appropriators will not receive any credits for stormwater in 2003/2004.

Item III.C. INLAND EMPIRE UTILITIES AGENCY (IEUA) REPORT was moved up at this time to help Mr. Atwater meet other commitments.

1. MWD Status Report
Mr. Atwater stated that MWD is moving forward with discussions regarding QSA and Dry Year Yield Agreement.
2. Conservation Programs
Dave Hill handed out information on IEUA's conservation budget and reported on IEUA's Water Smart Program activities. Included in the package is a resolution regarding Water Awareness Month in May.
3. CALFED Grant Report: Integrated Water Resources Management
Mr. Atwater stated that CALFED issued a \$125,000 grant for Integrated Water Resource Management and published a report on stormwater capture relating to RP-5 developing localized activities to capture more stormwater.

***Item Added by Revised Agenda:**

F. RESOLUTION 03-02 (Attachment to Revised Agenda)

The month of May is "Water Awareness Month". As a result, staff recommends approval of Resolution 03-02, supporting a Community-Wide Water Efficiency Program "Come Rain or Come Shine".

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

Moved, to approve Resolution 03-02 supporting a Community-Wide Water Efficiency Program "Come Rain or Come Shine."

4. Updates

- Recharge Master Plan/MWD Dry Year Storage Program

- State/Federal Legislation

Mr. Atwater stated that a key part of IEUA's report is the legislative update on behalf of the Water Reuse Association, Water Softeners - Taking Back Our Water Quality in our Watershed. It's a simple bill in the sense that it makes it discretionary and enables the cities and local districts and agencies to adopt ordinances. IEUA considers this a very important bill and would like staff to show aggression and support in working together to get legislation passed.

Mr. Atwater also stated that all legislative issues should be brought forth in an effort to resolve them in an appropriate manner.

- Recycled Water Program

Mr. Rossi stated that DWR has Proposition 13 funds available for conjunctive-use activities. Mr. Argo gave a brief presentation on the grant application and stated that individual agencies might consider applying on their own or having Watermaster combine all projects into one application. Mr. Argo asked staff to concentrate on projects that qualify and grant information would be sent to those interested.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water SBSC Case No. RCV 06484
Counsel Fife reported that Chino Land & Water filed an appeal, which was rejected, by the court.
2. Watermaster's Santa Ana River Application
Watermaster's application regarding the appropriation of Santa Ana River water received protests that apply to all other applications with the exception of CCWD's. CCWD filed a protest to protect its pre-1914 water rights.

B. CEO REPORT/UPDATES

Mr. Rossi reported on the following items at the Pool meeting on April 10th and will continue discussion of these items at the Watermaster Board meeting.

1. Meter Installation Program
2. Dry Year Yield Project
3. Recharge Improvement Project
4. OBMP Status Update
5. AB303 Grant Application Update
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. INLAND EMPIRE UTILITIES AGENCY (IEUA) REPORT

This item was moved forward and heard following Item II.E.

IV. COMMITTEE MEMBER COMMENTS
None

V. OTHER BUSINESS
None

The meeting adjourned at 12:26 p.m.

Secretary

Minutes Approved: _____

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Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
April 24, 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
Dan Rodriguez, Secretary	Appropriative Pool, City of Pomona
Vic Barrion	Non-Agricultural Pool, Reliant Energy, Etiwanda LLC
Paul Hofer	Agricultural Pool, Crops
Bob Kuhn	Three Valleys Municipal Water District
Donald Schroeder	Western Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Michael Whitehead	Appropriative Pool, Nicholson Trust

WATERMASTER BOARD MEMBERS ABSENT

None

Agricultural Pool Members Present

DeBoom, Nathan	Dairy
DeBerard, Robert	Crops

Non-Agricultural Pool Members Present

Vic Barrion	Reliant Energy, Etiwanda
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Appropriative Pool Members Present

Jim Bryson	Fontana Water Company
Dave Crosley	City of Chino
Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Mike Maestas	City of Chino Hills
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

Barbara Gilbert	Western Municipal Water District
Rick Hansen	Three Valleys Municipal Water District
Josephine Johnson	Monte Vista Water District
Diane Sanchez	State Department of Water Resources

The meeting was called to order by Chair Yates at 1:08 p.m., followed by the flag salute.

PUBLIC COMMENTS

None

AGENDA - ADDITIONS/REORDER

None

I. CONSENT CALENDAR

Action was taken on Consent Calendar Item A separately.

A. MINUTES

1. Draft Minutes - Meeting of the Watermaster Board held March 27, 2003

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

Abstentions: Barrion, Vanden Heuvel

Moved, to approve the minutes of the meeting held March 27, 2003, as presented.**B. FINANCIAL REPORTS**

1. Cash Disbursement Report – March 2003
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2002 through February 28, 2003
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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).

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

Moved, to approve Consent Calendar items B and C, as presented.**II. BUSINESS ITEMS****A. FORMATION OF WATER QUALITY COMMITTEE**

Mr. Whitehead stated that creation of the ad-hoc committee with direct participation by one or two Board members could strengthen the Water Quality Committee's efforts. Mr. Kuhn and Mr. Whitehead were appointed as representatives of the Water Quality Committee.

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

Moved, to approve the formation of the Water Quality Committee and appoint Kuhn and Whitehead to serve as Board representatives on the committee.**B. NIAGARA BOTTLING COMPANY INTERVENTION**

Niagara Bottling Company has agreed to intervene into the judgment with zero rights and pay full replenishment costs in the amount of \$41,115.

Motion by Vanden Heuvel, second by Kuhn, and by unanimous vote

Moved, to approve Niagara Bottling Company request to intervene into the Judgment.**C. CONSIDER LETTER TO MWD**

The Advisory Committee recommended minor modifications to the MWD draft letter regarding additional use of Proposition 50 monies for the QSA deal.

Motion by Vanden Heuvel, second by Rodriguez, and by unanimous vote

Moved, to approve the MWD draft letter regarding additional use of Proposition 50 monies for the QSA deal go forward to MWD.

D. MZ1 MANAGEMENT PLAN - EXTENSOMETER INSTALLATION & TESTING

As part of Watermaster activity to move forward on the Interim Plan for the management of subsidence, Mr. Rossi requested authorization to fund \$302,761 and execution of the Layne Christiansen contract agreement for extensometer installation and testing at Ayala Park to meet the project deadline of June 30th.

Motion by Vanden Heuvel, second by Catlin, and by majority vote

Abstentions: Whitehead

Moved, to authorize the funding and execution of the Layne Christiansen contract agreement for extensometer installation and testing of the extensometer at Ayala Park.

E. NEW YIELD FROM ADDITIONAL STORMWATER RECHARGE

As part of the \$40 million Recharge Improvement Project any additional stormwater generated, captured and recharged into the ground above the baseline would be considered additional yield available for future pumping. The Peace Agreement includes a commitment that any replenishment obligation necessary for the desalters would come from this source first. If the time comes when the desalters do not require additional replenishment, the question is how to account for and distribute the new yield going to the appropriators per the Peace Agreement. It has been recommended that the accrual of basically 12,000 acre-feet per year of new yield be credited to the appropriators based on their percentage of ownership of safe yield. The recommended procedure to clarify how this calculation would work was handed out. The Advisory Committee inserted an item between 7 & 8 that a credit would not be added to the year 2003-2004 if certain facilities for the project were not yet in-place.

Mr. Vanden Heuvel reported that he participated in the discussion of this item at the Advisory Committee meeting. With the recharge program currently out to bid for construction, he was concerned that the decisions being made today contemplate banking or taking credit for 12,000 acre-feet of water per year as if those facilities were already constructed and operating. Additionally, he was concerned about the enforcement language because there are no assurances, disciplines or requirements for coming up short of the 12,000 acre-feet/year or 60,000 acre-feet after five years.

Mr. Jeske pointed out that everyone around the table shares the stewardship of the basin as well as the concerns. Prior to putting this recommendation together, the appropriators went through a lot of technical information. They began with a much higher number and brought it down to build in a conservative value to reduce the risk of being off in the future. The recommendation sets up a system whereby the appropriators and non-agricultural producers can begin to realize incentives for OBMP projects they pay for through assessments. This is important because the retail water providers have been assuming OBMP project costs for some time now without seeing any benefits. These costs get passed on to their customers. So before making this recommendation, the appropriators looked at the long-term numbers and at what they thought could be done. He said it is as much a supposition to think they will not continue this program as it was twenty-years ago to think they would never do this program. The supposition should be based on the last three years which shows the producers are performing, projects are being built, and supporting grant funds are coming in. Many agencies are looking beyond current projects at finances needed for future projects and with this program they have an opportunity to mitigate some costs.

At the request of Mr. Catlin, Mr. Wildermuth summarized the capabilities of being able to measure new yield based on 50 years of modeling and Mr. Rossi provided assurance that this program will be administrated and accounted for properly. **A full description of the proposed procedure for calculating new yield from recharge facilities improvements is hereby incorporated into the minutes by attachment.**

When asked about options available to the Watermaster Board, Counsel Slater explained that all of the pools, the Advisory Committee and the Watermaster Board adopted and agreed to act pursuant to the Peace Agreement. The Peace Agreement was then transmitted to the Court and

the Court ordered that Watermaster proceed in accordance with it. One of the elements in the Peace Agreement is to account for new yield and that is exactly what is being proposed. The precise question is not about whether to account for new yield but the methodology under which they are going to take new yield into account. The Board has already exercised its discretion in approving the Peace Agreement and this is a ministerial recommendation regarding a method of measurement. Therefore, the mandate of the Advisory Committee would apply. However, the Board has the option to identify a concern and request that the Advisory Committee take another look and possibly reconsider their recommendation. Mr. Slater said that does not mean the mandate is not applicable; it's just a precautionary measure.

Mr. Vanden Heuvel praised the work accomplished through the Peace Agreement but remained concerned about the lack of commitment that if the estimated new yield proved inaccurate after five years, it would be trued up. He suggested removing the word "characteristics" from (6) on the attached procedure for calculating new yield to make the recommendation acceptable. The question, he added, is should the estimate be based on the actual performance of the basins over the next five years or the actual performance characteristics of the basins.

Counsel Slater referred to Mr. Wildermuth to provide a diagnosis of whether the elimination of the word "characteristics" would materially change the intent of the recommendation. To be as precise as possible, the generation of new yield on a prospective basis is going to include more than just historical experience. Discussion ensued. Mr. Wildermuth assured the Board members that the RWQCB has accepted performance characteristics from the model for the average stormwater and recycled water recharge in the Santa Ana River. Following the discussion, Counsel Slater reported that the Board could either 1) include comments and expectations as a basis for their ratification, or 2) approve the recommendation and send it back to the Advisory Committee with a request that the words be further amended.

Mr. Whitehead spoke of managing groundwater basins and implementing physical solutions under other Judgments that require long-term accounting and he was sufficiently impressed with the professionalism and the amount of work that has gone into the determinations before them. Because he has seen justification for greater than 12,000 acre-feet of annual new yield, he was impressed by the restraint and the conservative, prudent approach in recommending only 12,000 acre-feet which is, of course, subject to the payback credits/debits down the line. That left him with a sense of comfort that Watermaster will have five years to level out the inevitable spikes and valleys that can happen. Everyone that worked on this entered into it with a good faith effort to fulfill their responsibilities under the Peace Agreement and under the Judgment to effectively manage this basin. He continued that all points raised have been very valid, including the concerns, but he felt the additional condition that no yield will be accounted for in the absence of these projects being completed, up and running provided enough justification for approval.

Chair Yates recommended a roll call vote and entertained a motion for the original recommendation that came forward from the Advisory Committee.

Motion by Whitehead, second by Catlin, and by roll call vote

Ayes: Kuhn, Schroeder, Rodriguez, Catlin, Vanden Heuvel, Hofer, Barrion, Whitehead,
and Chair Yates

Noes: None

Abstentions: None

Moved, to ratify action taken by the Appropriative Pool for review and allocation of new yield.

F. REVISED EMPLOYEE MANUAL

Mr. Rossi reported that the Personnel Committee recommends adoption of the Employee Manual. He introduced Michael Fauver, Hatch & Parent, who helped with the manual along with Counsel Fife and Tim Buynak. The manual that came forward with the Watermaster employees as they transitioned from the Chino Basin Municipal Water District in 1996 had not been revised since that time and no longer complied with current laws. He noted that the Employee Manual did not go before the Pools or the Advisory Committee for consideration. A brief summary was provided of changes to benefits, employment status, etc.

Chair Yates thanked Mr. Wellington and others that participated and said it was a difficult task dealing with skelly issues and at the same time, as a municipality dealing with PERS, etc. Member Schroeder inquired about the costs and employee bargaining tools. Mr. Fauver and Mr. Rossi referred to the increase in the medical cap, which increased the budget approximately \$6300/year. All other costs would be incidental, such as the addition of two holidays. Mr. Fauver said that Watermaster is an "at will" employer and as such, has the ability to change the benefits at any time and there is no need for bargaining with the employees.

Motion by Barrion, second by Schroeder, and by unanimous vote

Moved, to approve the Watermaster Employee Manual as recommended by the Personnel Committee.

***Item Added by Revised Agenda:**

G. RESOLUTION 03-02 (Attachment to Revised Agenda)

The month of May is "Water Awareness Month" which begins in one week. As a result, staff recommends approval of Resolution 03-02, a Resolution of the Chino Basin Watermaster Supporting a Community-Wide Water Efficiency Program "Come Rain or Come Shine".

Motion by Vanden Heuvel, second by Rodriguez, and by unanimous vote

Moved, to approve Resolution 03-02 supporting a Community-Wide Water Efficiency Program "Come Rain or Come Shine."

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water SBSC Case No. RCV 06484
Counsel Slater reported that the Chino Land & Water filed an appeal, which was rejected.
2. Watermaster's Santa Ana River Application
The on-going applications for appropriation of Santa Ana River water received a garden variety of protests that also apply to all other applications with the exception of CCWD. CCWD filed a protest to protect its pre-1914 water rights. There will be a period of time to respond to protests and it will be many months before a hearing is scheduled.

Member Vanden Heuvel referred back to Item II.C and requested Counsel Slater share San Diego's point of view on the Quantification Settlement Agreement (QSA). Counsel Slater said for those who are not aware, he has been the lead negotiator for San Diego County with regard to the QSA since 1997. Rather than putting himself in the position of explaining the costs and benefits, he would like to request a representative from the Governor's office to appear and respond to questions about the contents of the QSA, the benefits to California, why they are expecting bi-partisan support for the effort and why Senator Machado has agreed to carry the legislation to make water available under the QSA.

B. CEO REPORT/UPDATES

1. Meter Installation Program
Mr. Rossi reported that Watermaster is continuing to meet its goal of metering all of the agricultural wells by June 30. Member Vanden Heuvel asked if a comparison was available between the metered numbers and the numbers previously attributed to the same wells using the old method. According to Mr. Rossi, this information is not available but will be in the near future.
2. Dry Year Yield Project
A meeting of the project participants was held last week to discuss project configuration, final determinations on the facilities that need to be built. They are moving forward with a request from JCSD and FWC to become part of the project.
3. Recharge Improvement Project
Staff received a permit from the Army Corps of Engineers contingent upon the 401 Permit process from the Regional Board, which they have committed to moving as fast as they can.

4. OBMP Status Update
By July 1, 2003, the parties of Watermaster need to develop information and criteria for evaluating the Basin, balance recharge and discharge within areas and sub-areas, and determine the cumulative impact on transfers, and operating yield and safe storage.
5. AB303 Grant Application Update
Watermaster applied for a \$250,000 grant from DWR and received approval. However, with the State budget crisis, the funds will not be available this year.
6. AB599 Update
The final report should be out within the next 45 days.
7. SB34 Legislation
Mr. Rossi spoke with Mr. King of Senator Soto's office yesterday. Mr. King reported the Senator's position on SB34 is wait and see as long as everything is moving forward with the Water Quality Committee and other efforts.
8. AGWAWEF Water Quality Conference held April 8 & 9
Some very interesting reports were heard at the two-day Conference. Mr. Thibeault did a great job of discussing the problem and importance of the perchlorate issue.
9. Groundbreaking Ceremonies at Turner Basin April 11
Mr. Rossi thanked all those who attended the Turner Basin groundbreaking ceremony and thanked Chair Yates for leading the activity.
10. Other

C. AGWA REPORT

As Vice-Chair of AGWA, Mr. Rossi has become more active the last few months while the Chairman has been unable to attend. This month they reviewed groundwater legislation. They have been talking with MWD about groundwater issues and have been somewhat involved in their new program for In-lieu Long-Term Storage. The next meeting will be held May 19, 1:30 p.m. at San Gabriel Watermaster

1. Agenda for the meeting held April 21, 2003
2. Minutes for the meeting held March 17, 2003

IV. BOARD MEMBER COMMENTS

Mr. Kuhn reported that Three Valleys Water District recently met with four members of Congress, specifically with regard to the San Gabriel Valley. However, at the end of the meeting it was decided there is a need to get together a group of local congress and representatives, both state and federal, with regard to Proposition 50 funds. Watermaster was asked to get participate in what will probably be a half-day seminar.

V. OTHER BUSINESS

None

VI. CONFIDENTIAL SESSION

None

Chair Yates adjourned the meeting at 3:30 p.m.

Secretary

Minutes Approved: _____



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: JUNE 12, 2003
JUNE 19, 2003

TO: Watermaster Pool Committee Members
Watermaster Advisory Committee & Board Members

SUBJECT: CASH DISBURSEMENT REPORT – May 2003

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for May 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 were \$640,092.00. The most significant expenditures during that month were made to Inland Empire Utilities Agency in the amount of \$320,932.30 for replenishment water; Wildermuth Environmental Inc. in the amount of \$86,113.67 for engineering services; Hatch & Parent in the amount of \$31,065.46 for legal services; MWH Laboratories in the amount of \$17,037.05 for laboratory services; and Pascal & Ludwig Constructors in the amount of \$25,171.47 for partial payment regarding the extensometer/piezometer installation.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2003

Type	Date	Num	Name	Amount
May 03				
Bill Pmt -Check	5/1/2003	7586	A & R TIRE	-596.22
Bill Pmt -Check	5/1/2003	7587	ADEX MEDICAL INC	-195.72
Bill Pmt -Check	5/1/2003	7588	BLACK & VEATCH CORPORATION	-3,197.50
Bill Pmt -Check	5/1/2003	7589	BROWN & CALDWELL	-400.00
Bill Pmt -Check	5/1/2003	7590	CALPERS	-1,491.55
Bill Pmt -Check	5/1/2003	7591	COLONIAL LIFE & ACCIDENT INSURANCE CO	-42.80
Bill Pmt -Check	5/1/2003	7592	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	5/1/2003	7593	GROOMAN'S PUMP & WELL DRILLING, INC.	-387.25
Bill Pmt -Check	5/1/2003	7594	IDEAL GRAPHICS	-91.59
Bill Pmt -Check	5/1/2003	7595	INLAND EMPIRE UTILITIES AGENCY	-132.25
Bill Pmt -Check	5/1/2003	7596	JOBS AVAILABLE INC	-193.20
Bill Pmt -Check	5/1/2003	7597	MCCALL'S METER SALES & SERVICE	-4,863.84
Bill Pmt -Check	5/1/2003	7598	MIJAC ALARM	-126.00
Bill Pmt -Check	5/1/2003	7599	MONSTER TRAK	-50.00
Bill Pmt -Check	5/1/2003	7600	MWH LABORATORIES	-3,795.00
Bill Pmt -Check	5/1/2003	7601	NEXTEL COMMUNICATIONS	-532.98
Bill Pmt -Check	5/1/2003	7602	OFFICE DEPOT	-1,016.28
Bill Pmt -Check	5/1/2003	7603	PETTY CASH	-437.59
Bill Pmt -Check	5/1/2003	7604	RANCHO TECH LLC	-4,368.00
Bill Pmt -Check	5/1/2003	7605	STANDARD INSURANCE CO.	-420.41
Bill Pmt -Check	5/1/2003	7606	TELECOM SERVICES	-60.00
Bill Pmt -Check	5/1/2003	7607	TLC STAFFING	-1,758.40
Bill Pmt -Check	5/1/2003	7608	TURNER & ASSOCIATES	-3,000.00
Bill Pmt -Check	5/1/2003	7609	WEST WATER RESEARCH	-595.00
Bill Pmt -Check	5/1/2003	7610	WHEELER METER MAINTENANCE	-4,039.40
Bill Pmt -Check	5/6/2003	7611	A & R TIRE	-243.15
Bill Pmt -Check	5/6/2003	7612	APPLIED COMPUTER TECHNOLOGIES	-2,297.60
Bill Pmt -Check	5/6/2003	7613	ARROWHEAD MOUNTAIN SPRING WATER	-89.48
Bill Pmt -Check	5/6/2003	7614	COSTCO WHOLESALE	-312.61
Bill Pmt -Check	5/6/2003	7615	ESRI INC	-15.50
Bill Pmt -Check	5/6/2003	7616	HOSE MAN	-258.14
Bill Pmt -Check	5/6/2003	7617	INLAND EMPIRE UTILITIES AGENCY	-169,206.40
Bill Pmt -Check	5/6/2003	7618	MWH LABORATORIES	-8,870.00
Bill Pmt -Check	5/6/2003	7619	PAYCHEX	-205.10
Bill Pmt -Check	5/6/2003	7620	POWERS ELECTRIC PRODUCTS CO.	-858.00
Bill Pmt -Check	5/6/2003	7621	PUMP CHECK	-3,251.13
Bill Pmt -Check	5/6/2003	7622	REID & HELLYER	-2,874.20
Bill Pmt -Check	5/6/2003	7623	RICOH BUSINESS SYSTEMS-Maintenance	-1,385.21
Bill Pmt -Check	5/6/2003	7624	SANTA ANA WATERSHED PROJECT AUTHORITY	-1,000.00
Bill Pmt -Check	5/6/2003	7625	UNITEK TECHNOLOGY INC.	-103.44
Bill Pmt -Check	5/6/2003	7626	VERIZON	-527.82
Bill Pmt -Check	5/6/2003	7627	TLC STAFFING	-879.20
Check	5/10/2003	7629	TOGO'S	-104.85
General Journal	5/10/2003	03/05/5	PAYROLL	-3,787.96
General Journal	5/10/2003	03/05/5	PAYROLL	-13,358.87
Check	5/15/2003	7628	CAFE CALATO	-108.06
Check	5/20/2003	7630	CAFE CALATO	-203.56
Bill Pmt -Check	5/21/2003	7631	A & R TIRE	-717.14
Bill Pmt -Check	5/21/2003	7632	ACWA SERVICES CORPORATION	-59.64
Bill Pmt -Check	5/21/2003	7633	BANK OF AMERICA	-1,121.08
Bill Pmt -Check	5/21/2003	7634	CALPERS	-1,491.55
Bill Pmt -Check	5/21/2003	7635	CHEVRON	-556.27
Bill Pmt -Check	5/21/2003	7636	CITISTREET	-2,081.77
Bill Pmt -Check	5/21/2003	7637	CITIZENS CONFERENCEING	-355.42
Bill Pmt -Check	5/21/2003	7638	DALIA'S PIZZA MARKET	-107.56
Bill Pmt -Check	5/21/2003	7639	ELLISON, SCHNEIDER & HARRIS, LLP	-8,614.95
Bill Pmt -Check	5/21/2003	7640	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	5/21/2003	7641	HATCH AND PARENT	-35,767.62
Bill Pmt -Check	5/21/2003	7642	IDEAL GRAPHICS	-202.57
Bill Pmt -Check	5/21/2003	7643	INLAND COUNTIES INSURANCE SERVICES, INC.	-426.97
Bill Pmt -Check	5/21/2003	7644	INLAND EMPIRE UTILITIES AGENCY	-151,593.65
Bill Pmt -Check	5/21/2003	7645	MCCALL'S METER SALES & SERVICE	-2,702.72
Bill Pmt -Check	5/21/2003	7646	MCI	-945.95
Bill Pmt -Check	5/21/2003	7647	MWH LABORATORIES	-17,037.05
Bill Pmt -Check	5/21/2003	7648	OFFICE DEPOT	-1,248.19
Bill Pmt -Check	5/21/2003	7649	PARK PLACE COMPUTER SOLUTIONS, INC.	-2,090.00
Bill Pmt -Check	5/21/2003	7650	PASCAL & LUDWIG CONSTRUCTORS	-25,171.47
Bill Pmt -Check	5/21/2003	7651	POWERS ELECTRIC PRODUCTS CO.	-257.40
Bill Pmt -Check	5/21/2003	7652	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,588.33

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CHINO BASIN WATERMASTER
 Cash Disbursement Detail Report
 May 2003

Type	Date	Num	Name	Amount
Bill Pmt -Check	5/21/2003	7653	PUMP CHECK	-1,176.50
Bill Pmt -Check	5/21/2003	7654	RAUCH COMMUNICATION CONSULTANTS, LLC	-4,827.99
Bill Pmt -Check	5/21/2003	7655	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	5/21/2003	7656	SOFTCHOICE	-1,605.32
Bill Pmt -Check	5/21/2003	7657	SOUTHERN CALIFORNIA EDISON	-525.22
Bill Pmt -Check	5/21/2003	7658	STANDARD INSURANCE CO.	-420.41
Bill Pmt -Check	5/21/2003	7659	STATE COMPENSATION INSURANCE FUND	-1,247.99
Bill Pmt -Check	5/21/2003	7660	STEWART, TRACI L.	-1,560.56
Bill Pmt -Check	5/21/2003	7661	TLC STAFFING	-1,946.80
Bill Pmt -Check	5/21/2003	7662	TURNER & ASSOCIATES	-2,433.22
Bill Pmt -Check	5/21/2003	7663	UNITED PARCEL SERVICE	-331.71
Bill Pmt -Check	5/21/2003	7664	UNITEK TECHNOLOGY INC.	-8,004.75
Bill Pmt -Check	5/21/2003	7665	VELASQUEZ JANITORIAL	-175.00
Bill Pmt -Check	5/21/2003	7666	WEST GROUP	-61.42
Bill Pmt -Check	5/21/2003	7667	WHEELER METER MAINTENANCE	-9,199.91
Bill Pmt -Check	5/21/2003	7668	WILDERMUTH ENVIRONMENTAL INC	-86,113.67
Bill Pmt -Check	5/21/2003	7669	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-1,593.42
Bill Pmt -Check	5/21/2003	7670	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,588.33
Bill Pmt -Check	5/21/2003	7671	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-811.07
General Journal	5/23/2003	03/05/02	HATCH AND PARENT	69,143.28
Check	5/23/2003	7672	HATCH AND PARENT	-51,143.28
Check	5/23/2003	7673	HATCH AND PARENT	-7,629.19
Check	5/23/2003	7674	HATCH AND PARENT	-5,668.65
Check	5/23/2003	7675	CALIFORNIA WATER AWARENESS CAMPAIGN	-375.00
Check	5/29/2003	7676	EL TORITO	-221.81
General Journal	5/30/2003	03/05/7	PAYROLL	-3,780.78
General Journal	5/30/2003	03/05/7	PAYROLL	-13,083.41
May 03				<u>-640,092.00</u>

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2002 THROUGH APRIL 30, 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			55,689.41	\$8,112.11	3,076.32			\$49.42	66,927.26	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	4,526,474.24	8,112.11	152,118.50	\$0.00	\$0.00	49.42	4,712,633.21	3,930,462
Administrative & Project Expenditures										
Watermaster Administration	652,129.48								652,129.48	752,208
Watermaster Board-Advisory Committee	32,564.63								32,564.63	60,392
Pool Administration			10,824.73	56,021.59	3,870.19				70,716.51	139,782
Optimum Basin Mgmt Administration		732,038.67							732,038.67	891,634
OBMP Project Costs		2,204,257.50							2,204,257.50	3,324,257
Education Funds Use									0.00	375
Mutual Agency Project Costs	71,491.30								71,491.30	2,500
Total Administrative/OBMP Expenses	756,185.41	2,936,296.17	10,824.73	56,021.59	3,870.19			-	3,763,198.09	5,171,148
Net Administrative/OBMP Income	(730,306.47)	(2,936,296.17)								
Allocate Net Admin Income To Pools	<u>730,306.47</u>		532,022.04	173,859.29	24,425.14				0.00	0
Allocate Net OBMP Income To Pools		<u>2,936,296.17</u>	2,139,066.75	699,024.84	98,204.58				0.00	0
Agricultural Expense Transfer			926,280.72	(926,280.72)					0.00	0
Total Expenses			3,608,194.24	2,625.00	126,499.91	-	-	-	3,763,198.09	5,171,148
Net Administrative Income			918,280.00	5,487.11	25,618.59			49.42	949,435.12	(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						(1,896,145.35)			(1,896,145.35)	(1,586,049)
Net Other Income			0.00	0.00	0.00	1,122,463.36	0.00	0.00	1,122,463.36	0
Net Transfers To/(From) Reserves			918,280.00	5,487.11	25,618.59	1,122,463.36	-	49.42	2,071,898.48	(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	\$ 3,834,283.13		\$ 473,637.42	\$ 201,423.16	\$ 1,327,411.31	\$ 158,250.86	\$ 2,894.49		\$ 5,997,900.37	
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
APRIL 1 THROUGH APRIL 30, 2003**

SUMMARY at 4/30/2003

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500.00
Bank of America			
Governmental Checking-Demand Deposits	(\$27,220.15)		
Savings Deposits	9,592.79		
Zero Balance Account - Payroll	0.00		-17,627.36
Local Agency Investment Fund - Sacramento			<u>6,543,137.75</u>
TOTAL CASH IN BANKS AND ON HAND	4/30/2003	\$	6,526,010.39
TOTAL CASH IN BANKS AND ON HAND	3/31/2003		6,869,072.58
PERIOD INCREASE (DECREASE)		\$	<u>(343,062.19)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:			
Accounts Receivable			24,006.67
Assessments Receivable			0.00
Prepaid Expenses, Deposits & Other Current Assets			1,167.99
(Decrease)/Increase in Liabilities:			
Accounts Payable			4,950.43
Accrued Payroll, Payroll Taxes & Other Current Liabilities			(10,752.10)
Transfer to/(from) Reserves			<u>(362,435.18)</u>
PERIOD INCREASE (DECREASE)		\$	<u>(343,062.19)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 3/31/2003	\$500.00	\$94,662.74	\$0.00	\$9,592.79	\$6,764,317.05	\$6,869,072.58
Deposits		5,350.76	0.00	0.00	28,820.70	34,171.46
Transfers		200,448.13	49,551.87	0.00	(250,000.00)	0.00
Withdrawals/Checks		<u>(327,681.78)</u>	<u>(49,551.87)</u>	0.00	0.00	<u>(377,233.65)</u>
Balances as of 4/30/2003	\$500.00	(\$27,220.15)	\$0.00	\$9,592.79	\$6,543,137.75	\$6,526,010.39
PERIOD INCREASE OR (DECREASE)	\$0.00	(\$121,882.89)	\$0.00	\$0.00	(\$221,179.30)	(\$343,062.19)

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 APRIL 1 THROUGH APRIL 30, 2003

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
4/13/2003	Interest	L.A.I.F.	\$ 28,820.70				
4/17/2003	Withdrawal	L.A.I.F.	(250,000.00)				
TOTAL INVESTMENT TRANSACTIONS			(\$221,179.30)	\$0.00			

* The earnings rate for L.A.I.F. is a daily variable rate; 1.98% was the effective yield rate at the Quarter ended March 31, 2003.

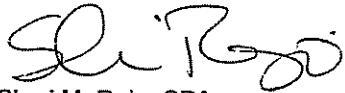
INVESTMENT STATUS
 April 30, 2003

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$6,543,137.75			
Time Certificates of Deposit	0.00			
TOTAL INVESTMENTS	\$6,543,137.75			

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

- 30 -

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

	Jul '02 - Apr 03	Budget	\$ Over Budget	% of Budget
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	124.9%
4120 · Admin Asmnts-Non-Agri Pool	149,042.18	196,982.00	-47,939.82	75.7%
4200 · Grants	0.00	0.00	0.00	0.0%
4700 · Non Operating Revenues	66,927.26	132,890.00	-65,962.74	50.4%
4900 · Miscellaneous income	0.00	0.00	0.00	0.0%
Total Income	4,712,633.21	3,930,462.00	782,171.21	119.9%
Gross Profit	4,712,633.21	3,930,462.00	782,171.21	119.9%
Expense				
6010 · Salary Costs	394,384.85	414,173.00	-19,788.15	95.2%
6020 · Office Building Expense	65,850.71	123,845.00	-57,994.29	53.2%
6030 · Office Supplies & Equip.	20,725.68	27,500.00	-6,774.32	75.4%
6040 · Postage & Printing Costs	51,652.12	72,450.00	-20,797.88	71.3%
6050 · Information Services	75,475.86	101,800.00	-26,324.14	74.1%
6061 · Other Consultants	22,750.85	29,000.00	-6,249.15	78.5%
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	127,064.31	71,000.00	56,064.31	179.0%
6067.2 · Legal Services -Markot	90.36	5,000.00	-4,909.64	1.8%
6080 · Insurance	11,740.50	11,210.00	530.50	104.7%
6110 · Dues and Subscriptions	13,635.89	13,500.00	135.89	101.0%
6140 · Other WM Admin Expenses	1,328.35	2,300.00	-971.65	57.8%
6150 · Field Supplies	2,689.98	3,950.00	-1,260.02	68.1%
6170 · Travel & Transportation	22,917.84	25,500.00	-2,582.16	89.9%
6190 · Conferences & Seminars	11,006.84	14,500.00	-3,493.16	75.9%
6200 · Advisory Comm - WM Board	11,366.52	17,870.00	-6,503.48	63.6%
6300 · Watermaster Board Expenses	21,198.11	42,522.00	-21,323.89	49.9%
8300 · Appr PI-WM & Pool Admin	10,824.73	16,310.00	-5,485.27	66.4%
8400 · Agri Pool-WM & Pool Admin	14,396.98	18,710.00	-4,313.02	76.9%
8467 · Agri-Pool Legal Services	32,449.61	83,000.00	-50,550.39	39.1%
8470 · Ag Meeting Attend -Special	9,175.00	17,300.00	-8,125.00	53.0%
8500 · Non-Ag PI-WM & Pool Admin	3,870.19	4,462.00	-591.81	86.7%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	-176,984.66	-286,120.00	109,135.34	61.9%
6900 · Optimum Basin Mgmt Plan	679,587.82	810,777.00	-131,189.18	83.8%
6950 · Mutual Agency Projects	71,491.30	2,500.00	68,991.30	2,859.7%
9501 · G&A Expenses Allocated-OBMP	52,450.85	80,857.00	-28,406.15	64.9%
7101 · Production Monitoring	24,435.35	61,062.00	-36,626.65	40.0%
7102 · In-line Meter Installation	371,622.33	439,399.00	-67,776.67	84.6%
7103 · Grdwtr Quality Monitoring	174,569.21	321,829.00	-147,259.79	54.2%
7104 · Gdwtr Level Monitoring	68,890.04	205,916.00	-137,025.96	33.5%
7105 · Sur Wtr Qual Monitoring	47,141.96	85,161.00	-38,019.04	55.4%
7106 · Wtr Level Sensors Install	16,595.99	34,501.00	-17,905.01	48.1%
7107 · Ground Level Monitoring	372,706.60	801,070.00	-428,363.40	46.5%
7200 · PE2- Comp Recharge Pgm	169,654.85	184,168.00	-14,513.15	92.1%
7300 · PE3&5-Water Supply/Desalite	5,300.00	123,587.00	-118,287.00	4.3%
7400 · PE4-MZ1 Mgmt Plan	259,151.66	81,172.00	177,979.66	319.3%
7500 · PE6&7-CoopEfforts/SaltMgmt	111,241.88	58,299.00	52,942.88	190.8%
7600 · PE8&9-StorageMgmt/Conj Use	29,163.86	102,830.00	-73,666.14	28.4%
7690 · Recharge Improvement Debt Pymt	429,250.00	620,000.00	-190,750.00	69.2%
9502 · G&A Expenses Allocated-Projects	124,533.77	205,263.00	-80,729.23	60.7%
Total Expense	3,763,198.09	5,171,148.00	-1,407,949.91	72.8%
Net Ordinary Income	949,435.12	-1,240,686.00	2,190,121.12	-76.5%
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	95.0%

2:46 PM
 06/04/03
 Accrual Basis

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

	<u>Jul '02 - Apr 03</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Total Other Income	3,018,608.71	2,285,049.00	733,559.71	132.1%
Other Expense				
5012.4 - MZ1 Imported Water Purchase	0.00	699,000.00	-699,000.00	0.0%
5010 - Groundwater Replenishment	1,896,145.35	1,586,049.00	310,096.35	119.6%
9999 - To/(From) Reserves	2,071,898.48	-1,240,686.00	3,312,584.48	-167.0%
Total Other Expense	<u>3,968,043.83</u>	<u>1,044,363.00</u>	<u>2,923,680.83</u>	<u>379.9%</u>
Net Other Income	<u>-949,435.12</u>	<u>1,240,686.00</u>	<u>-2,190,121.12</u>	<u>-76.5%</u>
Net Income	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.0%</u></u>



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: June 19, 2003
TO: Watermaster Advisory Committee and 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 - Sale or Transfer of Right to Produce Water from Storage from City of Chino Hills to Monte Vista Water District in the amount of 2,700 acre-feet.

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.

- Sale or Transfer of Right to Produce Water from Storage from City of Chino Hills to Monte Vista Water District in the amount of 2,700 acre-feet.

Notice of the water transaction(s) identified above was mailed April 25, 2003 along with the materials submitted by the requestors.

DISCUSSION

This transfer occurs between a producer located primarily in Management Zone 1 to a producer located primarily in Management Zone 1. The transfer is consistent with maintaining the hydrologic balance in 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.

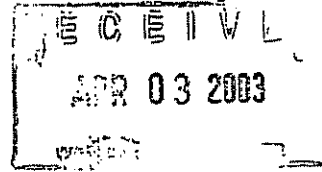
Monte Vista

Dedicated to Quality, Service and Innovation

Mark N. Kinsey
GENERAL MANAGER

March 31, 2003

Mr. John Rossi, Chief Executive Officer
CHINO BASIN WATERMASTER
Suite 109
8632 Archibald Avenue
Rancho Cucamonga, California 91730



Purchase of Water in Storage: Fiscal Year 2002-03

Dear Mr. Rossi 

Please take notice that the Monte Vista Water District has agreed to purchase from the City of Chino Hills a portion of the City's water in storage in the amount of 2,700 acre-feet to satisfy a portion of the District's anticipated Chino Basin replenishment obligation for fiscal year 2002-03.

Attached is an 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 624-0035, extension 170. Thank you.

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments

Water District

10575 Central Avenue, Post Office Box 71 • Montclair, California 91763 • (909) 624-0035 • FAX (909) 624-4725

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

Transfer from Local Storage Agreement: **18, 18.1, 18.2**

Date Requested:

Transferring Party: **City of Chino Hills**

Date Approved:

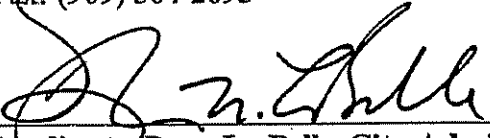
Address: **2001 Grand Avenue
Chino Hills, California 91709**

Amount Requested (AF): **2,700**

Telephone: **(909) 590-1511**

Amount Approved (AF):

Fax: **(909) 364-2695**



Applicant: **Doug La Belle, City Administrator**

Receiving Party: **Monte Vista Water District**

Address: **10575 Central Avenue
Montclair, California 91763**

Telephone: **(909) 624-0035**

Fax: **(909) 624-0037**

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

Water Quality and Water Levels:

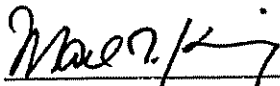
What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

Material Physical Injury:

Is the applicant aware of any potential material physical injury to a part to the Judgment or the Basin that may be caused by the action covered by the application? Yes No

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 part to the Judgment or the Basin?

Additional information attached? Yes No



Applicant: Mark Kinsey, General Manager

To be completed by Watermaster:

Date of approval from Non-Agricultural Pool:

Date of approval from Agricultural Pool:

Date of approval from Appropriative Pool:

Hearing date, if any:

Date of Advisory Committee approval:

Date of Board approval:

Agreement Number:

MONTE VISTA WATER DISTRICT

Recapture Plan

This recapture plan pertains to the transfer of 2,700 acre-feet of stored groundwater from the City of Chino Hills to the Monte Vista Water District. The location of the stored water, as well as the points where the recaptured water will be extracted, are both located in Management Zone 1.

The recapture of this water transfer will be accomplished by any or all of the 10 wells owned and operated by the District. The approximate daily production capacity of these wells is as follows:

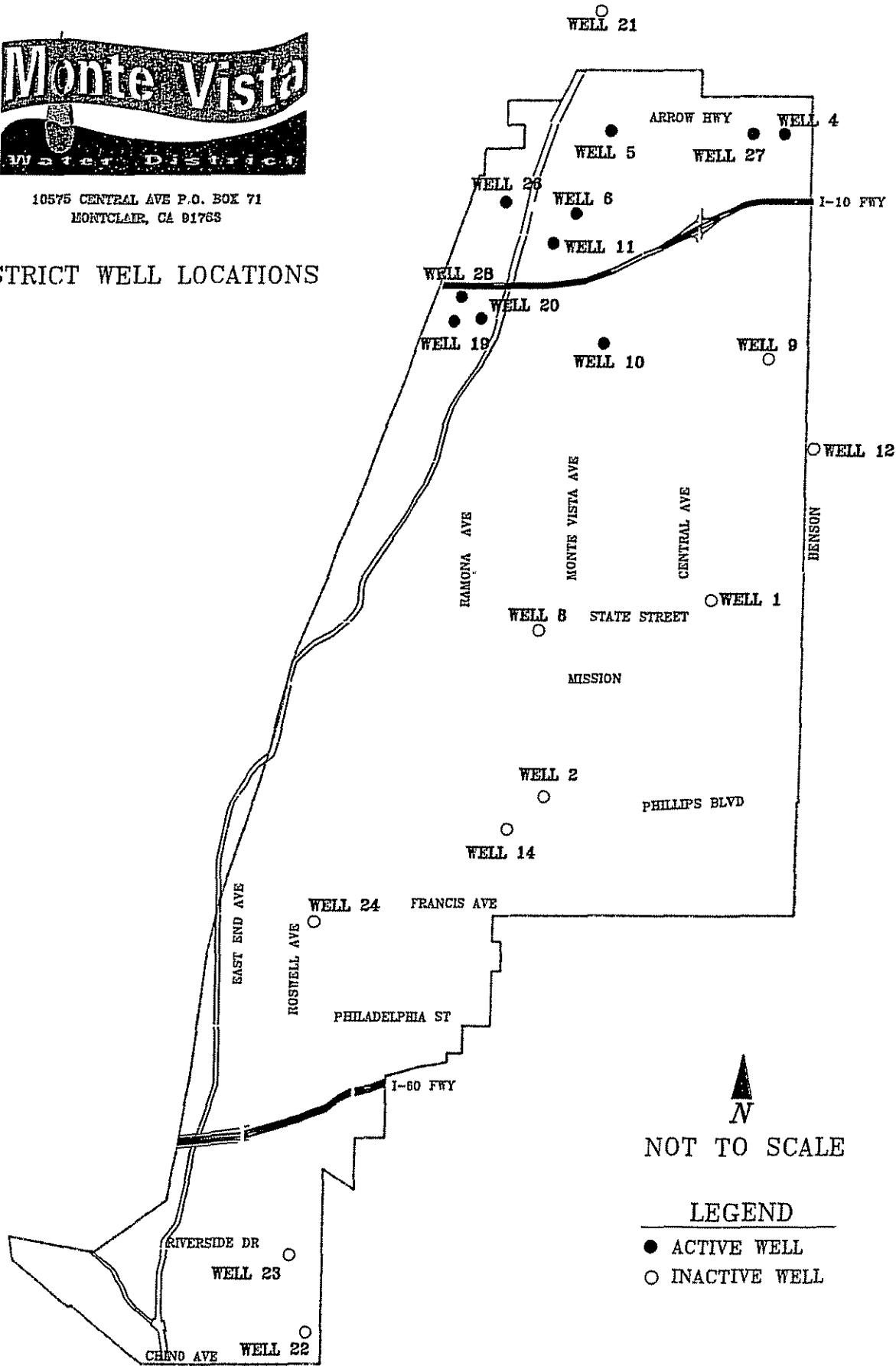
<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
11	2.7
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
<hr/>	
Daily Total	65.2

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



10575 CENTRAL AVE P.O. BOX 71
MONTCLAIR, CA 91763

DISTRICT WELL LOCATIONS



N
NOT TO SCALE

LEGEND
● ACTIVE WELL
○ INACTIVE WELL

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 25, 2003

This notice is to advise interested persons that the attached application will come before the Watermaster Board on or after 30 days from the date of this notice.

NOTICE OF APPLICATION(S) RECEIVED

Date of Applications: **March 31, 2003** Date of this notice: **April 25, 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 Hills to Monte Vista Water District in the amount of 2,700 acre-feet of water

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

Agricultural Pool:	May 8, 2003
Appropriative Pool:	May 8, 2003
Non-Agricultural Pool:	May 8, 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: April 25, 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).



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: June 12, 2003
June 19, 2003

TO: Pool Members
Advisory Committee Members
Watermaster Board Members

SUBJECT: OBMP Implementation - Status Report No. 7

SUMMARY

Issue – Compliance with Court Order requiring OBMP implementation progress reports.

Recommendation – Staff recommends:

- Approval of Status Report No. 7,
- Authorize its filing with the Court prior to June 30, 2003, and
- Authorize staff and legal counsel to make non-substantive edits as necessary.

Fiscal Impact – None

BACKGROUND

In accordance with the September 28, 2000 Order, progress reports are due to the Court on the last day of March and September of each year. Watermaster had indicated to the Court its intention to accelerate the reporting schedule from semi-annual to quarterly due to the rapid pace of OBMP implementation. In a subsequent Order on October 17, 2002, the Court requested Watermaster provide periodic reports concerning various issues relating to the Interim Plan by the last day of June and December of each year. These reporting items are included within Watermaster's regular quarterly reports.

DISCUSSION

The reporting period for Status Report No. 7 is March 2003 to May 31, 2003. It utilizes the same format previously filed as a baseline from which to update the Court. The attached draft report outlines the progress and status of Watermaster programs and projects.

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Chino Basin Watermaster Status Report No. 7

(Covering March 2003 through May 2003)



DRAFT

June 2003



OPTIMUM BASIN MANAGEMENT PROGRAM

In its Order of September 28, 2000, extending the term of the nine-member Watermaster Board, the Court ordered Watermaster to provide semiannual reports regarding the progress of OBMP implementation. By a subsequent Order of October 17, 2002, the Court added additional reporting items. In Status Report Number 4, filed with the Court on September 30, 2002, Watermaster notified the Court that Watermaster intended to voluntarily accelerate the reporting schedule due to the rapid pace of OBMP implementation.

This Status Report Number 7 is filed pursuant to this schedule and reports on the period from March 1, 2002 to May 31, 2003.

PROGRAM ELEMENT 1 – DEVELOP AND IMPLEMENT COMPREHENSIVE MONITORING PROGRAM

Groundwater-Level Monitoring

Watermaster has four active groundwater level monitoring programs operating in the Chino Basin – a semiannual Basinwide program, two semimonthly programs associated with the Chino-I and Chino-II desalter well fields, and an intensive water-level monitoring program associated with land-surface monitoring (see Land-Surface Monitoring below) in Management Zone 1.

Semiannual Water-Level Monitoring Program. Watermaster initiated the semiannual Basinwide groundwater-level monitoring program in 1999. The Spring 2003 round of testing began in April and will be completed in June 2003.

Chino I and Chino II Desalter Well Field Monitoring Programs. Watermaster staff continued to collect groundwater-level data at about 250 wells twice a month in and around the Chino-I and Chino-II desalter well fields during this reporting period.

Watermaster staff has begun the process of analyzing hydrogeology, well construction, and groundwater-level data in the vicinity of the Chino-I Desalter well field in an effort to develop a key well groundwater-level monitoring network. This key well network will be reviewed and finalized during the next reporting period, and will likely reduce the number of monitoring wells in the Chino-I program by two-thirds.

Management Zone 1 Interim Monitoring Program. Watermaster consultants have initiated a groundwater-level monitoring program to collect data at about 45 wells in the southern portion of Management Zone 1 (City of Chino area). Data is being collected manually at all wells at least once a month and by automated pressure transducers at selected wells at least once every 15 minutes.



Groundwater-Quality Monitoring

During Fall 2001 and Spring 2002, Watermaster completed a reduced-scale groundwater-quality monitoring survey for wells in the capture zone of the existing and proposed desalter wells. Partial funding was provided through the California State Water Resources Control Board under Section 205(j) of the Federal Clean Water Act, Agreement Number 00-199-250-0. The draft 205(j) Report was submitted to the SWRCB in October 2002.

Three-Year Sampling Program of All Accessible Private Wells. During this quarter, Watermaster continued the first year of a three-year sampling program in which all accessible private wells in the southern portion of the Chino Basin will be sampled (about 150 to 200 wells each year). Through the end of May 2003, almost 140 wells had been sampled. Watermaster is continuing the cooperative monitoring program described in the Implementation Plan. Watermaster obtains data every six months from the Department of Health Services for the municipal water agencies and from the Department of Toxic Substances Control and the Regional Board for most of the other wells in the Basin. All this data is uploaded and maintained in a relational database, with spatial access through a GIS.

Extensive Range of Substances Being Tested

- All groundwater samples are being analyzed for general mineral and general physical parameters.
- Wells not previously sampled and analyzed for constituents that were added to the evolving groundwater-quality monitoring program (e.g., hexavalent chromium, silica, barium, etc.) in 1999-2001 are being sampled for those constituents.
- Wells within or near the two Volatile Organic Compound (VOC) plumes are being analyzed for VOCs, in addition to the other parameters.
- All wells are being analyzed for perchlorate due to its widespread presence in the 1999-2001 sampling program.
- Analysis for 1,2,3-trichloropropane has been added to the monitoring program for all wells. This chemical was detected in several wells above 50 parts per trillion (old detection limit).

New Testing Method Measures Parts Per Trillion of TCP. In the 2002-03 monitoring program, a new analytical methodology is being used to achieve a detection limit of 5 parts per trillion for 1,2,3-TCP, which is its California Action Level. The wells chosen for the 2002-03 monitoring program are primarily located between the Chino I Desalter well field and the Santa Ana River. These wells were prioritized for 2002-03 to aid in the development of a monitoring program to demonstrate hydraulic control in the southern portion of Chino Basin. (See the Cooperative Effort to Determine State of Hydraulic Control discussion in Program Elements 6 and 7.)



Prioritizing Wells to Serve Multiple Purposes

Wells were prioritized for 2002-03 to aid in the development of a monitoring program to demonstrate hydraulic control in the southern portion of Chino Basin. (See the Cooperative Effort to Determine State of Hydraulic Control discussion in Program Elements 6 and 7.)

Groundwater-Production Monitoring

All Meters Scheduled for Installation Before July 2003. The primary activity with regard to production monitoring continues to be the installation of meters on wells operated by members of the Agricultural Pool. Initially, Watermaster counted about 540 active agricultural wells. Watermaster intends to equip 385 of these wells with operating meters. The other 159 wells were forecast to be inactive or destroyed within two years. As of May 31, 2003, 369 of these wells are metered, with the remainder to be metered by July 2003.

All Producing Wells Are Monitored Quarterly. Watermaster staff reads private wells with meters. A method appropriate to the Chino Basin area continues to be used to estimate production at privately owned wells that do not have meters.

Need For Water Use Disposal Form To Be Reviewed. The OBMP Implementation Plan includes a provision that requires the producers to submit a water use and disposal form describing the sources of water used by each producer and how that water is disposed of after each use. The water use and disposal form and reporting has not been implemented, because much of the information that would have been collected using this form is being collected as part of other monitoring activities and analyses. In the second half of fiscal 2003-2004, Watermaster anticipates discussions regarding the need for this form.

Surface-Water Monitoring

Measure Water Quality and Water Levels In Recharge Basins. Watermaster conducts a surface-water monitoring program to measure the water quality of water in recharge basins and the water levels in some of these basins. The purpose of this program is to estimate the volume and quality of recharge. This information will be used in subsequent years to estimate the safe yield of the Basin and for other management purposes.

During this reporting period, Watermaster staff has collected water quality samples at selected recharge basins following rainstorms where storm water is found in the basins. Thirty-seven (37) composite samples, including repeat sampling, were collected from March 4, 2003 through May 7, 2003.

Surface-Water Monitoring for Santa Ana River to Begin In June 2003. One of the goals of the OBMP is to maximize Chino Basin yield. One of the key components to maximizing yield is to minimize groundwater discharge to the Santa Ana River and, in some reaches of the River, to maximize recharge of the Santa Ana River into the Chino Basin. Watermaster developed a surface-water monitoring program for the Santa Ana River that, in conjunction with Watermaster groundwater-monitoring programs, will be used to characterize what reaches of the River are gaining water from the Basin, and to determine if significant discharge of Chino Basin groundwater to the Santa Ana River is



occurring. Surface water monitoring for the Santa Ana River was scheduled to begin in June 2003. A conceptual monitoring plan involving Inland Empire Utilities Agency, Orange County Water District, the Regional Water Quality Control Board, and Watermaster was finalized. IEUA, OCWD, the Regional Board, and Watermaster determined that the conceptual monitoring plan was adequate and determined to move forward with the development of a detailed work plan to implement a surface-water and groundwater-monitoring program. The work plan is in preparation and should be completed by the end of June 2003.

Watermaster consultants met with the staff of the U.S. Geological Survey, which will conduct stream gauge measurements at 4 ad hoc stations in the Santa Ana River between MWD Crossing and Prado Dam: SAR at Van Buren, SAR at Etiwanda, SAR at Hamner, and SAR at River Road. Another ad hoc station will measure discharge from Hole Lake near the Santa Ana River.

Watermaster will collect water quality samples at these ad hoc stations on a bi-weekly basis from June through September 2003. In addition, Watermaster will obtain discharge and quality data for permanent USGS and OCWD stream gauge locations on the Santa Ana River and its tributaries. Discharges from POTWs will also be quantified.

During the next reporting period, Watermaster intends to enter into and begin to implement a contract with USGS to perform monitoring on the Santa Ana River.

Land-Surface Monitoring

Multifaceted Approach. Watermaster staff is developing a multifaceted land-surface monitoring program to develop data that will assist in the development of a long-term management plan for Management Zone 1. The monitoring program consists of three main elements:

1. An aquifer-system monitoring facility located in the southern portion of Management Zone 1 – an area that has experienced concentrated and differential land subsidence and ground fissuring. One major component of the aquifer system monitoring facility is multiple-depth piezometers that measure water level and pressure changes at 11 different depths. Another major component will be a dual borehole extensometer that measures deformation within the aquifer system at deep and shallow levels.

The extensometer is expected to be installed in June 2003. Together, the two devices will correlate the hydraulic and mechanical responses of the aquifer system to different aquifer stresses, such as pumping at wells.

2. Synthetic aperture radar interferometry (InSAR) that will measure land surface deformation across the entire Chino Basin.



3. Benchmark surveys along selected profiles of the Chino Basin. The benchmark surveys will (1) establish a datum from which to measure future land surface deformation, (2) "ground-truth" the InSAR data, (3) allow determination of historical subsidence at any historical benchmarks that can be recovered, and (4) evaluate the effectiveness of the long-term management plan.

During the current period, the MZ-1 Technical Committee approved the proposed selected profiles for benchmark surveys.

Progress During This Reporting Period. The Ayala Park Extensometer drilling/completion contract was awarded to Layne Christensen, and work began on April 7, 2003. A deep extensometer borehole was drilled to a depth of 1,410 feet, and the shallow extensometer borehole was drilled to 540 feet. Deep and shallow extensometer construction was completed on May 5, 2003. Construction of the extensometer well head and building is underway and should be completed by June 27, 2003. The target date for extensometer completion and the commencement of data collection is July 1, 2003.

Depth-Specific Data. Permanent transducers and data logging equipment are recording depth-specific groundwater-level data at the Ayala Park piezometers. Transducers also are recording groundwater-level data at wells owned by the cities of Chino and Chino Hills, and are recording groundwater-level data and "on/off" pumping cycles at active production wells. The State of California (CIM) and Watermaster have signed an access agreement that will allow water-level and production monitoring to begin at CIM wells. It is anticipated that all monitoring equipment be installed in June 2003.

Aquifer Stress Tests. During the reporting period, Watermaster, with the assistance of the cities of Chino Hills and Chino, conducted aquifer stress tests (pumping tests) while monitoring water levels and groundwater production at nearby monitoring wells, production wells, and at the Ayala Park piezometers. The objectives and proposed methods of this testing and monitoring were distributed to and approved by the MZ-1 Technical Committee at the March 12, 2003 meeting.

Controlled Pumping. The reconnaissance pumping tests were to consist of controlled pumping in both the deep and shallow aquifer systems. The deep pumping test was conducted at Chino Hills Well 19 for a 48-hour period (April 17-19, 2003) at a pumping rate of about 1,750 gallons per minute (gpm). The shallow pumping test will not be conducted until the wells at CIM have been instrumented with transducers. However, shallow pumping did occur at Chino Hills Well 1A for a 40-hour period (April 5-7, 2003) at a pumping rate of about 700 gpm as part of normal operations. This shallow pumping has provided valuable data from the shallow aquifer system in lieu of a controlled pumping test during this reporting period. Most other wells in the immediate vicinity were not pumping during these tests due to the forbearance agreement, which assisted in the interpretation of the data.

Preliminary observations and conclusions derived from analysis of these data are:

- Deep pumping at Chino Hills Well 19 (screened interval = 340-1,000 ft-bgs) did not affect water levels in the two shallowest piezometers, PA-11 (139-149 ft-bgs) and PA-10 (213-233 ft-bgs), or in the two deepest piezometers, PB-2 (1,086-1,096 ft-bgs) and PB-1 (1,209-1,229 ft-bgs).



- Deep pumping at Chino Hills Well 19 resulted in declining water levels in all other piezometers. The greatest water-level decline occurred in PA-7 (438-448 ft-bgs) and PB-6 (502-522 ft-bgs), which are both screened within coarse-grained units of the deep aquifer system.
- Shallow pumping at Chino Hills Well 1A (screened interval = 166-317 ft-bgs) resulted in immediately declining water levels in the two shallowest piezometers, PA-11 (139-149 ft-bgs) and PA-10 (213-233 ft-bgs). Water levels in PA-9 (336-346 ft-bgs) and PA-8 (394-399 ft-bgs) declined slightly hours after initial water-level decline in the shallower piezometers. No water-level decline was recorded at any of deeper piezometers.
- The deep and shallow aquifer systems are separated by a series of thick, fine-grained sedimentary units that occur between about 250-440 ft-bgs.
- A high permeability zone within the deep aquifer-system is located within a series of coarse-grained sedimentary units that occur from about 440-600 ft-bgs.
- Water levels at Chino Hills Well 18 were not affected by pumping at Chino Hills 19, which suggests that a groundwater barrier within the deep aquifer system may exist between the two wells.

The above observations and conclusions assisted in the final design of the deep and shallow extensometers (see above). This arrangement of extensometer anchors, along with the piezometer data, will enable distinction between compaction within the shallow aquifer system (0-300 ft-bgs), the upper, fine-grained portions of the deep aquifer system (300-440 ft-bgs), and the lower, fine-grained portions of the deep aquifer system (600-1,375 ft-bgs).

No significant activity occurred regarding InSAR monitoring during this period.

Benchmark Monument Network. Monument installation and the initial ground-level survey were completed on April 29, 2003. Monument installation and the initial survey were performed as per the final design of the benchmark monument network that was approved by the MZ-1 Technical Committee on the January 29, 2003. Survey data and all deliverables will be provided to Watermaster in June 2003, and will be presented at the next MZ-1 Technical Committee meeting. At the March 12, 2003 meeting of the MZ-1 Technical Committee, a Technical Progress Report on MZ-1 Monitoring Program was submitted to the committee (see attached March 12, 2003 Letter from WE Inc.) The report includes progress updates on benchmark surveys, InSAR data, aquifer-system monitoring, and a draft aquifer-system testing procedure.

Well Construction, Abandonment, and Destruction Monitoring

Watermaster staff monitors the condition of wells on a regular basis. Wells that may be improperly destroyed or abandoned are reported to Riverside and San Bernardino Counties as they are discovered.

Watermaster staff inspected 150 abandoned wells during a 2002-03 field inspection. It was determined that 113 of the wells were properly abandoned and 37 wells would require some modification to meet the standard for a properly abandoned well. A repair program was prepared and approved by Watermaster. Because of continued development in the agricultural area (additional abandoned and destroyed wells), the



number of abandoned wells in need of "repair" may change. A repair program contract is being prepared.

Field repair is expected to begin in July 2003, with completion in three to six months. Riverside and San Bernardino Counties will be advised of the results. Ongoing land development will require continued well abandonment activity by Watermaster.



PROGRAM ELEMENT 2 – DEVELOP AND IMPLEMENT COMPREHENSIVE RECHARGE PROGRAM

The recharge element of the OBMP is one of the centerpieces of the OBMP since it is through the enhancement of the recharge capacity of the Basin that water in the Basin that is available for use can be maximized.

Recharge Facilities Improvement Project To Be Build In Six Construction Phases

Bid package No. 1 was awarded to LT Excavating for \$6,996,640. Work began on March 24, 2003 with an estimated completion date of November 14, 2003. Excavation and embankment construction is well underway at RP-3 and College Heights Basins.

Construction has been delayed at Turner No. 1, Turner Nos. 2,3, & 4, Lower Day, and Banana Basins, because permits from the San Bernardino County Flood Control District have not yet been issued. Work is expected to begin on those basins by June 1, 2002. The construction contract is roughly 10 percent complete as of May 20, 2003.

Bid Package No. 2 will contain improvement to Ely, Eighth Street, and Declez Basins, including the installation of four rubber dams, and drop inlets at three locations. Bid Package No. 2 will be out to bid on June 12, 2003. Construction of elements included in Bid Package No. 2 is expected to start by July 1, 2003 and be completed in 238 calendar days (February 23, 2004). The installation of the rubber dams/diversion structures is to be completed before October 15, 2003, which is the start of the rainy season. The diversion facilities are to be operational by December 31, 2003.

Bid Package No. 3, which includes the Jurupa and Hickory Force Mains, is to be out to bid by the middle of June. Bid Package No. 4, which includes the Jurupa and Hickory Pump Stations, is to be issued for bid by middle of July.

The preliminary design of elements included in Bid Package No. 5, primarily the MWD Turnouts, is underway. The preliminary design of elements in Bid Package No. 6, which includes the SCADA System, is complete. The final SCADA design is expected to begin in August 2003.

Groundwater Recharge Coordinating Committee

On April 1, 2003, members of the Chino Basin Watermaster, IEUA, San Bernardino County Flood Control and Conservation District, and the Chino Basin Conservation District met as part of the first Groundwater Recharge Coordinating Committee (GRCC). The formation of the GRCC is outlined in the Agreement for Operation and Maintenance of Facilities to Implement the Chino Basin Recharge Master Plan. The GRCC will meet to monitor and coordinate recharge effort associated with the Recharge Facilities Improvement Project. The GRCC's initial efforts were focused on defining additional operation and maintenance costs associated with the Recharge Facilities Improvement Project. Watermaster has developed a draft 2003-2004 budget that has budgeted approximately \$440,000 for the operation and maintenance activities.



Santa Ana River Fully Appropriated Stream (FAS) Petition and Application

Watermaster's Santa Ana River Application to appropriate, which was filed by Watermaster in trust for the Parties to the Judgment, is reported under Program Element 2. This is because the water referenced under Watermaster's Application is seasonal storm flows that have been and will be recharged pursuant to this Program Element.

On May 20, 2003, the SWRCB provided formal notice to all the participants in the Santa Ana River process of protests that have been filed to the various applications. A 30-day period was provided for responses to the protests.

The U.S. Forest Service, California Department of Fish & Game, East Valley Water District, and the Cucamonga County Water District have protested Watermaster's Application. As previously reported, the Forest Service has informally agreed to withdraw its protest. Watermaster is confident that all issues raised in the protests can be satisfactorily resolved.



**PROGRAM ELEMENT 3 –
DEVELOP AND IMPLEMENT WATER SUPPLY PLAN FOR THE IMPAIRED AREAS OF
THE BASIN; AND**

**PROGRAM ELEMENT 5 –
DEVELOP AND IMPLEMENT REGIONAL SUPPLEMENTAL WATER PROGRAM**

These program elements focus on the shift of production in the southern end of the Basin away from agricultural uses and toward urban uses. Without the OBMP, this land use conversion would have resulted in a decrease in production in the southern end of the Basin, which would ultimately have led to rising water levels. If groundwater levels in the southern end of the Basin rise too high, then water may "spill" out of the Basin and into the Santa Ana River. Such uncontrolled spillage could reduce the overall Safe Yield of the Basin. The Basin will be managed to avoid this possibility.

Directly tied to the threat of rising water levels in the southern area is the impaired ability of producers in the southern end of the Basin to pump water due to water quality concerns. The ability to compensate for the loss of agricultural production with increased appropriative production is inhibited because of water quality concerns in this part of the Basin. Production in this area therefore requires water treatment. This issue is addressed through the construction of desalter facilities.

The Chino I Desalter Expansion Project. This includes construction of 4.9 million gallons per day (mgd) of expanded treatment capacity (nitrate removal) in parallel with the existing treatment facilities, as well as associated raw water and product water delivery facilities. The Chino I Desalter was originally constructed by SAWPA to provide a total of 9,200 acre-feet per year of product water deliveries. The product water will have TDS and nitrate concentrations of 350 mg/L and 25 mg/L, respectively. The CDA authorized the drilling and awarded a contract for the Chino I Desalter Expansion wells.

Watermaster staff and consultants have been involved in reviewing the proposed well designs for new wells for the Chino I desalter. Watermaster's role has been to make sure that the well designs are consistent with the intent of the OBMP and Peace Agreement. Three of the four Desalter 1 expansion wells have been drilled. The fourth well is pending.

Wells

- Step drawdown testing and constant rate pumping test for Wells 13, 14, and 15 were completed in March 2003.
- The hydrogeologist's recommended design flowrate is 2,200 gpm for Well 13, 2,000 gpm for Well 14, and 2,000 gpm for Well 15.
- Previously estimated flowrate from these wells was 1,500 gpm, with four wells required.
- Therefore, the CDA is considering eliminating one well from the Project (Well No. I-12)

Off-Site Improvements

- Plans and specifications for the Chino Hills pump station are almost complete.



- Final design plans and specifications for the product water pipeline in Euclid Avenue are scheduled to be completed in June 2003.
- Final design plans and specifications for the raw water pipelines are scheduled to be completed in June 2003.

On-Site Improvements

- The CDA received bids for the Ion Exchange Treatment System on April 17, 2003.
- Because award is based upon project life cycle costs, and due to correspondence from the apparent low bidder, the bids are currently being evaluated by the CDA and its attorney.
- Final design plans and specifications for all other onsite improvements are being developed. Additional facilities that are now included in the design are an air stripper to remove VOC's from the bypass wells, a new Ontario/Chino discharge pump station, and a diversion structure for plant emergency discharge to the City of Chino storm drain.

The Chino II Desalter Project. This includes 10 mgd of new treatment capacity, as well as raw water and product water delivery facilities. The final design of the Chino II Desalter is planned for completion in May 2003. The sites for the Chino II raw water supply wells are in the final stages of acquisition. Also, the well drilling contracts are under development.

Wells

- Nine potential well sites have been identified.
- CDA staff is continuing negotiation efforts with property owners for well sites.
- CDA staff is also continuing its coordination with the City of Ontario for two of these potential sites within a future development.

On-Site Improvements

- The Chino II Desalter final design plans and specifications are being prepared. Plans are at 80 percent done.



**PROGRAM ELEMENT 4 – DEVELOP AND IMPLEMENT COMPREHENSIVE
GROUNDWATER MANAGEMENT PLAN FOR MANAGEMENT ZONE 1**

*Program Element 4 details the steps to be taken by Watermaster to reduce or abate
subsidence and fissuring in Management Zone 1.*

MZ1 Technical Committee. The MZ1 Technical Committee met on April 30, 2003. Committee representatives were informed of the status of the various efforts to implement the monitoring program (see Land-Surface Monitoring section of Program Element 1). The next meeting is tentatively scheduled for June 2003. The focus of the next meeting will be a more detailed examination of a possible deep well injection test.

Voluntary Forbearance. On May 28-29, 2003, the City of Chino and the City of Chino Hills submitted certifications documenting their respective voluntary participation in forbearance of groundwater production. Through the end of April 2003, both parties have all but met the forbearance goal of 1,500 acre-ft per year. Their totals through April are detailed below:

Agency	Forbearance through April 2003	Forbearance Goal 02/03
City Of Chino	1,384 acre-feet	1,500 acre-feet
City Of Chino Hills	1,396 acre-feet	1,500 acre-feet

There have been no observed impacts of volunteer participation in the Interim Plan. Installation of the monitoring equipment is not complete, but should be by the end of January 2004. Logic leads one to expect that reducing production in the area will not exacerbate the problem of subsidence and fissuring, and may help reduce the potential for its occurrence to the extent it is production related.

Watermaster is not aware at this time of other legal actions pending that would cause the issue of the Court’s jurisdiction over subsidence to resurface. In its October 17, 2002 Order, the Court ordered Watermaster to keep the Court apprised of any other legal actions that could cause the question of the Court’s jurisdiction over subsidence to arise. Watermaster is not aware at this time of any such actions.



**PROGRAM ELEMENT 6 –
DEVELOP AND IMPLEMENT COOPERATIVE PROGRAMS WITH THE REGIONAL
WATER QUALITY CONTROL BOARD, SANTA ANA REGION (REGIONAL BOARD)
AND OTHER AGENCIES TO IMPROVE BASIN MANAGEMENT; AND**

**PROGRAM ELEMENT 7 –
DEVELOP AND IMPLEMENT SALT MANAGEMENT PROGRAM**

Cooperative Programs With Regional Board and Other Entities. The "water quality committee" as envisioned in the OBMP Implementation Plan had not been formally constituted previously. Since the development of the OBMP, Watermaster has worked closely with the Regional Water Quality Control Board, the Department of Toxic Substances Control, and others to define water quality challenges and to refine the water quality management criteria in the Chino Basin. Watermaster has started a process to review water quality conditions in the Basin and to consider future water quality management activities beyond the Chino Basin desalting program. The ad hoc water quality committee (WQC) has been formed and has met twice to define the objectives and roles of the committee.

Water Quality Management. In response to the results of Regional Board and Watermaster's groundwater-quality monitoring programs (Program Element 1) Watermaster has refined its water quality monitoring to focus on the following key areas:

- Watermaster is identifying and characterizing water-quality anomalies, such as the VOC anomaly north of the Chino I Desalter well field.
- Watermaster staff continues to participate in the process to develop TMDLs for Reach 3 of the Santa Ana River and other water bodies in the lower Chino Basin.
- Watermaster staff is coordinating with the Regional Water Quality Control Board with regard to surface water quality and the Department of Toxic Substances Control with regard to developing a monitoring program to track perchlorate in groundwater in the Fontana area.

Watermaster and Regional Board Propose TDS and Nitrogen Objectives to Promote Maximum Benefit of Waters Available to the Chino Basin

Watermaster staff has been working with the Total Inorganic Nitrogen/Total Dissolved Solids (TIN/TDS) Task Force to revise the subbasin boundaries, and the TIN and TDS objectives for the Chino Basin to promote maximum beneficial use of waters in the Basin (as opposed to the Regional Board's current, more rigid antidegradation-based objectives). The maximum beneficial use approach will increase water supplies and lower costs over time while meeting water quality requirements. In December 2002, Watermaster proposed specific subbasin boundaries, and TIN and TDS objectives for the Chino Basin to the RWQCB at a workshop regarding the Basin Plan update. The TIN/TDS Task Force and the Regional Water Board have reacted favorably to the Watermaster proposal and have modified it slightly, and it is Watermaster's belief that the modified Watermaster proposal will be included in the Basin Plan update that will occur in 2003.



Cooperative Effort to Determine State of Hydraulic Control. One outstanding issue to resolve regarding the Basin Plan changes is to develop a monitoring plan to evaluate the state of hydraulic control in the southern end of the Basin. Hydraulic control is one tool that can be used to maximize the safe yield of the Basin. Watermaster staff developed a monitoring program for OBMP purposes and described this effort in the Initial State of the Basin report (October 2002). The execution of this monitoring program is included in Program Element 1. Watermaster is collaborating with OCWD and IEUA, in an investigation to select existing wells and to site new multi-piezometer wells that will be used to monitor and assess the state of hydraulic control. This collaboration is unprecedented. Hydraulic control will become a commitment of Watermaster if the proposed subbasin boundaries, and TIN and TDS objectives for the Chino Basin, are adopted. Watermaster, OCWD, and Regional Board staffs are working to develop a monitoring program to assess the state of hydraulic control and to provide information to Watermaster to manage future production and recharge. The initial phase of the monitoring program should be initiated this fiscal year and completed by June 30, 2003. This program will change or adapt over time as new information is developed and will last for several years. The coordination and review of the hydraulic control monitoring data and the development of management programs to maintain hydraulic control have been added to Program Element 6 and 7.

Watermaster and IEUA have committed to the construction of a total of 10 new multi-piezometer wells during fiscal years 2003-04 and 2004-05. Watermaster filed an application for \$250,000 from the Local Groundwater Assistance Fund, sponsored by the California Department of Water Resources (DWR). This funding would support construction of piezometric monitoring wells that, in addition to some existing wells, would be used for monitoring and assessing the state of hydraulic control. DWR has indicated that Watermaster has been selected to receive a grant, but that funding is uncertain due to the State budget crisis.

Salt Budget Tool Was Used To Establish TDS Objectives

Watermaster has developed a salt budget tool to estimate the current and future salt loads to the Basin and the salt benefits of the OBMP. This tool was used to establish TDS objectives for the northern part of the Basin based on maximum beneficial use of water available to the region. These projections were based on the water supply plan in the Implementation Plan and include alternative recycled water and State Project water recharge scenarios.

Watermaster consultants are currently preparing a letter report describing the salt budget. This letter was originally scheduled to be submitted to Watermaster in December 2003 but has been deferred pending discussions with the Regional Water Quality Control Board regarding methods and the ongoing Basin Plan update. A report to Watermaster will likely be made in the next quarter.



PROGRAM ELEMENT 8 -- DEVELOP AND IMPLEMENT GROUNDWATER STORAGE MANAGEMENT PROGRAM; AND

PROGRAM ELEMENT 9 – DEVELOP AND IMPLEMENT STORAGE AND RECOVERY PROGRAM

This section summarizes the work accomplished to date and the work planned over the next few months for the Chino Basin Dry Year Yield (DYY) Program. The DYY Program is a conjunctive use program between the Metropolitan Water District of Southern California (Metropolitan) and several Basin appropriators, which would develop a maximum of 100,000 acre-feet of storage. This Program also explores the potential for using up to 500,000 acre-feet of storage capacity.

Conduct Groundwater Modeling. The groundwater model is nearing completion and simulations of DYY Program scenarios are being conducted. The model results will be summarized in the Preliminary Design Report (PDR) and detailed in a separate stand-alone report due shortly. Prior to completing the PDR, Watermaster is using the model to:

- develop future replenishment and wet-water recharge criteria based on requirements described in the Section 7.1 b of the Watermaster Rules and Regulations regarding the balance of recharge and discharge;
- evaluate the cumulative effects of transfers among the Parties as described in Section 9.3 a of the Watermaster Rules and Regulations;
- describe pumping patterns in Management Zone 1 that will not reduce piezometric levels below current conditions.

These management criteria will be incorporated into the DYY program. The results of this work will be presented to the Pool Committees, Advisory Committee and the Watermaster Board in June 2003 and subsequently to the Court.

Engineering Review and Determination of the Operational Storage Requirement and Safe Storage. The Operational Storage Requirement was defined in the Peace Agreement as the part of the storage in the Chino Basin "necessary to maintain the safe yield" of the Basin (Peace Agreement, Exhibit – B Implementation Plan, page 37). Safe Storage is the maximum storage in the Basin that could occur without significant water quality and high groundwater related problems.

Watermaster is using the hydrology developed for the groundwater model and Monte Carlo methods to develop an estimate of the operational storage requirement.

The results of this work will be presented to the Pool Committees, Advisory Committee, and the Watermaster Board in June 2003 and subsequently to the Court. Criteria and methods are being discussed regarding the evaluation of safe storage and the estimate of safe storage will likely be developed later in calendar year 2003.

Other Uses of the Groundwater Model in OBMP Implementation. The groundwater model is also being used to assess the balance between recharge and discharge throughout the Basin, operational storage requirement and safe storage, and the



cumulative physical impact of transfers. This work started in March 2003 and will be submitted to the Watermaster Board in June 2003.

Groundwater Storage Program with MWD

Confirm Facilities and Locations. Additional effort was made to confirm the DYY Program facilities and locations. Each participating agency was given the opportunity to review its facility preferences and make modifications, if necessary. Several agencies requested additional facilities or modifications to previously proposed facilities, but have not finalized their facility preferences.

Develop Preliminary Design Report. The Preliminary Design Report (PDR) is under development and a draft will be prepared during the next few months. The PDR will be split into multiple volumes, one for each participating agency. Preliminary facility layout drawings and pipeline plans and profiles have been completed. Detailed descriptions of each groundwater treatment and well facility will be addressed over the next few months.

Develop Funding and Local Agency Agreements. The Groundwater Storage Program Funding Agreement between Metropolitan, IEUA, Three Valleys Municipal Water District (TVMWD), and Watermaster has been finalized and will be executed in June 2003.

Pursuant to the terms of the Funding Agreement, the Agreement was submitted to the Court for approval at a hearing to be held on June 5, 2003. Because the approval was bi-furcated between approval of the deal points through the Funding Agreement and approval of the physical storage account, the standard according to which the Court is to evaluate the Funding Agreement is whether it satisfies the Peace Agreement mandate that the Storage and Recovery Program should provide broad mutual benefits.

During this period a Rules and Regulations Article X Storage and Recovery Application was submitted by IEUA on behalf of Metropolitan. Notice of this Application was provided to the parties on April 30, 2003. This Application represents the second part of the approval process relative to the creation of a 100,000 AF Storage and Recovery account for Metropolitan. It is through this second stage that Watermaster will evaluate the proposal relative to the Material Physical Injury standard of the Peace Agreement and the Rules and Regulations.



ADMINISTRATIVE UPDATE

Watermaster Staff Restructuring

In January of 2003, the Watermaster Board approved a restructuring plan. As a result, two positions are currently being advertised – Senior Engineer and Project Engineer. It is expected that the recruitment process will be concluded in July 2003. The open clerical positions are also expected to be filled in July 2003.

CONCLUSION

This reporting period has been an active time at the Watermaster. In addition to finalizing the Groundwater Storage Agreement with Metropolitan Water District of Southern California, Three Valleys Municipal Water District, and Inland Empire Utilities Agency, significant progress has been made on the Recharge Improvement Project and the Chino Basin's Maximum Benefit Proposal amendment to the Santa Ana Regional Water Quality Control Board's Basin Plan.



CHINO BASIN WATERMASTER

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JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: June 12, 2003
June 19, 2003

TO: Pool Members
Advisory Committee Members
Watermaster Board Members

SUBJECT: Streamflow Measurements by the US Geological Survey

SUMMARY

Issue -- Contract with US Geological Survey (USGS) to conduct stream flow measurements as part of the Hydraulic Control Monitoring Program

Recommendation - Staff recommends that the Watermaster contract with the USGS to perform these necessary measurements in the amount of \$32,500 and authorize the CEO to execute the necessary paperwork

Fiscal Impact -- All funds for this work are included in the FY 2003/2004 Budget.

BACKGROUND

Hydraulic control of Chino Basin accomplishes two objectives: (i) maximizes safe yield of the basin -- as stated in the OBMP Phase 1 Report and the Peace Agreement; and (ii) minimizes any potentially deleterious impacts to downstream beneficial uses caused by recharge activities in the Chino North management zone -- as mandated by the Basin Plan Amendment

Objective 1 -- Studies in the OBMP suggest that the yield of the Basin could be increased by simply increasing the production near the river, and that for every two acre-ft of new, near-river production the safe yield could be increased by one acre-ft, that is the marginal change in safe yield with increased near-river production is about 0.5 acre-ft/yr per acre-ft/yr of production.

Objective 2 - As part of the Basin Plan update, Chino Basin Watermaster has proposed that the total dissolved solids (TDS) and nitrate objectives in the Chino North management zone (as designated in the proposed 2002/03 Basin Plan amendments) be established based on maximum benefit and not on antidegradation. One of the criteria required by the Regional Water Quality Control Board (RWQCB) that must be satisfied to establish objectives based on maximum benefit is to demonstrate that raising the TDS objective to 430 mg/L and the nitrate objective to 5 mg/L will not impact downstream beneficial uses or significantly impact the quality of the Santa Ana River. Demonstrating hydraulic control will show that downstream beneficial uses are not impaired by management activities in the Chino North management zone.

DISCUSSION

A portion of the study to demonstrate hydraulic control in Chino Basin is to gauge the Santa Ana River, its tributaries, and significant discharges to the river at key locations. Several permanent USGS locations exist and data from these stations will be used in the analyses. In addition, Watermaster has identified five additional locations that should be gauged: four ad hoc stations on the Santa Ana River and one at the Hole Lake Discharge to the river.

Watermaster will contract with the USGS whose staff will conduct the stream flow measurements. Watermaster staff and/or its consultant will conduct a site visit to the ad hoc stations to assess their suitability for stream gauging. The ad hoc stations will be gauged every two weeks between July and September for the first year. In succeeding years the study period will be from May through September.

The cost for conducting the approximate 50 stream gauge measurements is \$32,500. Federal Matching Funds are not available, so the entire cost would be the responsibility of the cooperator (Chino Basin Watermaster). The cost estimate includes field work, data processing, storage of data in the USGS data base, and publication in the USGS Annual Data Report series. The USGS is preparing a program letter and funding agreement for both the USGS and Watermaster to sign.

CHINO BASIN WATERMASTER

June 19, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

- A. FISCAL 2003-2004 WATERMASTER BUDGET**
- B. CONSIDER REQUEST FROM MONTEVISTA
WATER DISTRICT FOR REVIEW OF COST
APPORTIONMENT RELATED TO OBMP
SALT CREDITS**
- D. WATER QUALITY COMMITTEE
RECOMENDATIONS**



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JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: June 12, 2003
June 19, 2003

TO: Pool Members
Advisory Committee Members
Watermaster Board Members

SUBJECT: PROPOSED FISCALYEAR 2003/04 BUDGET

SUMMARY

Issue – Approval of Watermaster Annual Budget for Administration and Operation Expenses during FY 2003-04

Recommendations – Staff recommends the Committees and the Board take action to approve/adopt the Proposed FY 2003-04 Budget.

Fiscal Impact – The FY 2003-04 Proposed Budget expenses are \$6,829,444. The FY 2003-04 Budget, as proposed, anticipates a decrease in Administrative costs, an increase in OBMP general costs, and a slight increase in OBMP project costs and total expenses.

BACKGROUND

This year, the proposed budget is based on estimated project costs related to OBMP activities as well as assumptions based on the current year projected actual expenditures. A summary of these income and expense items is listed in the attached summarized budget. The detail of the costs related to Administration, OBMP Implementation Projects, and Replenishment Water purchases are included. A description of the accounts listed in the detailed budget for fiscal year 2003/04 is listed in the enclosed line item justification summary.

DISCUSSION

Staff has compiled a draft budget for continuing implementation of the basin's Optimum Basin Management Program. Staff anticipates the continuation of areas of focus to include:

- Monitoring activities – Water level and quality, production, surface water quality
- Implementation of the recharge improvement and dry year yield projects
- Further development of the storage and recovery program
- Processing through the approval of the Regional Water Quality Control Board's basin plan amendment including the Chino Basin's Maximum Benefit Demonstration
- Management of subsidence related monitoring and analysis
- Computerization of monitoring and office automation processes, and

- Implementation of the Watermaster staffing restructuring

In the coming year, the following new OBMP project or tasks are being implemented:

- Hydraulic Control Monitoring Program
- Inactive Well Protection Program
- Water Quality Committee

The Proposed FY 2003-04 Budget includes expenditures for the local share of Recharge Improvements Project being implemented by IEUA and Watermaster, including debt and operating & maintenance costs for the coming year.

The Proposed Budget also includes budgeted staff positions. This includes filling vacant positions for a Senior Engineer, Project Engineer, Secretary II and Executive Assistant. During FY 2003-04, emphasis will be placed on continuing to upgrade Watermaster's database with regard to water quality data, water level data, water production data and active party information. Additionally, work will begin on automating the assessment and budget packages. Also, the updated Watermaster website will include a members only section which will allow for remote access to view selected information.

In summary, the FY 2003-04 Budget, as proposed, anticipates a decrease in Administrative costs, an increase in OBMP general costs, and a slight increase in OBMP project costs. Final assessments will be refined when the assessment package is prepared this fall, as it is dependent on prior year pumping, but it is anticipated that administrative and OBMP assessments will decrease slightly. Recharge Improvement project assessments will increase as a result of the O&M expenditures for the project as they are being included for the first time.

CHINO BASIN WATERMASTER

FY 2003/2004

SUMMARY BUDGET

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
Ordinary Income/Expense					
4000 Mutual Agency Revenue	\$85,125	\$26,629	\$20,000	\$0	-\$20,000
4110 Admin Asmnts-Approp Pool	4,241,553	4,470,785	3,580,590	3,931,695	351,105
4120 Admin Asmnts-Non-Agri Pool	241,961	149,042	196,982	88,201	-108,781
4730 Prorated Interest Income	118,608	38,095	132,890	112,025	-20,865
Total Income	4,687,290	4,684,551	3,930,462	4,131,921	201,459
Administrative Expenses					
6010 Salary Costs	428,397	198,285	414,173	385,900	-28,273
6020 Office Building Expense	70,561	40,491	123,845	108,995	-14,850
6030 Office Supplies & Equip.	30,082	14,814	29,800	41,000	11,200
6040 Postage & Printing Costs	63,155	28,726	72,450	66,400	-6,050
6050 Information Services	95,905	43,348	101,800	105,750	3,950
6060 WM Special Contract Services	184,646	53,569	227,600	121,000	-106,600
6080 Insurance Expense	10,689	7,128	11,210	16,710	5,500
6110 Dues and Subscriptions	12,619	11,217	13,500	14,500	1,000
6150 Field Supplies & Equipment	4,258	1,907	3,950	4,250	300
6170 Vehicle Maintenance Costs	24,656	9,816	25,500	46,300	20,800
6190 Conferences & Seminars	11,682	10,952	14,500	16,000	1,500
6200 Advisory Committee Expenses	20,256	7,311	17,870	15,071	-2,799
6300 Watermaster Board Expenses	42,198	13,818	42,522	28,371	-14,151
6500 Education Fund Expenditures	375	0	375	375	0
8300 Appropriative Pool Administration	15,236	6,746	16,310	14,471	-1,839
8400 Agricultural Pool Administration	120,221	33,821	119,010	233,979	114,969
8500 Non-Agricultural Pool Administration	6,666	2,380	4,462	6,698	2,236
9500 Allocated G&A Expenditures	0	-119,852	-286,120	-309,073	-22,953
Total Administrative Expenses	1,141,602	364,479	952,757	916,697	-36,060
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	806,676	443,070	810,777	942,065	131,288
6950 Cooperative Efforts	103,504	38,156	2,500	85,004	82,504
9501 Allocated G&A Expenditures	0	33,419	80,857	91,999	11,142
Total General OBMP Expenditures	910,180	514,645	894,134	1,119,068	224,934

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CHINO BASIN WATERMASTER

FY 2003/2004

SUMMARY BUDGET

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
7000 OBMP Implementation Projects					
7101 Production Monitoring	28,488	14,174	61,062	79,283	18,221
7102 In-Line Meter Installation/Maintenance	222,973	187,302	439,399	131,380	-308,019
7103 Groundwater Quality Monitoring	194,891	101,120	321,829	274,613	-47,216
7104 Groundwater Level Monitoring	182,501	51,492	205,916	157,852	-48,064
7105 Surface Water Quality Monitoring	23,727	17,028	85,161	133,595	48,434
7106 Water Level Sensors Install	20,969	16,596	34,501	26,835	-7,666
7107 Ground Level Monitoring	51,302	367,981	801,070	202,283	-598,787
7108 Hydraulic Control Monitoring Program	0	0	0	718,227	718,227
7200 OBMP Pgm Element 2 - Comp Recharge Program	286,856	114,523	184,168	89,575	-94,593
7300 OBMP Program Element 3 & 5 - Water Supply Plan - Desalter	133,099	5,300	123,587	47,499	-76,088
7400 OBMP Pgm Element 4 - Mgmt Zone Mgmt Strategies	98,523	98,803	81,172	187,308	106,136
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	37,889	87,942	58,299	51,820	-6,479
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	157,334	26,656	102,830	146,179	43,349
7700 Inactive Well Protection Program	0	0	0	30,447	30,447
7206 Comp Recharge - Basin Program O&M	0	0	0	441,859	441,859
7690 Recharge Improvement Debt Payment	0	429,250	620,000	429,250	-190,750
9502 Allocated G&A Expenditures	0	86,433	205,263	217,074	11,811
Total OBMP Implementation Projects	1,438,552	1,604,600	3,324,257	3,365,079	40,822
Total Expenses	3,490,334	2,483,725	5,171,148	5,400,844	229,696
Net Ordinary income	1,196,956	2,200,826	-1,240,686	-1,268,923	-28,237
Other Income					
4210 Approp Pool-Replenishment	38,946	1,424,041	0	0	0
4220 Non-Ag Pool-Replenishment	9,329	8,567	0	0	0
4230 Groundwater Recharge Activity	1,579,500	1,586,000	2,285,049	2,189,500	-95,549
Total Other Income	1,627,776	3,018,609	2,285,049	2,189,500	-95,549
Other Expense					
5010 Groundwater Recharge	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
5050 SB222 Cyclic Storage Program	0	0	0	0	0
Total Other Expense	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
Net Other Income	60,252	1,685,541	0	-84,000	-84,000
9800 From / (To) Reserves	-1,257,208	-3,886,368	1,240,686	1,352,923	112,237
Net Income	\$0	\$0	\$0	\$0	\$0

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**CHINO BASIN WATERMASTER
FY 2003/2004
DETAIL BUDGET**

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
Ordinary Income/Expense					
Income					
4000 Cooperative Effort Contributions					
4031 IEUA - Groundwater Level Monitoring	\$0	\$0	\$20,000	\$0	-\$20,000
4038 IEUA 50% MZ3 Study	0	26,629	0	0	0
4039 SWRCB 205(j) Grant	85,125	0	0	0	0
Total 4000 Mutual Agency Revenue	<u>85,125</u>	<u>26,629</u>	<u>20,000</u>	<u>0</u>	<u>-20,000</u>
4110 Admin Asmnts-Approp Pool					
4111 Gross Administration	842,420	497,056	635,724	639,183	3,459
4111.2 OBMP Adm Assessment	2,040,986	2,090,342	1,677,418	1,330,157	-347,261
4112 Agric. Pool Transfer	485,791	400,663	235,741	218,229	-17,512
4113 OBMP - Ag Pool Water Reallocation	986,870	1,150,104	1,031,707	873,017	-158,690
4115 Recharge Improvement Revenue	0	430,000	0	871,109	871,109
4117 P/Y Adjustments & Pool Interest	-114,514	-97,380	0	0	0
Total 4110 Admin Asmnts-Approp Pool	<u>4,241,553</u>	<u>4,470,785</u>	<u>3,580,590</u>	<u>3,931,695</u>	<u>351,105</u>
4120 Admin Asmnts-Non-Agri Pool					
4123 Non-Agricultural Pool	67,748	26,797	47,695	30,664	-17,031
4124 OBMP Adm Assessment	174,213	122,245	149,287	57,537	-91,750
Total 4120 Admin Asmnts-Non-Agri Pool	<u>241,961</u>	<u>149,042</u>	<u>196,982</u>	<u>88,201</u>	<u>-108,781</u>
Total 4100 Assessment Revenues	<u>4,483,514</u>	<u>4,619,827</u>	<u>3,777,572</u>	<u>4,019,896</u>	<u>242,324</u>
4714 Unrealzd Gain(Loss)/Invest	0	0	0	0	0
4730 Prorated Interest Income					
4731 Interest - Agri. Pool	15,983	5,827	18,168	16,000	-2,168
4732 Interest - Approp. Pool	97,380	30,444	108,353	92,000	-16,353
4733 Interest - Non-Ag Pool	5,144	1,789	6,244	3,900	-2,344
4739 Interest - Education Fund	101	36	125	125	0
Total 4730 Prorated Interest Income	<u>118,608</u>	<u>38,095</u>	<u>132,890</u>	<u>112,025</u>	<u>-20,865</u>
Total 4700 Non Operating Revenues	<u>118,608</u>	<u>38,095</u>	<u>132,890</u>	<u>112,025</u>	<u>-20,865</u>
4900 Miscellaneous Income	43	0	0	0	0
Total Income	<u>4,687,290</u>	<u>4,684,551</u>	<u>3,930,462</u>	<u>4,131,921</u>	<u>201,459</u>

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CHINO BASIN WATERMASTER

FY 2003/2004

DETAIL BUDGET

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
Administrative Expenses					
6010 Salary Costs					
6011 WM Staff Salaries & Payroll Burden	421,610	187,410	411,130	382,844	-28,286
6012 Payroll Services	1,814	895	1,800	1,800	0
6016 New Employee Search Costs	600	0	500	500	0
6017 Temporary Services	789	0	750	750	0
Subtotal Wages	424,813	188,304	414,180	385,894	-28,286
6018 Fringe Benefits -- See Exhibit B-1	232,419	130,471	304,870	308,774	3,904
60199 Payroll Burden Allocated -- See Exhibit B-1 for percentage applied for 01/02	-228,835	-120,490	-304,877	-308,768	-3,891
Total 6010 Salary Costs	428,397	198,285	414,173	385,900	-28,273
6020 Office Building Expense					
6021 Office Lease	50,689	26,713	52,400	52,500	100
6022 Telephone	10,898	5,873	13,920	13,920	0
6023 Electricity	7,418	5,279	9,450	12,500	3,050
6026 Security Services	546	252	500	500	0
6027 Other Expense	1,010	2,374	47,575	29,575	-18,000
Total 6020 Office Building Expense	70,561	40,491	123,845	108,995	-14,850
6030 Office Supplies & Equip.					
6031 Office Supplies	17,746	6,838	16,500	15,000	-1,500
6036 Minor Office Furniture	1,216	0	1,000	0	-1,000
6038 Other Office Equipment	511	7,288	9,000	14,500	5,500
6039 Other Office Expenses	8,300	0	2,500	11,500	9,000
6141 Meeting Expenses	2,309	688	800	0	-800
Total 6030 Office Supplies & Equip.	30,082	14,814	29,800	41,000	12,000
6040 Postage & Printing Costs					
6041 & 6042 Postage	19,553	6,405	24,000	14,500	-9,500
6043 Copy Machine Lease	41,231	19,494	44,000	43,500	-500
6044 Postage Meter Lease	742	1,461	750	2,400	1,650
6045 Outside Printing	1,528	399	3,500	5,000	1,500
6046 Legal Publications	100	967	200	1,000	800
Total 6040 Postage & Printing Costs	63,155	28,726	72,450	66,400	-6,050
6050 Information Services					
6052 Computer Consultant Support Svcs	55,162	25,199	59,000	53,250	-5,750
6053 Internet Services	13,612	6,622	14,000	14,000	0
6054 Computer Software	6,890	470	9,000	15,500	6,500
6055 Computer Hardware	12,196	7,003	11,000	15,000	4,000
6057 Computer Maintenance	8,044	4,055	8,800	8,000	-800
Total 6050 Information Services	95,905	43,348	101,800	105,750	3,950

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**CHINO BASIN WATERMASTER
FY 2003/2004
DETAIL BUDGET**

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
6060 WM Special Contract Services					
6061 Other Contract Services	9,482	10,698	29,000	29,000	0
6062 Audit Services	3,745	0	5,000	5,000	0
6063 Public Relations Consultant	0	0	12,000	12,000	0
6065 MWD Connection Fee	15,600	6,500	15,600	0	-15,600
6066 Engineering Services	90,078	0	90,000	0	-90,000
6067 Legal Services - General Counsel	60,943	36,281	71,000	75,000	4,000
6068 Legal Services - Markot Settlement	4,798	90	5,000	0	-5,000
Total 6060 WM Special Contract Services	184,646	53,569	227,600	121,000	-106,600
6080 Insurance Expense					
6085 Business Insurance Package	10,480	6,919	11,000	16,500	5,500
6086 Position Bond Insurance	209	209	210	210	0
Total 6080 Insurance Expense	10,689	7,128	11,210	16,710	5,500
6110 Dues and Subscriptions					
6111 Membership Dues	10,315	10,555	12,000	13,000	1,000
6112 Subscriptions	2,304	662	1,500	1,500	0
Total 6110 Dues and Subscriptions	12,619	11,217	13,500	14,500	1,000
6150 Field Supplies & Equipment					
6151 Small Tools & Equipment	3,490	770	2,000	2,000	0
6152 Safety Shoes	0	0	250	250	0
6153 Film Processing & Development	452	0	800	200	-600
6154 Uniforms	316	1,137	900	1,800	900
Total 6150 Field Supplies & Equipment	4,258	1,907	3,950	4,250	300
6170 Vehicle Maintenance Costs					
6171 Vehicle Allowance	13,475	6,655	13,200	7,200	-6,000
6172 Vehicle Lease	201	0	1,000	0	-1,000
6173 Mileage Reimbursements	100	169	200	600	400
6174 Public Transportation	2,577	27	500	0	-500
6175 Vehicle Fuel	4,175	2,188	3,300	5,000	1,700
6177 Vehicle Repairs & Maintenance	2,702	777	5,500	5,000	-500
6179 Vehicle Purchases	1,425	0	1,800	28,500	26,700
Total 6170 Travel & Transportation	24,656	9,816	25,500	46,300	20,800
6190 Conferences & Seminars					
6191 Conferences & Seminars	7,065	3,900	7,500	11,500	4,000
6192 Training & Continuing Education	136	577	4,000	4,500	500
6194 Lodging	3,229	0	2,500	0	-2,500
6195 Meals	1,073	447	500	0	-500
6196 Travel	180	6,028	0	0	0
Total 6190 Conferences & Seminars	11,682	10,952	14,500	16,000	1,500

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DETAIL BUDGET

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
6200 Advisory Committee Expenses					
6201 WM Staff Salaries	18,586	6,664	15,770	13,071	-2,699
6211 Compensation - AG Pool Members	50	0	100	0	-100
6212 Meeting Expense	1,620	647	2,000	2,000	0
Total 6200 Advisory Committee Expenses	20,256	7,311	17,870	15,071	-2,799
6300 Watermaster Board Expenses					
6301 WM Staff Salaries	19,511	6,729	18,522	13,071	-5,451
6311 Board Member Compensation	21,000	5,625	23,500	13,000	-10,500
6312 Meeting Expense	1,310	1,464	200	2,000	1,800
6313 Board Members' Expenses	377	0	300	300	0
Total 6300 WM Board Expenses	42,198	13,818	42,522	28,371	-14,151
6500 Education Fund Expenditures	375	0	375	375	0
8300 Appropriative Pool Administration					0
8301 WM Staff Salaries	13,646	6,065	15,310	13,071	-2,239
8312 Meeting Expenses	1,590	681	1,000	1,400	400
Total 8300 Appropriative Pool Administration	15,236	6,746	16,310	14,471	-1,839
8400 Agricultural Pool Administration					
8401 WM Staff	14,450	7,825	15,310	13,579	-1,731
8411 Compensation	2,175	625	1,600	1,600	0
8412 Meeting Expenses	69	125	300	300	0
8450 Digester Funding	0	0	0	150,000	150,000
8456 IEUA RTS Meter Charge	1,242	661	1,500	1,500	0
8467 Agri-Pool Legal Service	76,217	16,055	73,000	45,000	-28,000
8467.1 Frank B & Associates	11,042	2,655	10,000	6,000	-4,000
8470 Ag Pool Meeting Special Compensation	15,025	5,875	17,300	16,000	-1,300
Total 8400 AG Pool Admin	120,221	33,821	119,010	233,979	114,969
8500 Non-Agricultural Pool Administration					
8501 WM Staff	6,625	2,303	4,162	6,398	2,236
8512 Meeting Expense	41	77	300	300	0
Total 8500 Non-Agricultural Pool Admin	6,666	2,380	4,462	6,698	2,236
9500 Allocated G&A Expenditures	0	-119,852	-286,120	-309,073	-22,953
Total Administrative Expenses	1,141,602	364,479	952,757	916,697	-36,060

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**CHINO BASIN WATERMASTER
FY 2003/2004
DETAIL BUDGET**

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
General OBMP Expenses					
6900 Optimum Basin Mgmt Program					
6901 OBMP - Staff	35,937	35,660	97,361	106,794	9,433
6902 OBMP - Temporary Staff	14,509	23,744	31,416	47,900	16,484
6903 OBMP - S.A.R.W.G. Support	12,000	4,000	12,000	12,000	0
6904 OBMP - Financial Analyses	0	0	15,000	0	-15,000
6906 OBMP - Engineering	172,336	75,630	205,000	255,371	50,371
6907 OBMP - Legal					
6907.1 Ellison & Schneider	116,251	83,856	80,000	140,000	60,000
6907.2 Ludorh & Scalmanini	31,010	25,657	40,000	40,000	0
6907.3 WM Legal Counsel	412,466	177,292	310,000	320,000	10,000
6909 OBMP - Other Expense	12,167	17,231	20,000	20,000	0
Total 6900 OBMP	806,676	443,070	810,777	942,065	131,288
6950 Cooperative Efforts					
6953 TDS-Nitrogen Study	0	4,821	2,500	5,000	2,500
6956 CBWCD-Turner Basin Development	23,500	0	0	0	0
6959 Emerg. Energy/OBMP Funding Coalition	80,004	33,335	0	80,004	80,004
Total 6950 Cooperative Efforts	103,504	38,156	2,500	85,004	82,504
9501 Allocated G&A Expenditures	0	33,419	80,857	91,999	11,142
Total General OBMP Expenses	910,180	514,645	894,134	1,119,068	224,934
7000 OBMP Implementation Projects					
<i>7100 OBMP Pgm Element 1 - Comp Monitoring Program</i>					
7101 Production Monitoring					
7101.1 Production Monitoring - WM Staff	15,233	13,597	16,886	32,133	15,247
7101.2 Production Monitoring - Temporary Services	0	0	7,426	33,000	25,574
7101.3 Production Monitoring - Engineering Services	12,094	200	24,000	12,000	-12,000
7101.4 Production Monitoring - Computer Services	1,063	377	12,000	2,000	-10,000
7101.5 Production Monitoring - Supplies & Repairs	98	0	750	150	-600
Total 7101 Production Monitoring	28,488	14,174	61,062	79,283	18,221

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	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
7102 In-Line Meter Installation/Maintenance					
7102.1 In-Line Meter - WM Staff	17,557	29,549	40,901	14,380	-26,521
7102.2 In-Line Meter - Temporary Services	0	0	5,998	5,000	-998
7102.4 In-Line Meter - Contract Services	43,841	40,002	162,000	30,000	-132,000
7102.5 In-Line Meter - Maintenance and Repair	0	0	0	24,000	24,000
7102.6 In-Line Meter - Supplies	0	1,559	0	2,800	2,800
7102.7 In-Line Meter - In-line Meters	146,460	105,792	199,500	18,000	-181,500
7102.8 Calibration & Testing	15,115	10,400	31,000	37,200	6,200
Total 7102 In-Line Meter Installation/Maintenance	222,973	187,302	439,399	131,380	-308,019
7103 Groundwater Quality Monitoring					
7103.1 Grdwtr Quality - WM Staff	9,764	803	19,843	13,499	-6,344
7103.2 Grdwtr Quality - Temporary Services	13,696	4,245	35,986	16,650	-19,336
7103.3 Grdwtr Quality - Engineering Services	96,022	69,119	65,000	90,764	25,764
7103.5 Grdwtr Quality - Laboratory Services	71,065	25,373	200,000	150,000	-50,000
7103.6 Grdwtr Quality - Supplies	3,281	1,203	1,000	2,500	1,500
7103.7 Grdwtr Quality - Computer Services	1,063	377	0	1,200	1,200
Total 7103 Groundwater Quality Monitoring Program	194,891	101,120	321,829	274,613	-47,216
7104 Groundwater Level Monitoring					
7104.1 Grdwtr Level - WM Staff	5,251	996	12,876	13,499	623
7104.2 Grdwtr Level - Temporary Services	80,223	35,649	78,540	74,750	-3,790
7104.3 Grdwtr Level - Engineering Services	75,895	7,435	75,000	32,003	-42,997
7104.4 Grdwtr level - Contract Services	11,784	4,093	0	6,500	6,500
7104.6 Grdwtr Level - Supplies	9,348	3,319	15,000	6,100	-8,900
7104.7 Grdwtr Level - Capital Equipment	0	0	24,500	25,000	500
Total 7104 Groundwater Level Monitoring	182,501	51,492	205,916	157,852	-48,064
7105 Surface Water Quality Monitoring					
7105.1 Surface Water Quality - WM Staff	4,532	1,695	10,022	10,079	57
7105.2 Surface Water Quality - Temporary Services	1,702	2,179	9,139	25,700	16,561
7105.3 Surface Water Quality - Engineering Services	7,900	3,145	26,000	62,316	36,316
7105.4 Surface Water Quality - Laboratory Services	9,464	9,726	40,000	35,000	-5,000
7105.6 Surface Water Quality - Supplies	129	283	0	500	500
Total 7105 Surface Water Quality Monitoring	23,727	17,028	85,161	133,595	48,434

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**CHINO BASIN WATERMASTER
FY 2003/2004
DETAIL BUDGET**

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
7106 Water Level Sensors Install					
7106.1 Water Level Sensors - WM Staff	0	0	6,645	5,835	-810
7106.2 Water Level Sensors - Temporary Services	0	0	2,856	0	-2,856
7106.3 Water Level Sensors - Engineering Services	7,482	16,596	25,000	21,000	-4,000
7106.7 Water Level Sensors - Capital Equipment	13,487	0	0	0	0
Total 7106 Water Level Sensors Installation	20,969	16,596	34,501	26,835	-7,666
7107 Ground Level Monitoring					
7107.1 Ground Level - WM Staff	2,630	0	6,070	19,631	13,561
7107.2 Ground Level - Engineering Services	48,184	48,488	135,000	127,652	-7,348
7107.3 Ground Level - Synthetic Aperture Radar	0	0	10,000	25,000	15,000
7107.4 Ground Level - Computer Services	488	0	0	0	0
7107.5 Ground Level - Laboratory Services	0	0	0	30,000	30,000
7107.8 Ground Level - Capital Equipment Extensometers	0	319,493	650,000	0	-650,000
Total 7107 Ground Level Monitoring Pgm	51,302	367,981	801,070	202,283	-598,787
7108 Hydraulic Control Monitoring Program					
7108.1 Hydraulic Control Monitoring - WM Staff	0	0	0	19,720	19,720
7108.3 Hydraulic Control Monitoring - Engineering Services	0	0	0	137,607	137,607
7108.4 Hydraulic Control Monitoring - Laboratory Services	0	0	0	72,900	72,900
7108.5 Hydraulic Control Monitoring - Construction	0	0	0	488,000	488,000
Total 7108 Hydraulic Control Monitoring Pgm	0	0	0	718,227	718,227
7200 OBMP Pgm Element 2 - Comp Recharge Program					
7201 Comp Recharge - WM Staff	43,560	22,702	34,168	49,543	15,375
7202 Comp Recharge - Engineering Services	239,195	70,479	150,000	21,532	-128,468
7203 Comp Recharge - Contract Services	0	2,960	0	6,000	6,000
7204 Comp Recharge - Supplies	2,499	758	0	2,500	2,500
7205 Comp Recharge - Other Expenses	1,602	17,624	0	0	0
7207 Comp Recharge - Legal	0	0	0	10,000	10,000
Total 7200 Comprehensive Recharge Pgm	286,856	114,523	184,168	89,575	-94,593
7300 OBMP Program Element 3 & 5 - Water Supply Plan - Desalter					
7301 OBMP - WM Staff	3,258	0	6,587	7,455	868
7303 OBMP - Engineering Services	128,992	5,300	100,000	39,544	-60,456
7305 OBMP - Supplies	626	0	0	500	500
7306 OBMP - Other Expense	223	0	17,000	0	-17,000
Total 7300 OBMP Elements 3 & 5 Water Supply Plan	133,099	5,300	123,587	47,499	-76,088

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DETAIL BUDGET

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
7400 OBMP Pgm Element 4 - Mgmt Zone Mgmt Strategies					
7401 OBMP - WM Staff	15,584	6,323	26,172	20,198	-5,974
7402 OBMP - Engineering Services	81,596	91,835	45,000	65,860	20,860
7403 OBMP - Contract Services	0	0	10,000	100,000	90,000
7404 OBMP - Supplies	888	254	0	500	500
7405 OBMP - Other Expenses	455	391	0	750	750
Total 7400 OBMP Element 4 - MZ1	98,523	98,803	81,172	187,308	106,136
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt					
7501 OBMP - WM Staff	7,018	13,435	13,299	15,172	1,873
7502 OBMP - Engineering Services	29,984	40,234	45,000	35,648	-9,352
7503 OBMP - Contract Services	0	34,220	0	0	0
7504 OBMP - Supplies	887	25	0	500	500
7505 OBMP - Other Expenses	0	28	0	500	500
Total 7500 OBMP Element 6 & 7	37,889	87,942	58,299	51,820	-6,479
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use					
7601 OBMP - WM Staff	38,335	15,993	37,830	30,838	-6,992
7602 OBMP - Engineering Services	79,663	10,520	40,000	115,341	75,341
7603 OBMP - Contract Services	38,722	0	25,000	0	-25,000
7604 OBMP - Supplies	483	143	0	0	0
7605 OBMP - Other Expenses	131	0	0	0	0
Total 7600 OBMP Element 8 & 9	157,334	26,656	102,830	146,179	43,349
7700 Inactive Well Protection Program					
7701 Inactive Well Protection Program - WM Staff	0	0	0	5,447	5,447
7703 Inactive Well Protection Program - Contract Services	0	0	0	25,000	25,000
Total 7700 Inactive Well Protection Program	0	0	0	30,447	30,447
7206 Comp Recharge - Basin Program O&M	0	0	0	441,859	441,859
7690 Recharge Improvement Debt Payment	0	429,250	620,000	429,250	-190,750
9502 Allocated G&A Expenditures	0	86,433	205,263	217,074	11,811
Total OBMP Implementation Projects	1,438,552	1,604,600	3,324,257	3,365,079	-401,037
Total General OBMP & Implementation Projects	2,348,732	2,119,245	4,218,391	4,484,147	265,756
Total Expenses	3,490,334	2,483,725	5,171,148	5,400,844	229,696
Net Ordinary Income	1,196,956	2,200,826	-1,240,686	-1,268,923	-28,237

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**CHINO BASIN WATERMASTER
FY 2003/2004
DETAIL BUDGET**

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
Other income					
Water Replenishment Assessments					
4210 Approp Pool-Replenishment					
4211 15% Gross Assessments	633	210,896	0	0	0
4212 85% Net Assessments	3,575	1,194,716	0	0	0
4213 100% Net Assessments	34,739	18,429	0	0	0
Total 4210 Approp Pool-Replenishment	<u>38,946</u>	<u>1,424,041</u>	<u>0</u>	<u>0</u>	<u>0</u>
4220 Non-Ag Pool-Replenishment					
4223 Net Replenishment	9,329	8,567	0	0	0
Total 4220 Non-Ag Pool-Replenishment	<u>9,329</u>	<u>8,567</u>	<u>0</u>	<u>0</u>	<u>0</u>
4230 Groundwater Recharge Activity					
4230 Groundwater Recharge	1,579,500	1,586,000	1,670,049	1,574,500	-95,549
4231 MZ1 Assigned Water Sales	0	0	615,000	615,000	0
Total 4230 Groundwater Recharge Activity	<u>1,579,500</u>	<u>1,586,000</u>	<u>2,285,049</u>	<u>2,189,500</u>	<u>-95,549</u>
Total Other Income	<u>1,627,776</u>	<u>3,018,609</u>	<u>2,285,049</u>	<u>2,189,500</u>	<u>-95,549</u>
Other Expense					
5010 Groundwater Recharge					
5011.5 Pre-delivered Replenishment Water	0	0	49	0	-49
5012.3 MZ1 Recharge Commitment	1,545,844	1,323,909	1,514,500	1,514,500	0
5012.4 MZI Interim Imported Water Purchase	0	0	699,000	699,000	0
5014 Vector Control	1,000	9,158	13,000	0	-13,000
5015 OC-59 Use Fees	5,170	0	13,000	8,000	-5,000
5017 IEUA Surcharges	15,510	0	45,500	52,000	6,500
Total 5010 Groundwater Recharge	<u>1,567,524</u>	<u>1,333,067</u>	<u>2,285,049</u>	<u>2,273,500</u>	<u>-11,549</u>
Total Other Expense	<u>1,567,524</u>	<u>1,333,067</u>	<u>2,285,049</u>	<u>2,273,500</u>	<u>-11,549</u>
Net Other Income	<u>60,252</u>	<u>1,685,541</u>	<u>0</u>	<u>-84,000</u>	<u>-84,000</u>
(To) / From Reserves	<u>-1,257,208</u>	<u>-3,886,368</u>	<u>1,240,686</u>	<u>1,352,923</u>	<u>112,237</u>
Net Income	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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CHINO BASIN WATERMASTER
2003-2004 BUDGET
LINE ITEM JUSTIFICATION

Budget
Line
Number Comments

ORDINARY INCOME/EXPENSE

4000 COOPERATIVE EFFORT CONTRIBUTIONS

- 4031 IEUA Contribution re Groundwater Level This Budget assumes that there will be no In-coming contributions for this work.
- 4038 IEUA Contribution 50% MZ3 Study This Study commenced during fiscal 01/02. This Initial phase will be completed in fiscal 03/04. 50% is fund by IEUA up to \$75,000.
- 4039 State Water Resources Control Board The Budget is based on the schedule of Completion Dates in the approved Grant. Expenses are budgeted under OBMP Task #7103 Groundwater Quality Monitoring .
205(j) Grant

4110 ADMINISTRATIVE ASSESSMENTS - APPROPRIATIVE POOL

- 4111 Gross Administration Appropriaive Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Appropriators on a per acre foot basis levied based on the prior year's production.
- 4111.2 OBMP Administrative Assessment Appropriaive Pool Assessments equal the Pool's share of all Optimum Management costs levied to the Appropriators on a per acre foot basis based on the prior year's production.
- 4112 Agricultural Pool Reallocation-General Admin. The Appropriaive Pool and the Overlying Agricultural Pool agreed that the unproduced portion of Ag Pool's annual share of safe yield (82,800 acre feet) would be immediately reallocated to the Appropriaive Pool members provided the Appropriaive Pool would pay the Agricultural Pool's share of Administrative and Special Project expenses.
- 4113 OBMP Agricultural Pool Reallocation With separate assessments levied for General Administration and Optimum Basin Management Plan and Implementation Costs, the Agricultural Pool costs charged through the reallocation levy have been separated to differentiate between the revenues from the two levies.
- 4115 Recharge Improvement Revenue This line item covers funds required to pay the budgeted debt service payment and the operating & maintenance expenses.
- 4117 P/Y Adjustments Made up of prior year interest and replenishment pre-purchase adjustments. Credit reflected here showing interest earned during 02/03 spread among the Appropriators based upon their 01/02 assessment payments. This is calculated during the assessment process.

4120 ADMINISTRATIVE ASSESSMENTS - OVERLYING NON-AGRICULTURAL POOL

- 4123 Gross Administration Overlying Non-Agricultural Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Non-Agricultural Pool on a per acre foot basis based on the prior year's production.
- 4124 OBMP Administrative Assessment Non-Agricultural Pool Assessments equal the Pool's share of all Optimum Basin Management costs levied to the Pool members on a per acre foot basis based on the prior year's production.

4730 PRORATED INTEREST INCOME

- 4731 Interest - Agricultural Pool Interest is prorated between the pools and the Education Fund using formulae approved by the Advisory Committee and Pools several years ago.
- 4732 Interest - Appropriative Pool Interest is prorated between the pools and the Education Fund using formulae approved by the Advisory Committee and Pools several years ago.
- 4733 Interest - Non-Agricultural Pool Interest is prorated between the pools and the Education Fund using formulae approved by the Advisory Committee and Pools several years ago.
- 4739 Interest - Education Fund Interest is prorated between the pools and the Education Fund using formulae approved by the Advisory Committee and Pools several years ago.

4900 Miscellaneous Income Miscellaneous income, such as fees collected for data requests, rebates, etc.

6010 SALARY COSTS

- 6011 WM Staff Salaries & Payroll Burden Expenses related to staff hours and costs.
- 6012 Payroll Services WM has entered into a contract with Paychex to process bi-weekly payrolls, employees' direct deposits, computation and payment of federal and state payroll taxes, preparation of annual W-2's.
- 6016 Employee Search Costs Costs cover "help wanted" advertisements, pre-employment physicals & non-staff or consultant interviewer's time (if applicable).
- 6017 Temporary Services Temporary help on special administrative projects and staffing for vacant positions.
- 6018 Fringe Benefits Benefits paid to employees such as medical, dental, vacation, sick leave & holidays.
- 60199 Payroll Burden Allocated Fringe Benefits allocated to salary costs.

CHINO BASIN WATERMASTER
2003-2004 BUDGET
LINE ITEM JUSTIFICATION

Budget
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6020 OFFICE BUILDING EXPENSE

6021 Office Lease Lease for Watermaster offices.
6022 Telephone Telephone expense includes office telephone system, cellular phones for CEO & field staff along with conference call service.
6023 Electricity Electricity for office based on projected actuals of current year.
6026 Security Services The Office alarm system is currently provided by Mijac Alarm at \$126.00/quarter. This service started in 1996 and the rate has not changed since inception.
6027 Other Expense Expenses to this line include "one-time" expenses of moving into new office building. Negotiations ongoing w/ CCWD on costing details.

6030 OFFICE SUPPLIES & EQUIPMENT

6031 Office Supplies Office Supplies include: copy paper, stationary, envelopes, transcription cassettes and headphones, public notice post cards, minute books and paper, 3 ring binders for all purposes, small office equipment such as staplers, calculators, hole punches, lablers, etc. checks and other miscellaneous office supplies.
6036 Minor Office Furniture This budget line covers the purchase of any tangible office furniture. Large office equipment is purchased under Account #6039.
6038 Other Office Equipment This Budget line covers the cost of Office Equipment other than Computer equipment. Items could include FAX machines, telephones, overhead projectors, refrigerators, coffee machines, etc.
6039 Other Office Expense This line covers the costs of items not covered under any of the above #6030 lines including file management consulting fees.
6141 Meeting Expenses Expenses charged to this line include administrative meeting expenses.

6040 POSTAGE & PRINTING COSTS

6041-42 Postage Postage reflected here covers the cost of mailing or shipping all meeting notices and agendas; correspondence; annual reports; outgoing bills and payments, etc. Charges include FEDEX and United Parcel Service contract costs as well as postage. Includes Permit 10 postage. Costs have decreased due to electronic transmissions of data.
6043 Copy Machine Lease This line covers the cost of leasing copy machines from Ricoh as well as the costs for copies exceeding the minimum number per month/year as stipulated in the lease agreement.
6044 Postage Meter Lease Postage Meter costs will include the annual lease fee, quarterly reset fees and postage meter ink cartridge replacements.
6045 Printing Printing costs covered here are those done by out-side printers and include blueprints, special area street maps, color prints, emergency printing when copiers are down for repairs, etc. Color brochures and annual financial statements will be printed.
6046 Legal Publications Legal Publications include transcripts of Court Hearings, current ZIP Code directories, and other Legal Publications.

6050 WATERMASTER INFORMATION SERVICES

6052 Computer Consultant Support Services During FY 03/04 Watermaster will be using consultants to identify hardware/software requirements; purchase, install and configure the computer system; train Watermaster staff, perform routine diagnostics, to provide application design services, and Interagency coordination/communication.
6053 Internet Services WM Website has been set up at the direction of Judge Gunn and a T-1 for direct connection to the Internet.
6054 Computer Software Costs include new software, software upgrades, textbooks, manuals, etc.
6055 Computer Hardware Costs include new and upgraded computer hardware such as workstations, servers, printers, backup power supplies, etc.
6057 Computer Maintenance Computer maintenance includes parts for breakdowns and routine maintenance.

6060 WATERMASTER SPECIAL CONTRACT SERVICES

6061 Other Contract Services Watermaster retained Rauch Communication Consultants to develop and implement a strategic plan.
6062 Audit Services This line item budgets funds to pay for the required annual financial statement audit.
6063 Public Relations Consultant Watermaster retained the Dolphin Group as our Public Relations Consultant. Dolphin Group will assist with newsletter and press release preparations.
6065 MWD Connection Fee MWD charges, through IEUA, a monthly connection maintenance fee for each connection. This cost has been carried under Administration for the past several years rather than carried as a part of water replenishment costs because it is assessed whether or not Watermaster spreads water.
6066 Engineering Services Engineering services will be charged to specific projects of account #6906, general engineering for OBMP related activities.
6067 Legal Services - General Counsel Hatch & Parent, Watermaster's General Counsel .
6068 Legal Services - Markot Legal fees incurred regarding this litigation.

CHINO BASIN WATERMASTER
2003-2004 BUDGET
LINE ITEM JUSTIFICATION

Budget
Line

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6080 INSURANCES

6086 Business Insurance Package All insurance policies are now included under Business Insurance Package, including auto & general liability.
6086 Position Bond Insurance Insures key positions for risk of misappropriation and/or fraud.

6110 DUES & SUBSCRIPTIONS

6111 Membership Dues Watermaster memberships include: American Water Works Assoc Research Fdn., Association of California Water Agencies, Association of Ground Water Agencies, Automobile Club of Southern California and Costco.
6112 Subscriptions Watermaster currently subscribes to the following: The Business Press, California Water Law, California Water Journal, Chino Champion, Daily Bulletin, One-On-One Computer training and Smart Access assuming all current subscriptions will be renewed as well as new ones acquired.

6150 FIELD SUPPLIES & EQUIPMENT

6151 Small Tools and Equipment Small tools include cameras, pliers, nuts & bolts, any type of tool which might be required while working around well sites.
6152 Safety Shoes Work boot & shoe cost reimbursement for field staff.
6153 Film Processing & Development Processing of pictures taken in field.
6154 Uniforms T-shirts, hats & jackets are provided to field staff with Watermaster's logo to wear while in the field.

6170 TRAVEL & TRANSPORTATION

6171 Vehicle Allowances Employment agreement allows the Chief Executive Officer a vehicle allowance of \$600 per month.
6172 Vehicle Lease Occasionally it is necessary to lease a vehicle when Watermaster's vehicles are in for repairs, other vehicles are used for Watermaster sponsored tours.
6173 Mileage Reimbursements Reimbursements paid to Watermaster employees' for use of personal vehicles for Watermaster business at the federally approved rate per mile. It is anticipated that personal vehicle use will increase for attendance at various meetings away from Watermaster's offices.
6174 Public Transportation Costs of public transportation (Metrolink, airlines, etc.) to meetings in Cities outside the local area. (Note transportation to conferences is shown as part of account #6191 below)
6175 Vehicle Fuel With expanded field staff requirements for use of Watermaster's vehicles it is anticipated that fuel costs will increase.
6177 Vehicle Repairs Covers repairs & maintenance to Watermaster vehicles.
6179 Vehicle Purchase Vehicle purchase allows for the addition of one truck to be purchased during the fiscal year.

6190 CONFERENCES & SEMINARS

6191 Conferences & Seminars Staff attends certain conferences for information, training, or making presentations regarding the Chino Basin Watermaster activities. Conferences attended in the past include: Association of California Water Agencies, California Water Law and Policy Conference, High Desert Water Conference, Department of Water Resources Conference and Santa Ana River Water Group Retreat.
6192 Training & Continuing Education Attendance at training & continuing education for staff.
6194 Lodging Lodging expenses will be charged to the account representing the purpose of the trip.
6195 Meals Meals will be charged to the account representing the purpose of the trip.
6196 Travel Public Transportation to attend meetings & conferences.

6200 ADVISORY COMMITTEE

6201 WM Staff Salaries Reflected here are salary and burden costs of WM staff in attending and preparing minutes of Advisory Committee meetings.
6211 Compensation - AG Pool Members Compensation for AG pool members is paid through accounts 8411 & 8470.
6212 Meeting Expenses Advisory Committee meetings are normally scheduled to cover the lunch hour so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, a luncheon is served and those costs are reflected here.

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CHINO BASIN WATERMASTER
2003-2004 BUDGET
LINE ITEM JUSTIFICATION

Budget Line Number	Comments	
<u>6300 WATERMASTER BOARD EXPENSES</u>		
6301	WM Staff Salaries	Reflected here are salary and burden costs of WM staff in attending and preparing minutes of Watermaster Board Meetings.
6311	Member Compensation	Board Members are entitled to, but may waive, compensation for each day of service. Those who have not waived, receive \$125 for day served at various meetings including Board meetings, committee meetings and other water agency meetings, including conference calls.
6312	Meeting Expenses	Board and Committee meetings may be scheduled to cover the lunch hour so that attendees are absent from their normal jobs the least amount of time possible. If this occurs, a luncheon is served and those costs are reflected here.
6313	Board Member's Expenses	Board Members are entitled to receive reimbursement for expenses incurred on behalf of Watermaster. Mileage is reimbursed to any Board Member using a personal vehicle on Watermaster business.
6500	Education Funds Use Expense	This account disburses funds from the educational account as directed.
<u>8300 APPROPRIATIVE POOL ADMINISTRATION AND SPECIAL PROJECTS</u>		
8301	WM Staff Salaries	Reflected here are salary and burden costs of WM staff in attending and preparing minutes of Pool Meetings, collecting and recording production data and any other Appropriative Pool administrative activity.
8312	Meeting Expenses	Appropriative Pool meetings are normally scheduled to cover the lunch hour so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, a luncheon is served and those costs are reflected here.
<u>8400 OVERLYING AGRICULTURAL POOL ADMINISTRATION AND SPECIAL STUDIES</u>		
8401	WM Staff Salaries	Reflected here are salary and burden costs of WM staff in attending and preparing minutes of Pool Meetings, collecting and recording production data and any other Agricultural Pool administrative activity.
8411	Compensation - AG Pool Members	AG Pool Members are reimbursed \$25 for each Pool, Committee or Board Meeting attended. Ag Pool voted to increase reimbursement to \$125 per meeting with the extra \$100 to be paid out of Ag Pool accumulated interest. This additional \$100 is shown under account #8470.
8412	Meeting Expenses	Agricultural Pool meetings are scheduled so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, coffee and snacks are served and those costs are reflected here.
8450	Digester Funding	At the request of the Agricultural Pool, \$150,000 has been budgeted to assist Inland Empire Utilities Agency's Digester Project.
8456	IEUA RTS Meter Charge	Inland Empire Utilities Agency implemented a 'readiness to serve' charge against Watermaster for future provision of service to the land in the Agricultural preserve.
8467	Agri-Pool Legal Services	The Agricultural Pool retains its own legal council, Reid & Hellyer, to represent them in all Watermaster matters.
8467.1	Frank B & Associates	Reid & Hellyer have contracted with Frank B & Associates, a water management consultant to assist them in following Watermaster activities important to the Agricultural Pool.
8470	Ag Pool Meeting Special Compensation	See account #8411 for details of this line item.
<u>8500 OVERLYING NON-AGRICULTURAL POOL ADMINISTRATION AND SPECIAL PROJECTS</u>		
8501	WM Staff Salaries	Reflected here are salary and burden costs of WM staff in attending and preparing minutes of Pool Meetings, collecting and recording production data and any other Non-Agricultural Pool administrative activity.
8512	Meeting Expense	Non-Agricultural Pool meetings are normally scheduled for early morning so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, coffee and snacks are served and those costs are reflected here.
9500	Allocated G&A Expenditures	Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.
<u>6900 OPTIMUM BASIN MANAGEMENT PROGRAM</u>		
The Honorable Judge J. Michael Gunn ruled on February 19, 1998 that Watermaster develop an Optimum Basin Management Program for the Chino Basin under SBSC Case No. RCV 51010. These are the ongoing administrative costs necessary to implement the Optimum Basin Management Program on an annual basis. This line item includes allocation of G&A expenses.		
6900	OPTIMUM BASIN MANAGEMENT PROGRAM - ADMINISTRATION OF PROGRAM THROUGH 06/30/03	The work in the 6900 series includes general legal and engineering services requested by Watermaster to support implementation of the OBMP, including legal services of the Special Referee. The current budget request includes general, non-project specific as well as ad hoc requests for services promoting the ongoing efforts to implement the OBMP. Further planning includes development of stormwater best management practices for the Chino Basin.

**CHINO BASIN WATERMASTER
2003-2004 BUDGET
LINE ITEM JUSTIFICATION**

Budget Line Number	Comments
6950 COOPERATIVE EFFORTS	
On an ad hoc basis, Watermaster and other agencies agree to share the costs of various projects that will benefit both parties.	
6953	TDS/Nitrogen Study - SAWPA This is an on-going study managed through SAWPA with many contributors and participants. The amount budgeted is 1/2 the previous Watermaster commitment as was budgeted for Phase 2B. It is to finalize the Basin Plan Update with the RWQCB.
6956	CBWCD-Turner Basin Development This represents funds expended in fiscal year 2001/02 for development within the Turner Basin.
6959	Emergency Energy/OBMP Funding Committee This is a project that began as a result of the State of California's electric supply problems. It was subsequently designated as the initial OBMP Funding Committee with the specific purpose of coordinating efforts to obtain funding to implement OBMP activities.
9501	Allocated G&A Expenditures Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.
7000 OPTIMUM BASIN MANAGEMENT PROGRAM IMPLEMENTATION PROJECTS	
7101	PRODUCTION MONITORING The work for production monitoring includes Watermaster staff time to collect and process production information for private and other wells.
7102	IN-LINE METER INSTALLATION The work in this series includes the following for the current fiscal year: maintain/calibrate of metered private wells and install several in-line flow meters on unmetered private wells.
7103	GROUNDWATER QUALITY MONITORING Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater quality monitoring program. Annually, Watermaster will collect water quality data from approximately 200 private wells and obtain other water quality data from other cooperators so that approximately 1/3 of the active wells are sampled every third year. Other cooperators include members of the appropriate and overlying non-agricultural pools, the Regional Water Quality Control Board, the Department of Toxic Substances Control, the United States Geological Survey, the Orange County Water District and others. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. Watermaster has formed an ad hoc Water Quality Committee. The WQC will oversee the surface water and groundwater quality programs to ensure that necessary data to effectively manage Chino Basin are collected. After Fiscal Year 2004/2005, two complete sets of groundwater data from private wells will have been collected and the overall groundwater quality program will be evaluated and potentially reduced so long as the on-going program provides the requisite data to fulfill management objectives.
7104	GROUNDWATER LEVEL MONITORING PROJECT Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater-level monitoring program. Watermaster staff measures all the private wells in the agricultural area that can be measured - once in the fall and once in the spring. Groundwater level data is also obtained from cooperators for other wells. Cooperators include members of the appropriate and overlying non-agricultural pools, Regional Water Quality Control Board (RWQCB), Department of Toxic Substances Control (DTSC), United States Geological Survey, Orange County Water District, and others. Another part of this program involves monitoring groundwater levels as frequently as every two weeks at about 250 wells. These wells are in the vicinity of the Desalter 1 well field, and the proposed well fields for the Chino I expansion and the Chino II. A key well monitoring program has been developed for the Chino-1 desalter program. About 20 of these key wells will have transducers installed to obtain continuous data for more intensive analysis. This key well program will allow for a reduction in staff time for well water level soundings. A similar set of key wells will ultimately be selected for the Chino-1 expansion and Chino-2 desalter monitoring program after pumping at these well fields commences. These monitoring activities are a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use.
7105	SURFACE WATER QUALITY MONITORING Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the expansion of the Watermaster surface water quality monitoring program. Work in this line item includes measuring water quality at recharge and flood retention basins within the Chino Basin. Flow and water quality data will also be collected from cooperators including IEUA, WR, JCSD, Cities of Corona and Riverside, Regional Water Quality Control Board, United States Geological Survey, Orange County Water District and others. This information is necessary to determine the quality of stormwater recharge, which is subsequently used to estimate salt offsets for recycled and imported water recharge. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use.

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CHINO BASIN WATERMASTER
2003-2004 BUDGET
LINE ITEM JUSTIFICATION

Budget Line Number	Comments	
7106	PROGRAM ELEMENT 1 -- SURFACE WATER DISCHARGE AND RECHARGE MONITORING	Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the development and implementation of a surface water discharge and recharge monitoring program. Recharge basins, except for Monclair, Brooks, and Turner 1, will be equipped with sensors in 2003/04. Water level data will be acquired by Watermaster staff. This information is necessary to determine the volume of stormwater recharge, and will be subsequently used to determine new yield and (in association with work in Line Item 7105) salt credits for recycled and imported water recharge. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use.
7107	GROUND LEVEL MONITORING	Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the development and implementation of a ground level monitoring program. Watermaster is interested in determining how much, if any, subsidence has occurred in the Basin and in monitoring the effectiveness of the OBMP in managing it. Data will be collected from a network of ground elevation stations, from a multi-piezometer, from a dual borehole extensometer in the subsidence-prone area (mainly Management Zone 1). Satellite imagery also will be collected and analyzed for subsidence on a basin-wide scale. Watermaster is implementing these efforts as part of the monitoring program associated with the MZ1 interim management plan.
7108	HYDRAULIC CONTROL MONITORING PROGRAM	As part of the Basin Plan, a monitoring plan to evaluate the state of hydraulic control in the southern end of the basin needs to be developed. Hydraulic control will be used to maximize the safe yield of the basin. Watermaster, OCWD and the Regional Board continued to develop a monitoring plan to assess the state of hydraulic control to provide information to Watermaster to manage future production and recharge. A site for will be acquired in FY 2003/04 for the construction of four nested wells. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use.
7200	OBMP PROGRAM ELEMENT 2 -- COMPREHENSIVE RECHARGE PROGRAM	Pursuant to the OBMP & Peace Agreement, Watermaster completed the Recharge Master Plan Phase 2 Report, appropriate CEQA process and began implementing it in FY 01-02. In this fiscal year Watermaster staff, in cooperation with other agency staff, will continue implementation of the Chino Basin Recharge Facilities Improvement Plan to fully utilize the Proposition 13 funding.
7300	OBMP PROGRAM ELEMENTS 3 & 5 -- WATER SUPPLY PLAN - DESALTER	Pursuant to the OBMP & Peace Agreement, Watermaster assisted in the formation of the Chino Basin Desalter Authority (CDA) to expand the Chino Desalter No. 1 and to construct Chino Desalter No. 2. The work in this line item includes engineering services for the technical review of non-Watermaster consultant work products for consistency with OBMP and other Watermaster interests.
7400	OBMP PROGRAM ELEMENT 4 - MANAGEMENT ZONE MANAGEMENT STRATEGIES	Pursuant to the OBMP & Peace Agreement, Watermaster has begun the process of developing management plans for MZ1 & MZ3. Producers in the known subsidence area in MZ1 agreed to an MZ1 Interim Management Plan. Watermaster will be collecting and reporting data gathered from the piezometer & extensometer installed in FY 02/03 and data from ground level survey stations. Injection tests at two wells are planned for FY 03/04. Data collected will be presented and discussed at the MZ1 Technical Group meetings.
7600	OBMP PROGRAM ELEMENTS 6 & 7 -- COOPERATIVE EFFORTS AND SALT MANAGEMENT	Pursuant to the OBMP & Peace Agreement, Watermaster will complete specific activities to improve water quality monitoring and analyze the effectiveness of the OBMP to accomplish its goals. The work in this line item included coordinating with RWQCB and DTSC, and participating in the TMDL process for Santa Ana River, Chino and Mill Creeks.
7600	OBMP PROGRAM ELEMENTS 8 & 9 -- STORAGE MANAGEMENT AND CONJUNCTIVE USE PROGRAMS	Pursuant to the OBMP & Peace Agreement, Watermaster will complete specific activities to implement storage management and to develop storage and recovery programs. In FY 02-03, the CEQA work and initial alternative development and evaluation will be completed, including identification of facilities needs and participant costs/benefits. Most of this work is being funded by MWD/IEUA as part of a \$1.6 million advance for the Dry Year Yield Program.
7700	INACTIVE WELL PROTECTION PROGRAM	Pursuant to the OBMP & Peace Agreement, Watermaster has compiled a list of inactive wells that have not been properly abandoned. In this FY Watermaster will equip roughly 35 inactive wells with devices that will meet the requirement of well abandonment to protect the integrity of the groundwater. These devices will also allow for access to the well for monitoring purposes, if necessary.
7206	COMPREHENSIVE RECHARGE OPERATING & MAINTENANCE	Operating & Maintenance expenses related to the improved recharge basins as budgeted by Inland Empire Utilities Agency and agreed to be paid by the Appropriative Pool.
7690	RECHARGE IMPROVEMENT DEBT PAYMENT	Repayment of debt as agreed to in contract with Inland Empire Utilities Agency for improvement of recharge basins within the Chino Basin, to be paid by the Appropriators.
9502	Allocated G&A Expenditures	Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.

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**CHINO BASIN WATERMASTER
2003-2004 BUDGET
LINE ITEM JUSTIFICATION**

**Budget
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SUPPLEMENTAL & REPLENISHMENT WATER INCOME AND EXPENSES

Water rights were assigned in the Judgment entered in 1978. It established the terms and conditions regarding replenishment water and how the assessments would be levied to cover the water for each pool.

Appropriative Pool Replenishment Assessments

Certain Appropriators under the Judgment have 15% of the cost of replenishment water required by their group and 85% of the cost is paid by the appropriator overproducing water in the prior year. Other Appropriators have the obligation to pay 100% of the costs of replacing any overproduced water.

4211	15% Gross Assessments	Costs levied against the 15%/85% group for replacing water.
4212	85% Gross Assessments	Costs levied against the 15%/85% group for replacing water.
4213	100% Net Assessments	Costs levied against those subject to 100% assessments for replacing water.

Non-Agricultural Pool Replenishment

Non-AG members (primarily industrial producers) are required to replace any water produced which exceeds their assigned water rights.

4223	Net Replenishment Assessments	Costs levied against those subject to 100% assessments for replacing
4300	Local Agency Subsidies	In past years the Chino Basin Water Conservation District has assumed part of the costs of delivery and percolation of all water deliveries to the Watermaster. This subsidy is not anticipated during FY 02/03.

5010 Groundwater Recharge

Costs of Replenishment or Supplemental Water are assessed at \$243/acre foot. Should actual expenses exceed the revenues from assessments, the difference will be covered by Watermaster's Reserve for Water Replenishment.

5011.4	Replenishment Water	This line covers the costs of purchasing Replenishment water from MWD at \$233/af
5011.5	Pre-delivered Replenishment Water	Replenishment water delivered by MWD.
5012.3	MZI Recharge Commitment	This line covers the costs of purchasing 6,500 acre feet of supplemental water from MWD for recharge.
5012.4	MZI Interim Imported Water Purchase	This line covers the costs of purchasing water @ \$233/af

Replenishment and Supplemental Water Delivery Costs

Estimated at \$11/acre foot, these costs are included under lines 5014 - 5018 below. At time of delivery actual costs are charged to the appropriate accounts.

5014	Vector Control	Vector control at Recharge Basins.
5015	OC-59 Use Fees	Connection Fees.
5017	IEUA Surcharges	Inland Empire Utilities Agencies charges \$8.00/acre foot for water delivered from the Metropolitan Water District of Southern California (MWD).

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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: June 12, 2003
June 19, 2003

TO: Pool Members
Advisory Committee Members
Watermaster Board Members

SUBJECT: MVWD Request for Review of Cost Apportionment of OBMP Salt Credits

SUMMARY

Issue – Monte Vista Water District has requested that the Watermaster Review Cost Apportionment related to Alt Credits per the OBMP

Recommendation - Staff has no recommendation at this time.

Fiscal Impact – Further analysis will be performed when a recommendation has been developed.

BACKGROUND

A TIN/TDS task force was formed in the mid 1990's to perform certain investigations that would lead to the establishment of new TIN and TDS objectives for the groundwater basins in the Santa Ana River Watershed. The Regional Water Quality Control Board (RWQCB), Chino Basin Watermaster, water-recycling agencies, and many other entities are participating in the Task Force. The RWQCB intends to revise the Water Quality Control Plan for the Santa Ana River watershed (Basin Plan) in mid to late 2003.

In April 2002, the Chino Basin Watermaster and the Inland Empire Utilities Agency made a proposal to the Santa Ana Regional Water Quality Control Board to amend the Basin Plan utilizing a Maximum Benefit concept. Watermaster proposes using California Water Code section 13241 and other criteria to establish TDS and TIN objectives in the Chino Basin. Section 13241 states criteria that need to be considered in establishing water quality objectives other than the minimum requirement stated in Executive Order 68-16.

Watermaster proposed that the Chino Basin be divided into Chino North and Chino South management zones (Figure 2), instead of the five management zones presented in the TIN/TDS Study – Phase 2A, Final Technical Memorandum. The boundary between Chino North and Chino South is a line that runs generally east-west through the Desalter 1 and 2 well fields. Most if not all the groundwater north of this internal boundary will be produced by wells north of the boundary or be captured by the desalter well fields. Most of the groundwater in the Chino South zone will be produced by the desalter wells or other wells located within the zone. Staff has been working through the Task Force to implement the Watermaster's proposal into the Basin Plan amendment.

DISCUSSION

At the May 2003 Appropriative Pool meeting, the Monte Vista Water District's representative forwarded a concern that the change to the Basin Plan could alter the possible apportionment of future salt credits per the Optimum Basin Management Plan. The Appropriative Pool continued the discussion to a Special Meeting on May 21, 2003 for the sole purpose of discussing the issue. At this meeting, staff was directed to schedule the item for the June Appropriative Pool meeting for further discussion.

The attached letter presented to the Watermaster Board at its meeting of May 29, 2003, asks for a review of this issue.

McCORMICK, KIDMAN & BEHRENS, LLP

LAWYERS

H L (MIKE) MCCORMICK*
ARTHUR G KIDMAN*
RUSSELL G BEHRENS*
SUZANNE M TAGUE*
JANET R MORNINGSTAR*
KEITH E MCCULLOUGH*
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*A PROFESSIONAL CORPORATION

May 29, 2003

Hand Delivered

CHINO BASIN WATERMASTER
8632 Archibald Ave., Suite 109
Rancho Cucamonga, CA 91730

Re: *Monte Vista Water District Request for Review of Cost Apportionment*

Dear Board Members:

Monte Vista Water District respectfully requests Watermaster to review and resolve an inequity arising from allocation of costs associated with the upcoming proposed Basin Plan amendment. The inequity, or "harm," results from the fact that certain parties to the Judgment are required to pay OBMP program costs which inure, disproportionately, to the benefit of other parties to the Judgment. The Judgment, the Peace Agreement and the Watermaster Rules and Regulations all require costs under the Judgment to be apportioned among the parties in a manner that is equitable in relationship to the benefits derived from those costs.

Monte Vista urges the Watermaster to consider and act upon this request before moving forward with proposed amendments to the Regional Water Quality Control Board's Basin Plan. The Basin Plan amendments are predicated upon OBMP programs and will provide significant and unique benefits to those appropriators who provide sewer services.

Monte Vista believes that, under current approaches to apportionment of OBMP program costs, appropriators which do not provide sewer service are or will be required to provide specific support to OBMP programs that will uniquely benefit the appropriators which do provide sewer service. Monte Vista is currently preparing a cost/benefit analysis in support of this request and wishes to present that analysis for consideration by Watermaster.

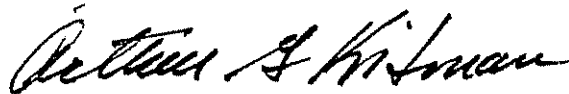
CHINO BASIN WATERMASTER
Re: *Monte Vista Water District Request for Review of Cost Apportionment*
May 29, 2003
Page 2 of 2

Monte Vista believes that Watermaster and the parties have obligations under the Chino Basin Judgment and Peace Agreement to consider this request before proceeding with support for the Basin Plan amendment. Monte Vista believes that the Peace Agreement and OBMP were approved by the parties with the common understanding that the costs and benefits of salt mitigation programs would be apportioned fairly.

Thank you for considering this request. Monte Vista looks forward to cooperating with the Watermaster and the other parties to establish a mutually agreeable and equitable cost and benefit apportionment.

Very truly yours,

MCCORMICK, KIDMAN & BEHRENS



ARTHUR G. KIDMAN

AGK\BLH\mbr

Hand Delivered at Watermaster meeting at:

City of Ontario
Council Chambers
303 East "B" Street
Ontario, California 91764

cc: John Rossi, Watermaster Chief Executive Officer
Scott Slater, Watermaster Counsel



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: June 12, 2003
June 19, 2003

To: Pool Members
Advisory Committee Members
Watermaster Board Members

SUBJECT: Adoption of Water Quality Committee Objectives

SUMMARY

Issue – The Watermaster's Implementation Plan for the Peace Agreement and Optimum Basin Management Plan requires the formation of a Water Quality Committee. Objectives need to be established for the Water Quality Committee.

Recommendation - Staff recommends action to form a Water Quality Committee pursuant to Watermaster's Implementation Plan consisting of members of the Appropriate 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
- 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 – Adoption of objectives for 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.

The Water Quality Committee has met twice and has formulated objectives that it unanimously recommends to the Watermaster for adoption. The attached letter from Mr. Robert DeLoach, the Committee's Chairman, outlines the Committee's intent. The recommended objectives, as follows:

- Identify, review, and compile relevant data to create a comprehensive database of water quality in the Chino Basin. (Should this also extend to adjoining basins to the extent that there may be water quality impacts to the Chino Basin?)
- The committee should develop strategies and a management plan to improve basin water quality. (Note: This effort will discern and differentiate between "local" issues and "basin-wide" issues which might require Watermaster to intervene and effect a solution on behalf of all producers.
- The committee will work through the Watermaster process and its available resources to take a lead role on funding and legislative strategies on behalf of its member agencies.
- The committee will assist and provide input to Watermaster and to IEUA on implementation of the recharge masterplan, including input into a continuous monitoring and assessment plan for the Chino Basin.
- The Committee will assist Watermaster in developing relationships with the RWQCB. Additionally, the Committee, working through Watermaster, will work with the RWQCB related issues such as private well data issues.
- The committee will continue to conduct an assessment and evaluation of existing production patterns to determine their effect on water quality conditions within the basin. (This should also extend to production adjacent to existing barriers and faults).
- The committee will continue to meet to monitor and measure progress of management plans and recommend adjustments where necessary.
- The committee, working with Watermaster and its consultant team will provide written reports to the WM Board and to the Pools and Committee relative to its findings, work product and recommendations. The annual "State of the Basin Report" will continue to dedicate a section of the report to water quality issues.

Staff recommends that the Watermaster adopt the objectives as outlined.

Chino Basin Water Quality Committee

Date: June 4, 2003

To: Committee and Watermaster Board Members

Subject: Adoption of Water Quality Committee Objectives

The Water Quality Committee has now had the opportunity to meet for the second time and it is appropriate to provide the Pools, Advisory Committee, and Watermaster Board with an update of our progress thus far. Program Element 6 of the OBMP identifies the need to form a water quality committee with the strategy to review water quality conditions in the basin and to develop cooperative strategies to improve water quality in the basin. With the assistance of each of the members of the Committee, the overall strategy has been refined into a set of definitive objectives to guide the Committee and Watermaster going forward. A copy of the objectives is attached for your review. Additionally, the members of the Committee have provided their respective desired outcomes, which mirror the objectives. Over the next couple of meetings it is anticipated that we will work with Watermaster staff and Wildermuth Environmental, Inc. regarding specific water quality concerns such as perchlorate, mitigation objectives, Watermaster's role in effecting clean-up and identification of contaminate sources.

The intent of the Committee is to meet on a quarterly basis and provide the Pools, the Advisory Committee and the Watermaster Board with regular updates and reports. The Committee has also agreed that our annual "State of the Basin" report will have a dedicated section dealing with water quality issues as well as the activities of Committee. Your comments and thoughts on the attached work product to date are welcomed.

Robert A. DeLoach, Chair
Water Quality Committee

Objectives of Water Committee June 2003

Working in conjunction with Watermaster, the Water Quality Committee endeavors to do the following:

- Identify, review, and compile relevant data to create a comprehensive database of water quality in the Chino Basin. (Should this also extend to adjoining basins to the extent that there may be water quality impacts to the Chino Basin?)
- The committee should develop strategies and a management plan to improve basin water quality. (Note: This effort will discern and differentiate between "local" issues and "basin-wide" issues which might require Watermaster to intervene and effect a solution on behalf of all producers.
- The committee will work through the Watermaster process and its available resources to take a lead role on funding and legislative strategies on behalf of its member agencies.
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- The committee will continue to meet to monitor and measure progress of management plans and recommend adjustments where necessary.
- The committee, working with Watermaster and its consultant team will provide written reports to the WM Board and to the Pools and Committee relative to its findings, work product and recommendations. The annual "State of the Basin Report" will continue to dedicate a section of the report to water quality issues.

CHINO BASIN WATERMASTER

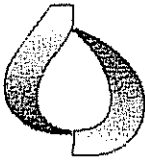


IEUA REPORT

Additional Item to be included in the
Agenda Packet

10:00 a.m. – Advisory Committee Meeting

THURSDAY, JUNE 19, 2003



Inland Empire
UTILITIES AGENCY

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
June 19, 2003**

AGENDA

INTER-AGENCY WATER MANAGERS' REPORT

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

30 – 40 Minutes

PROPOSED ITEMS:

1. MWD Status Report – Rich Atwater
 - Tier I/II Water Purchases (Handout)

2. Conservation Programs – David Hill (oral)
 - Water Awareness Month Resolutions and “Water Smart” Package (handout)
 - Water Broom Distribution Results (Handout)
 - Rebate Program Update

3. Updates
 - Public Relations Request For Proposals – Sondra Elrod
 - MWD Dry Year Yield Program – John Rossi
 - Recycled Water Program – Tom Love (attached)
 - Recharge Master Plan – Tom Love
 - IEUA May Water Resources Monthly Report – David Hill (attached)
 - State/Federal Legislation – Martha Davis (attached)

MAY 2003 RECYCLED WATER SUMMARY

CAPITAL PROJECTS SUMMARY

Active Projects - Phase I

■ RP-1/RP-4 Pump Station (Budget \$7,748,000)

The pump station will deliver recycled water from RP-1 to RP-4 to meet the anticipated demand in the RP-4 service area. The project also included a pump station at RP-4 to pressurize the distribution system. The construction contract was awarded in March. Construction will be complete by March 2004.

■ RP-1 Chlorination Tank (Budget \$4,817,000)

This chlorination tank will increase the use of the TP-1 Outfall line as a transmission main to deliver recycled water to the farmers and dairies along the pipeline rather than using it as a contact chamber to meet the Title 22 requirement. The construction contract was awarded in March. Construction will be complete by March 2004.

■ Pine Avenue Intertie (Phase I: Budget—Phase I & II \$1,066,000)

The Pine Avenue Intertie will connect the RP-2/CCWRF recycled water system with the RP-1 outfall thereby connecting all IEUA facilities. The construction contract was awarded in February and construction will be complete by June 2003.

■ Wineville Pipeline (Budget \$2,307,200)

The Wineville Pipeline will convey recycled water from the RP-4 outfall to Inland Paperboard and other customers in Ontario. Construction bids have been received and award is expected in March. Construction of the project is expected to take 8 months.

■ Reliant Pipeline (Budget \$1,115,476)

The Reliant Pipeline will deliver recycled water to the Reliant Energy Plant from RP-4 and will serve future demands to the North along Etiwanda Ave. The construction contract will be awarded by March and work will be complete by June 2003.

■ Philadelphia Pipeline (Budget \$3,935,400)

The Philadelphia Pipeline will serve recharge water to the Ely Basins and irrigation water to Ontario's soccer complex and to other customers. Design of the project is completed. Construction is scheduled for completion by November 2003.

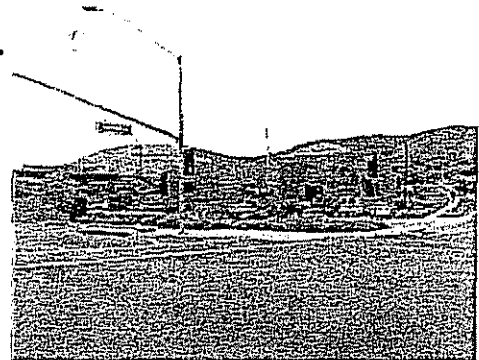
■ Whittram Pipeline (Budget \$3,620,000)

The Whittram Pipeline will serve recharge water to the Banana and Hickory Basins. Project design is 50% complete, construction is scheduled for completion by Spring 2004.

■ RP-4 West Branch (Budget \$9,849,000)

Preliminary design for the RP-4 West Branch is complete, however, the final pipeline alignment has not been determined. The preferred alignment is along the future 6th street corridor between RP-4 and I-15 which is undeveloped property and is potential habitat. There is also a proposed development of the property which may begin in the near future and clear the way for the pipeline project. The pipeline will serve the Turner Recharge Basins and Empire Lakes Golf Course as well as other customers in Ontario and CCWD. The project will be complete by the Summer of 2004.

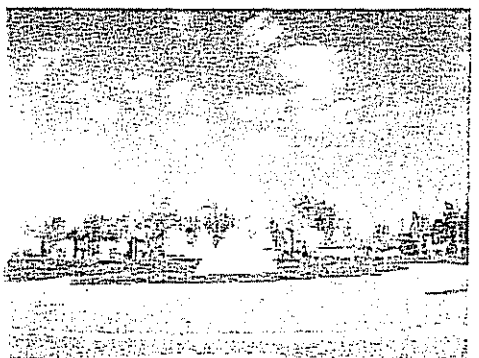
Total Budget—Active Projects—\$34,458,076



Fire station on Butterfield Ranch Rd.



Whispering Lakes Golf Course



Rincon Park in Chino Hills

ACTIVITY SUMMARY

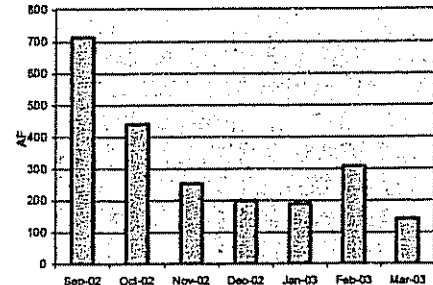
New Customers in 2002

- Durrington Farms**
 Started using recycled water on August 2002. On September 2002, they reached their peak, 263.5 AF in one month.
- Yoshimura Racing LLC**
 Started using recycled water on July 2002 for their landscaped area. The annual estimated usage is about 10 AFY.

New Customers in 2003

- Sam Lewis Farm (former Arthur Farms)**
 Started to irrigate with recycled water in March, but due to heavy rain in this month, the usage is minimum.
- Big League Dreams**
 Started to use recycled water in March.
- Neighborhood Park**
 Started to use recycled water in March.
- Fairfield Ranch Business Park Phase I**
 Received an approval for the engineer's report from DHS. Needs to complete the cross-connection test prior to using recycled water.
- Fairfield Ranch Business Park Phase II**
 Submitted an engineer's report to DHS in March.
- Higgins Brick**
 Received an approval for the engineer's report and will start to use recycled water as soon as the cross-connection testing is completed.
- Artesian HOA**
 Waiting for the approval of the engineer's report from DHS.
- New Chino Hills High School**
 The City of Chino Hills is in the process of writing a letter to the school board for the final approval of use of recycled water on the school property.
- Reliant Energy**
 After the completion of the Etiwanda extension in June 2003, Reliant Energy will start using recycled water up to 3,000 AFY.
- Inland Paper Board**
 Wineville Ave. Pipeline is expected to be completed by December 2003. Upon its completion Inland Paper Board will start using recycled water.
- Kaiser Hospital**
 In the process of preparing the engineer's report. Expected to use recycled water in December 2003.

Recycled Water Sales



Delivery Period	FY 2001-02	FY 2002-03
March	215	142
Year to Date	714	646
FY Total	3,512	3,433
Budget		6,950



Fairfield Ranch Park in Chino Hills



Danbury Park in Chino Hills

Operation & Planning

- The City of Chino Hills started the construction of 3 million gallon recycled water reservoir on the hillside near the end of Pine Avenue west of Butterfield Ranch Road. The reservoir will be filled up during the daytime to augment the nighttime irrigation demand.
- The City of Ontario hired CGvL Engineers to develop its city's recycled water feasibility study with the 50% matching funding from the Bureau of Reclamation.
- Pine Avenue Intertie has successfully completed in April 11, 2003 without interrupting the services to the recycled water customers.

CUSTOMER DEVELOPMENT

■ Focused Customer Marketing

Large customers with annual usage over 100 AFY will be targeted. IEUA staff is working closely with the retail agencies to develop an updated customer list and to coordinate marketing effort. The recycled water marketing database was distributed to the Cities of Chino, Chino Hills, Ontario, and Cucamonga Water District to aid with the customer and recycled water use tracking.

■ Targeted Major Customers in 2003

- | | |
|--|-----------|
| 1. Empire Lakes Golf Course (May 2004) | 800 AFY |
| 2. Additional Farms on Outfall (Feb. 2004) | 1,200 AFY |
| 3. Ontario Center Owners Association | 260 AFY |
| 4. California Co-generation | 250 AFY |

■ Reliant Energy

The Inland Empire Utilities Agency (IEUA), Cucamonga County Water District (CCWD) and Reliant Energy Etiwanda, L.L.C., held a groundbreaking ceremony Tuesday, April 29 for the recycled water pipeline that will connect Reliant Energy Etiwanda L.L.C. to IEUA's Regional Water Recycling Plant No. 4 (RP-4).

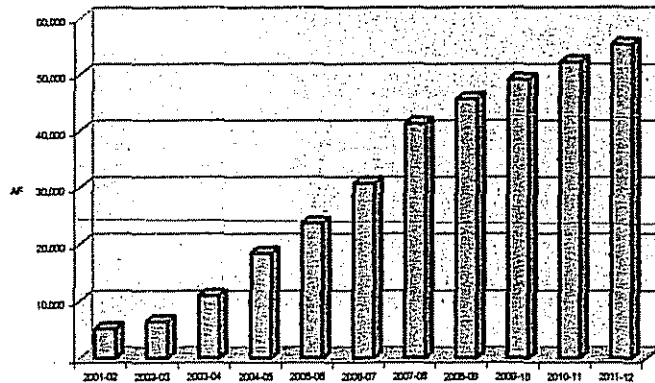
Reliant Resources is a 1,030 MW power plant facility that operates 24 hours, 7 days a week. IEUA's RP-4, which produces Title 22 "Non Restricted Use Quality Water," will supply recycled water via a 3,300 foot, 36-inch IEUA Regional Recycled Distribution System pipeline to the Etiwanda Plant to cool its equipment.



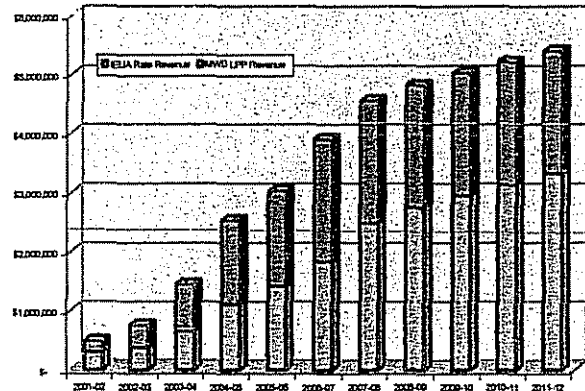
Reliant Energy Groundbreaking Ceremony

PROJECTED SALES & REVENUE

Projected Recycled Water Sales



Projected Recycled Water Revenue



REGULATORY/PERMITS

- | | |
|----------------------------------|-------|
| ■ CEQA-PEIR Certified | 06/02 |
| ■ CBWM Article X-Approved | 05/02 |
| ■ SARWQCB Basin Plan Amd. | 04/03 |
| ■ DHS Title 22 Report (Recharge) | 07/03 |
| ■ SARWQCB Discharge Permit | 07/03 |

MAY 2003 CHINO BASIN FACILITIES IMPROVEMENT PROJECT SUMMARY

Project Purpose:

The purpose of the project is to provide of storm water and imported water recharge facilities improvements required to increase groundwater recharge in the Chino Basin and to implement the Recharge Master Plan and Optimum Basin Management Program (OBMP)

Project Participant:

- Inland Empire Utilities Agency (Lead, Contracting Agency)
- Chino Basin Watermaster
- San Bernardino County Flood Control District
- Chino Basin Water Conservation District
- SAWPA

Design and Construction Management Team:

- Tettermier & Associates (Design Consultant)
- Black & Veatch (Program & Construction Management)
- URS (Geotechnical Consultant)

BID PACKAGE NO. 2

Bid Package No. 2 includes redevelopment/construction of 3 groundwater recharge basins, 4 rubber dams installation, and 3 drop inlet structures construction within flood control channels of the Chino Basin:

Basins

1. Declez Basin
2. Ely Basin 1, 2, & 3
3. Eighth Street Basins

Rubber dam structures, and drop inlet structures, plus appurtenances will be constructed in the following channels:

Rubber Dam Location

1. College Heights Basins—San Antonio Channel
2. Lower Day Basin—Day Creek Channel
3. RP-3 Basins—Declez Channel
4. Turner Basin No. 1—Cucamonga Channel

Drop Inlet Location

1. Turner Basins No. 1,2,3,&4—Cucamonga Channel
2. Brooks Basin—San Antonio Channel
3. Victoria Basin—Etiwanda Channel

The engineer's estimate for the project is between \$6,500,000 to \$7,500,000. Bid Package No. 2 was advertised on May 12, 2003. The bid opening date is scheduled on June 12, 2003 and the awarding will be announced on June 18, 2003.

BID PACKAGE NO. 1

Bid Package No. 1 Bids were received and opened February 10, 2003. The IEUA Board of Directors authorized award of contract to L.T. Excavating for \$6,440,000; the construction budget is \$9,426,000. The bid includes following basins:

1. Banana Basin
2. College Height Basin*
3. Lower Day Basin
4. RP-3 Basins*
5. Turner Basin No. 1*
6. Turner Basins No. 2, 3, &4

*The construction is proceeding on schedule

BID PACKAGE NO. 1 CONSTRUCTION SCHEDULE

ID	Task Name	2003										
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
1	Banana Basin	[Gantt bar from Mar to Oct]										
2	College Heights Basin	[Gantt bar from Mar to Oct]										
3	Lower Day Basin	[Gantt bar from Mar to Oct]										
4	RP-3 Basins	[Gantt bar from Mar to Oct]										
5	Turner No. 1 Basin	[Gantt bar from Mar to Oct]										
6	Turner No. 2, 3, & 4 Basins	[Gantt bar from Mar to Oct]										

GROUNDWATER RECHARGE FACILITIES IMPROVEMENT CONSTRUCTION SCHEDULE

ID	Task Name	Start	Finish	Cost	2003											
					Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
1	Bid Package No. 1	Mar 17	Oct 31	\$9,428,000.00	[Gantt bar from Mar to Oct]											
2	Banana, College Heights, Lower Day, RP-3, Turner No. 1 & Turner No. 2, 3, & 4	Mar 17	Oct 31	\$9,428,000.00	[Gantt bar from Mar to Oct]											
3	Bid Package No. 2A	Apr 28	Jan 30	\$7,352,000.00	[Gantt bar from Apr to Jan]											
4	Dedaz, Eighth Street, Ely, Upland, & Victoria	Apr 28	Jan 30	\$7,352,000.00	[Gantt bar from Apr to Jan]											
5	Bid Package No. 2B	May 15	Nov 14	\$2,400,000.00	[Gantt bar from May to Nov]											
6	Brooks Drop Inlet, College heights Rubber Dam, Lower Day Rubber Dam, RP-3 Rubber Dam, Turner No. 1 Rubber Dam, & Turner No. 2, 3, & 4 Rubber Dam	May 15	Nov 14	\$2,400,000.00	[Gantt bar from May to Nov]											
7	Bid Package No. 3	May 15	Nov 14	\$4,400,000.00	[Gantt bar from May to Nov]											
8	Hickory & Jurupa (Civil/Pump Station)	May 15	Nov 14	\$4,460,000.00	[Gantt bar from May to Nov]											
9	Bid Package No. 4	Apr 15	Nov 14	\$2,870,000.00	[Gantt bar from Apr to Nov]											
10	Hickory & Jurupa (Forcemain)	Apr 15	Nov 14	\$2,870,000.00	[Gantt bar from Apr to Nov]											
11	Bid Package No. 5	Jul 15	Jan 15	\$1,750,000.00	[Gantt bar from Jul to Jan]											
12	Elwanda Conservation Ponds	Jul 15	Jan 15	\$1,750,000.00	[Gantt bar from Jul to Jan]											
13	Bid Package No. 6	May 16	Nov 14	\$1,500,000.00	[Gantt bar from May to Nov]											
14	SCADA	May 15	Nov 14	\$1,500,000.00	[Gantt bar from May to Nov]											
15	Bid Package No. 7	Jul 15	Jan 15	\$2,000,000.00	[Gantt bar from Jul to Jan]											
16	MWD Turnouts	Jul 15	Jan 15	\$2,000,000.00	[Gantt bar from Jul to Jan]											

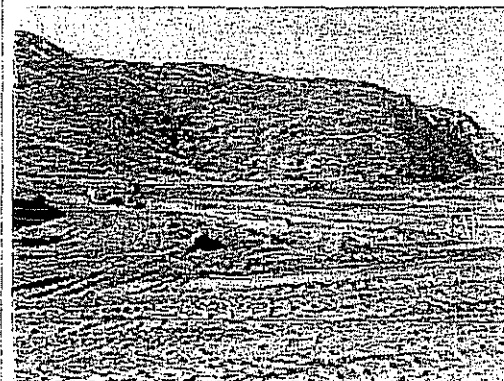
PROJECT FINANCING

Capital Funding: \$44 to \$47 Million

- \$19 Million (SAWPA Prop. 13 Grant)
- \$20 Million (local revenue bond debt)
- \$3 Million (IEUA Recycled Water Recharge Projects)
- Cooperating Agencies in-kind Services

REVENUE/EXPENDITURE SUMMARY

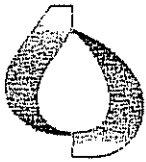
Expenditures	To Date	Budget
Land/Row	\$4,300	\$500,000
Pre-Design	\$667,000	\$718,000
CEQA		
Design/Const. Mgt.	\$1,315,000	\$3,150,000
Admin/Legal	\$211,000	\$150,000
Construction	\$1,100	\$32,142,000
Monitoring Plan/Wells	\$83,000	\$2,000,000



RP--3 Basin



College Heights Basin



Inland Empire
UTILITIES AGENCY

Date: June 25, 2003

To: Honorable Board of Directors

Through: Public and Legislative Affairs Committee (6/11/03)

From: Richard W. Atwater
Chief Executive Officer/General Manager

Submitted by: Martha Davis *MD*
Executive Manager – Policy Development

Subject: May Legislative Report from Agricultural Resources

RECOMMENDATION

This is an informational item regarding the May legislative report from Agricultural Resources.

BACKGROUND

Dave 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

June 2, 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, May 03

Highlights:

- CALFED, Feinstein-Boxer Bill Introduced, Water Recycling Provision Included (at urging of Rep. Grace Napolitano)
- DOI's Initiative, Water 2025 – Nine Westwide Meetings Planned
- Perchlorate – DOD Statutory Exemptions Rejected
- Perchlorate – Recommendation to Calvert/Napolitano
- Perchlorate – Water Industry – DOD Meetings
- Water Recycling – Southern California Feasibility Study
- Water Recycling – the Calvert-Napolitano Initiative
- Water Recycling – Senate Energy Committee
- Staff Tour
- Budget Resolution (lack of one yet), Implications for Appropriations
IEUA Working Partners

CALFED – Feinstein-Boxer Bill Introduced. On May 21, Senators Feinstein and Boxer jointly introduced S. 1097, the CALFED Bay Delta Authorization Act.” It is similar to the bill considered in the last Congress. Senator Feinstein and Rep. Grace Napolitano met to discuss the bill. At the urging of Rep. Napolitano, Senator Feinstein included a new provision on Water Use Efficiency that authorizes water recycling, including the projects in the Southern California

Comprehensive Water Recycling and Reuse Feasibility Study [the IEUA water recycling project is included].

Administration Water Initiative, Water 2025. In early May, the Interior Department announced a new initiative, Water 2025. It recognizes severe water shortages, increased population demands and drought – and assumes all three will be more acute in the next quarter century. As for solutions, the plan highlights the existing Bureau of Reclamation program and way of doing business. Anticipated Senate hearings were postponed and may be scheduled in June or later. Secretary Norton announced a one-day conference to be held in early June, in Denver. Additionally, in July and August, the Department will hold eight additional one-day meetings/hearings throughout the West. The California hearing is being scheduled for July 10 in Sacramento.

Perchlorate – DOD Statutory Exemptions Stripped from House-Senate Defense Bills. The National Defense Authorization Act for FY 2004 included a proposal – the Readiness and Range Preservation from DOD that potentially limits DOD’s responsibilities regarding perchlorate and other “defense legacy” pollutants. The water industry – led by AWWA, AMWA, ACWA and MWD – vigorously objected to these provisions (identical proposal was advanced in both the House and Senate. As a result, the provisions have been removed from both bills. The DOD bill must be conferenced. DOD has prepared a substitute provision, but it is believed to be as unacceptable. There is concern that the matter will be reconsidered in Conference (notwithstanding its rejection in both bills).

Perchlorate – Recommendations for Calvert/Napolitano through SAWPA. SAWPA has agreed, as previously recommended, to submit to Chairman Calvert and Ranking Member Napolitano a recommendation for joint hearings in the House. As previously reported, it was recommended that Calvert’s Water and Power Subcommittee *jointly* hold California field hearings with the House Armed Services Committee, chaired by Rep. Duncan Hunter. If Chairman Hunter and his Committee became convinced that DOD had a responsibility for perchlorate and an urgency for acting upon it, that could accelerate the opportunity for legislation and ultimately cleanup funding.

Perchlorate – Water Industry – DOD Meetings. At MWD’s request, I organized the first Water Industry – DOD meeting on the DOD bill – and in particular, the provisions in the proposal that addressed perchlorate. Tom Curtis, AWWA, led a delegation of a dozen from the water industry to the Pentagon meeting. Representing DOD were officials from the Office of Under Wolfowitz, Office of the Under Secretary for Installations and the Environment and the Office of the Under Secretary for Readiness. At the conclusion of the meeting, we agreed to establish a Water Industry Working Group with DOD.

Water Recycling – Southern California Comprehensive Study (Feasibility Study). This has been reported upon extensively in previous reports. Suffice to say, the Department of the Interior promised to release the Feasibility Study in March. May is now behind us and the Department has not released it – still. At a hearing before the Calvert Subcommittee, Ranking Member Napolitano again asked about it. When she did, she noted for the Record that this was the fifth hearing at which she formally inquired about the Feasibility Study.

Water Recycling – the Calvert and Napolitano Initiative. Working with representatives of OCWD, Water Reuse Association and others, IEUA works with the Calvert Subcommittee on all aspects of water recycling.

Senate Energy Committee – Chairman Domenici and Water Recycling. The Energy bill continues to dominate the Committee’s attention. As a result, water hearings have been postponed. With the WaterReuse Association, IEUA recently met with senior committee officials. They again insist that Chairman Domenici believes in Title XVI, water recycling and desalination and believes these programs should be a priority. The water hearings may occur in June, but could be delayed again. Background materials on all aspects of water recycling, including the IEUA project, are being provided to the Committee.

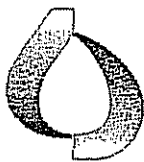
Staff Tours. In cooperation with Cucamonga County Water District, IEUA provided a tour and briefing for Daniel Chao, Legislative Director, Rep. Grace Napolitano. Given her new position as Ranking Minority Member, Daniel plays an active role in all Subcommittee matters.

Budget Resolution. A budget resolution has not been passed. This is an essential “first step” in beginning the appropriations process, but now, this resolution simply may be abandoned this year. The Resolution would establish an overall “number” that is then allocated between and among the 13 fundings subcommittees. That has not happened. There is significant disagreement between the House and Senate and it will undoubtedly influence the timing of appropriations (already the process is slipping). This suggests that the funding bills will be late again.

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)
- * WaterReuse
- * OCWD
- * CCWD

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Inland Empire
UTILITIES AGENCY

Date: June 25, 2003

To: Honorable Board of Directors

Through: Public and Legislative Affairs Committee (6/11/03)

From: Richard W. Atwater
Chief Executive Officer/General Manager

Submitted by: Martha Davis
Executive Manager – Policy Development

Subject: Agency Positions on State Legislative Issues

RECOMMENDATION

It is recommended that the Board of Directors approve the following positions on State Legislative and budget issues:

- 1) Support SB 922 (Soto) – Mandates that any drinking water clean up order require a polluter to provide safe replacement water for the impacted community.
- 2) Support SB 1004 (Soto) – Requires that the SWRCB be notified when perchlorate is, or is likely to be, discharged into the waters of the state unless the discharge is in compliance with waste discharge requirements, and imposes a fine up to \$5,000 per day for failure to notify the state.

BACKGROUND

IEUA's legislative representatives in Sacramento recommend that IEUA adopt the following positions:

- **SB 922 (Soto)** **Support.**
Mandates that any drinking water cleanup order issued by the state board or the regional boards require a polluter to calculate the volume of water contaminated and provide safe replacement water for the community. No requirement is currently in law that mandates that replacement water be provided. In the last 20 SWRCB cleanup orders, no replacement water was required. Opponents contend that the bill limits the flexibility of the SWRCB

and the RWQCB. SWRCB has no official position at this time. Senator Soto has requested that IEUA support her bill.

- **SB 1004 (Soto)** **Support.**
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 of 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. Senator Soto has requested that IEUA support her bill.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

GROUNDWATER PROTECTION / PERCHLORATE

Two bills on water problem advance

Perchlorate woes targeted

San Bernardino County Sun - 5/30/03

By Andrew Silva, staff writer

Two bills dealing with water pollution made it out of a key state Senate committee Thursday.

The bills were introduced by state Sen. Nell Soto, D-Ontario, to help tracking and enforcement related to contamination of groundwater by perchlorate, a rocket fuel ingredient that has contaminated 20 wells serving Rialto, Fontana, Bloomington and Colton.

A separate perchlorate problem that originated in Mentone and affected wells serving Redlands, Loma Linda and Riverside is in the midst of an expensive and long-term cleanup.

One bill, SB 1004, would require any company that stores 500 pounds or more of perchlorate to immediately report any spills. It also requires anyone who has stored perchlorate since 1950 to report the amounts stored, the method of storage and any information related to possible pollution.

It passed out of the state Senate Appropriations Committee on an 8-5 vote that followed party lines.

The other bill, SB 922, would require polluters to provide replacement water if wells or other water supplies are taken out of service. Regional water boards have the authority to order polluters to provide water, but the boards are not currently required to impose such replacement orders.

Both bills now move to the full state Senate.

Attorney Barry Groveman, chairman of the Inland Empire Perchlorate Task Force established by Soto, praised both bills as common sense. He called the bill that requires tracking of perchlorate an early warning system.

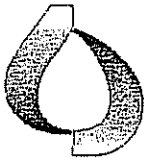
"We need to be tracking all these chemicals before they get into the water supply,' he said.

That would also benefit corporations that handle chemicals because they would be able to identify problems before having to spend millions of dollars on cleanup, he said.


Perchlorate is known to reduce thyroid function and is thought to pose a particular risk to the mental development of fetuses and small children.

The problem affecting Rialto and nearby communities is thought to have originated near the county-owned Mid-Valley landfill on land where companies that have handled munitions, fireworks and hazardous materials have operated for decades.

Systems to remove perchlorate are being installed on several wells in the affected communities, which should provide enough clean water to avert any water shortages this summer, water officials have said. #



Inland Empire
UTILITIES AGENCY

Date: June 25, 2003
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (6/11/03)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis 
Executive Manager -- Policy Development
Subject: May Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item regarding the May legislative report 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: Richard Atwater and Martha Davis

FROM: Jennifer West and Bill Geyer

DATE: May 30, 2003

RE: May Legislative Report

Budget

The Governor's May Revise proposes to spread the record deficit over a number of years and finance the debt through a ½ cent sales tax increase. This has taken some pressure off the Legislature to make spending cuts that totaled more than one-third of the General Fund. Other new sources of revenue in the May Revise include a personal income tax increase of 10 percent for single filers over \$150,000 and joint filers over \$300,000. It also proposed a special tax on cigarettes (.23 cent per pack). Republicans leadership has conceded that the deficit will probably have to be spread out over a number of years, but has not given up its stand on no new taxes.

For IEUA, the best news of the May Revise was that it did not contain the property tax shift from local government and special districts to the ERAF account, which has been widely rumored and of great concern. However, ERAF proposals continue to float through the capitol. *(See SB 407 (Tolakson) on the IEUA watch list)*

Future Water Bonds

A handful of 04' water bonds and other bond measures were dealt a blow last week when Treasurer Phil Angelides announced that he could not support any 04' bond measure, with the exception of the school bond already on the ballot, because of the state's poor financial condition. All water bond measures were either held in committee last week, or stripped of funding. It is still possible that Legislative leadership may change their minds as the session moves forward and these bills could be granted a rule waiver.

Proposition 50

SB 21 (Machado), the primary Proposition 50 implementation bill, recently underwent extensive amendments that put a heavy emphasis on water quality. Attached is a summary of the bill as amended. IEUA is most concerned with Chapters 4,5,6, and 8 of Proposition 50. Budget staffs in both houses are releasing proposals for trailer bill language that impacts all these categories. We will continue to respond and comment on these proposals and MWD specific proposals for all funding categories.

QSA Update

IEUA has spent a great deal of time working with SAWPA and other MWD member agencies to express concerns in the Legislature about the use of Proposition 50 funds for

the QSA. IEUA has met with the Governor's office, members of the Administration and numerous legislators in Southern California to outline our concerns about the deal, which currently sacrifices local projects for an uncertain amount of future water from the Colorado. The agency has been asked by everyone it has met with to help outline a strategy in which both the QSA and local projects could move forward.

SB 117, a QSA implementation measure, was recently amended to remove all \$200 million in Proposition 50 funding. The bill now states that it is the intent of the Legislature to provide funding for the QSA from Proposition 50, but does not specify which categories the funding would come from or how much.

Inland Empire Utilities Agency

Positions/Position Recommendations

May 30, 2003

Bill # / Title	Summary	Position	Status
Propositions 50/Water Bonds			
SB 117 (Machado) QSA: Prop. 50 Allocations	As recently amended, states the legislature's intent to appropriate an unspecified amount of funds from Prop. 50 for the QSA. Does not indicate which section of Prop. 50 the funds would come from.	Oppose unless amended	Senate Floor
SB 21 (Machado) Prop. 50 Implementation	Proposition 50 implementation measure. IEUA has participated in Machado's working group process and is interested in the implementation of a number of Prop. 50 funding categories, including Chapters 4,5, 6 and 8. Recent extensive amendments that were forced into the bill by Senator Sher and environmentalist, put a great deal of emphasis on achieving water quality (see attached summary)	Support	Senate Floor
SB 750 (Machado) 04' Water Bond	\$5 billion water bond for the 04' ballot. Competitive grant program by region. Contains \$1 billion for Salton Sea impacts, \$200 million for contaminate removal and \$375 for the Santa Ana Region based on a statewide population formula. IEUA has spoken to the author about amendments to make emerging contaminants eligible for funding in the bond. The	Support	Two Year Bill
AB 334 (Goldberg) Recycled Water	Implements one of the major public policy recommendations from the Water Recycling Task Force. Authorizes local agencies to adopt regulations governing water softeners or conditioning appliances that discharge to the community sewer system. IEUA helped pass the measure off the Assembly floor. The vote was 44-22, with many moderate democrats not voting. McLeod did vote for the bill.	Support	Senate
Desalination			
SB 318 (Alpert) UWMP: Desal	Requires UWMP to describe the opportunities for development of desalinated water. Recent amendments added brackish water to the definition of "desalination". IEUA requested these amendments. In April, the bill passed out of	Support	Assembly Water Parks and

	Senate Ag. and Water Resources. IEUA testified in support as amended.		Wildlife
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. The City of Sacramento is a long time opponent to water meters. Assemblyman Steinberg from Sacramento is Chairman of Appropriations and he managed to hold the bill in his committee. It is now a two-year bill.	Support	Two Year Bill
SB 312 (Machado) Landscape Water Conservation	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. There was a move to stop all task forces this year for funding reasons.	Support	Two Year Bill
SB 906 (Escutia) Municipal Water District Act	Outlines what elements must be included in a rate structure for Central Basin Municipal Water District and the West Basin Municipal Water District. In committee, Senator Escutia agreed to take amendments that require the West Basin and Central Basin to provide information to the public fully explaining their rate structure. The latest version of the bill still does not do this. Recently, Escutia submitted a California Public Records Request for rate information from West Basin and Central Basin. The Senator says she will drop this section of the bill if she is satisfied with what comes out of the formal request.	Oppose	Senate Floor
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.	SWRCB has not yet begun setting a rate structure for POTWs. They are working out the dairy fees first.	Signed

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 a fee imposed on the purchase of diapers (\$.0025 per diaper). IEUA supports the bill for water quality purposes.	Support	Two Year Bill
Drinking Water Contaminates			
SB 922 (Soto) Perchlorates	Mandates that any drinking water cleanup order issued by the state board or the regional boards require a polluter to calculate the volume of water contaminated and provide safe replacement water for the community. No requirement is currently in law that mandates that replacement water be provided. In the last 20 SWRCB cleanup orders, no replacement water was required. Opponent contend that the bill limits the flexibility of the SWRCB and the RWQCB. SWRCB has no official position at this time. Senator Soto has requested that IEUA support her bill. MWD has concerns with the bill.	Chino Water Quality Task Force Reviewing Bill	Senate Floor
SB 1004 (Soto) Perchlorates	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 of 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. Senator Soto has requested that IEUA support her bill.	Chino Water Quality Task Force Reviewing Bill	Senate Floor
Air Quality			
SB 981 (Soto) Children Health Initiative	Requires every operator of a refinery to pay 30 cents per barrel of crude into a "Children's Health and Petroleum Pollution Remediation Trust Fund" created by this bill. Money would be distributed to each air quality district on the basis of a district's share of a statewide emissions inventory. Each air quality district would expend the funds on petroleum pollution source reduction programs and public health programs. There must be a clear nexus regarding the relative harm caused by diesel and gasoline fuel and the revenues received from the fee.	Support	Two Year Bill

Budget Items			
Williamson Act Subvention Fund Support	The Governor's January 03/ 04 budget recommended the elimination of \$39 million in Williamson Act Subvention funds. These funds protection 19 million acres of farmland, wildlife habitat and open space. Both houses have recommended these funds be maintained, as did the recently released Assembly Republican's proposed budget. May 15 "May Revise" has restored the funding.	Support Protection of Funds	Budget Process
Prop. 50, Chapter 5 Support Recycled Water	In Prop. 50, Chap. 5 there is \$100 million administered by SWRCB available for a variety of clean water and water quality purposes, including "water reclamation." In the 03/ 04 budget the Administration proposes to use \$18 million for small communities grants and \$18 million for non-point source projects. \$20 million has already been allocated from last year's budget for Cal-Fed drinking water projects. The remaining \$36 million the Administration proposes to use in "out years" going through 2007, for non-water recycling projects. The Assembly budget committee voted to direct additional "out year" Prop. 50 Cal-Fed funds to water recycling.	Support Accelerated Water Recycling Funding	Budget Process

SB 21 Summary (Amended May 21)

Chapter 3 Water Security (\$50 million)

- Governor's proposal called for dam surveys by DWR and fencing of major drinking water sources. As amended, it appears to be largely a contaminate removal grant program administered by DHS. The bill proposed to award grants equally to northern and southern California and requires OEHHA and DHS to identify unregulated substances and to establish action levels for protection of drinking water sources.

Chapter 4 Safe Drinking Water (\$435 million statewide/\$261 million S. Cal)

- Administered by DHS, the bill still requires a competitive grant program for Southern California water agencies. Amendments clarify that southern California is limited to the \$261 million. States that DHS will develop guidelines that may include a cap on grants. To be eligible for Southern California grants, the project must assist in meeting safe drinking water standards and assist in reducing Colorado River use to 4.4 MAF. As previously amended at the request of IEUA, the definition of "drinking water standards" has been expanded to include MCLs and action levels so that we could access these funds for perchlorate removal and other emerging contaminants that have not had a safe drinking water standard set. As amended, this definition now governs all Prop. 50 funds, not just this section.

Chapter 5 Clean Water and Water Quality (\$100 million)

- Administered by SWRCB. Splits the funds between the SWRCB's existing small communities grant program and the existing NPS program. As amended, SWRCB must give a preference to the following types of projects:
 - Projects that implement enforceable programs that have a clearly defined process for achieving and maintaining water quality standards. Bill indicates "enforceable" will be defined in a future version.
 - Projects that implement BMPs in accordance with "Phase II" of the NPDES stormwater programs as set forth in federal regulations.
 - Projects that implement an approved TMDL, implement BMPs in accordance with a waiver or waste discharge requirements, granted by a regional board or SWRCB or implement a watershed management plan approved by a regional board or the SWRCB.

Chapter 6 Contaminate and Salt Removal Technologies (\$100 million)

- No major changes as amended. Prop. 50 states that "not less than \$50 million" will be appropriated for desalination projects and an undefined amount will go toward contaminate removal for specific contaminants. As amended, the bill still fails to specify how much of the \$100 million will go for desalination and how much will go toward contaminate removal. In the desalination section, it does limit the funding for feasibility studies to \$10 million. Preference is given to projects which will benefit the environment or will cause minimal impact.

Chapter 8 Integrated Regional Water Management (\$500 million/ \$250 Southern California)

- Administered by SWRCB and DWR. As amended, the bill gives preference to the same set of preferences as in Chap. 5. They are:
 - Projects that implement enforceable programs that have a clearly defined process for achieving and maintaining water quality standards. Bill indicates “enforceable” will be defined in a future version.
 - Projects that implement BMPs in accordance with “Phase II” of the NPDES stormwater programs as set forth in federal regulations.
 - Projects that implement an approved TMDL, implement BMPs in accordance with a waiver or waste discharge requirements, granted by a regional board or SWRCB or implement a watershed management plan approved by a regional board or the SWRCB.

New controlling language for Entire Bond:

- Prohibits the use of grant funds to supplant or pay for regulatory obligations for private parties under state or federal law.
- Prohibits granting bond funds to the owner or operator of a facility or individual who “has been determine to be in violation” of state water quality laws within two years prior to submitting an application, UNLESS the applicant is demonstrating a “good faith effort” to comply with water quality laws.

Inland Empire Utilities Agency

WATCH

("C" lowest level, "B" mid level, "A" high level watch)

May 31, 2003

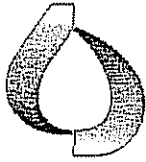
Bill # / Title	Summary	Watch Level	Status
Propositions 50 and 40			
AB 107 (Corbett) Prop. 50 Assembly Vehicle	Assembly leadership vehicle for Prop. 50 funding.	A	Assembly Floor
AB 859 (Nakano) Prop. 50: Earmark	Appropriates an unspecified amount of Prop. 50 Chap. 8 funds to the Coastal Conservancy for an ocean observing system.	C	Assembly Floor
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	Senate
AB 1110 (Harman) Prop. 50: Earmark	Earmarks \$3 million water security funds from Prop. 50 for the Anaheim Public Utilities Department.	C	Two year bill
AB 1300 (Laird) Prop. 50: Reporting	Requires Secretary of Resources to prepare annual report on Prop. 50 expenditures.	C	Senate
SB 518 (Escutia) Prop. 50: Spot	Includes definitions of "economically disadvantaged" and "severely economically disadvantaged" that will be incorporated in SB 21. Economically disadvantaged communities will be required to provide only a 5% match. Severely economically disadvantaged will be exempt from any matching requirement. In awarding grants the agencies will give preference to these communities.	A	Two Year Bill

Drinking Water Contaminates			
AB 826 (Jackson) Perchlorate	Creates the Perchlorate Contamination Prevention Act. Requires DTSC to monitor for perchlorates. Requires all groundwater monitoring wells in the state to be used as “early warning sentinels for drinking water contamination.” Chino Basin Watermaster is reviewing the groundwater section of the bill.	A	Assembly Floor
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 and attorney’s fees.	A	Senate Comm. On Rules
Water Supply/Future Bonds			
AB 93 (Canciamilla) Water Bond 04	04’ water bond. IEUA and SAWPA have been participating in stakeholder meetings. Includes water storage funding, which the environmental community is objecting to. Passed of Assembly Water Committee despite objections from the environmental community.	A	Two Year Bill
AB 314 (Kehoe) Desalination	Intent language to facilitate the development of desalination projects.	A	Senate 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	Two Year Bill
AB 740 (Pavley) Water Bond 04	\$2.9 billion “Clean Air, Clean Water and Coastal Protection” bond measure for the 04’ ballot.	A	Two Year Bill
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	Two Year bill
SB 750 (Machado) Water Bond 04	\$5 billion water bond for the 04’ ballot. Competitive grant program by region. Contains \$1 billion for Salton Sea Impacts. \$200 million for contaminate removal. \$230 for the Santa Ana Region based on population.	A	Two Year Bill

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.	B	Two year bill
AB 1522 (Parra) Groundwater	Requires the CVRWQCB to prepare a groundwater report that identifies potential groundwater supplies within its jurisdiction.	B	Assembly Floor
SB 543 (Machado) Groundwater	Sponsored by a southern California private water company, the bill appears to alter the water rights for those entities that are under order to clean up contamination. Watermaster helped secure recent amendments clarify that the bill will not impact water rights in adjudicated basins.	A	Senate Floor
SB 909 (Machado) Groundwater Data	Spot bill on groundwater for possible "clean up" of SB 1938 from last year.	B	Assembly W.P.W.
Water Conservation/Water Supply Land Use			
AB 607 (Plescica) Landscape Water Conservation	Sponsored by the Landscape Contractors, the measure would enact the Landscape Water Conservation Rate Structure Act. Allows a city or county to exempt themselves from the requirements of the model ordinance if they adopt a tiered landscape rate structure. ACWA is opposed	B	Two year Bill
AB 1015 (Laird) Land Use Water Supply	Requires all general plans be amended by 2006 to identify existing and 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 and so is RLC.	A	Assembly Floor
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 Approps.
AB 760 (Maldonado)	Allows POTWs serving populations of less than 10,000 to apply any	B	Two year

Water Penalties	mandatory minimum penalty toward an upgrade projects in lieu of paying the fine to the SWRCB or the RWQCB. Sponsored by Pismo Beach.		bill
AB 897 (Jackson) Water Quality Objectives	Enacts a number of significant changes in Porter-Cologne. Increases state responsibilities with regard to TMDL implementation. Makes it a criminal violation for failing to file a certain types of monitoring reports to the SWRCB. Criminal violations are subject to \$25,000 a day fines and prison time. IEUA should review the bill to see if the agency submits the reports in question. If so, the agency may want to oppose the bill, or ask CASA to oppose.	A	Assembly Floor
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.	C	Senate
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. MPC is opposed, as is CASA, the counties and cities. Sponsored by CAL-PIRG.	A	Senate
SB 923 (Sher) Waste Discharge Fees	Requires an annual fee for those who hold waste discharge waivers. MPC is opposed.	A	Two year bill
Quantification Settlement Agreement/Salton Sea			
SB 277 (Ducheny) Salton Sea	Spot bill on the Salton Sea and California's entitlement to the use of 4.4 million AF of Colorado River water.	B	Assembly W.P.W. 6/17
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 Floor
SB 411 (Ducheny) Prop. 50: Salton Sea	Appropriates \$50 million from Prop. 50's Colorado River section to the WCB for Salton Sea restoration.	B	Senate Floor
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	C	Assembly Approps.

	enhancement of a state waterway.		
AB 496 (Correa) Santa Ana Conservancy	Creates a state run conservancy for the three-county Santa Ana River area. Orange County is opposed. The author has said it will become a two year bill and he will work on further refining the measure when it gets to the Senate. IEUA has indicated to the author that it wants to be helpful in working out the bill's problems.	A	Assembly Floor
AB 1405 (Wolk) Watersheds	Sponsored by RCRC. States that it is the policy of the state to endorse locally collaborative watershed projects.	B	Senate Rules
ERAF/MISC.			
AB 847 (Pavley) Coastal Conservancy	Specifies that the Coastal Conservancy's duties include protecting sensitive habitat areas and improving coastal water quality.	B	Assembly Floor
AB 1532 (Nakano) SWP Security	If federal funding is secured, requires DWR and DHS to conduct a water security monitoring project that includes monitoring 25 sites statewide for possible contaminants injected into the drinking water supply by terrorists.	C	Assembly Floor
SB 83 (Soto) Assessments	Sponsored by Three Valleys, the bill addresses preapproved assessments from Proposition 218.	C	Assembly Local Gov.
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	Assembly W.P.W.
SB 407 (Torlakson) Local Gov. Financing	Possible vehicle for ERAF shift. Torlakson has circulated a list of wholesale water agencies that would be impacted by the proposal. A number were SAWPA agencies, but it did not include IEUA. There did not seem to be a lot of logic in the way the list was put together. At this point the bill does not contain the ERAF shift language.	A	Assembly Local Gov. 6/11



Inland Empire
UTILITIES AGENCY

Date: June 25, 2003

To: Honorable Board of Directors

Through: Public and Legislative Affairs Committee (6/11/03)

From: Richard W. Atwater
Chief Executive Officer/General Manager

Submitted by: Martha Davis
Executive Manager – Policy Development

Subject: May Legislative Report from Dolphin Group

RECOMMENDATION

This is an informational item regarding the May legislative report 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

May 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. Following is a brief update on activities:

- 1) **2002 Legislation Implementation** – Dolphin Group is continuing to monitor the implementation of AB 2228 relating to net metering of biogas projects. Both PG&E and Edison filed revised net metering tariffs in early March. Western United Dairymen and Sustainable Conservation raised a number of issues in formal protests at the CPUC. The Energy Division of the California Public Utilities Commission has issued a draft resolution of the issues raised and is seeking comments from impacted parties in early June. The Commission is scheduled to act on the matter on June 19.
- 2) **QSA Implementation** – DGI continues to monitor initial legislative discussions on QSA proponents efforts to utilize \$200 million of the funding under Proposition 50 to finalize the San Diego / IID transfer. Under the proposal, Proposition 50 funds designated for local water projects could instead be used for mitigation of the environmental impact of the proposed farms to San Diego transfer. The Senate Agriculture and Water Committee held an informational hearing in late April to consider the proposed QSA. The hearing resulted in additional areas of concern related to the QSA and proposed transfer. Chino Basin Coalition members are working with other Southern California Agencies, including SAWPA and MWD, to ensure the integrity of Proposition 50 funding.
- 3) **Prop. 40 and Prop. 50 Implementation / Appropriation** – DGI continues its efforts toward 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 creates a number of competitive programs under which coalition members should be well positioned to obtain funding. AB 107 (Corbett) was recently amended in the Assembly Water Parks and Wildlife Committee as a placeholder for Assembly Proposition 50 efforts. Recent discussions have also suggested that

the implementation of Proposition 50 may shift to the bigger state budget issue with the implementation resolved as a "trailer" bill.

- 4) **2004 / 2006 Water Bond** – All future bond proposals, including '04/'06 water bond proposals [AB 93(Canciamilla), AB 740 (Pavely), SB 750 (Machado)], are being, at least temporarily, held by the Senate and Assembly Appropriations Committees due to concern about the state's increasing debt levels. The current Governor's budget proposal includes an additional \$10 billion in bonding to help cover the states \$38 billion budget deficit. In a recent letter to Governor Davis and Legislative leaders, State Treasurer Phil Angelides stated, "In light of the State's current fiscal crisis, I am writing this letter to express my opposition to the current enactment of any new general obligation or state lease revenue bond measures, beyond those already scheduled to be placed on the ballot, until a balanced budget for fiscal year 2003-2004 is in place and there is a viable plan to fix the structural imbalances in the budget..."

- 5) **Budget / ERAF** – With the Governor's recent submittal of his Budget's May Revise, budget discussions and negotiations are getting increasingly focused. As expected, proposals to tap local government revenues to help close the state's \$38 billion fiscal gap are also getting more attention. The first such proposal, by Senate Local Government Chair Tom Torlakson to tap an additional \$30-\$40 million in special district ERAF funds, recently surfaced. Dolphin Group is coordinating closely with ACWA, CSDA and other groups to beat back all raids of local funds. Budget discussions are expected to hit full stride in June.