

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

(Lunch will not be provided)

**AT THE OFFICES OF
CUCAMONGA COUNTY WATER DISTRICT**

1044 ASHFORD STREET

RANCHO CUCAMONGA, CA 91730

CHINO BASIN WATERMASTER

Advisory Committee Meeting

10:00 a.m. – August 28, 2003

AT THE OFFICES OF

CUCAMONGA COUNTY WATER DISTRICT

10440 Ashford Street

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

INTRODUCTIONS

Daniel Maurizio, Watermaster's Senior Engineer

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

Draft Minutes of the Advisory Committee Meeting held July 24, 2003 (page 1)

B. FINANCIAL REPORTS

1. Cash Disbursement Report – July 2003 (page 13)
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2002 through June 30, 2003 (page 17)
3. Treasurer's Report of Financial Affairs For June 1 through June 30, 2003 (page 19)
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget (page 21)

C. WATER TRANSACTIONS

Application to Recapture Water in Storage by Fontana Water Company in the amount of 2.516 acre-feet stored by the Nicholson Trust and Transfer Annual Production Right or Safe Yield from The Nicholson Trust to Fontana Water Company in the amount of 4 acre-feet (Notice mailed June 11, 2003; Approved by the Pool Committees July 10 & 17, 2003) (page 23)

II. BUSINESS ITEMS

A. STORAGE & RECOVERY PROGRAM SCOPE OF WORK AND BUDGET

Consider authorization of the scope and budget for engineering services for the Storage & Recovery Project totaling \$373,749. (page 34)

B. LEASE AGREEMENT FOR WATERMASTER OFFICE

Consider approval of terms for lease agreement between Chino Basin Watermaster and Cucamonga County Water District (CCWD) for relocating the office of Watermaster during the month of September to CCWD's office on San Bernardino Road. (page 42)

C. CHINO BASIN FACILITIES IMPROVEMENT PROJECT

A presentation will be made on the status and progress of Chino Basin Facilities Improvement Project. (page 44)

D. STATEMENT OF INTENT BETWEEN THE DEPARTMENT OF DEFENSE (DOD) AND LOCAL ENTITIES

Consider authorizing Watermaster CEO to become co-signatory to the Statement of Intent executed on July 11, 2003 between the DOD, along with Senator Nell Soto, and three local water

agencies, in order to expand collective efforts and resources to effect solutions to perchlorate issues. (page 56)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water
2. Hearing re Cyclic Storage Agreement Amendment

B. CEO REPORT/UPDATES

1. Status Report on the Recharge Project.
2. Status Report on MZ1 Technical Committee Meeting on July 23, 2003.
3. Status Report on Water Quality Committee Meeting of August 27, 2003

C. INLAND EMPIRE UTILITIES AGENCY REPORT

1. Conservation Programs - Dave Hill
2. Public Relations - Sondra Elrod
3. Recycled Water Program - Tom Love (page 60)
4. Chino Basin Facilities Improvement Project (Recharge) - Tom Love (page 65)
5. IEUA June Water Resources Report (handout)
6. State/Federal Legislation - Martha Davis (page 68)
7. MWD Dry Year Yield Program - John Rossi

D. OTHER REPORTS

E. INFORMATION

- City of Chino Hills Notice of Forbearance (page 95)
- Progress Report MZ-1 Interim Monitoring Program (page 97)

IV. COMMITTEE MEMBER COMMENTS

V. OTHER BUSINESS

VI. FUTURE MEETINGS AND EVENTS

September 11, 2003	8:30 a.m.	Storage & Recovery Workshop @ CCWD
	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting @ CCWD
	1:00 p.m.	Agricultural Pool Meeting @ CCWD

Note: September 11 meetings will be held at Cucamonga County Water District, 10440 Ashford Street, Rancho Cucamonga, CA 91729

September 25, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

October 9, 2003	8:30 a.m.	Storage & Recovery Workshop
	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
	1:00 p.m.	Agricultural Pool Meeting

October 23, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

Meeting Adjourn

CHINO BASIN WATERMASTER

WATERMASTER BOARD MEETING

1:00 p.m. – August 28, 2003

AT THE OFFICES OF

CUCAMONGA COUNTY WATER DISTRICT

10440 Ashford Street

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE & INVOCATION

PUBLIC COMMENTS

INTRODUCTIONS

Daniel Maurizio, Watermaster's Senior Engineer

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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A. MINUTES

Draft Minutes of the Watermaster Board Meeting held July 24, 2003 (*page 7*)

B. FINANCIAL REPORTS

1. Cash Disbursement Report – July 2003 (*page 13*)
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2002 through June 30, 2003 (*page 17*)
3. Treasurer's Report of Financial Affairs For June 1 through June 30, 2003 (*page 19*)
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget (*page 21*)

C. WATER TRANSACTIONS

Application to Recapture Water in Storage by Fontana Water Company in the amount of 2.516 acre-feet stored by the Nicholson Trust and Transfer Annual Production Right or Safe Yield from The Nicholson Trust to Fontana Water Company in the amount of 4 acre-feet (*Notice mailed June 11, 2003; Approved by the Pool Committees July 10 & 17, 2003*) (*page 23*)

F. ASSOCIATION OF GROUND WATER AGENCIES ALTERNATE REPRESENTATIVE

Appoint Watermaster Project Engineer, Gordon Treweek, as Watermaster's alternate representative to AGWA

II. BUSINESS ITEMS

A. STORAGE & RECOVERY PROGRAM SCOPE OF WORK AND BUDGET

Consider authorization of the scope and budget for engineering services for the Storage & Recovery Project totaling \$373,749. (*page 34*)

B. LEASE AGREEMENT FOR WATERMASTER OFFICE

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A presentation will be made of status and progress on Chino Basin Facilities Improvement Project. (page 44)

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Consider authorizing Watermaster CEO to become co-signatory to the Statement of Intent executed on July 11, 2003 between the DOD, along with Senator Nell Soto, and three local water agencies, in order to expand collective efforts and resources to effect solutions to perchlorate issues. (page 56)

E. MWD PRESENTATION TO BOARD REGARDING SALT CREDITS (page 58)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water
2. Hearing re Cyclic Storage Agreement Amendment

B. CEO REPORT/UPDATES

1. Status Report on the Recharge Project.
2. Status Report on MZ1 Technical Committee Meeting on July 23, 2003.
3. Status Report on Water Quality Committee Meeting of August 27, 2003.

C. AGWA REPORT

1. Minutes of the meeting held June 16, 2003 (page 89)
2. Agenda for the meeting held August 18, 2003 (page 90)

D. OTHER REPORTS

E. INFORMATION

City of Chino Hills Notice of Forbearance (page 95)
 Progress Report MZ-1 Interim Monitoring Program (page 97)

IV. BOARD MEMBER COMMENTS

V. OTHER BUSINESS

VI. FUTURE MEETINGS AND EVENTS

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	1:00 p.m.	Watermaster Board Meeting

Meeting Adjourn

CHINO BASIN WATERMASTER



AGENDA PACKAGE

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

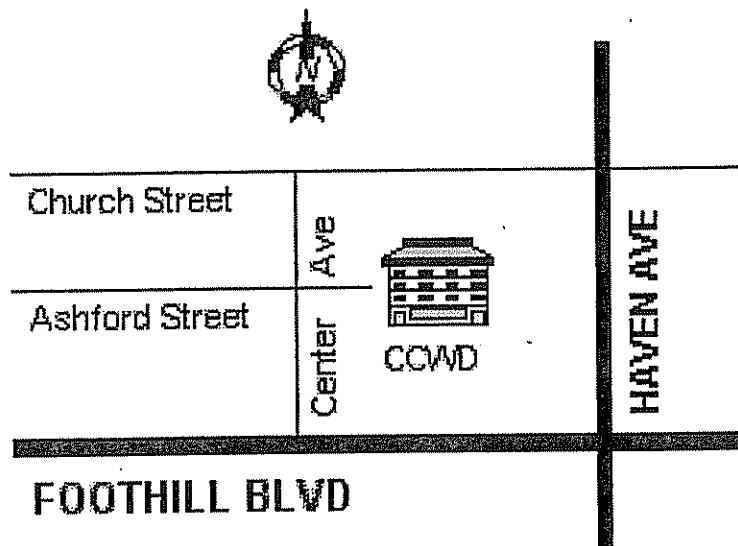
AT THE OFFICES OF
CUCAMONGA COUNTY WATER DISTRICT
1044 ASHFORD STREET
RANCHO CUCAMONGA, CA 91729

CUCAMONGA COUNTY WATER DISTRICT

10440 Ashford Street

Rancho Cucamonga, CA 91730

Phone (909) 987-2591



CHINO BASIN WATERMASTER

August 28, 2003

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

I. CONSENT CALENDAR

A. MINUTES
Advisory Committee

Draft Minutes
CHINO BASIN WATERMASTER
Advisory Committee
July 24, 2003

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

ADVISORY COMMITTEE MEMBERS PRESENT

Nathan deBoom	Milk Producers Council
Vic Barrion	Reliant Energy, Etiwanda LLC
Gerald Black	Fontana Union Water Company
James T. Bryson	Fontana Water Company
Dave Crosley	City of Chino
Robert DeLoach	Cucamonga County Water District
Mohamed El Amamy	City of Ontario
Jack Hagerman	State of California Institute for Men
Sylvia Hale	State Attorney General's Office
Peter Hettinga	Dairy
Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Mike Maestas	City of Chino Hills
Henry Pepper	City of Pomona
Jeff Pierson	Crops
J. Arnold Rodriguez	Santa Ana River Water Company
Ray Wellington	San Antonio Water Company

Appropriative Pool Members Present

Bill Stafford	Marygold Mutual Water Company
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Watermaster Consultants Present

Dave Argo	Black & Veatch
Michael Fife	Hatch & Parent
Steven Lee	Reed & Hellyer, Special Counsel
Mark Wildermuth	Wildermuth Environmental, Inc.

Watermaster Staff Present

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

Others Present

Saundra Elrod	Inland Empire Utilities Agency
Raul Garibay	City of Pomona
Dave Hill	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District

Chair deBoom called the meeting to order at 10:00 a.m.

INTRODUCTION

Mr. Rossi introduced Gordon Treweek who recently joined Watermaster as Project Engineer and reported that Daniel Maurizio would join Watermaster on August 12, 2003 as Senior Project Engineer.

AGENDA - ADDITIONS/REORDER

Mr. Rossi said that staff did not include "Salt Credits" as a business item on the agenda because the Appropriative Pool had taken action at their meeting to take no action. However, Mr. Kinsey had anticipated the item would be agendaized to allow Monte Vista Water District to follow up with a request made by the Watermaster Board. He asked that it be placed on the agenda in August.

I. CONSENT CALENDAR**A. MINUTES**

1. Draft Minutes - Meeting of the Advisory Committee held May 29
2. Draft Minutes - Meeting of the Advisory Committee held June 19

B. FINANCIAL REPORTS

1. Cash Disbursement Report – June 2003
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2002 through May 31, 2003
3. Treasurer's Report of Financial Affairs For May 1 through May 31, 2003
4. Revenues and Expenses Compared With Adopted 2003-04 Budget

C. WATER TRANSACTIONS

1. Notice of Sale or Transfer of 1,000 acre-feet of Monte Vista Irrigation Company's Fiscal-Year 2002-2003 Annual Production Right to the Monte Vista Water District. (Noticed May 21, 2003; Pools Recommended Approval June 12, 2003)
2. Notice of Sale or Transfer of Right to Produce Water in Storage from Cucamonga County Water District to Fontana Water Company in the amount of 10,000 acre-feet. (Noticed May 28, 2003; Pools Recommended Approved June 12, 2003)

D. RESOLUTION 03-05

Resolution of the Chino Basin Watermaster, Requesting that the Inland Empire Utilities Agency be the Lead Agency for the California Department of Water Resources Grants for AB303 Funding on behalf of the Chino Basin Watermaster and the Chino Groundwater Basin.

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

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

II. BUSINESS ITEMS

None

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Special Referee Workshop on MZ1 Interim Subsidence Plan - October 30, 2003
A motion was filed with the Court to continue the MZ1 Workshop originally scheduled for July 17, 2003 to August 7, 2003 in order to gather more data to provide the Special Referee with a comprehensive update on the MZ1 Subsidence Interim Plan. Upon the Special Referee's recommendation, the Court continued the workshop to October 30.
2. Hearing regarding Cyclic Storage Agreement Amendment
The hearing for the Seventh Amendment to the Cyclic Storage Agreement with Metropolitan Water District has been set for September 4. Counsel does not anticipate any problems obtaining Court approval.
3. Chino Land & Water Appeal
Counsel Fife reported that Chino Land & Water has filed an appeal and the Court of Appeals has set a briefing schedule. Chino Land and Water's opening brief will be due by August 11. Lewis Investment Company and their attorneys, Best, Best & Krieger, indicated a strong willingness to allow Watermaster to work with them in preparing their response. However, Watermaster may want to consider filing an Amicus Brief and should discuss this further once the Chino Land & Water's opening brief becomes available.
4. Colonies Litigation
The Colonies litigation was previously discussed and Watermaster was asked to become involved. Counsel Fife said there was a stay on the litigation and Watermaster decided to revisit possible involvement if the stay was lifted. The stay has been lifted and it is now

back on the radar screen. Counsel will talk to the parties and their attorneys to see what kind of involvement Watermaster could have that would be beneficial.

Mr. DeLoach said the ruling by the Court that the County's easements are no longer valid brings to question all of the County's easements on all County Flood Control properties including those that involve Watermaster and its parties participating in Storage & Recovery and Recharge. Mr. Kinsey suggested an analysis identifying the recharge facilities affected by that.

At Mr. Wellington's request, Counsel reported that the City of Chino's Paragraph 15 motion is on calendar for September 18, which is tied to the August 1 deadline for indicating participation. The City of Chino has submitted their forbearance form and once the City of Chino Hills indicates participation for the next year, the City of Chino's motion will be continued to August 2004. Mr. Rossi indicated that the City of Chino Hills took action authorizing the City Manager to make the determination regarding forbearance. Their decision is anticipated prior to August 1.

B. CEO REPORT/UPDATES

1. Update regarding Storage & Recovery Project

Mr. Rossi explained that this project is an effort to store additional water above the Metropolitan Water District storage agreement for 100,000 acre-feet. At the workshop held at 8:30 a.m. on July 20, the parties discussed a scope of work presented by Black & Veatch to help culminate the work already done and all of the components necessary to market storage capacity. He offered to show the Black & Veatch presentation given to the pools earlier this month. The final scope of work should come forward to the pools for consideration in August and a bound copy will be provided in advance.

2. Update regarding request from JCSD on behalf of the Chino Desalter Authority for clarification of desalter replenishment obligation

Watermaster has received two letters from JCSD regarding the replenishment obligation for future desalters. The Appropriative Pool directed staff to put together a steering committee to meet with JCSD to discuss the issues and timing associated with this work. Staff hopes to come back in September with the issues identified and a request for direction. Mr. Kinsey said that Monte Vista Water District would submit a letter to ensure the analysis responds to several basic questions in compliance with the OBMP.

3. Update regarding MVWD request concerning salt credits

Mr. Rossi reported that action taken by the Appropriative Pool on July 14 regarding the salt credit issue has been typed and placed on the back table. The Non-Agricultural Pool abstained from the action taken by the Appropriative Pool and the Agricultural Pool took no action. Mr. Kinsey said that MVWD is currently working with two consulting firms, one is a financial firm to confirm MVWD's economic perception of salt credits and the other is a planning firm to help them evaluate salt credits and apply a value to them.

4. Update regarding Water Quality Committee meeting on July 21, 2003

The Water Quality Committee met last Monday morning. Mr. Thibeault provided an update on the Perchlorate Task Force and Mr. Wildermuth talked about some perchlorate issues in the Basin outside of that particular anomaly and presented a map showing each of the major water quality anomalies and plumes within the area. The next meeting will be held August 27, 1:30 p.m. at Watermaster. Their first quarterly report will be prepared within the next 60 days.

5. Report regarding opportunities to recharge water in the Chino Basin

Watermaster is on part of the State Project System and because Metropolitan has water available, they are offering it for recharge purposes in the Chino Basin. Staff has had a series of meetings with Metropolitan staff and IEUA staff and it was decided to put water into the Trust Storage Account until the new storage account has been approved. Two connections have been turned on to receive wet water into the Basin at 100% deferred cost as part of the Long Term Storage Program. The Appropriators will be able to take portions of this water as an in-lieu delivery through their water treatment plants at no cost, at a higher

water quality for blending purposes later this year. Watermaster first has to commit to Metropolitan to turn off wells and allow water to build up in the Basin. There is another Metropolitan program for long-term in-lieu storage and staff is working with the Appropriators with regard to in-lieu capabilities.

6. Status regarding Hydraulic Control Monitoring Meeting held July 8 @ IEUA
Staff continues to meet with Orange County Water District and IEUA. Staff hopes to present a more comprehensive report on the Hydraulic Control Monitoring Program in September.
7. CBWM/IEUA awarded \$250,000 AB303 Grant from DWR
Watermaster/IEUA has been awarded \$250,000 from the Department of Water Resources' AB303 Grant Program and another \$270,000 to complement that from USBR for the Hydraulic Control Monitoring Program.

**C. INLAND EMPIRE UTILITIES AGENCY (IEUA)
INTER-AGENCY WATER MANAGERS' REPORT**

1. Conservation Programs - Dave Hill
Mr. Hill provided a newspaper article regarding IEUA's Water Broom Distribution Program. IEUA is planning a school information day and will be inviting representatives from the school districts to IEUA's facilities in Chino to receive information regarding grants and other programs available to them. The Toilet Rebate Program is going well with over 300 rebates so far, the High Efficiency Clothes Washer Rebates Program should be closing in on 2,000 rebates within a month or so, Swimming Pool Cover Rebates have been extended to September 30 and IEUA has received an \$8,500 grant from Metropolitan Water District to study the Pool Cover Rebate Program with regard to use habits and real conservation savings.
2. Public Relations - Sondra Elrod
Ms. Elrod received complements from Advisory Committee members for putting together IEUA's Open House. She invited everyone to visit their new facilities, which are equivalent in size to 40 average homes but equivalent in energy consumption to only four average homes. She reported on bids received for a new public relations firm. Six bids were submitted and all were highly qualified. However, the firm that stood out the most was the Sorrel Group. They came on board with IEUA on July 15. Mr. Rossi met with them and one of their first tasks will be to prepare a brochure for Watermaster. IEUA continues to use the Dolphin Group for legislative matters.
3. Recycled Water Program - Tom Love
Mr. Love reported that they have been working on the delivery of recycled water to Reliant Energy. IEUA also continues to work on expanding their regional system. With Phase I and Phase II facilities they will have recycled water available to virtually all of the improved recharge basins. In the City of Chino, they have two large agricultural customers using recycled water for approximately one year. However, one may be part of the initial development of sub-area 2 and will stop using the recycled water. They are trying to find some way to replace that use. Also, in June they executed an amendment to their MWD Rebate for Recycled Water expanding it from Carbon Canyon only flows to include flows throughout their entire distribution system. A lengthy discussion ensued.
4. Facilities Improvement Project - Tom Love
On recharge projects, IEUA just opened bids on the Phase 3 bid package (3 of 7 bid packages planned) for the Jurupa Basin Pipeline.
5. IEUA June Water Resources Report
Mr. Rossi reported that IEUA's June Water Resources Report was previously provided. Mr. Hill handed out graphics put together on a monthly basis regarding imported water deliveries, comparing purchases between the current and last fiscal years in relation to the Tier 1, Tier 2 breakpoint.
6. State/Federal Legislation - Martha Davis
Ms. Davis is in Washington, D.C. and her report is provided in written form in the package. Mr. Rossi commented that he put copies on the back table of Mr. Neufeld's testimony to Ken Calvert's committee regarding perchlorate, on behalf of Chino Basin.

7. MWD Dry Year Yield Program - John Rossi

Mr. Rossi explained that work has been on-going for some time on the analysis regarding material physical injury for the dry year yield storage account. A service was sent out electronically yesterday of the package and the process, not including the actual Dry Year Yield Program Report which is extremely voluminous. Watermaster received several of them and prepared a sign-up sheet for those who want one. The parties will be given ample time to read the report and staff hopes to receive comments, if any, within the next two months. He said this item would be on the August agenda to for discussion.

D. OTHER AGENCY REPORTS

None

IV. COMMITTEE MEMBER COMMENTS

None

V. OTHER BUSINESS

None

VI. FUTURE MEETINGS AND EVENTS

August 14, 2003	8:30 a.m.	Storage & Recovery Workshop
	10:00 a.m.	Joint Meeting of the Appropriative & Non-Agricultural Pools
	1:00 p.m.	Agricultural Pool Meeting
August 28, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

Chair deBoom adjourned the meeting at 10:50 a.m.

Secretary

Minutes Approved: _____

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CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

A. MINUTES
Watermaster Board

Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
July 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 July 24, 2003 at 1:00 p.m.

WATERMASTER BOARD MEMBERS PRESENT

Dennis Yates, Chair	Appropriative Pool, 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
Donald Schroeder	Western Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Michael Whitehead	Appropriative Pool, Nicholson Trust

WATERMASTER BOARD MEMBERS ABSENT

Bob Kuhn	Three Valleys Municipal Water District
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Agricultural Pool Members Present

Hale, Sylvia	State of California Attorney Generals Office
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Appropriative Pool Members Present

Gerald Black	Fontana Water Company
Robert DeLoach	Cucamonga County Water District
Ken Jeske	City of Ontario
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

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

Others Present

David DeJesus	Three Valleys Municipal Water District
Mohamed El Amamy	City of Ontario
Barbara Gilbert	Western Municipal Water District
Rick Hansen	Three Valleys Municipal Water District
Josephine Johnson	Monte Vista Water District

Chair Yates called the meeting to order at 1:00 p.m. and led the Pledge of Allegiance.

PUBLIC COMMENTS

None

AGENDA - ADDITIONS/REORDER*None***I. CONSENT CALENDAR****A. MINUTES**

1. Draft Minutes - Joint Meeting Appropriative & Non-Agricultural Pools held April 10
2. Draft Minutes - Meeting of the Appropriative Pool held May 15
3. Draft Minutes - Special Meeting of the Appropriative Pool held May 21
4. Draft Minutes - Joint Meeting Appropriative & Non-Agricultural Pools held June 12

B. FINANCIAL REPORTS

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2. Notice of Sale or Transfer of Right to Produce Water in Storage from Cucamonga County Water District to Fontana Water Company in the amount of 10,000 acre-feet (Noticed May 28, 2003; Pools Recommended Approved June 12, 2003)

D. RESOLUTION 03-05

A Resolution of the Chino Basin Watermaster, Requesting that the Inland Empire Utilities Agency be the Lead Agency for the California Department of Water Resources Grants for AB303 Funding on behalf of the Chino Basin Watermaster and the Chino Groundwater Basin.

E. COST OF LIVING ADJUSTMENT (COLA)

Approve 2.1% COLA included in the FY 2003-04 Budget, retroactive July 1, 2003.

There were no questions or comments regarding the Consent Calendar items.

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

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

II. BUSINESS ITEMS**A. CONSIDER APPOINTMENTS TO WATERMASTER PERSONNEL COMMITTEE**

Mr. Rossi explained that one Watermaster Board member serving on the Personnel Committee (Committee) last year was never replaced. He requested the Board Members to affirm the appointments on the Committee. The three Pool Chairs and two Board members currently serving on the Committee are:

Board Chair Yates
Board Vice-Chair Catlin
Agricultural Pool and Advisory Committee Chair deBoom
Appropriative Pool Chair Jeske
Non-Agricultural Pool Chair Barrion

Chair Yates asked if any member of the Board wished to volunteer to serve on the Committee. Because there were none, it was determined that the five members listed would be sufficient to continue performing the duties as required.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Special Referee Workshop on MZ1 Interim Subsidence Plan - October 30, 2003

A motion was filed with the Court to continue the MZ1 Workshop originally scheduled for July 17, 2003 to August 7, 2003 in order to gather more data to provide the Special Referee

with a comprehensive update on the MZ1 Subsidence Interim Plan. Upon the Special Referee's recommendation, the Court continued the workshop to October 30 with a provision that if the Cities fail to continue forbearance for another year, they will revisit whether a workshop will be necessary on a shorter time frame. The City of Chino has submitted their forbearance form and there is every indication that the City of Chino Hills is going to sign up for another year. That will be confirmed by the August 1 deadline.

2. Hearing regarding Cyclic Storage Agreement Amendment

The hearing for the Seventh Amendment to the Cyclic Storage Agreement with Metropolitan Water District has been set for September 4.

3. Chino Land & Water Appeal

Counsel Fife reported that Chino Land & Water has filed an appeal and the Court of Appeals has set a briefing schedule. Chino Land and Water's opening brief will be due by August 11. Lewis Investment Company and their attorneys, Best, Best & Krieger, have continued their willingness to have Watermaster participate with preparing their response. Depending on the content of Chino Land & Water's opening brief, Watermaster may want to consider filing an Amicus Brief.

4. Colonies Litigation

The Colonies litigation between Cucamonga County Water District, Santa Ana Water Company and the City of Upland was discussed several months ago as to Watermaster becoming involved. Prior to any decision, the litigation was stayed and it was decided that Watermaster would revisit the possibility of becoming involved once the stay was lifted. The stay was recently lifted and the issue is back for reconsideration. Counsel will talk to counsels for the parties to explore how Watermaster could best contribute to a solution and will report again next month. Regarding the time schedule, the Judge wants all briefs in his hands by October.

Mr. DeLoach reported the ruling in September by the Court on the CEQA case was that those easements of the County are no longer valid. That brings to question all of the County Flood Control District's (Flood Control) easements that are used for flood control purposes, including those that Watermaster uses as part of the Recharge Master Plan. This could impact a number of different groups.

Member Vanden Heuvel pointed out that the Flood Control is Watermaster's partner with regard to recharge in the Chino Basin and as such, Watermaster has a huge interest in the integrity of Flood Control easements. If the Court has ruled that the blanket easement the Flood Control has on this property is no longer effective by law, all their easements we intended to piggyback with Watermaster's projects are subject to being challenged. He asked that Watermaster Legal Counsel be instructed to stay engaged in this case, investigate Watermaster's interest in the suit, and help in every way we can.

With no objections, Chair Yates said Watermaster Legal Counsel is directed to proceed with investigating the issues that surround this case.

B. CEO REPORT/UPDATES

Mr. Rossi introduced Gordon Treweek who started Monday as Watermaster's Project Engineer. Daniel Maurizio has accepted the Senior Engineer position and will begin at Watermaster on August 12.

1. Update regarding Storage & Recovery Project

Mr. Rossi explained that at the workshop held on July 20, the parties discussed a scope of work for a larger Storage & Recovery Project presented by Black & Veatch. This will help culminate the work already done and all of the components necessary to market storage capacity. Mr. Argo, Black & Veatch, gave an overview of the presentation given to the pools earlier this month. They anticipate the final bound copy of the scope of work coming forward to the pools for consideration in August. Mr. Argo said that in order for Watermaster to look at a program up to 500,000 acre-feet, they would continue to work interactively with all the agencies to develop water supply projections and identify facilities required to do a larger

storage program. He identified various alternatives, looking at both in-lieu and export. They are also investigating potential users of future storage capacity as well as the costs and value of each option to accommodate a larger program. A model has been developed to assist with simulations of the various alternatives and potential impacts. Discussion ensued with regard to the funds previously expended for engineering services and projected expenditures for future engineering services.

2. Update regarding request from JCSD on behalf of the Chino Desalter Authority for clarification of desalter replenishment obligation

Watermaster has received and provided two letters from JCSD regarding the replenishment obligation for future desalters. The Appropriative Pool directed staff to put together a steering committee to meet with JCSD to discuss the issues and timing associated with this work. Staff plans to come back in September with the issues identified, recommendations and a request for direction.

3. Update regarding MVWD request concerning salt credits

Mr. Rossi reported that action taken by the Appropriative Pool on July 14 regarding the salt credit issue was provided. Because the Regional Board has not issued salt credits, the Appropriative Pool recommended the Watermaster take no action at this time. The Non-Agricultural Pool abstained from the action taken by the Appropriative Pool and the Agricultural Pool took no action at this time. This matter will be agendized as a business item in August.

4. Update regarding Water Quality Committee meeting on July 21, 2003

At the July 21 Water Quality Committee meeting, Mr. Thibeault provided an update on the Perchlorate Task Force and Mr. Wildermuth talked about some perchlorate issues in the Basin outside of that particular anomaly and presented a map showing each of the major water quality anomalies and plumes within the area. They talked about the Kaiser plume at great length. Mr. Rossi called the Board's attention to copies of Mr. Neufeld's testimony before Ken Calvert's sub-committee located on the back table. He also reported that Cucamonga County Water District hosted a meeting last week that was attended by a representative from the Department of Defense. At that meeting, a letter of intent was executed by the Department of Defense, Fontana Water Company, Cucamonga County Water District, and West Valley Water Company describing their interest in the technology being used and committing to enter into an MOU to better understand Chino Basin water quality issues. Mr. Rossi thanked Cucamonga County Water District for hosting the meeting and Board Member Whitehead for his efforts as well. The next meeting will be held August 27, 1:30 p.m. at Watermaster. Their first quarterly report will be prepared within the next 60 days.

5. Report regarding opportunities to recharge water in the Chino Basin

Watermaster is on the State Project System and Metropolitan is offering water for recharge purposes in the Chino Basin. Two connections were recently turned on that will allow approximately 20 acre-feet per day wet water into the Basin at 100% deferred cost. The Appropriators will be able to take portions of this water as an in-lieu delivery through their water treatment plants at no cost, at a higher water quality for blending purposes later this year. Watermaster first has to commit to Metropolitan to turn off wells and allow water to build up in the Basin. There is another Metropolitan program for long-term in-lieu storage and staff is working with the Appropriators with regard to in-lieu capabilities.

6. Status regarding Hydraulic Control Monitoring Meeting held July 8 @ IEUA

Staff continues to meet with Orange County Water District and IEUA regarding the Hydraulic Control Draft Program. They will meet again on August 15. Staff hopes to present a more comprehensive report on the Hydraulic Control Monitoring Program in September.

7. CBWM/IEUA awarded \$250,000 AB303 Grant from DWR

Watermaster/IEUA has been awarded \$250,000 from the Department of Water Resources' AB303 Grant Program and another \$270,000 to complement that from USBR for the Hydraulic Control Monitoring Program.

Mr. Rossi added that he would be on vacation next week.

Member Schroeder inquired about the status of moving the Watermaster office. Mr. Rossi said staff would have the new lease contract available for the meetings in August. Cucamonga County Water District's Engineering Department is scheduled to move into their new facilities on August 6 and prior to Watermaster moving in, improvements will be made to the building. Staff anticipates moving the first week of September if all goes well.

Mr. Rossi said he had an additional item to report. Staff sent out an original notice on the work necessary to demonstrate the lack of material fiscal injury related to the Dry Year Yield Program. Mr. Wildermuth finished his report on the modeling and findings of no material fiscal injury, which is a subset of the Feasibility Report for the Dry Year Yield Program. Copies of the Feasibility Report are available and will be on the meeting agendas in September for discussion. Staff is working to have the report available on the website within a week.

C. OTHER AGENCY REPORTS

None

IV. BOARD MEMBER COMMENTS

Member Whitehead thanked Cucamonga County Water District for hosting what was truly a historic meeting between water agencies and the Secretary of Defense.

Member Vanden Heuvel asked if Mr. DeJesus could provide a report on the QSA. Mr. DeJesus reported that numerous meetings recently took place during an eight-day period in Sacramento. Metropolitan Water District is doing everything it can to see that the QSA deal goes through. They are still at the table and expecting a call for another meeting very soon.

Chair Yates said that he and Mr. Rossi attended the IEUA Grand Opening Ceremony for their new facility. He said what was really impressive is that the two 33,000 square-foot buildings only require the electricity normally used to operate four houses. He also provided a brief report on the last CDA meeting.

V. OTHER BUSINESS

There was none.

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

Chair Yates adjourned the Watermaster Board meeting at 2:00 p.m.

Secretary

Minutes Approved: _____

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CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

B. FINANCIAL REPORTS



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: August 28, 2003
TO: Advisory Committee Members
Watermaster Board Members
SUBJECT: Cash Disbursement Report – July 2003

SUMMARY

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

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

Fiscal Impact – All funds disbursed were included in the FY 2003-04 Watermaster Budget.

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of July 2003 were \$665,375.13. The most significant expenditures during the month were Layne Christensen Company in the amount of \$300,207.50; Inland Empire Utilities Agency in the amount of \$61,242.00; Wildermuth Environmental Inc. in the amount of \$46,548.42; and Libolt Design & Remodeling, Inc. in the amount of \$29,410.00.

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CHINO BASIN WATERMASTER
 Cash Disbursement Detail Report
 July 2003

Type	Date	Num	Name	Amount
Jul 03				
General Journal	7/5/2003	03/07/4	PAYROLL	-4,060.06
General Journal	7/5/2003	03/07/4	PAYROLL	-14,590.67
Bill Pmt -Check	7/7/2003	7764	ADEX MEDICAL INC	-195.72
Bill Pmt -Check	7/7/2003	7765	APPLIED COMPUTER TECHNOLOGIES	-2,382.10
Bill Pmt -Check	7/7/2003	7766	BANK OF AMERICA	-1,077.99
Bill Pmt -Check	7/7/2003	7767	BARRION, VICTOR A	-125.00
Bill Pmt -Check	7/7/2003	7768	CATLIN, TERRY	-125.00
Bill Pmt -Check	7/7/2003	7769	CHEVRON	-465.29
Bill Pmt -Check	7/7/2003	7770	CITRUS FORD	-20,351.42
Bill Pmt -Check	7/7/2003	7771	COSTCO WHOLESAL	-279.66
Bill Pmt -Check	7/7/2003	7772	DAILY BULLETIN	-172.80
Bill Pmt -Check	7/7/2003	7773	DE BOOM, NATHAN	-1,000.00
Bill Pmt -Check	7/7/2003	7774	DeBERARD, ROBERT	-500.00
Bill Pmt -Check	7/7/2003	7775	DONALD E. WILLIAMSON, ASSESSOR	-40.00
Bill Pmt -Check	7/7/2003	7776	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	7/7/2003	7777	FEENSTRA, BOB	-375.00
Bill Pmt -Check	7/7/2003	7778	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	7/7/2003	7779	GROOMAN'S PUMP & WELL DRILLING, INC.	-1,529.19
Bill Pmt -Check	7/7/2003	7780	HATCH AND PARENT	-22,218.24
Bill Pmt -Check	7/7/2003	7781	HUITSING, JOHN	-375.00
Bill Pmt -Check	7/7/2003	7782	INLAND COUNTIES INSURANCE SERVICES, INC.	-340.66
Bill Pmt -Check	7/7/2003	7783	INLAND EMPIRE UTILITIES AGENCY	-61,242.00
Bill Pmt -Check	7/7/2003	7784	KOOPMAN, GENE	-375.00
Bill Pmt -Check	7/7/2003	7785	KUHN, BOB	-125.00
Bill Pmt -Check	7/7/2003	7786	LA BRUCHERIE, RONALD	-125.00
Bill Pmt -Check	7/7/2003	7787	LAYNE CHRISTENSEN COMPANY	-300,207.50
Bill Pmt -Check	7/7/2003	7788	MWH LABORATORIES	-30.00
Bill Pmt -Check	7/7/2003	7789	OFFICE DEPOT	-270.74
Bill Pmt -Check	7/7/2003	7790	P.C. CLUB	-3,946.42
Bill Pmt -Check	7/7/2003	7791	PASCAL & LUDWIG CONSTRUCTORS	-4,997.85
Bill Pmt -Check	7/7/2003	7792	PAYCHEX	-135.00
Bill Pmt -Check	7/7/2003	7793	PIERSON, JEFFREY	-375.00
Bill Pmt -Check	7/7/2003	7794	POWERS ELECTRIC PRODUCTS CO.	-1,115.40
Bill Pmt -Check	7/7/2003	7795	R & B Lock and Key	-294.80
Bill Pmt -Check	7/7/2003	7796	REID & HELLYER	-4,773.55
Bill Pmt -Check	7/7/2003	7797	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	7/7/2003	7798	RICOH BUSINESS SYSTEMS-Maintenance	-651.95
Bill Pmt -Check	7/7/2003	7799	RODRIGUEZ, DAN	-125.00
Bill Pmt -Check	7/7/2003	7800	SOUTHERN CALIFORNIA EDISON	-955.26
Bill Pmt -Check	7/7/2003	7801	STEWART, TRACI L.	-570.94
Bill Pmt -Check	7/7/2003	7802	TLC STAFFING	-3,623.22
Bill Pmt -Check	7/7/2003	7803	TURNER & ASSOCIATES	-31.30
Bill Pmt -Check	7/7/2003	7804	UNITED PARCEL SERVICE	-545.94
Bill Pmt -Check	7/7/2003	7805	URBAN WATER INSTITUTE	-700.00
Bill Pmt -Check	7/7/2003	7806	VELASQUEZ JANITORIAL	-175.00
Bill Pmt -Check	7/7/2003	7807	VERIZON	-502.38
Bill Pmt -Check	7/7/2003	7808	WHEELER METER MAINTENANCE	-872.34
Bill Pmt -Check	7/7/2003	7809	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	7/7/2003	7810	WILDERMUTH ENVIRONMENTAL INC	-46,548.42
Bill Pmt -Check	7/7/2003	7811	YATES, DENNIS	-125.00
Bill Pmt -Check	7/7/2003	7812	MWH Montgomery Watson Harza	-18,236.64
Bill Pmt -Check	7/14/2003	7763	ACWA SERVICES CORPORATION	-84.45
General Journal	7/21/2003	03/07/8	PAYROLL	-3,931.15
General Journal	7/21/2003	03/07/8	PAYROLL	-14,461.34
Bill Pmt -Check	7/24/2003	7813	STATE COMPENSATION INSURANCE FUND	-719.80
Bill Pmt -Check	7/24/2003	7814	LAB SAFETY SUPPLY, INC.	-188.91
Check	7/24/2003	7815	ROMANO'S MACARONI GRILL	-259.71
Bill Pmt -Check	7/24/2003	7816	AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA	-44.00
Bill Pmt -Check	7/24/2003	7817	BLACK & VEATCH CORPORATION	-23,501.21
Bill Pmt -Check	7/24/2003	7818	CALPERS	-1,231.82
Bill Pmt -Check	7/24/2003	7819	CITISTREET	-1,081.77
Bill Pmt -Check	7/24/2003	7820	CITIZENS CONFERENCING	0.00
Bill Pmt -Check	7/24/2003	7821	ELLISON, SCHNEIDER & HARRIS, LLP	-17,215.58
Bill Pmt -Check	7/24/2003	7822	Hettinga, Peter	-125.00
Bill Pmt -Check	7/24/2003	7823	INLAND EMPIRE UTILITIES AGENCY	-132.25
Bill Pmt -Check	7/24/2003	7824	Jin M. Kim, M.D.	-140.00
Bill Pmt -Check	7/24/2003	7825	MCCALL'S METER SALES & SERVICE	-2,237.41
Bill Pmt -Check	7/24/2003	7826	MCI	-945.95
Bill Pmt -Check	7/24/2003	7827	MWH LABORATORIES	-2,040.00

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
July 2003

Type	Date	Num	Name	Amount
Bill Pmt -Check	7/24/2003	7828	OFFICE DEPOT	-588.25
Bill Pmt -Check	7/24/2003	7829	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,410.00
Bill Pmt -Check	7/24/2003	7830	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	7/24/2003	7831	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,650.90
Bill Pmt -Check	7/24/2003	7832	RAUCH COMMUNICATION CONSULTANTS, LLC	-8,187.15
Bill Pmt -Check	7/24/2003	7833	RICOH BUSINESS SYSTEMS-Maintenance	-89.21
Bill Pmt -Check	7/24/2003	7834	STANDARD INSURANCE CO.	-421.92
Bill Pmt -Check	7/24/2003	7835	TLC STAFFING	-1,067.60
Bill Pmt -Check	7/24/2003	7836	USA-FACT INC	-248.40
Bill Pmt -Check	7/24/2003	7837	VALLEY VET SUPPLY	-101.53
Bill Pmt -Check	7/30/2003	7838	ACE METALS	-525.00
Bill Pmt -Check	7/30/2003	7839	ARROWHEAD MOUNTAIN SPRING WATER	-39.09
Bill Pmt -Check	7/30/2003	7840	CALIFORNIA TRUCK SHELLS	-1,542.74
Bill Pmt -Check	7/30/2003	7841	CBA STEREO & SECURITY	-188.56
Bill Pmt -Check	7/30/2003	7842	CITIZENS CONFERENCING	-37.96
Bill Pmt -Check	7/30/2003	7843	COLONIAL LIFE & ACCIDENT INSURANCE CO	-42.80
Bill Pmt -Check	7/30/2003	7844	CONRAD & ASSOCIATES, L.L.P.	-3,839.00
Bill Pmt -Check	7/30/2003	7845	EARL SCHEIB PAINT & BODY	-597.78
Bill Pmt -Check	7/30/2003	7846	LOS ANGELES TIMES	-39.92
Bill Pmt -Check	7/30/2003	7847	MIJAC ALARM	-126.00
Bill Pmt -Check	7/30/2003	7848	NEXTEL COMMUNICATIONS	-433.68
Bill Pmt -Check	7/30/2003	7849	RANCHO TECH LLC	-4,485.00
Bill Pmt -Check	7/30/2003	7850	TLC STAFFING	-1,067.60
Bill Pmt -Check	7/30/2003	7851	LIBOLT DESIGN & REMODEL, INC.	-29,410.00
Bill Pmt -Check	7/30/2003	7852	SOFTCHOICE	-10,329.21
Jul 03				<u>-665,375.13</u>

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2002 THROUGH JUNE 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			79,234.18	\$10,168.29	4,423.40			\$61.87	93,887.74	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	4,550,019.01	10,168.29	153,465.58	\$0.00	\$0.00	61.87	4,739,593.69	3,930,462
Administrative & Project Expenditures										
Watermaster Administration	833,897.13								833,897.13	752,208
Watermaster Board-Advisory Committee	39,415.31								39,415.31	60,392
Pool Administration			14,128.90	71,706.45	4,404.21				90,239.56	139,782
Optimum Basin Mgmt Administration		939,061.08							939,061.08	891,634
OBMP Project Costs		2,850,393.00							2,850,393.00	3,324,257
Education Funds Use								375.00	375.00	375
Mutual Agency Project Costs	78,158.30								78,158.30	2,500
Total Administrative/OBMP Expenses	951,470.74	3,789,454.08	14,128.90	71,706.45	4,404.21			375.00	4,831,539.38	5,171,148
Net Administrative/OBMP Income	(925,591.80)	(3,789,454.08)								
Allocate Net Admin Income To Pools	925,591.80		674,285.74	220,349.59	30,956.47				0.00	0
Allocate Net OBMP Income To Pools		3,789,454.08	2,760,585.01	902,130.57	126,738.49				0.00	0
Agricultural Expense Transfer			1,181,936.61	(1,181,936.61)					0.00	0
Total Expenses	4,630,936.27		4,630,936.27	12,250.00	162,099.17	-	-	375.00	4,831,539.38	5,171,148
Net Administrative Income			(80,917.26)	(2,081.71)	(8,633.59)			(313.13)	(91,945.69)	(1,240,686)
Other Income/(Expense)										
Replenishment Water Purchases						1,473,723.71			1,473,723.71	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						(2,998,168.99)			(2,998,168.99)	(1,586,049)
Net Other Income			0.00	0.00	0.00	61,554.72	0.00	0.00	61,554.72	0
Net Transfers To/(From) Reserves			(80,917.26)	(2,081.71)	(8,633.59)	61,554.72	-	(313.13)	(30,390.97)	(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	\$ 2,835,085.87	\$ 466,068.60	\$ 167,170.98	\$ 266,502.67	\$ 158,250.86	\$ 2,531.94	\$ 3,895,610.92			
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
JUNE 1 THROUGH JUNE 30, 2003

SUMMARY at 6/30/2003

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500.00
Bank of America			
Governmental Checking-Demand Deposits	\$106,788.72		
Savings Deposits	9,604.66		
Zero Balance Account - Payroll	0.00		116,393.38
Local Agency Investment Fund - Sacramento			4,343,137.75
TOTAL CASH IN BANKS AND ON HAND	6/30/2003	\$	4,460,031.13
TOTAL CASH IN BANKS AND ON HAND	5/31/2003		5,880,665.84
PERIOD INCREASE (DECREASE)		\$	<u>(1,420,634.71)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	(26,322.05)
Assessments Receivable	0.00
Prepaid Expenses, Deposits & Other Current Assets	(11,044.81)
(Decrease)/Increase in Liabilities: Accounts Payable	(791,479.31)
Accrued Payroll, Payroll Taxes & Other Current Liabilities	(4,380.65)
Transfer to/(from) Reserves	(587,407.89)
PERIOD INCREASE (DECREASE)	\$ <u>(1,420,634.71)</u>

<u>SUMMARY OF FINANCIAL TRANSACTIONS:</u>	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 5/31/2003	\$500.00	\$77,435.30	\$0.00	\$9,592.79	\$5,793,137.75	\$5,880,665.84
Deposits		41,115.00	0.00	11.87	0.00	41,126.87
Transfers		1,415,837.10	34,162.90	0.00	(1,450,000.00)	0.00
Withdrawals/Checks		(1,427,598.68)	(34,162.90)	0.00	0.00	(1,461,761.58)
Balances as of 6/30/2003	\$500.00	\$106,788.72	\$0.00	\$9,604.66	\$4,343,137.75	\$4,460,031.13
PERIOD INCREASE OR (DECREASE)	\$0.00	\$29,353.42	\$0.00	\$11.87	(\$1,450,000.00)	(\$1,420,634.71)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
6/21/2003	Withdrawal	L.A.I.F.	(400,000.00)				
6/30/2003	Withdrawal	L.A.I.F.	(1,050,000.00)				
TOTAL INVESTMENT TRANSACTIONS			(\$1,450,000.00)	\$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.

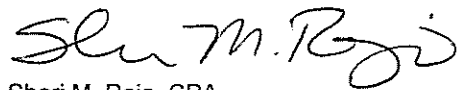
**INVESTMENT STATUS
June 30, 2003**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$4,343,137.75			
Time Certificates of Deposit	0.00			
TOTAL INVESTMENTS	\$4,343,137.75			

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

CHINO BASIN WATERMASTER

Profit & Loss Budget vs. Actual

July 2002 through June 2003

	Jul '02 - Jun 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	93,887.74	132,890.00	-39,002.26	70.7%
4900 · Miscellaneous income	0.00	0.00	0.00	0.0%
Total Income	4,739,593.69	3,930,462.00	809,131.69	120.6%
Gross Profit	4,739,593.69	3,930,462.00	809,131.69	120.6%
Expense				
6010 · Salary Costs	480,736.76	414,173.00	66,563.76	116.1%
6020 · Office Building Expense	80,097.14	123,845.00	-43,747.86	64.7%
6030 · Office Supplies & Equip.	24,846.22	27,500.00	-2,653.78	90.3%
6040 · Postage & Printing Costs	64,478.71	48,450.00	16,028.71	133.1%
6050 · Information Services	98,349.16	101,800.00	-3,450.84	96.6%
6061 · Other Consultants	33,326.18	29,000.00	4,326.18	114.9%
6062 · Audit Services	3,839.00	5,000.00	-1,161.00	76.8%
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	136,027.62	71,000.00	65,027.62	191.6%
6067.2 · Legal Services -Markot	90.36	5,000.00	-4,909.64	1.8%
6080 · Insurance	14,046.80	11,210.00	2,836.80	125.3%
6110 · Dues and Subscriptions	19,687.47	13,500.00	6,187.47	145.8%
6140 · Other WM Admin Expenses	1,354.82	2,300.00	-945.18	58.9%
6150 · Field Supplies	3,424.39	3,950.00	-525.61	86.7%
6170 · Travel & Transportation	46,349.02	25,500.00	20,849.02	181.8%
6190 · Conferences & Seminars	16,519.60	14,500.00	2,019.60	113.9%
6200 · Advisory Comm - WM Board	13,738.35	17,870.00	-4,131.65	76.9%
6300 · Watermaster Board Expenses	25,676.96	42,522.00	-16,845.04	60.4%
8300 · Appr PI-WM & Pool Admin	14,128.90	16,310.00	-2,181.10	86.6%
8400 · Agri Pool-WM & Pool Admin	16,724.23	18,710.00	-1,985.77	89.4%
8467 · Agri-Pool Legal Services	42,732.22	83,000.00	-40,267.78	51.5%
8470 · Ag Meeting Attend -Special	12,250.00	17,300.00	-5,050.00	70.8%
8500 · Non-Ag PI-WM & Pool Admin	4,404.21	4,462.00	-57.79	98.7%
6500 · Education Funds Use Expens	375.00	375.00	0.00	100.0%
9500 · Allocated G&A Expenditures	-197,076.12	-286,120.00	89,043.88	68.9%
6900 · Optimum Basin Mgmt Plan	882,424.85	810,777.00	71,647.85	108.8%
6950 · Mutual Agency Projects	78,158.30	2,500.00	75,658.30	3,126.3%
9501 · G&A Expenses Allocated-OBMP	56,636.23	80,857.00	-24,220.77	70.0%
7101 · Production Monitoring	29,662.32	61,062.00	-31,399.68	48.6%
7102 · In-line Meter Installation	421,978.11	439,399.00	-17,420.89	96.0%
7103 · Grdwtr Quality Monitoring	193,721.92	321,829.00	-128,107.08	60.2%
7104 · Gdwtr Level Monitoring	84,284.32	205,916.00	-121,631.68	40.9%
7105 · Sur Wtr Qual Monitoring	56,403.64	85,161.00	-28,757.36	66.2%
7106 · Wtr Level Sensors Install	28,956.23	34,501.00	-5,544.77	83.9%
7107 · Ground Level Monitoring	711,916.55	801,070.00	-89,153.45	88.9%
7108 · Hydraulic Control Monitoring	18,096.80			
7200 · PE2- Comp Recharge Pgm	222,395.32	184,168.00	38,227.32	120.8%
7300 · PE3&5-Water Supply/Desalte	5,710.47	123,587.00	-117,876.53	4.6%
7400 · PE4-MZ1 Mgmt Plan	353,530.65	81,172.00	272,358.65	435.5%
7500 · PE6&7-CoopEfforts/SaltMgmt	114,242.79	58,299.00	55,943.79	196.0%
7600 · PE8&9-StorageMgmt/Conj Use	39,804.02	102,830.00	-63,025.98	38.7%
7690 · Recharge Improvement Debt Pymt	429,250.00	620,000.00	-190,750.00	69.2%
9502 · G&A Expenses Allocated-Projects	140,439.86	205,263.00	-64,823.14	68.4%
Total Expense	4,831,539.38	5,147,148.00	-315,608.62	93.9%
Net Ordinary Income	-91,945.69	-1,216,686.00	1,124,740.31	7.6%
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	49,682.35			

0021

CHINO BASIN WATERMASTER
 Profit & Loss Budget vs. Actual
 July 2002 through June 2003

	Jul '02 - Jun 03	Budget	\$ Over Budget	% of Budget
4230 · MZ1 Sup Wtr Assessment	1,586,000.00	1,670,049.00	-84,049.00	95.0%
Total Other Income	3,059,723.71	2,285,049.00	774,674.71	133.9%
Other Expense				
5010 · Groundwater Replenishment	2,998,168.99	2,285,049.00	713,119.99	131.2%
9999 · To/(From) Reserves	557,016.92	-1,240,686.00	1,797,702.92	-44.9%
Total Other Expense	3,555,185.91	1,044,363.00	2,510,822.91	340.4%
Net Other Income	-495,462.20	1,240,686.00	-1,736,148.20	-39.9%
Net Income	<u>-587,407.89</u>	<u>24,000.00</u>	<u>-611,407.89</u>	<u>-2,447.5%</u>

CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

C. WATER TRANSACTION



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 11, 2003

TO: Watermaster Committee 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 - Application or Amendment to Application to Recapture Water in Storage and Transfer of Annual Production Right or Safe Yield from The Nicholson Trust to Fontana Water Company in the amount of 6.516 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.

- Application or Amendment of Application to Recapture Water in Storage and Transfer of Annual Production Right or Safe Yield from The Nicholson Trust to Fontana Water Company in the amount of 6.516 acre-feet.

DISCUSSION

This transfer occurs between a producer located primarily in Management Zone 3 to a producer located primarily in Management Zone 3. The transfer is consistent with maintaining the hydrologic balance in Management Zone 3.

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.

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: June 11, 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).

NOTICE OF APPLICATION(S) RECEIVED

Date of Applications: **May 22, 2003**

Date of this notice: **June 11, 2003**

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

- A. Application or Amendment to Application to Recapture Water In Storage and Transfer of Annual Production Right or Safe Yield from The Nicholson Trust to Fontana Water Company in the amount of 6.516 acre-feet of water

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

Agricultural Pool:	July 10, 2003
Appropriative Pool:	July 10, 2003
Non-Agricultural Pool:	July 10, 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.

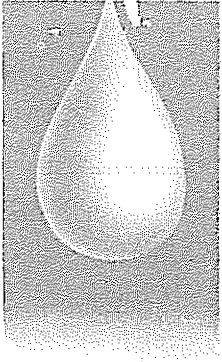
After consideration by the Advisory Committee, the *Application* will be considered by the Board.

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

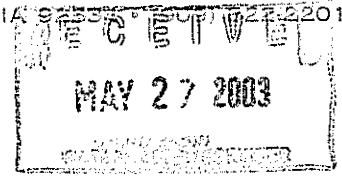
Tel: (909) 484-3888
Fax: (909) 484-3890



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

8440 NUEVO AVENUE • P.O. BOX 987, FONTANA, CALIFORNIA 92335 • 951-727-2201



May 22, 2003



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

Subject: Purchase of Water in Storage and Annual Production Right
Chino Basin-Fiscal Year 2002/2003

Dear John:



Please take notice that Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust water in storage and annual production right in the amount of 6.516 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2002/2003.

Enclosed are fully executed Chino Basin Watermaster Forms No. 4 and 5, along with the Company's Recapture Plan for consideration by Watermaster. Please agendize this proposed transfer at the earliest possible opportunity.

If you should have any question, or require additional information concerning this matter, please call me.

Very truly yours,

Michael J. McGraw
General Manager



MJM:bf
Enclosures



MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Michael J. McCraw, General Manager
Fontana Water Company

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 # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2002 - 2003

Commencing on July 1, 2002 and terminating on June 30, 2003, The Nicholson Trust ("Transferor") hereby transfers to Fontana Water Company ("Transferee") the quantity of 4 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

- (1) Transferee shall exercise said right on behalf of Transferor under the terms of the Judgment and the Peace Agreement and for the period described above. The first water produced in any year shall be that produced pursuant to carry-over rights defined in the Judgment. After production of its carry-over rights, if any, the next (or first if no carry-over rights) water produced by Transferee from the Chino Basin shall be that produced hereunder.
- (2) Transferee shall put all waters utilized pursuant to said Transfer to reasonable beneficial use.
- (3) Transferee shall pay all Watermaster assessments on account of the water production hereby Transferred.
- (4) Any Transferee not already a party must intervene and become a party to the Judgment.

TO BE EXECUTED by both Transferor and Transferee, and to be accompanied by a general description of the area where the Transferred water was to be Produced and used prior to the Transfer, and where it will be Produced and used after the Transfer. This general description can be in the form of a map.

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?

Recapture by Fontana Water Company accomplished by pumping of 13 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

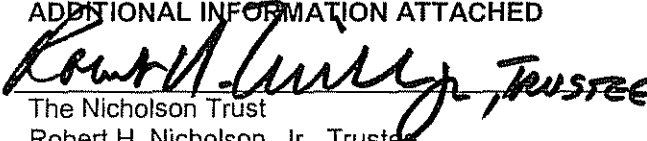
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

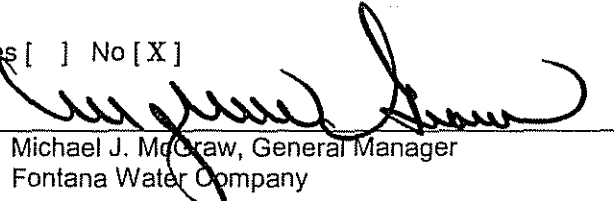
If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


The Nicholson Trust
Robert H. Nicholson, Jr., Trustee


Michael J. McGraw, General Manager
Fontana Water Company

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: _____

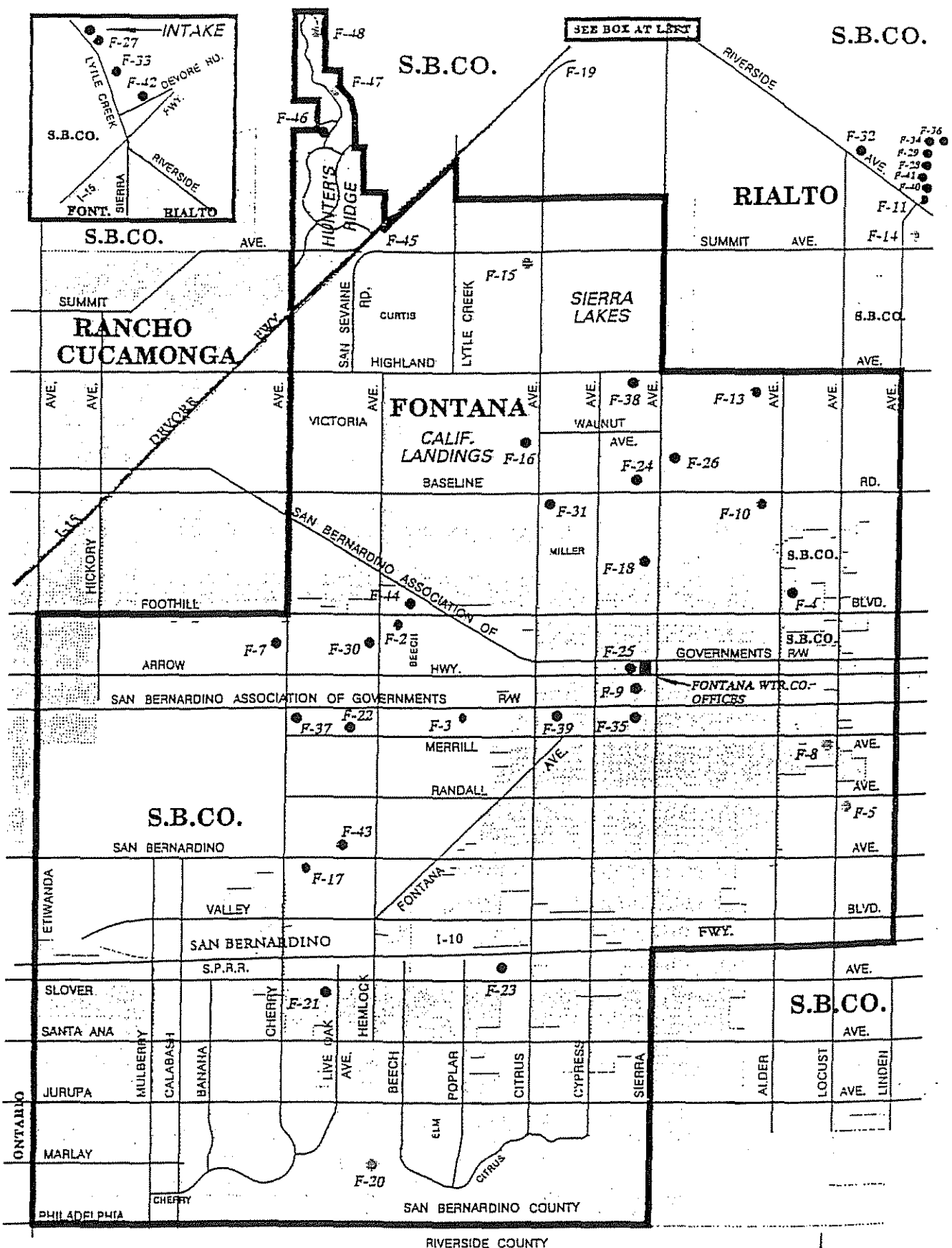
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater from The Nicholson Trust to Fontana Water Company (FWC) of at least 6.516 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2002/2003. Recapture of the stored water is accomplished by the production of any or all of the 13 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

<u>Well</u>	<u>Production</u> <u>Acre-Feet/Day</u>
F23A	10.6
F21A	6.0
F37A	6.4
F7A	10.2
F22A	8.8
F24A	8.4
F26A	8.6
F31A	7.3
F2A	10.6
F30A	8.2
F44A	10.2
F44B	11.0
F44C	11.0
Daily Total	117.3

The attached map shows the location of these wells within FWC's service area. Prior to 1992, water produced from the majority of these wells was pumped within Management Zone 3 by Fontana Union Water Company with safe yield rights in the Chino Groundwater Basin. However, as a result of a bankruptcy settlement agreement dated February 7, 1992 all of Fontana Union's Chino Groundwater Basin water, including overlying (agricultural) pool reallocation, is annually transferred to Cucamonga County Water District's storage account. A separate agreement between Cucamonga County Water District and FWC provides for Cucamonga County Water District to sell to FWC, Chino Basin stored water to cover FWC's production. Pursuant to the same 1992 bankruptcy settlement agreement, Fontana Water Company acquired Fontana Union's water production wells and continues to produce water from Management Zone 3, in the same manner and for the same purpose as had been done prior to 1992.

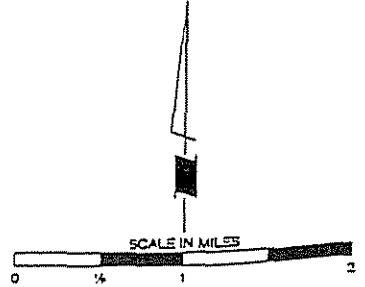


LEGEND

- - WELL ● - WELL & BOOSTERS
- ◻ - BOOSTERS
- ⊕ - WELL BOOSTERS & RESERVOIR
- ⊕ - TREATMENT FACILITY
- ⊕ - RESERVOIR - P.R. VALVE
- - BOOSTERS & RESERVOIR
- - AFTERBAY ● - INTAKES

FONTANA WATER COMPANY

SYSTEM NO. 36100-41



24-0033

CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

A. STORAGE & RECOVERY PROGRAM SCOPE OF WORK AND BUDGET



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: August 14, 2003
TO: Pool Committee Members
SUBJECT: Master Plan Report on Storage & Recovery Program

SUMMARY

Issue – Authorize Black & Veatch to Perform Engineering Services and Prepare Master Plan Report for Storage & Recovery Project

Recommendations – Consider recommendation to Advisory Committee to engage Black & Veatch to develop a Master Plan for the Long-Range Storage and Recovery Program for a fee of \$373,749 including modeling work by Wildermuth Environmental, Inc.

Fiscal Impact – Funds have been budgeted for this work in accounts 6900 and 7600.

BACKGROUND

The Peace Agreement outlines the Watermaster's responsibilities to develop a plan and market certain storage capacities in the Chino Groundwater Basin for the Appropriative Pool Members. In May 2001, the Watermaster solicited proposals for storing water in the Basin. Ten proposals were received indicating serious interest in the program.

In working with the pool members, staff found that additional engineering is necessary in order to fully market the program for maximum benefit to the pool members. The proposals looked for various benefits in addition to storage space such as peaking capacity, additional sources of water, and dry year yield capabilities.

Staff has reviewed the scope and budget for the proposed service at workshops in June and July, and through the Appropriative Pool, Advisory Committee, and Board meetings in the month of July.

Staff and Black and Veatch recommend the following scope (see attached scope):

- 1) Develop Planning Assumptions and Basin Operating Criteria
- 2) Develop Initial Storage and Recovery Operational and Facilities Alternatives
- 3) Evaluate the Hydrologic Feasibility of the Planning Alternatives
- 4) Refine Alternatives
- 5) Prepare Report and Conduct Workshops
- 6) Attend Meetings
- 7) Perform Project Management

0034

An important part of this effort is to develop more specificity on the individual agencies' ability and desire in terms of water supply plans, potential facilities, and shift performance limits. Therefore, the scope proposes workshops and meetings to be conducted with the parties to develop a consensus Master Plan for the program. The work is to be completed by July 2004.

Budget Impacts

Funding has been budgeted for the project. Staff anticipates potential reimbursement of associated costs for engineering, CEQA, and construction from eventual third party entities banking water in the Chino Basin. Staff believes this investment is necessary to provide the Watermaster and parties the ability to negotiate with entities interested in our program. Staff recommends that, based on the potential to obtain tens of millions of dollars to fund various improvements from wells and wellhead treatment to regional transmission and hydraulic control facilities, this is a prudent investment at this time.

Staff recommends that Black & Veatch be engaged to prepare a Storage and Recovery Master Plan report for a fee not to exceed \$373,749. The pools took unanimous action to recommend approval of this item at their meetings of August 14, 2003.

The following presents the Black & Veatch/WEI team's approach to complete the Large-Scale Storage and Recovery Program Master Plan.

TASK 1 DEVELOP PLANNING ASSUMPTIONS AND BASIN OPERATING CRITERIA

Task 1.1 Developed Criteria and Assumptions Memorandum for the SRP Master Plan

The purpose of this task is to define the planning criteria and assumptions that will be used in the development of the SRP master plan. The project team will, based on their experience with the 100,000 AF dry-year yield program, prepare a strawman proposal for planning criteria and assumptions for the expansion of the SRP from 100,000 to 500,000 acre-ft. The strawman proposal will include:

Water Quality

- Groundwater
- Imported water
- Recycled water

Groundwater storage

- Storage limitations
- Description of Baseline and SRP planning scenarios and related assumptions

Asset inventory

- Wells – location, capacity, limitations (water quality, others)
- Conveyance – pipelines, pump stations, reservoirs, capacity, others
- Treatment systems – surface water and groundwater, capacity, limitations. Others
- Recharge facilities

Future facilities and related operating plans

- Wells – location, capacity, limitations (water quality, others)
- Conveyance – pipelines, pump stations, reservoirs, capacity, others
- Treatment systems – surface water and groundwater, capacity, limitations, others
- Recharge facilities

Capital and O&M costs

- Existing and future projections

Recharge programs

- Storm water
- Supplemental water

0036

Hydraulic control
Yield maintenance
Storage losses

Task 1.2 Describe Basin's Potential to Accommodate a 500,000 Acre-foot Storage Program

Based on the information developed in Task 1.1, the Basin's potential to accommodate a 500,000 AF storage program will be described.

Task 1.3 Update Local Producer Water Supply Plans and Projections

Local producer water supply plans and projections will be updated to ensure that the most current planning assumptions are used throughout the master plan. This information will be used for hydraulic modeling of the Basin.

Task 1.4 Develop Draft Memorandum Summarizing Tasks 1.1-1.3

The memorandum will be compiled and distributed to the SRP stakeholders. The Task 1 memorandum will be posted on SRP project web site for viewing and downloading.

Task 1.5 Conduct Kickoff Meeting to Present Draft Memorandum

The SRP Master Plan kickoff meeting will occur about two weeks after the draft Task 1 Memorandum is circulated to the SRP stakeholders. The project team will present the draft Task 1 Memorandum at the kickoff meeting and will receive comments.

Task 1.6 Finalize Task 1 Memorandum

The project team will finalize the Task 1 Memorandum and will distribute to the SRP stakeholders. The Task 1 memorandum will be posted on SRP project web site for viewing and downloading.

TASK 2 DEVELOP INITIAL STORAGE AND RECOVERY OPERATIONAL AND FACILITIES ALTERNATIVES

Task 2.1 Describe In-Lieu vs. Export Storage and Recovery Concepts

In-lieu and export storage and recover concepts will be described and the benefits of each will be identified. Examples of each concept will be provided.

Task 2.2 Review Existing In-Lieu Program with Metropolitan

The existing 100,000 AF Dry-Year Yield Program with Metropolitan will be described and reviewed. Details from the Master and Local Agency agreements will be summarized.

Task 2.3 Review Available Facilities for Delivery of Metropolitan Water

Metropolitan facilities available for wheeling imported water into the Chino Basin will be identified. Limitations of any facilities will be identified.

Task 2.4 Review and Evaluate Four Potential Export Alternatives

Four export alternatives will be developed and evaluated. Maps showing facilities locations in addition to cost estimates will be provided.

Task 2.5 Determine Potential Expansion Plan for CDA Facilities

The most recent CDA expansion plans will be reviewed and evaluated. Further expansion of the CDA program will be discussed. Water supply plans for existing CDA members in addition to proposed members will be evaluated. CDA expansion facilities and an implementation plan will be developed.

Task 2.6 Determine Replenishment Obligation for CDA Production

The replenishment obligations resulting from production from existing and proposed CDA facilities will be presented. Hydraulic modeling will be used to support estimation of replenishment obligations.

Task 2.7 Review Storage and Recovery Prospects with Other Agencies

During the initial solicitation of potential storage and recovery partners within the Chino Basin, various agencies responded with interest. A summary of these potential prospects will be provided.

Task 2.8 Quantify Limitations of Groundwater and Imported Supplies

Limitation of groundwater and imported supplies will directly affect the potential size and feasibility of potential storage and recovery programs. The limitations in groundwater and imported supplies will be identified and facility requirements will be addressed.

Task 2.9 Develop Cost Opinions

Cost opinions for facility requirements will be provided.

Task 2.10 Prepare Task 2 Memorandum

A memorandum summarizing the Task 2 activities will be developed and posted on the project website for review.

Task 2.11 Present Results and Recommendations to Stakeholders

The results and recommendations for the Task 2 activities will be presented to the Chino Basin Stakeholders and comments will be solicited.

Task 2.12 Support Development of Storage and Recovery Agreements

Continuing support to Watermaster for development of SRP agreements will be provided.

TASK 3 EVALUATE THE HYDROGEOLOGIC FEASIBILITY OF THE PLANNING ALTERNATIVES

Task 3.1 Review Planning Alternatives and Convert to Files for Groundwater and Surface Water Simulation

The project team will develop input files for the planning alternatives that advanced through Task 2. The input files will be compatible with the 2003 Watermaster Model. The 2003 Watermaster Model was developed by the project team to evaluate, among other things, the groundwater and surface water impacts of the 100,000 dry-year yield program developed by CBWM, IEUA and Metropolitan.

Task 3.2 Run 2003 Watermaster Model

The project team will run one complete simulation for each planning alternative that advanced from Task 2.

Task 3.3 Evaluate Simulation Runs

The project team will prepare maps, charts and tables from the 2003 Watermaster Model results for each alternative. The impacts that will be reviewed and compared include groundwater level, storage, losses to the River, and transport of known water quality anomalies. Recommendations will be made to improve the performance of the planning alternatives and additional simulations may be made to validate the recommendations.

Task 3.4 Prepare Draft Task 3 Memorandum

The project team will prepare a draft memorandum describing the methods and results of Task 3 and submit this memorandum to the SRP stakeholders for their review. The project team will present the draft Task 3 Memorandum at a regularly scheduled meeting and will receive

comments. The project team will evaluate the need to perform additional simulations based on the comments received. The draft Task 3 Memorandum, comments and responses will be placed on the project web site for viewing and downloading.

Task 3.5 Present Results and Recommendations to Stakeholders

The results for the Task 3 activities will be presented to the Stakeholders and comments will be solicited.

TASK 4 REFINE ALTERNATIVES

Task 4.1 Refine Operations and Facility Descriptions

The Basin operating plans and facility requirements developed in Tasks 2 and 3 will be modified per Stakeholder comments.

Task 4.2 Refine Cost Opinions

Cost estimates will be developed for the refined facility descriptions developed in Task 4.1

Task 4.3 Prepare Task 4 Memorandum

A memorandum summarizing the refined facility descriptions and cost estimates will be prepared.

Task 4.4 Present Results and Recommendations to Stakeholders

A presentation will be given to the Stakeholders to review the refined facility alternatives and summarize the refined cost estimates.

TASK 5 REPORT PREPARATION AND WORKSHOPS

Task 5.1 Prepare Draft SRP Master Plan Report

The project team will prepare a draft SRP Master Plan Report based on the task memoranda from Tasks 1 through 5, and meetings. The draft report will be submitted to the SRP stakeholders for review and comment. The draft report will be on the project web site for viewing and downloading.

Task 5.2 Conduct First Workshop on Draft SRP Master Plan Report

The project team will conduct a workshop on the Draft SRP Master Plan Report to present the draft report and to receive comments.

Task 5.3 Prepare Draft Report Addendum

An addendum will be prepared to respond to comments and concerns of the SRP stakeholders. The addendum report will be on the project web site for viewing and downloading.

Task 5.4 Conduct Second Workshop on Draft SRP Master Plan Report and Addendum

The project team will conduct a second workshop on the Draft SRP Master Plan Report and Addendum to present the addendum and to receive comments.

Task 5.5 Prepare Final SRP Master Plan Report

The project team will prepare a final SRP Master Plan Report based on the results of Tasks 5.1 through 5.4. The final report will be on the project web site for viewing and downloading.

TASK 6 MEETINGS

Routine progress meetings will be held twice per month starting in July 2003 and until project completion in July 2004. A total of 24 meetings will be attended.

TASK 7 PROJECT MANAGEMENT

This task represents the overall project management activities required by the Black & Veatch/WEI team.

CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

B. LEASE AGREEMENT FOR WATERMASTER OFFICE



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: August 28, 2003
TO: Advisory Committee Members
Watermaster Board Members
SUBJECT: Watermaster Office Relocation

SUMMARY

Issue – Authorize Lease Terms and Expenditures for Occupancy of Cucamonga County Water District (CCWD) Office Building

Recommendations – Approve:

- The lease terms for the San Bernardino Road office building,
- Authorize CEO to finalize office lease documents, and
- Authorize the CEO to expend up to \$74,000 as outlined in this staff report

Fiscal Impact – Monthly lease expense and lessee improvement costs amortized over a 10-year lease term are less than the current lease costs including the monthly lease, electricity, security, gas, electric, and water expenses. Costs per square foot will be approximately half of the current lease costs per square foot.

BACKGROUND

In October of 2001, staff began reviewing the possibility of relocating the offices of the Watermaster. Three options were investigated:

1. Sharing office space in IEUA's new headquarters complex in Chino
2. Expanding offices at current location, 8632 Archibald Avenue, Rancho Cucamonga
3. Re-locating to CCWD's office building on San Bernardino Road, Rancho Cucamonga

Staff presented an analysis and received direction to pursue a lease with Cucamonga County Water District for their office building on San Bernardino Road that was to be available in approximately September of 2003.

DISCUSSION

Various items have since been evaluated in addition to the lease expense, utilities, etc., such as parking security for Watermaster vehicles, space for future expansion, meeting room needs, and other matters. At that time, Mr. Robert DeLoach, General Manager for CCWD, indicated that CCWD intended to make certain leasehold improvements to the building to ready it for Watermaster occupancy.

The significant lease terms are:

- Monthly Lease of \$4,900 (for approximately 8,000 sq ft)
Includes electricity, gas, water, landscaping, parking lots, warehouse use, security, and basic building maintenance & repairs to roof, HVAC, etc.
- No lease increase for 24 months; CPI annually thereafter.
- Ten year initial term. Automatic five year extensions unless notified by either party six months prior to end of lease. Watermaster may opt out under certain conditions with proper notice.
- CCWD will make its janitorial, plumbing, and other maintenance services available to Watermaster at cost plus pertinent overheads. Watermaster has the option to choose other services available.

CCWD now anticipates vacating the building by August 12. Various improvements with regard to the carpet, painting, and upgrades to wiring should be complete by August 31, 2003. Watermaster staff projects September 5 as a potential move date.

Budget Impacts

The following amounts are budgeted for the relocation:

Funding

Budgeted in Fiscal 2002/2003	\$45,500
Budgeted in Fiscal 2003/2004	<u>28,500</u>
Total	<u>\$74,000</u>

Expenditures

Upgraded Computer/Phone Wiring	\$12,500
Leasehold Improvements	19,000
Upgrade/Install Audio System in Board Room	14,700
Upgrade/Install Projector/Screen in Board Room	6,200
Move Furniture, etc.	5,000
Move Office Copiers	1,000
Move/Set-up Phone System	2,000
New Furniture	<u>4,000</u>
Subtotal	\$ 64,400
Contingency – 15%	<u>9,600</u>
Total	<u>\$ 74,000</u>

Staff analyzed current annual expenditures and budgets for lease, utilities and security and amortized the one-time expenditures listed above over a ten-year period at 5% interest. The new lease cost plus the amortized costs for relocating are at, or less than, the Watermaster's current monthly expenditures, while almost doubling the square footage in office space.

The Pools took unanimous action at the meetings of August 14, 2003, recommending approval of this item.

CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

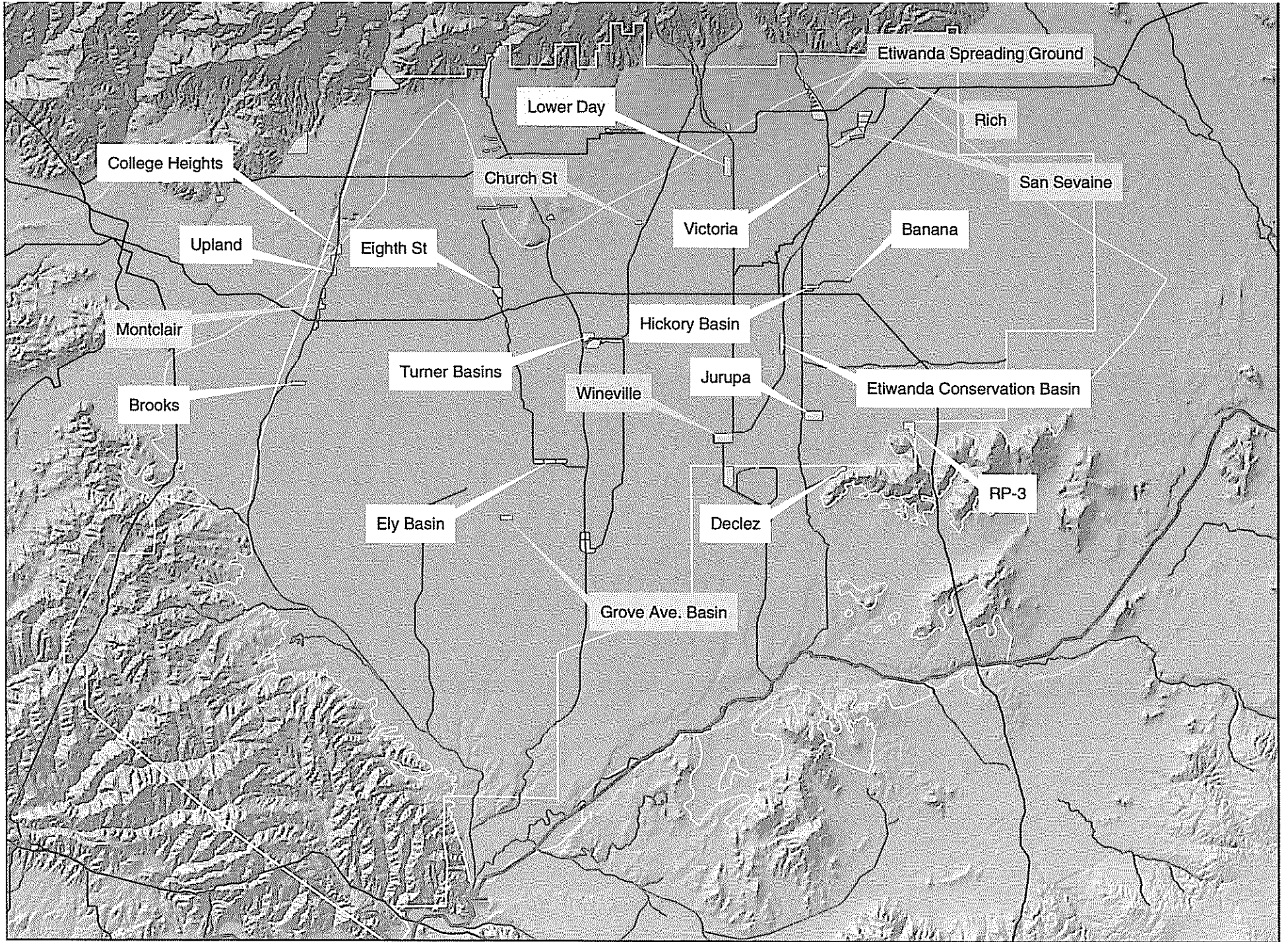
1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

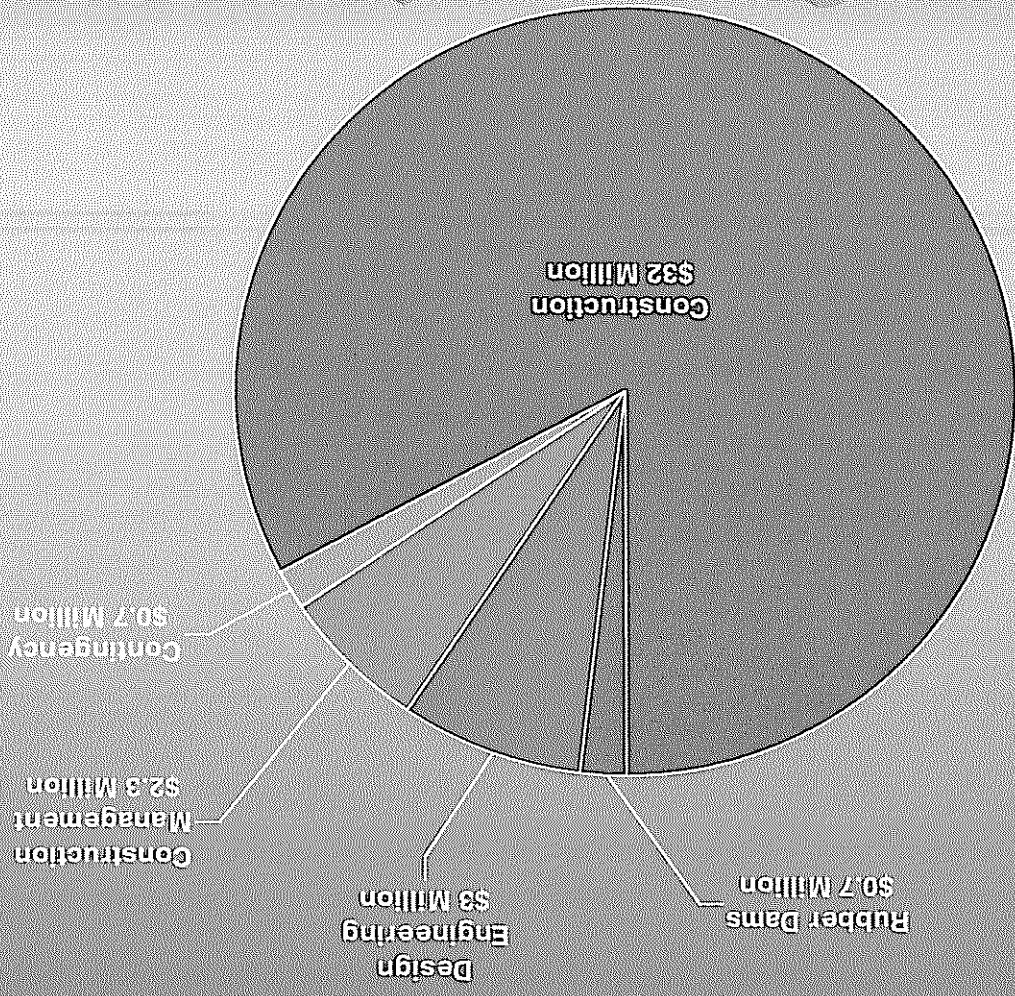
C. CHINO BASIN FACILITIES IMPROVEMENT PROJECT

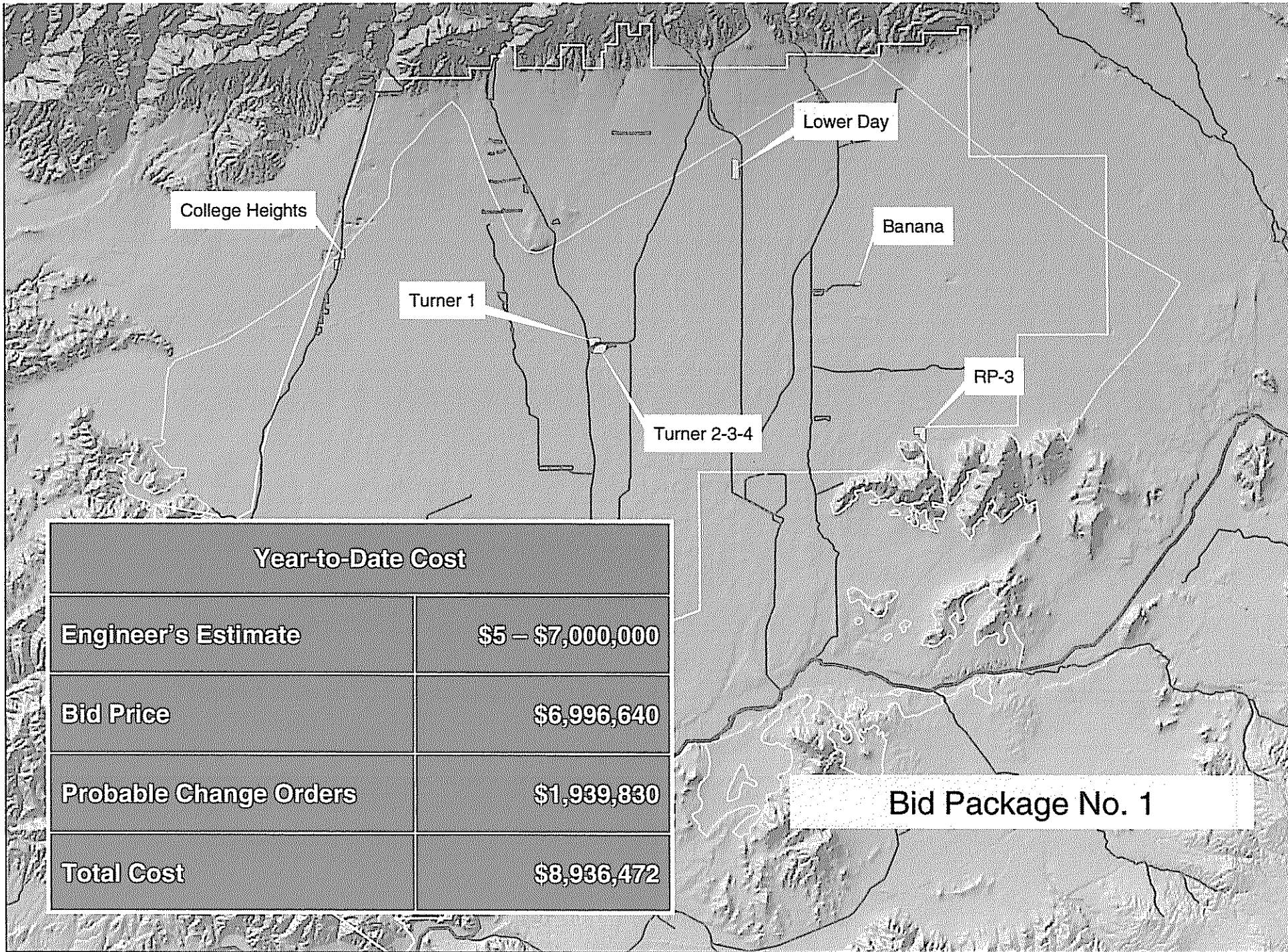
Award of Construction Contract for Bid
Package No. 3 and Chino Basin
Facilities Improvement Project

August 6, 2003



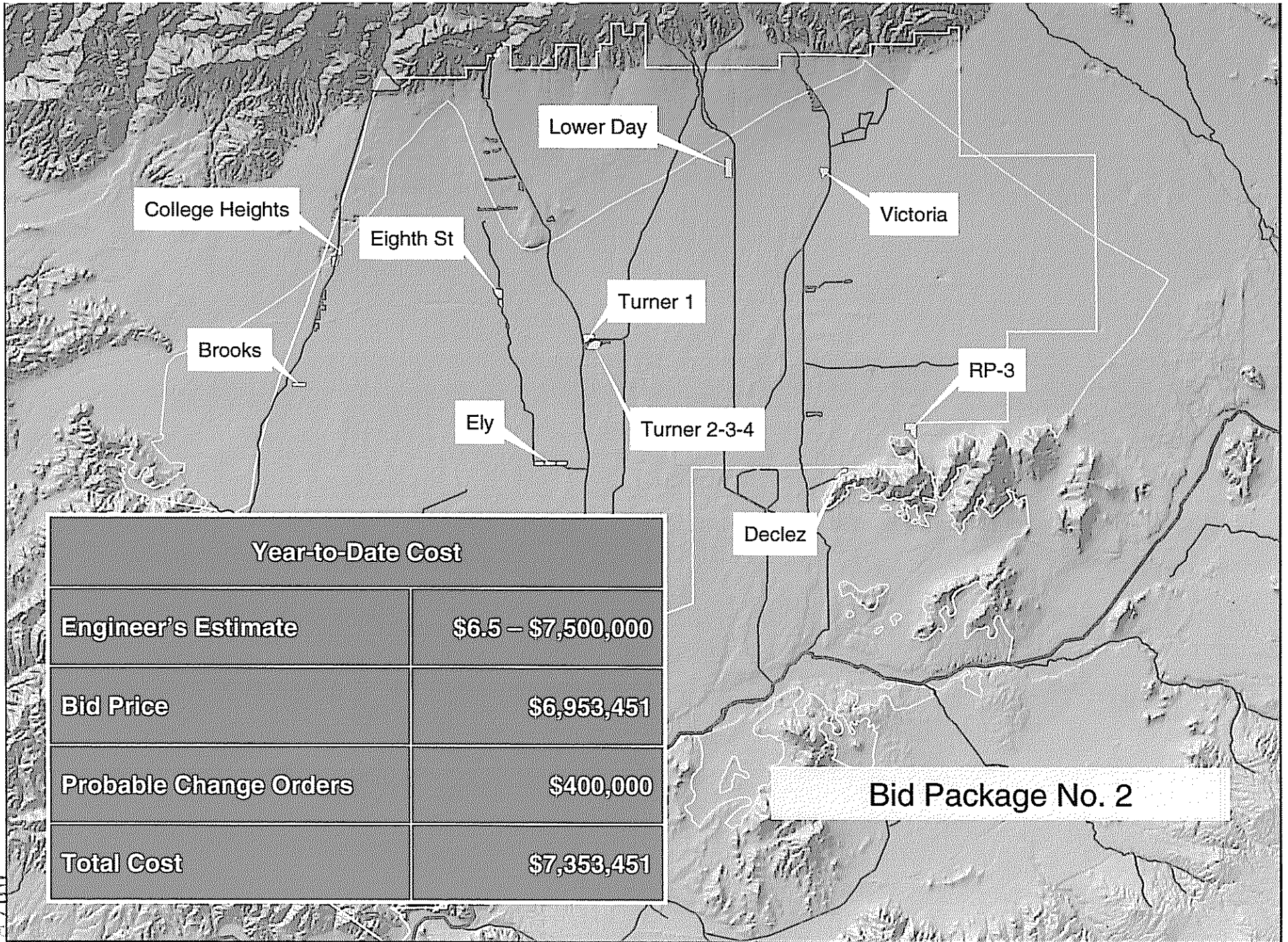
Total Budget = \$38.7 Million





Year-to-Date Cost	
Engineer's Estimate	\$5 – \$7,000,000
Bid Price	\$6,996,640
Probable Change Orders	\$1,939,830
Total Cost	\$8,936,472

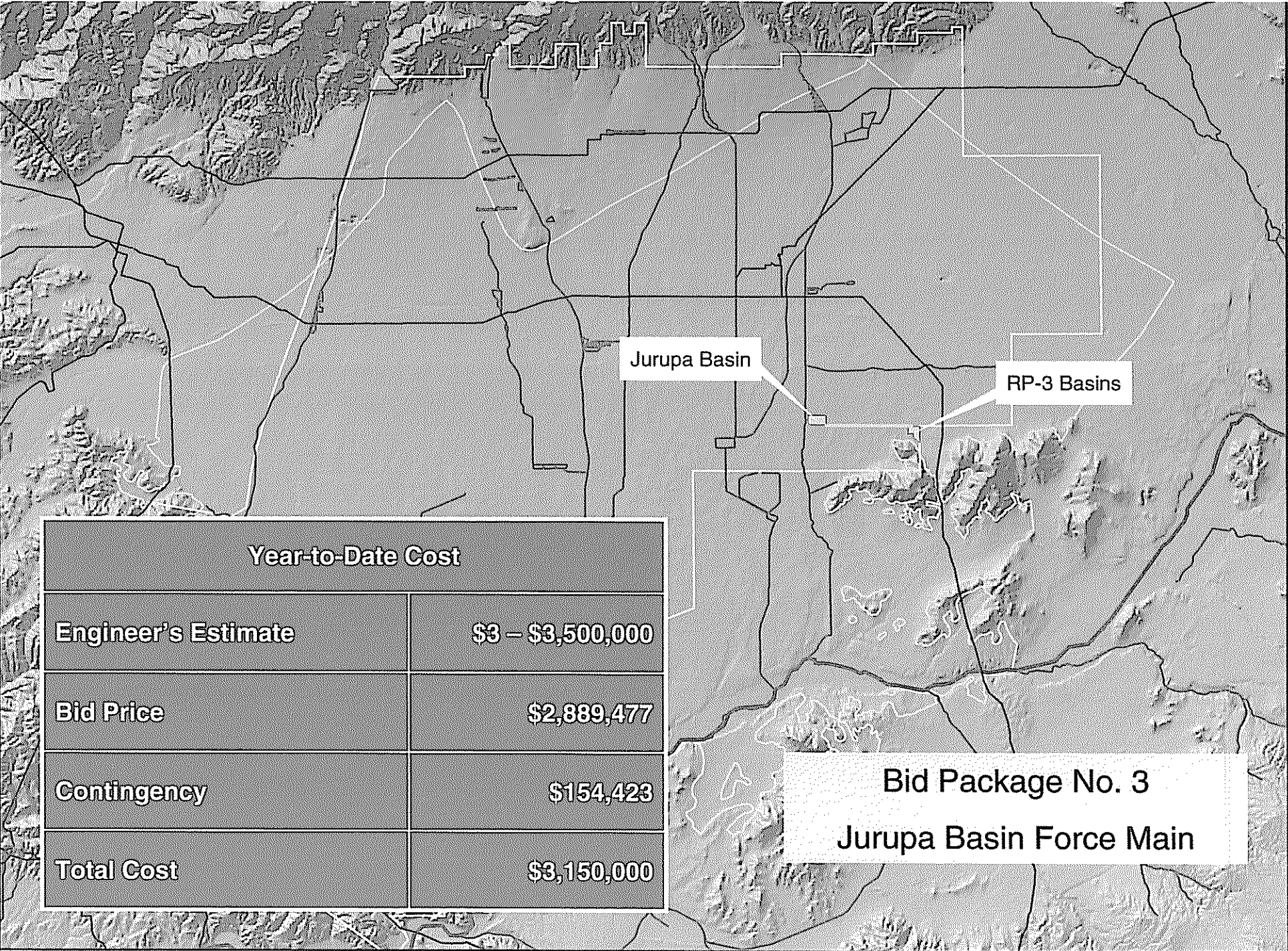
Bid Package No. 1



Year-to-Date Cost	
Engineer's Estimate	\$6.5 – \$7,500,000
Bid Price	\$6,953,451
Probable Change Orders	\$400,000
Total Cost	\$7,353,451

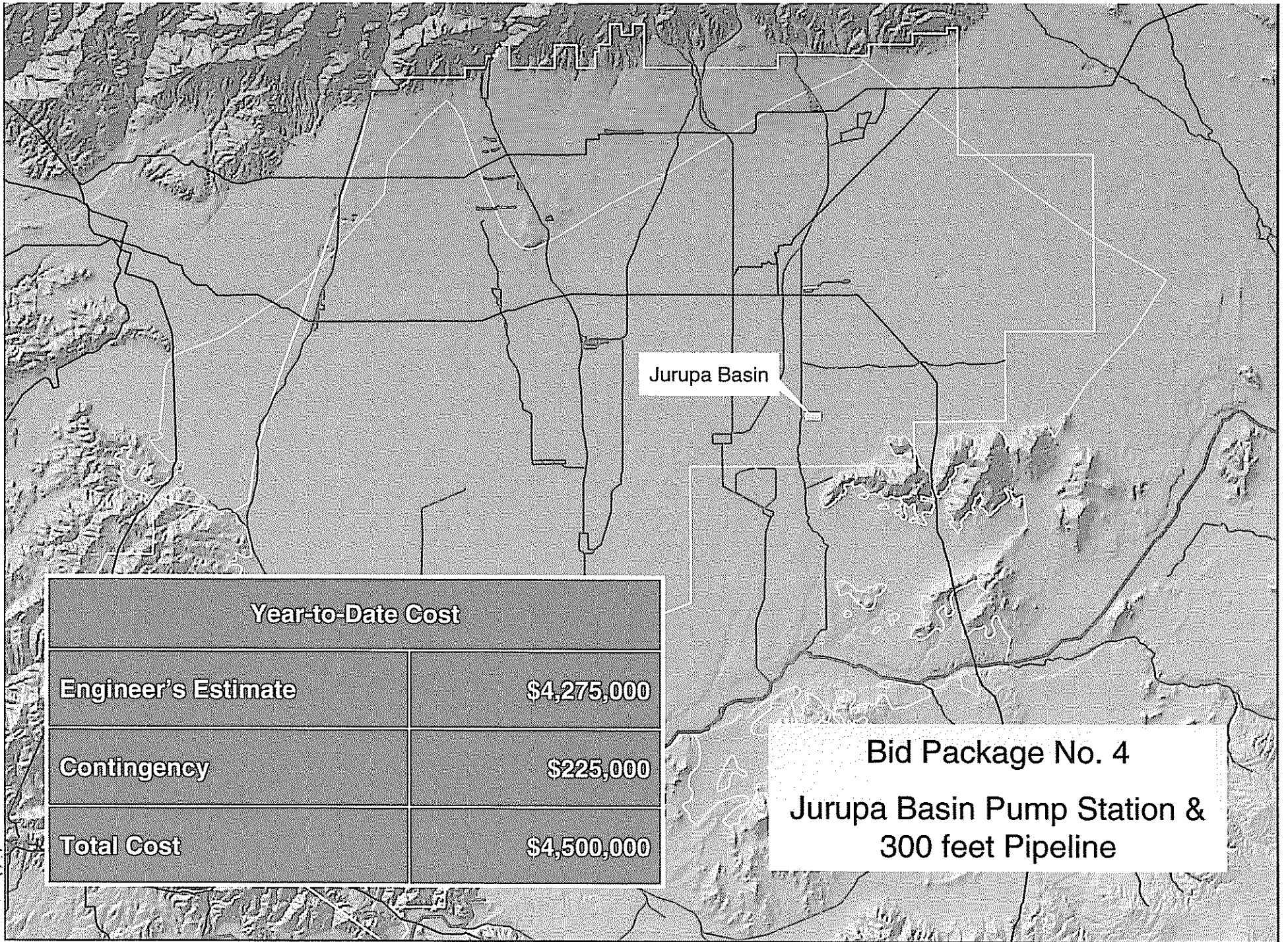
Bid Package No. 2

0703



Year-to-Date Cost	
Engineer's Estimate	\$3 – \$3,500,000
Bid Price	\$2,889,477
Contingency	\$154,423
Total Cost	\$3,150,000

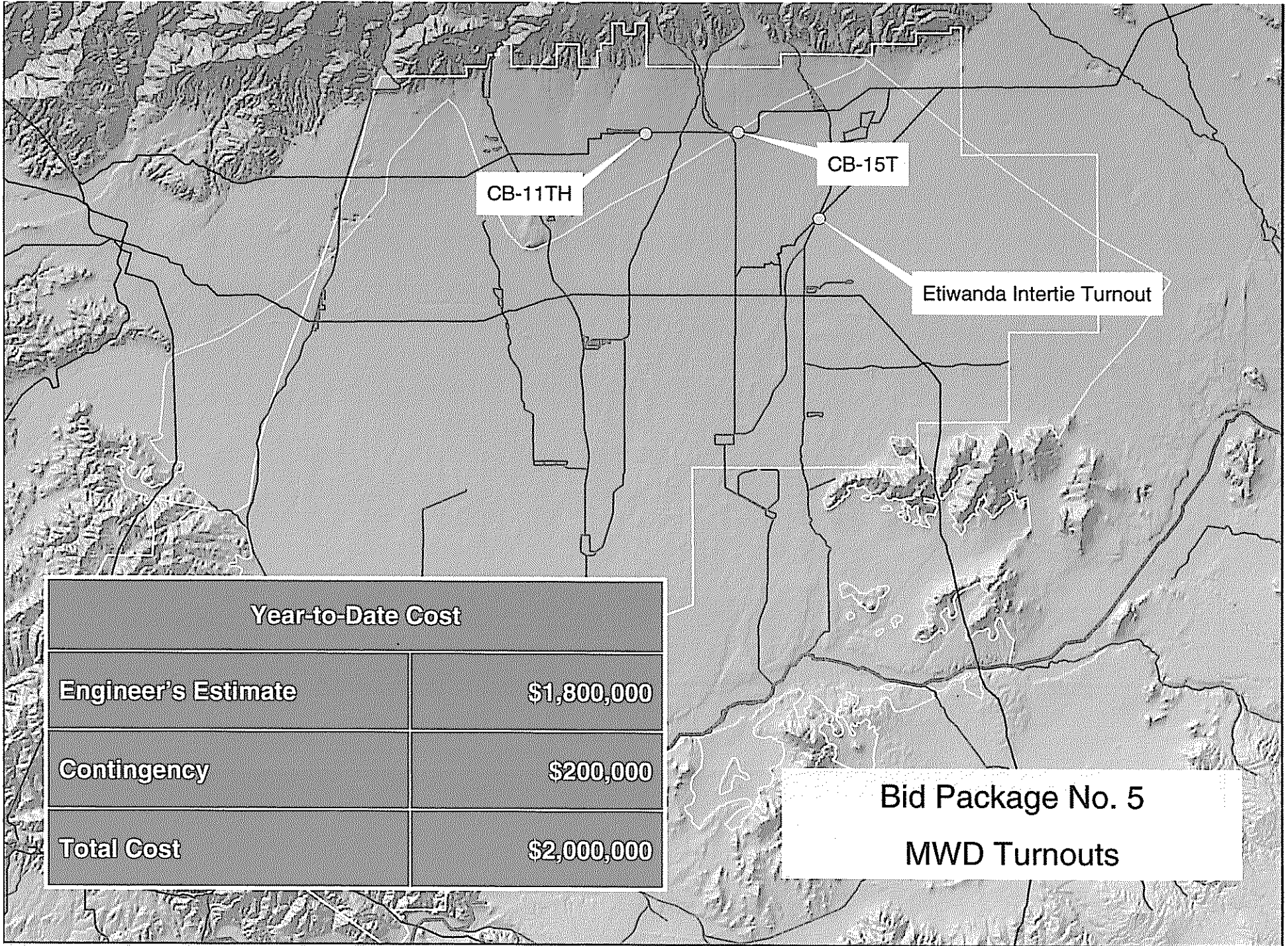
Bid Package No. 3
Jurupa Basin Force Main



Jurupa Basin

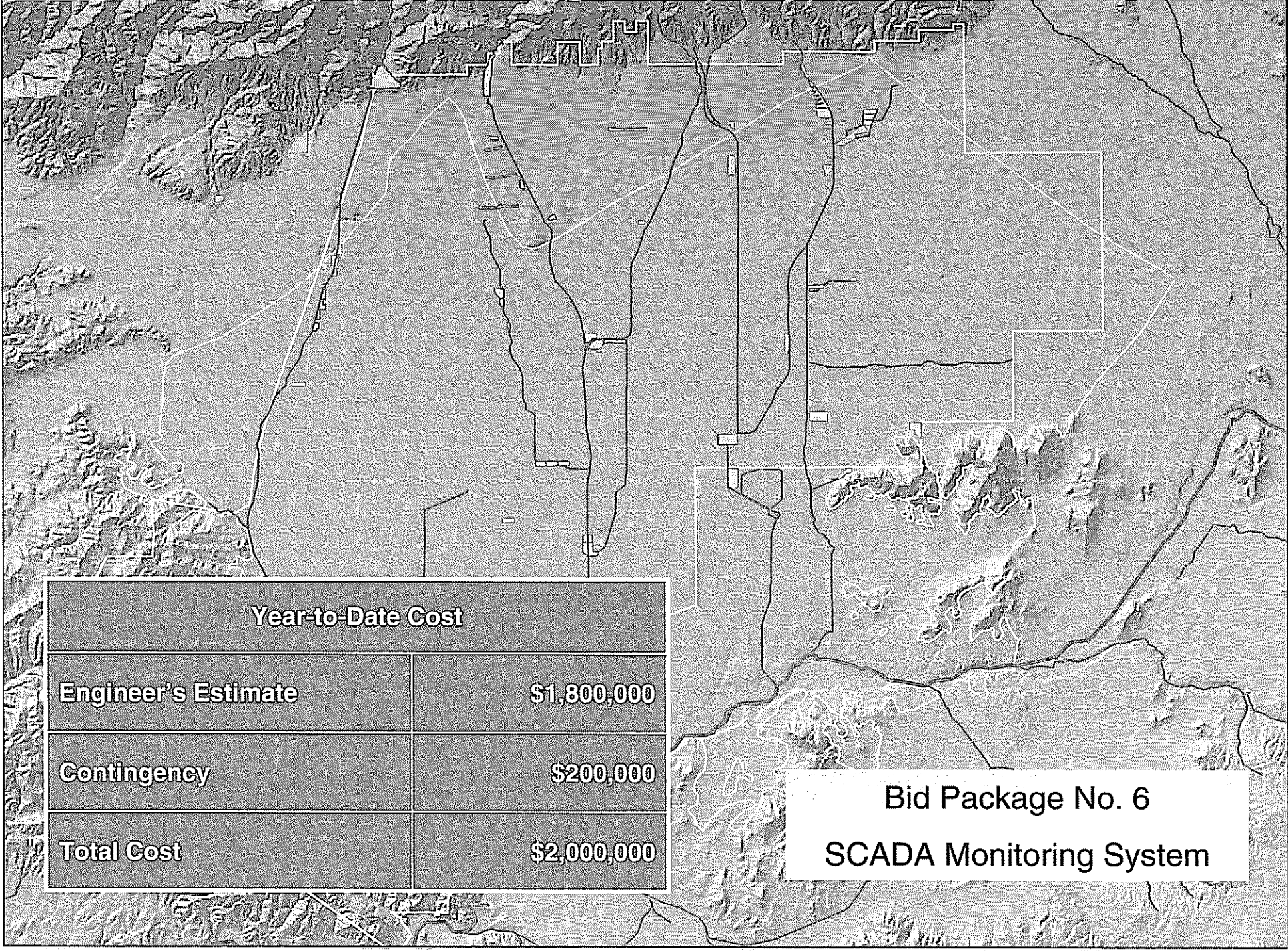
Year-to-Date Cost	
Engineer's Estimate	\$4,275,000
Contingency	\$225,000
Total Cost	\$4,500,000

Bid Package No. 4
Jurupa Basin Pump Station &
300 feet Pipeline



Year-to-Date Cost	
Engineer's Estimate	\$1,800,000
Contingency	\$200,000
Total Cost	\$2,000,000

Bid Package No. 5
MWD Turnouts

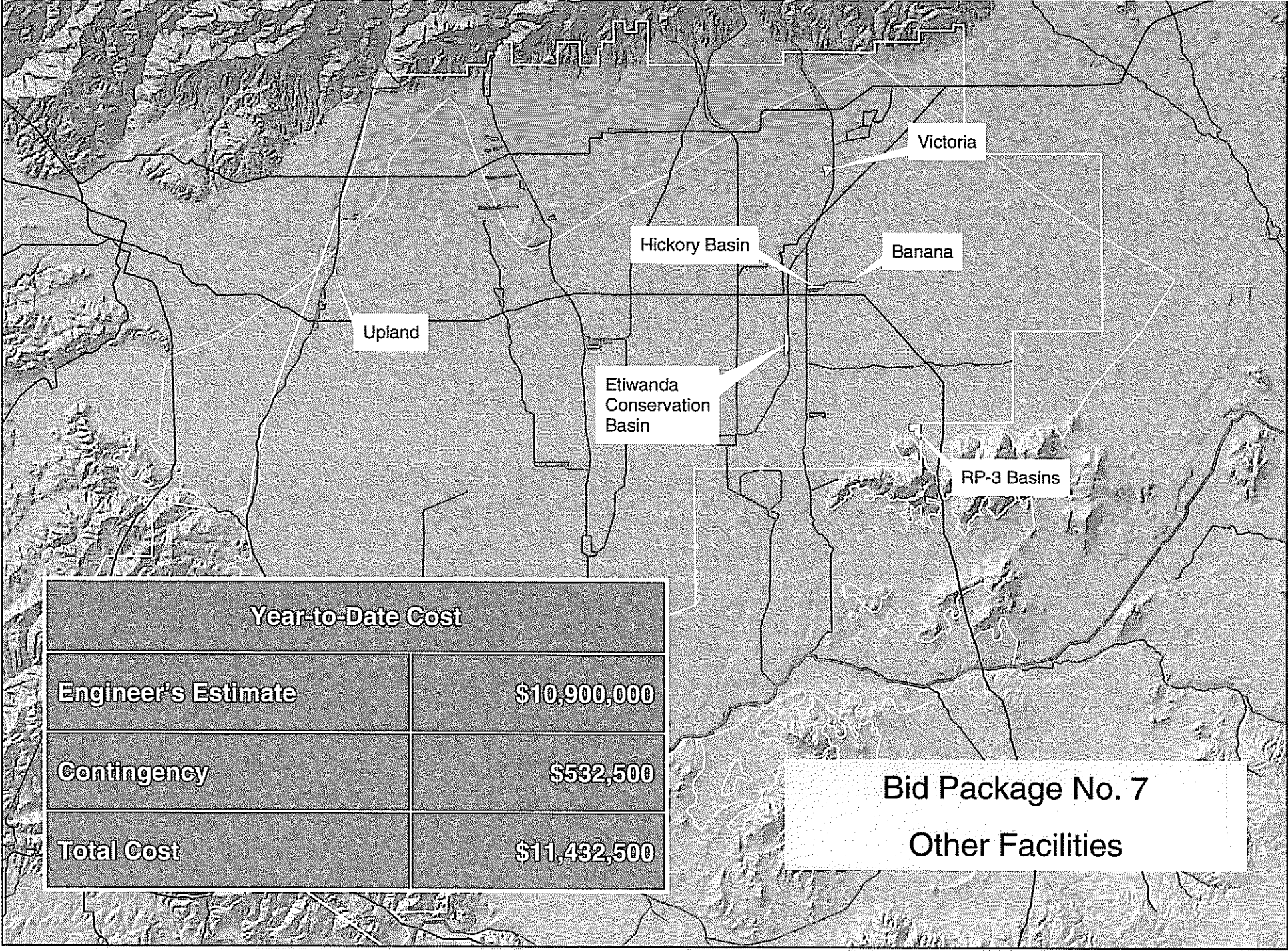


Year-to-Date Cost	
Engineer's Estimate	\$1,800,000
Contingency	\$200,000
Total Cost	\$2,000,000

Bid Package No. 6
SCADA Monitoring System

0052

000



Year-to-Date Cost	
Engineer's Estimate	\$10,900,000
Contingency	\$532,500
Total Cost	\$11,432,500

Bid Package No. 7
Other Facilities

Summary

Construction Phase	Budget	Projected Actual
Bid Package No. 1	\$7,700,000	\$8,600,000
Bid Package No. 2	\$8,250,000	\$7,350,000
Bid Package No. 3	\$3,850,000	\$3,150,000
Bid Package No. 4	\$4,500,000	\$4,500,000
Bid Package No. 5	\$2,000,000	\$2,000,000
Bid Package No. 6	\$2,000,000	\$2,000,000
Bid Package No. 7	\$3,700,000	\$11,400,000
Total	\$32,000,000	\$39,000,000

Recommendation

- Award Bid Package No. 3 to W.A. Rasic Construction, Inc. in the amount of \$2,889,477
- Authorize CEO/GM to finalize and execute the construction contract

CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

D. STATEMENT OF INTENT BETWEEN THE DEPARTMENT OF DEFENSE (DOD) AND LOCAL ENTITIES



Cucamonga County Water District

10440 Ashford Street
Rancho Cucamonga, CA 91729-0638
P.O. BOX 638 • (909) 987-2591 • Fax (909) 476-8032

Robert A. DeLoach
General Manager
Chief Executive Officer

2003 AUG 13 2003

August 8, 2003

John Rossi
CEO
Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, CA 91730

Re: Statement of Intent between the Department of Defense and Local Entities

Dear Mr. Rossi:

Just a few short years ago, water agencies in the Chino Basin signed what was called a "Peace Agreement" and adopted an "Optimum Basin Management Plan". This signified the end of years of infighting over groundwater management practices resulting from decades of legacy agricultural contamination. Today, we have seen millions of local, state, and federal dollars invested in the Chino Basin and in the greater Santa Ana River watershed; as well as a new collaborative basin management process that has produced a variety of creative and effective basin management concepts. Where at one time agricultural and urban issues were at polar extremes, we now utilize our collective energies to solve problems and are developing a new legacy – a well managed groundwater basin with safe drinking water serving one of the fastest growing areas in the nation.

The parallels between the agricultural/urban interests and those of the Department of Defense/local water agencies are strikingly similar. The subject of perchlorate contamination in local groundwater supplies and where to place blame has resulted in less being done rather than seeking real solutions. In an attempt to replicate our success in solving our basin management conflicts, the Department of Defense, along with Senator Nell Soto and three local water agencies, signed a Statement of Intent on July 11, 2003, indicating the commitment to a collaborative process to address perchlorate-impacted groundwater. This is truly a historic event that signifies our intent to work together to identify, characterize and implement on-the-ground solutions to perchlorate contamination of our valuable groundwater resources.

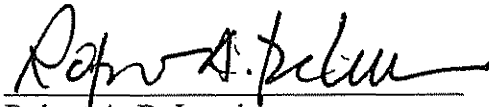
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While the initial meeting with Department of Defense ("DOD") was limited to a few initial parties, we are inviting you to become a co-signatory to the original Statement of Intent, and by so doing, expand our collective efforts and resources to effect solutions to this growing and costly concern.

Our approach was simple. Rather than deal in isolation, we chose to share information and seek mutual solutions. Rather than blame, we wanted to enlist participation and support. Rather than demand financial assistance, we sought creative solutions. The DOD has been extremely willing to be more than just a casual participant, and is looking to creative technical and financial solutions. By expanding our base of support through your involvement we believe we can achieve our overall objective much more efficiently and serve as an example on a national level that California (and particularly this region) can and will solve these issues.

Your support as a co-signatory is important and will help us send an even stronger message to the DOD as well as our elected representatives. If you have an interest in participating or have questions please contact our offices at your earliest convenience.

Respectfully,



Robert A. DeLoach
General Manager/CEO

RAD:bt

CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

E. MVWD PRESENTATION TO BOARD
REGARDING SALT CREDITS



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: August 28, 2003
TO: Advisory Committee Members
Watermaster Board Members
SUBJECT: MVWD Request to Make Presentation to Board Regarding Salt Credits

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 Appropriative Pool had five discussions at various meetings in June and July. The following is an excerpt from the July 10th Appropriative Pool meeting minutes:

II. **BUSINESS ITEMS**

A. **REVIEW OF COST APPORTIONMENT RELATED TO OBMP SALT CREDITS**

Discussion ensued in which the difference between "salt balance" and "salt credit" was defined; ownership of recycled water was clarified; and, whether or not the Regional Board would be willing to create a salt credit program was contemplated. There was a recap of and a brief discussion regarding suggestions that might allow the parties to move forward with this item. The following motion was made and Chair Pool Jeske requested the minutes reflect the Ayes, Noes and Abstentions.

Motion by Black, second by Kurth, and by majority vote:

Moved, that because the Regional Board has not issued salt credits, the Appropriative Pool recommends that Watermaster take no action at this time on MVWD's request regarding salt credit allocation per to the Peace Agreement.

Ayes: City of Chino, City of Chino Hills, Cucamonga County Water District, Fontana Union Water Company, Fontana Water Company, City of Ontario, Nicholson Trust, City of Pomona
Noes: Jurupa Community Services District, Monte Visa Irrigation Company, Monte Vista Water District, San Antonio Water Company
Abstain: Santa Ana River Water Company

The Ag and Non-Ag Pools did not take action on this agendized item at their meetings of July 10th, 2003.

This item was not agendized for the Advisory Committee meeting as no recommendation was made by the Pools.

Staff will have additional information available on the background of this issue for the meeting, if desired by the Board.

CHINO BASIN WATERMASTER

August 28, 2003

10:00 a.m. – Advisory Committee Meeting

III. REPORTS/UPDATES

C. INLAND EMPIRE UTILITIES AGENCY

CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
August 28, 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. Updates

- Conservation Programs – David Hill (oral)
- Public Relations – Sondra Elrod (oral)
- Recycled Water Program – Tom Love (attached)
- Chino Basin Facilities Improvement Project (Recharge) – Tom Love (attached)
- IEUA June Water Resources Report – David Hill (handout)
- State/Federal Legislation – Martha Davis (attached)
- MWD Dry Year Yield Program – John Rossi (oral)



JULY 2003 RECYCLED WATER SUMMARY

CAPITAL PROJECTS SUMMARY

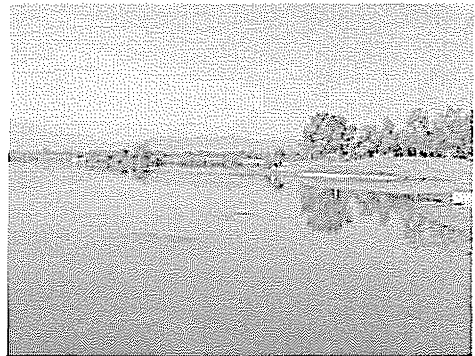
Active Projects - Phase I

- **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 Phase I construction contract was awarded in February. Phase II is under construction and will be complete by November 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. The construction contract was awarded 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 was awarded in March and work will be complete by August 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 85% complete, construction is scheduled for completion by Spring 2004.
- **RP-4 West Branch (Budget \$9,849,000)**
Design for the RP-4 West Branch is in process and will be completed in early 2004. 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 December 2004.

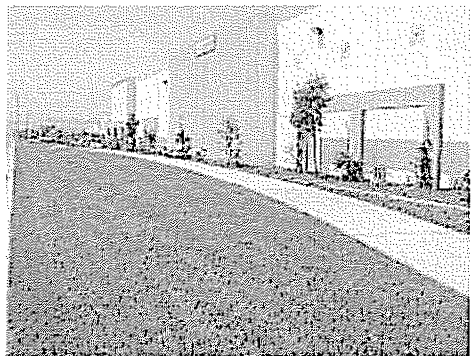
Total Budget—Active Projects—\$34,458,076



Ayala Park in Chino



El Prado Park



Chino Business Park

TOTAL IMPLEMENTATION PLAN

ID	Task Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
1	Phase I	\$32,000,000.00														
2	Phase II				\$19,000,000.00											
3	Phase III					\$15,000,000.00										
4	Phase IV							\$21,000,000.00								
5	Phase V										\$22,000,000.00					

PHASE I IMPLEMENTATION PLAN

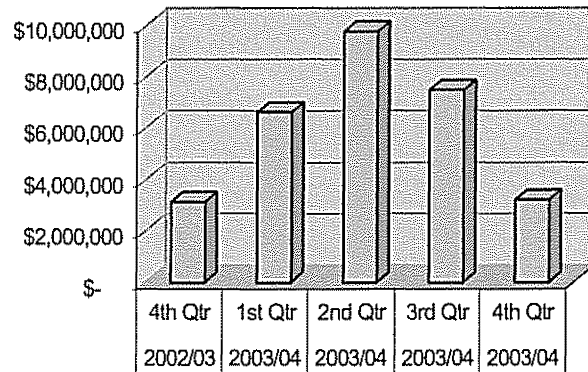
ID	Task Name	Budget	Actual	Remaining	2003												2004				
					May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1	RP-1/RP-4 Pump Station	\$7,748,000	\$676,171	\$7,071,829	[Progress bar]																
2	RP-1 Chlorination Tank	\$4,817,000	\$597,101	\$4,219,899	[Progress bar]																
3	Pine Avenue Inlet/line	\$1,060,000	\$251,228	\$814,772	[Progress bar]																
4	Wineville Pipeline	\$2,307,200	\$257,415	\$2,049,785	[Progress bar]																
5	Reliant Pipeline	\$1,115,476	\$371,207	\$744,269	[Progress bar]																
6	Philadelphia Pipeline	\$3,935,460	\$262,053	\$3,673,407	[Progress bar]																
7	Whitram Pipeline	\$3,620,000	\$76,151	\$3,543,849	[Progress bar]																
8	RP-4 West Branch	\$9,849,000	\$86,549	\$9,762,451	[Progress bar]																

FINANCING PLAN

Program Financing Plan

■ Regional Capital Fund	25-30%
■ SWRCB Grants	25%
■ Federal Grants	25%
■ SWRCB Loans	20-35%
■ MWD LPP (Loan Repayment)	\$2 Million Annually

REGIONAL RECYCLED WATER PHASE I—PROJECTED CASH FLOW



Funding Phase I

■ Regional Capital Fund	\$10,000,000
■ SWRCB Recycling Grant	\$5,000,000
■ SWRCB Recycling Loan	\$17,800,000
■ Application Submitted	3/02
■ Facility Plan Approval	1/03
■ Plans & Specification Approval	1/03
■ Approval to Award	3/03
■ SRF Loan Commitment	3/03
■ Grant Approval/Commitment	4/03
■ Grant Contract	5/03

ACTIVITY SUMMARY

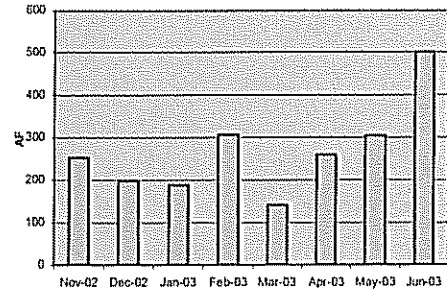
New Customers in 2002

- **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

- **CW Farm (former Arthur Farms)**
Started to use recycled water in March.
- **Big League Dreams**
Started to use recycled water in March.
- **Fairfield Ranch Neighborhood Park**
Started to use recycled water in March.
- **Higgins Brick**
Started to use recycled water in July
- **DBRS Medical System**
Received an approval for the engineer's report and will begin using recycled water as soon as the cross-connection test is performed and passed.
- **Central Chino Business Park**
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 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.
- **Artesian HOA**
The engineer's report has been approved by DHS and waiting to conduct the cross-connection testing.
- **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 August 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.
- **Engelsma Dairy**
The dairy has been impacted by CDA groundwater pumping facilities. The City of Chino will provide the recycled water to the dairy for irrigation of the pasture (13 Acres). The construction of 4" service is completed. Submitted an engineer's report to DHS.

Recycled Water Sales



Delivery Period	FY 2001-02	FY 2002-03
June	325	501
Year to Date	1,644	1,712
FY Total	4,442	4,498
Budget		6,950

Operation & Planning

- A shutdown is scheduled in CCWRF for repairing a valve in the recycled water reservoir on July 23rd. This will last only about 10 hrs. during the day to minimize the interruption to the recycled water customers.
- Ely Basin recharge started in May after the delay due to rains and the construction of lining the channel by San Bernardino County Flood Control District. Only 185 acre-feet of recycled water was recharged for the fiscal year 2003/03.
- Beginning from the fiscal year 2003/04, the original Carbon Canyon Reclamation Project Development and Utilization of Recycled Water agreement between the Metropolitan Water District of Southern California, and the Agency has been changed to include all beneficial recycled water distribution within the Agency's boundary excluding the first 3,500 acre-feet. However, this does not include beneficial use for groundwater recharge and in-plant usage.

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).

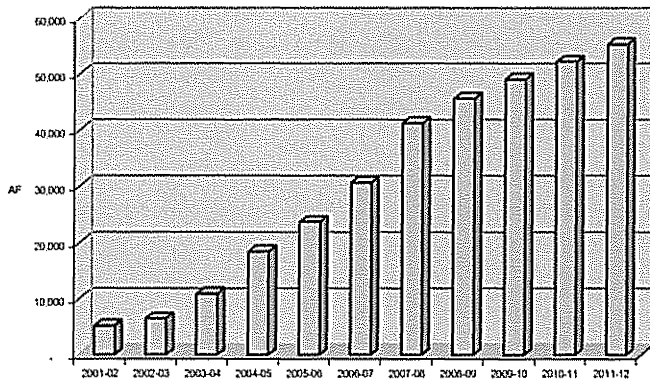
Reliant Resources is a 1,030 MW power plant facility that operates 24 hours, 7 days a week. IEUA's RP-4, which produces Title 22 "Non Restricted Use Quality Water," will supply recycled water via a 3,300 foot, 36-inch IEUA Regional Recycled Distribution System pipeline to the Etiwanda Plant to cool its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



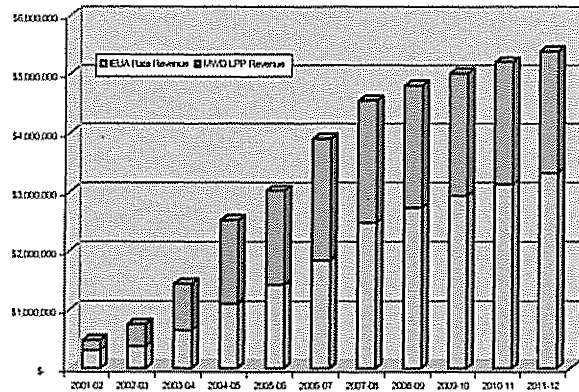
Westwind Park

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. | 08/03 |
| ■ DHS Title 22 Report (Recharge) | 07/03 |
| ■ SARWQCB Discharge Permit | 07/03 |



JULY 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 ground-water 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. 3

Bid package No. 3 was bid July 23, 2003. The Hickory Basin force main was transferred to Bid Package No. 7 after evaluating the CBFIP funds. The Jurupa Regional force main from Jurupa Basin to RP-3 was the only project bid under Bid packager No. 3. A tabulation of the bids results is listed below:

BID RESULTS:	PIPE:	Ductile Iron	CML & C Steel
Albert W. Davies, Inc.		No Bid	\$3,053,077.00
Colich Construction Co., Inc.		No Bid	\$3,496,178.20
Mladen Buntich Construction Co. Inc.		No Bid	\$3,803,630.00
Norstar Plumbing and Engineering, Inc.		\$3,774,195.00	\$3,136,335.00
T.A. Rivard, Inc.		No Bid	\$4,312,904.00
Valverde Construction, Inc.		No Bid	\$3,101,505.00
Vido Artukovich & Son, Inc.		\$3,354,723.00	No Bid
W.A. Rasic Construction Co., Inc.		No Bid	\$2,889,477.00*

*Apparent Responsive Bidder

The apparent low bidder was W.A. Rasic Construction Company, Inc. at \$2,889,477.00. References for the apparent low bidder, were favorable and staff is recommending award of Bid Package No. 3 to Rasic. Beginning date is estimated to be August 18, 2003 and runs 300 calendar days.

A final DRAFT of the Reimbursement Agreement with the City of Fontana is being reviewed by Kenneth R. Hunt, City Manager, Curtis Aaron, Manager of Public Works and Todd Miller of the City's Engineering Department regarding the City's construction project at the intersection of Mulberry Avenue and Jurupa Avenue. The City will place a temporary asphalt cap and temporary striping; IEUA will then pave the entire street and install permanent striping; the City will reimburse IEUA for 50% of the costs incurred.

BID PACKAGE NO. 2

A rebid of Bid Package No. 2 was conducted with bids received prior to 10:00 AM with the bid opening at 10:00 AM, July 11, 2003 in the IEUA Boardroom; award of contract was made July 16, 2003, IEUA Board meeting. Construction was to begin no later than August 4, 2003. A summary of the bid results are as follows:

1.	Banshee Construction Company, Inc.	\$6,953,451.00
2.	L.T. Excavating, Inc.	\$7,380,234.50
3.	Brutoco Engineering and Construction, Inc.	\$7,359,139.00

The low bidder was Banshee Construction Company, Inc. Banshee did submit their required "Schedule of Values" at the pre-award meeting, July 17, 2003. Banshee is obtaining the necessary insurance certificates and insurance bond. Upon receipt of these documents the contract will be signed and notice to proceed (NOP) will be issued. Beginning date is estimated to be August 4, 2003 and runs 238 calendar days.

(Continued on page 2)

(Continued from page 1)

Bid package No. 2 includes the following projects:

Basin Development - Non Jurisdictional

1. Declez Basin
2. Ely Basins 1, 2, & 3
3. 8th Street Basins

Rubber Dam Structure*

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

* The rubber dams will be limited to a height of 1/3 the height of the flood control channel, avoiding topping the channel in a 500-year storm.

Drop Inlet Structure

- | | |
|-----------------------------------|---------------------|
| 1. Brooks Basin | San Antonio Channel |
| 2. Turner Basins No. 1, 2, 3, & 4 | Deer Creek Channel |
| 3. Victoria Basin | Etiwanda Channel |

The successful bidding contractor on Bid package No. 2, will contract with advise Bridgestone where and when to deliver the hardware and dams. The contractor will contract with Bridgestone, who will work closely with the contractor during the instillation of the rubber dams to assure proper construction.

BID PACKAGE NO. 1

Bid Package No. 1: Bid Package No. 1 included the following basins:

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

* Indicated basins on which construction has begun.

RP-3 site:

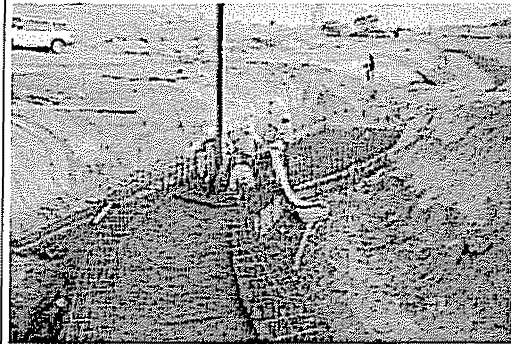
Pouring Concrete lining in RP-3 Trap Channel. LTE's subcontractor began pouring the concrete lining in the trap channel at RP-3 Friday, July 25, 2003.

College Heights Basins:

Excavation in the College Heights Basins is nearing completion. The Agency staff, B&V, plus the contractor is in close coordination with CBWCD regarding placement and compaction in and around the boulders in the fill on the project

Turner 2, 3, & 4:

A CO is pending disposal of the buried 55 gallon drums uncovered at the site, plus, other buried asphalt and large boulders near the spillway between basins 3 and 4. Some boulders suitable for rip-rap will be screened and used for the project. The SB County Hazmat determined the drums were not hazardous material. Other unsuitable materials



RP-3



College Heights Basin

(drilling mud/clay, rocks and debris) have been uncovered at the site; these materials will have to be disposed of in a local landfill.

Lower Day Basin: Work is moving forward in the Lower Day Basin, now SCE has issued their encroachment permit (June 30, 2003). LTE is ready to begin grubbing and clearing of materials from the Lower Day Basins.

Time Remaining on LTE Contract:

The contract started March 25, 2003 and runs 238 calendar days. As of July 31, 2003, one hundred twenty eight (128) days have expired, 42 % of the time has expired with an estimated 35 % of the project is being completed. LTE has requested a 16-hour work day to complete the remaining work. B&V had not planned the requested overtime in their construction management contract; B&V is going to request LTE reimburse B&V for additional costs for the extended work day.

BID PACKAGE NO. 1 CONSTRUCTION SCHEDULE

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

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	Mar	Apr	May
1	Bid Package No. 1	Mar 17	Oct 31	\$9,426,000.00															
2	Banana, College Heights, Lower Day, RP-3, Turner No. 1, & Turner No. 2, 3, & 4	Mar 17	Oct 31	\$9,426,000.00															
3	Bid Package No. 2A	Apr 28	Jan 30	\$7,352,000.00															
4	Declaz, Eighth Street, Ely, Upland, & Victoria	Apr 28	Jan 30	\$7,352,000.00															
5	Bid Package No. 2B	May 15	Nov 14	\$2,400,000.00															
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															
7	Bid Package No. 3	May 15	Nov 14	\$4,460,000.00															
8	Hickory & Jurupa (Civil Pump Station)	May 15	Nov 14	\$4,460,000.00															
9	Bid Package No. 4	Apr 15	Nov 14	\$2,870,000.00															
10	Hickory & Jurupa (Forcemain)	Apr 15	Nov 14	\$2,870,000.00															
11	Bid Package No. 5	Jul 15	Jan 15	\$1,750,000.00															
12	Eliwanda Conservation Ponds	Jul 15	Jan 15	\$1,750,000.00															
13	Bid Package No. 6	May 15	Nov 14	\$1,800,000.00															
14	SCADA	May 15	Nov 14	\$1,500,000.00															
15	Bid Package No. 7	Jul 15	Jan 15	\$2,000,000.00															
16	MWD Turnouts	Jul 15	Jan 15	\$2,000,000.00															

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



Turner Basins No. 2, 3, & 4



Lower Day Basin



Inland Empire
UTILITIES AGENCY

Date: August 20, 2003
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (8/12/03)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager – Policy Development
Subject: July Legislative Report from Agricultural Resources

RECOMMENDATION

This is an informational item regarding the July 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.

RWA:MD:jbs
G:\board-rec\2003\03281 July Leg Report from Ag Resources

0068

Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

July 31, 2003

Legislative Report

TO: Richard W. Atwater
General Manager, Inland Empire Utility Agency

FR: David M. Weiman
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

SU: Legislative Report, July 2003

Highlights:

- CALFED, Feinstein-Boxer Bill Status (Domenici Letter)
- Calvert Introduces New Water Bill
- Calvert Hearings – Neufeld Testifies
- Appropriators Critical of DOI and Water 2025
- Appropriations Provide Funds for IEUA Conjunctive Use Program
- DOI's Initiative, Water 2025 – California Hearing on July 10
- Perchlorate – DOD Exemptions Rejected, Conference Pending
- Perchlorate – Water Industry – DOD Meetings
- Perchlorate – DOD Inspection Trip/Briefing – Cleanup Agreement
- Water Recycling – Southern California/Bay Delta Feasibility Studies
- Water Recycling – H.R. 142 To Get Hearing
- Water Recycling – Boxer Introduces Water Recycling Study Bill
IEUA Working Partners

CALFED – Feinstein-Boxer Bill – Status. On May 21, Senators Feinstein and Boxer jointly introduced S. 1097, the CALFED Bay Delta Authorization Act.” In early June, Senator Feinstein

formally submitted a request to Senator Lisa Murkowski, Chair, Subcommittee on Water and Power, to hold hearings in July. Murkowski responded that hearings could not be held at this time because of the Energy bill. On July 25, Senator Pete Domenici (R-NM) sent a letter to Senator Feinstein in which he said, "I am committed to moving your Cal-Fed legislation through the Committee by the end of this Congress." He also stated that the press of Committee business (Energy Bill) "will preclude consideration of S. 1097 this session."

Calvert Introduces Water Bill. On July 23, Chairman Calvert introduced H.R. 2828, the Water Supply, Reliability, and Environmental Improvement Act, a bill to authorize the Secretary of the Interior to implement water supply technology and infrastructure programs aimed at increasing and diversifying domestic water resources. There are more than 25 bi-partisan cosponsors. Ranking Member Grace Napolitano is also a cosponsor as are Reps. Dreier, Baca and Gary Miller. As previously reported, the bill establishes water recycling and desalination and greater priorities. Title I of the bill establishes a national (not just western) competitive grants program for water recycling and desal projects. Significantly, this bill directs that the Secretary of the Interior establish a new office to administer this program. When the Bureau of Reclamation declared, early in 2003, that water recycling and desal projects were not part of their "core mission," Mr. Calvert accepted that decision. Instead, he assigned the program to a new office within the Interior Department. Title II is a version of CALFED. Title III authorizes funds for the Salton Sea restoration program. The bill was referred to two Committees, Resources and Transportation and Infrastructure (T&I).

Calvert Holds Hearing on Water Bills. On July 24th, Calvert's subcommittee, the Water and Power Subcommittee held a hearing on H.R. 2828 and H.R. 2641 the CALFED bill introduced by Reps. George Miller and Ellen Tauscher. A witness asked to testify about impaired waters and perchlorate was unable to testify. The Committee contacted IEUA, and, at the suggestion of Martha Davis, Bob Neufeld, from Cucamonga County Water District, was asked to appear. He did. Neufeld gave an excellent statement, addressing the perchlorate profile in the Chino Basin and throughout the SAWPA service area, providing justification for Title I of the Calvert bill.

Appropriators Criticize Interior Department Water 2025 Initiative. The House Appropriations Committee reported the Energy and Water Appropriations Bill for FY 2004. In the formal Report accompanying the bill, the Committee, openly critical of DOI, said:

In May of this year, the Secretary of the Interior announced a new alternative -- Water 2025: Preventing Water Crisis and Conflict in the West. The fiscal year 2004 budget request for the Bureau of Reclamation includes \$11,000,000 to initiate this effort, the purpose of which is to prevent water supply problems from reaching crisis stage.

The Committee supports this effort and provided the funds requested by the Administration. However, the Committee is

troubled by other actions taken in the fiscal year 2004 budget request that seem to contradict the goals of the Water 2025 program.

One of the ways the Department proposes to meet the challenge of inadequate water supplies is through improved technology. The Department states, "wastewater, salty and other impaired water can be purified to increase their utility." In fact, while additional research in this area is important, the technology already exists to make use of wastewater and other impaired waters. Title 16 of Public Law 102-575 authorized the Secretary of the Interior to "to undertake a program to investigate and identify opportunities for reclamation and reuse of municipal, industrial, domestic, and agricultural wastewater, and naturally impaired ground and surface waters." Under this program, 25 individual water reclamation and reuse projects have been authorized for construction. These projects directly accomplish the goals of the Water 2025 program by developing new sources of usable water through the use of state-of-the-art technology. In addition, the overwhelming majority of the cost of these projects is borne by local interests. However, for some reason, the Administration has determined that continued funding for these projects is not a high priority. For fiscal year 2004, the Administration has requested \$12,680,000 for water reclamation and reuse projects, \$17,770,000 below the amount appropriated for fiscal year 2003 in spite of the fact that the Administration recognizes that "these water reuse and recycling projects help expand water supplies in areas that routinely face severe water shortages, and are especially important in helping to shift California from its dependence on Colorado River water. While obviously not the solution to all of the water problems in the West, these projects make an important contribution, and the Committee urges the Administration to reconsider its lack of support for this program.

IEUA Conjunctive Use Program Appropriated \$500,000. The Energy and Water Appropriations Subcommittee provided \$500,000 for the IEUA conjunctive use program. This is the second year of funding. This line item must be conferenced with the Senate (September-October).

Administration Water Initiative, Water 2025. The Interior Department is holding westwide water hearings on their initiative. The California hearing was held on July 10 in Sacramento.

Perchlorate – DOD Statutory Exemptions Stripped from House-Senate Defense Bills.

The report on this issue is the same as a month ago. Previously, it was reported that The National Defense Authorization Act for FY 2004 included a DOD proposal – the Readiness and Range Preservation 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 House and Senate provisions. Even though the provision was removed from both bills, there is concern that DOD will attempt to have a substitute considered (which they have drafted and circulated) in Conference. Water industry have reviewed the substitute and have concluded that it is as or more unacceptable than the original proposal. Conference is now underway, but may not be fully resolved until later this session.

Perchlorate – Water Industry – DOD Meetings. DOD and the water industry are discussing the next meeting of an ad hoc working group. A Water Industry-DOD Working Group has been proposed and both believe it has the potential to be useful. The water industry will ask DOD to discuss a long list of concerns involving on-going studies, public disclosure, DOD site characterization work, and cleanup. This is in the preliminary stages of being organized.

Perchlorate – DOD to Conduct Inspection Trip – Perchlorate Cleanup Agreement . Sen. Nell Soto invited J.P. Woodley, to come to California for an inspection trip and briefing on July 11. As previously reported, Woodley works for the Deputy Under Secretary of Defense for Installations and the Environment and is the President’s nominee for Assistant Secretary for the Army (Civil Works – US Army Corps of Engineers). That nomination is pending in the Senate. We have been working with Woodley on these issues. Robert DeLoach, GM, Cucamonga County Water District met with Woodley and discussed these matters (which led to the invitation to tour). During his trip to California, Woodley (a) established a working relationship with the State of California; (b) gave a lengthy interview to the Sacramento Bee in which DOD proposed to explore the application of new technologies for the cleanup of perchlorate; (c) participated in the CCWD and Senator Soto hosted briefing; and (d) entered into an agreement with local water representatives to explore new ways to address perchlorate remediation. Woodley is scheduled to speak at a conference regarding perchlorate in Riverside in early August. The cleanup agreement is limited and represents a first step. It is, however, the first time DOD provided any initiative to address the growing perchlorate cleanup issue.

Water Recycling – Southern California Comprehensive Study (Feasibility Study). The Southern California Report has not been released – still. This Feasibility Study was completed in April 2001, but not submitted to Congress, as required by statute. At a Calvert hearing in March, it was promised within a few weeks. The Administration’s pledge notwithstanding, the feasibility report has yet to be submitted to Congress. Reportedly, the Interior Department has been unilaterally rewriting the report (no one has yet seen the edits). A second feasibility study, authorized at the same time, for the Bay Area was completed in December 1999 and it is being withheld as well. Between the two studies, some 50 projects were determined to be feasible by the Bureau of Reclamation which, altogether, have the capacity to produce approximately 575,000 acre-feet of new water annually by 2010. Given DOI’s attitude and unwillingness to submit the Report as required, SAWPA has agreed to publish the Report in full and submit it to

the Congress.

Water Recycling – H.R. 142 To Get Hearing – Action on Other Bills. IEUA and Cucamonga County has submitted a request to Reps. Dreier, Baca and Napolitano that a stand-alone recycling bill be introduced authorizing two projects -- one by IEUA and the other by CCWD. Between them, the two projects are slated to produce some 75,000 af of new water annually. Rep. Dreier’s office has informed us that the bill is slated to be introduced in September (after the House reconvenes following the August break). We are also working with Orange County Water District to determine if Rep. Gary Miller’s bill (which has authority for a new desalter and regional brine lines) could become the vehicle to authorize expanded work on Prado Wetlands and other cost ceiling issues. Mr. Miller has sent a letter to Chairman Calvert requesting a hearing and inclusion of the regional issues. The Subcommittee staff said that a hearing will be held in September.

Boxer Water Recycling Bill Introduced. On July 15, Senator Boxer introduced The California Affordable Quantity and Quality Water Act 1 (CAL-AQQWA1) which authorizes 22 expedited feasibility studies of water projects that call for the increased reuse, desalination, and conservation of our water supplies. This is the first of two bills on this subject.

IEUA Continues to Work With Various Partners. On an on-going basis in Washington, IEUA continues to work with:

- * Metropolitan Water District of Southern California
- * Milk Producer’s Council
- * SAWPA
- * Water Environment Federation (WEF)
- * Association of California Water Agencies (ACWA)
- * WateReuse
- * OCWD
- * CCWD

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Inland Empire
UTILITIES AGENCY

Date: August 20, 2003
To: Honorable Board of Directors
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager – Policy Development
Subject: July Legislative Report from Dolphin Group

RECOMMENDATION

This is an informational item regarding the July 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.

RWA:MD:jbs
G:\board-rec\2003\03282 July Leg Report from Dolphin Group

0074

Chino Basin / OBMP Coalition

Status Report

July 2003

The Dolphin Group (DGI) and Lang, Hansen, O'Malley, and Miller (LHOM) continue to monitor and pursue a number of efforts and issues on behalf of the Chino Basin Coalition. Following is a brief update on activities:

- 1) **AB 2228 Implementation** -- The California Public Utilities Commission in June approved tariffs for pilot biogas net-metering projects. The Commission action comes after several issues were raised and resolved with the original tariff proposals by both PG&E and Edison. Tariffs, which were recently filed by two of the utilities to comply with the Commission's decision, still contain some errors relating to aggregating loads. However, the Edison tariff, which is applicable to the Chino project, appears to be in full compliance. Additionally, in acting on the tariffs, several Commissioners including CPUC President Michael Peevey, directed CPUC staff to seek legislative amendments to increase the benefits of biogas net-metering so that they equal those of the solar net-metering program. Recent legislative discussions on net-metering for fuel-cell projects, however, show further movement away from the solar program, making resolution of this issue difficult this year.
- 2) **QSA Implementation** -- DGI continues to monitor the legislative/administrative discussions regarding adoption of a QSA for Colorado River users. Initial efforts to use \$200 million in Proposition 50 funds to subsidize the environmental mitigation associated with the San Diego/IID continue to remain off the table. An alternative proposal which eliminates reliance on Proposition 50 is now being discussed. Most legislators who are watching the discussions believe a resolution will ultimately be achieved this year. As a result, we remain vigilant in our efforts to ensure the integrity of Proposition 50 funding.
- 3) **Proposition 50 Implementation** -- The legislative efforts to implement and appropriate Proposition 50 funds has shifted from SB 21 (Machado) to budget trailer bill language AB 1747. The integrity of Proposition 50 programs and development of competitive programs that Chino Basin interests will be well positioned to compete for, remain top priorities. AB 1747 passed the Legislature along with the recent enactment of the budget. The Competitive nature of Prop 50 funding was breached in only one instance when \$20 million was set

aside for rapidly growing communities, including \$10 million for a project in Upland. Both firms continue to monitor SB 21 and AB 107 (Corbett), as well as other measures specifically dealing with Proposition 50.

- 4) **2004/2006 Water Bond** – Discussions about future water bonds remain stalled. Ongoing concerns about the State's credit rating and ability to finance additional infrastructure at this time of fiscal crisis remains uncertain. The State's credit rating was recently downgraded to BBB by Standard & Poors. S & P's initial reviews of the recently passed budget have been very negative and the low bond rating is not expected to be revised upward.

- 5) **Budget/ERAF** – Following submittal of the Governor's May Revise, legislative discussions have again focused on resolving the State's fiscal crisis and adopting a '03-'04 spending plan. As expected, proposals to raid local funds, including those of special districts, have begun to surface. The first such proposal (SB 403) seeks to shift property tax funds (ERAF) from local enterprise districts to state coffers passed the Assembly Local Government Committee, and continues to be held on the Assembly Appropriations Suspense File. Additional discussions have also centered on the transfer of several hundred million dollars of local special district funds to state coffers to help close the budget deficit. DGI is coordinating closely with ACWA, CSDA, and other impacted groups to counter all raids on local funds. Now that budget negotiations are completed, these issues are expected to take center stage.

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Inland Empire
UTILITIES AGENCY

Date: August 20, 2003
To: Honorable Board of Directors
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager – Policy Development
Subject: July Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item regarding the July 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.

RWA:MD:jhs
G:\board-rec\2003\03283 July Leg Report from Geyer

2003-0078

Inland Empire Utilities Agency

Positions/Position Recommendations

June 31, 2003

Bill # / Title	Summary	Position	Status
Propositions 50/Water Bonds			
SB 117 (Machado) QSA: Prop. 50 Allocations	Vehicle for QSA implementation. All references to Prop. 50 funds have been removed. It now states the legislature's intent to appropriate \$200 million from an unspecified source to go into a Colorado River Subaccount.	Recommend Neutral	Assembly Held at Desk
SB 21 (Machado) Prop. 50 Implementation AB 1747 Budget Trailer Bill Language	Proposition 50 implementation measure. Most of the implementation language for the water funds in Prop. 50 were incorporated in AB 1747. Only one major earmarking of funds was included in AB 1747. In a last minute budget play, Republican Leadership earmarked \$20 million (\$10 million for Southern California) out of Chapter 8 funds for projects outside of MWD's service area for groundwater recharge. Overall, Prop. 50 funds will be awarded on a competitive basis.	Support	AB 1747 Governor's Desk
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.	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	Governor's desk
Desalination			
SB 318 (Alpert) UWMP: Desal	Requires UWMP to describe the opportunities for development of desalinated water, including brackish water.	Support	Assembly Approps. 8/20

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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
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, and other types of land use, 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. State AG is the sponsor. ACWA is opposed and so is RLC. Though the measure is stalled on the Assembly Floor for lack of support, it may be taken up anytime before the end of January 2004. If so, its next step would be Senate Local Government where IEUA may be able to either stop the bill or seek amendments to fix it.	Recommend Oppose	Two Year bill (Assembly Floor)
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	Recent amendments have struck all references to the rate structure for the Central Basin Municipal Water District and the West Basin Municipal Water District. IEUA has opposed the measure because previous versions detailed what could be included in these districts' water rate structure.	Recommend Neutral	Assembly Approps.
Water Quality/Water Quality Penalties and Fees			
AB 10X (Oropeza)	Removes cap on waste discharge fees for POTWs. Allows SWRCB to set an	SWRCB.	Signed

Waste Discharge Fees	<p>annual fee for POTWs and dairies holding NPDES permits. Contains open-ended recoverable costs, including groundwater monitoring and surface water monitoring. The SWRCB has not yet begun setting a rate structure for POTWs. They are working out the dairy fees first.</p> <p>An omnibus budget trailer bill is expected in August that will further increase the amount POTWs must pay in annual waste discharge fees. It is likely that POTWs statewide will need to cover between \$6 to \$8 million in additional fees.</p>		
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	Allows any drinking water cleanup order issued by the SWRCB or a regional board to include replacement water for an impacted community. The law is currently unclear in this area. In the last 20 SWRCB cleanup orders, no replacement water was required. IEUA had begun lobbying moderate Democrats in the Assembly. It is heavily opposed by the aerospace industry and perchlorate manufacturers. IEUA has also opposed proposed amendments by MWD that would broadly exempt MWD and other water agencies from liability for any historic perchlorate contamination for ground water recharge activities. IEUA will be negotiating with all parties while the Legislature is on break.	Support	Assembly Water Parks and Wildlife
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.	Support	Assembly Approps. 8/20

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
ERAF			
SB 407 (Torlakson) Local district financing	Shifts property tax revenue from approximately 35 water districts to the ERAF account. These districts, including a number in the SAWPA region, have not paid into ERAF in the past, according to the author. There are rumors that this could become a vehicle for a larger ERAF shift affecting more districts, such as multi-county special districts. IEUA opposed the bill in Assembly Local Government and has asked local Senators to pull the bill back into Senate Local Government if it makes it off the Assembly Floor.	Oppose	Assembly Approps. Suspense File
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. The Subvention Funds remained intact for 03/ 04 budget.	Support Protection of Funds	Funds Secured
Prop. 50, Support Recycled Water	IEUA supported WaterReuse's successful effort to accelerate approximately \$18 million in water recycling funding from Prop. 50. The funding will come from Cal-Fed section of Prop. 50.	Support Accelerated Water Recycling Funding	Funds Accelerated

MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West

DATE: July 31, 2003

RE: July Legislative Report

Legislative Year Enters Final Phase

With the 03/04 budget passed and sent to the Governor, the Legislature has gone on its summer break until August 18. The Legislature will then reconvene and complete its work for the year by September 12. The end of the session often triggers the introduction of far reaching proposals that receive little scrutiny. IEUA has adopted a set of policy principles that should help guide the agency during these hectic last weeks.

Budget

The budget passed by the full Legislature contained significant cuts, increased user fees and borrowed heavily from a variety of funds, yet still contained a structural deficit of close to \$10 billion. The state's credit downgrading and the qualification of the Governor's recall for an October 7 ballot helped push along a budget compromise.

The good news is that special districts emerged largely unscathed by the budget deal. There will be additional budget trailer bills introduced in August that could contain ERAF shifts and will cut from redevelopment agencies (\$135 to \$250 million), but at least the primary budget vehicle has been passed without a raid on property taxes or reserves.

Proposition 50

The other good news in the budget is that Proposition 50 funds will be allocated on a competitive basis. Though many legislators wanted specific earmarks for the funds, Senator Machado and the legislative leadership, with one notable exception, resisted the urge to "pork up" the bond. One earmark was contained in AB 1747 (Prop. 50 trailer bill) that appears to have been at the request of the Republican leadership. It allocates \$20 million from Chapter 8 funds to groundwater recharge projects. For the \$10 million of these funds allocated to Southern California, AB 1747 contains very specific language that the money must be awarded for projects outside MWD's service area, for infill development projects and in areas that have limited access to imported water.

The implementation of Chapters 4, 5, 6 and 8 of Proposition 50 remain largely the same as previously reported. As is customary, the Legislature only authorized the release of a portion of Proposition 50 funds -- \$1.6 billion for 03/04. The remainder of the \$3 billion bond will be allocated over the next two budget cycles.

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Inland Empire Utilities Agency

WATCH

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

July 31, 2003

Bill # / Title	Summary	Watch Level	Status
Propositions 50 and 40			
AB 107 (Corbett) Prop. 50 Assembly Vehicle	States that the water security funds in Prop.50 (\$50 million) will be controlled by DHS, in consultation with Office of Emergency Services. DHS will establish a grant program. To be eligible the water agency must have completed a specific type of water security assessment. EBMUD is the sponsor. Machado has not yet allowed bills out of his committee that address Prop. 50 funds.	A	Senate Ag. Water Resources
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 Appropriations
AB 1300 (Laird) Prop. 50: Reporting	Requires Secretary of Resources to prepare annual report on Prop. 50 expenditures.	C	Senate Ag. And Water Resources
SB 909 (Machado) Private Water Facilities: Prop 50 funds	States that private water companies should have equal access to all Prop. 50 categories of funding. ACWA is opposed.	A	Assembly W.P.W.
Drinking Water Contaminates			
AB 826 (Jackson) Perchlorate	Creates the Perchlorate Contamination Prevention Act. Requires DTSC to monitor for perchlorates. Requires all groundwater monitoring wells	A	Senate Appropriations

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	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.		8/12
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. Recoverable costs include replacement water and attorney's fees.	A	Senate Floor
Water Supply/Future Bonds			
AB 314 (Kehoe) Desalination	States that the state should encourage the development of ocean and brackish desalination projects.	A	Governor's Desk
Groundwater			
AB 1522 (Parra) Groundwater	Requires the CVRWQCB to prepare a groundwater report that identifies potential groundwater supplies within its jurisdiction.	B	Senate Ag. and Water Resources
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	Assembly Enviro. Safety and Toxics
Water Quality/Water Quality Penalties and Fees			
AB 897 (Jackson) Water Quality Objectives	Recent amendments have removed all criminal penalties in the bill and references to TMDL program.	A	Senate Approps.
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. Specific to the wine industry. Sponsored by the Wine Institute.	C	Senate Enviro. Quality
AB 1541 (Montanez) Waste Discharge Requirements	States that failure to file a monitoring report or technical report after 30 days is a "serious violation" of Porter-Cologne, which would mean these violations would be subject to a \$3000 fine. MPC is opposed, as is	A	Senate Appropriations 8/18

	CASA, the counties and cities. Sponsored by CAL-PIRG.		
SB 923 (Sher) Waste Discharge Fees	Changes a number of waste discharge requirements contained in SWRCB waivers.	B	Assembly Approps.
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 Floor
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	Assembly Approps.
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	Assembly Approps.
Watersheds			
AB 66 (Leslie) Adopt A Waterway	Authorizes Resource Agency to enter into agreements to accept funds, equipment or services from any person for maintenance or environmental enhancement of a state waterway.	C	Assembly Floor
AB 496 (Correa) Santa Ana Conservancy	Creates a state run conservancy for the three-county Santa Ana River area. Orange County is opposed. Though the author said it would be a two year bill, he is now decided to move it all the way to the Governor's desk. IEUA has indicated to the author that it wants to be helpful in working out the bill's problems. SAWPA has recently been trying to broker compromise language.	A	Senate Approps. 8/18
AB 1405 (Wolk) Watersheds	Sponsored by RCRC. States that it is the policy of the state to endorse locally collaborative watershed projects.	B	Senate Approps. 8/18
MISC.			
AB 847 (Pavley) Coastal Conservancy	Specifies that the Coastal Conservancy's duties include protecting sensitive habitat areas and improving coastal water quality.	B	Senate Approps. 8/18
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	C	Senate Approps. 8/18

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	for possible contaminants injected into the drinking water supply by terrorists.		
SB 83 (Soto) Assessments	Sponsored by Three Valleys, the bill addresses preapproved assessments from Proposition 218.	C	Assembly Floor
SB 196 (Kuehl) RWQCB Appointments	Specifies that the city council member and a county supervisor serve on the RWQCB rather than someone from city or county "government."	C	Senate Floor for concurrence

CHINO BASIN WATERMASTER

August 28, 2003

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

C. AGWA

ASSOCIATION OF GROUND WATER AGENCIES



Monday, August 18, 2003 – 9:00 p.m.

Main San Gabriel Basin Watermaster
City of Azusa Light and Water Administration Facility
725 North Azusa Avenue
Azusa, CA
(626) 815-1300

1. Determination of Quorum/Introductions
2. Approve minutes from April 21, May 19 and June 16, 2003 meetings
Receive and file Financial Statements for June and July 2003
3. Discussion and Actions
 - a. Review/Adoption of FY 2003-04 budget and dues
 - b. Discussion of AGWA Quorum Issues
 - c. Consideration of AGWA Affiliate Membership for Hargis & Assoc.
 - d. PowerPoint Presentation – ACWA Groundwater / Communications Subcommittee
 - e. Update of MWD Policy re: Replenishment Water and Conjunctive Use Programs
 - f. Consideration of Sponsorship of 2003 AWRA Conference
4. Committee Reports
 - a. MWD Liaison Committee (R. Palmer)
 - b. General Communications/Public Information Committee (C. Williams)
 - c. Program Committee (M. Blevins)
 - d. Legislative Committee (B. Mowry)
5. Other
6. Future Agenda Items
7. Next Meeting: Monday, September 15, 2003, 9:00 a.m. – Chino Basin Watermaster
8. Adjourn

Chairman Bruce Mowry Presiding

**MINUTES OF THE
ASSOCIATION OF GROUND WATER AGENCIES (AGWA)
BOARD OF DIRECTORS MEETING
HELD MONDAY, JUNE 16, 2003 - 9:00 A.M.
AT CHINO BASIN WATERMASTER**

Bruce Mowry, Chairman, called the meeting to order.

Directors/Alternates present:

Bruce Mowry, Chairman	Water Replenishment District of Southern California
Carol Williams, Secretary/CFO	Main San Gabriel Basin Watermaster
Tom Haslebacher	Kern County Water Agency
Ken Breitag	Main San Gabriel Basin Watermaster
Ron Palmer	Raymond Basin Management Board
Tony Zampielo	Raymond Basin Management Board
Tom Crowley	San Bernardino Valley Water Conversation District
John Otto	Tehachapi-Cummings County Water District
Mel Blevins	Upper Los Angeles River Area Watermaster

Affiliates present:

Amy Gallaher	Metropolitan Water District of Southern California
Kathy Kunysz	Metropolitan Water District of Southern California

Others present:

Margaret Eggers	Hargis & Associates
Bill Golightly	Hargis & Associates
Leo Truthmann	Leo Truthman Environmental Consulting
Frank Forbes	Main San Gabriel Basin Watermaster
Keith Lyon	Municipal Water District of Orange County
Alfred Smith	Nossaman, Guthner, Knox and Elliott, LLP
Rick Whetsel	Santa Ana Watershed Project Authority
Janet Divan	Three Valleys Municipal Water District

MINUTES/FINANCIAL STATEMENTS

The Chairman noted that the quorum required for conducting Board business was not present. The Chairman also stated that the Financial Statements for June 2003 were available for review, and then he ordered the Financial Statements to be received and filed.

DISCUSSION AND ACTIONS

Discussion of AGWA Quorum Issues – The Chairman asked if there were any thoughts on increasing participation in AGWA meetings, and Mr. Alfred Smith of Nossaman, Guthner, Knox and Elliott, LLP replied that AGWA's bylaws already allow for participation in meetings by phone. Additionally, Mr. Smith stated that members might want to reconsider the number of members needed to constitute a quorum. The Chairman noted that there would be costs associated with participation by phone, and Director Blevins added that communicating in person, rather than over the phone, is more productive and beneficial.

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Director Williams stated that low meeting attendance might be due to agenda items of insufficient interest to motivate directors to attend. She noted that it has been suggested in the past that AGWA meet on a less frequent basis, perhaps every two months or quarterly, so that there was more on each agenda.

Director Palmer noted that Raymond Basin Management Board has quarterly meetings that are scheduled monthly, and he suggested that AGWA meeting notices be such that they request a reply from members as to whether they expect to attend.

The Chairman stated that discussion on this issue should continue at the next AGWA meeting, and he would attempt to contact members in the meantime to determine why some are not attending.

Presentation by Hargis & Associates and Consideration of AGWA Affiliate Membership –

The Chairman stated that Hargis & Associates has requested affiliate membership in AGWA, and today representatives of Hargis are present to tell more about the firm and how they might be able to contribute to AGWA. Mr. Bill Golightly of Hargis & Associates began by stating that Hargis started in 1979 in Tucson, serving groundwater clients and the mining industry with water supply and quality issues in southern Arizona. Since then Hargis & Associates' headquarters have moved to San Diego, and the firm has increasingly focused on water quality issues, although still primarily dealing with groundwater. Hargis also has offices in Tucson, Phoenix and Dallas and has expanded into projects involving aquifer storage and recovery, seawater encroachment, CEQA compliance and other areas.

Mr. Golightly then introduced Ms. Margaret Eggers, also of Hargis & Associates, who stated that she is the principal hydrogeologist for the firm, and she has been with Hargis for nine years. She explained that Hargis is a classic groundwater consulting firm which has been involved in a variety of different issues related to groundwater, and she stated that they brought to today's meeting packets of materials telling about Hargis & Associates in greater detail. Mr. Golightly added that Hargis & Associates is interested in becoming a member of AGWA because there is a need for greater regional understanding of groundwater issues, and Hargis wants to be part of that process and to lend its expertise in helping to develop groundwater resources.

The Chairman thanked Mr. Golightly and Ms. Eggers for attending today's meeting. He stated that, because of the lack of a quorum, AGWA could not vote on whether to approve Hargis & Associates as an affiliate member today, but he looked forward to Hargis's participation in AGWA.

PowerPoint Presentation – ACWA Groundwater / Communications Subcommittee – Mr. Ken Breitag stated that the PowerPoint Presentation Committee plans to meet immediately following the AGWA meeting to continue work on the set of PowerPoint presentations, or modules, covering different aspects of groundwater. Director Rossi, though not able to attend the AGWA meeting, is expected to be present for that committee meeting. Mr. Breitag added that work has been done on the presentations, including a presentation on groundwater management assembled by Director Iger. Mr. Breitag also noted that Director Rossi had spoken with Rita Sudman of the Water Education Foundation about the PowerPoint presentation received from WEF and that organization's role in the development of the separate modules. Mr. Breitag could not speak to the details of that conversation, but,

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based upon an email from Ms. Sudman, it appears that WEF feels their work on the project is complete.

Update of MWD Policy re: Replenishment Water and Conjunctive Use Programs – Amy Gallaher of Metropolitan Water District of Southern California reported that AGWA's concern whether water for conjunctive use programs would be given priority over replenishment water orders was taken to MWD's Water Surplus & Drought Management Team, a group that meets regularly at MWD to discuss issues relative to the Water Surplus & Drought Management Plan. Ms. Gallaher stated that the decision of the Team is replenishment water orders will get priority over water put into conjunctive use programs, although this would be subject to supply and system constraints.

Director Palmer then asked if this meant that when a given agency with a conjunctive use program placed an order for replenishment water, the replenishment water would be delivered before water was put into the conjunctive use program, and Ms. Gallaher replied that this is correct.

Mr. Keith Lyon of Metropolitan Water District of Orange County asked if this decision by the Water Surplus & Drought Management Team is the official position of MWD, and Ms. Gallaher stated that this policy recommendation from the Team has been presented to and accepted by MWD management. Director Palmer asked if a written statement has been issued by MWD relative to this policy, and Ms. Gallaher replied that this could be done.

Members also discussed other issues relative to the purchase of replenishment water from MWD, and Ms. Gallaher noted that the sooner MWD hears thoughts and concerns from member agencies relative to replenishment water policy, the sooner analysis by MWD on the issues will take place.

Director Williams stated that, perhaps, it would be possible for AGWA to set up a workshop with MWD to discuss the issues or AGWA could write a letter expressing its interest in working with MWD on this policy. The Chairman noted that a quorum was not present to take any official action, but AGWA might write a letter to MWD staff asking how they wish communication to occur in the matter. In response to a question from Director Palmer, Ms. Gallaher replied that she was not sure who should receive the letter; however, Ron Gastelum should be, at least, copied on any such letter.

Consideration of Sponsorship of 2003 AWRA Conference – Director Blevins reported that Kelly Rowe had spoken to him about AGWA helping to sponsor the 2003 AWRA conference. Director Blevins also noted that at the May AGWA meeting reservations were expressed about the precedent that could be set if AGWA gave financial support to such an event, leading to many more requests for funds. Director Blevins added that AGWA has good financial reserves, and he sees little harm in making such contributions on occasion. He stated that AGWA could probably give \$500, but action cannot be taken today because of the lack of a quorum.

Director Zampielo asked if it might be wise for AGWA to adopt a policy regarding such sponsorships including the amount of contributions. The Chairman added that it would be important that AGWA specify how such contributions were spent, and it would also be important that AGWA be properly recognized for the contribution.

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STANDING COMMITTEE REPORTS

Metropolitan Water District of Southern California Liaison Committee – Director Zampiello reported that, in addition to the MWD issues already discussed, the only item of note is MWD's position with regard to the proposed Quantification Settlement Agreement for Colorado River water. MWD is opposed to Prop. 50 funds being used for remediation of the Salton Sea beyond the amount specifically set aside in Prop. 50 for that purpose.

General Communications/Public Information Committee – Director Williams reported that the deadline for the Summer AGWA newsletter is this Friday, June 20. Mr. Breitag stated that he would email to members the contact information for Jennifer Greenlief in order to ensure that they were able to send Ms. Greenlief items for the newsletter.

Program Committee – Director Blevins distributed copies of an email received from Rita Sudman of WEF, and he stated that he had talked with Ms. Sudman by phone. Ms. Sudman has said that this year's AGWA conference netted proceeds of about \$5,600, but WEF staff time had not yet been taken into account. Director Blevins stated that, just like last year, he feels that AGWA should be entitled to half of these proceeds, but he expects that WEF staff costs will absorb the full \$5,600.

Director Williams noted that in 2002 WEF staff costs were over \$10,000, so it is unlikely AGWA will receive any funds from the conference; however, AGWA should still receive a formal accounting of the conference.

Director Blevins stated that WEF has also asked whether there will be another AGWA conference next year, and noted that AGWA needs to discuss that possibility along with how attendance might be increased to the levels of previous years. He added that WEF feels AGWA should hold a conference every year.

The Chairman stated that AGWA should begin discussing possible topics for a conference in 2004 now, in order to determine whether there is sufficient subject matter and interest to hold such an event next year.

Legislative Committee – Mr. Breitag stated that June 6 was the deadline for State bills to pass out of their house of origin, and, of the five bills AGWA had discussed at its last two meetings, AB 1107 and AB 1159, both authored by Assembly Member Carol Liu, had not passed the Assembly by the deadline. He noted that Adeline Yoong had previously indicated that AB 1159 was expected to be a two-year bill, and AB 1107 might also be a two-year bill.

The other three bills previously discussed by AGWA, SB 543, SB 922 and SB 1004, have all been passed by the Senate and have been subsequently amended in the Assembly. In the case of SB 1004, which requires reporting of any perchlorate stored in California since 1950, the bill was amended to eliminate a provision which would require payment of fees for storage of perchlorate in the state.

Director Zampiello noted that at the May AGWA meeting there was a discussion about the federal Defense Authorization bills, and he asked what had happened with those two bills. Mr. Breitag answered that Defense Authorization bills had passed both the House and the Senate, but proposed provisions exempting the Defense Department or Defense contractors from liability for groundwater contamination on military ranges were taken out of both bills. Rather, in the House bill a provision was added calling for a study on the health effects of

perchlorate, and in the Senate bill language was added requiring completion of a survey on presence of perchlorate on military ranges.

OTHER

The Executive Officer stated that a draft budget for FY 2003-04 should have been presented at this meeting, and that this would be on the agenda of the next AGWA meeting.

Director Blevins asked if others had commented on DWR's Bulletin 118, noting that he had written a letter to DWR and that the deadline for such comments had been extended. Director Zampielo asked if he might receive a copy of the Upper Los Angeles River Area Watermaster's comments, and Director Blevins stated that he would pass his comments on to Mr. Breitag for distribution to the group as a whole.

FUTURE AGENDA ITEMS

The Chairman asked if there was an idea for a program for the next AGWA meeting. Director Palmer stated that, perhaps, if there was little on the agenda for the July meeting AGWA might consider canceling the meeting and holding its regular meeting in August. The Chairman noted that this might be a good idea, and a decision could be made in a couple of weeks to see if other issues for AGWA's attention had arisen.

NEXT MEETING

The Chairman stated that the next meeting would be held on Monday, July 21, 2003, at 9:00 a.m. at the offices of Main San Gabriel Basin Watermaster located in Azusa, CA.

(NOTE: The July meeting was subsequently cancelled, and the next meeting is scheduled for Monday, August 18, 2003 at 9:00 a.m. in Azusa)

Carol Williams, Secretary/CFO

ATTEST:

Bruce Mowry, Chairman

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CHINO BASIN WATERMASTER

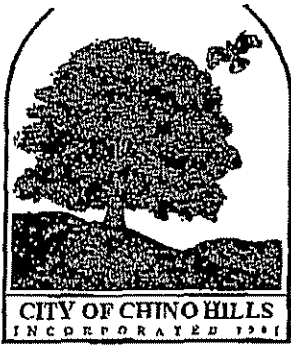
August 28, 2003

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

E. INFORMATION



CITY OF CHINO HILLS
CITY YARD
 15091 La Palma Dr.
 Chino, California 91710
 (909) 364-2800 FAX (909) 364-2895

FACSIMILE COVER SHEET

If there are any problems during transmission, please call the Fax Operator immediately (909) 364-2823

DATE: August 13, 2003 TIME: 4:25pm

SEND TO: John Rossi

COMPANY: Chino Basin Watermaster

SUBJECT: _____

TELEPHONE NO. _____ FAX: 909-484-3890

FROM: City of Chino Hills - Mike Maestas

TELEPHONE NO. 909-364-2854

NUMBER OF PAGES (Includes Cover Sheet): 2

 ORIGINAL WILL FOLLOW BY MAIL

 ORIGINAL WILL NOT FOLLOW BY MAIL

MESSAGE:

Attached is the City of Chino Hills 2003/04 Exhibit "D" Notice of Forebearance
Under Management Zone 1 Interim Plan. If you should have any questions, please
give me a call.

Please cc: _____

Exhibit "D"

Notice of Forebearance
Under Management Zone 1 Interim Plan

CITY OF CHINO HILLS

Name of Party

2001 Grand Avenue

Street Address

Chino Hills, CA 91709-4869

City

(909) 364-2854

Telephone

Well number from which reduction in production is to occur: 1A; 1B; 7A; 7B; 14; 15B; 16A; 17A; 17B

State the average production from this well during the period from October 1 through June 30 during the period 1994-2001: 1A-505a/f; 1B-68 a/f; 7A-198 a/f; 7B-343 a/f; 14-55 a/f; 15B-488a/f; 16A-0 a/f; 17A-489 a/f; 19-371 a/f

State the estimated amount of reduction in production from this well: 1A-up to 696 a/f; 1B-up to 68 a/f; 7A-up to 272 a/f; 7B-up to 466 a/f; 14-up to 55 a/f; 15B-up to 1054 a/f; 16A-up to 101 a/f; 17A-up to 493 a/f; 19-up to 392 a/f - Chino Hills will reduce a.**

State the maximum total quantity anticipated to be produced from this well for the period applied for: See response set forth immediately above.

Are you requesting to be supplied with substitute water? yes no

** total of 1500 a/f from these designated wells.

Wildermuth Environmental, Inc.
23692 Birchler Drive
Lake Forest, California 92630
Tel. 949/420-3030
Fax. 949/420-4040
www.wild-environment.com

July 23, 2003

Chino Basin Watermaster
Attention: John Rossi
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, California 91730

Subject: Progress Report for MZ-1 Interim Monitoring Program for July 23, 2003.

Dear John:

The Management Zone 1 (MZ-1) Technical Committee approved the scope and schedule for the MZ-1 Interim Monitoring Program (IMP) at the January 29, 2003 meeting. The IMP is described in the IMP Work Plan dated January 8, 2003.

The Court has requested quarterly reports that describe the progress of the IMP implementation. This letter summarizes our progress for the reporting period June to August 2003, and our expected progress for future reporting periods.

BENCHMARK SURVEYS

The objective of this task is to perform repeated benchmark surveys that will measure vertical (and in some cases horizontal) ground surface deformation along selected profiles within Chino Basin – mainly in MZ-1. The benchmark surveys will (1) establish a datum from which to measure land surface deformation during the IMP period, (2) allow determination of historical subsidence at any historical benchmarks that can be recovered, (3) “ground-truth” the InSAR data, and (4) evaluate the effectiveness of the long-term management plan.

Conduct Spring 2003 Ground-Level Survey. Associated Engineers (AE) completed monument installation and the initial survey during the last reporting period (April 2003). The survey data as a hard copy deliverable will be provided to the MZ-1 Technical Committee at the July 23rd meeting. This initial survey is the baseline to which all future surveys will be compared. From this point forward, the deep extensometer, anchored in solid bedrock, will be the starting benchmark for all survey loops. The next planned survey is April 2004.

AE performed ground-level surveys for the City of Chino from 1987 to 2001 at some of the same benchmarks used in April 2003 survey. The starting benchmark for these historical surveys was not found and presumed destroyed, but a nearby benchmark was used instead to allow for differential vertical movement to be estimated at the benchmarks used in both survey efforts. The data indicate that modest subsidence has continued in MZ-1 during the period October 2001 to April 2003, even though elastic rebound of the land surface due to seasonal water-level recovery would be expected during a Fall to Spring measurement interval. Maximum subsidence measured

at an individual monument during this period was 0.136 ft at the intersection of Pipeline Avenue and Walnut Street.

InSAR

Like the benchmark surveys, the objective of this task is to characterize ground surface deformation in Chino Basin using Synthetic Aperture Radar Interferometry (InSAR). This analysis will be performed for a historical period (1992-2002) and on an on-going basis thereafter. The advantage of InSAR is that it provides an areally continuous representation of land surface deformation.

Work on this task has been postponed until Summer 2003 in order to concentrate fully on the other elements of the IMP.

AQUIFER-SYSTEM MONITORING

The objective of this task is to measure the stresses within the aquifer-system that cause land surface deformation that will be measured by benchmark surveys, InSAR, and the extensometers (described below). The centerpiece of the aquifer-system monitoring program is the Ayala Park Extensometer – a highly sophisticated monitoring facility consisting of two multi-piezometers and a dual-extensometer. This facility will monitor the hydraulics and mechanics of the underlying aquifer-system as the system undergoes various stresses due to groundwater production and recharge.

Ayala Park Extensometer. The extensometer borehole drilling and casing/pipe installation was completed in mid-May 2003. The extensometer building and the extensometer instrument platform (ground surface datum) was completed June 27, 2003. Extensometer wellhead construction and instrumentation was completed on July 7, 2003, at which time data collection commenced.

Ayala Park Piezometers. Piezometer construction and development was completed in Fall 2002. Permanent transducers and data loggers are installed at the piezometer vaults and are continually collecting water-level data. These data are shown on Exhibit 1 attached to this letter with the following observations:

- Water-levels at all of the piezometers are exhibiting rising water-levels from November 2002 to May 2003.
- The two shallowest piezometers (PA-11 and PA-10) have a separate and distinct water-level response to nearby pumping as compared to the deeper piezometers, confirming the existence of distinct shallow and deep aquifer-systems.
- The water-level data indicate a downward vertical hydraulic gradient from the water table to about 1,100 feet-bgs.
- The water-level data indicate an upward vertical hydraulic gradient below about 1,100 feet-bgs.
- Pumping at surrounding wells, screened in both the shallow and deep aquifer-systems, has lowered water-levels in all piezometers – particularly in piezometers PA-7 (438-448 ft-bgs) and PB-6 (502-522 ft-bgs). These two piezometers are exhibiting a typical response to pumping within a confined aquifer-system.

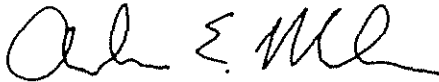
Instrumentation of Surrounding Wells. Where possible, nearby wells owned by the cities of Chino and Chino Hills have been equipped with pressure transducers and are recording water-level

July 23, 2003

data. These data are also shown on Exhibit 1. During the reporting period, an access agreement was signed between Watermaster and the State of California allowing Watermaster to install transducers at wells owned by CIM. On July 15, 2003, six monitoring wells on CIM property were instrumented with transducers and are collecting water-level data. Six production wells were inspected, and transducers have been ordered. Installation of transducers at these production wells will occur on or around August 1, 2003, which will complete the transducer installation effort at wells surrounding Ayala Park.

If you have any questions, please don't hesitate to call me at 949.420.3030 or send me e-mail at amalone@wildh2o.com.

Best Regards,

A handwritten signature in black ink, appearing to read "Andrew E. Malone". The signature is fluid and cursive, with the first name being the most prominent.

Andrew E. Malone
Senior Scientist

cc: Mark Wildermuth, P.E.

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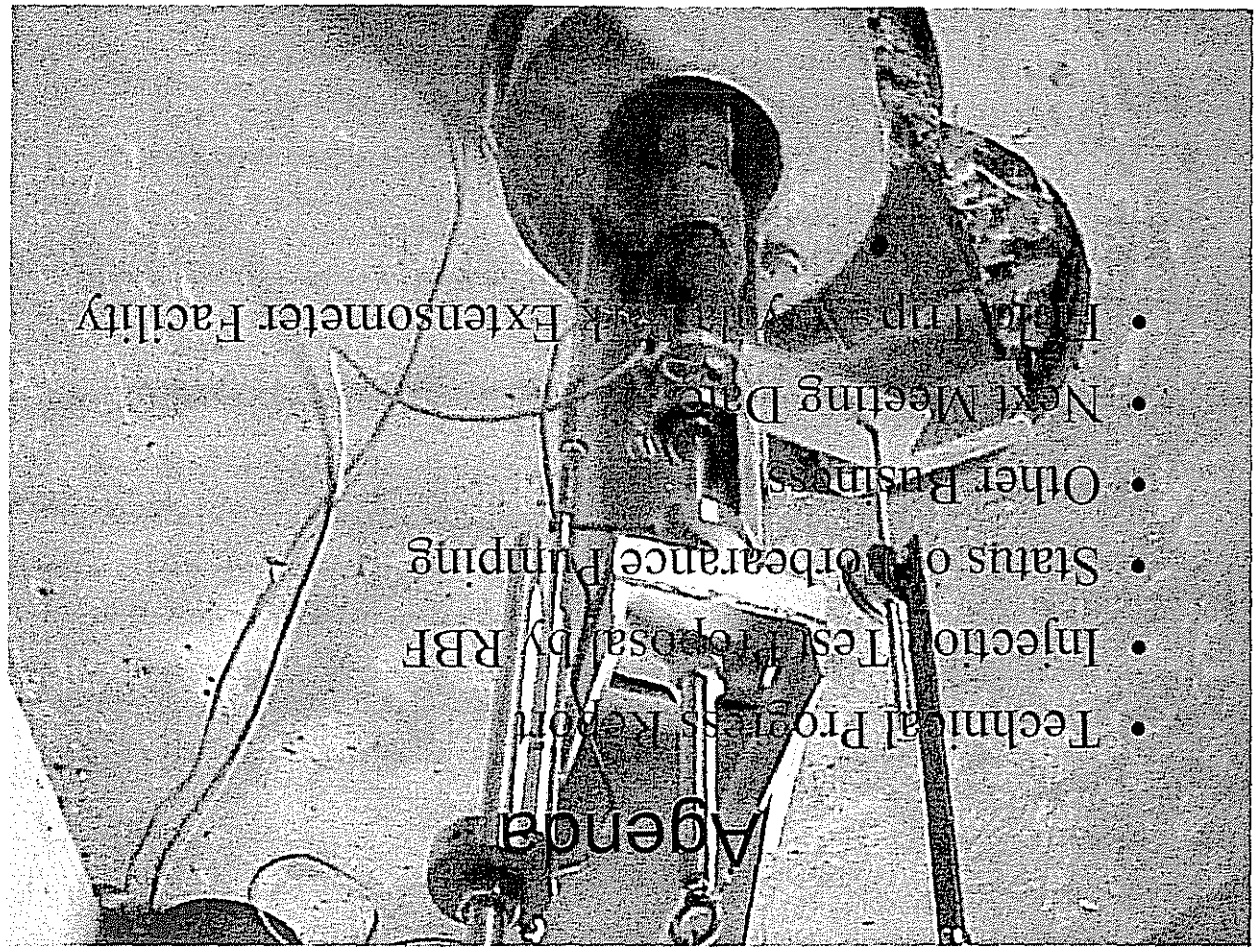
Background

- Subsidence and Ground Fissuring on the West-Side of Ohio Basin – MZ-1
- OBMP Interim Management Plan & Long-Term Management Plan
- MZ-1 Technical Committee
- Work Plan Interim Monitoring Program



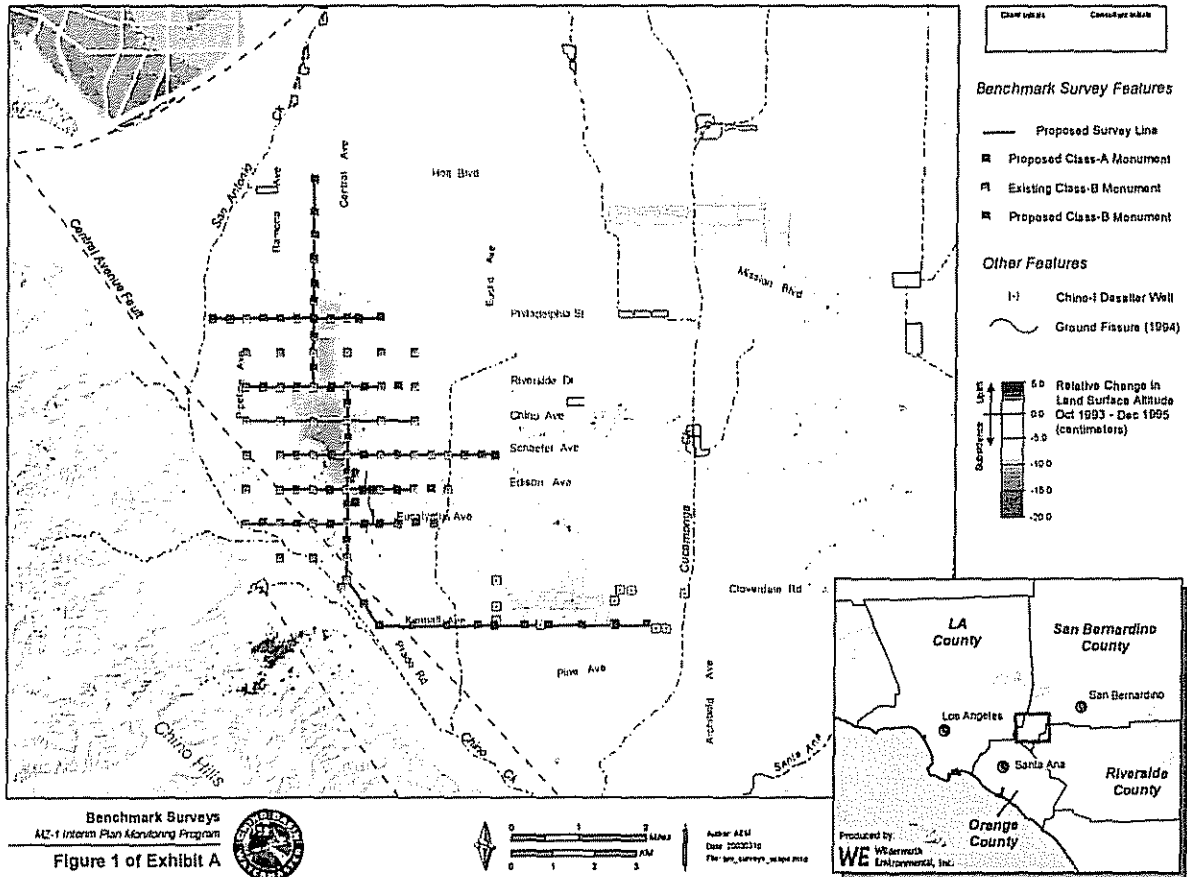
Interim Monitoring Program

- Ground-Level Survey
 - Monitoring vertical and horizontal ground surface deformation at survey benchmarks along selected profiles
- InSAR Mapping
 - Remote-sensing of ground surface deformation over entire basin
- Aquifer System Monitoring
 - Establish relationships between pore pressures and aquifer system deformation



- Technical Progress Report
- Injection Test Proposal by RBF
- Status of Performance Pumping
- Other Business
- Next Meeting Date
- Field Trip - MTR & Extensometer Facility

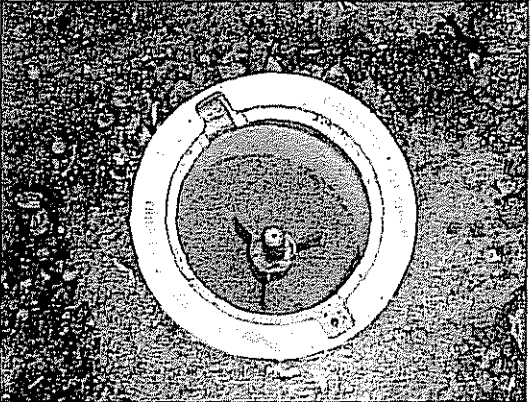
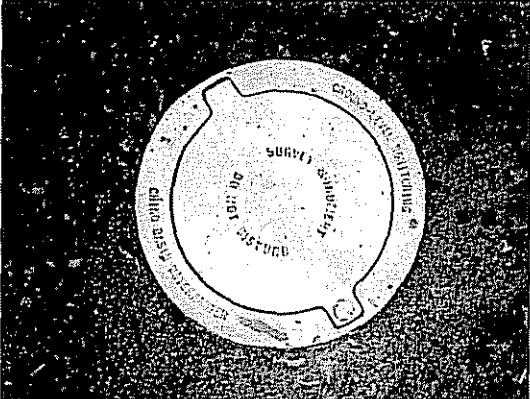
Agenda



Benchmark Surveys
 AZ-1 Interim Plan Monitoring Program
 Figure 1 of Exhibit A



Class A Monument



Class B Monument





Ground-Level Surveys

- Monument installation and initial survey completed in April 2003
- Results delivered as an AutoCAD drawing (map) - copies for MET Technical Committee

Ground-Level Surveys

- Initial survey - Baseline to which all future surveys will be compared.
- Deep extensometer, anchored in bedrock, is the starting benchmark.
- Next planned survey - April 2004
- A review of climate instruments:
 - moderate subsidence in WZ-1 from Oct-2001 to Apr-2002

Ground-Level Surveys

- At City of Chicago monuments:
 - Comparisons can be made with historical data (1987-2000)
 - Starting benchmark was destroyed; used nearby monument instead; compromises comparisons
 - moderate subsidence in VZ-1 from Oct-2001 to Apr-2003
 - Maximum subsidence of 0.136 ft occurred at this section of Pipeline Avenue and Walnut Street

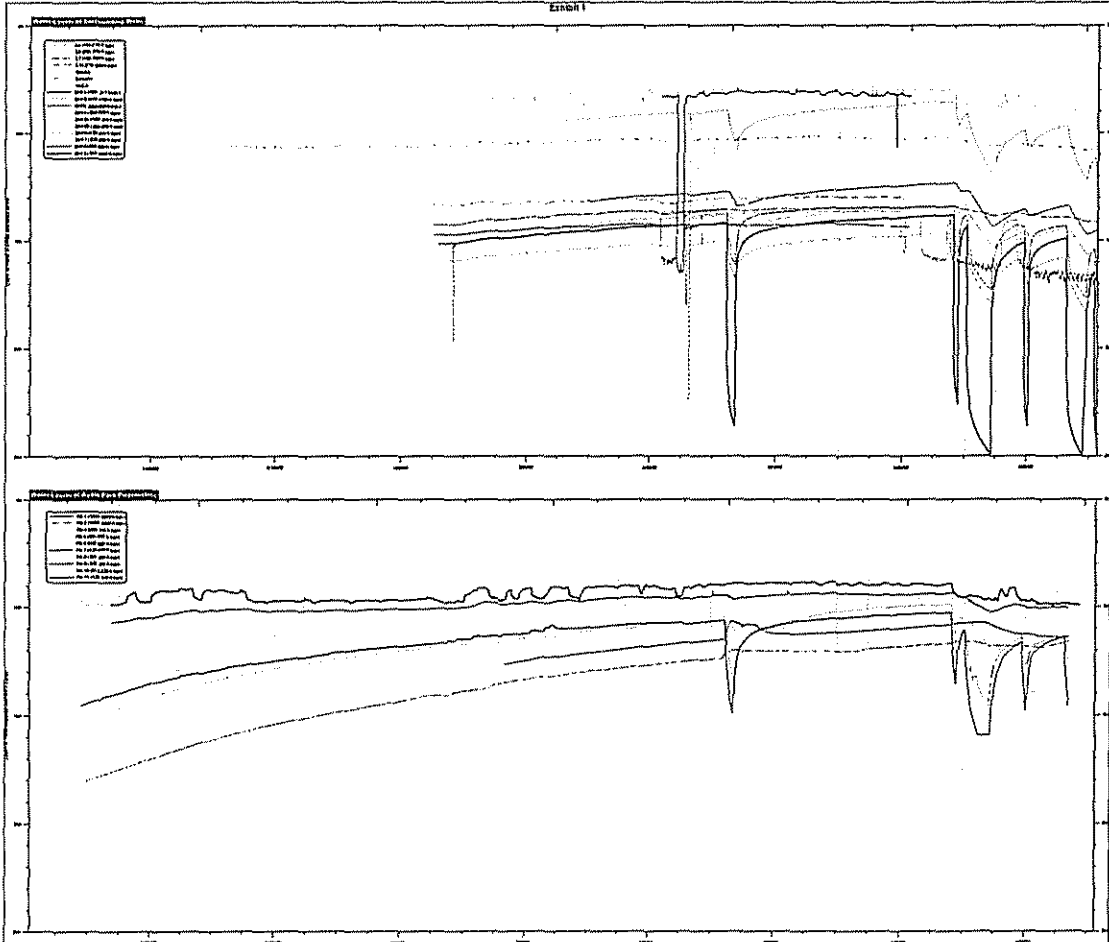


Aquifer-System Monitoring

- Ayala Park Extensometer Construction
 - ▶ Borehole drilling and casing/pipe completion
 - Mid-May, 2003
 - ▶ Extensometer building and instrument platform
 - June 27, 2003
 - ▶ Wellhead construction and instrumentation
 - June 27, 2003
- Data collection commenced on July 7, 2003.

Aquifer-System Monitoring

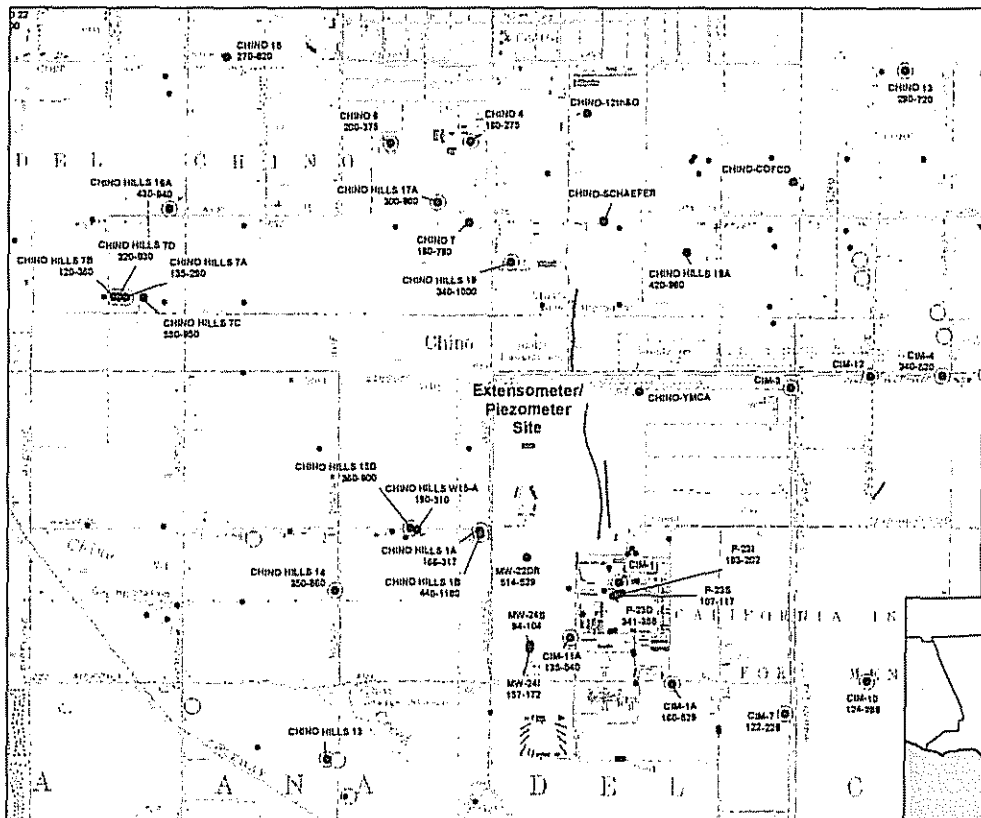
- Ayala Park Piezometer
 - Water level data
 - Piezometric recovery from November to May
 - Shallow vs. Deep aquifer systems
 - Downward vertical hydraulic gradient to about 1,100 feet hrs
 - Downward vertical hydraulic gradient below 1,100 feet-
 - For instance pumping has ceased; pumping has commenced and water-levels are declining





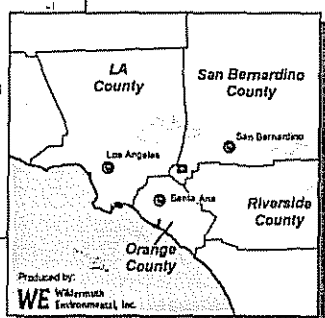
Aquifer-System Monitoring

- Transducers at surrounding wells
 - ▶ Chino and Chino Hills
 - Wells equipped and collecting data where possible
 - ▶ Right of Entry agreement with CIM has been signed
 - Six monitoring wells were equipped and are collecting data
 - Inspected six production wells; ordered transducers
 - ▶ Installation of transducers will be complete on or around August 1, 2003

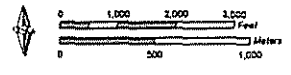


- Main Map Features**
- Reconnaissance Test Well
 - Active Well
 - Inactive or Destroyed Well
 - ~ Ground Fissure (1994)

DRAFT



Reconnaissance Monitoring Program
 MZ-1 Interim Plan Monitoring Program
Figure 3



Author: AEM
 Date: 20221011
 File: Recon_Program.mxd

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