CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

(Lunch will be provided)

AGENDA PACKAGE

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting
November 20, 2003

Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
November 20, 2003

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on November 20, 2003 at 10:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool	
Nathan deBoom, Chair	Dairy, Milk Producers Council
Jack Hagerman	State of California Institute for Men
Non-Agricultural Pool	
Vic Barrion	Reliant Energy, Etiwanda
Appropriative Pool	
Gerald Black	Fontana Union Water Company
Robert DeLoach	Cucamonga County Water District
Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Michael McGraw	Fontana Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Ray Wellington	San Antonio Water Company
Raul Garibay	City of Pomona
Bill Stafford	Marygold Water Company

Watermaster Staff Present	
John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Danielle Maurizio	Senior Engineer
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present	
Michael Fife	Hatch & Parent

Other Presents	
Dave Hill	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District
Josephine Johnson	Monte Vista Water District
Steven G. Lee	Special Counsel to the Agricultural Pool

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

AGENDA - ADDITIONS/REORDER
None

I. CONSENT CALENDAR

A. MINUTES

1. Meeting of the Advisory Committee meeting held October 23, 2003

B. FINANCIAL REPORT

1. Cash Disbursements for the month of October 2003
2. Treasurer's Report of Financial Affairs for September 1, 2003 through September 30, 2003
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through September 30, 2003
4. Profit & Loss Budget vs. Actual July through September 2003

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

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

II. BUSINESS ITEMS - POSSIBLE ACTION

A. PRESENT DRAFT 2003/2004 ASSESSMENT PACKAGE

Mr. Rossi presented the draft 2003/2004 Assessment Package which was previously presented to the Pools on November 13, 2003 and the Advisory Committee on November 20, 2003. Mr. Rossi showed slides on pumping and related replenishment which included descriptions of, 1) Chino Groundwater Production in acre feet from 1974-2003, 2) Agricultural Re-Allocation in acre feet for 2000-2004, and 3) Appropriative Pool Production from 2000-2004 in acre feet. Mr. Rossi re-stated the comment that was presented at the Advisory Committee meeting. It was stated that not approving the assessment package now would affect several water agencies year end reports. Staff requested that the assessment package be approved now with the stipulation that revisions be addressed the subsequent year.

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

Moved to approve the Draft 2003/2004 Assessment Package subject to change after evaluation and to carry modifications to subsequent year.

B. PRESENTATION ON CONSTRUCTION ACTIVITIES FOR RECHARGE IMPROVEMENT PROJECT

The Chino Basin Facilities Improvement Project and Construction Activities presentation by Gordon Treweek was seen at the Pool meetings on November 13, 2003 which was taken into consideration when the Advisory Board passed on a second showing. Chair deBoom commented to Mr. Treweek on what an informative and well given presentation it was.

C. MEMORANDUM OF UNDERSTANDING BETWEEN CASTAIC LAKE WATER AGENCY AND CHINO BASIN WATERMASTER

Mr. Rossi offered comment that this item was presented to the Pools on November 13, 2003 and by unanimous vote was approved to begin preliminary non-binding negotiations for the Storage and Recovery Project with Castaic Lake Water Agency. Staff recommended approval by the Advisory Committee.

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

Moved to approve the start of the negotiation process with Castaic Lake Water Agency for potential Storage and Recovery.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water Lawsuit Update regarding filing of Amicus Brief

   Counsel Fife distributed the revised brief; revision was made to the brief handed out at the Pool meetings on November 13, 2003, and commented on the timing of filing the revised brief due to Lewis Homes filing an appeal. Counsel wants to observe the impact of the brief and the possibility of a shift in strategy. Once the appeal brief is assessed after

Thanksgiving, counsel will file the reply brief. Counsel Fife is asking that the filing of the brief be postponed pending review of the appeal and delayed filing be approved.

Motion by Garibay, second by DeLoach, and by unanimous vote
Moved to approve the delay of filing reply brief after review of Lewis Homes appeal.

2. Metropolitan Water District Dry Year Yield Storage Transmittal to Court
Counsel Fife distributed this Court Transmittal for *Motion for Approval of Storage and Recovery Program Application* on November 13, 2003 at the Pool meetings which is being brought to the Advisory Committee for information only. Minor comment was received at the Pool meetings. No action is required on this item.

No action taken

B. CEO REPORT/UPDATES

1. Update regarding DWR Grant Request for Conjunctive Use Project
Mr. Rossi graciously thanked Rich Atwater and Inland Empire Utilities Agency for their assistance on filing this grant application on our behalf. It was referenced that this was the last portion of Proposition 13 money and that our application was rated very high. DWR will know more in January/February for the final word on dollar amounts granted. It is anticipated that we would be receiving 45% - 62% of our asking grant amount totaling more than $10,000.00. Mr. Rossi will keep the members apprised and noted Chino Basin Watermaster was looking at 4 possible projects to allocate these funds to; 1) Well Head Treatment, 2) Expansion on the Desalter II, 3) Upland Basin Project, and 4) Improvements on the Master Recycle Water Plan.

Mr. Kinsey offered his recognition on the approval of our DWR grant and noted he felt that desalter projects were highly considered. Mr. Kinsey questioned the basis of how projects and overall packages were evaluated by DWR. Mr. Kinsey also inquired if a project was not sufficiently funded to complete the project what the ramifications were? It was commented that the criteria of grant approval was unknown and that DWR would be personally contacting agencies as to where funds would be applied, and it was thought DWR would understand if projects had to be cut back or not fully completed due to lack of funds.

2. Update regarding Water Quality Committee Meeting of Wednesday November 12, 2003
Mr. Rossi noted the Water Quality Committee had a productive meeting on November 12, and the committee at present is analyzing various plumes of contamination. Mr. Rossi remarked that concentration was being placed on a fairly new anomaly south of the Ontario Airport. This particular plume is currently being scrutinized because not a great deal of work has been done to characterize it.

A discussion ensued relative to the possibility of providing assistance to the Regional Water Quality Control Board to prepare orders for Possible Responsible Parties to investigate the site. It was noted that caution needs to be taken when dealing with pointing the finger at potential responsible parties and the fall out of costs, time and various other aspects. In this regard, Mark Wildermuth was requested to perform a prompt analysis on the time frame of assistance and some direction on several significant areas of concerns that were presented.

3. New Watermaster Brochure
Mr. Rossi offered commentary on the recently produced Annual Report that will be mailed shortly. Additionally, Mr. Rossi pointed out the new Watermaster brochure is available for distribution. It was presented this was not a project specific brochure inasmuch an overview on Watermaster in general and can be used as a tool in various connections.

4. Discuss holiday meeting schedules
   Mr. Rossi noted unless there was a need to meet, no meetings are scheduled for the month of December.

C. INFORMATION

1. MWD Rialto Pipeline "Planned Shutdown" for January 12-16, 2004
   Mr. Atwater stated there are no new specifics on this previously handed out communication to report on.

2. Letter from Robert DeLoach, Cucamonga County Water District, regarding Perchlorate Remediation to The Department of Defense
   Although no comment was made on the letter from Robert DeLoach, Mr. Atwater reported on the good news from Metropolitan Water Districts Board which will offer financial incentives to spur investment in local water conservation, and reliability projects. Mr. Atwater thanked Mr. Hanson for his organization on this and offered compliments to all who helped on this endeavor.

D. INLAND EMPIRE UTILITIES AGENCY

1. Tier I/II Status – Rich Atwater (handout)
   Mr. Atwater reviewed the IEUA Cumulative Monthly Tier I Imported Water Deliveries for 2002-2003, the WFA and CCWD Cumulative Monthly Full Service Imported Water Deliveries for Calendar Year 2003 and the IEUA FY 2003/2004 Monthly Water Usage for the months of July through October.

2. B160 State Water Plan – Martha Davis (oral)
   Mr. Atwater relayed that Ms. Davis was out of town but wanted to report on the State Water Plan in that the plan was still being worked on and there was nothing newsworthy to report on at present.

   Mr. Atwater mentioned how proud he was that the recently distributed water brooms were used on the clean up efforts for the latest fires and was told how helpful they were.

   Mr. Atwater explained the possibility of working with brand new construction site model homes. Allowing and encouraging models display water savings options.

3. Southern California Regional Profile – Martha Davis (oral)
   As Ms. Davis was unable to attend – No comment was made on this item.

4. MWD Dry Year Yield Program – John Rossi (oral)
   Mr. Rossi's observations regarding the Dry Year Yield Project Committee was this committee was able to provide alternative ideas on treatments and analysis and that the group needs to meet again soon. It was decided that the Dry Year Yield Project Committee will meet on Thursday, December 11, 2003 at 2:30 p.m. at the Chino Basin Watermaster offices. Mr. Rossi noted that designs must be done by September 2004 and that there is some potential funding available for analysis.

   Mr. Rossi offered comment on the Water Supply & Quality survey that he recently submitted. Mr. Rossi felt this survey will be a useful tool for strategy and to further educate other parties of the State on what we have accomplished and are currently working on.

5. Public Relations – Sondra Elrod (oral)
   As Ms. Elrod was unable to attend – No comment was made on this item.

6. IEUA September Water Resources Report – David Hill (handout)
   This item was not covered in this meeting – No comment made.

7. Recycled Water Program – Gary Hackney (attached)
   As Mr. Hackney was unable to attend – No comment was made on this item. See attached report for summary.

8. Chino Basin Facilities Improvement Project (Recharge) – Gary Hackney (attached)
   As Mr. Hackney was unable to attend – No comment was made on this item. See attached report for summary.

9. State/Federal Legislation – Martha Davis (attached)
   As Ms. Davis was unable to attend – No comment was made on this item. See attached Legislative Report dated October 30, 2003 for detail update.

E. OTHER AGENCY REPORTS

Mr. Rossi announced he had been elected to be the chairman of the Association of Ground Water Agencies (AGWA) and commented that AGWA was granted funding for strategic planning. Mr. Rossi requested to receive comments on how to better serve water agencies, to think about legislation issues and for the direction of the agency. AGWA will also be working on their Mission Statement next year and Mr. Rossi is looking forward to discussing these topics in addition to other strategies at the next workshop in February 2004.

IV. COMMITTEE MEMBER COMMENTS

Mr. Kinsey inquired how the Salt Credits Work Group was commencing. Mr. Rossi offered that he felt there were no new ideas coming out of this committee and unless something new becomes available to the group, there is no real reason to meet again. Mr. Rossi acknowledged that the workgroup was designed to come up with ways to address salt credit allocation and the workgroup had gone through the processes and exhausted new ideas. Discussion ensued in regards to the effect on our administrative processes and counsel was asked for its clarification. Although Counsel Fife stated he was not able to counsel Mr. Kinsey, he said that there are other options.

V. OTHER BUSINESS

None

VI. FUTURE MEETINGS AND EVENTS

November 12, 2003	2:00 p.m.	Water Quality Committee Meeting
November 13, 2003	1:00 p.m.	Agricultural Pool Meeting
	3:00 p.m.	Appropriative & Non-Agricultural Pool Meeting
November 20, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

Notes: All meetings will be held at the Watermaster offices, 9641 San Bernardino Road, Rancho Cucamonga, California (909) 484-3888

Chair deBoom adjourned the meeting at 10:52 a.m.

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Secretary

Minutes Approved: _____

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CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting
November 20, 2003

Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
November 20, 2003

The Watermaster Board Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, November 20, 2003 at 1:00 p.m.

WATERMASTER BOARD MEMBERS PRESENT

Dennis Yates, Chair	City of Chino
Vic Barrion	Non-Agricultural Pool, Reliant Energy, Etiwanda LLC
Paul Hofer	Agricultural Pool, Crops
Bob Kuhn	Three Valleys Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Michael Whitehead	Appropriative Pool, Nicholson Trust
Donald Schroeder	Western Municipal Water District

Appropriative Pool Members Present

Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Henry Pepper	City of Pomona
Raul Garibay	City of Pomona
Robert DeLoach	Cucamonga County Water District
Mike McGraw	Fontana Water Company

Watermaster Staff Present

John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Danielle Maurizio	Senior Engineer
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent

Others Present

Bob Bowcock	Vulcan Materials Company
Phil Rosentrater	Western Municipal Water District
Rich Atwater	Inland Empire Utilities Agency

The Board meeting was called to order by Chair Yates at 1:06 p.m., followed by the flag salute.

PULIC COMMENTS
None

AGENDA - ADDITIONS/REORDER
None

I. CONSENT CALENDAR

A. MINUTES

1. Meeting of the Watermaster Board meeting held October 23, 2003

B. FINANCIAL REPORT

1. Cash Disbursements for the month of October 2003
2. Treasurer's Report of Financial Affairs for September 1, 2003 through September 30, 2003
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through September 30, 2003
4. Profit & Loss Budget vs. Actual July through September 2003

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

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

II. BUSINESS ITEMS - POSSIBLE ACTION

A. PRESENT DRAFT 2003/2004 ASSESSMENT PACKAGE

Mr. Rossi presented the draft 2003/2004 Assessment Package which was previously presented to the Pools on November 13, 2003 and the Advisory Committee on November 20, 2003. Mr. Rossi showed slides on pumping and related replenishment which included descriptions of, 1) Chino Groundwater Production in acre feet from 1974-2003, 2) Agricultural Re-Allocation in acre feet for 2000-2004, and 3) Appropriative Pool Production from 2000-2004 in acre feet. Mr. Rossi re-stated the comment that was presented at the Advisory Committee meeting. It was stated that not approving the assessment package now would affect several water agencies year end reports. Staff requested that the assessment package be approved now with the stipulation that revisions be addressed the subsequent year.

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

Moved to approve the Draft 2003/2004 Assessment Package subject to change after evaluation and to carry modifications to subsequent year.

B. PRESENTATION ON CONSTRUCTION ACTIVITIES FOR RECHARGE IMPROVEMENT PROJECT

Mr. Gordon Treweek, Project Engineer for Chino Basin Watermaster made several presentations. Mr. Treweek's first status report was on the GE Test Cell Facility. This presentation included a site environmental history, Ground Water (GW) contaminants of concern, and lastly site remedial actions. The second status report was on the GE Flat Iron Facility, this presentation included site history, site environmental history, GW contaminants of concern, soil contaminants of concern, and lastly site remedial actions. Mr. Treweek's final presentation was on the Chino Basin Facilities Improvement Project which included construction activities from March to October 2003. This presentation reviewed the Lower Day Basin, Victoria Basin, Banana Basin, RP3 Basin, Declez Basin, Turner 1, 2, 3 & 4 Basins, Brooks Basin, and the College Heights Basin and detailed construction modifications and upgrades. Discussion ensued in regards to these basin projects and how the enhancements will affect the Chino Groundwater Basin.

No action was taken

C. MEMORANDUM OF UNDERSTANDING BETWEEN CASTAIC LAKE WATER AGENCY AND CHINO BASIN WATERMASTER

Mr. Rossi commented that this item was presented to the Pools on November 13, 2003 and the Advisory Committee on November 20, 2003 and that unanimous action was taken at the Pool and Advisory meetings approved the Memorandum of Understanding that opens up preliminary non-binding negotiations for the Storage and Recovery Project with Castaic Lake Water Agency. Mr. Rossi offered that Castaic Lake Water Agency was looking for a long term

commitment and they seemed to be very interested in storing water in the Chino Basin. Counsel Slater acknowledged that Castaic Lake Water Agency was looking for 50,000 acre feet of storage and that it is understood that this endeavor would need to be scrutinized for any physical injury but that we are very early in the project. Discussion continued and Chair Yates asked that the Board be kept informed regarding this matter.

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

Moved to approve the start of the negotiation process with Castaic Lake Water Agency for potential Storage and Recovery.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water Lawsuit Update regarding filing of Amicus Brief

   Counsel Slater distributed the revised brief; revision was made to the brief handed out at the Pool meetings on November 13, 2003, and commented on the timing of filing the revised brief due to Lewis Homes filing an appeal. Counsel wants to observe the impact of the brief and the possibility of a shift in strategy. Once the appeal brief is assessed after Thanksgiving, counsel will file the reply brief. Counsel Slater is asking that the filing of the brief be postponed pending review of the appeal and delayed filing be approved.

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

Moved to approve the delay of filing reply brief after review of Lewis Homes appeal.

2. Metropolitan Water District Dry Year Yield Storage Transmittal to Court

   Counsel Slater distributed this Court Transmittal for *Motion for Approval of Storage and Recovery Program Application* which was reviewed at Pool and Advisory meetings. Counsel Slater commented this item has the potential to be heard in court by next year.

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

Moved to approve the filing of the Metropolitan Water District Dry Year Yield Storage Transmittal to the Court.

B. CEO REPORT/UPDATES

1. Update regarding DWR Grant Request for Conjunctive Use Project

   Mr. Rossi graciously thanked Rich Atwater and Inland Empire Utilities Agency for their assistance on filing this grant application on our behalf. It was referenced that this was the last portion of Proposition 13 money and that our application was rated very high. DWR will know more in January/February for the final word on dollar amounts granted. It is anticipated that we would be receiving 45% - 62% of our asking grant amount totaling more than $10,000.00. Mr. Rossi will keep the Board members apprised and noted Chino Basin Watermaster was looking at 4 possible projects to allocate these funds to; 1) Well Head Treatment, 2) Expansion on the Desalter II, 3) Upland Basin Project, and 4) Improvements on the Master Recycle Water Plan.

2. Update regarding Water Quality Committee Meeting of Wednesday November 12, 2003

   Mr. Rossi noted the Water Quality Committee had a productive meeting on November 12, and the committee at present is analyzing various plumes. Mr. Rossi remarked that concentration was being placed on an anomaly south of the Ontario Airport. This particular plume is currently being scrutinized because not a great deal of work has been done to characterize it.

   A discussion ensued relative to the possibility of providing assistance to the Regional Water Quality Control Board to prepare orders for Possible Responsible Parties to investigate the site. It was noted that caution needs to be taken when dealing with pointing the finger at

potential responsible parties and the fall out of costs, time and various other aspects. In this regard, Mark Wildermuth was requested to perform a prompt analysis on the time frame of assistance and some direction on several significant areas of concerns that were presented.

3. New Watermaster Brochure
Mr. Rossi offered commentary on the recently produced Annual Report that will be mailed shortly. Additionally, Mr. Rossi pointed out the new Watermaster brochure is available for distribution. It was presented this was not a project specific brochure inasmuch an overview on Watermaster in general and can be used as a tool in various connections.

4. Discuss holiday meeting schedules
Mr. Rossi noted unless there was a need to meet, no meetings are scheduled for the month of December.

C. INFORMATION

1. MWD Rialto Pipeline "Planned Shutdown" for January 12-16, 2004
Mr. Rossi commented on this planned maintenance shutdown and noted there was no new information to report.

2. Letter from Robert DeLoach, Cucamonga County Water District, regarding Perchlorate Remediation – Department of Defense
It was noted that the Water Quality Committee would review this letter at the next meeting.

D. OTHER AGENCY REPORTS
None

IV. COMMITTEE MEMBER COMMENTS

Comment was made in regards to keeping Board members longer and not rotating as done in previous years because it makes the passing down of communications and pending decisions difficult. Chair Yates thanked all the people he had worked with and stated it was a wonderful learning experience and a real pleasure to have chaired the meetings.

V. OTHER BUSINESS

None

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

Chair Yates called a recess at 2:37 p.m. for the confidential session to convene.

Chair Yates reconvened the Watermaster Board meeting at 3:02 p.m.

The only action item at the confidential session was that Mr. Rossi receives a 3% merit increase effective January 1, 2004. Consensus was Mr. Rossi was performing satisfactorily and was a pleasure to work with. The salary increase was presented to the Watermaster Board for approval.

Motion by Whitehead, second by Barrion, and by majority vote
Moved to approve a 3% merit increase for Mr. John Rossi starting January 1, 2004

VII. FUTURE MEETINGS AND EVENTS

November 12, 2003	2:00 p.m.	Water Quality Committee Meeting
November 13, 2003	1:00 p.m.	Agricultural Pool Meeting
	3:00 p.m.	Appropriative & Non-Agricultural Pool Meeting
November 20, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

Notes: All meetings will be held at the Watermaster offices, 9641 San Bernardino Road, Rancho Cucamonga, California (909) 484-3888

Chair Yates adjourned the meeting at 3:10 p.m.

_____
Secretary

Minutes Approved: _____

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CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements November 2003
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Periods July 1, 2003 through October 31, 2003
3. Treasurer's Report of Financial Affairs for October 1, 2003 through October 31, 2003
4. Profit & Loss Budget vs. Actual July 2003 through October 2003

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2004

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Cash Disbursement Report – November 2003**

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for November 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 November 2003 were $300,601.59. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of $77,436.45 and Inland Empire Utilities Agency in the amount of $21,940.07.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
November 2003

Type	Date	Num	Name	Amount
Nov 03				
Bill Pmt -Check	11/5/2003	8133	PATRAL CUSTOM CABINETS	-5,746.10
Bill Pmt -Check	11/6/2003	8134	A & R TIRE	-90.55
Bill Pmt -Check	11/6/2003	8135	ARROWHEAD MOUNTAIN SPRING WATER	-47.68
Bill Pmt -Check	11/6/2003	8136	BARRION, VICTOR A	-125.00
Bill Pmt -Check	11/6/2003	8137	BLACK & VEATCH CORPORATION	-6,041.25
Bill Pmt -Check	11/6/2003	8138	CATLIN, TERRY	-125.00
Bill Pmt -Check	11/6/2003	8139	COLONIAL LIFE & ACCIDENT INSURANCE CO	-42.80
Bill Pmt -Check	11/6/2003	8140	COSTCO	-435.61
Bill Pmt -Check	11/6/2003	8141	Diehl, Evans & Co, LLP	-175.00
Bill Pmt -Check	11/6/2003	8142	HARRY L. IRWIN	-1,120.00
Bill Pmt -Check	11/6/2003	8143	HOME DEPOT	-280.15
Bill Pmt -Check	11/6/2003	8144	INLAND COUNTIES INSURANCE SERVICES, INC.	-340.66
Bill Pmt -Check	11/6/2003	8145	INLAND EMPIRE UTILITIES AGENCY	-6,730.55
Bill Pmt -Check	11/6/2003	8146	KUHN, BOB	-125.00
Bill Pmt -Check	11/6/2003	8147	MWH LABORATORIES	-1,835.00
Bill Pmt -Check	11/6/2003	8148	MYRON L COMPANY	-836.55
Bill Pmt -Check	11/6/2003	8149	NEXTEL COMMUNICATIONS	-780.52
Bill Pmt -Check	11/6/2003	8150	OFFICE DEPOT	-430.66
Bill Pmt -Check	11/6/2003	8151	PATRAL CUSTOM CABINETS	-638.45
Bill Pmt -Check	11/6/2003	8152	PAYCHEX	-216.70
Bill Pmt -Check	11/6/2003	8153	QUILL	-2,277.62
Bill Pmt -Check	11/6/2003	8154	RAMONA'S COMPLETE GLASS & MIRROR SERVI...	-297.00
Bill Pmt -Check	11/6/2003	8155	RAUCH COMMUNICATION CONSULTANTS, LLC	-3,006.36
Bill Pmt -Check	11/6/2003	8156	RBM LOCK & KEY	-62.45
Bill Pmt -Check	11/6/2003	8157	RICOH BUSINESS SYSTEMS-Maintenance	-34.64
Bill Pmt -Check	11/6/2003	8158	RODRIGUEZ, DAN	-125.00
Bill Pmt -Check	11/6/2003	8159	SOURCE 1 PRINTING, PACKAGING & MEDIA	-2,549.80
Bill Pmt -Check	11/6/2003	8160	SOUTHERN CALIFORNIA WATER COMMITTEE	-750.00
Bill Pmt -Check	11/6/2003	8161	STATE COMPENSATION INSURANCE FUND	-1,309.31
Bill Pmt -Check	11/6/2003	8162	TELECOM SERVICES	-65.00
Bill Pmt -Check	11/6/2003	8163	THEIRL, JIM	-169.68
Bill Pmt -Check	11/6/2003	8164	TLC STAFFING	-2,068.40
Bill Pmt -Check	11/6/2003	8165	TREWEEK, GORDON	-381.82
Bill Pmt -Check	11/6/2003	8166	UNITED PARCEL SERVICE	-235.11
Bill Pmt -Check	11/6/2003	8167	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	11/6/2003	8168	VELASQUEZ JANITORIAL	-900.00
Bill Pmt -Check	11/6/2003	8169	VERIZON	-437.01
Bill Pmt -Check	11/6/2003	8170	WHEELER METER MAINTENANCE	-600.00
Bill Pmt -Check	11/6/2003	8171	YATES, DENNIS	-125.00
Bill Pmt -Check	11/6/2003	8172	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	11/6/2003	8173	COSTCO	-258.49
Bill Pmt -Check	11/6/2003	8174	VERIZON	-37.10
General Journal	11/8/2003	03/11/4	PAYROLL	-8,156.23
General Journal	11/8/2003	03/11/4	PAYROLL	-13,651.94
Bill Pmt -Check	11/10/2003	8175	P.C. CLUB	-1,514.36
Bill Pmt -Check	11/13/2003	8176	GALLEANO, DON	-250.00
Bill Pmt -Check	11/13/2003	8177	Hettinga, Peter	-375.00
Bill Pmt -Check	11/13/2003	8178	HUITSING, JOHN	-375.00
Bill Pmt -Check	11/14/2003	8179	JAMES JOHNSTON	-250.00
Bill Pmt -Check	11/20/2003	8180	A-Z VIDEO SERVICES	-116.26
Bill Pmt -Check	11/20/2003	8181	A & R TIRE	-141.54
Bill Pmt -Check	11/20/2003	8182	ACWA	-5,475.00
Bill Pmt -Check	11/20/2003	8183	ACWA SERVICES CORPORATION	-77.89
Bill Pmt -Check	11/20/2003	8184	ADEX MEDICAL INC	-65.48
Bill Pmt -Check	11/20/2003	8185	APPLIED COMPUTER TECHNOLOGIES	-2,785.15
Bill Pmt -Check	11/20/2003	8186	BANK OF AMERICA	-2,840.22
Bill Pmt -Check	11/20/2003	8187	BEST BEST & KRIEGER LLP-RIVERSIDE OFFICE	-25.00
Bill Pmt -Check	11/20/2003	8188	CHEVRON	-388.34
Bill Pmt -Check	11/20/2003	8189	CITIZENS CONFERENCING	-1.04
Bill Pmt -Check	11/20/2003	8190	COSTCO BUSINESS DELIVERY	0.00
Bill Pmt -Check	11/20/2003	8191	CUCAMONGA COUNTY WATER DISTRICT	-4,900.00
Bill Pmt -Check	11/20/2003	8192	ELLISON, SCHNEIDER & HARRIS, LLP	-7,708.56
Bill Pmt -Check	11/20/2003	8193	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	11/20/2003	8194	HATCH AND PARENT	-15,700.05
Bill Pmt -Check	11/20/2003	8195	INLAND EMPIRE UTILITIES AGENCY	-21,940.07
Bill Pmt -Check	11/20/2003	8196	LOS ANGELES TIMES	-39.92
Bill Pmt -Check	11/20/2003	8197	MCI	-900.15
Bill Pmt -Check	11/20/2003	8198	MWH LABORATORIES	-214.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
November 2003

Type	Date	Num	Name	Amount
Bill Pmt -Check	11/20/2003	8199	NEVADA WATER RESOURCES ASSOCIATION	-90.00
Bill Pmt -Check	11/20/2003	8200	OFFICE DEPOT	-148.63
Bill Pmt -Check	11/20/2003	8201	PATRAL CUSTOM CABINETS	-200.00
Bill Pmt -Check	11/20/2003	8202	POWERS ELECTRIC PRODUCTS CO.	-600.60
Bill Pmt -Check	11/20/2003	8203	PUMP CHECK	-6,164.31
Bill Pmt -Check	11/20/2003	8204	QUILL	-124.00
Bill Pmt -Check	11/20/2003	8205	REID & HELLYER	-5,310.60
Bill Pmt -Check	11/20/2003	8206	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	11/20/2003	8207	RICOH BUSINESS SYSTEMS-Maintenance	-621.02
Bill Pmt -Check	11/20/2003	8208	SANTA ANA WATERSHED PROJECT AUTHORITY	-1,750.00
Bill Pmt -Check	11/20/2003	8209	TLC STAFFING	-6,205.20
Bill Pmt -Check	11/20/2003	8210	UNITEK TECHNOLOGY INC.	-771.47
Bill Pmt -Check	11/20/2003	8211	MARK IV COMMUNICATIONS, INC.	-12,718.79
Bill Pmt -Check	11/20/2003	8212	WILDERMUTH ENVIRONMENTAL INC	-77,436.45
Bill Pmt -Check	11/20/2003	8213	COSTCO BUSINESS DELIVERY	-550.79
Bill Pmt -Check	11/20/2003	8214	COSTCO BUSINESS DELIVERY	-270.39
General Journal	11/26/2003	03/11/8	PAYROLL	-3,583.38
General Journal	11/26/2003	03/11/8	PAYROLL	-13,651.94
Bill Pmt -Check	11/26/2003	8215	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	0.00
Bill Pmt -Check	11/26/2003	8216	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,999.81
Bill Pmt -Check	11/26/2003	8217	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,999.81
Bill Pmt -Check	11/26/2003	8218	HOFFMAN VIDEO	-8,977.11
Bill Pmt -Check	11/26/2003	8219	HOFFMAN VIDEO	-9,202.17
Bill Pmt -Check	11/26/2003	8220	AJ CONSTRUCTION SPECIALTIES	-915.00
Bill Pmt -Check	11/26/2003	8221	CALPERS	-1,579.30
Bill Pmt -Check	11/26/2003	8222	CITISTREET	-5,600.00
Bill Pmt -Check	11/26/2003	8223	DIRECTV	-64.99
Bill Pmt -Check	11/26/2003	8224	HARRY L. IRWIN	-717.81
Bill Pmt -Check	11/26/2003	8225	JUST IN TIME COMMUNICATIONS	-79.30
Bill Pmt -Check	11/26/2003	8226	MATSON, JANET	-1,820.00
Bill Pmt -Check	11/26/2003	8227	NEVADA WATER RESOURCES ASSOCIATION	-135.00
Bill Pmt -Check	11/26/2003	8228	NEXTEL COMMUNICATIONS	-509.36
Bill Pmt -Check	11/26/2003	8229	OFFICE DEPOT	-306.03
Bill Pmt -Check	11/26/2003	8230	PETTY CASH	-476.83
Bill Pmt -Check	11/26/2003	8231	RICKLY HYDROLOGICAL CO.	-1,652.00
Bill Pmt -Check	11/26/2003	8232	STANDARD INSURANCE CO.	-435.41
Bill Pmt -Check	11/26/2003	8233	STATE COMPENSATION INSURANCE FUND	-1,703.60
Bill Pmt -Check	11/26/2003	8234	TLC STAFFING	-2,068.40
General Journal	11/30/2003	03/11/10	PAYROLL	7,547.34
Nov 03				-300,601.59

CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE
PERIOD JULY 1, 2003 THROUGH OCTOBER 31, 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 2003-04
Administrative Revenues										
Administrative Assessments									-	$3,940,516
Interest Revenue			12,365	1,915	842			10	15,132	112,025
Mutual Agency Project Revenue									-	0
Grant Income									-	0
Miscellaneous Income	471								471	0
Total Revenues	471	-	12,365	1,915	842	-	-	10	15,603	4,052,541
Administrative & Project Expenditures										
Watermaster Administration	333,742								333,742	617,732
Watermaster Board-Advisory Committee	14,694								14,694	43,442
Pool Administration			5,703	177,215	1,107				184,025	255,148
Optimum Basin Mgnt Administration		256,037							256,037	1,034,064
OBMP Project Costs		844,114							844,114	3,365,079
Education Funds Use									-	375
Mutual Agency Project Costs	10,818								10,818	85,004
Total Administrative/OBMP Expenses	359,254	1,100,151	5,703	177,215	1,107			-	1,643,430	5,400,844
Net Administrative/OBMP Income	(358,783)	(1,100,151)								
Allocate Net Admin Income To Pools	358,783		266,162	81,997	10,624				-	0
Allocate Net OBMP Income To Pools		1,100,151	816,143	251,431	32,577				-	0
Agricultural Expense Transfer			507,467	(507,467)					-	0
Total Expenses			1,595,476	3,175	44,308	-	-	-	1,643,430	5,400,844
Net Administrative Income			(1,583,110)	(1,260)	(43,467)			10	(1,627,827)	(1,348,303)
Other Income/(Expense)										
Replenishment Water Purchases						-			-	0
MZ1 Supplemental Water Assessments						-			-	2,189,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,273,500)
Groundwater Replenishment						(31,610)			(31,610)	0
Net Other Income			-	-	-	(31,610)	-	-	(31,610)	(84,000)
Net Transfers To/(From) Reserves			(1,583,110)	(1,260)	(43,467)	(31,610)	-	10	(1,659,437)	(1,432,303)
Working Capital, July 1, 2003			2,813,947	466,069	188,310	266,503	158,251	2,532	3,895,611	
Working Capital, End Of Period			1,230,837	464,809	144,843	234,893	158,251	2,542	2,236,174	
02/03 Production			121,586.420	37,457.315	4,853.247				163,896.982	
02/03 Production Percentages			74.185%	22.854%	2.961%				100.000%	

O:\Financial Statements\03-04\03 10\[Combining Schedule Oct 03.xls]Sheet1

Prepared by Sheri Rojo, Accountant

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CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
OCTOBER 1 THROUGH OCTOBER 31, 2003

SUMMARY at 10/31/2003				
DEPOSITORIES:				
Cash on Hand - Petty Cash				$ 500
Bank of America				
Governmental Checking-Demand Deposits		$ 70,789		
Savings Deposits		9,611		
Zero Balance Account - Payroll		-		80,400
Local Agency Investment Fund - Sacramento				2,345,086
TOTAL CASH IN BANKS AND ON HAND	10/31/2003			**$ 2,425,986**
TOTAL CASH IN BANKS AND ON HAND	9/30/2003			2,865,297
PERIOD INCREASE (DECREASE)				**$ (439,311)**

CHANGE IN CASH POSITION DUE TO:		
Decrease/(Increase) in Assets:	Accounts Receivable	$ 940
	Prepaid Expenses, Deposits & Other Current Assets	1,709
(Decrease)/Increase in Liabilities	Accounts Payable	23,505
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	(31,716)
	Transfer to/(from) Reserves	(433,749)
	PERIOD INCREASE (DECREASE)	**$ (439,311)**

SUMMARY OF FINANCIAL TRANSACTIONS:	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 9/30/2003	$ 500	$ 110,100	$ -	$ 9,611	$ 2,745,086	$ 2,865,297
Deposits		15,126	-	-	-	15,126
Transfers		343,484	56,516	-	(400,000)	-
Withdrawals/Checks		(397,921)	(56,516)	-	-	(454,437)
Balances as of 10/31/2003	$ 500	$ 70,789	$ -	$ 9,611	$ 2,345,086	$ 2,425,986
PERIOD INCREASE OR (DECREASE)	**$ -**	**$ (39,311)**	**$ -**	**$ -**	**$ (400,000)**	**$ (439,311)**

CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
OCTOBER 1 THROUGH OCTOBER 31, 2003

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
10/23/2003	Withdrawal	L.A.I.F.	$ (400,000)				
TOTAL INVESTMENT TRANSACTIONS			$ (400,000)	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 1.63% was the effective yield rate at the Quarter ended September 30, 2003.

INVESTMENT STATUS
October 31, 2003

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	$ 2,345,086			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	$ 2,345,086			

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 through October 2003

	Jul - Oct 03	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4110 · Admin Asmnts-Approp Pool	0.00	3,931,695.00	-3,931,695.00	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0.00	88,201.00	-88,201.00	0.0%
4700 · Non Operating Revenues	15,603.46	112,025.00	-96,421.54	13.93%
Total Income	15,603.46	4,131,921.00	-4,116,317.54	0.38%
Gross Profit	15,603.46	4,131,921.00	-4,116,317.54	0.38%
Expense				
6010 · Salary Costs	167,198.01	385,900.00	-218,701.99	43.33%
6020 · Office Building Expense	80,584.82	108,995.00	-28,410.18	73.93%
6030 · Office Supplies & Equip.	17,448.00	41,000.00	-23,552.00	42.56%
6040 · Postage & Printing Costs	26,014.26	66,400.00	-40,385.74	39.18%
6050 · Information Services	45,298.40	105,750.00	-60,451.60	42.84%
6061 · Other Consultants	4,291.34	29,000.00	-24,708.66	14.8%
6062 · Audit Services	0.00	5,000.00	-5,000.00	0.0%
6063 · Public Relations Consultan	18,347.90	12,000.00	6,347.90	152.9%
6067.1 · General Counsel	10,441.28	75,000.00	-64,558.72	13.92%
6080 · Insurance	7,006.40	16,710.00	-9,703.60	41.93%
6110 · Dues and Subscriptions	2,342.86	14,500.00	-12,157.14	16.16%
6140 · Other WM Admin Expenses	443.09	0.00	443.09	100.0%
6150 · Field Supplies	188.91	4,250.00	-4,061.09	4.45%
6170 · Travel & Transportation	27,633.44	46,300.00	-18,666.56	59.68%
6190 · Conferences & Seminars	7,258.85	16,000.00	-8,741.15	45.37%
6200 · Advisory Comm - WM Board	5,623.81	15,071.00	-9,447.19	37.32%
6300 · Watermaster Board Expenses	9,069.73	28,371.00	-19,301.27	31.97%
8300 · Appr PI-WM & Pool Admin	5,703.11	14,471.00	-8,767.89	39.41%
8400 · Agri Pool-WM & Pool Admin	155,490.80	166,979.00	-11,488.20	93.12%
8467 · Agri-Pool Legal Services	18,549.27	51,000.00	-32,450.73	36.37%
8470 · Ag Meeting Attend -Special	3,175.00	16,000.00	-12,825.00	19.84%
8500 · Non-Ag PI-WM & Pool Admin	1,107.13	6,698.00	-5,590.87	16.53%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	-80,755.20	-309,073.00	228,317.80	26.13%
Subtotal G&A Expenses	532,461.21	916,697.00	-384,235.79	58.09%
6900 · Optimum Basin Mgmt Plan	235,187.10	942,065.00	-706,877.90	24.97%
6950 · Mutual Agency Projects	10,817.92	85,004.00	-74,186.08	12.73%
9501 · G&A Expenses Allocated-OBMP	20,850.04	91,999.00	-71,148.96	22.66%
Subtotal OBMP Expenses	266,855.06	1,119,068.00	-852,212.94	23.85%
7101 · Production Monitoring	29,194.34	79,283.00	-50,088.66	36.82%
7102 · In-line Meter Installation	10,028.12	131,380.00	-121,351.88	7.63%
7103 · Grdwtr Quality Monitoring	77,239.83	274,613.00	-197,373.17	28.13%
7104 · Gdwtr Level Monitoring	30,626.18	157,852.00	-127,225.82	19.4%
7105 · Sur Wtr Qual Monitoring	14,062.68	133,595.00	-119,532.32	10.53%
7106 · Wtr Level Sensors Install	0.00	26,835.00	-26,835.00	0.0%
7107 · Ground Level Monitoring	31,398.08	202,283.00	-170,884.92	15.52%

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

	Jul - Oct 03	Budget	$ Over Budget	% of Budget
7108 · Hydraulic Control Monitoring	70,744.36	718,227.00	-647,482.64	9.85%
7200 · PE2- Comp Recharge Pgm	47,481.84	531,434.00	-483,952.16	8.94%
7300 · PE3&5-Water Supply/Desalte	1,589.17	47,499.00	-45,909.83	3.35%
7400 · PE4-MZ1 Mgmt Plan	74,291.58	187,308.00	-113,016.42	39.66%
7500 · PE6&7-CoopEfforts/SaltMgmt	13,771.89	51,820.00	-38,048.11	26.58%
7600 · PE8&9-StorageMgmt/Conj Use	7,549.18	146,179.00	-138,629.82	5.16%
7690 · Recharge Improvement Debt Pymt	376,169.00	429,250.00	-53,081.00	87.63%
7700 · Inactive Well Protection Prgm	62.45	30,447.00	-30,384.55	0.21%
9502 · G&A Expenses Allocated-Projects	59,905.16	217,074.00	-157,168.84	27.6%
Subtotal Special Project Expenses	844,113.86	3,365,079.00	-2,520,965.14	25.09%
Total Expense	1,643,430.13	5,400,844.00	-3,757,413.87	30.43%
Net Ordinary Income	-1,627,826.67	-1,268,923.00	-358,903.67	128.28%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.0%
4230 · MZ1 Sup Wtr Assessment	0.00	1,574,500.00	-1,574,500.00	0.0%
Total Other Income	0.00	2,189,500.00	-2,189,500.00	0.0%
Other Expense				
5010 · Groundwater Replenishment	31,610.00	2,273,500.00	-2,241,890.00	1.39%
9999 · To/(From) Reserves	-1,659,436.67	-1,352,923.00	-306,513.67	122.66%
Total Other Expense	-1,627,826.67	920,577.00	-2,548,403.67	-176.83%
Net Other Income	1,627,826.67	1,268,923.00	358,903.67	128.28%
Net Income	0.00	0.00	0.00	0.0%

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

B. FINANCIAL REPORTS

5. Cash Disbursements December 2003
6. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Periods July 1, 2003 through November 30, 2003
7. Treasurer's Report of Financial Affairs for November 1, 2003 through November 30, 2003
8. Profit & Loss Budget vs. Actual July 2003 through November 2003

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2004

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Cash Disbursement Report – December 2003**

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for December 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 December 2003 were $337,645.89. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of $124,497.82 and McCall's Meter Sales & Service in the amount of $44,910.50.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2003

Type	Date	Num	Name	Amount
Dec 03				
Bill Pmt -Check	12/2/2003	8235	PARK PLACE COMPUTER SOLUTIONS, INC.	-4,314.34
Bill Pmt -Check	12/2/2003	8236	ADAM'S ELECTRONICS, INC.	-150.00
Bill Pmt -Check	12/2/2003	8237	ARROWHEAD MOUNTAIN SPRING WATER	-23.09
Bill Pmt -Check	12/2/2003	8238	GALLERY COLLECTION	-356.07
Bill Pmt -Check	12/2/2003	8239	INLAND EMPIRE UTILITIES AGENCY	-11,655.58
Bill Pmt -Check	12/2/2003	8240	LAYNE CHRISTENSEN COMPANY	-44,910.50
Bill Pmt -Check	12/2/2003	8241	MCCALL'S METER SALES & SERVICE	-1,180.94
Bill Pmt -Check	12/2/2003	8242	PAYCHEX	-138.80
Bill Pmt -Check	12/2/2003	8243	STEWART, TRACI L.	0.00
Bill Pmt -Check	12/2/2003	8244	TLC STAFFING	-1,890.32
Bill Pmt -Check	12/2/2003	8245	USA-FACT INC	-211.70
Bill Pmt -Check	12/2/2003	8246	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	12/2/2003	8247	STEWART, TRACI L.	0.00
General Journal	12/6/2003	03/12/4	PAYROLL	-3,562.01
General Journal	12/6/2003	03/12/4	PAYROLL	-13,673.31
Bill Pmt -Check	12/16/2003	8248	CUCAMONGA COUNTY WATER DISTRICT	-17,466.05
Bill Pmt -Check	12/16/2003	8249	VERIZON	-549.64
Bill Pmt -Check	12/16/2003	8250	RICOH BUSINESS SYSTEMS-Maintenance	-34.64
Bill Pmt -Check	12/16/2003	8251	APPLIED COMPUTER TECHNOLOGIES	-2,084.60
Bill Pmt -Check	12/16/2003	8252	ASPEN PUBLISHERS	-173.58
Bill Pmt -Check	12/16/2003	8253	BARRION, VICTOR A	-250.00
Bill Pmt -Check	12/16/2003	8254	CATLIN, TERRY	-125.00
Bill Pmt -Check	12/16/2003	8255	COLONIAL LIFE & ACCIDENT INSURANCE CO	-42.80
Bill Pmt -Check	12/16/2003	8256	CUCAMONGA COUNTY WATER DISTRICT	-4,900.00
Bill Pmt -Check	12/16/2003	8257	DAN VASILE	-140.00
Bill Pmt -Check	12/16/2003	8258	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	12/16/2003	8259	HATCH AND PARENT	-25,444.03
Bill Pmt -Check	12/16/2003	8260	HOFFMAN VIDEO	-2,019.92
Bill Pmt -Check	12/16/2003	8261	IDEAL GRAPHICS	-1,007.46
Bill Pmt -Check	12/16/2003	8262	INLAND COUNTIES INSURANCE SERVICES, INC.	-340.66
Bill Pmt -Check	12/16/2003	8263	KUHN, BOB	-125.00
Bill Pmt -Check	12/16/2003	8264	MWH LABORATORIES	-5,725.00
Bill Pmt -Check	12/16/2003	8265	MWH Montgomery Watson Harza	-16,987.92
Bill Pmt -Check	12/16/2003	8266	OFFICE DEPOT	-517.85
Bill Pmt -Check	12/16/2003	8267	PURCHASE POWER	-57.40
Bill Pmt -Check	12/16/2003	8268	RAUCH COMMUNICATION CONSULTANTS, LLC	-637.89
Bill Pmt -Check	12/16/2003	8269	RICOH BUSINESS SYSTEMS-Lease	-387.24
Bill Pmt -Check	12/16/2003	8270	RICOH BUSINESS SYSTEMS-Maintenance	-621.02
Bill Pmt -Check	12/16/2003	8271	SKILLPATH SEMINARS	-199.00
Bill Pmt -Check	12/16/2003	8272	TLC STAFFING	-3,780.64
Bill Pmt -Check	12/16/2003	8273	UNITED PARCEL SERVICE	-260.36
Bill Pmt -Check	12/16/2003	8274	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	12/16/2003	8275	VELASQUEZ JANITORIAL	-900.00
Bill Pmt -Check	12/16/2003	8276	VERIZON	-38.76
Bill Pmt -Check	12/16/2003	8277	VISTA PAINT	-111.08
Bill Pmt -Check	12/16/2003	8278	WATER EDUCATION FOUNDATION	-500.00
Bill Pmt -Check	12/16/2003	8279	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	12/16/2003	8280	WILDERMUTH ENVIRONMENTAL INC	-124,497.82
Bill Pmt -Check	12/16/2003	8281	YATES, DENNIS	-125.00
Bill Pmt -Check	12/16/2003	8282	CHEVRON	-282.67
Bill Pmt -Check	12/16/2003	8283	BANK OF AMERICA	-948.54
Bill Pmt -Check	12/16/2003	8284	ACWA SERVICES CORPORATION	-77.89
Bill Pmt -Check	12/16/2003	8285	ELLISON, SCHNEIDER & HARRIS, LLP	-2,718.00
Bill Pmt -Check	12/16/2003	8286	MCI	-900.15
Bill Pmt -Check	12/17/2003	8287	RICOH BUSINESS SYSTEMS-Lease	-3,204.07
Bill Pmt -Check	12/19/2003	8288	STEWART, TRACI L.	-4,072.69
General Journal	12/20/2003	03/12/6	PAYROLL	-862.27
General Journal	12/20/2003	03/12/7	PAYROLL	-4,142.03
General Journal	12/20/2003	03/12/7	PAYROLL	-15,722.26
Bill Pmt -Check	12/24/2003	8289	BEN MEADOWS COMPANY	-99.22
Bill Pmt -Check	12/24/2003	8290	CALPERS	-2,084.62
Bill Pmt -Check	12/24/2003	8291	DE BOOM, NATHAN	-500.00
Bill Pmt -Check	12/24/2003	8292	DURRINGTON, GLEN	-250.00
Bill Pmt -Check	12/24/2003	8293	FEENSTRA, BOB	-250.00
Bill Pmt -Check	12/24/2003	8294	Hettinga, Peter	-250.00
Bill Pmt -Check	12/24/2003	8295	HUITSING, JOHN	-125.00
Bill Pmt -Check	12/24/2003	8296	INLAND EMPIRE UTILITIES AGENCY	-3,836.75
Bill Pmt -Check	12/24/2003	8297	KOOPMAN, GENE	-250.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2003

Type	Date	Num	Name	Amount
Bill Pmt -Check	12/24/2003	8298	LA BRUCHERIE, RONALD	-250.00
Bill Pmt -Check	12/24/2003	8299	MWH LABORATORIES	-825.00
Bill Pmt -Check	12/24/2003	8300	PIERSON, JEFFREY	-125.00
Bill Pmt -Check	12/24/2003	8301	STANDARD INSURANCE CO.	-435.41
Bill Pmt -Check	12/24/2003	8302	TLC STAFFING	-2,068.40
Bill Pmt -Check	12/24/2003	8303	WHEELER METER MAINTENANCE	-750.00
Dec 03				-337,645.89

CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE
PERIOD JULY 1, 2003 THROUGH NOVEMBER 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 2003-04
Administrative Revenues										
Administrative Assessments									-	$3,940,516
Interest Revenue			12,365	1,915	842			10	15,132	112,025
Mutual Agency Project Revenue									-	0
Grant Income									-	0
Miscellaneous Income	471								471	0
Total Revenues	471	-	12,365	1,915	842	-	-	10	15,603	4,052,541
Administrative & Project Expenditures										
Watermaster Administration	406,424								406,424	617,732
Watermaster Board-Advisory Committee	18,029								18,029	43,442
Pool Administration			6,684	179,442	1,107				187,233	255,148
Optimum Basin Mgnt Administration		315,643							315,643	1,034,064
OBMP Project Costs		1,055,462							1,055,462	3,365,079
Education Funds Use									-	375
Mutual Agency Project Costs	10,818								10,818	85,004
Total Administrative/OBMP Expenses	435,271	1,371,105	6,684	179,442	1,107			-	1,993,609	5,400,844
Net Administrative/OBMP Income	(434,800)	(1,371,105)								
Allocate Net Admin Income To Pools	434,800		322,555	99,370	12,875				-	0
Allocate Net OBMP Income To Pools		1,371,105	1,017,150	313,355	40,601				-	0
Agricultural Expense Transfer			588,017	(588,017)					-	0
Total Expenses			1,934,405	4,150	54,583	-	-	-	1,993,609	5,400,844
Net Administrative Income			(1,922,040)	(2,235)	(53,741)			10	(1,978,006)	(1,348,303)
Other Income/(Expense)										
Replenishment Water Purchases						-			-	0
MZ1 Supplemental Water Assessments						-			-	2,189,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,273,500)
Groundwater Replenishment						(35,447)			(35,447)	0
Net Other Income			-	-	-	(35,447)	-	-	(35,447)	(84,000)
Net Transfers To/(From) Reserves			(1,922,040)	(2,235)	(53,741)	(35,447)	-	10	(2,013,453)	(1,432,303)
Working Capital, July 1, 2003			2,813,947	466,069	188,310	266,503	158,251	2,532	3,895,611	
Working Capital, End Of Period			891,907	463,834	134,569	231,056	158,251	2,542	1,882,158	
02/03 Production			121,586.420	37,457.315	4,853.247				163,896.982	
02/03 Production Percentages			74.185%	22.854%	2.961%				100.000%	

O:\Financial Statements\03-04\03 11\[CombiningSchedule nOV 03.xls]Sheet1

Prepared by Sheri Rojo, Accountant

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

SUMMARY at 11/30/2003				
DEPOSITORIES:				
Cash on Hand - Petty Cash				$ 500
Bank of America				
Governmental Checking-Demand Deposits		$ 73,307		
Savings Deposits		9,611		
Zero Balance Account - Payroll		-		82,918
Local Agency Investment Fund - Sacramento				2,045,086
TOTAL CASH IN BANKS AND ON HAND	11/30/2003			**$ 2,128,504**
TOTAL CASH IN BANKS AND ON HAND	10/31/2003			2,425,986
PERIOD INCREASE (DECREASE)				**$ (297,482)**

CHANGE IN CASH POSITION DUE TO:		
Decrease/(Increase) in Assets:	Accounts Receivable	$ 279
	Prepaid Expenses, Deposits & Other Current Assets	4,809
(Decrease)/Increase in Liabilities	Accounts Payable	55,876
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	(4,430)
	Transfer to/(from) Reserves	(354,016)
	PERIOD INCREASE (DECREASE)	**$ (297,482)**

SUMMARY OF FINANCIAL TRANSACTIONS:	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 10/31/2003	$ 500	$ 70,789	$ -	$ 9,611	$ 2,345,086	$ 2,425,986
Deposits		3,120	-	-	-	3,120
Transfers		260,957	39,043	-	(300,000)	-
Withdrawals/Checks		(261,559)	(39,043)	-	-	(300,602)
Balances as of 11/30/2003	$ 500	$ 73,307	$ -	$ 9,611	$ 2,045,086	$ 2,128,504
PERIOD INCREASE OR (DECREASE)	**$ -**	**$ 2,518**	**$ -**	**$ -**	**$ (300,000)**	**$ (297,482)**

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
11/30/2003	Withdrawal	L.A.I.F.	$ (300,000)				
TOTAL INVESTMENT TRANSACTIONS			**$ (300,000)**	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 1.63% was the effective yield rate at the Quarter ended September 30, 2003.

INVESTMENT STATUS
November 30, 2003

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	$ 2,045,086			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	**$ 2,045,086**			

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 through November 2003

	Jul - Nov 03	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4110 · Admin Asmnts-Approp Pool	0.00	3,931,695.00	-3,931,695.00	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0.00	88,201.00	-88,201.00	0.0%
4700 · Non Operating Revenues	15,603.46	112,025.00	-96,421.54	13.93%
Total Income	15,603.46	4,131,921.00	-4,116,317.54	0.38%
Gross Profit	15,603.46	4,131,921.00	-4,116,317.54	0.38%
Expense				
6010 · Salary Costs	203,995.42	385,900.00	-181,904.58	52.86%
6020 · Office Building Expense	100,720.04	108,995.00	-8,274.96	92.41%
6030 · Office Supplies & Equip.	32,327.23	41,000.00	-8,672.77	78.85%
6040 · Postage & Printing Costs	29,318.63	66,400.00	-37,081.37	44.16%
6050 · Information Services	53,460.22	105,750.00	-52,289.78	50.55%
6061 · Other Consultants	4,929.23	29,000.00	-24,070.77	17.0%
6062 · Audit Services	0.00	5,000.00	-5,000.00	0.0%
6063 · Public Relations Consultan	18,347.90	12,000.00	6,347.90	152.9%
6067.1 · General Counsel	10,656.13	75,000.00	-64,343.87	14.21%
6080 · Insurance	8,758.00	16,710.00	-7,952.00	52.41%
6110 · Dues and Subscriptions	8,031.36	14,500.00	-6,468.64	55.39%
6140 · Other WM Admin Expenses	487.88	0.00	487.88	100.0%
6150 · Field Supplies	370.65	4,250.00	-3,879.35	8.72%
6170 · Travel & Transportation	29,161.77	46,300.00	-17,138.23	62.98%
6190 · Conferences & Seminars	7,845.10	16,000.00	-8,154.90	49.03%
6200 · Advisory Comm - WM Board	6,687.14	15,071.00	-8,383.86	44.37%
6300 · Watermaster Board Expenses	11,342.59	28,371.00	-17,028.41	39.98%
8300 · Appr PI-WM & Pool Admin	6,683.65	14,471.00	-7,787.35	46.19%
8400 · Agri Pool-WM & Pool Admin	156,742.78	166,979.00	-10,236.22	93.87%
8467 · Agri-Pool Legal Services	18,549.27	51,000.00	-32,450.73	36.37%
8470 · Ag Meeting Attend -Special	4,150.00	16,000.00	-11,850.00	25.94%
8500 · Non-Ag PI-WM & Pool Admin	1,107.13	6,698.00	-5,590.87	16.53%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	-101,985.68	-309,073.00	207,087.32	33.0%
Subtotal G&A Expenses	611,686.44	916,697.00	-305,010.56	66.73%
6900 · Optimum Basin Mgmt Plan	288,485.09	942,065.00	-653,579.91	30.62%
6950 · Mutual Agency Projects	10,817.92	85,004.00	-74,186.08	12.73%
9501 · G&A Expenses Allocated-OBMP	27,157.84	91,999.00	-64,841.16	29.52%
Subtotal OBMP Expenses	326,460.85	1,119,068.00	-792,607.15	29.17%
7101 · Production Monitoring	33,123.74	79,283.00	-46,159.26	41.78%
7102 · In-line Meter Installation	16,374.58	131,380.00	-115,005.42	12.46%
7103 · Grdwtr Quality Monitoring	124,247.99	274,613.00	-150,365.01	45.25%
7104 · Gdwtr Level Monitoring	40,184.57	157,852.00	-117,667.43	25.46%
7105 · Sur Wtr Qual Monitoring	22,122.34	133,595.00	-111,472.66	16.56%
7106 · Wtr Level Sensors Install	0.00	26,835.00	-26,835.00	0.0%
7107 · Ground Level Monitoring	76,308.58	202,283.00	-125,974.42	37.72%
7108 · Hydraulic Control Monitoring	81,975.91	718,227.00	-636,251.09	11.41%

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

	Jul - Nov 03	Budget	$ Over Budget	% of Budget
7200 · PE2- Comp Recharge Pgm	72,444.15	531,434.00	-458,989.85	13.63%
7300 · PE3&5-Water Supply/Desalte	1,589.17	47,499.00	-45,909.83	3.35%
7400 · PE4-MZ1 Mgmt Plan	110,292.72	187,308.00	-77,015.28	58.88%
7500 · PE6&7-CoopEfforts/SaltMgmt	16,445.97	51,820.00	-35,374.03	31.74%
7600 · PE8&9-StorageMgmt/Conj Use	9,293.00	146,179.00	-136,886.00	6.36%
7690 · Recharge Improvement Debt Pymt	376,169.00	429,250.00	-53,081.00	87.63%
7700 · Inactive Well Protection Prgm	62.45	30,447.00	-30,384.55	0.21%
9502 · G&A Expenses Allocated-Projects	74,827.83	217,074.00	-142,246.17	34.47%
Subtotal Special Project Expenses	1,055,462.00	3,365,079.00	-2,309,617.00	31.37%
Total Expense	1,993,609.29	5,400,844.00	-3,407,234.71	36.91%
Net Ordinary Income	-1,978,005.83	-1,268,923.00	-709,082.83	155.88%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.0%
4230 · MZ1 Sup Wtr Assessment	0.00	1,574,500.00	-1,574,500.00	0.0%
Total Other Income	0.00	2,189,500.00	-2,189,500.00	0.0%
Other Expense				
5010 · Groundwater Replenishment	35,446.75	2,273,500.00	-2,238,053.25	1.56%
9999 · To/(From) Reserves	-2,013,452.58	-1,352,923.00	-660,529.58	148.82%
Total Other Expense	-1,978,005.83	920,577.00	-2,898,582.83	-214.87%
Net Other Income	1,978,005.83	1,268,923.00	709,082.83	155.88%
Net Income	0.00	0.00	0.00	0.0%

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

C. INDEPENDENT AUDITOR'S REPORT ON FINCIAL STATEMENTS

Annual Audited Financial Statements for
Year Ended June 30, 2003

CHINO BASIN WATERMASTER

9641 San Bemardino Road, Rancho Cucamonga, CA 91720
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2004

TO: **Watermaster Committee Members**
Watermaster Board Members

SUBJECT: **ANNUAL AUDIT REPORT - FISCALYEAR 2002-2003**

SUMMARY

Issue - Fiscal Year 2002-03 Independent Audit Report

Recommendation – Receive and file the FY 2002-03 Independent Auditor's Report as prepared by Conrad and Associates, L.L.P

Fiscal Impact - None

BACKGROUND

Pursuant to the Judgment, Paragraph 48, Watermaster Reports and Accounting, Watermaster's Annual Report shall contain "a certified audit of all assessments and expenditures pursuant to this Physical Solution".

DISCUSSION

Conrad and Associates, L.L.P. performed Watermaster's annual audit and their Independent Auditor's Report dated August 29, 2003 concludes that the financial statements "present fairly, in all material respects, the financial position of the Chino Basin Watermaster as of June 30, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America."

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CHINO BASIN WATERMASTER

Financial Statements

Year Ended June 30, 2003
(With Independent Auditor's Report Thereon)

TABLE OF CONTENTS

CONRAD AND ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2301 DUPONT DRIVE, SUITE 200
IRVINE, CALIFORNIA 92612
(949) 474-2020
Fax (949) 263-5520

Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying financial statements of the Chino Basin Watermaster as of and for the year ended June 30, 2003, as listed in the accompanying table of contents. These financial statements are the responsibility of the Chino Basin Watermaster's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Conrad and Associates, L.L.P

August 29, 2003

MEMBERS OF AICPA AND CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES PRACTICE SECTION

CHINO BASIN WATERMASTER
Balance Sheet - All Fund Types and Account Groups
June 30, 2003

Assets	General Fund	General Fixed Assets Account Group	Totals (Memorandum Only) 2003	2002
Cash (Note 2)	$ 116,893		$ 116,893	$ 85,082
Short-term investments (Note 2)	4,343,138		4,343,138	4,045,244
Accounts receivable	34,788		34,788	108,905
Prepaid expenses	31,876		31,876	30,976
Property and equipment, at cost (Note 3)		$ 222,809	222,809	237,434
Total assets	$4,526,695	$ 222,809	$4,749,504	$4,507,641
Liabilities and Fund Equity				
Accounts payable and accrued liabilities	$ 605,103		$ 605,103	$ 261,958
Compensated absences payable (Note 4)	82,177		82,177	82,248
Total liabilities	687,280	-	687,280	344,206
Fund Equity				
Investment in general fixed assets		$ 222,809	222,809	237,434
Fund balance:				
Reserved for:				
SB222 expenditures (Note 6)	158,251		158,251	158,251
Groundwater replenishment	266,503		266,503	204,948
Appropriative pool	2,780,770		2,780,770	2,936,186
Agricultural pool (Note 7)	466,068		466,068	448,150
Non-agricultural pool	165,291		165,291	175,621
Educational programs	2,532		2,532	2,845
Total fund equity	3,839,415	222,809	4,062,224	4,163,435
Total liabilities and fund equity	$4,526,695	$ 222,809	$4,749,504	$4,507,641

See accompanying notes to the financial statements

CHINO BASIN WATERMASTER
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2003

	Budget	Actual	Variance-Favorable (Unfavorable)	Prior Year Actual
Revenues:				
Administrative Assessments (Note 8)	$ 3,797,572	$ 4,619,827	$ 822,255	$ 4,483,514
Interest	132,890	93,888	(39,002)	118,608
Local Agency Subsidies	-	25,879	25,879	-
Grants	-	-	-	76,151
Miscellaneous Revenue	-	-	-	9,017
Total Revenues	3,930,462	4,739,594	809,132	4,687,290
Expenditures:				
Watermaster Administration	752,208	813,545	(61,337)	999,104
Pool, Advisory & Board Administration	200,174	129,655	70,519	142,214
Education Funds Expenditures	375	375	-	375
Optimum Basin Management Plan	4,215,891	3,866,001	349,890	2,245,137
Mutual Agency Project Costs	2,500	78,158	(75,658)	103,505
Total Expenditures	5,171,148	4,887,734	283,414	3,490,335
Excess of Revenues over/(under) Expenditures	(1,240,686)	(148,140)	525,718	1,196,955
Other Revenues:				
Replenishment Water Assessments	-	1,473,723	1,473,723	48,276
MZ1 Supplemental Water Assessments	2,285,049	1,586,000	(699,049)	1,579,500
Total Other Revenues	2,285,049	3,059,723	774,674	1,627,776
Other Expenditures:				
Replenishment Water Purchases	699,000	1,430,645	(731,645)	-
MZ1 Supplemental Water	1,586,049	1,567,524	18,525	1,567,524
Total Other Expenditures	2,285,049	2,998,169	713,120	1,567,524
Excess of Other Revenues over/(under) Other Expenditures	-	61,554	61,554	60,252
Net Excess of Revenues over/(under) Expenditures	(1,240,686)	(86,586)	1,154,100	1,257,207
Fund Balance at Beginning of Year	3,926,001	3,926,001	-	2,668,794
Fund Balance at End of Year	$ 2,685,315	$ 3,839,415	$ 1,154,100	$ 3,926,001

See accompanying notes to the financial statements

CHINO BASIN WATERMASTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

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

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five (5) member Board of Directors was initially appointed as "Watermaster". Their term of appointment as Watermaster was for five (5) years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three (3) Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee".

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year's production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2002-03 expenses are based on the 2001-02 production volume.

	2001-02	
	Acre Feet	%
Appropriative Pool	120,856	72.849
Agricultural Pool	39,494	23.806
Non-Agricultural Pool	5,548	3.345
Total Production	165,898	100.000

The Agricultural Pool members ratified an agreement with the Appropriative Pool at their meeting of June 16, 1988, wherein the Appropriative Pool assumes Agricultural Pool administrative expenses and special project cost allocations in exchange for an accelerated transfer of unpumped agricultural water to the Appropriative Pool. In addition the Agricultural Pool transferred all pool administrative reserves at June 30, 1988 to the Appropriative Pool effective July 1, 1988.

In July of 2000, the principal parties in the Basin signed an agreement, known as the Peace Agreement, which among other things formalized the commitment of the Basin parties to implement an Optimum Basin Management Program. The Peace Agreement was signed by all of the parties, and the Court has approved the agreement and ordered the Watermaster to proceed in accordance with the terms of the agreement. The Court has approved revisions to the Chino Basin Watermaster Rules and Regulations.

The accounting policies of the Watermaster conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

Description of Fund and Account Group

General Fund
The General Fund is used to account for all revenues and activities financed by the Watermaster except those required to be accounted for in another fund.

General Fixed Asset Account Group
The General Fixed Asset Account Group is used to account for the cost of fixed assets required to perform general governmental functions.

Cash and investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year.

Watermaster pools cash and investments of all fund balance reserves. Investment income earned by the pooled investments is allocated quarterly to the various reserves based on each reserve's average cash and investments balance.

Basis of Accounting

The Watermaster financial statements are prepared on the modified accrual basis of accounting. Revenues are accrued when they become both measurable and available. "Available" means collected in the current period or soon enough thereafter to pay for the expenditures incurred during the current period. Expenditures are recorded when the related liability for goods or services received is incurred.

General Fixed Assets

General fixed assets are recorded as expenditures of the General Fund at the time of purchase and are subsequently capitalized for memorandum purposes in the General Fixed Assets Account Group. No depreciation is provided on general fixed assets.

NOTE 2 – CASH, DEPOSITS, SHORT-TERM AND POOLED INVESTMENTS

State statutes and the Watermaster's investment policy authorize the Watermaster to invest in certificates of deposit with financial institutions having an operating branch within the Watermaster's geographic area and the State of California Treasurer's Local Agency Investment Fund (LAIF).

The Watermaster's deposits and investments are categorized to give an indication of the level of risk assumed at year-end by the following three categories:

Category 1

- Includes deposits insured or collateralized with securities held by the Watermaster or its agent in the Watermaster's name.

- Includes investments that are insured or registered or for which the securities are held by the Watermaster or its agent in the Watermaster's name.

Category 2

- Includes deposits with collateralized securities held by the pledging financial institution's trust department or agent in the Watermaster's name and deposits collateralized by an interest in an undivided collateral pool held by an authorized agent or depository and subject to certain regulatory requirements under State law.

- Includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Watermaster's name.

Category 3

- Includes uncollateralized deposits or deposits with collateralized securities held by the pledging financial institution or by its trust department or agent, but not in the Watermaster's name.

- Includes uninsured and unregistered investments for which securities are held by the broker or dealer or by its trust department or agent but not in the Watermaster's name.

In accordance with Government Accounting Standards Board Statement Number 3 ("GASB 3") criteria, the Watermaster's deposits and investments are categorized as follows for the year ended June 30, 2003:

	Categories				
	1	2	3	Bank Balance	Carrying Amount
DEPOSITS					
Demand deposits	$198,064	$0	$0	$198,064	$116,893
INVESTMENTS					
Pooled funds:					
Local Agency Investment Funds (LAIF)*	0	0	0	4,343,138	4,343,138
Total deposits and investments	$198,064	$0	$0	$4,541,202	$4,460,031

*Monies pooled with the State Treasurer in the Local Agency Investment Fund (LAIF) are not subject to risk categorization.

The bank balance reflects the amount credited by a financial institution to the Watermaster's account as opposed to the Watermaster's own ledger balance for the account. The carrying value reflects the ledger value, which includes checks written by the Watermaster, which have not cleared the bank as of June 30, 2003.

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the investment accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

NOTE 3 – CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2003 is as follows:

General fixed assets at June 30, 2002, as previously reported	$237,434
Additions	18,808
Deletions	(33,433)
General fixed assets at June 30, 2003	$222,809

NOTE 4 – COMPENSATED ABSENCES PAYABLE

Permanent Watermaster employees earn from 10 to 20 days vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation.

NOTE 5 – DEFERRED COMPENSATION PLAN

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. Generally, the amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the lesser of $12,000 or 33.33% of includible compensation, or 25% of gross compensation. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2003 the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

NOTE 6 – SB 222 FUNDS

On November 21, 1978, the Chino Basin Watermaster unanimously approved that remaining SB222 funds be utilized primarily to deliver and spread cyclic water and secondarily to purchase and spread replenishment water.

NOTE 7 – AGRICULTURAL POOL SALE OF WATER

In June 1988, the Agricultural Pool sold 2,000 acre feet of water in storage to Cucamonga County Water District. Funds from this sale are held and invested by the Watermaster for future use as determined by the Agricultural Pool members. At June 30, 2003, the proceeds from the sale and related interest earned thereon totaled $466,068.

NOTE 8 – APPROPRIATIVE POOL INTEREST REVENUE ALLOCATION

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2001-02 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2002-03 assessments.

NOTE 9 – OPERATING LEASE

The Watermaster currently has a lease agreement for office space expiring March 31, 2004.The amount paid under this lease was $53,272 for the year ended June 30, 2003. The future minimum lease payments for this lease are as follows:

Year Ending June, 30	Amount
2004	40,365
Total	$ 40,365

NOTE 10 – EMPLOYEE RETIREMENT PLAN

Plan Description and Provision

The Watermaster contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Watermaster resolutions. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contribution required by the employees on their behalf and for their account. The Watermaster is required to contribute at an actuarially determined rate. The current rate is 12.756% of annual covered payroll. The contribution requirements of plan members and the Watermaster are established and may be amended by PERS.

Annual Pension Cost

For the fiscal year ended June 30, 2003, Watermaster's Annual Pension Cost (APC) of $117,941 was equal to the Watermaster's required and actual contributions. The required contribution for the year ended June 30, 2003 was determined as part of the June 30, 2000 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by age, service and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS' unfunded actuarial accrued liability may not be lower than the payment calculated over a 30 year amortization period.

Three-Year Trend Information for PERS

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC) (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation
6/30/01	$ 58,089	100%	-0-
6/30/02	96,279	100%	-0-
6/30/03	117,941	100%	-0-

Required Supplementary Information

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	*UAAL As a % of Payroll
6/30/00	$ 124,832	116,301	8,531	93.2%	333,316	(2.6%)
6/30/01	192,890	178,838	14,052	92.7%	291,502	(4.8%)
6/30/02	294,441	262,540	31,901	89.2%	517,200	(6.2%)

**UAAL refers to unfunded actuarial accrued liability.*

NOTE 11 – LEGAL MATTERS

The Watermaster is involved in pending litigation for which a final outcome is not known at this time.

NOTE 12 – PROJECT COMMITMENTS

Under a financing agreement developed pursuant to the OBMP Recharge Master Plan, the Watermaster is obligated to pay for one-half of the fixed project costs for certain recharge facilities in the Chino Basin area that are being constructed to increase the recharge of imported water, storm water, and recycled water to the Chino Groundwater Basin. The recharge facilities being constructed will be owned by the Inland Empire Utilities Agency pursuant to a Recharge Operations Agreement. When complete, the recharge project will enable the Watermaster to increase annual recharge supplemental water to the Chino Groundwater Basin. In addition, stormwater and recycled water recharge would be increased. Fixed project costs include construction costs, debt service on the related bond financing and reserves for repair, replacement, improvement and debt service.

CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE
PERIOD JULY 1, 2002 THROUGH JUNE 30, 2003

			POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS				
	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2002-03
Administrative Revenues										
Administrative Assessments			4,470,785		149,042				4,619,827	3,797,572
Interest Revenue			79,234	10,168	4,423			62	93,886	132,890
Mutual Agency Project Revenue	25,879								25,879	-
Grant Income									-	-
Miscellaneous Income									-	-
Total Revenues	25,879	-	4,550,019	10,168	153,466	-	-	62	4,739,594	3,930,462
Administrative & Project Expenditures										
Watermaster Administration	813,546								813,546	752,208
Watermaster Board-Advisory Committee	39,415								39,415	60,392
Pool Administration			14,129	71,706	4,404				90,240	139,782
Optimum Basin Mgnt Administration		939,061							939,061	891,634
OBMP Project Costs		2,926,940							2,926,940	3,324,257
Education Funds Use								375	375	375
Mutual Agency Project Costs	78,158								78,158	2,500
Total Administrative/OBMP Expenses	931,119	3,866,001	14,129	71,706	4,404			375	4,887,735	5,171,148
Net Administrative/OBMP Income	(905,240)	(3,866,001)								
Allocate Net Admin Income To Pools	905,240		659,460	215,505	30,276				-	-
Allocate Net OBMP Income To Pools		3,866,001	2,816,349	920,354	129,299				-	-
Agricultural Expense Transfer			1,195,315	(1,195,315)					-	-
Total Expenses			4,685,252	12,250	163,979	-	-	375	4,887,735	5,171,148
Net Administrative Income			(135,233)	(2,082)	(10,513)			(313)	(148,141)	(1,240,686)
Other Income/(Expense)										
Replenishment Water Purchases						1,473,723			1,473,723	615,000
MZ1 Supplemental Water Assessments						1,586,000			1,586,000	1,670,049
Water Purchases									-	-
MZ1 Imported Water Purchase						(1,567,524)			(1,567,524)	(1,586,049)
Groundwater Replenishment						(1,430,645)			(1,430,645)	(699,000)
Net Other Income			-	-	-	61,554	-	-	61,554	-
Net Transfers To/(From) Reserves			(135,233)	(2,082)	(10,513)	61,554	-	(313)	(86,586)	(1,240,686)
Working Capital, July 1, 2002			2,916,003	468,150	175,805	204,948	158,251	2,845	3,926,002	
Working Capital, End Of Period			2,780,770	466,069	165,292	266,502	158,251	2,532	3,839,415	
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%	

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

Re-authorizing the Watermaster's Investment Policy

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2004

TO: **Watermaster Committee Members**
Watermaster Board Members

SUBJECT: **RESOLUTION 04-01, WATERMASTER INVESTMENT POLICY**

SUMMARY

Issue – Annual review of the Watermaster Investment Policy.

Recommendations –Approve the Resolution 04-01, re-authorizing Watermaster Investment Policy.

Fiscal Impact – None.

BACKGROUND

The Watermaster adopted its first Investment Policy under the nine-member Watermaster Board in March 1998. In December 2000, the Investment Policy was revised to change "Controller" to "Accountant/Office Manager". The Position has further been changed to "Finance Manager".

DISCUSSION

Watermaster is required to review, update and adopt its Investment Policy annually. The only change to the Investment Policy since it was last adopted by Resolution 00-09 is the deletion of the reference to "Accountant/Office Manager", for "Finance Manager". Staff recommends approval of the attached Investment Policy.

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RESOLUTION 04-01

RESOLUTION OF THE CHINO BASIN WATERMASTER, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING A WATERMASTER INVESTMENT POLICY

WHEREAS, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

WHEREAS, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

WHEREAS, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

WHEREAS, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster Finance Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

WHEREAS, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

NOW, THEREFORE, BE IT RESOLVED, by the Chino Basin Watermaster that:

Section 1. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Finance Manager subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

Section 2. This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.

**Watermaster's Investment Policy originally adopted by the Advisory Committee on February 13, 1997 and the Watermaster Board on March 5, 1998.

APPROVED by the Advisory Committee this 29h day of January 2004.
ADOPTED by the Watermaster Board on this 29th day of January 2004.

By: _____
Chairman, Watermaster Board

APPROVED:

_____
Chairman, Advisory Committee

ATTEST:

_____
Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, _____, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 04-01, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

_____
Secretary

Date: _____

CHINO BASIN WATERMASTER

INVESTMENT POLICY

Investments shall be made, not for speculation, but considering first the probable safety of capital, then the probable income to be derived and the liquidity of the investment in relationship to Watermaster's ability to meet its financial obligation in a timely manner. All such investments shall be authorized for public agencies for the State of California and shall be made prudently according to the "prudent investor standard", as stated in the Government Code Section 53600.3, recognizing the Watermaster's fiduciary responsibilities to administer the Judgment and the funds derived therefrom. Any party involved in the investment of Watermaster funds shall refrain from activities that could be interpreted as a conflict of interest and shall act in accordance with generally acceptable rules of ethics and conduct.

A. Watermaster Annual Review Procedures

1. Watermaster staff will annually review the existing Investment Policy Statement and, if necessary, amend it for any changes necessary. A "Draft Investment Policy Statement (Policy Statement) will then be prepared.

2. The Policy Statement will be reviewed by each Pool Committee. Should any Pool Committee recommend revisions to the Policy Statement, it shall be amended prior to presentation to the Advisory Committee for their review and comment. If necessary the Policy Statement will be further amended to reflect the comments of the Advisory Committee.

3. The final Policy Statement will then be presented to the Watermaster Board for their adoption at their next regularly scheduled meeting. Once adopted, staff will comply strictly by the policies contained therein.

B. Approved Financial Institutions

Funds shall only be invested as provided in "C" below, with:

1. Financial Institutions or Savings & Loan Associations (Bank(s)) with offices located within the geographical boundaries of the Chino Hydrologic Basin, having Equity/Asset Ratio of at least 5%; and

2. Local Agency Investment Fund (LAIF) in Sacramento, CA.

C. Limitations of Investments placed with Institutions

1. Funds to meet current expenses shall be available in checking, savings and/or money market accounts at all times.

2. Up to $ 500,000 may be invested in Time Certificates of Deposit (TCD's) with any one Bank at any period of time.

3. Any other, or all funds, up to the dollar limit set by LAIF or the Watermaster Board, may be placed in an open "Floating" investment with LAIF.

D. Placement of Investments

The Watermaster Treasurer and alternates, and those individuals authorized with respect to authorization execution, verification and recording of investment transactions are delegated the responsibility for making investments.

Upon Watermaster's receipt of incoming monies available for investment, either from assessments or maturing investments, approved Banks and LAIF will be contacted to determine current interest rates in order to:

1. Achieve maximum security of funds invested; and

2. Achieve the maximum amount of interest available on the date the investment is to be placed; and

3. Verify available collateralization for TCD's. Collateral must be held by a third party trustee and valued regularly by the State Banking Department's Administrator of Local Agency Security.

   a. For commercial banks, agreements allowing for the waiver of the collateral requirement for that amount of a deposit covered by the federal Deposit Insurance Corporation maximum ($99,099) may be implemented provided the remainder of the deposit is secured by collateral with a market value of at least 10% greater than that remaining amount.

   b. For savings and loan associations, the collateral requirement is increased to 150%.

E. Period of Investment

A Cash Flow Analysis will be prepared and maintained on a monthly basis by the Chief Executive Officer and the Finance Manager or Watermaster Controller to determine the amount(s) to be invested to mature at date(s) the funds will be required to meet Watermaster obligations, if funds are to be invested using investments other than LAIF.

F. Safekeeping of Investment Documents

TCD's, depository agreements and other documents shall be kept in Watermaster's Fire Safe.

G. Maturing Investments

Monies received from maturing investments will be immediately deposited in Watermaster's Regular Checking Account unless funds in this account exceed current cash need. Funds available from maturing investments, together with other surplus funds, will be invested or reinvested in accordance with this Investment Policy.

H. Quarterly Investment Reports

The Watermaster Finance Manager or Controller shall prepare Monthly Investment Reports which reflect investment transactions for review by the Pool Committees and the Advisory Committee prior to presentation to the Watermaster Board at their next regularly scheduled meeting.

Following formats used in prior years, said Investment Report will reflect the following information.

1. Funds held in each Bank at the beginning and ending of the reporting period; and

2. Investments deposited and/or redeemed by type and by Bank (including interest rates, days invested and maturity yield rates) during the reporting period; and

3. Investments outstanding at the close of the reporting period (including interest rates, days invested and maturity date); and

4. Elements effecting the change in Watermaster's cash position; and

5. A statement signed by the Watermaster Finance Manager or Controller as to the ability of the cash on hand to meet foreseen expenditures during the next six months.

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CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

E. WATER TRANSACTION

1. Notice of Sale or Transfer from Monte Vista Irrigation Company to the Monte Vista Water District
2. Notice of Sale or Transfer of the City from Pomona to the Monte Vista Water District

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484 3888 Fax: (909) 484-3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

DATE: November 6, 2003

TO: Watermaster Interested Parties

SUBJECT: Summary and Analysis of Application for Water Transaction

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

Issue -

- Notice of Sale or Transfer – the transfer of Monte Vista Irrigation Company FY 2003-04 Annual Production Rights to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,040 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 transactions as presented.

Fiscal Impact –

[ ] None
[X] 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 water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Monte Vista Irrigation Company FY 2003-04 Annual Production Rights to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,040 acre-feet.

Notice of the water transaction identified above was mailed on November 6, 2003 along with the materials submitted by the requestors.

DISCUSSION

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 this transaction 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: November 6, 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).

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

November 6, 2003

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **October 14, 2003** Date of this notice: **November 6, 2003**

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

A. Notice of Sale or Transfer – The transfer of Monte Vista Irrigation Company's FY 2003-04 Annual Production Rights to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,040 acre-feet.

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

Agricultural Pool:	November 13, 2003
Appropriative Pool:	November 13, 2003
Non-Agricultural Pool:	November 13, 2003

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

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

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

Watermaster address:

Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

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

Monte Vista
Dedicated to Quality, Service and Innovation

Mark N. Kinsey
GENERAL MANAGER

October 14, 2003

Mr. John Rossi, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

MVWD/MVIC Water Transactions

Dear Mr. Rossi:

Attached are the necessary forms to complete the transfer of Monte Vista Irrigation Company Fiscal Year 2003-04 annual production rights in the Chino Basin to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,040 acre-feet.

This transfer will be utilized by the District to offset a portion of its projected Fiscal Year 2003-04 replenishment obligation within the Chino Basin. The recapture plan for production of the transferred water rights by the District and a map showing the location of District production wells are attached for consideration by Watermaster.

The actual location of, and rate of capture, could change due to unplanned production system problems or from abnormally wet or dry weather conditions.

Thank you for your assistance in this matter. Should you have any questions, please contact the District at your convenience.

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments

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

Robb D. Quincey PRESIDENT | Sandra S. Rose VICE PRESIDENT | James T. Morgan DIRECTOR | Josephine M. Johnson DIRECTOR | Maynard B. Lenhert DIRECTOR

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APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2003-04

Commencing on July 1, 2003 and terminating on June 30, 2004, Monte Vista Irrigation Company ("Transferor") hereby transfers to Monte Vista Water District ("Transferee") the quantity of 1,040 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?

Dynamic water levels at District wells range from 538' to 596' below ground level with average drawdown of 40'. Static water levels range from 504' to 533' below ground level. Nitrate concentrations for District wells range between 19-70 ppm.

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?

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED Yes [X] No [ ]

Mark N. Kinsey	Mark N. Kinsey
Monte Vista Irrigation Company	Monte Vista Water District
Transferor	Transferee

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 #_____

MONTE VISTA WATER DISTRICT

Recapture Plan

This recapture plan pertains to the transfer of an estimated 1,040 acre-feet of Fiscal Year 2003-04 Monte Vista Irrigation Company annual production rights to the Monte Vista Water District. Location of where the recaptured water will be extracted by the District is within Management Zone 1 of the Chino Basin and will be accomplished by any or all of the 10 wells owned and operated by the District. The approximate daily production capacity of these wells is as follows:

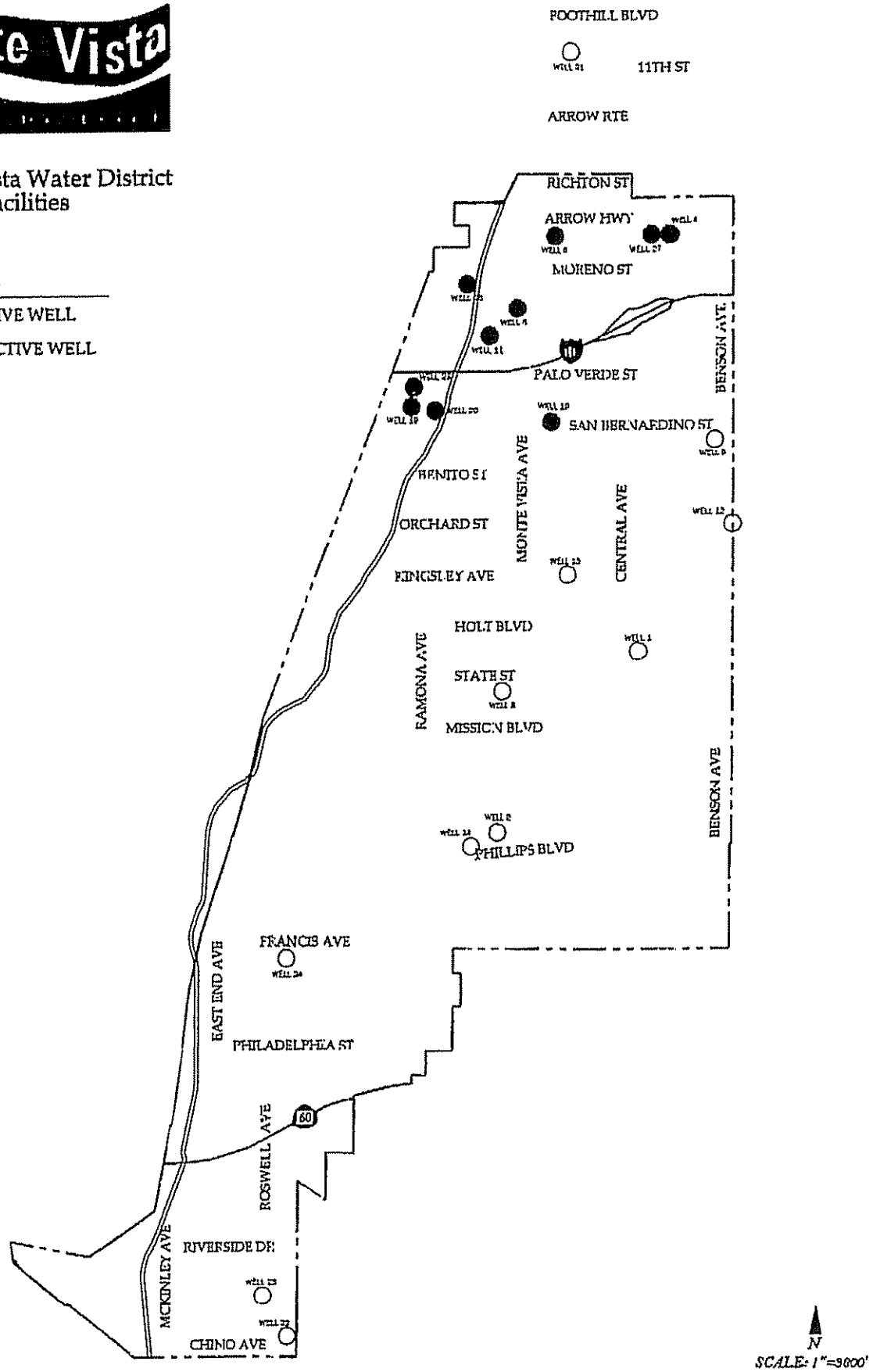
Well	Production Acre-Feet/Day
4	4.2
5	6.1
6	5.2
10	5.2
11	2.7
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
Daily Total	65.2

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

Monte Vista

Monte Vista Water District
Facilities

LEGEND:
- ACTIVE WELL
- INACTIVE WELL



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

DATE: November 6, 2003

TO: Watermaster Interested Parties

SUBJECT: Summary and Analysis of Applications for Water Transaction

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

Issue -

- Notice of Sale or Transfer – the lease and/or purchase of 2,500 acre-feet of water from the City of Pomona's production rights to the Monte Vista Water District. This lease is made first from the City's net underproduction, if any, in FY 2003-04, with any remainder to be recaptured from storage.

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 transactions as presented.

Fiscal Impact –

[ ] None
[X] 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 water transaction is attached with the notice of application.

- Notice of Sale or Transfer – the lease and/or purchase of 2,500 acre-feet of water from the City of Pomona's production rights to the Monte Vista Water District. This lease is made first from the City's net underproduction, if any, in FY 2003-04, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on November 6, 2003 along with the materials submitted by the requestors.

DISCUSSION

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: November 6, 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).

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

November 6, 2003

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **October 14, 2003** Date of this notice: **November 6, 2003**

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

A. Notice of Sale or Transfer – The lease and/or purchase of 2,500 acre-feet of water from the City of Pomona's production rights to the Monte Vista Water District. This lease is made first from the City's net underproduction, if any, in FY 2003-04 with any remainder to be recaptured from storage.

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

Agricultural Pool:	November 13, 2003
Appropriative Pool:	November 13, 2003
Non-Agricultural Pool:	November 13, 2003

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

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

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

Watermaster address:

Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

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

Monte Vista
Dedicated to Quality, Service and Innovation

Mark N. Kinsey
GENERAL MANAGER

RECEIVED
OCT 15 2003

October 14, 2003

Mr. John Rossi, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Lease of Water Production Rights in the Chino Basin: Fiscal Year 2003-04

Dear Mr. Rossi:

This letter is to notify Watermaster of the lease and/or purchase of 2,500 acre-feet of water from the City of Pomona's production rights by the Monte Vista Water District. This lease is made first from the City's net underproduction, if any, in Fiscal Year 2003-04, with any remainder to be recaptured from storage.

This lease/transfer will be utilized by the District to offset a portion of its projected Fiscal Year 2003-04 replenishment obligation within the Chino Basin. Attached is an executed application for lease or transfer of a right to produce water from storage and a recapture plan for consideration by Watermaster. Please agendize this item at the earliest possible opportunity.

If you have any questions or require additional information concerning this matter, please call me at 624-0035, extension 170. Thank you.

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments

cc: Henry Pepper, City of Pomona

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

Robb D. Quincey Sandra S. Rose James T. Morgan Josephine M. Johnson Maynard B. Lenhert

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

Transfer from Local Storage Agreement: **15, 15.1, 15.2, 15.3, 15.4**

Date Requested:

Transferring Party: **City of Pomona**

Date Approved:

Address: **505 South Garey Avenue**
Box 660
Pomona, California 91769

Amount Requested (AF): **2,500**

Telephone: **(909) 620-2283**

Amount Approved (AF):

Fax: **(909) 620-2030**

10/17/03

Applicant: Henry Pepper, Utility Services Director

****

Receiving Party: **Monte Vista Water District**

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

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

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

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

Water Quality and Water Levels:

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

Material Physical Injury:

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

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in material physical injury to a part to the Judgment or the Basin?

Additional information attached? ☐ Yes ☒ No

Applicant: Mark Kinsey, General Manager

To be completed by Watermaster:

Date of approval from Non-Agricultural Pool:

Date of approval from Agricultural Pool:

Date of approval from Appropriative Pool:

Hearing date, if any:

Date of Advisory Committee approval:

Date of Board approval:

Agreement Number:

MONTE VISTA WATER DISTRICT

Recapture Plan

This recapture plan pertains to the transfer of 2,500 acre-feet of stored groundwater from the City of Pomona to the Monte Vista Water District. The location of the stored water, as well as the points where the recaptured water will be extracted, are both located in Management Zone 1.

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

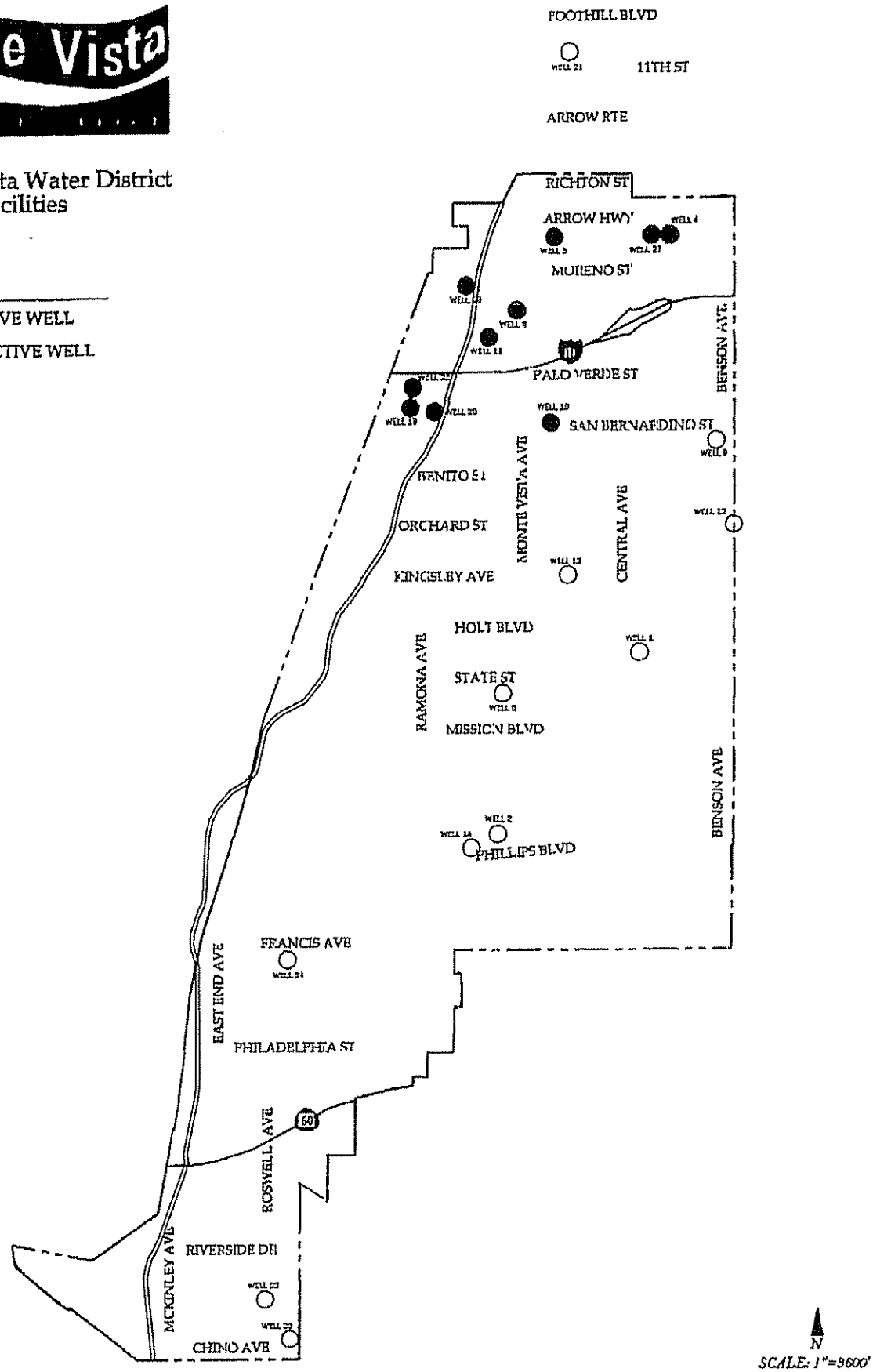
Well	Production Acre-Feet/Day
4	4.2
5	6.1
6	5.2
10	5.2
11	2.7
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
Daily Total	65.2

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

Monte Vista

Monte Vista Water District
Facilities

LEGEND:
- ACTIVE WELL
- INACTIVE WELL



THE CITY OF
POMONA
Utility Services Department

HENRY PEPPER
Utility Services Director

SEP 2 9 2003

Via Facsimile (909) 624-4725
& U.S. Mail

September 23, 2003

Mr. Mark N. Kinsey
General Manager
Monte Vista Water District
10575 Central Avenue
P.O. Box 71
Montclair, CA 91763

Re: Lease of Water Production Rights in Chino Basin and/or Purchase of Stored Water in Chino Basin, Fiscal Year 2003-04

Dear Mark:

Attached is the executed original of your August 29, 2003 letter pertaining to the purchase of stored water in Chino Basin, Fiscal Year 2003-04. In submitting the necessary paperwork to Watermaster, please include language to the following effect: "This letter is to notify Watermaster of the lease and/or purchase of 2,500 acre feet of water from the City of Pomona's production rights. This lease is made first from the City of Pomona's net underproduction, if any, in Fiscal Year 2003-04, with any remainder to be recaptured from storage."

If you have any questions, please call me, at (909) 620-2283.

Sincerely,

Henry Pepper
Utility Services Director

HP:gc

Enclosure

J:\usadmin\henry\M. Kinsey lease of water

Monte Vista

Dedicated to Quality, Service and Innovation

Mark N. Kinsey
GENERAL MANAGER

August 29, 2003

RECEIVED
SEP 3 2003
CITY OF POMONA
UTILITY SERVICES

Mr. Henry Pepper, Utility Services Director
CITY OF POMONA
City Hall
505 South Garey Avenue
Post Office Box 660
Pomona, California 91769

Purchase of Stored Water in the Chino Basin: Fiscal Year 2003-04

Dear Mr. ~~Pepper~~ Henry

The purpose of this letter is to confirm our recent discussion regarding the one-time purchase of 2,500 acre-feet of water from the City of Pomona by the Monte Vista Water District. This purchase is made from the City's local storage account or current fiscal year production rights in the Chino Groundwater Basin for a total cost of $525,000 ($210 per acre-foot). Under the Chino Basin Watermaster's 85/15 Rule, 85 percent, or $446,250, is payable by the District and 15 percent, or $78,750, is due from Watermaster at the time the assessment is levied.

If the terms of this agreement are acceptable, please indicate by signing below and returning a copy as soon as possible. The District will submit the necessary paperwork to Watermaster upon receipt of a signed copy from the City. Payment by the District will be made within 15 days after receipt of a City invoice and Watermaster approval of the transfer request. If you have any questions, please feel free to call me at (909) 624-0035, extension 170. Thank you.

Respectfully,

Monte Vista Water District

Mark N. Kinsey
General Manager

Accepted:

Henry Pepper, Utility Services Director
City of Pomona

Water District

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

Robb D. Quincey Sandra S. Rose James T. Morgan Josephine M. Johnson Maynard R. Lenhart

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

F. Notice of Intent Regarding the Determination of Operating Safe Yield

Annual Filing of Notice of Intent

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2003

TO: **Watermaster Committee Members**
Watermaster Board Members

SUBJECT: **Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield**

Summary

Issue – Record keeping remaining in compliance with the Chino Basin Watermaster Judgment.

Recommendation – Recommends the approval of the filing of Watermaster's "Notice of Intent to Change the Operating Safe Yield of the Chino Groundwater Basin" as part of its Twenty-Sixth Annual Report.

Fiscal Impact - None

Background

The Watermaster has closed its twenty-sixth year of operation under the Judgment (for accounting purposes, the Judgment became effective July 1, 1977). Pursuant to Exhibit I, Paragraph 2b of the Judgment, Quantitative Limits, "Operating Safe Yield shall not be changed upon less than (5) years' notice by Watermaster."

Discussion

In an effort to comply with the Judgment requirement that a five-year notice of change be provided should a re-determined of the safe yield of the Chino Basin be made, Watermaster has approved inclusion of its Notice of Intent in each annual report of Watermaster activities since 1982.

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Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

PLEASE TAKE NOTICE that on this 29th day of January 2004, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

Approved by
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE

By: _____
Chair

CHINO BASIN WATERMASTER
BOARD OF DIRECTORS

By: _____
Chair

ATTEST:

By: _____
Secretary

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CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

G. Annual Report

Consider Authorization to File Annual Report

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 29, 2004**

TO: **Watermaster Committee Members**
Watermaster Board Members

SUBJECT: **Twenty-Sixth Annual Report Update**

SUMMARY

Issue - Preparation of Twenty-Sixth Annual Report covering fiscal year 2002-03 for filing with the Court by January 31, 2004.

Recommendation – Recommend to the Advisory Committee and the Watermaster Board Members that Twenty-Sixth Annual Report will be emailed in its entirety on Monday, January 26, 2004.

Fiscal Impact – No fiscal impact.

BACKGROUND

This Annual Report, covering the 2002-2003 fiscal years, is the Twenty-Sixty Annual Report of Watermaster. It is included separately and represents a proposed new format that would ultimately contain more useful information presented in a more professional, higher quality manner. Rauch Communications will be assisting staff once the basic material is fully assembled.

DISCUSSION

One of the goals of Watermaster is to improve communication of the Watermaster activities to the Producers and Interested Parties. The prior format of the Annual Report was developed over 25 years ago. The Twenty-Fifth Annual Report was reformatted last year. This year's Annual Report will also be reformatted to include an executive summary with a cover letter from the Chief Executive Officer. Staff recommends filing the Twenty-Sixty Annual Report. The final report will be professionally formatted prior to distribution after being received by the Court.

A final draft will be distributed via email on Monday, January 26, 2004 and a hard copy will be made available at the Advisory Committee and Watermaster Board meetings on Thursday, January, 29, 2004. If you need a hard copy prior to the meetings on Thursday, January 29, 2004 please contact Sherri Lynne Molino at the Chino Basin Watermaster offices.

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CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

H. Status Report #9
Consider Authorization to File
Status Report 9

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2004

TO: **Watermaster Committee Members**
Watermaster Board Members

SUBJECT: **OBMP Implementation - Status Report No. 9**

SUMMARY

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

Recommendation – Staff recommends:

- Approval of Status Report No. 9,
- Authorize its filing with the Court, and
- Authorize staff and legal counsel to make final edits as necessary.

Fiscal Impact – None

BACKGROUND

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

DISCUSSION

The reporting period for Status Report No. 9 is September, 2003 to November, 2003. It utilizes the same format previously filed as a baseline from which to update the Court. The attached draft report outlines the progress and status of Watermaster programs and projects.

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Chino Basin Watermaster
Status Report No. 9

(Covering September 2003 through November 2003)

December 2003

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OPTIMUM BASIN MANAGEMENT PROGRAM

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

This Status Report Number 9 is filed pursuant to this schedule and reports on the period from September 1, 2002 to November 30, 2003.

PROGRAM ELEMENT 1 – DEVELOP AND IMPLEMENT COMPREHENSIVE MONITORING PROGRAM

Groundwater-Level Monitoring

BACK-GROUND

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

THIS PERIOD

The final round of the semi-annual program began in October 2003 and was completed in November 2003, and consisted of measuring the water levels in approximately 490 active agricultural wells on a twice per year basis. In conjunction with the semi-annual program, Watermaster staff collected ground water level data at about 90 wells around the Chino I and Chino II Desalter well fields on a once per month basis. Similarly, Watermaster consultants collected groundwater level data at about 40 wells in the southern portion of Management Zone 1 (MZ1). Data were collected manually at MZ1 wells on a once per month basis, and automatically using pressure transducers on a once per 15 minutes basis.

THIS PERIOD

Watermaster staff completed their analysis of hydrogeology, well construction, and existing groundwater level data to develop sampling frequencies for the active agriculture wells and for key wells used in support of the Hydraulic Control Monitoring Program (HCMP), the Chino I/II Desalter development, and the MZ1 land subsidence monitoring. As a result of this review, Watermaster has simplified its groundwater level monitoring program to consist of two elements:

- Manually recording groundwater levels in 340 active agricultural wells on a twice per year frequency
- Recording groundwater levels in 130 key wells used to support the HCMP, MZ1 Subsidence, and Chino I/II Desalter programs on a once per month frequency.

Virtually continuous monitoring can be obtained in those wells outfitted with automated pressure transducers.

Groundwater-Quality Monitoring

BACK-GROUND **Prioritizing Wells to Serve Multiple Purposes.** The wells chosen for the 2002-03 water quality monitoring program were located primarily between the Chino I Desalter well field and the Santa Ana River. Selected wells from the 2002-03 monitoring program are being preserved for development of a monitoring program to demonstrate hydraulic control in the southern portion of Chino Basin. (See the Cooperative Effort to Determine State of Hydraulic Control discussion in Program Elements 6 and 7.)

Extensive Range of Substances Being Tested

- All groundwater samples are analyzed for general mineral and general physical parameters.

- Wells not previously sampled and analyzed for constituents added to the evolving groundwater-quality monitoring program (e.g., hexavalent chromium, silica, barium, etc.) in 1999-2001 are now being sampled for those constituents.

ON-GOING

- Wells within or near the two Volatile Organic Compound (VOC) plumes are being analyzed for VOCs, in addition to the usual parameters.

- All wells are being analyzed for perchlorate because of its widespread occurrence in the 1999-2001 sampling program.

- Analysis for 1, 2, 3-trichloropropane (1, 2, 3-TCP) has been added to the monitoring program for all wells. This chemical was detected in several wells above 50 parts per trillion (old detection limit). In the 2002-03 monitoring program, a new analytical methodology for 1, 2, 3-TCP was used to achieve a detection limit of 5 parts per trillion, which is its California Action Level.

THIS PERIOD **Three-Year Sampling Program of all Accessible Private Wells**. During this quarter, Watermaster completed the third year of a three year water quality sampling program in which all accessible private wells in the Southern Zone were sampled (about 200 wells each year). With the completion of this program, water quality sampling will be reduced to approximately 60 key wells per year, with the key wells selected to yield data on water quality anomalies. In addition, Watermaster participates in a cooperative monitoring program described in Implementation Plan. For example, Watermaster obtains data every six months from the Department of Health Services (DHS) for wells pumped by municipal water agencies and from the Department of Toxic Substance Control (DTSC) and the Regional Water Quality Control Board (RWQCB) for wells pumped in accordance with Cleanup and Abatement Orders (CAO).

TO COME Watermaster is in the process of transferring the water quality database from its consultants to in-house storage. This process will also entail obtaining water quality data directly from the Appropriator Pool members, thereby enhancing the quality and timelines of the Watermaster's database.

Groundwater-Production Monitoring

BACK-GROUND **Monitoring of Agricultural Production Wells.** Initially production monitoring involved the installation of meters on wells operated by members of the Agricultural Pool. As of the end of the period, Watermaster counted about 511 active agricultural wells and equipped 395 of these wells with operating meters. The other 116 wells have or will become inactive within 18-24 months because of urban development in the south Chino area.

ON GOING **All Producing Wells Are Monitored Quarterly.** Watermaster staff reads the newly installed and/or rehabilitated meters on the agricultural wells quarterly. An estimate method appropriate to the Chino Basin area is used to measure production at agricultural wells that do not have meters.

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

Surface-Water Monitoring

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

ON GOING Currently, Watermaster monitors the water quality in 21 distinct basins: Upland, DeClez, Etiwanda Spreading Grounds, Victoria, Hickory, Lower Day Upper, Lower Day Lower, Banana, Ely 1, Ely 3, Wineville, San Sevaine 1, San Sevaine 5, Turner 1, Princeton, Montclair 1, Montclair 2, Montclair 3, Montclair 4, Brooks, and Grove. Generally, the water quality samples are taken after storm events, i.e., during the period from November 1 through March 30; however, monitoring of nuisance flows also occurs. Each basin is sampled 3-5 times each year.

THIS PERIOD Immediately following the first storm event of 2003/2004, which occurred on November 10-11, 2003, Watermaster sampled the recharge waters captured in 6 basins: Victoria, Grove, Ely 3, Wineville, Banana, and De Clez.

BACK-GROUND **Surface-Water Monitoring for Santa Ana River Began In June 2003**. One of the goals of the OBMP is to maximize Chino Basin yield. A key component in maximizing yield is to minimize groundwater discharge into the Santa Ana River and, in some reaches of the River, to increase recharge from the Santa Ana River into the Chino Basin. Watermaster developed a surface-water monitoring program for the Santa Ana River that, in conjunction with Watermaster groundwater-monitoring programs, is used to characterize those reaches of the River that are gaining water from the Basin, and to determine if

significant discharge of Chino Basin groundwater to the Santa Ana River is occurring. A conceptual monitoring plan involving Inland Empire Utilities Agency, Orange County Water District, the Regional Water Quality Control Board, and Watermaster was finalized. These agencies determined that the conceptual monitoring plan was adequate and developed a detailed work plan to implement a surface-water and groundwater-monitoring program. The work plan was completed in June 2003, and year round water quality sampling and flow monitoring in the Santa Ana River has begun.

THIS PERIOD

During the summer, Watermaster consultants worked with U.S. Geological Survey (USGS) staff to conduct stream gauge measurements at 4 stations on the Santa Ana River (SAR): Van Buren, Etiwanda, Hamner, and River Road, and at 8 tributary locations. Watermaster also obtained discharge data from permanent USGS and OCWD stream gauge locations on the SAR, and from privately owned treatment works (POTW's) which discharge into SAR. Flow and water quality data were recorded on a biweekly basis.

Watermaster proposes to continue the SAR flow and water quality measurements indefinitely as a key element of the HCMP.

Watermaster will collect water quality samples and measure flow at 4 Santa Ana River stations, plus another 8 locations on tributaries, on a bi-weekly basis from January through June 2004. In addition, Watermaster will obtain discharge data from permanent USGS and OCWD stream gauge locations on the Santa Ana River and its tributaries. Discharges from POTWs are also quantified.

Land-Surface Monitoring

BACK-GROUND

Multifaceted Approach. Watermaster staff developed a multifaceted land-surface monitoring program to develop data for a long-term management plan for land subsidence in Management Zone 1 (MZ1). The monitoring program consists of three main elements:

1. An aquifer-system monitoring facility located in the southern portion of MZ1, an area that has experienced concentrated and differential land subsidence and ground fissuring. One major component of the aquifer system monitoring facility is a cluster of multiple-depth piezometers that measure water level and pressure changes at 11 different depths. Another major component is a dual borehole extensometer that measures deformation within the aquifer system at deep and shallow levels. Together, the two components correlate the hydraulic and mechanical responses of the aquifer system to different aquifer stresses, such as pumping at wells.

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

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

THIS PERIOD

Depth-Specific Data. Permanent transducers and data logging equipment are recording depth-specific groundwater-level data at the Ayala Park piezometers. Transducers also are recording groundwater-level data at wells owned by the cities of Chino and Chino Hills, and are recording groundwater-level data and "on/off" pumping cycles at active production wells. The California Institution for Men (CIM) and Watermaster have signed an access agreement that allows groundwater level and production monitoring at CIM wells. On July 15, 2003, six monitoring wells on CIM property were instrumented with transducers and began collecting groundwater-level data. Six nearby production wells were inspected and transducers installed, thereby completing the transducer installation effort at wells surrounding Ayala Park.

Observations From Water Level Data. The following observations can be made from analysis of all water-level data from the piezometers and from the surrounding wells:

- The two shallowest piezometers (PA-10 and PA-11) 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.

- 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.

THIS PERIOD

Comprehensive Pumping Tests. During the October-November 2003 period, Watermaster Consultants, with the assistance of the cities of Chino Hills and Chino, conducted aquifer stress tests (pumping tests) while monitoring water levels and groundwater production at nearby monitoring wells, production wells, and the Ayala Park piezometers. In addition, during the pumping test, the dual extensometer measured elastic/inelastic compaction of the aquifer system. Data from these aquifer stress tests are currently being analyzed.

THIS PERIOD

InSAR. Watermaster staff has initiated contact with Vexcel Corporation of Boulder, CO to conduct the Insar element of the Interim Monitoring Program. An initial meeting was held on September 4, 2003, with Vexcel to define the scope of work. Vexcel is generating a cost estimate and schedule for consideration for the MZ1 Technical Committee.

TO COME

Benchmark Evaluation, Via GPS. During the next reporting period, the elevation (ft-msl) will be established at the starting benchmark at the extensometer from remote NGS (National Geodetic Survey) published NGVD-29 or NAVD-88 datum control monuments. AE will perform this work by occupying several (at least 3, preferably 4) NGS vertical control stations in stable locations with GPS receivers, as well as at the starting benchmark. The established elevation at the starting benchmark should be accurate to within 2 or 3 centimeters, which would then become the basis for future monitoring events. A side product from this GPS survey will be a very good horizontal position for the starting benchmark in NAD-83 LAT/LON or UTM coordinates. The established horizontal position at the starting benchmark would be the basis for future horizontal-displacement monitoring events across the fissure zone.

A key element of the MZ-1 benchmark network is the array of closely spaced benchmarks that have been established across the historic fissure zone in the immediate vicinity of the Ayala Park extensometers (Ayala Park array). At this array, located along Edison and Eucalyptus Avenues, the IMP work plan calls for the annual measuring of both vertical and horizontal displacements. These horizontal and vertical displacements are expected to define two-dimensional profiles of land-surface deformation that can be related to the vertical distribution of aquifer-system compaction and expansion that is being recorded continuously at the extensometers. For the reasons stated in the above paragraph, Watermaster proposes that these surveys be repeated semi-annually during the late spring and early fall periods of highest and lowest water levels, for at least two annual cycles.

Well Construction, Abandonment, and Destruction Monitoring

BACK-GROUND

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

Watermaster staff inspected 150 suspect wells during a 2002-03 field inspection and determined that 113 of these wells were properly abandoned and 37 wells would require some modification to meet the standard for a properly abandoned well. A well repair/abandonment program was prepared and approved by Watermaster. Watermaster is continuing to develop a wellhead protection program and will make recommendations on closure of abandoned wells.

ON GOING

Field repair began in September 2003, with completion in six months. Riverside and San Bernardino Counties will be advised of the results. Ongoing land development will require continued well abandonment activity by Watermaster.

PROGRAM ELEMENT 2 – DEVELOP AND IMPLEMENT COMPREHENSIVE RECHARGE PROGRAM

A centerpiece of the OBMP is enhancement of the Basin recharge capacity, so that high quality storm water and available recycled water can be retained in the Basin.

Recharge Facilities Improvement Project (Seven Bid Packages)

Bid Package No. 1—Reconfiguration of Banana, College Heights, Lower Day, RP3 and Turner Basins

ON-GOING

Bid Package No. 1, which includes improvements at Banana, College Heights, Lower Day, RP-3, and Turner Basins, was awarded to LTE Excavating on March 24, 2003. Work was scheduled for completion by November 15, 2003, but is currently delayed while awaiting delivery of sluice gates and their actuator assemblies.

The present schedule calls for delivery of these elements to LTE by December 15, 2003 and completion of their installation and other minor items by December 22, 2003.

Bid Package No. 2 – Basin Improvements (3 ea), Drop Inlets (4 ea), and Rubber Dams (4 ea)

BACK-GROUND

Bid Package No. 2 consists of construction of the drop inlet structures for Brooks Street Basin, Turner Basin; and Victoria Basin; rubber dams for College Heights/Upland Basins, Turner No. 1 Basin, Lower Day Basin, and RP-3 Basin; and various improvements at Declez Basin, Ely Basin, and 8th Street Basin. This package was awarded to Banshee Construction with work beginning on July 16, 2003. The contract required that work in storm channels be completed by October 15, 2003 and that the rubber dams be operational by December 31, 2003. All work for this contract must be completed by March 15, 2004.

ON GOING

Work in the flood control channels has been completed in accordance with the schedule, and work is underway towards making the rubber dams operational. A delay occurred as a result of electrical charge orders, but that issue has been resolved. Work in the basins not impacted by the electrical charge order is proceeding in accordance with the construction schedule.

THIS PERIOD

Bid Package No. 3 – Jurupa Basin to RP3 Force Main

Bid Package No. 3 involves construction of approximately 11,000 linear feet of 36-inch CML&C force main between Jurupa Basin and RP-3 Basin. The force main will be used to convey storm water, imported water, and recycled water between the pump station at Jurupa Basin and the RP-3 Basin. This package was awarded to W. A. Rasic Construction Company with work beginning on August 6, 2003. The Contractor anticipates a construction period of 10 ½ months with completion of the pipeline in June 2004.

THIS PERIOD

Bid Package No. 4 – Jurupa Basin to RP3 Pump Station

Bid Package No. 4 consists of construction of the Jurupa Basin Pump Station. The Engineers' estimate was $2.5 million. IEUA received eight bids, with a low bid of $2.1 million by LT Engineering. After a review of bids, IEUA expects to award the winning bid in December 2003.

Bid Package No. 5 – SCADA System

THIS PERIOD

This bid package includes the SCADA system and electrical improvements at all the basins. The 100 percent design was submitted, reviewed, and sent out for bid this period. The bid opening is scheduled for December 30, 2003; and bid award for January 2004.

TO COME

Bid Package No. 6 – MWD Turnout Design

This bid package covers the construction of three MWD turnouts: 11TB and 15T on the Rialto Pipeline, and new turnout on the Etiwanda Pipeline near San Sevaine Channel. MWD has provided various drawings, specifications, and other information needed to

complete the three designs. The 100 percent design submittal is anticipated for December 2003, and the contract is expected to be awarded in February 2004..

TO COME

Bid Package No. 7 – Priority, Funding and Scope of Misc. Projects

This bid package will complete miscellaneous projects not included in the previous bid packages. Among the projects being considered for this bid package are:

- Mitigation Area at RP-3
- Pre-Treatment Areas at Jurisdictional Basins
- Upland Basin Completion
- Completion of Victoria Basin Improvements
- Hickory Rubber Dam, Pump Station and Force Main
- Etiwanda Conservation Ponds
- Miscellaneous Projects

The various projects will be prioritized and those that offer the greatest benefits to groundwater recharge will be included in the bid package depending on available funding after construction of the other six bid packages. The scope of work is currently under development. Bid Package No. 7 is expected to be awarded by second quarter 2004.

THIS PERIOD

Groundwater Recharge Coordinating Committee

The GRCC met bi-weekly to monitor and coordinate the Recharge Facilities Improvement Project, focusing on defining additional operational and maintenance costs. Watermaster's 2003-2004 budget provides $440,000 for the operation and maintenance activities.

In addition to design review, the GRCC has initiated work on individual operations and maintenance plans for all the recharge basins, as well as obtaining regulatory agency approvals and permits.

BACK-GROUND

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

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

ON GOING

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

The U.S. Forest Service, California Fish and Wildlife Service (FWS), Eastern Valley Water District (EVWD), and the Cucamonga County Water District(CCWD) have protested Watermaster's Application. As previously reported, the Forest Service has informally agreed to withdraw its protest. FWS has general concerns about the impacts of various diversion schemes on the fish and wildlife in the Santa Ana River. EVWD has questioned whether there is water available in the Santa Ana River for appropriation, while CCWD requests recognition of its pre-1914 water rights.

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

PROGRAM ELEMENT 5 – DEVELOP AND IMPLEMENT REGIONAL SUPPLEMENTAL WATER PROGRAM

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

Directly tied to the threat of rising water levels in the southern area is the diminished desire of producers in the southern end of the Basin to pump water because of impaired water quality. The ability to compensate for the loss of agricultural production with increased appropriative production is inhibited because of these water quality concern. Appropriative production in this area therefore requires water treatment, an issue addressed through the construction of desalter facilities.

The Chino I Desalter Expansion Project.

BACK-GROUND **Chino I Expansion Underway.** The Chino I Desalter was originally constructed by SAWPA to provide a total of 9,200 acre-feet per year of product water deliveries. This expansion of the Chino I Desalter includes construction of an additional 4.9 million gallons per day (mgd) of expanded treatment capacity (nitrate removal via ion exchange) in parallel with the existing treatment facilities, as well as associated raw water and product water delivery facilities. The product water will have TDS and nitrate concentrations less than 350 mg/L and 25 mg/L, respectively.

ON GOING **Revised Bids For Ion Exchange Under Review. May Redesign.** CDA received bids for the Ion Exchange Treatment System for both Chino I and Chino II Desalters in April 2003. Because of discrepancies in the low bid, all bids were rejected and the projects were rebid. The rebids were received on August 19, 2003 and are currently under review. The design of additional onsite facilities was completed in July 2003 and advertised for bidding

ON GOING

The Chino II Desalter Project.

This project includes 10 mgd of reverse osmosis/ion exchange treatment capacity, as well as raw water and product water delivery facilities. All these facilities are in their design phase, as summarized in the following table.

Summary of Design/Construction Progress on Chino I/II Desalters

Project/Item	Chino I Desalter Expansion Design	Chino II Desalter Design
Well Drilling	Constructed	75%
Well Equipping	99%	65%
Raw Water Pipeline	99%	50%
By Pass Piping/VOC Treatment	99%	---
IX Treatment	99%	99%
Ontario Pump Station	5%	80%
Chino Hills Pump Station	Construction Contract Awarded	---
Product Water Pipeline	---	80%

ON GOING

Site Acquisition For Chino II Wells Underway. The sites for nine Chino II raw water supply wells have been identified and CDA staff is negotiating their acquisition with property owners. CDA staff is coordinating with the City of Ontario for two of the sites, which are located in a proposed development.

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

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

THIS PERIOD

The MZ1 Technical Committee Meeting –September 24, 2003. Committee representatives were informed of the status of the various efforts to implement the monitoring program (see Land-Surface Monitoring section of Program Element 1), and were briefed on the anticipated results of the aquifer stress test began on October 1, 2003. The next meeting is tentatively scheduled for January 14, 2004, and will focus on the GPS survey of the extensometer location, the Associated Engineers (AE) semi-annual survey of the Ayala Park benchmarks, the Vexcel cost estimate and schedule for the InSAR studies, and the extensometer results from the Comprehensive Pumping Test.

Voluntary Forbearance. The City of Chino and the City of Chino Hills submitted certifications documenting their respective voluntary participation in forbearance of groundwater production. Through the end of November 2003, the City of Chino submitted documentation of pumping reductions toward its forbearance goal of 1,500 acre-feet for 2003/2004. The totals through November are detailed below:

Agency	Forbearance through November 2003	Forbearance Goal 2003/2004
City Of Chino	525 acre-feet	1,500 acre-feet
City Of Chino Hills	0 acre-feet	1,500 acre-feet

TO COME

Pending Legal Actions Regarding Subsidence. In its October 17, 2002 Order, the Court ordered Watermaster to keep the Court apprised of any legal actions that could question the Court's jurisdiction over subsidence. Watermaster is not aware at this time of any such actions.

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

PROGRAM ELEMENT 7 – DEVELOP AND IMPLEMENT SALT MANAGEMENT PROGRAM

The "water quality committee" as envisioned in the OBMP Implementation Plan has been formally constituted. Since the development of the OBMP, Watermaster has worked closely with the Regional Water Quality Control Board, the Department of Toxic Substances Control, and others to define water quality challenges and to refine the water quality management criteria in the Chino Basin. Watermaster continues to review water quality conditions in the Basin and to consider future water quality management activities beyond the Chino Basin desalting program.

BACK-GROUND

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

- Watermaster is identifying and characterizing water-quality anomalies, such as the VOC anomaly north of the Chino I Desalter well field. Status Reports on each of the anomalies are being developed by Watermaster and are presented to the Water Quality Committee for their review.
- Watermaster staff continues to participate in the process of developing TMDLs for Reach 3 of the Santa Ana River and other water bodies in the lower Chino Basin. No progress has been made during the last quarter because of the State budget crisis and the staffing issues at the RWQCB.
- Watermaster staff is coordinating with the RWQCB with regard to surface water quality and the DTSC with regard to developing a monitoring program to track perchlorate in groundwater in the Fontana area.

Water Quality Committee Meeting September 24, 2003.

Watermaster consultants focused attention on three identified water quality anomalies and one basin-wide problem contaminant-perchlorate. With respect to the three anomalies.

- The Kaiser TDS/TOC/VOC plume has not been monitored in a decade, so recommendations were made to rehabilitate former monitoring wells to monitor the plume movement.
- A large body of evidence exists on potential responsible parties (PRPs) for the VOC plume south of Ontario Airport, however the RWQCB lacks the resources to prepare investigative orders to the PRPs. Watermaster will develop recommendations for the WQC on alternatives for proceeding against PRPs.
- The VOC plume south of the Chino Airport is currently being sampled by consultants to the San Bernardino County Department of Architecture and Engineering (SBCDAE). The sampling was required by a CAO issued in 1990 by the RWQCB.

With respect to the perchlorate contamination, Watermaster was tasked to determine the extent Colorado-River Aqueduct (CRA) water was recharged historically into groundwater recharge basins, thereby contributing perchlorate to the Chino Basin.

Water Quality Committee Meeting November 12, 2003.

Watermaster revisited the issues raised in the September 24, 2003 meeting and provided a status report on two GE plumes located in Ontario, CA. (See WQC Quarterly Progress Report, Third Quarter 2003).

- Two particularly valuable monitoring wells for the Kaiser plume: MP2 and KOFS have been located and will be rehabilitated for incorporation in a work plan for monitoring the Kaiser plume.
- The SBCDAE consultant completed the first round of quarterly sampling, and concluded that the VOCs present in wells in the southwestern portion of the airport were caused by off-site sources. This controversial conclusion is being challenged by Watermaster staff .
- Watermaster requested that MWD utilize available funds to investigate whether CRA water applied as artificial recharge and/or irrigation water could be a source of perchlorate contamination. Thus far, MWD has declined to fund these investigations. Watermaster has contracted with Environmental Records Search to do a query of state and federal databases of known users and dischargers of potentially hazardous chemicals into the groundwater basin.
- Watermaster will work with the RWQCB to determine a sequence of events, and level of commitment, needed to document a CAO for PRPs at the Ontario Airport. This work effort will be reviewed with the WQC.

- The GE Flat Iron remedial action plan will be restarted this quarter with the following actions: pump and treat of the contamination plume, soil vapor extraction (SVE) of the residual VOCs and proper abandonment of the City of Ontario well #33.
- The GE Test Cell remedial action plan is scheduled to restart this quarter with the following actions: deep SVE for on-site VOC removal, design of treatment and disposal facilities for contaminated groundwater.

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

THIS PERIOD

Watermaster staff has been working with the Total Dissolved Solids/ Nitrogen Task Force to revise the subbasin boundaries, and the TDS and N objectives for the Chino Basin to promote maximum beneficial use of waters in the Basin (as opposed to the Regional Board's current, more rigid antidegradation-based objectives). The maximum beneficial use approach will increase water supplies and lower costs over time while meeting water quality requirements. In December 2002, Watermaster proposed specific subbasin boundaries, and N and TDS objectives for the Chino Basin to the RWQCB at a workshop regarding the Basin Plan update. The TDS/N Task Force and the RWQCB have reacted favorably to the Watermaster proposal and have incorporated Watermaster recommendations in the TDS/Nitrogen Basin Plan Amendment dated November 21, 2003. Watermaster believes that the modified Watermaster proposal will be included in the Basin Plan update that will occur later in fiscal year 2003-2004.

Cooperative Effort to Determine State of Hydraulic Control. One outstanding issue regarding the Basin Plan changes is to develop a monitoring plan to evaluate the state of hydraulic control in the southern end of the Basin. Hydraulic control is one tool that can be used to maximize the safe yield of the Basin. Watermaster staff developed a monitoring program for OBMP purposes and described this effort in the Initial State of the Basin report (October 2002). The execution of this monitoring program is included in Program Element 1. Watermaster is collaborating with OCWD and IEUA in an investigation to select existing wells and to site new multi-piezometer wells that will be used to monitor and assess the state of hydraulic control

Hydraulic control will become a commitment of Watermaster if the proposed subbasin boundaries, and N and TDS objectives for the Chino Basin, are adopted. Watermaster, OCWD, and RWQCB staffs are working to develop a monitoring program to assess the state of hydraulic control and to provide information to Watermaster to manage future production and recharge. The initial phase of the monitoring program began in June 2003. This program will change over time as new information is developed and will last for several years. The coordination and review of the hydraulic control monitoring data and the development of management programs to maintain hydraulic control have been added to Program Elements 6 and 7.

Watermaster and IEUA have committed to the construction of a total of 9 new multi-piezometer wells during fiscal years 2003-04 and 2004-05. Watermaster filed an application for $250,000 from the Local Groundwater Assistance Fund, sponsored by the

California Department of Water Resources (DWR). Watermaster received notice during this period that the DWR will award the full $250,000 to Watermaster. This funding will support construction of two piezometric monitoring wells that, in addition to some existing wells, would be used for monitoring and assessing the state of hydraulic control. In addition to the DWR funding, IEUA and Watermaster have secured $270,000 from the U.S. Bureau of Reclamation for two new monitoring wells for the hydraulic control monitoring program.

Watermaster staff prepared a detailed draft work plan for hydraulic control monitoring and assessment during this period. The OCWD and RWQCB are reviewing the draft work plan.

Salt Budget Tool Was Used To Establish TDS Objectives

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

TO COME Watermaster consultants are currently preparing a letter report describing the salt budget. Originally, this letter was to be submitted to Watermaster in December 2003 but has been deferred pending discussions with the RWQCB regarding methods and the ongoing Basin Plan update. A report to Watermaster will likely be made in the next quarter.

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

PROGRAM ELEMENT 9 – DEVELOP AND IMPLEMENT STORAGE AND RECOVERY PROGRAM

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

BACK-GROUND **Completed Preliminary Design Report.** The first draft of the DYY Preliminary Design Report was completed in July 2003 and submitted to Watermaster. It is currently under review by all of the participating agencies. The DYY Program documentation is organized into four volumes: Volumes I and II, prepared by Black & Veatch, comprise the Preliminary Design Report (PDR). Volume I describes the background information and design objectives of the Program, while Volume II describes the facilities to be designed to help the agencies meet their shift obligation. Volume III presents the groundwater

modeling report developed by Wildermuth Environmental, Inc., and Volume IV contains the CEQA Findings of Consistency environmental documentation prepared by Tom Dodson and Associates.

ON GOING

DYY Shift Obligation. Participants in the DYY Program will be required to reduce (shift) their imported water usage by a predetermined amount during a dry year. Each participating agency will have a specific shift obligation that, when added together, will provide Metropolitan with 33,000 acre-feet of dry-year yield. The shift obligations were determined through meetings and correspondence among IEUA, Watermaster, Black & Veatch, and representatives from each participating agency.

The nine participating agencies are as follows:

• City of Chino	• Monte Vista Water District (MVWD)
• City of Chino Hills	• City of Ontario
• Cucamonga County Water District (CCWD)	• City of Pomona
• Fontana Water Company (FWC)	• City of Upland
• Jurupa Community Services District (JCSD)	

Facility Requirements and Site Selection. A preliminary screening of potential sites identified the most feasible locations for the DYY Program facilities. The information was presented to the agencies and a final selection was made. The Program facilities consist of five new ion exchange (IX) facilities, expansion of two existing IX facilities, construction of seven new non-water quality impaired wells, and two new perchlorate wellhead treatment facilities. The new wellhead IX facilities would contribute approximately 18,000 acre-feet of dry-year yield, while the new well facilities would contribute approximately 15,000 acre-feet of additional yield. The total capital cost for the facilities is estimated to be $38 million. MWDSC will contribute approximately $27.0 million. The Groundwater Storage Program Funding Agreement between MWDSC, IEUA, Three Valleys Municipal Water District (TVMWD), and Watermaster was signed in July 2003.

ON GOING

Final Design of PDR Facilities. The designs for the facilities outlined in the PDR are either under way, completed, or will commence shortly. All design documents are scheduled to be completed by September 2004.

BACK-GROUND

Groundwater Modeling. The new Chino Basin groundwater model was completed and the modeling report was submitted to Watermaster in July 2003. In addition to evaluating the effects of the DYY program on the Basin, the model was used to:

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

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

BACK-GROUND **Engineering Review and Determination of the Operational Storage Requirement and Safe Storage.** The Operational Storage Requirement was defined in the Peace Agreement as part of the storage in the Chino Basin "necessary to maintain the safe yield" of the Basin (Peace Agreement, Exhibit B – Implementation Plan, page 37). Safe storage is the maximum storage in the Basin that can occur without significant water quality and high groundwater related problems. The draft results of this work were presented to the Pool Committees, Advisory Committee, and the Watermaster Board in August 2003.

ON-GOING **Other Uses of the Groundwater Model in the OBMP Implementation.** The groundwater model is also being used to assess the balance between recharge and discharge throughout the Basin, operational storage requirements and safe storage, and the cumulative physical impacts of transfers. Draft results from this work were submitted to Pool Committees, Advisory Committee, and the Watermaster Board, starting in April 2003.

ADMINISTRATIVE UPDATE

THIS PERIOD **New Office Location.** Regarding physical facilities, Watermaster relocated to the former Cucamonga County Water District facilities at 9641 San Bernardino Road in Rancho Cucamonga on September 12, 2003.

CONCLUSION

THIS PERIOD This has been an active reporting period for Watermaster, with major activities on a number of issues:

- The Ayala Park Extensometer became operational and began recording data on ground subsidence during a planned pumping test.
- Construction on Bid Packages 1 and 2 of the Recharge Facilities Improvement Project progressed in accordance with the construction schedule.
- The GW level and quality monitoring programs have been reorganized to better support new initiatives, such as MZ1, HCMP, and Desalter Expansion.
- Updated status reports were developed for Chino Basin plumes at Kaiser, GE Flat Iron, GE Test Cell, Ontario Airport and Chino Airport.

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

I. Resolution of the Chino Basin Watermaster Electing to Raise and Fix the Employer's Contribution

Resolution 04-02 Electing to Raise and Fix the Employer's Contribution

CHINO BASIN WATERMASTER

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JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 29, 2004**

TO: **Advisory Committee Members**
Watermaster Board Members

SUBJECT: **Chino Basin Watermaster Electing to Raise and Fix Employer's Contribution**

SUMMARY

Issue – Compliance with Government Code Section 22850 providing benefits regarding Public Employees' Medical and Hospital Care Act to employees of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency.

Recommendation – Staff recommends:

- Approval of minimum employer contribution amounts as required by law.

Fiscal Impact – Anticipated and to be included in future budgets.

BACKGROUND

In accordance with Resolution 99-08, Chino Basin Watermaster contracted with Public Employees' Retirement System (PERS) and elected to be subject to Public Employees' Medical and Hospital Care Act. This election bound Watermaster's contribution to $16.00 per month which was the minimum amount prescribed by Section 22825 of the Government Code.

DISCUSSION

The legally prescribed minimum employer contribution amounts were changed effective January, 2004. The amounts graduate from a current minimum amount of $32.20 per month for 2004 to $97.00 per month in 2008. To comply with legal requirements, Watermaster is required to comply with these minimum contribution amounts.

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RESOLUTION NO. 04-02

A RESOLUTION OF THE CHINO BASIN WATERMASTER ELECTING TO RAISE AND FIX THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT AT AN AMOUNT AT OR GREATER THAN THAT PRESCRIBED BY SECTION 22825 OF THE GOVERNMENT CODE

WHEREAS, Government Code Section 22850 provides the benefits of the Public Employees' Medical and Hospital Care Act to employees of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and

WHEREAS, Sections 22825.6 of the Act provides that a local contracting agency shall fix the amount of the employer's contribution; and

WHEREAS, Chino Basin Watermaster, hereinafter referred to as Public Agency, is a local agency contracting with the Public Employees' Retirement System; and

WHEREAS, The Public Agency desires to continue to obtain for its employees and annuitants the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations;

WHEREAS, the Public Agency elected in Resolution No. 99-08 to be subject to the provisions of the Act;

NOW THEREFORE BE IT RESOLVED, that the executive body appoint and direct, and it does hereby appoint and direct, the Chief Executive Officer of the Watermaster to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

NOW THEREFORE BE IT RESOLVED, that, beginning January 1, 2004, the employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of $32.20 per month, except as provided below, plus administrative fees and Contingency Reserve Fund assessments,; and be it further

NOW THEREFORE BE IT RESOLVED, that the employer's contribution for each employee or annuitant shall increase according to the following schedule as provided by Section 22825:

1. In calendar year 2005, effective January 1, 2005, the employer's contribution for each employee or annuitant shall be up to a maximum of $48.40;
2. In calendar year 2006, effective January 1, 2006, the employer's contribution for each employee or annuitant shall be up to a maximum of $64.60;
3. In calendar year 2007, effective January 1, 2007, the employer's contribution for each employee or annuitant shall be up to a maximum of $80.80; and
4. In calendar year 2008, effective January 1, 2008, the employer's contribution for each employee or annuitant shall be up to a maximum of $97.00.

NOW THEREFORE BE IT RESOLVED, that the employer contributions and maximums enunciated herein shall not serve to amend, prohibit, or limit any pre-existing settlements or agreements already in place to which the Public Agency is a signatory, except as required by law.

RESOLUTION NO.____ RECOMMENDED by the Chino Basin Watermaster Personnel Committee on the ____ day of January 2004, is hereby **ADOPTED** by the Chino Basin Watermaster Board at Rancho Cucamonga, California on this 29th day of January 2004.

CHINO BASIN WATERMASTER BOARD

_____
, Chairman

ATTEST:

_____
, Secretary/Treasurer
Chino Basin Watermaster Board

APPROVED:

_____
Chairman
Chino Basin Watermaster Personnel Committee

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

II. CONSENT CALENDAR

J. Allocation of Volume Vote

Consider Allocation of Volume Vote for Advisory Committee

ADVISORY COMMITTEE

ALLOCATION OF VOLUME VOTE(2)

(Effective Calendar Year 2004)**

APPROPRIATIVE POOL	ALLOCATED VOTE
Chino, City of	4.13
Chino Hills, City of	2.14
Cucamonga County Water District	3.86
Fontana Union Water Company	4.84
Fontana Water Co. (1)	13.71
Jurupa Community Services District	4.10
Monte Vista Water District	7.69
Ontario, City of	17.24
Pomona, City of	9.64
Upland, City of	2.45
San Antonio Water Company (minor)	2.60
Santa Ana River Water Co. (minor)	2.60
OVERLYING AGRICULTURAL POOL	20.00
OVERLYING NON-AGRICULTURAL POOL	5.00
TOTAL	100.00

(1) By Court action approved September 18, 1996, producers who produce > 3000 af are entitled to a seat on the Advisory Committee

(2) Allocation of Volume Vote between pools determined by total assessments paid

(3) If Minor Appropriator Absent, other votes his vote.

(4) If Major Appropriator or both Minors are ABSENT, to apportion their vote among the remaining Appropriators:

sum yeses, sum noes(incl. abstensions), a) the apportioned yes vote = total yeses divided by (total yeses+total noes) times 75.

b) the apportioned no vote = total noes divided by (total yeses+total noes) times 75.

** The annual meetings of the Watermaster Committees & Board now occur in January of each calendar year.

DATE & MOTION:

ADVISORY COMMITTEE

ALLOCATION OF VOLUME VOTE(2)

WORKSHEET

(Effective Calendar Year 2004)**

	APPR VOTE 2004		ASSMTS PAID 2002-03	% TOTAL	
Chino	55.13		11,266,193.33		TOTAL APPR INCL /
Chino Hills	28.56		1,550,767.00	13.576	LESS AG
CCWD	51.46		9,715,426.33	85.051	NET APPR
FUWC	64.58		156,841.63	1.373	NON AG
FWC	182.78		11,423,034.96	100.000	TOTAL ASSMTS PD
JCSD	54.73				
MVWD	102.57				
Ontario	229.76				
Pomona	128.50				
Upland	32.69				
Total	930.78				
minor #1	34.61	calculated	(1000-total)/2		
minor #2	34.61	calculated			

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

III. BUSINESS ITEMS

A. Application to DWR – MZ3 Investigation

Consider Authorization to Prepare and File Grant Application to DWR

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2004

TO: **Watermaster Committee Members**
Watermaster Board Members

SUBJECT: **File Application to DWR – MZ3 Investigation**

Summary

Issue - File Application to Obtain Grant of up to $250,000

Recommendation – Authorize Staff to file Grant Application to DWR to Characterize Groundwater Conditions in MZ1

Fiscal Impact – Grant Preparation Costs are Estimated at $8,000 and are contained in fiscal 2003-2004 Budgeted Funds.

Background

The Optimum Basin Management Plan states that MZ3 is hydrological out of balance and that new storm water and supplemental water recharge will be required to keep MZ3 in balance. The blend of storm water, imported water, and recycled water used in the future to balance the zone must be of a quality to protect beneficial uses and comply with the proposed Title 22 regulations for planned recharge projects that use recycled water.

The water quality tributary to JCSD wells in MZ3 has not been adequately characterized; however, there are indications that the water quality tributary to JCSD wells is poor. Historically, water quality in the area between RP3 and down gradient municipal supply wells was good. Over time, this better quality water has been pumped from the basin and TDS and nitrate concentrations at JCSD wells have increased.

Because of the need to recharge recycled water in MZ3 in fulfillment of the goals and objectives of the OBMP, this project is important to all stakeholders in the Chino Basin. For this reason, staff recommends that the Watermaster file the grant application with the Department of Water Resources for an AB303 grant not-to-exceed $250,000 to characterize the water quality in this area. Staff will pass out a related draft Resolution at the meetings to accompany the application.

The Pools took unanimous action for this item to the Advisory Committee members.

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WE INC.

Wildermuth Environmental, Inc.
23692 Birtcher Drive
Lake Forest, California 92630
Tel. 949.420.3030
Fax. 949.420.4040
Email jleclaire@wildh2o.com

January 7, 2004

Chino Basin Watermaster
Attention: John Rossi
9641 San Bernardino Road
Rancho Cucamonga, CA 91730-4665

Subject: Scope and Estimated Cost for AB303 Grant for MZ3 Investigation

John,

At a meeting at the offices of Jurupa Community Services District (JCSD) on December 19, 2003, you requested that we estimate the scope and cost of preparing an AB303 grant application to characterize groundwater conditions in the Management Zone 3 (MZ3) area. This investigation would characterize groundwater quality in a part of the Chino Basin where groundwater is tributary to wells owned by JCSD and includes areas that underlie all or part of the Fontana Water Company, Marygold Mutual Water Company, Cucamonga County Water District, and the City of Ontario (hereafter the *study area*). The Regional Water Quality Control Board (Regional Board) sent a letter to Inland Empire Utilities Agency (IEUA) dated July 13, 2000, that describes their concern that the historical recharge of recycled water at IEUA's Regional Plant No. 3 (RP3) may have caused groundwater contamination at wells downgradient of RP3. In their letter, the RWQCB states that the recently increasing total dissolved solids (TDS) measured in a monitoring well at the Southridge Middle School (SRMS) may have been caused by recycled water recharge at RP3. Other potential sources in the area include Kaiser Steel Mill, Alumax, other industries and historical agricultural activities, including citrus groves and hog feed lots.

The Optimum Basin Management Program (OBMP) Implementation Plan (July 2000) states that MZ3 is hydrologically out of balance and that new storm water and supplemental water recharge will be required to keep MZ3 in balance. Some of the future recharge will be recycled water from RP1 and RP4. The blend of storm water, imported water and recycled water used in the future to hydrologically balance MZ3 must be of a quality to protect beneficial uses and comply with the proposed Title 22 regulations for planned recharge projects that use recycled water.

The water quality tributary to JCSD wells in MZ3 has not been adequately characterized; however, there are indications that the water quality tributary to JCSD wells is poor. Historically, water quality in the area between RP3 and downgradient municipal supply wells was good. Over the last 20 years, this good quality water has been mined from the basin and TDS and nitrate concentrations at JCSD wells have increased. Nitrate concentrations at some JCSD wells have exceeded the maximum contaminant level and are either not used, used for emergency purposes, or blended with other lower nitrate wells. The nitrate concentrations in JCSD's lower nitrate wells are increasing.

Because of the need to recharge recycled water in MZ3 in fulfillment of the goals and objectives of the OBMP, this project is critically important to all stakeholders in Chino Basin and not just the agencies that overly MZ3. For this reason, it is appropriate that Watermaster take the lead in this characterization study, with the support of other affected agencies and the Regional Board.

WEI will prepare an AB303 grant application, with a draft completed by January 16, 2004. We will address comments from Watermaster, IEUA, and JCSD. Our understanding is that the grant application is due to the state on January 28, 2004. Because of this tight timeframe, comments will need to be made expeditiously. The estimated cost for this effort is $8000.

Please let us know at your earliest convenience whether Watermaster would like us to prepare the AB303 grant application.

Sincerely,

Mark J. Wildermuth, PE
President/Principal Engineer

Joseph P LeClaire, PhD
Vice President/Principal Scientist

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

III. BUSINESS ITEMS

B. Regional Water Quality Control Board Contamination South of Ontario Airport

Discuss RWQCB'S Offer to Provide Assistance

CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: **January 15, 2004**
January 29, 2004

TO: **Watermaster Committee Members**
Watermaster Board Members

SUBJECT: **RWQCB Need for Assistance to Issue Clean Up and Abatement Orders**

Summary

Issue - Evidence Exists to Issue Clean Up and Abatement Orders to Certain PRP's for Groundwater Contamination related to the Ontario Airport

Recommendation – Staff has no recommendation at this time.

Fiscal Impact – Staff anticipates the cost to provide assistance to RWQCB from $20,000 to $25,000 to prepare the Orders. Staff is not able to prepare an estimate of the potential costs to support the RWQCB once the Orders are Issued.

Background

The attached draft memorandum outlines the history of the contamination related to the Ontario Airport, the potential responsible parties (PRP's), the types of samples and evidence collected to date, and the types of compounds of concern found in the area. This memorandum was prepared from the studies and reports outlined on the attached list of references and by examination of files located at the offices of the Regional Water Quality Control Board.

The staff of the RWQCB has indicated that due to state budget constraints, they need the assistance of the Watermaster by way of consulting time to be used to write Clean Up and Abatement Orders. Otherwise, they have estimated that it may be years before any Orders are issued. Staff estimates that the cost to provide staff (to work at the Board's discretion) to write up the Orders would be between $20,000 and $25,000.

At the November meetings, staff was asked to provide an estimate of the potential costs to support the Board once the PRP's begin responding to the Orders. As it is not possible to estimate the level of cooperation, or lack thereof, by the PRP's, staff can not estimate these costs at this time.

At the Pools, the Agricultural Pool directed staff to bring this item back at their February meeting and invite the Regional Board staff to attend to discuss the issues. The Appropriative Pool and Non-

Agricultural Pool took action to move forward with assisting the RWQCB, and the Appropriative Pool conditioned their approval to the $25,000 with a requirement that Watermaster begin seeking reimbursement for costs expended.

Recommendation

Staff recommends that the Watermaster consider providing the funding for consulting time, to get the orders issued, and then make a subsequent determination on whether or not to proceed further. Action to move forward with the issuance of orders would not obligate Watermaster for further funding. Watermaster would have full discretion to decide on continuing to support future work or not. Staff believes that this assistance is in the best interest of the parties as the recent water quality monitoring indicates that the potential plume from the airport will impact the Desalter operations in the near future. Staff believes it is prudent to consider accelerating the time frames associated with clean up of this problem. This item needs to be brought back in the month of February allowing the Agricultural Pool time to take action on staff's recommendation.

DRAFT
MEMORANDUM

DATE: December 10, 2003

TO: Robert L. Holub, Chief
Groundwater Investigation Section
Regional Water Quality Control Board

John V. Rossi, CEO
Chino Basin Watermaster

FROM: Traci Stewart

SUBJECT: **Groundwater Contamination Originating from Historical Activities at the Ontario International Airport**

SUMMARY

The purpose of this memorandum is to describe the recent review and assessment of information available regarding potentially responsible parties (PRPs) at the Ontario International Airport (OIA) so that the Regional Water Quality Control Board (Regional Board) staff can determine whether further investigation is necessary or cleanup and abatement orders can be issued. During this review, the work focused on PRPs previously identified for the Regional Board, specifically those having a high probability of being responsible for the volatile organic chemical (VOC) contamination tributary to the Chino Desalter 1.

The criteria for the Regional Board to issue clean-up and abatement or investigative orders under Section 13267 of the California Water Code was clarified in a February 11, 2002 internal memorandum by the State Water Resources Control Board's (SWRCB) Chief Counsel, Craig M. Wilson, regarding recent amendments to the Porter-Cologne Water Quality Control Act, resulting from Assembly Bill No. 1664 (2001). According to Mr. Wilson's memorandum, the Regional Board can issue a Cleanup and Abatement Order provided that:

a. there is a basis for suspicion;
b. the suspected dischargers are provided with a written explanation as to why the requirement is being made; and
c. the evidence on file is identified.

From the Porter-Cologne Water Quality Control Act (2003):

> ***Investigative Order (Section 13267).*** In conducting an investigation specified in subdivision (a), the regional board may require that any person who has discharged, discharges, or is suspected of having discharged or discharging, or who proposes to discharge waste within its region, or any citizen or domiciliary, or political agency or entity of this state who has discharged, discharges, or is suspected of having discharged or discharging, or who proposes to discharge, waste outside of its region that could affect the quality of waters within its region shall furnish, under penalty of perjury, technical or monitoring program reports which the regional board requires. The burden, including costs, of these reports shall bear a reasonable relationship to the need for the report and the benefits to be obtained from the reports. In requiring those reports, the regional board shall provide the person with a written explanation with regard to the need for the reports, and shall identify the evidence that supports requiring that person to provide the reports.
>
> ***Cleanup and Abatement Order (Section 13304).*** Any person who has discharged or discharges waste into the waters of this state in violation of any waste discharge requirement or other order or prohibition issued by a regional board or the state board, or who has caused or permitted, causes or permits, or threatens to cause or

> permit any waste to be discharged or deposited where it is, or probably will be, discharged into the waters of the state and creates, or threatens to create, a condition of pollution or nuisance, shall upon order of the regional board, clean up the waste or abate the effects of the waste, or, in the case of threatened pollution or nuisance, take other necessary remedial action, including, but not limited to, overseeing cleanup and abatement efforts.

Because contamination of groundwater downgradient of OIA is well documented and prior investigations already identified the potentially responsible parties and their operations, further investigative orders are probably not necessary and cleanup and abatement orders can be written.

From the investigations and information searches, the Regional Board could at a minimum issue cleanup and abatement orders to the responsible parties listed in Table 1 (year in parentheses is the estimated first year of operations at OIA):

- Aerojet General Corporation (1958)
- California Air National Guard at Ontario (1952)
- Department of Airports (1957)
- Lockheed Martin Corporation (1952)
- McDonnell Douglas Aircraft Company (1952)
- Northrop Aviation Corporation (1950)
- Otto's Instrument Service (1953)

Collectively, these investigations identified between 20 and 42 potentially responsible parties (inclusive of those listed in Table 1). Parties were considered to have a high probability of being responsible for – at least a portion – of the groundwater VOC contamination and were included in Table 1 only if they met the following three criteria:

- They were a confirmed (suspected based on operations, if not confirmed) VOC user;
- They were confirmed dischargers (surface drainage, septic/leach fields, spills, leaks) and
- There are site-specific analytical results from sampling that would lend evidentiary support that they may have caused the VOC contamination in groundwater.

The CDM (1988b) UTAHS report identified 20 PRPs, while the M/B& A (1992) report listed 42 PRPs. If the third criteria for listing in Table 1 - site-specific analytical results – is eliminated and one were to use only the guidance provided in Assembly Bill No. 1664, then cleanup and abatement orders could theoretically be issued to many more of the 42 PRPs. However, the short list of PRPs provided in Table 1 is based on a substantial amount of supporting evidence.

Regional Board has at least two options available when considering cleanup and abatement orders. One option would be to immediately issue cleanup and abatement orders to the parties listed in Table 1.

Another option would be for the Regional Board to meet with representatives of two or three PRPs (say Aerojet and Lockheed). At the meeting, Regional Board staff could brief them on the current status of the contamination, the Chino Basin Watermaster's Optimum Basin Management Program (OBMP), and the background information and supporting evidence that could lead to issuance of cleanup and abatement orders. It might be suggested to the PRPs that an alternative solution for them would be to form a working group of responsible parties (like a lower-profile Pyrite Canyon Group for the Stringfellow Acid Pits) to contribute to and/or build additional treatment facilities in that portion of Chino Basin, e.g., the Chino 1

or Chino 2 Desalters. The PRPs could also be asked to install and maintain a comprehensive groundwater monitoring network south of the 60 Freeway.

BACKGROUND

Information was initially reviewed for two primary purposes:

- Identify PRPs who were confirmed solvent users, or suspected users because their operations typically would have used solvents. Identify PRPs who had confirmed discharges, spills, or leaks that could have contributed to the contamination.
- Determine the actual extent and magnitude of the contamination tributary to the Chino 1 Desalter.

The Regional Board files contain primary information confirming whether a PRP had discharges, leaks or spills from operations known to have used VOCs in the past. Primary information regarding the current extent and magnitude of groundwater contamination tributary to the Chino Desalter 1 well field is contained in several databases, the most comprehensive being the groundwater water quality database maintained by the Chino Basin Watermaster.

ONTARIO INTERNATIONAL AIRPORT OVERVIEW

The references section of this memorandum contains a list of primary references utilized for the review and assessment of the available information. Briefly, OIA's history can be divided into the following timeline (CDM, 1988b; M/B&A, 1992):

1929 to 1940

Ontario International Airport was formally established in 1929 when the City of Ontario purchased 30 acres of land at the west end of the existing airfield. This effort was spearheaded by members of the American Legion Post 112 and the Ontario Aircraft Corporation. It was known as the Ontario Municipal Airport. During the 1930s it was operated at a low level of activity with funds received from lessees.

1940 to 1947

OIA was managed by the federal government thru World War II. Activities at the airport included pilot training for the US Army Air Corps and serving as a base of operations for P-59 aircraft in addition to continued domestic freight services. The airport was returned to the City of Ontario for management on Armistice Day 1947.

1947 to 1959

OIA began its change to a modern airport in the post-war industrial boom of the 1950s. New tenants included Northrop Aircraft Company (1950), Lockheed Aircraft Service (1952), Douglas Aircraft Company (1952), Southern California Aircraft Corporation, Wells Aviation, California Air National Guard (1952), General Electric Aviation (1955) and Aerojet General Corporation (1958).

1960 to 1970

During this time period, numerous airlines established passenger service routes to and from OIA and Lockheed Air Terminal assumed fueling operations from Les Farrar Aviation. Also, the City of Ontario entered into a Joint Powers Agreement with the City of Los Angeles in 1967 giving the City of Los Angeles control of the airport in exchange for assumption of its airport related debt.

1971 to 1985

Many additional passenger and freight carriers used OIA during this time period. Between 1979 and 1981, the San Bernardino County Flood Control District lined the previously unlined portion of the main channel of Cucamonga Creek in three phases. The West Branch of Cucamonga Creek only received minor work under this project and no work was performed within the boundaries of OIA on the West branch as part of this project. The West Branch empties into the three percolation basins along Philadelphia Street known as the Ely Basins. In 1985, complete ownership and operation of OIA was transferred to the City of Los Angeles.

CONFIRMED PRPS

In 1985, many municipal drinking water wells were sampled pursuant to Assembly Bill 1803. In 1986, the Metropolitan Water District of Southern California sampled 149 private water supply wells in the basin as part of the environmental investigation conducted as part of the planning phase of a conjunctive use program. Since that time, Regional Board staff also sampled a limited number of private water supply wells (28) located south of the OIA. Concentrations of TCE ranging from 0.6 ppb to 156 ppb were found in these wells.

In 1986, Regional Board staff initiated investigations to identify the source of the VOCs in the wells by attempting to identify former and existing facilities in the area which may have used solvents. Subsequently, it was determined that OIA was the likely source of the VOCs, and over twenty facilities inspections were conducted at OIA in 1987. In 1988, Regional Board staff requested that the Los Angeles Department of Airports (DOA) conduct a study to identify potential sources of TCE and PCE at OIA. The first phase of this study involved current and past tenants of OIA. The second phase focused on facilities that were in operation more than 20 years and that were known or suspected to have used solvents.

Partially as a result of this request, CDM (1988a and 1988b) conducted several studies/investigations for DOA. CDM's assistance was provided as part of DOA's comprehensive Underground Tanks and Hazardous Substances (UTAHS) program. The program was designed to bring airport facilities into compliance with federal, state and local regulations dealing with past, present, and future hazardous materials handling. A table entitled, *"Chronological History of Ontario International Airport"* from CDM (1988a) is included in Appendix A. Several tables identifying tenants interviewed and summarizing various confirmed tenant activities from the CDM UTAHS report are included in Appendix B.

The specific findings for five of the six main compliance areas of the CDM (1988b) UTAHS investigation regarding OIA were:

- 20 tenants performed activities involving the audited compliance areas of the program (see Appendix B).

Underground Storage Tanks (USTs)

- OIA had 71 active or inactive USTs.
- Many of the inactive tanks were believed to contain residual fuels or other liquids and did not appear to be properly abandoned.
- All active OIA tanks appeared to meet the less stringent requirements imposed by San Bernardino County.
- A total of 18 USTs at OIA have reportedly failed past pressure tests indicating the possibility for leakage. Some of these tanks were repaired or taken out of service.

- 14 USTs had been removed at OIA at the time of investigation.

Hazardous Waste

- A total of 16 tenants were identified during the audit as hazardous waste generators, 2 of which were categorized as large quantity generators (> 1000 kg/month).
- Five of the 16 tenants identified as generating hazardous waste could not produce the required permits.

Spill Control

- A total of 20 tenants at OIA had amounts of hazardous material (generally 55 gallons at any one time) which necessitated a Business Plan preparation by California Law.
- At the time of the study, four of these tenants had filed the requisite Business Plans with the local enforcement agency.
- Three tenants were identified during the audit who store petroleum products in USTs or aboveground storage tanks (AST) in quantities (>42,000 gallons in USTs, >1,320 gallons in ASTs, or >660 gallons in any one AST) necessitating Spill Prevention Control and Countermeasure (SPCC) plan preparation.
- Two of the tenants who required SPCC plans had prepared plans which were available for review during the audit.

Wastewater

- A total of 11 tenants were identified as industrial waste dischargers during the audit.
- Two of the tenants discharging industrial wastewaters to the sanitary sewer system were regulated by the local sewering agency possessing industrial discharge permits.
- Four tenants were believed to be discharging wastewaters to surface waters, although no approval for such discharge in the form of NPDES permits could be identified at the time of the audit.

In 1992, the Regional Board was provided with another comprehensive information search prepared by Meredith/Boli & Associates at the request of General Electric. Copies of summary tables found in the report are included in Appendix C. This report included copies of aerial photographs evaluated as part of the information search.

In addition to the general investigations or studies discussed above, several specific investigations were conducted at the request of the Regional Board during this same time period. Specific investigations were conducted by Aerojet General, California Air National Guard (CANG), and Lockheed Aircraft Service Corporation.

These specific investigations conducted included soil-gas and soil analyses at several agreed upon locations at OIA and groundwater sampling and analyses at selected wells immediately downgradient of OIA. For Aerojet, the Phase 1 investigation found concentrations of TCA and PCE ranging between 1.0 ppb and 9.0 ppb in 5 of the 26 Aerojet soil-gas samples. For Lockheed, TCE, PCE, DCE, and TCA were detected in low concentrations ranging between 2.0 ppb and 44.0 ppb in 14 of the 23 soil-gas samples. The CANG investigations resulted in a Decision Document to Support No Further Response Action Planned for Installation Restoration Program Sites and Areas of Suspected Contamination Ontario Air National Guard Station Ontario, California being approved in 2000. It is unclear whether there is still a

responsibility for any contaminants that may have reached the groundwater as a result of CANG historical operations.

Table 1 below summarizes the results of the review and assessment of the information on file at the Regional Water Quality Control Board – Santa Ana Region for parties that were confirmed or suspected solvent users who also had confirmed discharges, leaks, septic tanks/leach fields, and detectable analytical laboratory results for on-site soil, soil gas or sludge.

Among the information searches and investigations conducted, as many as 42 potentially responsible parties were identified by 1992.

EXTENT OF CONTAMINATION

Table D-1 in Appendix D summarizes a query Chino Basin Watermaster's relational database of groundwater quality. Data stored in this database include sampling conducted by Watermaster as part of its comprehensive groundwater quality monitoring program, as well as results from public sources (individual agencies and companies and the State of California Department of Health Services (DHS) database. The geographic area covered by the query is the entire area south of the OIA from its western most to eastern most point, to the Chino Desalter 1 well field (see Figure 1). Table D-1 summarizes the sampling results for all constituents in this data subset that exceeded federal or state maximum contaminant or action levels, not just VOCs. Table 2 summarizes Table D-1 for VOCs in the area south of the OIA. TCE is now found in approximately 23 percent of the wells sampled in this area from 2000 to the present with some samples have concentrations in excess of 200 times the MCL.

Table 1
PRPs at Ontario International Airport with Direct Evidence of Solvent Use, Discharge, and Site-Specific Investigations

PRP	Estimated First Year of Operation	Confirmed Activity/Suspected Solvent Use	Confirmed or Suspected Discharge[1]	Site-Specific Investigations/Analytical Results[2]	Source(s)[3]
Aerojet General	1958	Solvent User. TCE, PCE and chlorinated solvent wash. (M/B&A).	Discharged wastes to the Cucamonga Creek near current US Post Office location – vacated premises several years ago – Also has septic tank & leach field (CDM 1988b); Discharged wastewater to Cucamonga Creek via a drain line. Building Department listed several cesspool and septic tanks installed from 1958 to 1978. (M/B&A). A leach field was reported by CDM (1988).	Soil-Gas Analyses: TCA, PCE Range = 1.0 to 9.0 ppb Detected in 5 of 26 samples (Regional Board Status Report).	CDM 1988b; M/B&A; Regional Board Status Report
California Air National Guard, Ontario	1952	Solvent User. Paint Solvent, waste oil, solvents, MEK, naphtha, mineral spirits, "paint stripping" and PD 680 cleaning solvent (M/B &A).	Maintenance/Wash rack facilities have discharged from sand and oil interceptors to Cucamonga Creek for years (CDM 1988b). Two septic tanks were identified (installation date unknown). A Building Department permit for a sanitary sewer connection was dated 1972. A clarifier hooked up to the vehicle wash area drained to Cucamonga Creek (per a SBDEHS Inspection Report, dated 2 April 1986) (M/B&A). During a 1989 Hazardous Waster Generator inspection, solidified paint was illegally discharged to the ground. "Leaking" waste oil drums were noted at CANG (according to a 1986 Fire Department Inspection Report). Hazardous materials (including solvents) were discharged/spilled onto the ground behind the vehicle maintenance shop (M/B&A).	Decision Document	CDM 1988b; M/B&A; Decision Document
Department of Airports	1957	Solvent User. Safety-Kleen solvent, mineral spirits, paint thinner, "clean floor super power heavy duty emulsion," and x xylene/kerosene mix part cleaner (M/B&A)	A SBDEHS inspection noted discharge of effluent from wash racks and "moth oil" from the storage area, to a man-made dirt channel. Noted on an Engineering As-Built Construction drawing (June 1956), a catch basin from the "Airport Maintenance Yard" leading to a drainage ditch was depicted (M/B&A).	Sludge from the tank (UGT) was analyzed for TRPH, semi-volatile organics, and volatile organics. Results indicated DCE (0.2 mg/kg), TCA (2 mg/kg), carbon tetrachloride (1 mg/kg), TCE (2 mg/kg) and PCE (0.2 mg/kg). Soil samples were non-detect. (M/B&A)	CDM 1988b; M/B&A
Lockheed Martin Corporation	1952	Solvent User. TCE, TCA, methyl ethyl ketone (MEK), mineral spirits, paint thinner, Shell 40 Solvent, methylene chloride, toluene, 2-Propanal, Safety-Kleen, Aliphatic hydrocarbon mixture, and lacquer thinner (M/B&A).	Greatest amount of documentation – see Section 4.1, M/B & A. Documented back to 1953 DWR report, CDM 1988b & M/B&A. Also McLaren/Hart reports.	Soil-Gas Analyses TCE, PCE, DCE, TCA Range 2.0 to 44.0 ppb 14 of 23 samples (Regional Board Status Report).	DWR; CDM 1988b; Regional Board Status Report
McDonnell Douglas Corporation	1952	Suspected Solvent User	Douglas reportedly discharged industrial wastewater (from aircraft cleaning) to unlined sumps where ponding occurred. The minimum discharge per month 7,640 cubic feet, maximum 13,820 cubic feet (103,374 gallons) (M/B&A).	Phenol, chromium, fluorine > Pollution Control Board phenol limit of 5 ppm at 9.5 ppm (M/B&A).	DWR; CDM 1988b; M/B&A
Northrop Aircraft Company	1950 - 1955	Suspected Solvent User	The minimum waste discharge per month from Northrop was 9,800 cubic feet; the maximum was 22,800 cubic feet (or 169,176 gallons). Effluent samples were taken [by DWR, 1953] from a poorly defined ditch emptying into a field & from a small unlined sump (M/B&A).	Phenol, chromium, fluorine > Pollution Control Bd phenol limit of 5 ppm at 12.6 ppm (M/B&A).	DWR; CDM 1988b; M/B&A
Otto's Instrument Service	1953	Solvent User. TCE, "Stoddard TCE," lacquer thinner, kerosene, and isopropyl alcohol (IPA) (M/B&A).	Dumped waste radium from aircraft instruments onto ground for years (CDM 1988b). Information retrieved from the Building Department included a 1953 application to install a 14-foot deep cesspool and a septic tank; a 1955 application to install a "new" 25-foot deep cesspool and a line bypassing the old cesspool. In 1969, an application was made for a sewer installation.	Radium - EPA Order to excavate contaminated soil (CDM 1988b).	CDM 1988b; M/B&A

[1] Discharges are confirmed discharges to unlined channels, ditches or sumps.
[2] Soil gas analyses listed if results detected VOCs.
[3] May be reported in other sources as well.

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1,1-DICHLOROETHANE	2000-Present	UG/L				5			13	139	9	4
1,1-DICHLOROETHANE	All Time Periods	UG/L				5			13	217	9	4
1,1-DICHLOROETHYLENE	2000-Present	UG/L	3	7		6			130	139	12	9
1,1-DICHLOROETHYLENE	All Time Periods	UG/L	3	7		6			130	217	12	9
1,2,3-TRICHLOROPROPANE	2000-Present	UG/L						0.005	0.200000	118	10	10
1,2,3-TRICHLOROPROPANE	All Time Periods	UG/L						0.005	0.200000	196	10	10
1,2-DICHLOROETHANE	2000-Present	UG/L	3	5		0.5			1.600000	139	10	9
1,2-DICHLOROETHANE	All Time Periods	UG/L	3	5		0.5			1.600000	217	10	9
ALUMINUM	1980-1989	UG/L	3	50		1000	200		200	3	1	1
ALUMINUM	1990-1999	UG/L	3	50		1000	200		870	82	3	2
ALUMINUM	2000-Present	UG/L	3	50		1000	200		80	118	3	1
ALUMINUM	All Time Periods	UG/L	3	50		1000	200		870	196	4	2

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BENZENE	2000-Present	UG/L	3	5		1			1.4	139	3	1
BENZENE	All Time Periods	UG/L	3	5		1			1.4	217	3	1
CHLORIDE	1990-1999	MG/L	3		250		250		390	100	100	5
CHLORIDE	2000-Present	MG/L	3		250		250		300	168	168	3
CHLORIDE	All Time Periods	MG/L	3		250		250		390	285	285	6
CHROMIUM (TOTAL)	2000-Present	UG/L	3	100		50			70	118	113	2
CHROMIUM (TOTAL)	All Time Periods	UG/L	3	100		50			70	196	187	2
CIS-1,2-DICHLOROETHYLENE	2000-Present	UG/L	3	70		6			390	139	16	6
CIS-1,2-DICHLOROETHYLENE	All Time Periods	UG/L	3	70		6			390	217	17	6
COLOR	1990-1999	UNITS			15				20	82	20	1
COLOR	2000-Present	UNITS			15				20	168	89	1
COLOR	All Time Periods	UNITS			15				20	196	99	2

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FLUORIDE (TEMPERATURE DEPENDENT)	Before 1970	MG/L	1	2					9	79	79	1
FLUORIDE (TEMPERATURE DEPENDENT)	1990-1999	MG/L	1	2					9	100	99	1
FLUORIDE (TEMPERATURE DEPENDENT)	All Time Periods	MG/L	1	2					9	281	281	2
FLUORIDE (TEMPERATURE DEPENDENT)	Before 1970	MG/L	3	4		1.4			9	79	79	1
FLUORIDE (TEMPERATURE DEPENDENT)	1990-1999	MG/L	3	4		1.4			9	100	99	1
FLUORIDE (TEMPERATURE DEPENDENT)	All Time Periods	MG/L	3	4		1.4			9	281	281	2
GROSS ALPHA	1990-1999	PC/L	3	15		15			44.3	82	82	33
GROSS ALPHA	2000-Present	PC/L	3	15		15			38.20000	118	112	25
GROSS ALPHA	All Time Periods	PC/L	3	15		15			44.3	196	191	58
IRON, TOTAL, ICAP	1990-1999	MG/L	3		0.3		0.3		1.1	82	8	1
IRON, TOTAL, ICAP	2000-Present	MG/L	3		0.3		0.3		2.400000	118	12	6
IRON, TOTAL, ICAP	All Time Periods	MG/L	3		0.3		0.3		2.400000	197	20	7
MANGANESE, TOTAL, ICAP	1990-1999	MG/L	3		0.05		0.05		0.24	82	7	2
MANGANESE, TOTAL, ICAP	All Time Periods	MG/L	3		0.05		0.05		0.24	196	12	2

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NITRATE NITROGEN (NO3-N)	Before 1970	MG/L	3	10		10			46.9526	82	82	36
NITRATE NITROGEN (NO3-N)	1970-1979	MG/L	3	10		10			31.60271	32	32	18
NITRATE NITROGEN (NO3-N)	1980-1989	MG/L	3	10		10			11.73815	6	6	1
NITRATE NITROGEN (NO3-N)	1990-1999	MG/L	3	10		10			150	102	102	77
NITRATE NITROGEN (NO3-N)	2000-Present	MG/L	3	10		10			140	170	170	140
NITRATE NITROGEN (NO3-N)	All Time Periods	MG/L	3	10		10			150	287	287	209
ODOR THRESHOLD @ 60 C	2000-Present	TON			3				17	168	165	3
ODOR THRESHOLD @ 60 C	All Time Periods	TON			3				17	196	192	3
PERCHLORATE	1990-1999	UG/L						4	4.1	78	1	1
PERCHLORATE	2000-Present	UG/L						4	11	120	9	9
PERCHLORATE	All Time Periods	UG/L						4	11	197	10	10

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PH (LABORATORY)	Before 1970				<6.5 OR >8.5				8.9	164	164	6
PH (LABORATORY)	1970-1979				<6.5 OR >8.5				8.4	64	64	2
PH (LABORATORY)	1980-1989				<6.5 OR >8.5				8.25	12	12	1
PH (LABORATORY)	2000-Present				<6.5 OR >8.5				8.25	346	346	1
PH (LABORATORY)	All Time Periods				<6.5 OR >8.5				8.9	578	578	9
TETRACHLOROETHYLENE	2000-Present	UG/L	3	5					29	139	20	7
TETRACHLOROETHYLENE	All Time Periods	UG/L	3	5					29	217	20	7
TOTAL DISSOLVED SOLIDS	Before 1970	MG/L			500				1252	59	59	31
TOTAL DISSOLVED SOLIDS	1970-1979	MG/L			500				1231	32	32	14
TOTAL DISSOLVED SOLIDS	1990-1999	MG/L			500				4634	102	102	81
TOTAL DISSOLVED SOLIDS	2000-Present	MG/L			500				1980	170	170	124
TOTAL DISSOLVED SOLIDS	All Time Periods	MG/L			500				4634	267	267	188
TOTAL RADON 222	2000-Present	PC/L	1	300					430	30	30	8
TOTAL RADON 222	All Time Periods	PC/L	1	300					430	40	40	8

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TRICHLOROETHYLENE	2000-Present	UG/L	3	5					1100	138	77	32
TRICHLOROETHYLENE	All Time Periods	UG/L	3	5					1100	216	107	32

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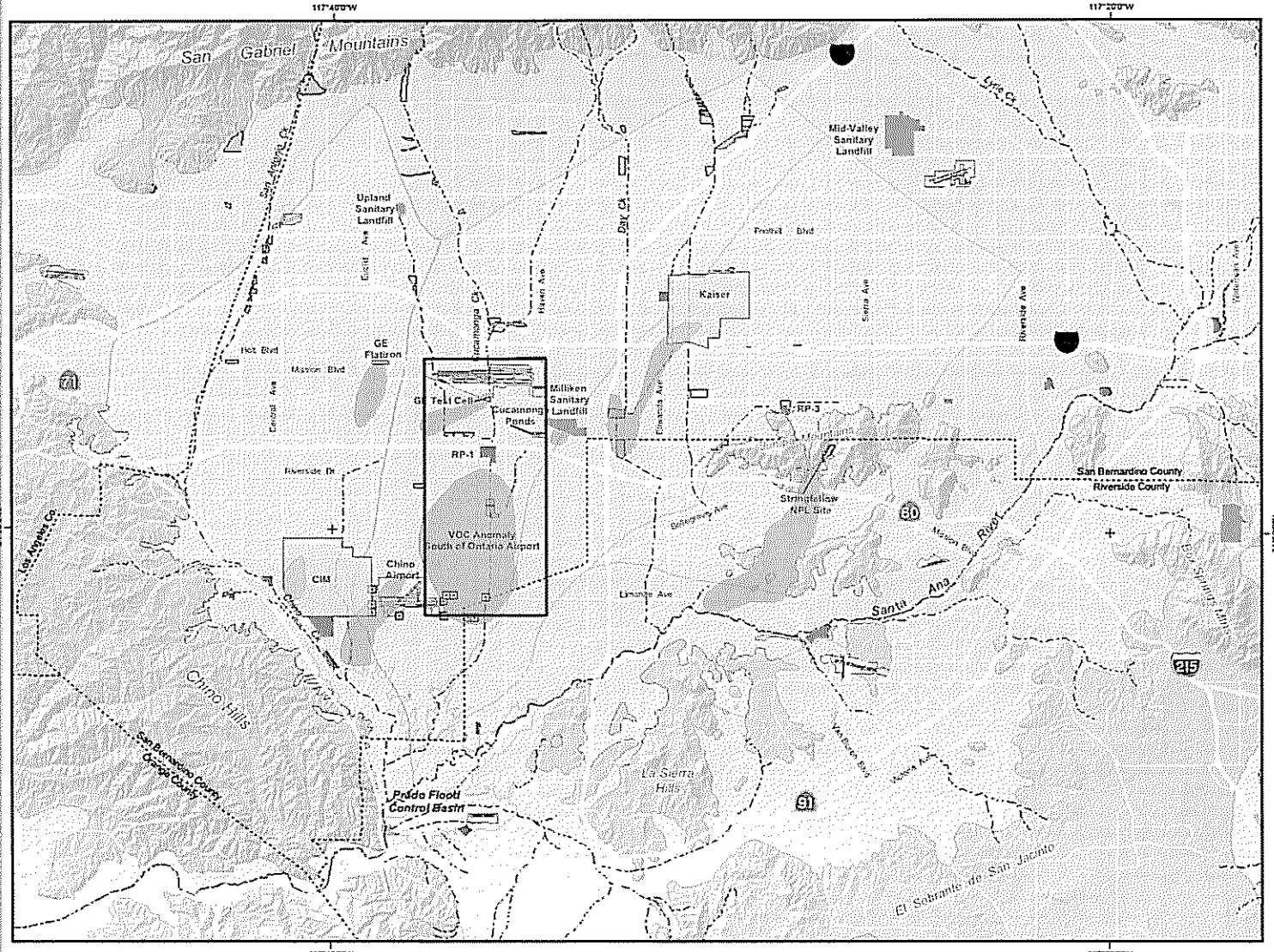
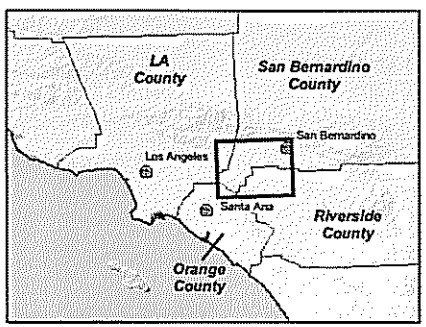
Table 2
Summary of VOCs in Groundwater Downgradient of the Ontario International Airport

Constituent	Number of Wells		MCL (µg/L)	Maximum (µg/L)
	Sampled*	Exceeding MCL		
1,1-DCA (1,1-dichloroethane)	139/217	4	5	13
1,1-DCE (1,1-dichloroethene)	118/196	9	6	130
1,2,3-TCP (1,2,3-trichloropropane)	139/217	10	0.005	1.20
1,2-DCA (1,2-dichloroethane)	139/217	9	0.5	1.6
cis-1,2-DCE (cis-1,2-dichloroethylene)	139/217	6	6	390
PCE (tetrachloroethene)	139/217	7	5	29
TCE (trichloroethene)	138/216	32	5	1100

* # sampled from 2000-present/All time periods



- Point Source Plumes of Concern
- Desalter Wells
- Location of Known Contamination Sources
- Municipal Wastewater Treatment Plants
- Landfills
- Flood Control and Conservation Basins
- Chino Basin
- Unconsolidated Sediments
- Consolidated Bedrock
- South of OIA Area



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File: h2o_quality_anomalies.mxd

0 1 2 3 4 Miles

0 2 4 6 KM

Location of Known Contamination Sources and Related Water Quality Anomalies

Figure 1

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CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

IV. REPORTS/UPDATES

C. Inland Empire Utilities Agency

1) MWD IRP/Long Range Finance Plan Update (oral)
2) Draft Annual Conservation Report
3) Public Relations (oral)
4) MWD Pilot New Model Home Project
5) Water Resources Report
6) Recycled Water Program
7) Chino Basin Facilities Improvement Project
8) State/Federal Legislation

Inland Empire
UTILITIES AGENCY

Draft

A Status Report on the Water Conservation Program for Fiscal Year 2002-03

December 2003

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Table of Contents

1. Introduction

Smart water planning for the Chino Basin starts with water efficiency. Every gallon of water saved within the Inland Empire Utilities Agency (IEUA) service area for the local retail water agencies translates into reduced demand for expensive imported water supplies.

By being more efficient, the 700,000 residents who live within Chino Basin and who receive their water from the cities of Chino, Chino Hills, Ontario, and Upland and the Cucamonga County Water District, Monte Vista Water District, Fontana Water Company and the San Antonio Water Company will have more reliable and less costly water supplies. Every $1.00 invested in conservation saves $2.00 in expensive imported water.

IEUA's goal is to help the Chino Basin save 25,000 acre-feet of water over the next twenty years through conservation. This is about 7 percent of the current water use within the Chino Basin.

To accomplish this goal, IEUA, in partnership with local retail water agencies, the Metropolitan Water District of Southern California and the State of California, are offering conservation programs and rebates that reward residential, commercial and industrial customers for using water more efficiently. In FY 2002-03, these programs expanded dramatically as IEUA and the local retail water agencies increased their investment in conservation through the approval of an additional $1 per acre-foot surcharge on the imported water supplies used in the Chino Basin and initiated a new array including a rebate for the installation of water saving x-ray film processor recirculation devices at area hospitals and clinics, pool cover for residential swimming pools, and a new native landscape initiative that builds upon the "California Heritage" program developed by the Metropolitan Water District of Southern California to promote outdoor water savings. The following report will describe these programs in greater detail.

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

IEUA is building a regional recycled water system that will provide up to 20 percent of the Chino Basin's future water supply needs. IEUA is also helping to build facilities like the Chino Desalter that will, in the next few years, provide 6 percent of the region's future water needs. Finally, IEUA is working with Chino Basin Watermaster to implement a comprehensive groundwater enhancement program that will provide over 500,000 acre-feet of new groundwater storage within the Chino Basin and yield critical dry-year water supplies.

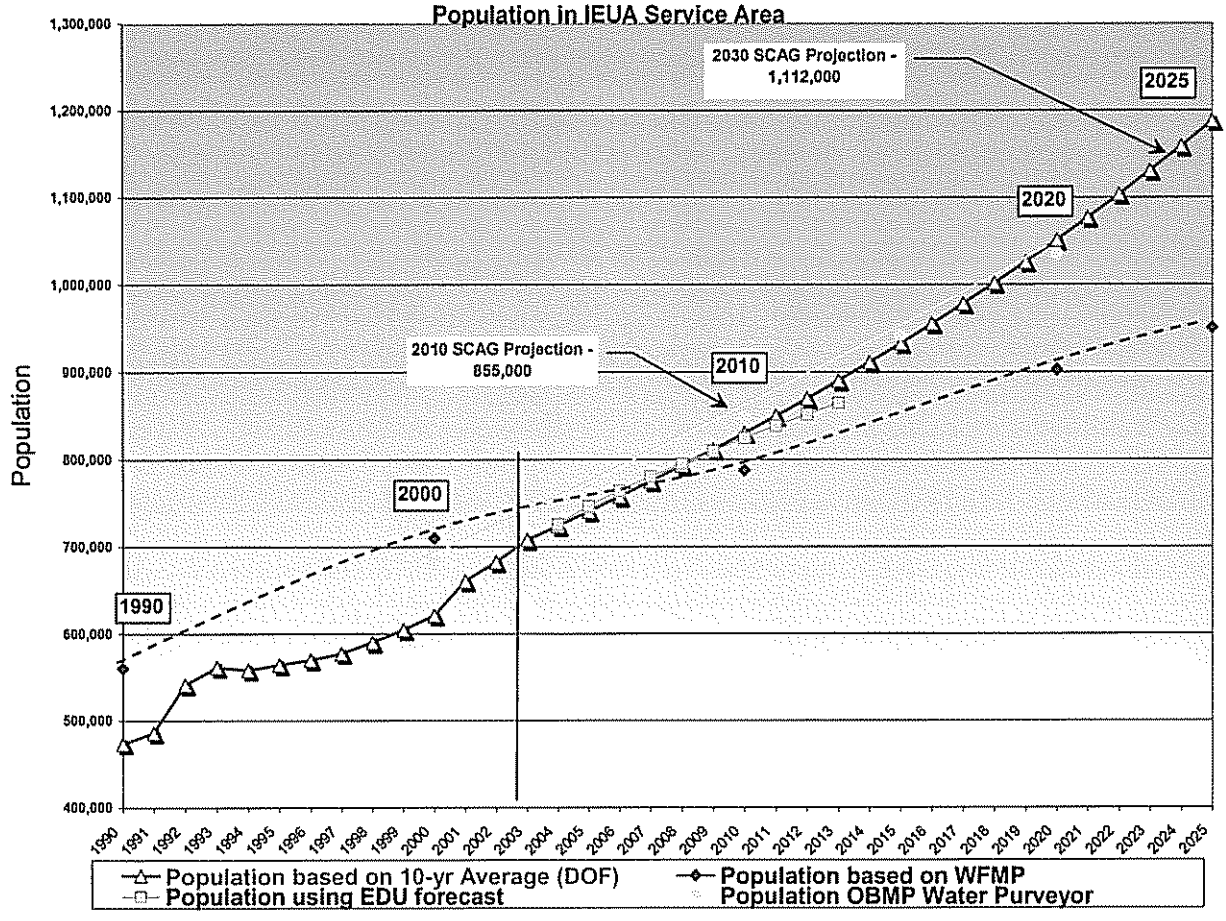
2. Water Supply Projection

Population Growth

The IEUA service area lies within one of the fastest growing regions in California. In 2002-03, housing development outpaced local growth projections and led to a re-evaluation of how quickly water supply and wastewater treatment facilities need to be developed in order to keep up with annual growth.

As described in Figure 2-1, the population growth pattern between 1990 and 2003 in the IEUA service area has been significant. Even though population increases are difficult to predict, we expect this upward trend to continue for many years.

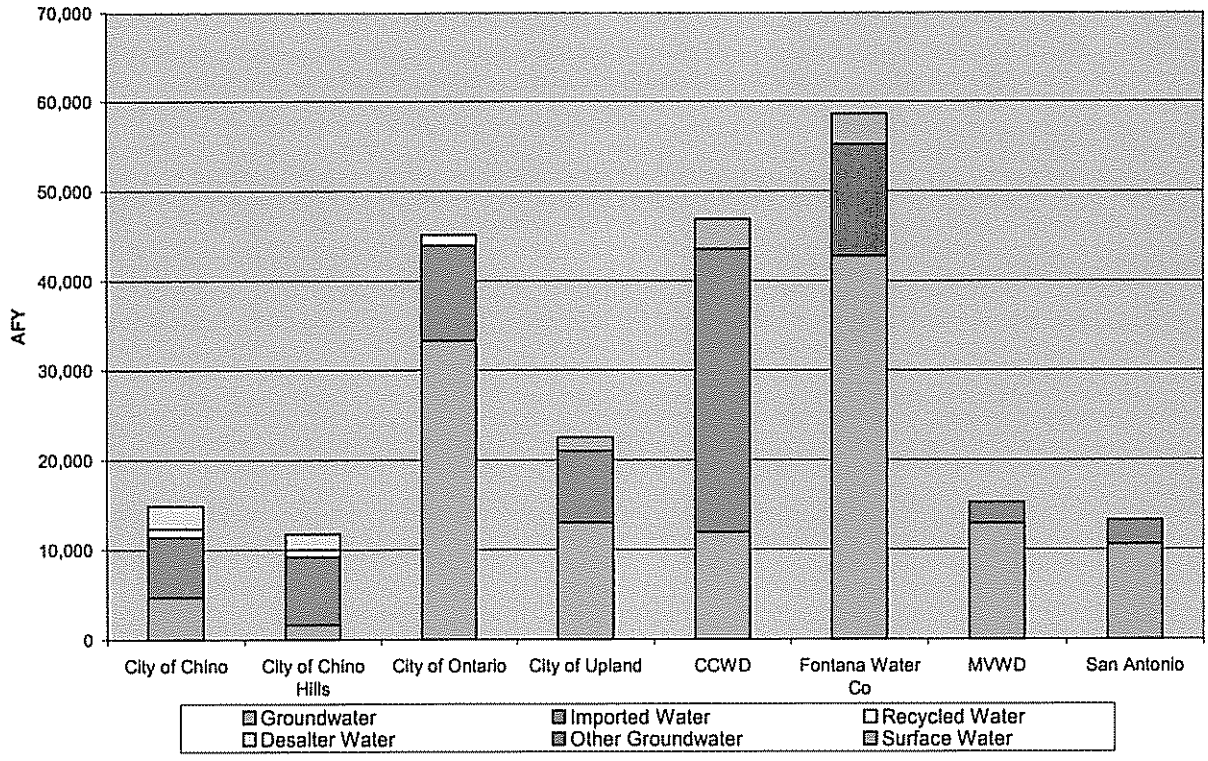
Figure 2-1
Population in IEUA Service Area



Water Needs

In FY 2002-03, total water production within the IEUA service area was about 230,000 acre-feet as described in Figure 2-2. The water supply needed to fulfill this demand comes from a combination of imported and local supplies as well as conservation. The eight retail water agencies that serve the IEUA service area – the Cities of Chino, Chino Hills, Ontario, and Upland and the Cucamonga County Water District, Monte Vista Water District, Fontana Water Company and the San Antonio Water Company – each rely on a blend water supplies from groundwater, imported water, recycled water, and surface sources.

Figure 2-2
Water Production for FY 2002-03

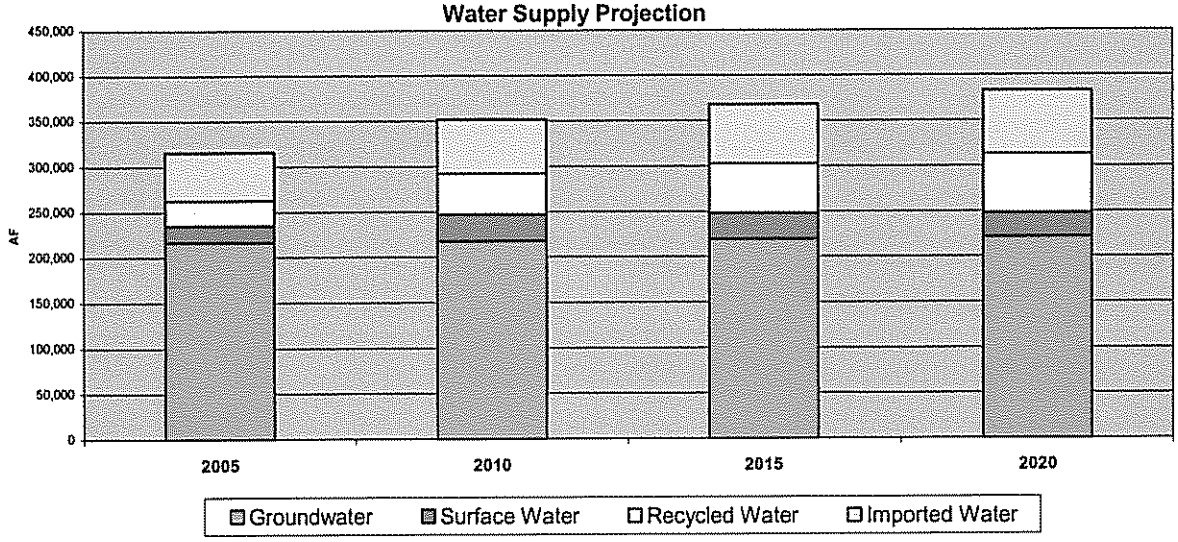


(Production Data for FY 2002-03 not yet finalized)

Water Supply Projection

Over the next twenty years, water supply needs within the IEUA service area are expected to grow from about 230,000 acre-feet per year (including groundwater recharge) in 2002-03 to over 350,000 acre-feet. To meet these demands while minimizing the need for costly imported water supplies, IEUA and the retail water agencies are implementing an integrated water management strategy that will increase the amount of high quality groundwater, recycled water and other local water supplies.

Figure 2-3
Water Supply Projection



Water projection in the IEUA service area for 2005 and beyond in Figure 2-3 provides for increased groundwater pumping over 2000 projections. This is due mainly to the construction of new facilities associated with the Chino Basin Dry Year Yield Program which allows for up 33,000 AFY of groundwater pumping during a dry year scenario. This will allow IEUA to roll-off a significant amount of direct imported water deliveries. Similarly, recycled water usage will increase as the various phases are constructed and recycled water is used for irrigation of large turf areas. Surface water production will increase slightly.

3. Water Conservation

Fiscal Year 2002-03 Water Conservation Results

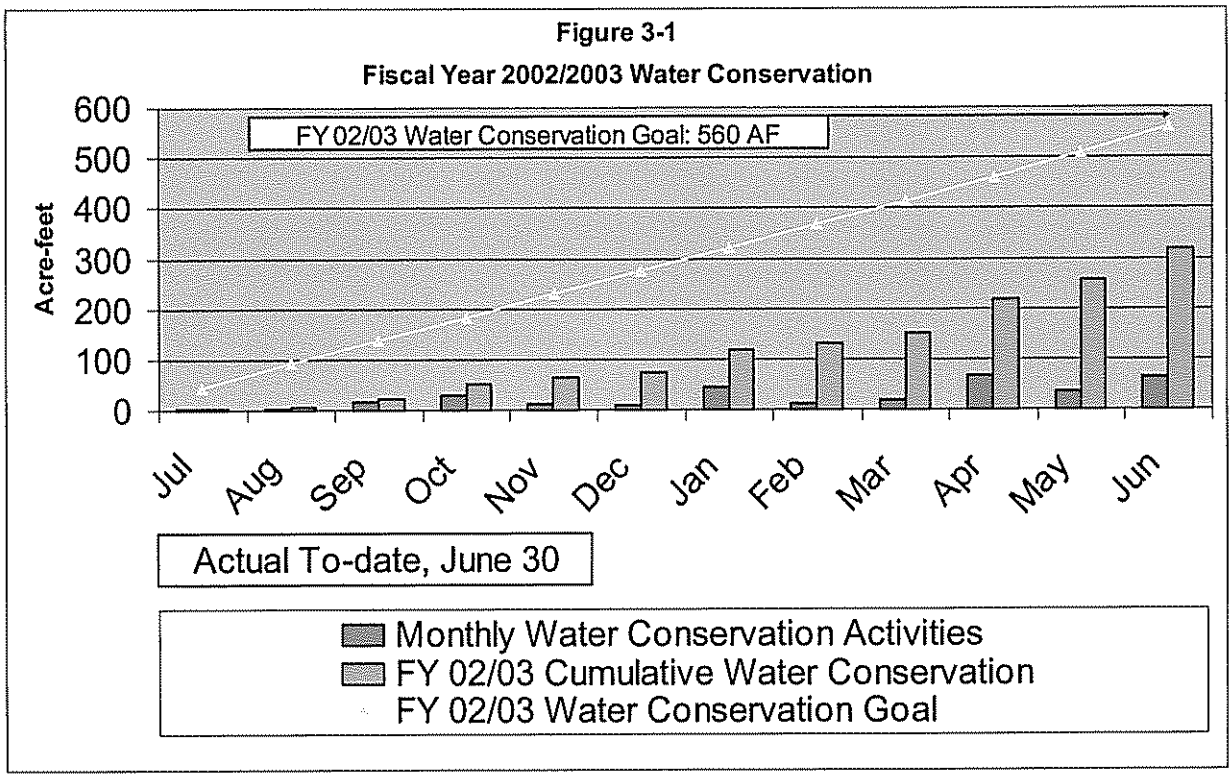
The overall goal of the IEUA integrated water management plan is to attain 5,000 AF of cumulative water conservation savings over the five-year period of the 2000 Urban Water Management Plan. This goal will be attained by "ramping up" the water savings over the next three years.

During FY 2002-03, IEUA and the retail water agencies directed multiple water conservation programs aimed at a specific goal – attaining 560 AFY in water conservation savings as detailed in the 2000 Urban Water Management Plan (UWMP).

To accomplish this goal, IEUA aggressively marketed the ULF toilet exchange programs, for single-family homes and for multi-family properties. New programs that could produce significant water savings were introduced as well to help reach the goal:

- **Ultra-Low Flush (ULF) Toilet Rebate Program** – This residential incentive program provides a $50 rebate to residents of the IEUA service area, maximum two rebates per household. **Status**: Ongoing.
- **High Efficiency Clothes Washer Rebate Program** – This residential incentive program offers a $100 rebate for the purchase of a qualifying high-efficiency clothes washer (HECW). **Status**: Ongoing though 2004.
- **Swimming Pool Cover Rebate Program** – The residential incentive program offers a $50 rebate after the purchase of a qualifying swimming pool cover. **Status**: The program is currently on hiatus during an evaluation period. Program may return in 2004.
- **X-Ray Film Processor Installation Program** - This program, funded by the Department of Water Resources, MWD and IEUA, offers free X-Ray Film Processor recirculation devices to any medical facility in the IEUA service area through June 2004. **Status:** After June 2004, any medical facility will be eligible for a $2,000 rebate for each device purchased and installed as part of the MWD Commercial Industrial Institutional (CII) Rebate program.

Figure 3-1 shows the progression of water savings over each month of the fiscal year. The water savings goal fell short due to the lack of Ultra-Low Flush (ULF) toilets installed as part of the multi-family toilet exchange program and a delay in the installation of X-Ray Film Processor recirculation devices. Approximately 70 X-Ray film processor devices should be installed in FY 2003-04. Upon completion, this will result in over 200 AF of savings annually.

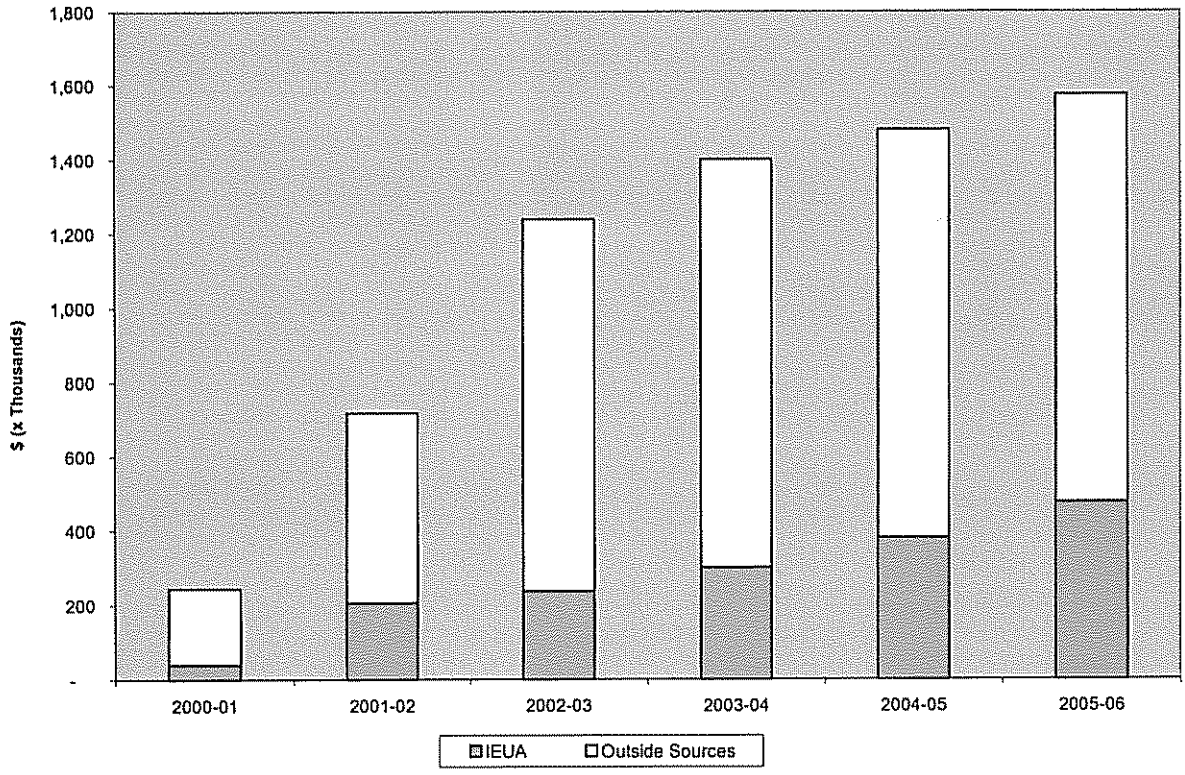


Conservation Program Funding Sources

Funding for water conservation programs comes from a combination of local and matching funds. In 2001-2002, retail agencies agreed to be surcharged $1 per acre-foot (AF) of imported water purchased to establish a significant water conservation budget for the IEUA service area. The surcharge will increase by $1 per AF each year up to a maximum of $5 per AF.

As shown in Figure 3-2, in 2002-03 IEUA and the retail agencies contributed almost $237,000 for conservation programs that was matched by over $1,000,000 from the Metropolitan Water District of Southern California and other outside funding sources. As imported water purchases continue at about 75,000 AF per year (AFY) and replenishment activities continue at about 20,000 AFY, the water conservation fund which benefits the entire region will be appropriately funded through FY 2005-06.

Figure 3-2
Funding Sources By FY For Regional Water Conservation Program



Budget

The Regional Conservation Program receives funding from three distinct sources. The first source is a water surcharge. In 2001, the local retail water agencies imposed a $1 surcharge on each acre-foot of imported water they purchased (increasing by $1 each year to a maximum of $5 per acre-foot). This was part of the 2000 Regional Urban Water Management Plan adopted by most agencies.

The surcharge for FY 2002-03 was $2 per acre-foot for all classes of imported water purchases. This surcharge is collected and maintained by IEUA in addition to a property tax assessment and a meter charge that are both collected into the same water conservation account. The property tax and meter charge is meant to create a more equitable revenue stream from each of the retail water agencies service areas than by simply using a water surcharge, because not all agencies purchase the same amount of imported water.

The regional program conservation budget for FY 2002-03 was set at $1.1 million with the assumption that all grant funding and MWD Conservation Credits would be utilized during the year. Contract delays with the California Department of Water Resources for the X-Ray processors pushed implementation date back approximately six months and the multi-family ULF toilet program did not install as many toilets as anticipated. Most of the other programs were on target as shown below.

Revenues	Budget	Actual
Imported $2/AF Surcharge	$140,000	$142,000
Retail Meter Revenue	$ 53,820	$ 53,900
Property Tax	$ 69,700	$ 75,000
Carryover From FY 01/02	$ 0	$ 43,500
Total	**$263,520**	**$307,020**
Additional Funding		
MWD	$871,000	$364,000
Total Budget	**$1,134,520**	**$671,020**

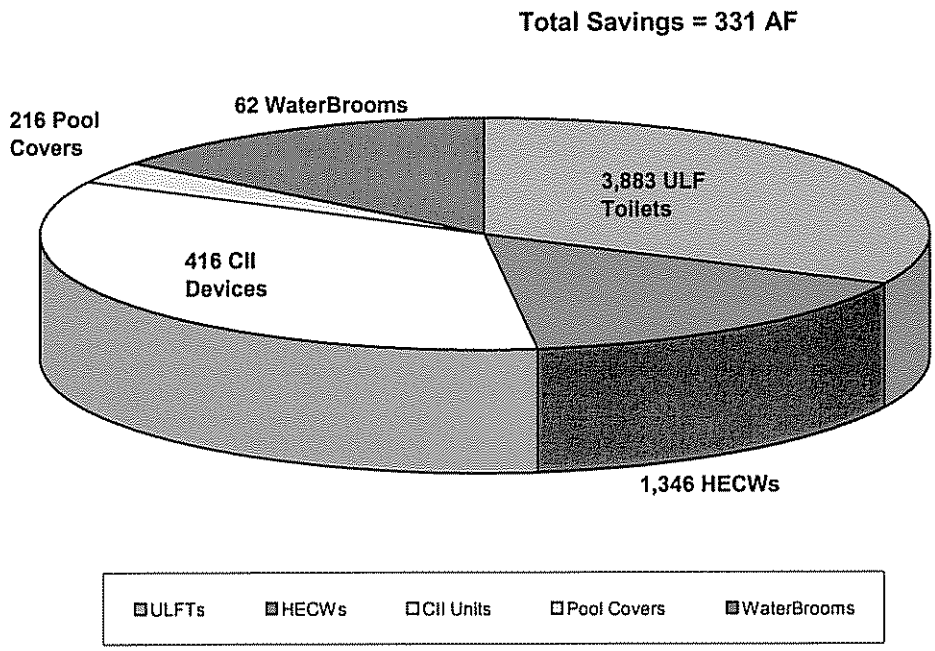
Expenditures

Individual Projects/Programs	Budget	Actual	Source of Funding
HECWs	$125,000	$137,364	MWD, IEUA
ULFTs	$669,250	$295,394	MWD, IEUA
Pool Cover Rebates	$16,000	$ 14,011	IEUA
X-Ray Film Processor	$245,750	$ 0	DWR, IEUA
Landscape Programs	$11,000	$ 32,480	IEUA
CUWCC Dues	$12,000	$ 9,244	IEUA
Educational Programs	$35,000	$ 33,802	IEUA
Public Information	$10,000	$ 5,769	IEUA, MWD
Inter-Agency Grants	$25,000	$ 2,000	IEUA
CII Programs (Waterbrooms)	$6,500	$ 6,500	IEUA, MWD
Totals	**$1,155,500**	**$563,564**	

Conservation Savings for FY 2002-03

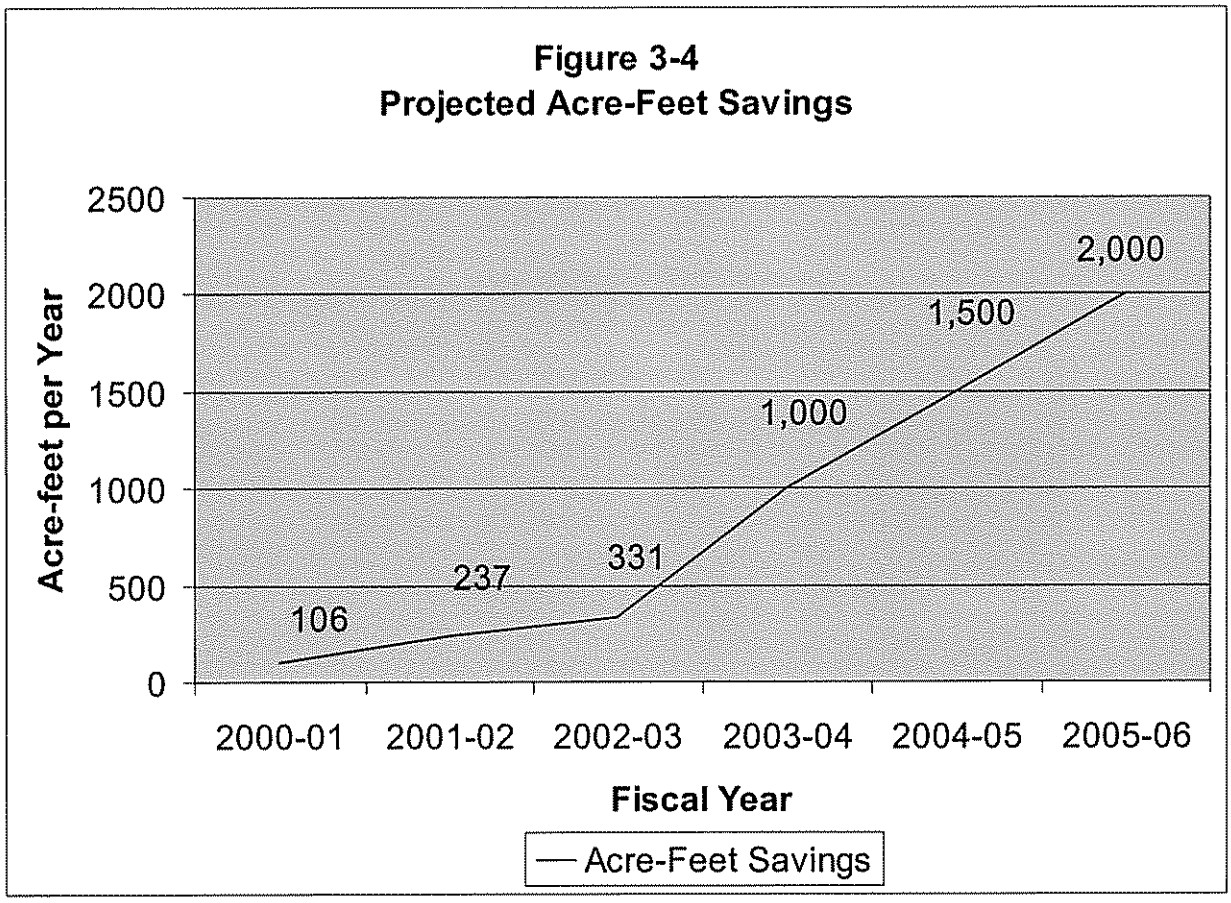
In FY 2002-03 IEUA and the retail water agencies began a number conservation programs. Figure 3-3 shows the total number of conservation devices that were installed in the IEUA service area during FY 2002-03 as well as the associated AFY of water saved.

Figure 3-3
FY 02-03 Conservation Devices Installed



Estimated Future Conservation Savings

The 2000 Urban Water Management Plan set a goal to achieve 5,000 acre-feet of savings by 2005. This equates to a conservation savings rate of 1,000 acre-feet per year. Since it takes time to establish these programs to reach the goal, retail agencies and IEUA are "ramping up" conservation programs over the five year period, bring on new program each year. Under this scenario, as illustrated in Figure 3-4, the total conservation savings by FY 2005-06 are expected to exceed 5,000 acre-feet annually. IEUA expects to meet the 5,000 acre-foot goal by initiating outdoor conservation programs through 2005, consistent with the native landscape policy recently adopted by the IEUA Board.

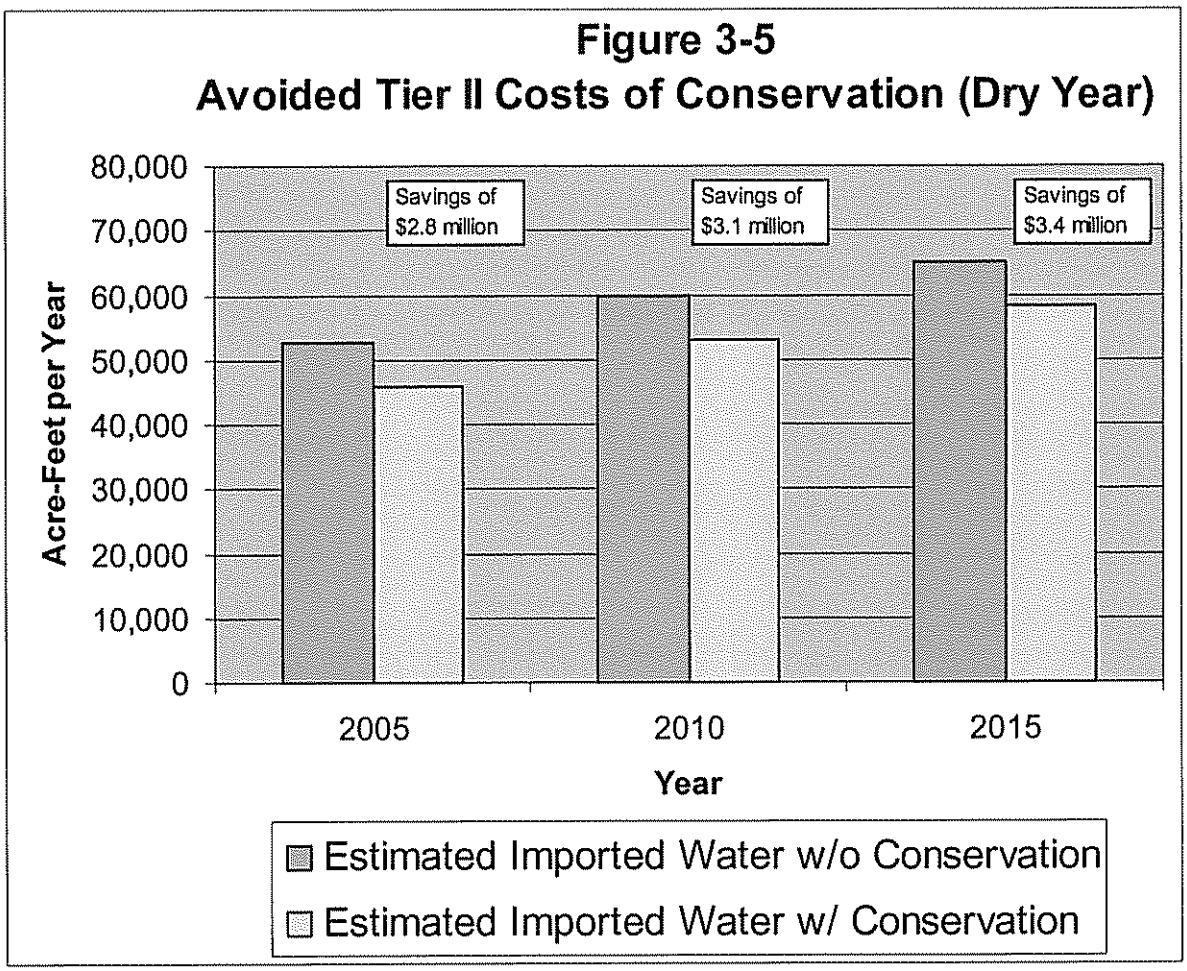


Regional Cost Savings of Conservation

The regional investment in Chino Basin conservation programs saves both water and money. Under the new rate structure program implemented by the Metropolitan Water District (MWD) in January 2003, every dollar invested in conservation saves $2.00 to $2.75 in Tier II imported water purchases. MWD provides a two-tier, increasing block rate for imported water purchases. The first, less expensive Tier, is based on a 10-year average of past imported water purchases. If the member agency exceeds that 10-year average, the cost of imported water jumps significantly into Tier II pricing.

As shown in Figure 3-5, between 2005 and 2015, this savings is estimated to grow from $2.8 million per year to over $3.4 million per year.

Figure 3-5
Avoided Tier II Costs of Conservation (Dry Year)



Data From 2000 UWMP. Savings assume a 10% increase in Tier II water costs over each five-year period.

Newly Introduced Conservation Programs

For the next three years, IEUA will focus on the creation and implementation of landscape management programs that concentrate on the use of native and "California Friendly" plants and on improving irrigation efficiencies. This is consistent with the native landscape policy adopted by the IEUA Board of Directors in June 2003. It is expected that significant water conservation savings can be achieved through the implementation of better landscape management principles

- **Native Landscape Policy** – In June 2003, the IEUA Board of Directors adopted a native landscape policy that makes a commitment by the agency to using native and drought tolerant plants at all IEUA facilities and promotes the use of these plants throughout the region.

- **City Makeover** – IEUA joins with our retail water agencies and the Metropolitan Water District in recognizing the Maloof Foundation in the City of Rancho Cucamonga and the Chino Basin Water Conservation District in the City of Montclair on their winning proposals to promote native and drought tolerant plants and to install demonstration gardens.

- **"Chino Basin Green"** – IEUA, working with the Inland Empire West Resource Conservation District and our retail agencies, has established a native plant nursery and is making over 2,000 native trees and shrubs available for planting for free to cities, school districts, and service organizations throughout the IEUA service area.

- **Landscape Design Guidelines for Chino Basin** – With a grant from the US Bureau of Reclamation, the Inland Empire West Resource Conservation District, IEUA, the Water Resources Institute, and Cal Poly Pomona will update and reprint landscape design guidelines for the Chino Basin that will promote native landscaping, stormwater management and irrigation efficiency.

- **School Landscaping Grant Program** – IEUA and our retail water agencies are providing $25,000 in grant funds to schools to develop model drought tolerant landscape that showcases landscape irrigation efficiency and the use of native plants.

- **Schools and Parks Irrigation Program** – In the coming months, IEUA and our retail water agencies will offer a program for schools and parks that will evaluate opportunities for increasing irrigation efficiency and saving water through the use of "smart (weather sensitive) irrigation controller." and other landscape management improvements.

- **Protector del Agua (PDA) Landscape Classes** – IEUA is joining with our retail water agencies in offering the well-known Metropolitan Water District PDA classes for landscape contractors and for residents.

- **"Healthy Soils"** – IEUA is promoting the use of locally produced compost to improve the condition of the soil and to enhance its ability to retain water.

- **Water Brooms** – IEUA and our retail water agencies distributed over 240 water brooms to our local fire stations, police stations, public works facilities, and to each school in the IEUA service area to save water and reduce "nuisance" runoff.

- **Be Water Wise.com** – IEUA joins with our partner, Metropolitan Water District, in promoting irrigation efficiency by asking residents to adjust their irrigation sprinklers to prevent over watering.

- **Water Awareness at the LA County Fair** – The Water Education and Water Awareness Committee (WEWAC), includes IEUA, the Cities of Chino, Chino Hills, La Verne, Ontario, Pomona, Upland, Chino Basin Water Conservation District, Cucamonga Valley Water District, Monte Vista Water District, Rowland Water District, Southern California Water Company, and Three Valleys Municipal Water District. The member agencies have constructed a model native landscape at the Los Angeles County Fairgrounds to promote a "waterwise" approach to gardening.

Landscape Programs

Landscape programs represent one of the most significant areas of water conservation opportunities in all of Southern California. Metropolitan Water District estimates that most Southern Californians use more than 50 percent of their total water use for landscape irrigation. Given that the Inland Empire region is naturally warmer than the coastal plain means that a greater degree of customer water use, about 60 percent, goes toward landscape irrigation.

Native Landscape Policy
In June 2003, the IEUA Board of Directors adopted a native landscape policy that makes a commitment by the agency to using native and drought tolerant plants at all IEUA facilities and promotes the use of these plants throughout the region. The use native plants and other drought tolerant species are naturally suited to California dryer climate and thus do not need excessive watering.

The native landscape policy is also consistent with MWD's "Native Heritage Program" which promotes the widespread use of native plants through a campaign called "Be Water Wise.Com" The website address, set up by MWD, offers information on native plants, planting schedules, a watering calculator that can provide proper irrigation information to residents, etc.

IEUA Headquarters
In June 2003, IEUA moved into its new headquarters facility in the City of Chino. The two buildings comprise over 8,000 native and drought tolerant species. Mulch made of rubber is used throughout the landscaped area. It is made from 100% recycled tires - all from California. All the plants and trees are on a drip irrigation system to make water use as efficient as possible. All irrigation water is recycled water. The landscaped area around the two buildings represents one of the largest native plant landscapes in the state. This landscaping approach is consistent with the MWD's "Native Heritage" landscape philosophy.

City Makeover
The MWD recently introduced a new grant program to promote native and drought-tolerant species by offering cities throughout Southern California to participate in a competitive grant program to remake an existing, highly visible landscape into a water efficient native plant landscape. IEUA joins with the local retail water agencies and MWD in recognizing the Maloof Foundation in the City of Rancho Cucamonga and the Chino Basin Water Conservation District in the City of Montclair on their winning proposals to promote native and drought tolerant plants and to install demonstration gardens. IEUA and the local retail water agencies provided $20,000 in matching funding to the Chino Basin Water Conservation District for their "Native Oak Grove Project" at Wilderness Park in Montclair.

Chino Basin Green
IEUA, working with the Inland Empire West Resource Conservation District and our retail agencies, has established a native plant nursery and is making over 2,000 native trees and shrubs available for planting for free to cities, school districts, and service organizations throughout the IEUA service area. In FY 2002-03, IEUA provided xx trees to public agencies.

Landscape Design Guidelines for Chino Basin
In 1985, two Cal Poly Pomona Master Degree students put together a book about landscape design within the Chino Basin. The book takes into account the uniqueness of the Chino Basin region and presents landscape design criteria for consideration for

city planners and landscape professionals throughout the region. With a grant from the US Bureau of Reclamation, the Inland Empire West Resource Conservation District, IEUA, the Water Resources Institute and Cal Poly Pomona will update and reprint landscape design guidelines for the Chino Basin that will promote native landscaping, stormwater management and irrigation efficiency.

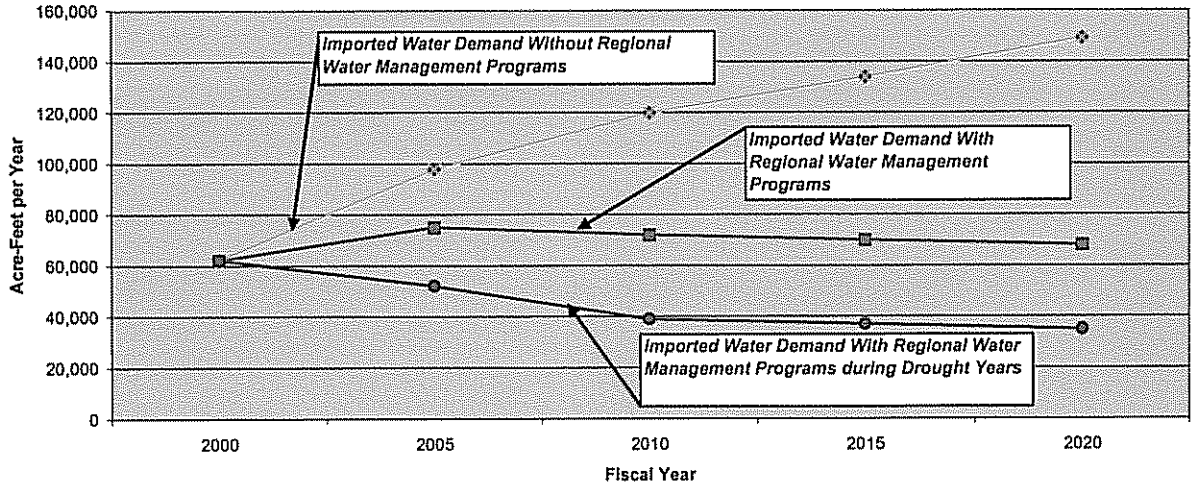
4. Conclusions

Projected Imported Water Demands

Imported water supplies are becoming the region's most unreliable supply of water. This situation has caused agencies to look more closely at developing their own local supplies through local projects such as conjunctive use, water recycling, and conservation. Once developed, these new local supply projects are consistent and much more reliable than imported supplies, and in many cases less expensive.

Through the implementation of the Urban Water Management Plan – conservation, water recycling and groundwater conjunctive management projects – the region will be able to meet future water demand and reduce its dependence on imported water supplies. This is particularly important during drought years when imported water supplies are limited. For up to three years of drought conditions, the region will be able to increase groundwater pumping and dramatically reduce imported water purchases.

Figure 4-1
Projected Imported Water Demands for the IEUA Service Area



IEUA

Inland Empire Utilities Agency

JANUARY 2004 WATER RESOURCES UPDATE

Water Resources Planning Activity

Highlights

- Santa Ana Watershed Project Authority (SAWPA)
  SAWPA is relocating the SARI Pipeline at Prado Dam as a part of the Army Corps of Engineers' Prado Dam enlargement project. SAWPA has prepared a legislative proposal to seek $65 million from state and federal funding to address the impact of the fires on the watershed.

- Metropolitan Water District of Southern California (MWD)

  During December 2003, the IEUA service area imported 2,390 acre-feet of water. (see page 4 for a summary of IEUA service area total water demand and page 5 for the calendar y-t-d Tier I imported water purchases). Imported water purchases for the IEUA service area exceed the Tier I allocation. On Nov 18, the MWD Board of Directors approved the return of surplus funds (approximately $36 million) to each of the member agencies. IEUA is expected to receive about $1.2 million as credits in February 2004. The funding will be given to the retail agencies to financially support new local supply projects. The IRP update and the Long Range Financial Plan will be discussed with the public in February and March 2004 at local public workshops. IEUA is coordinating with MWD and CBWM to host a public workshop in the Chino Basin. State Water Project supplies received a boost from December storms to 50 percent. MWD Public Hearing on rate increases for 2005 will be held on February 9, 2004 at 10 am.

- CALFED: Updates

  The CALFED Program within the Resources Agency is one of the areas that was hit hard by the proposed state budget reductions. Many of the State's programs depend upon Propositions 13 , 40, and 50 funding but approval for the use of these funds has been suspended pending the outcome of the March vote on the proposed deficit reduction bond measure and the issuance of the May revised budget. The proposed Delta operating plan (called the "NAPA" Agreement) will be a major topic of discussion at the February CALFED Bay Delta Authority Meeting .

- Colorado River: Updates and Issues

  For 2003, California used 4.4 million acre-feet from the Colorado River consistent with the maximum permitted by the Bureau of Reclamation (except when surplus conditions are declared). Water supply conditions within the lower Colorado system continue to worsen with the drought conditions in the Colorado River basin. Current storage within the system is at 32.1 million acre-feet or about 40 percent of capacity. At the same time last year, storage within the Colorado system was at 36 million acre-feet or about 60 percent capacity. Recent congressional hearings on the Salton Sea have focused on air quality and other environmental problems.

- Water Conservation Activity Summary

  The Department of Water Resources conducted a workshop on January 13 in San Diego (IEUA staff attended) to request public comment on the 2004 Water Use Efficiency (WUE) Draft Proposal Solicitation Package (PSP). The purpose of the workshops is to further develop the package that will request conservation program proposals associated with Proposition 50. Written comments are due to DWR staff by January 23. The Draft PSP can be viewed at www.owue.water.ca.gov/finance/index/cfm. MWD is proposing a new Model Home pilot program promoting water and efficiency.

- State Water Plan (Bulletin 160-03)

  The Department of Water Resource has released a draft of the "California Water Plan Update 2003, an Investment Guide for California's Water Future." Due to the number of comments received to date from stakeholders, DWR has delayed the release of the public review draft from January until March 2004. The Volume I document can be viewed at www.waterplan.water.ca.gov.

- Water Resources Coordination Calendar

  A comprehensive Agency-wide water resources calendar is being maintained on page 6 of this report.

Water Conservation Budget/Actual (FY 2003-04)

Revenues (est)	Annual Budget	Est. Actual to date (July-Dec)
Imported $3/AF Surcharge	$195,000	$138,645
Retail Meter Revenue	$ 60,000	$ 30,000
Property Tax	$ 75,000	$ 37,500
Regional Sewage Fund Transfer	$ 50,000	$ 25,000
FY 02/03 Surplus	$ 44,000	$ 0
Total	$368,000	$231,145
Other Agency Funding		
MWD (est CCP Credits and Rebates)	$ 892,000	$ 288,910
DWR Grants—X-Ray Processors	$ 330,000	$ 0
Sub Total	$1,222,000	$ 288,910
Total Budget	$1,590,000	$ 520,055

Expenditures

Individual Projects/Programs	Budget	Actual (July-Dec)	Source of Funding
HECWs	$282,500	$101,331	MWD, IEUA
ULFTs	$771,800	$228,395	MWD, IEUA
X-Ray Film Processor	$330,000	$ 46,459	DWR, IEUA, MWD
Landscape Programs	$50,000	$ 440	IEUA
Pool Cover Rebate	$12,000	$ 8,656	IEUA
CUWCC Dues	$12,000	$ 0	IEUA, MWD
Educational Programs	$40,000	$ 20,065	IEUA
Inter-Agency Grants	$16,000	$ 0	IEUA
Water Brooms	$57,000	$ 52,311	IEUA, MWD
Pool Cover Survey	$ 8,500	$ 0	MWD
Restaurant Water Awareness	$ 5,000	$ 0	IEUA, MWD
Agency Dues	$ 2,300	$ 1,300	IEUA
Other	$ 2,900	$ 506	IEUA
Totals	$1,590,000	$459,463	

Water Conservation Rebate Programs 2003-04

- **ULFT Rebate Program** - IEUA has issued 981 ULFT rebates through December 30. Over 120 rebates were issued during Dec which brings the total to over 30 per week.

- **High Efficiency Clothes Washer Rebate Program** — IEUA has received requests for nearly 2,300 rebates. At the current rate, the program is expected to reach the 3,000th rebate by June, 2004.

- **Swimming Pool Cover Customer Survey** — There were 432 rebates were issued to residents within the IEUA service area. IEUA is now conducting a "Swimming Pool Cover Customer Survey" as part of an $8,500 Innovative Conservation Program (ICP) grant received from MWD. As of mid-December, all of the 38 customer surveys have been completed. The data is being compiled and reviewed by IEUA's consultant, John Koeller. A final report is expected to be completed by mid-February 2004.

Water Conservation Programs 2003

- **Spring Retail Agency ULFT Programs** — These events happen once or twice each fiscal year per retail agency. Below are the events currently scheduled during spring 2004 and the number of toilets available.

Agency	Date	Location	Number of Toilets
Monte Vista Water District	April 24, 2004	Headquarters	300
City of Chino	Spring	City Hall	400 (est)
City of Ontario	Spring	Public Works Yard	400 (est)

Spring IEUA Regional ULFT Exchange Program — These regional events happen twice each fiscal year with a Fall event and a Spring event. The next regional event is expected to occur in Fontana within the next three to four months.

Agency	Date	Location	Number of Toilets
Inland Empire Utilities Agency	May 8, 2004	California Speedway, Fontana	800

- **Multi-Family ULFT exchange Programs** — At the end of December, 1,670 ULFTs have been installed in the second year of a two year project.

- **X-Ray Film Processors** — This program, funded with a $230,000 DWR grant and additional funding from MWD, will install up to 50 X-Ray film processor rinsing/flushing water recycling units at area hospitals. Through the end of December, 10 Processors have been installed at area hospitals and clinics. Hospital contact is continuing.

- **"Think Earth: It's Magic" School Education Program** — A marketing poster to promote the "Think Earth: It's Magic" assembly has sent out to all elementary schools that did not participate last year. Below is the current schedule:

School	City	Date	Time(s)	Number of Students
Walnut Elementary	Chino	January 9, 2004	8:45 AM and 10:45 AM	749
St. Mary Margaret School	Chino	January 14, 2004	9 AM and 10:20 AM	216
Our Lady of Lourdes School	Montclair	January 30, 2004	12:30 PM and 1:30 PM	169
Shadow Hills Elementary	Fontana	Feb 23, 2004	8:30 AM and 9:30 AM	
Shadow Hills Elementary	Fontana	March 1, 2004	8:30 AM and 9:30 AM	
Creek View Elementary	Ontario	March 5, 2004	8:30 AM, 9:30 AM & 1:30 PM	796
Jasper Elementary	Alta Loma	March 9, 2004	11:15 AM & 12:30 PM	454

- **Schools and Parks Irrigation Program Initiative** – In the coming months, IEUA and our retail water agencies will offer a program for schools and parks that will evaluate opportunities for increasing irrigation efficiency and saving water through the use of "smart (weather sensitive) irrigation controllers" and other landscape management improvements.

- **California Urban Water Conservation Council (CUWCC) Activities** — Annual dues statements will be sent out to members by CUWCC in January 2004. IEUA pays about 60 percent of the annual dues through the conservation program fund. MWD provides the remaining 40 percent.

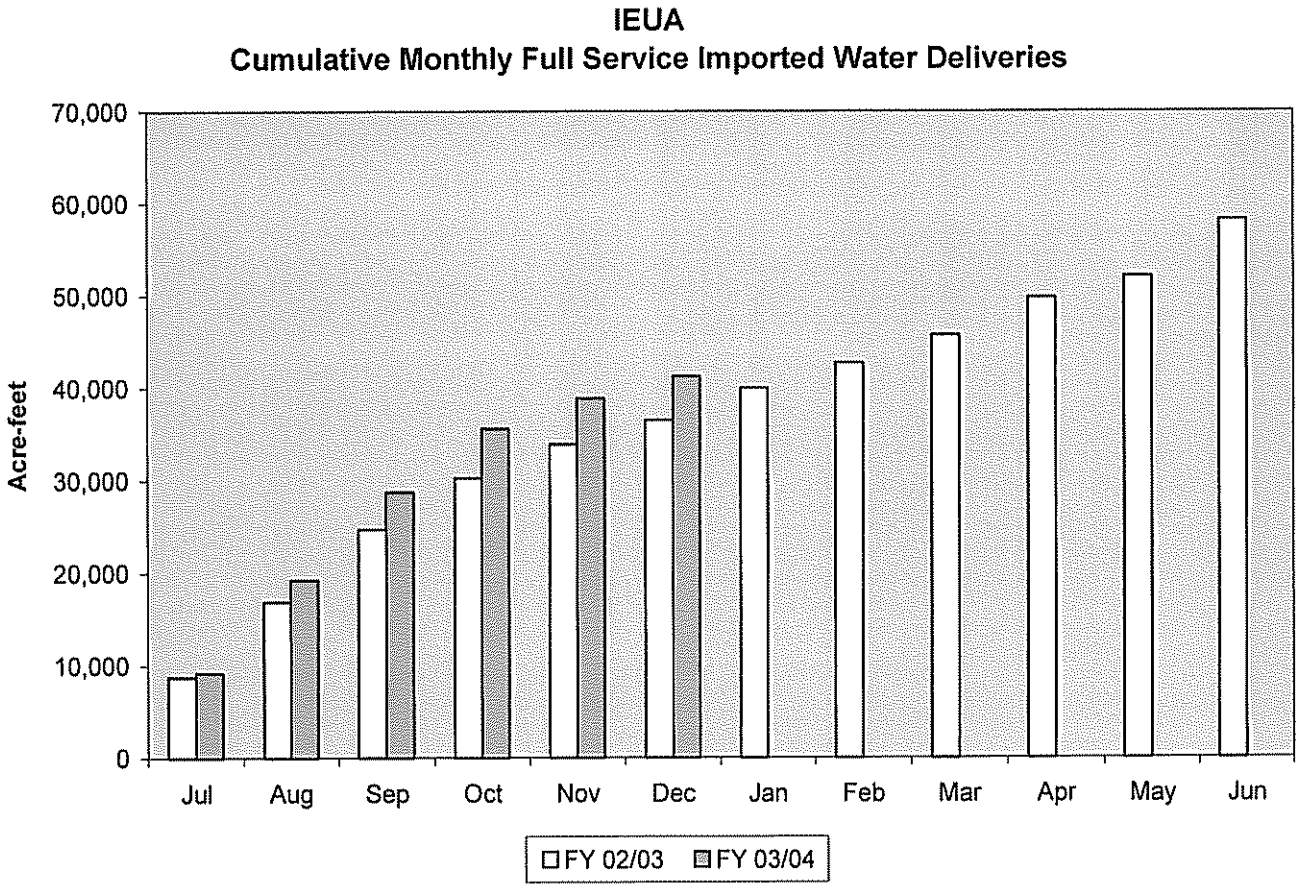
- **Water Education Water Awareness Committee (WEWAC) Activities** — WEWAC completed a "Project WET" workshop for 24 teachers in November. EduGrants will be awarded to teachers in December. There are 10 EduGrant proposals that have been received. The 9th Annual High School Video Contest announcements were mailed to area high schools in December.

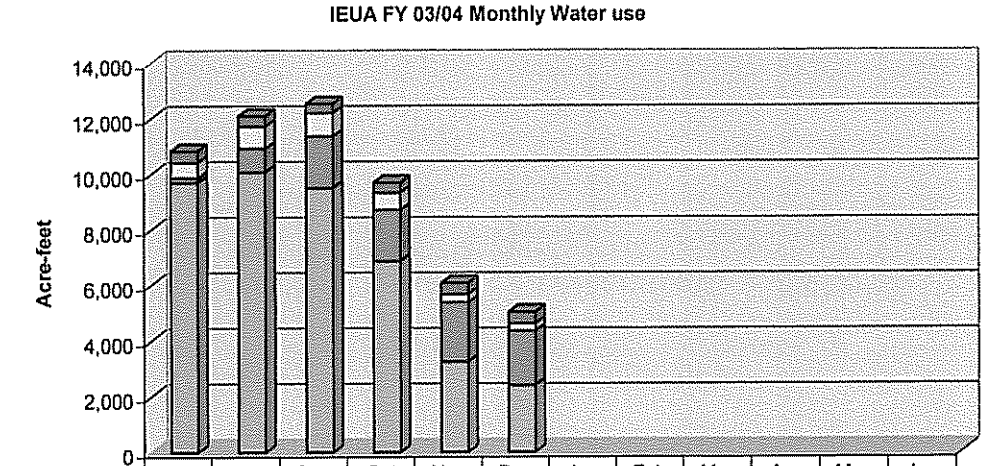
Drinking Water Quality Issues/Activities

- **Perchlorate Contamination Issues**
  The California Senate has established a Senate Select Committee on Perchlorate Contamination and named Senator Nell Soto (D-Pomona) as Chair of the Committee. Others named to the Committee include Dennis Hollinsworth (R-Murrieta), Shelia Kuehl (D-Santa Monica) Bob Margett (R-Arcadia), Gloria Romero (D-Los Angeles) and Byron Sher (D-Stanford). The first hearing of the Select Committee is scheduled for Wednesday, January 28th at 1:30 pm in Room 112 of the Capitol. The Rialto Local Agency Workgroup on Perchlorate Issues is proposing to coordinate an informational trip to Washington D.C. to meet with Federal Agencies and Congressional representatives on Inland Empire Perchlorate issues for late January. Also, the Metropolitan Water District has established a Task Force. The first organizational meeting of this Task Force was held on January 16, 2004.

- **Salinity Management Issues**
  Background information on water softener ordinances was presented to the Regional Technical and Policy Committees in January. A draft model ordinance will be discussed in February. The Chino Basin is being included as a case study in an AWWARF study that will develop a model to characterize the sources of salinity within the regional sewerage system. The results of the case study are expected to be available in April 2004. The Southern California Salinity Coalition met at MWD on Jan 15 to develop a regional action plan for 2004. On February 25, IEUA will be hosting a Coalition Workshop with the Regional Board. A multi-state meeting @ MWD will be held on February 13.

Y-T-D FY 2002/2003 vs FY 2001/2002

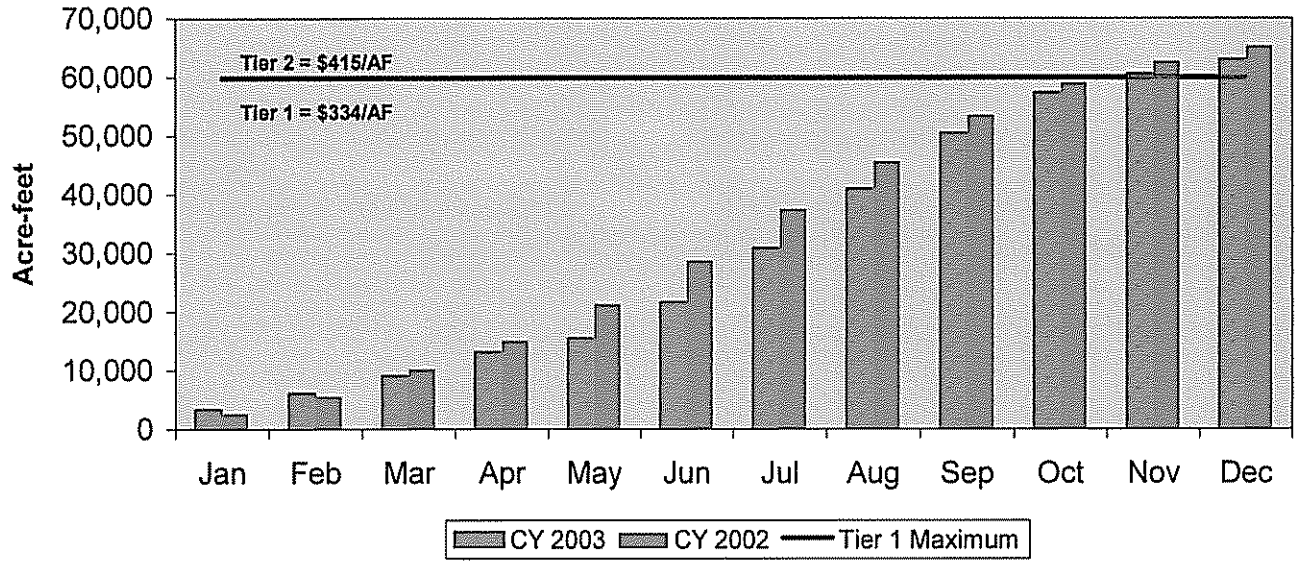


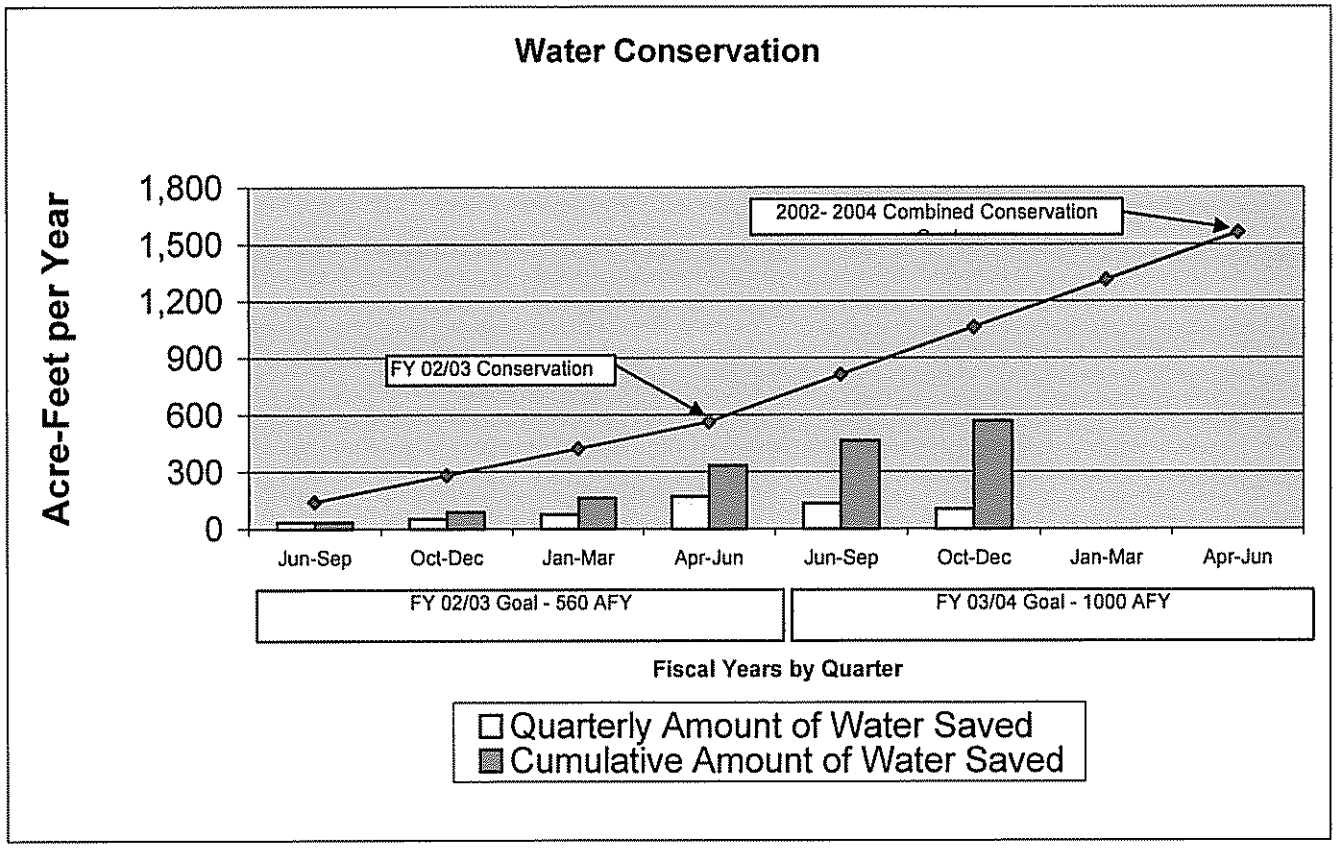


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Desalter	416.8	376.7	330.8	363.8	408.9	422.7						
Recycled	536.8	789.8	831	615.45	285.87	259.32						
Agricultural	10.8	5.3	12.7	3.4	0.7	0						
Conj. Use	173	850.4	1856.9	1852.1	2141.2	1953						
Full Service	9694	10067	9498.8	6853.7	3228.4	2390.1						

CALENDAR YEAR 2003 TIER I/II PURCHASES

IEUA
Cumulative Monthly Tier 1 Imported Water Deliveries
2002-2003





February 2004

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3 Conservation Workgroup Mtg SAWPA Committees	4 IEUA Board Mtg	5 Regional Tech Committee Mtg @ Fontana	6	7
8	9 IEUA Water Resources Committee Mtg	10 SAWPA Commission	11 IEUA Committee Mtg Day	12 Regional Policy Committee Mtg @ Ontario	13 WEWAC Home and Garden Show @ Ontario (2-13, 2-14, 2-15)	14
15	16 President's Day Holiday	17	18 IEUA Board Mtg	19	20	21
22	23 Think Earth - Fontana	24 IEUA Leadership Breakfast	25 So. Cal. Salinity Coalition Workshop w/ Regional Boards (IEUA)	26 MWD Monthly Conservation Mtg Chino Basin Watermaster Advisory and	27	28 CREEC Environmental Education Conference @ IEUA
29						

March 2004

SUN	MON	TUES	WED	THUR	FRI	SAT
	1 Think Earth—Fontana	2 IEUA Conservation Workgroup Mtg	3 IEUA Board Mtg	4 Regional Tech Committee Mtg @ Fontana	5 Think Earth—Ontario	6
7	8 IEUA water Resources Committees Mtg	9 Fontana Arbor Day Think Earth—R.C.	10 IEUA Committee Mtg Day	11 Regional Policy Committee Mtg @ Ontario	12 MWD Member Agency Managers Mtg	13
14	15	16	17 IEUA Board Mtg	18	19	20
21	22	23	24	25 MWD Monthly Conservation Mtg Chino Basin Watermaster Advisory and Board Meetings	26	27 IEUA Residential PDA Classes Begin
28	29	30	31			

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 2003. Construction will be completed by July 2004.

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

  TP-1 Outfall line has been used for chlorine contact time. The chlorination tank will increase the availability of the TP-1 Outfall line as a transmission main to deliver recycled water to farmers and dairies plus businesses and residential developments along the pipeline rather than using it for chlorine contact to meet the Title 22 requirement. The construction contract was awarded in March 2003. Construction will be completed by July 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 2003 and was completed in October 2003. Phase II is under construction and was completed in December 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 2003 and is completed. Inland Paperboard Packaging will begin taking recycled water in February 2004.

- Reliant Pipeline (Budget $1,115,476)

  The Phase I Etiwanda recycled water pipeline delivers to the Reliant Energy Plant from RP-4 and when extended in Phase II will serve future demands to the North along Etiwanda Ave. The construction is completed and Reliant started to use recycled water in August 2003.

- Philadelphia Pipeline (Budget $3,935,400)

  The Philadelphia Pipeline will deliver recycled water to the Ely Basins for recharge and irrigation water to the new Kaiser Hospital facility and to other customers. The portion of the pipeline in front of the Kaiser facility is completed, however, the original alignment of the pipeline coming from RP-1 is redesigned to go along the parameter of the existing golf course due to the City of Ontario's termination of development of the planned soccer field. The construction will be completed in July 2004.

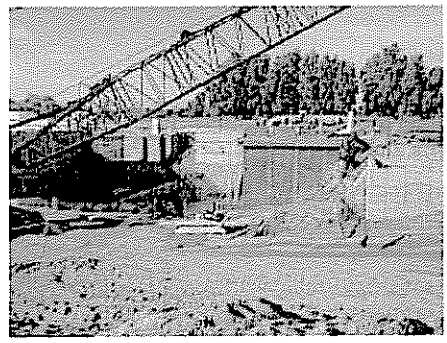
- Whittram Pipeline (Budget $3,620,000)

  The Whittram Pipeline will serve recycled water to the Banana and Hickory Basins. Project design is at 100% complete, construction is scheduled for completion by Summer 2004.

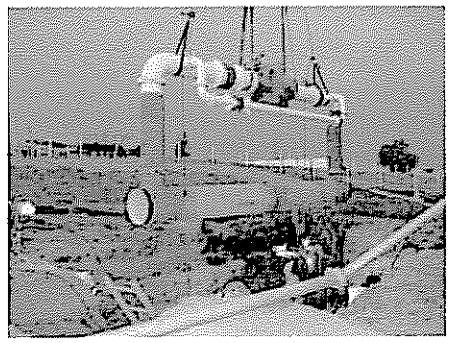
- RP-4 West Branch (Budget $9,849,000)

  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 completed by Spring 2005.

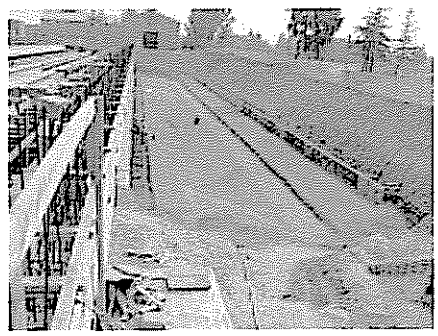
Total Budget--Active Projects--$34,458,076



RP-1/RP-4 Pump Station construction site

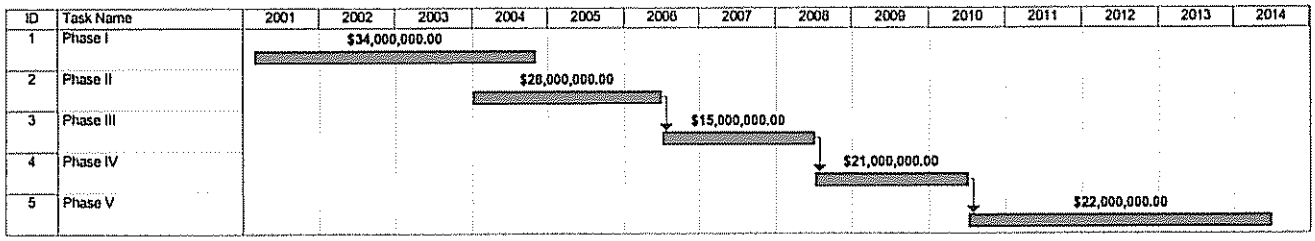


New V-1 Regulating Valve installation next to the dechlorination station

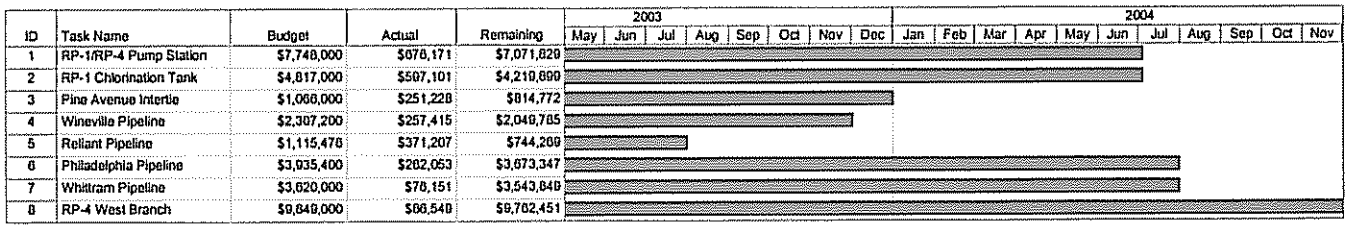


RP-1 New Chlorination Tank construction

Total Implementation Plan



Phase I Implementation Plan



ID	Task Name	Budget	Actual	Remaining
1	RP-1/RP-4 Pump Station	$7,748,000	$676,171	$7,071,829
2	RP-1 Chlorination Tank	$4,817,000	$597,101	$4,219,899
3	Pine Avenue Intertie	$1,066,000	$251,228	$814,772
4	Wineville Pipeline	$2,307,200	$257,415	$2,049,785
5	Reliant Pipeline	$1,115,476	$371,207	$744,269
6	Philadelphia Pipeline	$3,935,400	$262,053	$3,673,347
7	Whittram Pipeline	$3,620,000	$76,151	$3,543,849
8	RP-4 West Branch	$9,849,000	$86,549	$9,762,451

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
MWD LRP*	$1.8 Million Annually

*Proposal submitted December 2003.

Funding Phase I

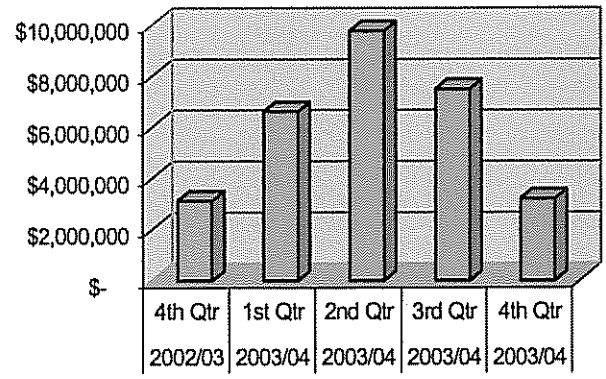
Regional Capital Fund	$7,000,000
SWRCB Recycling Grant	$5,000,000
SWRCB Recycling Loan	$22,000,000

Funding Phase II

Regional Capital Fund	$3,000,000
SWRCB Recycling Grant*	$5,000,000
SWRCB Loan*	$20,000,000

*SWRCB Funding application submitted in September 2003

Regional Recycled Water Phase I—Projected Cash

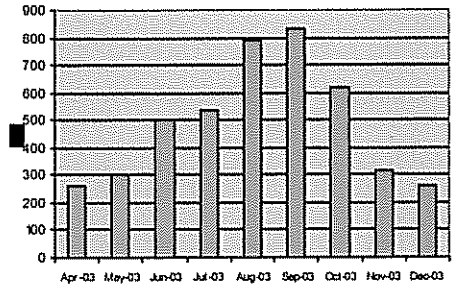


Activity Summary

New Customers in 2003

- CW Farm (former Arthur Farms)
  Started to use recycled water in March.
- Lewis Homes Corporation
  Started using recycled water in September 2003 for their grading operation.
- 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
- Engelsma Dairy
  Started to use recycled water in August
- DBRS Medical System
  Started to use recycled water in August
- Central Chino Business Park
  Started to use recycled water in August
- Artesian HOA
  Started to use recycled water in August
- Reliant Energy
  Started to use recycled water in August
- Fairfield Ranch Business park Phase I
  Started to use recycled water in August
- Macro-Z Technology
  Started to use recycled water in December
- Industrial Real Estate Development
  Started to use recycled water in December

Recycled Water Sales



Delivery Period	FY 2002-03	FY 2003-04
December	199	259
Year to Date	4,431	5,030
FY Total	2,787	3,319
Budget		6,950

New Customers in 2004

- Fairfield Ranch Business Park Phase II
  Received an approval for the engineer's report from DHS. Needs to complete the cross-connection test prior to using recycled water.
- New Chino Hills High School and elementary school
  The school board has accepted to use recycled water on the school ground. The City of Chino Hills is in the process of preparing the engineer's report.
- Inland Paper Board
  In the process of negotiating with Inland Paper Board to use recycled water.
- Kaiser Hospital
  In the process of preparing the engineer's report. With the completion of Philadelphia pipeline in June, Kaiser will start to use recycled water.

Potential Customers in 2005

- City of Chino
  CIM (CalPoly & Laundry facility), OLS Energy, Paradise Textile, and Mission Linen
- City of Chino Hills
  Oak Crest Golf Course
- City of Ontario
  Ontario Mills, Crothall Laundry, and Agricultural customers
- City of Rancho Cucamonga
  Empire Lakes Golf Course

Operation & Planning

- Due to the cold temperature, sodium bisulfate in the dechlorination station at Prado Park solidified. Roof and a heater is being added around the chemical tanks. The modification would be completed in the first week of February. Until this modification is completed the lake will not be flowing.

Prado Lake Spillway

Customer Development

- Agricultural customers along the TP-1 Outfall line

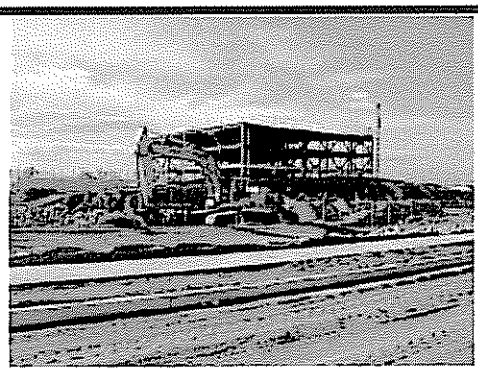
  Once the RP-1 chlorine contact basin is completed, many agricultural customers and other outfall customers could be served as early as early summer 2004. In the process of preparing priority list of customers now.

- Focused Customer Marketing

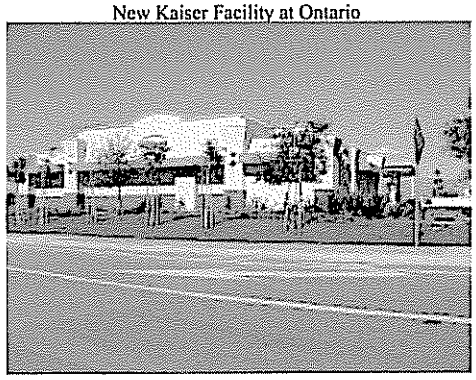
  Large customers with annual usage over 100 AFY will be targeted. IEUA staff is working closely with the retail agencies to develop an updated customer list and to coordinate marketing effort. The recycled water marketing database was distributed to the Cities of Chino, Chino Hills, Ontario, and Cucamonga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

- Targeted Major Customers in 2004

1.	Empire Lakes Golf Course (May 2004)	800 AFY
2.	Additional Farms on Outfall (April 2004)	1,200 AFY
3.	Ontario Center Owners Association	260 AFY
4.	California Co-generation	250 AFY
5.	Oak Crest Golf Course	500 AFY
6.	CIM (Farming Operation & Laundry Facility)	1,500 AFY



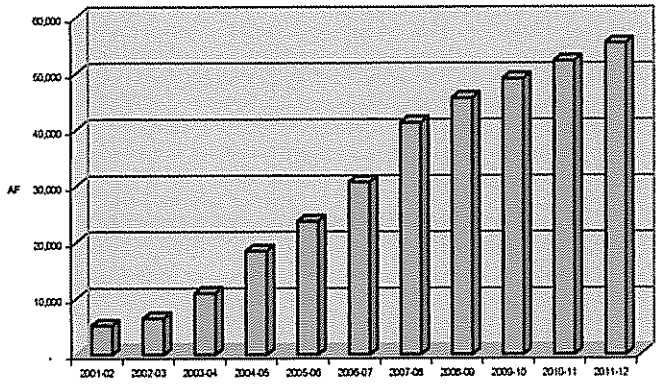
New Kaiser Facility at Ontario



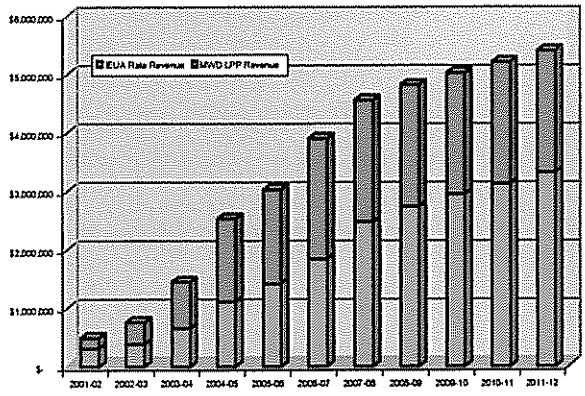
New Arco Gas Station on Central Avenue

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.	02/04
■	DHS Title 22 Report (Recharge)	03/04
■	SARWQCB Discharge Permit	03/04

New Denny's Restaurant in Chino Hills

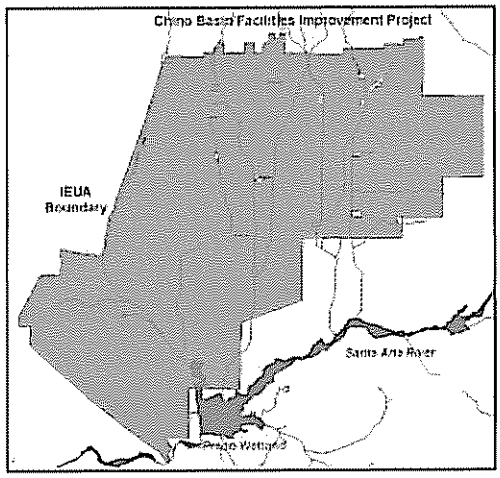
IEUA

Inland Empire Utilities Agency

JANUARY 2004 CHINO BASIN FACILITIES IMPROVEMENT PROJECT SUMMARY

Program Description

The Chino Basin Facilities Improvement Program (CBFIP) is a joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the Inland Empire Utilities Agency (IEUA), and the San Bernardino County Flood Control Department (SBCFCD). IEUA was selected as the "Contracting Agency" to establish financing for the CBFIP and to apply for grants through the Santa Ana Water Project Authority (SAWPA) under Proposition 13 in June 1999. The CBFIP is a system comprised of activation of three Metropolitan Water District turnouts from the Rialto Pipeline; modifications to several flood control channels for conveying imported water, storm water and recycled water; and four rubber dams and three drop inlets diversion structures in the flood control channels to divert the water to the 19 groundwater recharge sites. The 19 sites have 42 recharge basins varying from 1 to 9 basins at the respective site. The groundwater recharge sites, when fully developed will have a total capacity per year to recharge 18,790 to 23,700 ac. ft. of storm water; 81,800 to 122,100 ac. ft. of imported water; and 18,790 to 23,700 ac. ft. of recycled water; making an annual accumulative total of 119,380 to 169,500 ac. ft. of water recharged to the Chino Basin aquifer.



The construction of the CBFIP will be in seven phases, with seven different contractors, totaling $38,700,000. Construction is projected for completion in August 2004. Some projects will be brought on line as early as December 31, 2003, taking advantage of the winter rainy season in Southern California.

Project Purpose:

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

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:

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

Bid Package No. 1 (Budget $8,600,000)

Bid Package No. 1 includes six basins: Banana Basin, College Height Basins, Lower Day Basin, RP-3 Basins, Turner Basin No. 1, Turner Basins No. 2, 3, & 4

Work Accomplished:

- RP-3 - Excavation under the contract with LTE at the RP-3 site is completed; quantities are being finalized. Sluice gates and the staff gages are installed; concrete lining in RP-3 Trap Channel – 100% complete.
- College Heights Basins – Excavation in the College Heights Basins is completed; quantities are being finalized. The sluice gate and the staff gage are installed.
- Turner Basins 2, 3, & 4 – The 24", 30" and 36" RCP has been installed in the berms; structures are completed for the sluice gates. Staff gauges are installed.
- Turner Basin 1 – Excavation is completed; quantities are now being finalized. The sluice gate and the staff gage have been installed.
- Lower Day Basin – Excavation in the Lower Day Basin is completed; now finalizing quantities. Sluice gates and the staff gage are now installed.
- Banana Basin – LTE has completed all excavation at this basin; quantities are now being finalized. The contractor has completed placing all soil berms and installing the sluice gates.
- Will be completed by January 2004

Bid Package No. 2 (Budget $7,700,000)

Bid Package No. 2 includes three basins: Declez Basin, Ely Basins 1, 2, & 3, and 8th Street Basins; four rubber dams: College Heights (San Antonio Channel), Lower day Basin (Lower Day Creek Channel), RP-3 Basins (Declez Channel), Turner Basin No. 1 (Cucamonga Channel); and three drop inlets: Brooks Basin (San Antonio Channel), Turner Basins 2, 3, & 4 (Deer Creek Channel), and Victoria Basin (Etiwanda Channel); a fourth drop inlet has been added at Victoria Basin (San Sevaine Channel).

(Continued on page 2)

(Continued from page 1)

Basins status:

- Declez Basin – earthwork at Declez Basin completed. Work on the soil-cement berms and sluice gates is nearing completion.
- Ely Basins 1, 2, & 3 – earthwork at Ely Basins 1, 2, & 3 is completed. Work on the soil-cement berms and sluice gates is nearing completion.
- 8th Street Basins – earthwork at 8th Street Basins is underway. Work on the soil-cement berms and sluice gates will get underway after excavation is completed in the areas for construction and installation.

Rubber dams status:

- The four inflatable rubber dams are installed in the channels and control structures are being constructed at the sites, namely, College Height Basins (San Antonio Channel), Turner Basins No. 1 (Cucamonga Channel); and Lower Day Basin (Day Creek Channel) and RP-3 Basins (Declez Channel). The rubber dams have been test inflated; control buildings are nearing completion.

Drop Inlets:

- The three drop inlets: Brooks Basin (San Antonio Channel), Victoria Basin (Etiwanda Channel), and Turner Basins No. 1, 2, 3, & 4 (Deer Creek Channel) are all nearing the 98% completion; sluice gates and controls are being installed.

Bid Package No. 3 (Budget $3,200,000)

Bid Package No. 3 includes the construction of the Jurupa force main pipeline from the Jurupa Basin at Mulberry Avenue to Beech Avenue at the RP-3 Basins.

The contractor has completed the potholing along Jurupa Avenue and has located the existing utilities in the Jurupa Avenue. The RCP is on order. Construction is scheduled to begin after January 1, 2004. Rasic is still awaiting approval of the Traffic Control Plans from the City of Fontana and San Bernardino County; and receipt of their respective permits

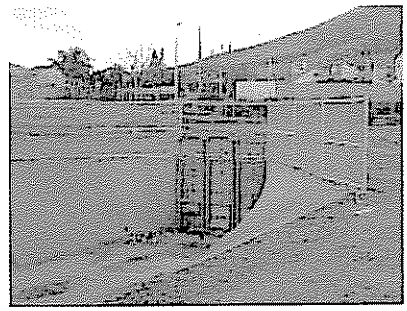
The City of Fontana is improving the intersection of Mulberry and Jurupa avenues. In agreement IEUA the City will place a temporary asphalt cap and temporary stripping; IEUA will then pave the entire street and install permanent stripping; the City will reimburse IEUA for 50% of the costs incurred.

Bid Package No. 4 (Budget $2,300,000)

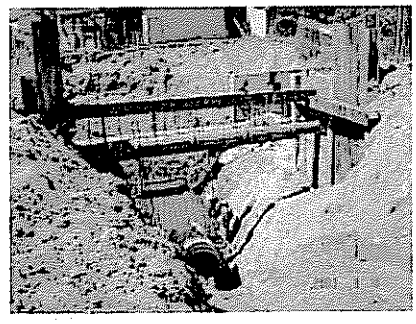
Bid package No.4 consists of constructing (1) a canal and 100 lineal feet of 48" pipe to convey water to (2) the Jurupa Pump Station and (3) 400 lineal feet of 36" diameter cement mortar lined & coated (CML & C) steel pipe force main.

The Jurupa Basin Pump Station was bid November 20, 2003 and was awarded December 3, 2003.

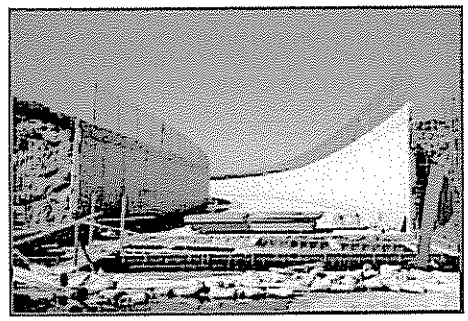
Construction of the pump station and improvements to the Jurupa Basin is projected to take 200 calendar days.



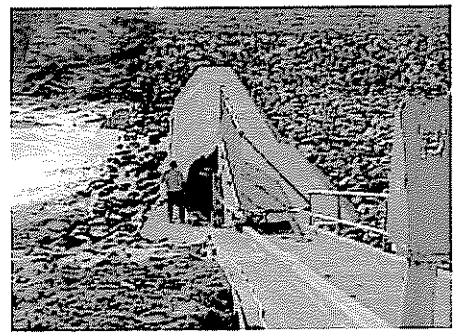
Sluice Gate Inlet Structure at RP-3



Brooks Basin San Antonio Channel Water Diversion Pipeline



Turner 2,3,& 4- Deer Creek Drop Inlet Structure



Banana Basin-Sluice Gate Structure

Bid Package No. 5 (Budget $3,080,000)

- The SCADA Control and Monitoring System bid opening was January 9, 2004. Only one responsive bid was received which exceeded the engineer's estimate and budget. The project will be rebid on February 23, 2004.
- Radio controls will monitor and govern water levels in all the basins, control the drop inlets and rubber dams; four monitoring sites will be established at the CBWM, CBWCD and SBCFCD offices with the master controls located at RWRP-1. The SBCFCD offices will have a satellite control station.

Bid Package No. 6 (Budget $1,820,000)

Bid Package No. 6 includes the MWD CB Turnouts No. 11T, 15T and a new connection on the Etiwanda Intertie @ Station 211 + 47. Tom Dodson & Associates (TDA) completed the necessary CEQA documentation for permitting the projects in August and a public hearing was held September 17, 2003. No public comments were received.

- The Redevelopment of the two existing MWD turnouts and development of a new turnout from the Etiwanda Intertie @ location 200+47 is scheduled for announcement for bid December 2, 2003.
- A job walk is scheduled for December 9, 2003.
- Bid opening is scheduled for January 22 , 2004
- Award of bid is scheduled for February 4, 2004
- The construction period is for 150 calendar days.

It has been determined that connections at CB Turnouts No. 11T and 15T can be made without shutdown of the Foothill Feeder Pipeline as thought necessary in January 12 through January 16, 2004. However, the Etiwanda Intertie @ Station 211 + 47 will need to be coordinated with shutdown of the Intertie in April 2003, allowing for tapping the line and tie-in.

Bid Package No. 7 (Budget $8,140,000)

This bid package is a "catch-all" bid package. Depending upon the bids received on the above bid packages, the CBFIP Committee will prioritize the remaining projects, keeping the ultimate CBFIP within budget.

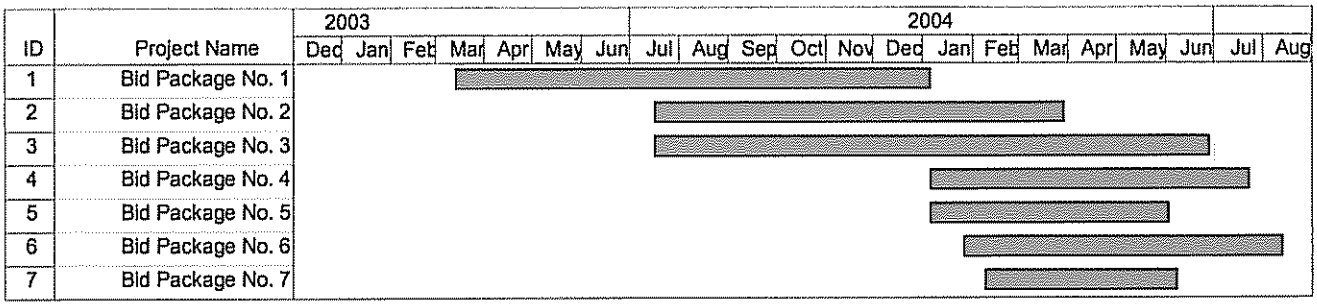
- Announcement of Bid Package No. 7, will be January 5, 2004, and on January 9, 2004, a courtesy tour of the prioritized construction sites will be conducted. The scheduled bid opening is January 29, 2004, and award of contract is anticipated February 4, 2004.
- The projects and the percentage of the design that is completed are listed by priority as follows:

	Project	Design	Estimated Cost
1.	RP-3 Mitigation Project, Cell #2	10% complete	$ 800,000
2.	Victoria Basin (excavation will be deleted)	100% complete	$ 500,000
3.	Upland Basin	90% complete	$ 750,000
4.	Hickory Basin improvements	100% complete	$ 500,000
5.	Hickory Basin Force Main	100% complete	$1,170,000
6.	Hickory Basin Manifold	100% complete	$ 50,000
7.	Banana Basin discharge	100% complete	$ 70,000
8.	Portable pump	100% complete	$ 100,000
9.	San Sevaine/Hickory Basin channel diversion	100% complete	$ 500,000
10.	San Sevaine channel bridge** @ Hickory Basin	100% complete	$ 15,000
	Deferred Projects		
11.	Hickory Basin Pump Station	100% complete	$1,500,000
12.	Etiwanda Conservation Basins (Ponds)	65% complete	$1,500,000

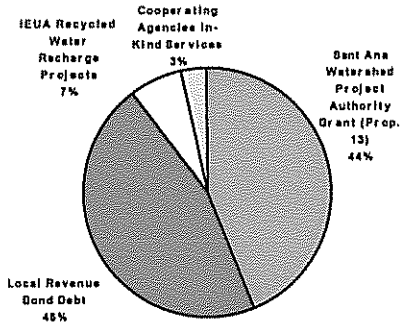
** The San Sevaine channel bridge structure at Hickory Basin was designed at the request of the SBCFCD for easier access to their basin.

- *Victoria Basin - Windrow Earth Transport Contract (WET)*
- Dispatch Trucking, a subsidiary of WET, will remove the 200,000 cubic yards of soil from RP-3 which will save an estimated $1,200,000 and also remove 100,000 cubic yards from Victoria Basin which will save $600,000. Permits for earth work in Vic-

CBFIP Active Projects Construction Schedule

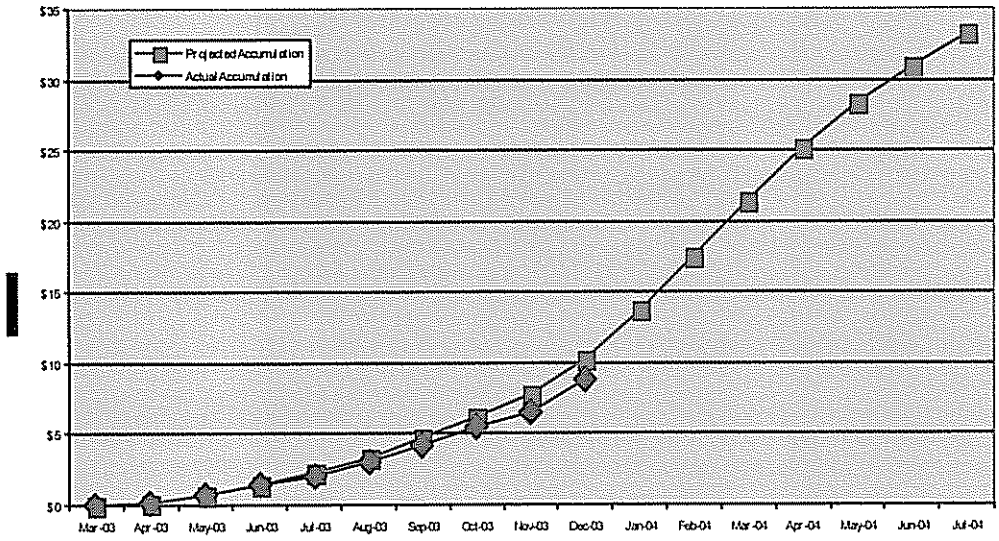


Project Financing



- Santa Ana Watershed Authority Grant (Prop. 13) $19 Million
- Local revenue bond debt $20 Million
- Cooperating Agencies in-kind Services $1.5 Million

Projected vs. Actual Costs



Inland Empire
UTILITIES AGENCY

Date:	January 21, 2004
To:	Honorable Board of Directors
Through:	Public and Legislative Affairs Committee *(1/14/04)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	December Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item regarding the December 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:jbs
G:\board-rec\2004\04023 December Leg Report from Geyer

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BILL GEYER
JENNIFER WEST

GEYER ASSOCIATES

CONSULTING AND ADVOCACY IN CALIFORNIA GOVERNMENT 1029 K ST., SUITE 33, SACRAMENTO, CA 95814, (916) 444-0346 FAX: (916) 444-7464, EMAIL: geyerw@pacbell.net

Memorandum

TO: Rich Atwater and Martha Davis

FROM: Jennifer West and Bill Geyer

DATE: January 4, 2003

RE: Legislative Report

January 10 Budget Release
On January 10 Governor Schwarzenegger will release his budget for fiscal year 2004/05. Assuming the March $15 billion bond passes, the state is still facing at least a $14 billion gap between projected spending and revenues that his budget proposal will have to address. We will brief the IEUA's Board of Directors on January 14 on the details of the budget plan. In addition to the possible shifting of property tax revenues away from special districts, there is also concern that the Administration could decide to delay issuing the remaining Proposition 13 funds and could delay selling Proposition 50 bonds. As the agency has a number of outstanding grant commitments from Proposition 13 and other funding sources, protecting these existing funding commitments is likely to become a top priority.

January Deadline for Comments on Prop. 50 Draft Criteria

Attached is an updated status report of the Proposition 50 funding guidelines for selected water-related chapters of the initiative -- including a number of recommended changes to draft funding criteria. The deadline for submitting comments to the Department of Health Services (DHS) for Chapters 3 and 4 is January 11. DHS staff hopes to hold their first public meeting on their draft criteria in January and intend to come out with final criteria by March 15, 2004. If DHS adheres to this timeline and the bond sale is not delayed, the agency should go out with RFPs in October 2004. Chapter 4 contains $261 in grants for Southern California water quality projects.

End of Month Mark Major Legislative Deadline for Two-Year Bills

January 2004 is the beginning of the second year of a two-year legislative cycle. All bills introduced in 2003 must pass out of their house of origin by the end of the month or they are officially dead. One of these bill awaiting action in its house of origin is AB 1015 (Laird), which 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. The author believes SB 221 did not go far enough to address the water supply and land use problems that the state faces. Senator Machado held a hearing this fall where he expressed support for using the general plan as a water supply planning tool. If the bill passes off the Assembly Floor it will go to Senate Local Government, where Senators Machado and Soto serve.

Another bill that will likely move in January is SB 407 (Torlakson). This measure redirects property tax revenue from Monte Vista Water District and at least one other SAWPA member agency. IEUA and SAWPA helped defeat this measure on the Assembly Floor on the final night of session, but Senator Torlakson has pledged to bring it up for a vote again in January.

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Inland Empire Utilities Agency

Positions/Position Recommendations

January 4, 2004

Bill # / Title	Summary	Position	Status
Propositions 50/Water Bonds			
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	Senate Approp.
Desalination			
SB 318 (Alpert) UWMP: Desal	Requires UWMP to describe the opportunities for development of desalinated water, including brackish water.	Support	Assembly Floor
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.	Support	Assembly Approp.
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.	Recommend Oppose	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 in 2003 for funding reasons.	Support	Senate Approp.

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Water Quality/Water Quality Penalties and Fees			
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	Senate Enviro. Quality
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	Senate Rev. & Taxation
ERAF			
SB 407 (Torlakson) Local district financing	Would have redirected property tax revenue from Monte Vista Water District and at least one other SAWPA member agency. IEUA and SAWPA helped defeat this measure on the Assembly Floor. Torlakson is planning to bring it up again in January.	Oppose	Assembly Floor

Inland Empire Utilities Agency

WATCH

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

January 4, 2004

Bill # / Title	Summary	Watch Level	Status
Propositions 50 and 40			
AB 107 (Corbett) Prop. 50 Chapter 3	Prop. 50 funding vehicle for Chapter 3 funds. Some components of this bill were placed into the omnibus Prop. 50 trailer bill (AB 1747, which was chaptered.	B	Senate Ag. Water & Resources
AB 1110 (Harman) Prop. 50: Earmark	Prop. 50 funding vehicle.	C	Assembly Approps.
AB 1300 (Laird) Prop. 50: Reporting	Requires Secretary of Resources to prepare annual report on Prop. 50 expenditures.	C	Senate Ag. Water & Resources
SB 518 (Escutia) Prop. 50: Spot	Prop. 50 vehicle.	C	Senate Ag. Water & Resources
SB 564 (Ackerman) Prop. 50	Prop. 50 Earmark	C	Senate Ag. Water Resources
SB 794 (Battin) Prop. 50	Prop. 50 earmark	C	Senate Enviro. Quality
SB 909 (Machado) Water Grant	Allows grants of state bond funds to be made to public water utilities and mutual water companies.	B	Assembly W.P.W.
Drinking Water Contaminates			
AB 1020 (Laird) Contaminates: Civil Action	Authorizes a public water system to bring civil action against any RP for the presence of any contaminate in surface or groundwater supplies utilized by	A	Senate Floor

1/3

	the water district. Recoverable costs include investigation, replacement water and attorney's fees.		
SB 34 (Soto) Perchlorate	Establishes an Inland Empire Water Quality Authority.	A	Senate Rules
Water Supply/Future Bonds			
AB 93 (Canciamilla) Water Bond 04	04' water bond. IEUA and SAWPA have participated in stakeholder meetings. Includes water storage funding, which the environmental community is objecting to. Passed of Assembly Water Committee despite objections from the environmental community.	A	Assembly Enviro. Toxics
AB 531 (Kehoe) Infrastructure Bond 04	Would place a $10 billion measure on the 04 ballot that would finance local infrastructure and economic development projects. Funds would be issued from the Infrastructure Bank and would require at least a 50% match.	B	Assembly Approps.
AB 740 (Pavley) Water Bond 04	$2.9 billion "Clean Air, Clean Water and Coastal Protection" bond measure for the 04' ballot.	A	Assembly Approps.
Groundwater			
AB 1107 (Liu) Groundwater Data	Requires AB 599 committee to develop uniform groundwater data standards. Requires regulatory agencies to adopt any standard that are developed pursuant to the bill.	A	Assembly Approps.
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. Quality
Water Conservation/Water Supply Land Use			
AB 607 (Plescia) Landscape Water Conservation	Sponsored by the Landscape Contractors, the measure would enact the Landscape Water Conservation Rate Structure Act. Allows a city or county to exempt themselves from the requirements of the model ordinance if they adopt a tiered landscape rate structure. ACWA is opposed	B	Assembly Approps.
Water Quality/Water Quality Penalties and Fees			
ACA 10 (Harman) Nonpoint Source	Allows local jurisdictions to raise rates for storm water and urban runoff management by a simple majority vote. Sponsored by PCL.	B	Assembly Floor

AB 760 (Maldonado) Water Penalties	Allows POTWs serving populations of less than 10,000 to apply any mandatory minimum penalty toward an upgrade projects in lieu of paying the fine to the SWRCB or the RWQCB. Sponsored by Pismo Beach.	B	Assembly 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. Sponsored by the Wine Institute.	C	Senate Enviro. Quality
AB 1522 (Parra) NPDES permits	Expands the authority of the Regional Water Quality Control Board's (RWQCB) executive officers to include the ability to issue National Pollutant Discharge Elimination System (NPDES) permits without regional board action. SWRCB sponsor.	B	Senate Ag. and Water Resources
SB 214 (Morrow) Storm water	Defines "maximum extent practicable" for storm water NPDES permit requirements.	C	Senate Enviro. Quality
SB 50 (Sher) Bottled Water	Intent language to establish a bottled water regulatory program.	C	Senate Rules
SB 803 (Soto) Storm Water	Intent language to create a uniform regulatory program for storm water management.	B	Senate Rules
Water Transfers, Water Rights, Misc.			
SB 456 (Ortiz) Water District Ethics	Currently the bill only addresses Sacramento Suburban Water District, but the author may expand it all water agencies. Topics may include water district "ethics", finances and financial accountability.	A	Senate Local Government
SB 479 (Machado) Third party impacts	Vehicle for resolving third party impacts of water transfers. Current version is only a "work in progress."	B	Senate Ag. Water Resources
SB 553 (Florez) Water Transfers	Intent language for the Legislature to address third party impacts of water transfers.	B	Senate Rules
SB 783 (Margett) Water rights	Spot bill on water rights permits.	C	Senate Rules
SB 845 (Margett)	Spot bill on water rights.	B	Senate

Water rights			Rules

Status of Proposition 50 Funding Guidelines

(January 2004)

Below is a review of draft funding guidelines for Chapter 3 and 4 of Proposition 50. At this point only the Department of Health Services (DHS) has its draft guidelines out for pubic comment. DWR and SWRCB guidelines for Chapter 5, 6, 8 are still pending.

Chapter 3 (Water Security) -- $50 (43) million DHS administering agency
($7 million will go to DWR for dam safety projects)

- Bonus points given for each transmission connection, up to five. Connection must supply at least 50% of water demand for water system.
- Five more bonus points for projects benefiting at least 5 other public water systems.
- $50,000 to $10 million per grant
- Project must be completed in two years after funding agreement executed.
- Matching funding required 1:1, expect for " disadvantaged communities." AB 1747 defined "disadvantaged communities" a community with an annual median household income that is less than 80 percent of the statewide annual median household income. AB 1747 exempted "disadvantaged communities" from any matching requirement, unless required by text of Prop. 50.
- Grants cannot supplant funding for "routine responsibilities or obligations" of any state, local or regional drinking water system.

Recommend grant cap be reduced to $5 million per grant. $10 million per grant could mean on that only a few grants be issued in this $43 million category.

Chapter 4 (Safe Drinking Water) $435 million, DHS administering agency
Southern California $261 million

- Grants $50,000 to $20 million. Does not specify that grants should be awarded to only one agency.
- Matching funds required on 1 to1 basis. No match for "disadvantaged communities".
- Eligible projects must meet drinking water standards and meet state's commitment to reduce Colorado River Water use to 4.4. MAF.
- 25% ($65 million) allocated to "disadvantaged communities." Cities of Upland and portions of Ontario are considered "disadvantaged" as defined by this bill. There may be other areas in the IEUA service that also meet this definition.
- First priority assigned, within the existing DHS contaminate categories, to those projects that save the "highest annualized volume of Colorado River water." The text of Prop. 50 states that grants should be used to meet the "state's commitment to reduce Colorado River water use to 4.4 MAF per year".

- Higher funding priority given to contaminates with an MCL over those where only an Action Level has been established.

Recommend that projects within Southern California that will result in a reduction of Colorado River water (CRW), whether or not CRW itself is conserved, also be given priority. IEUA does not receive Colorado River water, but within the MWD service area, the agency's local projects that conserve groundwater and SWP water will obviously help reduce Colorado River water within the system. The text of Prop. 50 should allow for this flexibility in the criteria. DHS staff explained that since "Southern California" as defined, included Santa Barbara, northern Ventura and other areas outside of the MWD service area, criteria needed to be established that clearly linked projects to a reduction in Colorado River water use.

Recommend blanket statement about MCLs receiving higher priority than Action Levels be changed so that perchlorate contamination, now at a 4ppb Action Level, be given priority or at least equal standing as contaminants at an MCL. This would be consistent with AB 1747. IEUA was successful in getting an amended in AB 1747, Section 30 (f), which states "Projects to address emerging contaminants, including perchlorate, chromium 6 and endocrine disrupters shall also be given priority."

Recommend that the guidelines specify that only one grant per agency is allowed in this category. In early 2003, MWD said this $260 million had been promised by the drafters of Prop. 50 to MWD. IEUA and other member agencies strongly objected to this proposal and the agency did not succeed to in getting a statutory earmark.

Chapter 4 -- $90 million
Drinking Water State Revolving Fund
DHS proposes to use its existing program to make $90 million available for low interest loans and grants. Southern California agencies are eligible for these funds.

Inland Empire
UTILITIES AGENCY*

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TEL (909) 993-1600 • FAX (909) 597-8875
www.ieua.org
* A Municipal Water District

January 12, 2004

Dr. David Spath
Chief, Division of Drinking Water and
Environmental Management
California Department of Health Services
1616 Capitol Ave, Suite 74.252
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Dr. Spath:

The Inland Empire Utilities Agency (IEUA) appreciates the opportunity to provide comments on CDHS draft criteria for the Southern California grant program established under Chapter 4 of Proposition 50. We want to congratulate you and your department for establishing these draft criteria in a timely manner and committing to finalize them by March 2004. We hope this will result in grants being awarding to Southern California communities by fall of 2004.

Importance of Local Projects Within Southern California

IEUA views the Southern California funds contained in Chapter 4 ($260 million) as critical for the protection and enhancement of existing Southern California water supplies. Through conjunctive use management, groundwater basins throughout Southern California have a tremendous capacity to meet the drinking water needs of Southern California and lower Colorado River water use consistent with the QSA. In the Chino Basin alone we estimate that 50,000 additional acre-feet per year could be made available to Southern California if the groundwater basin was thoroughly cleaned up to meet drinking water standards. Like most of the groundwater basins in Southern California, Chino Basin contains a variety of contaminates, including perchlorate. Within IEUA's service area alone, 33 groundwater wells have been impacted by perchlorate, with a potential loss of 24,000 acre feet of water per year. If the MCL for perchlorate is adopted at or below 4 ppb, the loss of drinking water supplies in our service area could be much greater, affecting approximately 25 additional wells.

Within the integrated water delivery system of the MWD service area, these local groundwater projects are directly linked to Colorado River water use. Each time a drinking water well is closed, it puts higher demand on supplies from the Colorado River.

Below are IEUA's specific comments to DHS draft criteria:

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John L. Anderson, President | Terry Catlin, Vice President | Angel Santiago, Secretary/Treasurer | Wyatt L. Troxel, Director | Gene Koopman, Director | Richard W. Atwater, Chief Executive Officer/General Manager

DHS Draft Criteria
"For ranking purposes, the DWSRF ranking categories will be used. Within each category, the project saving the *highest annualized volume of Colorado River water* will be ranked first."

Recommend that all local projects within the MWD service area be given priority, whether or not they directly receive Colorado River water.

Within an integrated water delivery system, a savings in local water supplies or other imported water will directly reduce the need for Colorado River water deliveries. This is the reality of the water delivery system within the Metropolitan Water District (MWD) service area. The MWD adopted Integrated Water Resources Plan (IRP) and Regional Urban Management Plan stress the need for new local supply projects to reduce the need for imported water (and in particular Colorado River supplies). If this change is not made, many local projects that will save Colorado River water within the integrated water delivery system will be given second priority status and most likely will not be funded.

There is nothing in the text of Proposition 50 or AB 1747 that should prohibit making this needed change. We understand that AB 1747 defined "Southern California" for Chapter 4 as including Santa Barbara and northern Ventura -- areas where local projects will likely not result in a reduction of Colorado River water. To avoid having projects qualify for funding with no tie to Colorado River water reduction, we suggest all projects outside the water delivery system in the Los Angeles Coastal Plain be assigned second priority status.

DHS Draft Criteria
Contaminates with an established Maximum Contaminate Level (MCL) are given higher priority than contaminates assigned Action Levels.

Recommend that perchlorate contamination, now at a 4ppb Action Level, be given priority or at least equal standing as contaminants with an established MCL.

This is consistent with AB 1747, Section 30 (f), which states "Projects to address emerging contaminants, including perchlorate, chromium 6 and endocrine disrupters shall also be given priority." IEUA specifically supported this amendment in AB 1747 to ensure that the remediation of perchlorate contamination could be eligible for funding under Chapter 4.

DHS Draft Criteria
Establishes a cap at $20 million per grant, but does not specify that only one grant per agency be allowed.

Recommend that the $20 million grant cap be retained, but specify that only one grant per agency be allowed in this grant category.

While IEUA is a member agency of MWD, we do not support their efforts in trying to secure a large portion of the $260 million in this section for new ozone treatment facilities for imported SWP water. As stated earlier, IEUA believes this grant program should emphasize the cleanup of existing groundwater drinking sources in Southern California. A $20 million grant cap should be adequate for any one agency for this purpose. We ask that you specify that no one agency can receive more than one grant.

Thank you for considering our comments. If you would like to talk to us further about any of our suggestions, please call me at (909) 993-1740.

Sincerely,
INLAND EMPIRE UTILITIES AGENCY

Richard W. Atwater
Chief Executive Officer
General Manager

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Inland Empire
UTILITIES AGENCY

Date:	January 21, 2004
To:	Honorable Board of Directors
Through:	Public and Legislative Affairs Committee *(1/14/04)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	December Legislative Report from Dolphin Group

RECOMMENDATION

This is an informational item regarding the December 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\2004\04021 December Leg Report from Dolphin Group

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Chino Basin / OBMP Coalition

Status Report

Year-End 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. The following is a brief update on those activities:

1) **SB 1755 Implementation / Water Agency Energy Generation** – The California Public Utilities Commission recently initiated a rulemaking to implement appropriate "exit fees" for water agency self generation projects. The central question before the CPUC is whether to treat water agency energy generation projects under SB 1755 the same as other "customer generation" projects for which the CPUC established exit fees earlier in the year.

   A pre-hearing conference is scheduled for January 8, 2004. At this time the presiding judge will decide if evidentiary hearings are necessary, or the ALJ will solicit further comments through written arguments and render a decision. It is also possible that the presiding judge will suggest a confidential settlement process to resolve the outstanding issues between parties. Dolphin Group staff will participate in the pre-hearing conference.

   A final decision on this issue is not expected until spring or summer 2004.

2) **State to Bond Itself Out of Debt? –** Voters in March will face two mammoth general obligation bond proposals that if passed would be the largest the state has ever tried to sell. In addition to the $ 15 billion Economic Recovery Bond Act, which seeks to refinance a pile of existing state debt, voters will also be asked to approve a $ 12.3 billion bond to finance school construction. The Economic Recovery Bond alone will cost the average California

household $1656 over nine years. More importantly, the sheer magnitude of the combined bond proposals will dramatically increase the state's bonded indebtedness and will likely squeeze out opportunities for other infrastructure projects, such as water projects. The State currently devotes about 3.3 percent of its general fund revenues to paying off debt. As currently authorized bonds are sold, that number will increase to 4.9 percent in 2005-2006. If both the school bond and deficit financing bond are authorized, the ratio would rise to between 6.4 percent and 6.9 percent a year until deficit bonds are paid off--higher than the 6 percent ratio financial experts consider prudent.

3) **Ongoing Budget Crisis** – California's fiscal outlook continues to be problematic with the State's Legislative Analyst projecting over a $10 billion deficit, even before the recent repeal of the Vehicle License Fee increase. The VLF reduction ordered by Governor Schwarzenegger brings the total deficit to roughly $14 billion for the '04-'05 fiscal year. The Governor is expected to unveil his "balanced" budget proposal on January 9th for legislative consideration. To balance this year's budget, the Governor is expected to propose significant cuts in health and welfare programs, education, and prisons. A key issue potentially looming for water agencies is the potential shift of additional property tax revenues to the state.

4) **Dairy Biogas Digester Funding** – The Dolphin Group and Lang, Hansen, O'Malley, & Miller are currently developing strategies to target additional funding potentially available at the CEC for digester funding. As much as $4 million in unused bio-digester funding appropriated by legislature in 2001 may be available.

5) **Special District Reform** – Special district reform is expected to be a major topic of interest in Sacramento during 2004 and a reform package is expected to be introduced in January. The reform package is expected to cover ethics, education, director compensation, district auditing practices, and director benefits. The State Controller's Office and the State Auditor General's Office will be completing audits of additional water districts during the first 4-8 months of 2004. DGI and LHOM are monitoring the development of this issue and will continue updates as appropriate.

Inland Empire
UTILITIES AGENCY

Date:	January 21, 2004
To:	Honorable Board of Directors
Through:	Public and Legislative Affairs Committee *(1/14/04)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	December Legislative Report from Agricultural Resources

RECOMMENDATION

This is an informational item regarding the December 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\2004\04022 December Leg Report from Ag Resources

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

December 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, December 2003**

Highlights:

- First Session. 108th Congress Ends, Major 03 Work Pending
- Preview, Second Session
- IEUA Legislative Priorities, 2004

Session Over, Major 03 Issues Pending in Second Session. Congress completed action for the year in mid-December. Seven funding bills, including the appropriations for the USDA and its programs, were pushed over until 2004. The current fiscal year began last October – so the fiscal year will be four months old when the funding bills are likely signed into law. The massive Energy Bill was finalized by a House-Senate Conference, but was the subject of a filibuster. Several GOP members are opposing the bill and show no signs of switching. The fate of this bill is uncertain. In the intervening weeks, the bill received substantial negative publicity over various controversial provisions.

Preview, Second Session – What to Expect in 2004.

- It's an election year.
- Adjournment will occur, largely on time, in mid-October (shorter than usual

session).

- The Administration has signaled that the mounting deficits will justify a reduction in domestic spending (in what is called non-defense discretionary spending). This will be a point-of-conflict with Congress.

- The State of the Union speech will occur near the end of January.

- The proposed budget for FY 2005 is scheduled to be submitted to Congress on or about February 1. Appropriators may still be dealing with unfinished business for FY 04 while beginning to work on FY 05.

- The Bureau of Reclamation will continue its effort to reduce funding for Title XVI -- water recycling program and plan to phase it out altogether. At the same time, DOI has requested $49 million for Water 2025, its new water conflict avoidance initiative, none of which IEUA, SAWPA or similar agencies would quality for.

- DOD will again ask Congress for language pertaining to perchlorate for the DOD Authorization bill. Preliminary indications that requests to exempt DOD from responsibility will not be undertaken.

IEUA Legislative Priorities for 2004

- Enact Water Recycling bill. The IEUA bills (Dreier and Miller) are pending in the Resources Committee. They must be reported by the full Committee and considered on the House floor. Once it passes the House, then Senate consideration will follow.

- CALFED. The CALFED bill is expected to be considered and finalized in 2004. Bills are pending in both the House and Senate.

- Omnibus Water Bill. Throughout 2003, there was speculation that all water bills will be grouped into a large "omnibus" water bill sometime in 2004. CALFED's authorization would be in it. The IEUA and SAWPA water recycling bills would be included. A water recycling research authorization would be among those to be included. Calvert's national water recycling authorization would be a candidate for inclusion as well. At this time, no such bill exists, but, there's a reasonably good chance that such a bill might be put together -- most likely by Senator Pete Domenici (R-NM), Chair, Senate Energy Committee.

- Administrative Request to USDA for Digester Support. IEUA will, in cooperation with the State of California, will request additional funding for the IEUA Manure Management Program.

- Funding Requests. IEUA will submit requests to Senators Feinstein and Boxer,

and our Congressional Delegation (Baca, Calvert, Dreier, Miller and Napolitano). These may include, among others:

-- water recycling (IEUA project and research priorities)
-- manure management
-- conjunctive use program
-- post-fire restoration
-- flood control
-- energy efficiency

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CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

V. INFORMATION

A. Correspondence From Parties

1) MVWD Letter Re: 2003/2004 Assessment Package
2) MVWD Letter Re: Salt Credit Allocation
3) MVWD Letter Re: Maximum Beneficial Use Proposal
4) MVWD Letter Re: Regional Board Resolution
5) SAWC Letter Re: Regional Board Basin Plan Amendment
6) JCSD Letter Re: Kaiser Plum

Monte Vista
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Mark N. Kinsey
GENERAL MANAGER

RECEIVED
DEC 15 2003
WATER MASTER SERVICES

December 11, 2003

John Rossi, Chief Executive Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Subject: Chino Basin Watermaster Fiscal Year 2003/04 Assessment Package

Dear John:

The Monte Vista Water District has reviewed the draft Chino Basin Watermaster Fiscal Year 2003/04 Assessment Package, dated November 13, 2003. We are appreciative of your efforts to streamline the presentation of the information contained in this package, and feel that it is an improvement over previous versions. After this review, and as discussed in more detail below, the District has number of questions regarding some of the approaches undertaken in the Assessment Package.

1. Reallocation of Agricultural Pool Safe Yield. Under the early transfer provisions of Section 5.3(g) of the Peace Agreement, the quantity of water subject to these provisions *"shall be the greater of (i) 32,800 acre-feet or (ii) 32,800 acre-feet plus the actual quantity of water not produced by the Agricultural Pool for that Fiscal Year that is remaining after all the land use conversions are satisfied."* The current practice in the Assessment Package does not appear to follow the criteria established in Section 5.3(g) of the Peace Agreement and effectively reduced the early transfer quantity for Fiscal Year 2002/03 to 28,868 acre-feet.

2. Desalter Authority Production. Total Fiscal Year 2002/03 production by the Desalter Authority was 10,438.5 acre-feet. After accounting for the capture or production of rising water, net groundwater production from the Chino Basin was approximately 5,219 acre-feet. In review of the Assessment Package, it appears that the Watermaster production assessment is not levied against this production. Please identify the provisions of the Peace Agreement or other mechanism that established this exemption.

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3. New Yield Allocation. The Watermaster recently approved the allocation of increased Basin yield ("New Yield") associated with the Optimum Basin Management Program groundwater recharge facility master plan improvements. It is our understanding that this allocation would begin in Fiscal Year 2003/04 at an initial amount of 12,000 acre-feet per year. The District is currently trying to determine its combined Fiscal Year 2003/04 productions rights and would like confirmation that Watermaster intends to allocate the 12,000 acre-feet of New Yield this fiscal year.

If you have any questions regarding this request or if any additional clarification is necessary, please contact the District at your convenience. Thank you.

Respectfully,

Monte Vista Water District

Mark N. Kinsey
General Manager

cc: Board of Directors, MVWD

Monte Vista
Dedicated to Quality, Service and Innovation
Water District

Mark N. Kinsey
GENERAL MANAGER

January 15, 2004

Mr. John Rossi, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Salt Credit Allocation Pursuant to the Provisions of the Peace Agreement

Dear John:

Over the last two years, the Monte Vista Water District has raised concerns regarding Watermaster's Draft Maximum Beneficial Use Proposal, submitted to the Regional Water Quality Control Board for the Santa Ana Region (Regional Board). If adopted, the proposal effectively allocates the water quality benefits (salt credits) generated by the Optimum Basin Management Program (OBMP) implementation to support an upward revision in the water objectives for the Chino Groundwater Basin. Such allocation benefits only discharging appropriators even though all appropriators share the costs. The District believes that the Watermaster's failure to equitably distribute salt credits associated with the proposal violates the Chino Basin Judgment, the Peace Agreement, and the Watermaster Rules and Regulations requirements to equitably allocate OBMP costs and benefits.

These concerns have been discussed with Watermaster staff many times and repeatedly identified by the District during Appropriative Pool, Advisory Committee, and Board meetings when the Maximum Beneficial Use Concept/Proposal was discussed. At all times the District has approached this item with the goal of supporting the Maximum Beneficial Use Proposal while maintaining the integrity of one of the core principles the Watermaster parties worked so hard to establish in the Peace Agreement.

Under the Peace Agreement, the Watermaster parties agreed to fund OBMP implementation based on the principles of equitable distribution of costs and benefits amongst the parties. It should come as no surprise for those directly involved in the crafting of the Peace Agreement and the Watermaster Rules and Regulations, that these documents have systematically reinforced this principle.

Chronologically, and with increasing clarity and specificity, the process of establishing the commitment to and procedures for the allocation of OBMP-related water quality benefits to the Watermaster parties in the form of salt credits, was identified and discussed in the OBMP Implementation Plan, the Peace Agreement, and in the Watermaster Rules and Regulations. A summary of relevant sections of these documents from the Special Referee Workshop for the Draft Watermaster Rules and Regulations held in March 2001, is included as Attachment 1.

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Robb D. Quincey PRESIDENT
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Josephine M. Johnson DIRECTOR
Maynard B. Lenherr DIRECTOR

Mr. John Rossi
January 15, 2004

During the March 2001 Workshop, several questions were asked by Ms. Schneider, Special Referee, regarding salt credit allocation. In summary, Ms. Schneider asked if it was the intent of the parties to come back, at a later date, and develop rules on salt credits and secondly, is it further the intent of the parties to amend the rules to provide for a procedure for their (salt credits) allocation. In response to the first question, Watermaster Legal Counsel, Scott Slater, stated:

> *"Yeah. I think that is particularly true with regard to salt credits. They are a commodity, if you will, that is controlled primarily by the Regional Board and not Watermaster per se. But the parties collectively recognize that they would rather take credit generally amongst themselves to be able to take greatest advantage of how the credits will ultimately be deployed. And not having full knowledge about how it may be best to use them, they have decided to punt until an opportunity comes or arises to be able to assign and allocate them. The Watermaster must hold them in trust, and it does recognize that the time will come, perhaps soon, that it will need to address that with more robust and definite rules."*

In response to the second question, Mr. Slater stated:

> *"That's correct. We do know there is a – there are three general statements. One is that the salt credits were held in trust by Watermaster. There is an assignment to each member of the Appropriative Pool. Upon request by the member, if there is not a pending request, then presumably initiation of that pending request would trigger the requirement for Watermaster to then come forward and develop rules."*

Given the District's inability to have Watermaster allocate salt credits in December 2002, and again in May 2003, the District formally made a request. At the May 29, 2003 Watermaster Board meeting, District Legal Counsel Art Kidman, McCormick, Kidman, and Behrens, LLP, requested that the Watermaster address salt credit allocation before proceeding with the Maximum Beneficial Use Proposal (Attachment 2). Watermaster has yet to appropriately respond to the issues raised in the District's May 29 correspondence, and Watermaster staff has yet to provide the analysis requested by the Watermaster Board regarding this item.

It is also the District's belief that, in connection with the Maximum Beneficial Use Proposal, the Watermaster and Watermaster parties have avoided taking formal action on the District's request to establish salt credit allocation procedures pursuant to the Peace Agreement and their Rules and Regulations. Watermaster has not approved the Maximum Beneficial Use Proposal, and has neither received nor requested final approval from the Watermaster parties or from the Court.

It is clear to the District that the Watermaster and the majority of the Watermaster parties have no intention of addressing salt credit allocation or facilitating a meaningful resolution of the resulting equity issues. Accordingly, and as noted below, it is necessary that the District define its position regarding actions, contemplated actions or inaction by the Watermaster and Watermaster parties.

1. Salt Credits Exist. The Regional Board, through its support of a significant upward adjustment in the total dissolved solids (TDS) water quality objectives proposed in Watermaster's Maximum Beneficial Use Proposal, intends to recognize that OBMP implementation creates salt credits. Without a clear demonstration that the salt management provisions implemented under the OBMP would remove and control salt loading within the Chino Basin, the Regional Board would not be in a position to consider Watermaster's Maximum Beneficial Use Proposal and would establish the water quality objectives in accordance with the anti-degradation provisions of the Porter-Cologne Act.

2. The Maximum Beneficial Use Proposal fails to allocate salt credits in a manner consistent with the provisions of the Peace Agreement and Watermaster Rules and Regulations. Watermaster never proposed, considered, or pursued the development of salt credit allocation procedures for review by the Watermaster parties and the Regional Board. Watermaster did not request approval from, or indicate to the parties that through the Maximum Beneficial Use Proposal, the water quality benefits (salt credits) associated with the OBMP would be required to support the upward revision in water quality objectives in place of allocation to the individual Appropriative Pool members.

3. Watermaster did not hold salt credits in trust. Under the provisions of the Peace Agreement and the Watermaster Rules and Regulations, Watermaster was to hold salt credits in trust until procedures for their allocation to the individual Appropriative Pool members were established.

4. Watermaster did not implement the requirement of the Peace Agreement and Watermaster Rules and Regulations to develop formal rules and regulations regarding salt credits and their allocation to the individual Appropriative Pool members.

5. The Maximum Beneficial Use Proposal has not received final approval from the Pools, the Advisory Committee, the Watermaster, or the Court. The District has reviewed Watermaster minutes from January 2002 to August 28, 2003. Other than approval to submit in concept and to work with the Regional Board to establish terms and conditions regarding its implementation, it does not appear that the Watermaster or Watermaster parties have taken action to approve a final Maximum Beneficial Use Proposal for formal Regional Board consideration.

   At the May 15, 2003 Appropriative Pool meeting, Watermaster staff distributed a draft proposal for review and comment by the parties. It is also the District's understanding that the actual terms and conditions that will be established by the Regional Board are still under development. From discussions with Watermaster staff, it is not clear to the District if a final proposal with Regional Board conditions will be presented to the Watermaster or Watermaster parties for formal consideration.

   It is the District's position that the Maximum Beneficial Use Proposal represents a modification to the Rules and Regulations and to the Peace Agreement requiring approval by the Watermaster, Watermaster parties and the Court.

6. Watermaster has refused to take action on the District's request for the development of salt credit allocation procedures. Pursuant to the Peace Agreement, the Watermaster Rules and Regulations, and the commitments made by Watermaster legal counsel at the March 2001 Rules and Regulations Workshop, there was a clear obligation that Watermaster, upon the request of a member of the Appropriative Pool, develop the necessary salt credit allocation procedures. At its July 10, 2003 meeting, the Appropriative Pool took action to approve the following motion:

   Motion by Gerry Black, Fontana Union Water Company, seconded by Rita Kurth, Cucamonga County Water District, and by majority vote:

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

   In keeping with the provisions of the Peace Agreement and Watermaster Rules and Regulations, it is the District's position that Watermaster is obligated to develop the necessary salt credit allocation procedures with or without approval by the Regional Board. Watermaster staff, legal counsel, and consultants knew that the Regional Board would not consider both an internal Watermaster salt credit allocation procedure and the Maximum Beneficial Use Proposal.

   This motion was never forwarded to the Advisory Committee or Watermaster Board for consideration. According to Watermaster staff, in this motion the Appropriative Pool was referring to Watermaster as an entity, not as the Watermaster Board and that there was no specific action to forward to the Advisory Committee or Watermaster Board.

7. If adopted, the Maximum Beneficial Use Proposal will allocate salt credits and OBMP benefits to support an upward revision in the water quality objectives for the Cucamonga Groundwater Basin. Since the Cucamonga Groundwater Basin is outside the jurisdictional authority of the Chino Basin Watermaster, the District does not understand why Watermaster's Maximum Beneficial Use Proposal would include this Basin and does not believe that the majority of the parties are aware of this fact. Based on criteria of a June 1998 salt mitigation agreement between Inland Empire Utilities Agency (CBMWD) and Western Municipal Water District (Attachment 3), and an annual recharge of 2,500 acre-feet of recycled water (April 16, 2002 Watermaster Maximum Beneficial Use Proposal submitted to the Regional Board; Case 4), the estimated benefit to the Cucamonga Groundwater Basin producers in avoided salt mitigation costs is approximately $1 million, annually.

   While the District is not necessarily opposed to these activities, it is our position that the producers within the Cucamonga Groundwater Basin are benefiting from OBMP implementation without appropriately contributing to its implementation costs.

8. Watermaster's refusal to establish the salt allocation procedures required under the Peace Agreement and the Watermaster Rules and Regulations results in the inequitable distribution of the costs and benefits associated with OBMP salt management programs. Attachment 4 provides a summary of the costs and financial benefits that would accrue to the parties under the Maximum Beneficial Use Proposal. Through 2020, the net present dollar value of the subsidy provided by the parties to the desalters is approximately $36 million. Depending on the dollar value assigned to recycled water,

and the quantity of annual recharge, the net present value of recycled water recharge into the Chino Basin would likely be $22-$28 million and would accrue to only five Appropriative Pool members.

9. The Maximum Beneficial Use Proposal may provide the Regional Board with the regulatory authority to require the Watermaster parties to construct additional desalters. After review of the April 16, 2002 Watermaster Maximum Beneficial Use Proposal, submitted to the Regional Board, the District is concerned that the conditions established by the Regional Board may provide the agency with the regulatory authority to require the construction of additional desalter capacity to permit the continuation of recycled water usage within the Chino Basin. The modeling analysis which is being pursued for implementation (Case 4) provides for "*additional desalting (under the OBMP) to ensure that the TDS concentration in recycled water (from the IEUA facilities) is less than 550 mg/L.*"

   This aspect of the Maximum Beneficial Use Proposal represents a potential change in the commitments that have been made by the Watermaster parties under the provisions of the Peace Agreement regarding the construction of additional desalter facilities.

The District is again requesting that Watermaster withdraw or suspend the Maximum Beneficial Use Proposal under review by the Regional Board until these items have been addressed. The District believes it has exhausted all reasonable administrative remedies available under the Judgment, Peace Agreement, and the Watermaster Rules and Regulations.

Respectfully,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments

cc: Board of Directors, Monte Vista Water District
Art Kidman, McCormick, Kidman, and Behrens
Bruce Lance, General Legal Counsel

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Dedicated to Quality, Service and Innovation

Mark N. Kinsey
GENERAL MANAGER

January 15, 2004

Mr. John Rossi, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Maximum Beneficial Use Proposal

Dear John:

The Monte Vista Water District is currently reviewing the Regional Water Quality Control Board, Santa Ana Region, Agenda Item 12: Public Hearing, Basin Plan Amendment, Nitrogen and Total Dissolved Solids Management in the Santa Ana Region, scheduled for consideration on Thursday, January 22, 2004. Included in this agenda item is an attachment to Regional Board Resolution No. R8-2004-0001. This attachment identifies proposed changes to the Basin Plan for the Santa Ana River Watershed and Inland Empire Utilities Agency/Chino Basin Watermaster commitments required to support its Maximum Beneficial Use Proposal.

Pages 74 and 78 of this attachment identify the commitments the Watermaster will make regarding the construction of desalter capacity above the expansion of Chino I and the construction of Chino II as required under the Peace Agreement. Under heading 4. Future Desalter Development (Table 5-8a, #4) the attachment states in full:

> *No later than October 1, 2005, a schedule for implementation of the next 20 MGD of desalter capacity, as contemplated by the Chino Basin OBMP, and as required by the San Bernardino Superior Court must be submitted to the Regional Board by the Chino Basin Watermaster. The schedule must specify that IEUA/Watermaster will initiate building of the next desalter when the 12-month running average effluent concentration (measured as an average for all IEUA wastewater treatment facilities) reaches 545 mg/L TDS for three consecutive months.*

Review of Section 7.3 of the Peace Agreement establishes the following commitments relative to the construction of desalter capacity above the expansion of Chino I and the construction of Chino II to 10 mgd. In summary, Section 7.3(c) provides the following criteria for the construction of additional desalter capacity:

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Robb D. Quincey PRESIDENT Sandra S. Rose VICE PRESIDENT James T. Morgan DIRECTOR Josephine M. Johnson DIRECTOR Maynard B. Lenhert DIRECTOR

1. It is contemplated by the Parties that future expansion of desalter capacity may occur;
2. That the construction of additional desalter capacity is conditioned upon the ability of the (constructing parties) to secure funding to pay for capital costs.

Section 7.4 also provides criteria for the possible funding of additional desalters if Watermaster determines that they are required to implement the OBMP.

It appears that the conditions proposed by the Regional Board are not consistent with provisions of the Peace Agreement and commitments made by the parties and have not been reviewed and approved by the parties, Watermaster, or the Court. I would request that this item be added to the today's Appropriative Pool agenda for discussion purposes.

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Monte Vista
Dedicated to Quality, Service and Innovation

Mark N. Kinsey
GENERAL MANAGER

RECEIVED
JAN 21 2004

January 20, 2004

VIA E-MAIL AND U.S. MAIL
hsmythe@rb8.swrcb.ca.gov

Ms. Hope Smythe
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
SANTA ANA REGION ("Regional Board")
Suite 500
3737 Main Street
Riverside, California 92501

Regional Board Resolution No. R8-2004-0001

Dear Ms. Smythe:

Monte Vista Water District has reviewed the above-referenced proposed Resolution and the attached proposed amendments to the Basin Plan. The proposed amendments impose at least one condition that exceeds the Court approved Chino Basin Optimum Basin Management Program ("OBMP"). Monte Vista submits this letter for consideration by the Regional Board at its January 22, 2004 hearing.

The proposed amendments include the following language: "IEUA and the Watermaster have committed to initiate the building of another Chino Basin desalter when the TDS in IEUA's effluent reaches 545 mg/L for three consecutive months." Other than providing support for the desalter projects currently under design and construction by the Chino Desalter Authority, the Chino Basin parties have never agreed to build another desalter based on any criteria. Under the provisions of the Peace Agreement, the Chino Basin parties have in fact agreed only to exercise their best efforts to negotiate new terms and conditions in the event that Watermaster, in its discretion, determines that future desalters are necessary to implement the OBMP in the absence of outside funding sources.

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Robb D. Quincey, PRESIDENT Sandra S. Rose, VICE PRESIDENT James T. Morgan, DIRECTOR Josephine M. Johnson Maynard B. Lenhert

Monte Vista believes that the Watermaster had not reviewed and approved the amendments in their current form. Monte Vista respectfully requests that the Regional Board postpone hearing on the Resolution until the Watermaster has had opportunity to review and approve the amendments. Thank you for your attention to this matter.

Very truly yours,

Monte Vista Water District

Mark N. Kinsey
General Manager

Hand Delivered to Regional Board meeting at:

City of Loma Linda
Council Chambers
25541 Barton Road
Loma Linda, California

cc: Board of Directors, Monte Vista Water District
Gerald Thibeault, Regional Board Executive Officer
John Rossi, Watermaster Chief Executive Officer ✓
Scott Slater, Watermaster Counsel

San Antonio Water Company
Incorporated October 25, 1882
Serving the original Ontario Colony Lands
(Communities of Ontario - San Antonio Heights - Upland)

21 January 2004

Gerard J. Thibeault, P.E.
Executive Officer
California Regional Water Quality Control Board
Santa Ana Region
3737 Main Street, Suite 500
Riverside, CA 92501-3348

Via Fax and US Mail
(909) 686-8016

Re: Regional Board Meeting of January 22, 2004
Agenda Item No. 12 – Basin Plan Amendment

Executive Officer and Members of the Board:

The referenced agenda item has involved considerable time and effort to hopefully result in a better overall basin management methodology for the benefit of all users. And as one of the parties to the Chino Basin Judgement, I would like to be assured that our negotiated process involving cooperation, consensus and conformance with our OBMP and Peace Agreement is accomplished in our collective management of the Basin.

Hence our concern with the proposed language on "Future Desalter Development" (Section 4) as drafted in the proposed Basin Plan Amendment. The wording as currently written requires the submission of a schedule for implementation of the next 20 MGD of desalter capacity within 20-months. This appears to be a premature conclusion as to the type and size of a solution. Especially since this option has not yet been evaluated and discussed by the parties of the Chino Basin Judgement, pursuant to our negotiated process in implementing basin management.

Over the past three years, many progressive steps have been accomplished in the management of the Basin. One of which is enhanced monitoring and another is the implementation steps taken on the two-desalter facilities in the southerly sector of the Basin.

In consideration of any future desalters and/or other technology to address remaining issues, we have not yet obtained or reviewed the appropriate data to guide our decisions. Therefore, we would appreciate a continuation of action on this item or a revision of the language such that we can evaluate and discuss the best future option(s) under our collaborative process and future coordination with your agency.

Sincerely,

Ray Wellington, P.E.
General Manager/CEO

Cc: Directors, CBWM/CEO (484-3890), MWD/GM (624-4725)

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Paul E. Hamrick, Director
James C. Huber, Director
Curtis W. Hummel, Director
Kenneth J. McLaughlin, Director
Jack E. Smith, Director

Jurupa
Community Services District

RECEIVED
NOV 21 2003

November 19, 2003

Mr. John Rossi
Chief Executive Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, Ca. 91730

RE: KAISER PLUME

Dear Mr. Rossi:

Jurupa Community Services District (JCSD) has reviewed Wildermuth Environmental's September 18, 2003 correspondence to Watermaster regarding groundwater quality investigation activities and related proposed OBMP scope of work. Of particular concern is the Kaiser plume and its potential impact on JCSD's existing and future wells, and Chino Desalters' wells.

As noted in Mr. Wildermuth's referenced letter, Kaiser Cleanup and Abatement Order #87-121 was rescinded in 1993 and there has been no formal monitoring of the plume since that time. We concur with Mr. Wildermuth's recommendations with respect to rehabilitating the two former offsite Kaiser monitoring wells, MP-2 and KOFS-I, for sentry purposes in connection with both JCSD's and Chino Desalters' wells. We also agree these wells should be annually tested to determine quality changes associated with the Kaiser plume.

JCSD is concerned about water quality impacts on its existing wells, and its ability, in the future, to construct new wells in the area of its existing well-field. Given, however, Mr. Wildermuth's projection that JCSD's wells could be impacted by the Kaiser plume in 10-15 years, it will first be necessary to conduct a study to determine the relationship of existing and future groundwater production and its potential influence on, and relationship to, the plume. We have employed the services of Geoscience to review the situation and provide recommendations and findings, and have also met with the Regional Water Quality Control Board.

As noted above, the Regional Water Quality Control Board rescinded its Kaiser Cleanup and Abatement Order, however, the question now is whether the magnitude and type of water quality impacts (TDS/TOC/VOC) are consistent with the information and projections at the time the Order was rescinded and whether and to what extent impacts to well(s) in existence in 1993 are required to be mitigated.

11201 Harrel Street, Mira Loma, CA 91752 * Phone (909) 685-7434 * Fax (909) 685-1153

It is suggested Watermaster and its Water Quality Committee confer with the Regional Board to determine the Regional Board's role in this matter. We understand such determination may be subject to proceedings involving the City of Ontario and Kaiser presently before the Regional Board, which are currently postponed pending a potential agreement between Ontario and Kaiser. Any agreement, however, may be *inter se* to Ontario and Kaiser and thus may not address impacts to JCSD and the desalters' wells.

The above suggestions are consistent with OBMP Program Element #6, with respect to identifying and mapping water quality anomalies through Watermaster's groundwater quality monitoring program (Program Element #1), revising the maps at least annually and submitting them along with supporting data to the Regional Board. As identified in Program Element #6, Watermaster's role is to augment the Regional Board's limited resources by identifying water quality anomalies, assisting the Regional Board in determining the anomaly sources and establishing priorities for clean-up jointly with the Regional Board. We suggest the Watermaster Water Quality Committee work accordingly with the Regional Board concerning the Kaiser plume.

Finally, we suggest the cost of reviewing and developing a comprehensive monitoring and mitigation program in connection with the Kaiser plume, as necessary, be considered part of the OBMP for the reasons discussed above concerning Program Element Nos. 1 and 6. Discussion concerning the role of Geoscience and its investigation concerning JCSD's existing and future wells is appropriate with respect to both cost responsibility and coordination with Watermaster's OBMP activities. Perhaps this work can be integrated with regard to the potential impact on the Chino Desalters' wells.

Please contact me for discussion following your review and consideration of the foregoing. We appreciate Watermaster's continuing cooperation and assistance.

Sincerely,

Carole A. McGreevy
General Manager
Jurupa Community Services District

Copy: John Schatz
Sam Gershon, AAWA
Tom O'Neill
Board of Directors
7020.admin.ltr.jrossi.re.kaiserplume/dw

CHINO BASIN WATERMASTER

January 29, 2004

10:00 a.m. – Advisory Committee Annual Meeting

1:00 p.m. – Watermaster Board Annual Meeting

V. INFORMATION

B. Metropolitan Water District of So. California

Update of Availability of Replenishment Deliveries for the Winter

MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: December 11, 2003

To: Member Agency Managers

From: Ronald R. Gastelum, Chief Executive Officer

Subject: Update on Availability of Replenishment Deliveries

This is an update on the Metropolitan Water District of Southern California's (Metropolitan) availability of replenishment deliveries. This update is part of Metropolitan's continuing effort to keep you informed on the status of supply and delivery conditions.

Metropolitan's State Water Project (SWP) allocation since May 2003 has been 90%, which is approximately 1.8 MAF. The high allocation has allowed Metropolitan to make replenishment deliveries of SWP water since that time, subject to operational constraints. Metropolitan has worked with its member agencies to maximize deliveries of SWP water into the service area. It is estimated that a record of approximately 1.6 MAF of SWP water will be delivered into Metropolitan's service area in 2003. Additional SWP water was stored in accounts in California's Central Valley and as carryover storage into 2004 in SWP facilities.

Conversely, Metropolitan's Colorado River water (CRW) supply had been dramatically reduced from 1.25 MAF to about 0.6 MAF. In spite of this, Metropolitan maintained reliable deliveries to meet all firm demands. However, interruptible replenishment deliveries of CRW have been limited throughout most of 2003 because of this shortage.

This month, the Bureau of Reclamation will be making additional CRW available due to underuse by California agricultural agencies. It is estimated that an additional 70,000 AF of CRW will be available to Metropolitan through the end of 2003. As a result, replenishment of SWP water, CRW, or blends of the two, will be made available through the end of CY 2003, subject to operational constraints and replenishment program requirements.

Metropolitan is closely monitoring developments that affect the allocation of SWP and CRW supply. However, it is likely that CRW replenishment will not be available in early 2004, due to continued dry conditions and low storage levels on the Colorado River system. We will continue to evaluate the availability of replenishment service and provide you with updates as supply and operating conditions change.

Again, thank you for your cooperation and assistance in this challenging year. If you have any questions, please contact Brent Yamasaki at (213) 217-7146 or Mike Morel at (626) 844-5601.

Ronald R. Gastelum

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