



CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

AGENDA PACKAGE

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE**

10:00 a.m. – March 25, 2004
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, Ca 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Advisory Committee meeting held February 26, 2004 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2004 *(Page 15)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through January 31, 2004 *(Page 19)*
3. Treasurer's Report of Financial Affairs for the Period January 1 through January 31, 2004 *(Page 21)*
4. Profit & Loss Budget vs. Actual July 2003 through January 2004 *(Page 23)*

II. BUSINESS ITEMS

A. IEUA STORAGE AGREEMENT

Consider Approval of The Dry Year Yield Program's Storage Agreement with IEUA & TVMWD
(Page 25)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Monte Vista Water District Motion – Hearing April 22, 2004
2. Chino Land & Water Appellate Court Final Decision
3. MZ1 Workshop with Special Referee
4. Wilson v. Chino Basin Watermaster

B. CEO/STAFF REPORT

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003
2. Update Regarding AGWA Strategic Planning Session *(Page 35)*
3. Update Regarding MWD Perchlorate Task Force *(Page 41)*
4. Update Regarding Recharge

C. INLAND EMPIRE UTILITIES AGENCY

- 1. Request for Letters of Support for AB 2525 – Clarification of "Action Level" Water Quality Terminology – Martha Davis (Page 51)
- 2. Water Resources Report – David Hill (Page 63)
- 3. Water Conservation Status Report – Dave Hill (Page 69)
- 4. Recycled Water Program – Tom Love (Page 71)
- 5. State/Federal Legislation – Martha Davis (Page 79)
- 6. Public Relations (Outreach Update) – Sondra Elrod (Page 99)

IV. INFORMATION

- 1. Response to Monte Vista Water District Letter Dated December 11, 2003 Regarding Assessment Package (Page 101)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

March 23, 2004	9:00 a.m.	Groundwater Recharge Coordinating Committee Meeting
March 25, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting
April 6, 2004	2:00 p.m.	Water Quality Meeting
April 7, 2004	9:00 a.m.	MZ1 Technical Group Meeting
April 8, 2004	3:00 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
April 13, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 22, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

1:00 p.m. – March 25, 2004
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, Ca 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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A. MINUTES

1. Minutes of the Watermaster Board meeting held March 1, 2004 *(Page 1)*

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1. Cash Disbursements for the month of February 2004 *(Page 15)*
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2. Update Regarding AGWA Strategic Planning Session *(Page 35)*
3. Update Regarding MWD Perchlorate Task Force *(Page 41)*

- 4. Update Regarding Recharge
- 5. Discussion Regarding Interim Plan for the Management of Subsidence

IV. INFORMATION

- 1. Response to Monte Vista Water District Letter Dated December 11, 2003 Regarding Assessment Package (*Page 101*)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

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	1:00 p.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting –
February 26, 2004

Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

February 26, 2004

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on February 26, 2004 at 10:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Nathan deBoom, Vice-Chair

Jack Hagerman

John Huitsing

Milk Producers Council

State of California, CIM

Milk Producers Council

Non-Agricultural Pool

Bob Bowcock

Vulcan Materials Company (Calmat Division)

Appropriative Pool

Ken Jeske, Chair

City of Ontario

Mike Maestas

City of Chino Hills

Raul Garibay

City of Pomona

Michael McGraw

Fontana Water Company

Gerald Black

Fontana Union Water Company

Bill Stafford

Marygold Water Company

J. Arnold Rodriguez

Santa Ana River Water Company

Dave Crosley

City of Chino

Henry Pepper

City of Pomona

Watermaster Staff Present

John Rossi

Chief Executive Officer

Gordon Treweek

Project Engineer

Danielle Maurizio

Senior Engineer

Sheri Rojo

Finance Manager

Sherri Lynne Molino

Recording Secretary

Watermaster Consultants Present

Michael Fife

Hatch & Parent

Mark Wildermuth

Wildermuth Environmental, Inc.

Other Presents

Dave Hill

Inland Empire Utilities Agency

Sondra Elrod

Inland Empire Utilities Agency

Steven G. Lee

Agricultural Pool Legal Counsel

Josephine Johnson

Monte Vista Water District

Gerard Thibeault

Regional Water Quality Control Board

The Advisory Committee meeting was called to order by Chair Jeske at 10:04 a.m.

AGENDA - ADDITIONS/REORDER

It was asked that section III REPORTS/UPDATES, under B. CEO/STAFF REPORT, item 1 be presented prior to section II BUSINESS ITEMS due to time constraints for Mr. Wildermuth.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Annual meeting held January 29, 2004
2. Minutes of the Appropriative Pool Special Conference Call held January 21, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through December 31, 2003
3. Treasurer's Report of Financial Affairs for the Period December 1, 2003 through December 31, 2003
4. Profit & Loss Budget vs. Actual July 2003 through December 2003

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from West San Bernardino County Water District to Cucamonga Valley Water District in the Amount of 500 acre-feet

Motion by Black, second by Bowcock, and by unanimous vote

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

This item was taken out of sequence per request under agenda additions/reorder.

III. REPORTS/UPDATES**B. CEO/STAFF REPORT****Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003**

Mr. Wildermuth gave the second portion of the OBMP Progress presentation which focused on Desalter production and its impact on the basin. Mr. Wildermuth reminded the Committee that he had previously given the presentation on Hydraulic Control and will be covering topics such as Groundwater Monitoring, Water Quality Committee, MZ1 Management Plan, and Balance of Recharge and Discharge in his future presentations. Mr. Wildermuth reviewed several maps that detailed TDS levels, Nitrate, and water quality anomalies. Lastly, he reviewed current Desalter activities which brought about a brief discussion. Questions were presented, whereupon Mr. Wildermuth felt his responses would be best answered at the March meetings after discussion with Mr. Rossi and review of gathered information.

II. BUSINESS ITEMS**A. REQUEST FROM CITY OF CHINO CREDIT AGAINST OBMP ASSESSMENTS (FORM 7)**

Mr. Rossi confirmed the recommendation by the Pools to seek review by Mark Wildermuth for various languages contained in the Peace Agreement and Rules and Regulations with respect to the issue of requested credit against OBMP Assessments. Mr. Rossi reviewed page 48 titled "Table 1 Initial List of Programs and Projects for Form 7 Applications" detailing the left column for "Program Element and Activity" and the right column for "Potential Action by a Party that Could be Eligible for Credit Against OBMP Assessment or for Reimbursement". Questions were presented regarding the effect on assessments and the request to receive a matrix reviewing various comments be brought back at the next meeting for discussion. A discussion ensued and several interpretations were received. Mr. Rossi stated that he was anticipating receiving comments from the Committee members from recent Pool meetings along with the Advisory and Watermaster Board, at which time he will be able to present back accumulated comments. These comments will be compiled and brought back to the March meetings.

B. DISCUSS ASSISTANCE TO REGIONAL WATER QUALITY CONTROL BOARD ON WATER QUALITY ANOMOLY SOUTH OF ONTARIO AIRPORT

Mr. Rossi commented by unanimous Pool recommendation, which was an authorization in an amount not to exceed \$25,000 for counsel assistance to the RWQCB, he was offering this information to the Advisory Committee for comment. A brief discussion ensued and a recommendation was presented.

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

Moved to approve counsel assistance for the Regional Board not to exceed \$25,000

C. BASIN PLAN AMENDMENT

Legal counsel was tasked to provide an analysis of consistency of the Basin Plan Amendment, the Peace Agreement, and associated documents. Counsel Fife offered a presentation which examined the a) Judgment, b) Peace Agreement, c) OBMP (Phase I Report and Implementation Plan), d) Court Orders, and e) Rules and Regulations. Counsel Fife stated the Basin Plan Amendment contains both "Maximum Benefit" standards as well as "antidegradation" standards. Counsel Fife described the Maximum Benefit component of the Basin Plan Amendment as adopted by RWQCB and emphasized two issues addressed by the Peace Agreement: the Desalter schedule requirement and IEUA's waste discharge exceedance desalter requirement. The schedule for implementation for the next 20 mgd of desalter capacity, pursuant to the Peace Agreement that implements 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 by October 1, 2005 was discussed in length. Counsel Fife read the September 28, 2000 Court Order, and sections of the Implementation Plan, Program Element 3 found on page 23 and 26. It was noted that the Desalter schedule requirement was defined primarily by the Court and the OBMP, and not by the Basin Plan Amendment. Counsel Fife noted that the parties could decide not to submit a schedule to RWQCB and the consequence would be reversion to antidegradation standards. Counsel Fife also reviewed the Basin Plan Amendment language regarding IEUA's waste discharge exceedance desalter requirement and a discussion ensued. The Peace Agreement sections regarding commitments relative to the next desalter were discussed in terms of their relationship to the Basin Plan Amendment.

A discussion took place in regards to Counsel Fife's presentation which included the topic of salt credits. Counsel Fife mentioned that salt credits could be very relevant in the Basin Plan Amendment if the Regional Board reverts to the use of the antidegradation standards.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water – Hearing on March 3, 2004 in Riverside
Counsel Fife reported that oral argument in the appeal of this case is scheduled for March 3, 2004 at 8:30 am in Riverside. Each side will be given 15 minutes for argument.
2. MZ1 Workshop with Special Referee
Counsel Fife commented that this meeting as originally scheduled was delayed in order to allow for more data to be collected. A new workshop will be scheduled, likely for sometimes in May.
3. DYY Storage Agreement and Court Approval
A storage agreement for final approval of the DYY project is near completion. Counsel has worked with IEUA to develop storage agreement terms and it is anticipated that the draft agreement will be presented to the Pools in March.

4. Basin Plan Amendment Review
Item 4 was covered by Counsel Fife's previous presentation and no further comment was made.
5. SWRCB Water Right Fee
Counsel Fife commented due to the statewide budget issues, the SWRCB has moved forward with implementation of a recent law that allows them to impose a fee upon SWRCB permitted water rights. Because Watermaster holds such rights in the San Sevaine system, the SWRCB has sent a bill to Watermaster. Because of the limited amount of Watermaster's rights, and the relatively small amount of the fee, the cost to Watermaster will be about \$1200. Counsel reports that other groups who are more significantly impacted have initiated litigation against the SWRCB.

Counsel Fife added below comment to III REPORTS/UPDATES section A. GENERAL LEGAL COUNSEL REPORT

Counsel Fife referenced the additional handout on the back table regarding the January 26, 2004 Loeb & Loeb letter written to Mr. Rossi of the Chino Basin Watermaster requesting copies of any and all documentation on the subject of the former Kaiser facility near Fontana, California.

It was declared by Mr. Ken Jeske of the City of Ontario, that at which time any motion regarding this issue was made, he would have to abstain from voting pursuant to the City of Ontario's settlement agreement.

B. CEO/STAFF REPORT

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003
This item was taken out of order and placed prior to II BUSINESS ITEMS.
2. Discuss MWD Rate Increase Proposal
Due to time constraints no comments were made regarding this item.
3. Update Regarding the Water Quality Committee Meeting of February 5, 2004
Due to time constraints no comments were made regarding this item.
4. Update Regarding Reimbursement of \$169,209 for Recharge Improvement Costs
Due to time constraints no comments were made regarding this item.
5. Discuss Process of Establishing Future Desalter Ad Hoc Committee
Mr. Rossi stated he thought it necessary to form an Ad Hoc Committee to specifically deal with the future desalter implementation processes and asked the opinion of the Committee members. It was noted there would be numerous negotiations on this issue and feed back was welcome. Mr. Rossi informed the Committee that he had met with Scott Slater three months ago to discuss issues and brainstorm on objectives and realities for upcoming desalter needs. A reminder was made that the Court must have a written outline for future desalters filed by September 2005 and that it would take approximately 6 to 9 months for the planning which is why it is vital to form an Ad Hoc Committee as quickly as possible.

A recess was called at 11:18 a.m. by Chair Jeske.

The Advisory Committee Meeting was reconvened at 11:32 a.m. by Chair Jeske.

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD IRP/Long Range Finance Plan Update – Dave Hill (oral)
Mr. Hill presented a handout titled Member Agency Workshop dated February 19, 2004 Long Range Finance Plan that was not included in the package. Mr. Hill commented briefly on the contents of this report
2. Dry Year Yield Update – Rich Atwater (oral)
No comment was made on this item.
3. Regional Recycled Water Program Status Report – Dave Hill (attached)
Mr. Hill reviewed the IEUA Regional Recycled Water Program Status Report dated February 2004.
4. Proposition 50 Grant Opportunities Status Report – Dave Hill (oral)
Mr. Hill presented a handout titled Proposition 50 Information and Schedule Southern California Water Dialogue dated February 10, 2004 that was not included in the package. Mr. Hill reviewed this hand out and commented that there are funds available and that IEUA was working on criteria development to move forward on obtaining these funds.
5. Water Resources Report – David Hill (attached)
Mr. Hill spoke on the highlights of the February 2004 Water Resources Update which included 1) Santa Ana Watershed Project Authority, 2) Metropolitan Water District of Southern California, 3) CALFED, Updates, 4) Colorado River, Updates and Issues, 5) Water Conservation Activity Summary, 6) State Water Plan, and 7) Water Resources Coordination Calendar.
6. Water Conservation Status Report – Dave Hill (attached)
Mr. Hill summarized the various programs in the February 26, 2004 Water Conservation Report.
7. Recycled Water Program – Dave Hill (attached)
Mr. Hill presented the current Active Projects – Phase I in the January 2004 Recycled Water Summary.
8. Chino Basin Facilities Improvement Project (Recharge) – Dave Hill (attached)
Mr. Hill made no comment on this item.
9. State/Federal Legislation – Dave Hill (attached)
Mr. Hill stated that this report was attached to the packet and had no further comment on this item.
10. Public Relations (Outreach Update) – Sondra Elrod
Ms. Elrod reviewed the upcoming calendar of events, and highlighted the recent agency tours that took place earlier in February. Ms. Elrod commented on the agency outreach programs for the month of February.

IV. INFORMATION

Mr. Rossi informed the Committee that the refund had been received and Watermaster's portion was \$188,114.90 from Metropolitan Water District. Watermaster is analyzing the various ways to divide up the refund and Mr. Rossi commented that it should be equitably distributed. Further update will follow at the March meetings.

V. POOL MEMBER COMMENTS

No comments were made on this item.

VI. OTHER BUSINESS

No comments were made on this item.

VII. FUTURE MEETINGS

February 26, 2004	10:00 a.m.	Advisory Committee Meeting
March 1, 2004	1:00 p.m.	Watermaster Board Meeting
March 11, 2004	3:00 p.m.	Joint Appropriative & Non-Ag Pool Meeting
March 16, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 23, 2004	2:00 p.m.	Water Quality Committee Meeting
March 25, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 11:55 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting –
March 1, 2004

Draft Minutes
CHINO BASIN WATERMASTER
BOARD MEETING

March 1, 2004

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

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Terry Catlin, Vice-Chair	Inland Empire Utilities Agency
Dan Rodriguez, Secretary	City of Pomona
Bob Kuhn	Three Valleys Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Bill Kruger	City of Chino Hills
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Robert Feenstra	Milk Producers Council
Phil Rosentrater	Western Municipal Water District

Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Vic Barrion	Reliant Energy, Etiwanda LLC
Mike Maestas	City of Chino Hills
Josephine Johnson	Monte Vista Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Raul Garibay	City of Pomona
Henry Pepper	City of Pomona
Robert DeLoach	Cucamonga Valley Water District
Rita Kurth	Cucamonga Valley Water District
Gerard Thibeault	Regional Water Quality Control Board
Jean Cihigoyenetché	Inland Empire Utilities Agency

The Board meeting was called to order by Chair Nuefeld at 1:00 p.m.

AGENDA - ADDITIONS/REORDER

It was asked that section III REPORTS/UPDATES, under B. CEO/STAFF REPORT, item 1 be presented prior to section II BUSINESS ITEMS due time constraints for Mr. Wildermuth.

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1. Minutes of the Watermaster Board Annual meeting held January 29, 2004
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5. SWRCB Water Right Fee

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from West San Bernardino County Water District to Cucamonga Valley Water District in the Amount of 500 acre-feet

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

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

This item was taken out of sequence per request under agenda additions/reorder.

III. REPORTS/UPDATES**B. CEO/STAFF REPORT**

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003

Mr. Wildermuth gave the second portion of the OBMP Progress presentation which focused on Desalter production and its impact on the basin. Mr. Wildermuth reminded the Board that he had previously given the presentation on Hydraulic Control and noted that he will cover other OBMP activities in subsequent meetings. Mr. Wildermuth reviewed several maps that detailed TDS levels, Nitrate, and water quality anomalies. Lastly, he reviewed current Desalter activities highlighting three points 1) Preserve/enhance the Safe Yield, 2) Put degraded groundwater to beneficial use, and 3) Hydraulic control of groundwater outflow. Mr. Wildermuth read the September 2000 Court Order which read, "The Court hereby gives notice to the parties that a primary concern of the Court in any future application of reappointment of the nine-member board will be in the parties' continued commitment to provide for future desalters and preserve the safe yield in accordance with the OBMP". This brought about a brief discussion regarding the MZ1 three year study period and it was noted that this item needs to be on the Agenda for March. Questions were presented, whereupon Mr. Wildermuth felt his responses would be brought back to the Board members at the March meetings after discussion with Mr. Rossi and review of gathered information.

II. BUSINESS ITEMS**A. REQUEST FROM CITY OF CHINO CREDIT AGAINST OBMP ASSESMENTS (FORM 7)**

Mr. Rossi commented that discussions started in the October/November time frame regarding the credit the City of Chino was requesting for facilities they are building. The gathering of comments from the Pools, Advisory Committee and finally the Board, will be brought back for review. A brief analysis of page 46 of the packet on Projects, Programs and Activities that Could be Eligible was made. Mr. Rossi stated that there was a Draft City of Ontario Form 7 Application on the back table for information purposes and is looking for input on that as well as the City of Chino's Form 7. The question whether the credit would be limited to the annual

assessments was presented. A discussion ensued regarding this question and one concern noted was, the possibility of zeroing out assessments due to credits along with the credit being required to be consistent with the OBMP.

This item is for information only and comments are being formulated from each meeting and will be addressed at the March meetings for comment.

B. DISCUSS ASSISTANCE TO REGIONAL WATER QUALITY CONTROL BOARD ON WATER QUALITY ANOMOLY SOUTH OF ONTARIO AIRPORT

Mr. Rossi informed Board members the Pools and Advisory Committee unanimously recommended approval to provide counsel assistance to write up draft clean up and abatement orders for the Regional Board and was bringing this recommendation to the Board. Mr. Rossi added comment that the Agricultural Pool recommended the approval after receiving an overview and a question and answer session given by Mr. Thibeault at the Pool meetings in February. A discussion ensued regarding the previous Pool and Advisory meetings which reviewed concerns and comments.

Verbatim statements at the request of Board members are as follows:

Geoff Vanden Heuvel said, "I appreciate Gerry Thibeault visiting with the Ag Pool and the Ag Pool did decide to support this and as a representative of the Ag Pool I will support it. I do have grave misgivings about it though. I don't think this is the right way to do public policy, I think the government ought to fund its own enforcement. The public shouldn't be depending on third parties to provide financing to do enforcement of the law. Again, I think its a bad way to do public policy and so I have a principled opposition to this, but I realize the practical concerns and the importance of the issue and I also appreciate Gerry's visiting with the Ag Pool and taking all of our questions and we had a very good discussion and in the scope of things, I will support the upcoming motion to endorse this, although I want my reservations noted in the minutes".

Chair Neufeld said, "I would certainly agree with Mr. Vanden Heuvel. I would agree that maybe what we need to do is, as a part of this, we undertake this as a Board to look at this issue to see what we can do to support these other agencies in being able to find the necessary funding that they need from the state because I certainly do not agree that we should be there to do these things that is really the responsibly of those agencies and through no fault of their own they are unable to do that. So while I am supportive of the motion that comes before us here I also want the record to reflect that I am certainly opposed to this becoming a regular policy for this agency or any other public agency to support the police actions that are required by law for other agencies to do as part of their responsibility".

Motion by Feenstra and second by Kruger, and by unanimous vote

Moved to approve up to \$25,000 to place assistance for the Regional Board to prepare draft clean up and abatement orders

Dialog continued between Board members and the question of a time frame was asked of Mr. Thibeault along with a scenario of actions with a time frame after the Potentially Responsible Party (PRP) receives the clean up and abatement order. Mr. Thibeault felt that the majority of time spent would be for reviewing the response from the PRP than actually preparing the draft clean up and abatement orders. With this answer, Mr. Feenstra wanted to withdraw his prior motion although Chair Neufeld stated to leave the motion as standing for discussion purposes.

Discussion ensued at length and the Board was perplexed at the answer of the time frame due to the fact that this was the first mention that assistance was not only for preparation of draft clean up and abatement orders but for reviewing responses. It was noted that more

discussion and information was needed before a motion was made. Chair Nuefeld inquired, at this time, if Mr. Feenstra and Mr. Bowcock wanted to withdraw their motion.

Motion withdrawn by Feenstra and second withdrawn by Bowcock, and by unanimous vote

Moved to withdraw first motion to rectify motion and provide more clarity to the direction the funds will used and in what time frame

Mr. Rossi offered suggested wording for the motion to read as, "Move to authorize up to \$25,000 to provide consulting assistance to the RWQCB for the preparation of draft clean up and abatement orders within 120 days, and to authorize any unexpended funds to be utilized in support of the clean up and abatement orders to be expended no later than September 30, 2004".

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

Moved to have a discussion on Mr. Rossi's suggested language for motion

It was recommended to go out a year instead of six months and a report must be given by September 30, 2004 on what is going on with the progress by Watermaster. Also, it was suggested that a closer leash on the issue other than 120 days is needed for progress reports. It was suggested to set a date of 90 days to hear a review from the Regional Board and to be immediately copied on any and all responses and/or correspondence to the Regional Board and to receive summary reports on this discussion. Lastly, a question was presented to Counsel Fife as to whether Watermaster would be exposed to any liability of lawsuit from potential PRPs for having provided this assistance to the Regional Board.

Counsel Fife answered, that counsel had looked at this question in an anticipation of the discussion at the Agricultural Pool level, at the request of Mr. Brommenschenkel. Counsel Fife noted that one of the requirements of providing this assistance to the Regional Board is that Watermaster cannot control the Regional Board, that they must maintain their full discretion as to how to spend the money, how to pursue the PRP, etc. Watermaster is simply giving them the resources to do this task and because of that liability concerns should be minimal. Watermaster is not telling the Regional Board to do any specific action; we are simply giving them the resources to pursue an enforcement task which they have already identified. In a broader sense the only source of liability counsel's research revealed was where PRPs were pursued for some type of improper purpose. Such as, we don't like the people -- we are going after them because we don't like them, something like that. Counsel Fife indicated that there are reams of documentation that support the idea that we are going after these PRPs as an attempt to resolve legitimate water quality problems.

Mr. Rossi added that he would be meeting with Jennifer West in Sacramento to review this issue with her as requested in recent meetings to apprise legislative members of these current situations.

With all comments received, Chair Neufeld requested a motion be presented to the Board members.

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

Moved to authorize up to \$25,000 to provide consulting assistance to the Regional Board for the preparation of draft clean up and abatement orders within 90 days and authorize any unexpended funds to be utilized in support of the clean up and abatement orders no later than February 28, 2005. Watermaster staff shall report quarterly on this project

C. BASIN PLAN AMENDMENT

Legal counsel was tasked to provide an analysis of consistency of the Basin Plan Amendment, the Peace Agreement, and associated documents. Counsel Fife offered a presentation which examined the a) Judgment, b) Peace Agreement, c) OBMP (Phase I Report and Implementation Plan), d) Court Orders, and e) Rules and Regulations. Counsel Fife stated the Basin Plan Amendment contains both "Maximum Benefit" standards as well as "antidegradation" standards. Counsel Fife described the Maximum Benefit component of the Basin Plan Amendment as adopted by RWQCB and emphasized two issues addressed by the Peace Agreement: the Desalter schedule requirement and IEUA's waste discharge exceedance desalter requirement. The schedule for implementation for the next 20 mgd of desalter capacity, pursuant to the Peace Agreement that implements 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 by October 1, 2005 was discussed in length. Counsel Fife read the September 28, 2000 Court Order, and sections of the Implementation Plan, Program Element 3 found on page 23 and 26. It was noted that the Desalter schedule requirement was defined primarily by the Court and the OBMP, and not by the Basin Plan Amendment. Counsel Fife noted that the parties could decide not to submit a schedule to RWQCB and the consequence would be reversion to antidegradation standards. Counsel Fife also reviewed the Basin Plan Amendment language regarding IEUA's waste discharge exceedance desalter requirement and a discussion ensued. The Peace Agreement sections regarding commitments relative to the next desalter were discussed in terms of their relationship to the Basin Plan Amendment.

Comment was received regarding Agriculture still being in the area and taking advantage of that in investigating Desalter III possibilities. Also noting it was felt that we are replacing Agricultural production with Desalter production. A discussion ensued as to what the court is requiring as far as a schedule for a continued commitment to this portion of the OBMP and argument was received with regard to reduced Agricultural data. Counsel Fife stated that the only guidance so far provided by the Court is that it will be expecting to see a schedule which demonstrates a continued commitment to implement the desalter component of the OBMP.

Counsel Fife mentioned that the decision of the next desalter needs to be driven by hydraulics and this needs to be discussed further. Concerns of language consistency were presented and Counsel Fife stated that there is no inconsistency found and felt it was consistent with the Peace Agreement. An inquiry if the SWRQB could expedite approval of Basin Plan Amendment was presented. Mr. Thibeault affirmed that they could hear it sooner. This comment was asked to be added to the agenda for a motion.

Motion by Vanden Heuvel, second by Kruger, and by unanimous vote
Moved to add this item to the agenda for possible action

Motion by Vanden Heuvel, second by Kruger, and by unanimous vote
Moved to consider requesting SWRQB to expedite approval of Basin Plan Amendment

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Chino Land & Water – Hearing on March 3, 2004 in Riverside**

Counsel Fife reported that oral argument in the appeal of this case is scheduled for March 3, 2004 at 8:30 am in Riverside. Each side will be given 15 minutes for argument.

2. MZ1 Workshop with Special Referee
Counsel Fife commented that this meeting as originally scheduled was delayed in order to allow for more data to be collected. A new workshop will be scheduled, likely for sometimes in May.
3. DYY Storage Agreement and Court Approval
A storage agreement for final approval of the DYY project is near completion. Counsel has worked with IEUA to develop storage agreement terms and it is anticipated that the draft agreement will be presented to the Pools in March.
4. Basin Plan Amendment Review
Item 4 was covered by Counsel Fife's previous presentation and no further comment was made.
5. SWRCB Water Right Fee
Due to the statewide budget issues, the SWRCB has moved forward with implementation of a recent law that allows them to impose a fee upon SWRCB permitted water rights. Because Watermaster holds such rights in the San Sevaime system, the SWRCB has sent a bill to Watermaster. Because of the limited amount of Watermaster=s rights, and the relatively small amount of the fee, the cost to Watermaster will be about \$1200. Counsel reports that other groups who are more significantly impacted have initiated litigation against the SWRCB.

Counsel Fife added below comment to III REPORTS/UPDATES section A. GENERAL LEGAL COUNSEL REPORT

Counsel Fife referenced the additional handout on the back table regarding the January 26, 2004 Loeb & Loeb letter written to Mr. Rossi of the Chino Basin Watermaster requesting copies of any and all documentation on the subject of the former Kaiser facility near Fontana, California.

B. CEO/STAFF REPORT

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003
This item was taken out of order and placed prior to II BUSINESS ITEMS.
2. Discuss MWD Rate Increase Proposal
Mr. Rossi commented that Metropolitan was raising their rates and that Watermaster was concerned about replenishment rates and that the CFO from Metropolitan agreed to meet with Mr. Atwater and himself regarding this issue.
3. Update Regarding the Water Quality Committee Meeting of February 5, 2004
Mr. Rossi presented what topics were discussed at the Water Quality Committee meeting and noted Dr. Rhodes Trussell gave a presentation on Regulation and Removal of Perchlorate. Mr. Rossi noted that the first set of data from the Chino Airport TCE had come out; although he had not yet seen it. There was a discussion on this topic at the meeting. A discussion ensued with regard to the settlement negotiations with Kaiser. Counsel Fife was asked to review the agreement once it was completed.
4. Update Regarding Reimbursement of \$169,209 for Recharge Improvement Costs
Mr. Rossi informed the Board about the reimbursement check received and felt that these funds needed to be placed in a reserve account until the 7th bid package was finalized.

5. Discuss Process of Establishing Future Desalter Ad Hoc Committee

Mr. Rossi stated he felt it could be necessary to form an Ad Hoc Committee to specifically deal with the future desalter implementation processes and asked the thoughts of the Board members. Mr. Rossi informed the Board that he had met with Scott Slater three months ago to discuss issues and brainstorm on objectives and realities for upcoming desalter discussions. A reminder was made that the Court must have a written report for future desalters filed by September 2005 and that it would take approximately 6 to 9 months for the planning. Mr. Rossi noted the received concerns and stated that he will be soliciting comments to begin this discussion process and welcomed participation and will appreciate suggestions being brought back to the March meeting.

IV. INFORMATION

1. Refund of \$188,114.90 From MWD for Fiscal Year 2002/2003

Mr. Rossi informed the Committee that the refund had been received and Watermaster's portion was \$188,114.90 from Metropolitan Water District. Watermaster is analyzing the various ways to divide up the refund and Mr. Rossi commented that it should be equitably distributed. Further update will follow at the March meetings.

V. POOL MEMBER COMMENTS

Mr. Feenstra inquired if he was able to submit suggestions and/or comments on the various requests since he was a substitute. It was noted that all comments were welcome to assist in moving forward on issues. Mr. Neufeld requested that an update on the recent storms and current construction activities be added to the agenda for next month.

VI. OTHER BUSINESS

Mr. Rossi acknowledged the AGWA committee last year had low attendance along with less eagerness displayed than in previous years however was pleased to report that at the last meeting there was good attendance and the committee had a very productive session and felt there was a sense of renewed enthusiasm within the group.

Mr. Rossi also mentioned that Mr. Joe Scalmanini will be in attendance at the upcoming MZ1 Technical Group/Injection Well Demonstration Project meeting being held at the Chino City Hall facility on March 10, 2004.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

This item was cancelled and no further comment was made for this item.

VIII. FUTURE MEETINGS

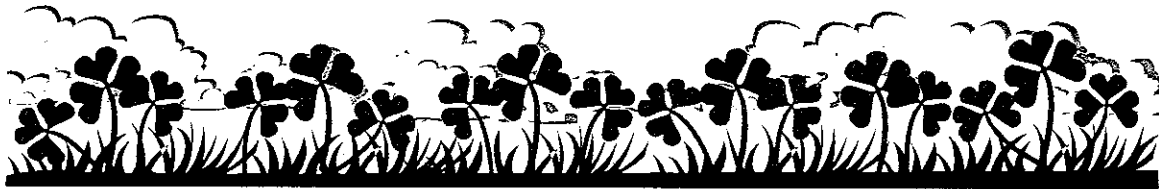
February 26, 2004	10:00 a.m.	Advisory Committee Meeting
March 1, 2004	1:00 p.m.	Watermaster Board Meeting
March 11, 2004	3:00 p.m.	Joint Appropriative & Non-Ag Pool Meeting
March 16, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 23, 2004	2:00 p.m.	Water Quality Committee Meeting
March 25, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 3:35 p.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements February 2004
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Periods July 1, 2003 through January 31, 2004
3. Treasurer's Report of Financial Affairs for January 1 through January 31, 2004
4. Profit & Loss Budget vs. Actual July 2003 through January 2004



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: March 11, 2004
March 16, 2004
March 25, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – February 2004

SUMMARY

Issue – Record of cash disbursements for the month of February 2004.

Recommendation – Staff recommends the Cash Disbursements for February 2004 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 February 2004 were \$629,541.60. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$108,123.41 and Black & Veatch Corporation in the amount of \$24,587.50

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
February 2004

Type	Date	Num	Name	Amount
Feb 04				
General Journal	2/4/2004	04/02/4	PAYROLL	-4,125.97
General Journal	2/4/2004	04/02/4	PAYROLL	-14,471.98
Bill Pmt -Check	2/12/2004	8394	VERIZON	-37.73
Bill Pmt -Check	2/12/2004	8395	A & R TIRE	-1,165.83
Bill Pmt -Check	2/12/2004	8396	ACWA SERVICES CORPORATION	-58.44
Bill Pmt -Check	2/12/2004	8397	APPLIED COMPUTER TECHNOLOGIES	-1,786.40
Bill Pmt -Check	2/12/2004	8398	ARROWHEAD MOUNTAIN SPRING WATER	-23.09
Bill Pmt -Check	2/12/2004	8399	BARRION, VICTOR A	-125.00
Bill Pmt -Check	2/12/2004	8400	BLACK & VEATCH CORPORATION	-3,211.25
Bill Pmt -Check	2/12/2004	8401	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	2/12/2004	8402	CALIFORNIA WATER AWARENESS CAMPAIGN	-375.00
Bill Pmt -Check	2/12/2004	8403	CATLIN, TERRY	-125.00
Bill Pmt -Check	2/12/2004	8404	CHEVRON	-403.96
Bill Pmt -Check	2/12/2004	8405	INLAND COUNTIES INSURANCE SERVICES, INC.	-342.22
Bill Pmt -Check	2/12/2004	8406	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	2/12/2004	8407	KUHN, BOB	-125.00
Bill Pmt -Check	2/12/2004	8408	MATSON, JANET	-1,785.00
Bill Pmt -Check	2/12/2004	8409	MWH LABORATORIES	-2,270.00
Bill Pmt -Check	2/12/2004	8410	MWH MONTGOMERY WATSON HARZA	-1,823.00
Bill Pmt -Check	2/12/2004	8411	NEUFELD, ROBERT	-125.00
Bill Pmt -Check	2/12/2004	8412	OFFICE DEPOT	-461.75
Bill Pmt -Check	2/12/2004	8413	PAYCHEX	-222.70
Bill Pmt -Check	2/12/2004	8414	PUMP CHECK	-1,419.50
Bill Pmt -Check	2/12/2004	8415	PURCHASE POWER	-1.09
Bill Pmt -Check	2/12/2004	8416	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,605.68
Bill Pmt -Check	2/12/2004	8417	RBM LOCK & KEY	-39.49
Bill Pmt -Check	2/12/2004	8418	RETAIL SERVICES	-331.57
Bill Pmt -Check	2/12/2004	8419	RICKLY HYDROLOGICAL CO.	-5.00
Bill Pmt -Check	2/12/2004	8420	RICOH BUSINESS SYSTEMS-Maintenance	-655.66
Bill Pmt -Check	2/12/2004	8421	RODRIGUEZ, DAN	-125.00
Bill Pmt -Check	2/12/2004	8422	SOLOLIST CANADA LTD.	-40.06
Bill Pmt -Check	2/12/2004	8423	TLC STAFFING	-1,714.02
Bill Pmt -Check	2/12/2004	8424	USA-FACT INC	-183.20
Bill Pmt -Check	2/12/2004	8425	USPS/PITNEY BOWES	-2,000.00
Bill Pmt -Check	2/12/2004	8426	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	2/12/2004	8427	VELASQUEZ JANITORIAL	-900.00
Bill Pmt -Check	2/12/2004	8428	VERIZON	-514.55
Bill Pmt -Check	2/12/2004	8429	WILLIAM DEWEY	-30.00
Bill Pmt -Check	2/12/2004	8430	YATES, DENNIS	-125.00
Bill Pmt -Check	2/12/2004	8430	PUMP CHECK	-1,120.00
Bill Pmt -Check	2/12/2004	8392	PUMP CHECK	-805.86
Bill Pmt -Check	2/12/2004	8393	STATE COMPENSATION INSURANCE FUND	-805.86
Bill Pmt -Check	2/12/2004	8431	BANK OF AMERICA	-347.11
Bill Pmt -Check	2/12/2004	8432	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	2/12/2004	8433	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	2/12/2004	8434	MEDIA JIM	-750.00
Bill Pmt -Check	2/12/2004	8435	MYRON L COMPANY	-45.97
Bill Pmt -Check	2/20/2004	8436	STATE WATER RESOURCES CONTROL BD	-495.00
Bill Pmt -Check	2/20/2004	8437	BLACK & VEATCH CORPORATION	-24,587.50
Bill Pmt -Check	2/20/2004	8438	COSTCO WHOLESALE MEMBERSHIP	-80.00
Bill Pmt -Check	2/20/2004	8439	CUCAMONGA COUNTY WATER DISTRICT	-4,900.00
Bill Pmt -Check	2/20/2004	8440	ELLISON, SCHNEIDER & HARRIS, LLP	-10,880.84
Bill Pmt -Check	2/20/2004	8441	HATCH AND PARENT	-23,881.60
Bill Pmt -Check	2/20/2004	8442	INLAND EMPIRE UTILITIES AGENCY	-120.75
Bill Pmt -Check	2/20/2004	8443	MCI	-900.15
Bill Pmt -Check	2/20/2004	8444	MWH LABORATORIES	-1,180.00
Bill Pmt -Check	2/20/2004	8445	PUMP CHECK	-1,574.48
Bill Pmt -Check	2/20/2004	8446	RICOH BUSINESS SYSTEMS-Lease	-387.24
Bill Pmt -Check	2/20/2004	8447	STATE WATER RESOURCES CONTROL BD	-891.00
Bill Pmt -Check	2/20/2004	8448	TLC STAFFING	-1,780.80
Bill Pmt -Check	2/20/2004	8449	UNITED PARCEL SERVICE	-411.74
Bill Pmt -Check	2/20/2004	8450	UNITEK TECHNOLOGY INC.	-408.37
Bill Pmt -Check	2/20/2004	8451	WHEELER METER MAINTENANCE	-3,343.39
Bill Pmt -Check	2/20/2004	8452	WILDERMUTH ENVIRONMENTAL INC	-108,123.41
Bill Pmt -Check	2/20/2004	8453	PETTY CASH	-381.88
Bill Pmt -Check	2/20/2004	8454	PUMP CHECK	-1,540.00
General Journal	2/20/2004	04/02/7	PAYROLL	-3,876.86
General Journal	2/20/2004	04/02/7	PAYROLL	-14,471.98
Bill Pmt -Check	2/23/2004	8455	WILDERMUTH ENVIRONMENTAL INC	-3,504.75
				-261,711.49

Feb 04

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2003 THROUGH JANUARY 31, 2004

	OPTIMUM BASIN			POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS			GRAND TOTALS	BUDGET 2003-04
	WATERMASTER ADMINISTRATION	MANAGEMENT		APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS		
Administrative Revenues											
Administrative Assessments				4,614,056		122,460				4,736,516	\$3,940,516
Interest Revenue				18,862	3,756	1,141			22	23,781	112,025
Mutual Agency Project Revenue		169,209								169,209	0
Grant Income										-	0
Miscellaneous Income	471									471	0
Total Revenues	471	169,209		4,632,918	3,756	123,601	-	-	22	4,929,977	4,052,541
Administrative & Project Expenditures											
Watermaster Administration	512,398									512,398	617,732
Watermaster Board-Advisory Committee	22,418									22,418	43,442
Pool Administration				8,076	186,110	2,037				196,223	255,148
Optimum Basin Mgmt Administration		473,019								473,019	1,034,064
OBMP Project Costs		1,367,061								1,367,061	3,365,079
Education Funds Use										-	375
Mutual Agency Project Costs	41,416									41,416	85,004
Total Administrative/OBMP Expenses	576,232	1,840,080		8,076	186,110	2,037	-	-	-	2,612,535	5,400,844
Net Administrative/OBMP Income	(575,761)	(1,670,871)								-	0
Allocate Net Admin Income To Pools	575,761			427,126	131,585	17,049				-	0
Allocate Net OBMP Income To Pools		1,670,871		1,239,530	381,864	49,477				-	0
Agricultural Expense Transfer				695,409	(695,409)					-	0
Total Expenses				2,370,142	4,150	68,563	-	-	-	2,612,535	5,400,844
Net Administrative Income				2,262,776	(394)	55,038			22	2,317,442	(1,348,303)
Other Income/(Expense)											
Replenishment Water Purchases							4,155,749			4,155,749	0
MZ1 Supplemental Water Assessments							1,585,854			1,585,854	2,189,500
Water Purchases										-	0
MZ1 Imported Water Purchase										-	(2,273,500)
Groundwater Replenishment							(356,600)			(356,600)	0
Net Other Income							5,385,003			5,385,003	(84,000)
Net Transfers To/(From) Reserves				2,262,776	(394)	55,038	5,385,003		22	7,702,445	(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				5,076,723	465,675	243,348	5,651,506	158,251	2,554	11,598,056	
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%	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JANUARY 1 THROUGH JANUARY 31, 2004**

SUMMARY at 1/31/2004

DEPOSITORIES:

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	57,594		
Savings Deposits		9,617		
Zero Balance Account - Payroll		-		67,211
Local Agency Investment Fund - Sacramento				11,593,854
TOTAL CASH IN BANKS AND ON HAND				\$ 11,661,565
TOTAL CASH IN BANKS AND ON HAND	12/31/2003			1,791,074
PERIOD INCREASE (DECREASE)				\$ 9,870,491

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable			\$	176,835
Assessments Receivable				10,165,474
Prepaid Expenses, Deposits & Other Current Assets				157,455
(Decrease)/Increase in Liabilities: Accounts Payable				(333,923)
Accrued Payroll, Payroll Taxes & Other Current Liabilities				15,055
Transfer to/(from) Reserves				(310,405)
PERIOD INCREASE (DECREASE)				\$ 9,870,491

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov'tl Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 12/31/2003	\$ 500	\$ 95,745	\$ -	\$ 9,617	\$ 1,685,212	\$ 1,791,074
Deposits		10,491,390	-	-	8,642	10,500,032
Transfers		(9,936,771)	36,771	-	9,900,000	-
Withdrawals/Checks		(592,770)	(36,771)	-	-	(629,541)
Balances as of 1/31/2004	\$ 500	\$ 57,594	\$ -	\$ 9,617	\$ 11,593,854	\$ 11,661,565
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (38,151)	\$ -	\$ -	\$ 9,908,642	\$ 9,870,491

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JANUARY 1 THROUGH JANUARY 31, 2004**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
1/31/2004	Interest	L.A.I.F.	\$ 8,642.00				
1/20/2004	Deposit	L.A.I.F.	5,900,000				
1/30/2004	Deposit	L.A.I.F.	\$ 4,000,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 9,908,642	-			

* 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.

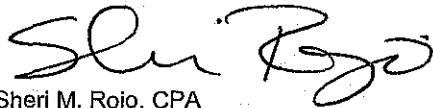
**INVESTMENT STATUS
January 31, 2004**

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 11,593,854			
Time Certificates of Deposit		-		
TOTAL INVESTMENTS	\$ 11,593,854			

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,



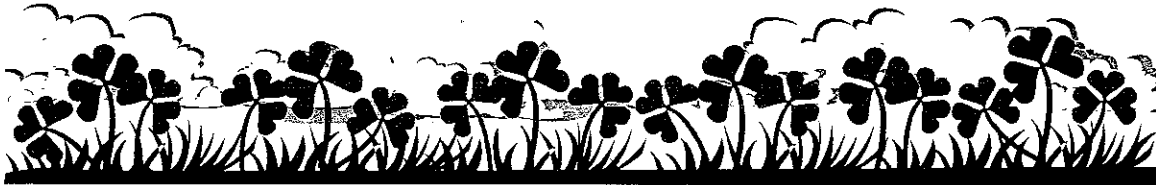
Sheri M. Rojo, CPA
Finance Manager
Chino Basin Watermaster

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2003 through January 2004

	<u>Jul '03 - Jan 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	169,208.96	0.00	169,208.96	100.00%
4110 · Admin Asmnts-Approp Pool	4,614,055.82	3,931,695.00	682,360.82	117.36%
4120 · Admin Asmnts-Non-Agri Pool	122,460.43	88,201.00	34,259.43	138.84%
4700 · Non Operating Revenues	24,251.33	112,025.00	-87,773.67	21.65%
Total Income	<u>4,929,976.54</u>	<u>4,131,921.00</u>	<u>798,055.54</u>	<u>119.31%</u>
Gross Profit	4,929,976.54	4,131,921.00	798,055.54	119.31%
Expense				
6010 · Salary Costs	281,858.69	385,900.00	-104,041.31	73.04%
6020 · Office Building Expense	133,605.74	108,995.00	24,610.74	122.58%
6030 · Office Supplies & Equip.	38,822.98	41,000.00	-2,177.02	94.69%
6040 · Postage & Printing Costs	40,732.78	66,400.00	-25,667.22	61.35%
6050 · Information Services	67,512.19	105,750.00	-38,237.81	63.84%
6061 · Other Consultants	7,534.91	29,000.00	-21,465.09	25.98%
6062 · Audit Services	3,839.00	5,000.00	-1,161.00	76.78%
6063 · Public Relations Consultan	0.00	12,000.00	-12,000.00	0.00%
6067.1 · General Counsel	17,861.86	75,000.00	-57,138.14	23.82%
6080 · Insurance	12,261.20	16,710.00	-4,448.80	73.38%
6110 · Dues and Subscriptions	8,413.10	14,500.00	-6,086.90	58.02%
6140 · Other WM Admin Expenses	1,230.61	0.00	1,230.61	100.00%
6150 · Field Supplies	535.35	4,250.00	-3,714.65	12.60%
6170 · Travel & Transportation	35,236.57	46,300.00	-11,063.43	76.11%
6190 · Conferences & Seminars	11,965.47	16,000.00	-4,034.53	74.78%
6200 · Advisory Comm - WM Board	8,258.98	15,071.00	-6,812.02	54.80%
6300 · Watermaster Board Expenses	14,159.44	28,371.00	-14,211.56	49.91%
8300 · Appr PI-WM & Pool Admin	8,076.00	14,471.00	-6,395.00	55.81%
8400 · Agri Pool-WM & Pool Admin	158,011.52	166,979.00	-8,967.48	94.63%
8467 · Agri-Pool Legal Services	23,948.08	51,000.00	-27,051.92	46.96%
8470 · Ag Meeting Attend -Special	4,150.00	16,000.00	-11,850.00	25.94%
8500 · Non-Ag PI-WM & Pool Admin	2,036.78	6,698.00	-4,661.22	30.41%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.00%
9500 · Allocated G&A Expenditures	-149,012.84	-309,073.00	160,060.16	48.21%
Subtotal G&A Expenditures	<u>731,038.41</u>	<u>916,697.00</u>	<u>-185,658.59</u>	<u>79.75%</u>
6900 · Optimum Basin Mgmt Plan	436,752.90	942,065.00	-505,312.10	46.36%
6950 · Mutual Agency Projects	41,416.37	85,004.00	-43,587.63	48.72%
9501 · G&A Expenses Allocated-OBMP	36,265.65	91,999.00	-55,733.35	39.42%
Subtotal OBMP Expenditures	<u>514,434.92</u>	<u>1,119,068.00</u>	<u>-604,633.08</u>	<u>45.97%</u>
7101 · Production Monitoring	41,747.41	79,283.00	-37,535.59	52.66%
7102 · In-line Meter Installation	27,600.74	131,380.00	-103,779.26	21.01%
7103 · Grdwtr Quality Monitoring	189,276.06	274,613.00	-85,336.94	68.93%
7104 · Gdwtr Level Monitoring	67,250.62	157,852.00	-90,601.38	42.60%
7105 · Sur Wtr Qual Monitoring	28,496.84	133,595.00	-105,098.16	21.33%
7106 · Wtr Level Sensors Install	0.00	26,835.00	-26,835.00	0.00%
7107 · Ground Level Monitoring	83,330.52	202,283.00	-118,952.48	41.20%

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2003 through January 2004

	<u>Jul '03 - Jan 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7108 · Hydraulic Control Monitoring	119,346.56	718,227.00	-598,880.44	16.62%
7200 · PE2- Comp Recharge Pgm	96,304.56	531,434.00	-435,129.44	18.12%
7300 · PE3&5-Water Supply/Desalte	1,620.01	47,499.00	-45,878.99	3.41%
7400 · PE4-MZ1 Mgmt Plan	139,310.05	187,308.00	-47,997.95	74.38%
7500 · PE6&7-CoopEfforts/SaltMgmt	23,761.37	51,820.00	-28,058.63	45.85%
7600 · PE8&9-StorageMgmt/Conj Use	60,037.15	146,179.00	-86,141.85	41.07%
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	112,747.18	217,074.00	-104,326.82	51.94%
Subtotal Special Project Expenditures	<u>1,367,060.52</u>	<u>3,365,079.00</u>	<u>-1,998,018.48</u>	<u>40.63%</u>
Total Expense	<u>2,612,533.85</u>	<u>5,400,844.00</u>	<u>-2,788,310.15</u>	<u>48.37%</u>
Net Ordinary Income	2,317,442.69	-1,268,923.00	3,586,365.69	-182.63%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.00%
4210 · Approp Pool-Replenishment	4,144,461.10	0.00	4,144,461.10	100.00%
4220 · Non-Ag Pool-Replenishment	11,288.32	0.00	11,288.32	100.00%
4230 · MZ1 Sup Wtr Assessment	1,585,853.60	1,574,500.00	11,353.60	100.72%
Total Other Income	<u>5,741,603.02</u>	<u>2,189,500.00</u>	<u>3,552,103.02</u>	<u>262.23%</u>
Other Expense				
5010 · Groundwater Replenishment	356,600.70	2,273,500.00	-1,916,899.30	15.69%
9999 · To/(From) Reserves	7,702,445.01	-1,352,923.00	9,055,368.01	-569.32%
Total Other Expense	<u>8,059,045.71</u>	<u>920,577.00</u>	<u>7,138,468.71</u>	<u>875.43%</u>
Net Other Income	<u>-2,317,442.69</u>	<u>1,268,923.00</u>	<u>-3,586,365.69</u>	<u>-182.63%</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

A. IEUA Storage Agreement

Consider Approval of The Dry Year
Yield Program's Storage Agreement
with The IEUA



CHINO BASIN WATERMASTER

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

JOHN V. ROSSI
Chief Executive Officer

STAFF REPORT

DATE: March 11, 2004
March 16, 2004
March 25, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: MWD/IEUA/TVMWD GROUNDWATER STORAGE ACCOUNT

SUMMARY

Issue – Approval of Storage Agreement for IEUA/TVMWD/MWD Groundwater Storage Program

Recommendations – Staff recommends that the Pools, Advisory Committee and Watermaster Board approve the IEUA/TVMWD/MWD groundwater storage agreement and direct counsel to transmit the agreement to the Court for approval.

Fiscal Impact – Approval of this item has no financial impact. Financial impacts were analyzed as part of the Master Agreement approval process.

BACKGROUND

On April 2, 2003 Inland Empire Utilities Agency ("IEUA") submitted an Application under Article X of the Watermaster Rules and Regulations for a 100,000 acre-foot storage account in Watermaster's Storage and Recovery Program. This storage account will be used to implement the terms of the Groundwater Storage Program Funding Agreement (Agreement No. 49960) ("Funding Agreement") that was executed by IEUA, Three Valleys Municipal Water District, Watermaster, and the Metropolitan Water District of Southern California ("Metropolitan") on June 19, 2003.

Pursuant to Watermaster's Rules and Regulations § 10.10, Watermaster provided Notice of this Application on April 30, 2003. This Notice included the Application and supporting materials as well as a staff report which summarized the Application, the Article X procedures relative to applications to participate in the Storage and Recovery Program, and a brief summary and analysis of the potential for Material Physical Injury to any person or the Basin due to the 100,000 acre-foot account. This analysis for the potential for Material Physical Injury was based upon the previous CEQA analysis for the project, and a preliminary analysis performed by Wildermuth Environmental. The referenced CEQA analysis was the Programmatic Environmental Impact Report for the Chino Basin Optimum Basin Management Program, which was certified by IEUA on July 12, 2000. With specific reference to the Dry Year Yield storage project with MWD, the PEIR was supplemented by a Findings of Consistency certified by IEUA on December 28, 2002. As a further supplement, Wildermuth Environmental, Inc., under a subcontract agreement with Black & Veatch Corp., produced a Chino Basin Dry-Year Yield Program Modeling Report, which analyzed the operation of the contemplated storage under reasonably foreseeable basin management conditions not developed at the time of the PEIR.

At the August 2003 Pool Committee meetings, the Application and Watermaster's analysis were considered. Watermaster's staff report recommended approval of the Application. All pools recommended unanimously that the Advisory Committee and Board approve the Application.

In order to provide all parties an opportunity to fully consider the Application along with the completed Report, the Application was not considered by the Advisory Committee and Board until their October meetings. There were no contests to the Application, and thus, pursuant to the Rules and Regulations, Watermaster was permitted to approve the Application without holding a hearing. On October 23, 2003, the Advisory Committee and Board considered the Application. Based upon the findings of no Material Physical Injury, both bodies unanimously recommended approval.

Based on this approval, staff and legal counsel have negotiated a storage agreement with IEUA and TVMWD which will allow for the creation of a storage account in order to implement the terms of the Funding Agreement.

This storage agreement contains assurances of Watermaster's discretionary powers in order to continue to monitor the implementation of the Dry Year Yield project to ensure that it does not cause Material Physical Injury to any party or to the Basin. It is protective of Watermaster's duties under the Judgment and carries forward the commitments of the parties embodied in the Funding Agreement and described through the Application approval process.

All three Pools have unanimously recommended that the Advisory Committee and Board approve the agreement and direct legal counsel to file it with the Court for final approval.

**STORAGE AND RECOVERY PROGRAM
STORAGE AGREEMENT
BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE
UTILITIES AGENCY AND THREE VALLEYS MUNICIPAL WATER
DISTRICT REGARDING IMPLEMENTATION OF THE DRY YEAR
YIELD PROJECT**

This Storage Agreement is entered into on this _____ day of _____, 2004 between the Chino Basin Watermaster ("Watermaster"), the Inland Empire Utilities Agency ("IEUA"), and Three Valleys Municipal Water District ("TVMWD").

WHEREAS, the parties to the Judgment executed the Peace Agreement on June 29, 2000 and Watermaster resolved to implement the Judgment in accordance with its terms.

WHEREAS, Exhibit B to the Peace Agreement was the Implementation Plan: Optimum Basin Management Program ("Implementation Plan") and the Court ordered Watermaster to proceed in accordance with the Peace Agreement and Implementation Plan on _____, 2000.

WHEREAS, Program Element 8 of the Implementation Plan set for a plan for the development of groundwater storage and Element 9 of the Implementation Plan set forth a plan for developing and implementing a Storage and Recovery Program.

WHEREAS, page 38 of the Implementation Plan set forth the baseline against which storage activities would be evaluated and that "Safe Storage is an estimate of the maximum storage in the Basin that will not cause significant water quality and high groundwater related problems."

WHEREAS, page 38 of the Implementation Plan set forth the baseline for "Safe Storage Capacity" within which Watermaster could safely approve further storage and recovery without causing water quality degradation and high groundwater related problems and estimated the quantity of Safe Storage Capacity at 500,000 acre-feet, "including water in the existing storage accounts."

WHEREAS, Watermaster's annual report for 2002 listed a total quantity of water in storage to be _____ acre-feet leaving _____ of Safe Storage.

WHEREAS, the IEUA certified the Programmatic Environmental Impact Report ("PEIR") for Watermaster's Optimum Basin Management Program on July 12, 2000. This PEIR analyzed the impacts associated with a 100,000-300,000 acre-foot storage and recovery program and found no significant impacts from such a program.

WHEREAS, Watermaster, IEUA and TVMWD have entered into an agreement with the Metropolitan Water District of Southern California ("Metropolitan") titled Groundwater Storage Program Funding Agreement No. 49960 ("Funding Agreement") attached hereto as Exhibit "A."

WHEREAS, on June 5, 2003 the Court retaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino* San Bernardino Superior Court Case No. RCV 51010, determined that the terms of the Funding Agreement satisfy the requirements of the Peace Agreement section 5.2(c) which called for a maximum quantity of _____ to be placed into storage.

WHEREAS, the Funding Agreement required further agreements with members of the Appropriative Pool and compliance with the Watermaster's Rules and Regulations, namely the filing and approval of an Application for approval of a Storage and Recovery Program pursuant to Article 10.7 and Watermaster's subsequent execution of a Storage Agreement in accordance with the Judgment.

WHEREAS, an applicant for approval of a Storage and Recovery Agreement must comply with the approved forms in accordance with Appendix 1 to the Rules and Regulations and the proposed forms require the statement of compliance with the requirements of the California Environmental Quality Act.

WHEREAS, IEUA certified a Finding of Consistency of the specific project contemplated by the Funding Agreement on December 18, 2002 that would be implemented through a Storage and Recovery Agreement with Watermaster.

WHEREAS, IEUA has submitted an Application for a storage account pursuant to Article X of Watermaster's Rules and Regulations for the storage and recovery of up to 100,000 acre-feet of water, within the Safe Storage Capacity as defined in the Court Approved Implementation Plan.

WHEREAS, the Cities of Chino, Chino Hills, Ontario, Pomona, and Upland and Cucamonga Valley Water District, Inland Empire Utilities Agency, Monte Vista Water District, Jurupa Community Services District and Three Valleys Municipal Water District have executed Local Agency Agreements ("Participating Appropriators") whereby they would use facilities owned or controlled by them to implement the Storage and Recovery of Water as contemplated by the Funding Agreement.

WHEREAS, the Local Agency Agreements were uniform but for the facilities identified and an example of the approved form of a Local Agency Agreement is attached hereto as Exhibit "B."

WHEREAS, Watermaster caused extensive additional analysis of the Application to be completed in the event that Watermaster at the request of the parties to the Judgment and in its subsequent exercise of discretion, elected to adopt an operational plan for the Basin that attempts to secure greater hydraulic control of groundwater to avoid waste of water to the Santa Ana River.

WHEREAS, the additional analysis completed at the direction of Watermaster demonstrated that there

would be no Material Physical Injury that results from the execution of the Storage and Recovery Agreement in the event, that at the request of the Parties to the Judgment Watermaster elects to approve a basin management plan that increases hydraulic control.

WHEREAS, no person shall store water in, and recover water from the Chino Groundwater Basin through the Storage and Recovery Program, without a Storage and Recovery agreement with Watermaster.

WHEREAS, the Application has been approved unanimously by all Pools, the Advisory Committee and the Board and no opposition was expressed to the proposed application for a Storage and Recovery Agreement. The date of approval by the Advisory Committee and Board was October 23, 2003 and Watermaster is prepared to execute a Storage and Recovery Agreement in accordance with the Judgment.

NOW IT IS HEREBY AGREED THAT:

I. Definitions.

- A. "Court" shall mean the Court maintaining jurisdiction of the 1978 Judgment.
- B. "1978 Judgment" or "Judgment" shall mean the stipulated judgment in the case *Chino Basin Municipal Water District v. City of Chino* San Bernardino Superior Court Case No. RCV 51010.
- C. "Material Physical Injury" shall mean material injury that is attributable to the recharge, transfer, storage and recovery, management, movement or production of water, or implementation of the OBMP, including, but not limited to, degradation of water quality, liquefaction, land subsidence, increases in pump lift (lower water levels) and adverse impacts associated with rising groundwater. Material Physical Injury does not include "economic injury" that results from other than physical causes. Once fully mitigated, physical injury shall no longer be considered to be material. It is the intention of this definition that the term "Material Physical Injury" have the same meaning as used in the Peace Agreement section 1.1(y) and Watermaster's Rules and Regulations section 1.1(uu).
- D. "Peace Agreement" shall mean the agreement dated June 29, 2000 among the various parties to the Judgment identified therein and approved by Watermaster as it existed on that date and without regard to any subsequent amendment thereto unless such amendments are approved by each party to the Peace Agreement, Watermaster and the Court.
- E. "Storage and Recovery Program" shall mean the use of the available storage capacity of the Basin by any person under the direction and control of Watermaster pursuant to a

storage and recovery agreement but excluding "Local Storage," including the right to export water for use outside the Chino Basin and typically of broad and mutual benefit to the parties to the Judgment. It is the intention of this definition that the term "Storage and Recovery Program" shall have the same meaning as used in the Peace Agreement section 1.1(uu) and Watermaster's Rules and Regulations section 1.1(af).

II. Storage Right. Subject to the terms of this Agreement, IEUA and TVMWD may store up to 100,000 acre-feet of Supplemental Water within the Safe Storage Capacity of the Chino Basin for the sole purpose of implementing the terms of the Funding Agreement and as further provided in the Local Agency Agreements.

III. No Material Physical Injury. The Storage and Recovery of Supplemental Water stored under this Agreement will not cause Material Physical Injury or a substantial adverse impact to any party to the 1978 Judgment or to the Basin itself.

A. Facilities. The facilities used to store and recover Supplemental Water will be as described in the Local Agency Agreements between IEUA, TVMWD and the Participating Appropriators.

1. Ownership and control of the storage and recovery facilities will be maintained by the members of the Participating Appropriators or their designees.

2. Any modification of facilities that is materially different from those contemplated by the Local Agency Agreements will require the filing of a new application in accordance with the provisions of Article X, Section 10.7 of the Rules and Regulations.

3. Watermaster reserves continuing review of the Storage and Recovery of Supplemental Water pursuant to the Annual Operating Plan under Article IV hereof, to consider any site specific concerns.

B. Safe Storage Capacity. The storage of Supplemental Water under this Agreement, when combined with other available water held in all existing storage accounts will not exceed the cumulative maximum of 500,000 acre-feet at any time without further approval of Watermaster and the Court.

IV. Annual Operating Plan.

A. IEUA, TVMWD and Watermaster shall participate on the Operating Committee composed of IEUA, Watermaster, Three Valleys Municipal Water District ("Three Valleys"), and Metropolitan as defined by the Funding Agreement.

B. Pursuant to the Funding Agreement, use of the storage account will be according to the terms described in each Annual Operating Plan.

- C. The Annual Operating Plan shall provide sufficient information to allow the Operating Committee and Watermaster to assess potential impacts from the Storage and Recovery of Supplemental Water under this Agreement on the Chino Basin and the Judgment parties, such as: (1) current and projected water levels in the basin; and (2) short-term and long-term projections of Chino Basin water supply and water quality. Watermaster shall not approve an Annual Operating Plan that does not, in Watermaster's discretionary judgment, provide sufficient detail to allow Watermaster to assess the potential for Material Physical Injury to be caused by the Storage and Recovery of Supplemental Water.
 - D. The Annual Operating Plan shall provide an estimated schedule and location for all Storage and Recovery of Supplemental Water under this Storage Agreement on a monthly basis for the upcoming fiscal year.
 - E. The Initial Annual Operating Plan shall not become effective until approved by Watermaster.
 - F. Watermaster shall not approve an Annual Operating Plan that may cause Material Physical Injury, nor shall Watermaster approve an Annual Operating Plan that conflicts with other OBMP projects or programs, including, but not limited to, the Interim or Long Term Plan for the Management of Subsidence in Management Zone 1, the maintenance of hydraulic control or the operation of the Chino Basin desalters as such programs may be amended and approved by Watermaster in accordance with the Judgment and the Peace Agreement.
 - G. Neither IEUA, TVMWD nor Watermaster will approve an Annual Operating Plan that will conflict with Watermaster's responsibilities to provide for the replenishment needs of the Chino Basin.
 - H. Any substantial variance from the terms of the Annual Operating Plan shall require further Watermaster approval.
- V. Delivery Maximum. The maximum rate of placement of water into storage by IEUA and TVMWD through the Participating Appropriator's facilities shall be 25,000 acre-feet in any year, unless Watermaster in its discretion authorizes additional annual deliveries up to the cumulative maximum of 100,000 acre-feet.
- VI. Withdrawal Maximum. The maximum rate of recapture of water from storage by IEUA and TVMWD through the Participating Appropriator's facilities shall be the lesser of (a) 33,000 acre-feet per year, or (b) the amount of water remaining in the IEUA and TVMWD Storage and Recovery account.
- VII. Regulation of Water in Storage. IEUA and TVMWD acknowledge that any Storage and Recovery of Supplemental Water under this Agreement shall occur only under Watermaster's control and regulation

in accordance with the Judgment and the Peace Agreement. However, Watermaster agrees that the Watermaster's Storage and Recovery Policies shall be applied to water stored pursuant to this Agreement in a non-discriminatory manner consistent with the application of such policies to any other participant in the Storage and Recovery Program, including all parties to the Judgment. Watermaster shall not impose any policies upon the water stored pursuant to this Agreement, whether or not imposed on other parties, that would materially alter the benefits provided to or the obligations imposed upon Metropolitan under the Funding Agreement. Without limiting the foregoing, Watermaster shall not impose any policies that would create any significant discrepancies between the amount of water placed into storage and the amount of water that is available for recapture.

VIII. Priority of Rights. IEUA and TVMWD will fully protect and preserve the rights of overlying landowners, other groundwater users or water right holders, parties whose approval is required by the 1978 Judgment and the Watermaster, and will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extraction of groundwater) to protect such rights.

IX. Non-Assignment of Storage Capacity. IEUA and TVMWD's rights under this Agreement, inclusive of any claim to storage capacity, is not assignable. However, Supplemental Water recovered from storage may be assigned, sold, leased or transferred as herein or subsequently approved.

X. Losses and Accounting for Stored Water. Watermaster shall maintain records of the amounts of all water stored in and extracted from the Chino Basin pursuant to this Agreement and all other Storage Agreements and will not approve additional Storage Agreements if such approval(s) will result in more than 500,000 acre-feet of water being stored within the Basin at any time without further approval of Watermaster and the Court. Watermaster's accounting shall not include any credit for return flows from the use of water extracted from storage. Watermaster's accounting will include the assignment of losses according to a procedure utilized for all water stored in the Storage and Recovery Program.

XI. Cancellation of that Certain Agreement Between Watermaster and Metropolitan Water District, commonly referred to as the "MWD Trust Storage Agreement" dated May 7, 1986. Upon Court approval of this Agreement, the MWD Trust Agreement dated May 7, 1986 is hereby terminated in its entirety and of no further force and effect. Upon cancellation, any Supplemental Water then held in storage under the Trust Agreement at the date of cancellation will be deemed transferred and preserved for storage and recovery under the terms of this Agreement.

XII. Term. This Storage Agreement shall be effective upon approval of the Court and shall remain in effect until expiration of the Funding Agreement pursuant to part II.B. of the Funding Agreement.

XIII. Conflicts. Conflicts under this Agreement shall be resolved by the Court. Conflicts under this Agreement shall be submitted to the Court pursuant to paragraph 15 of the 1978 Judgment.

CHINO BASIN WATERMASTER

By: _____

Dated: _____

Approved as to Form:

INLAND EMPIRE UTILITIES AGENCY

By: _____

Dated: _____

Approved as to Form:

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: _____

Dated: _____

Approved as to Form:

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CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

B. CEO/STAFF REPORT

2. Update Regarding AGWA Strategic Planning Session

ASSOCIATION OF GROUNDWATER AGENCIES
Board of Directors
February 27, 2004

STRATEGIC PLANNING WORKSHOP

INTRODUCTION

At the AGWA strategic planning workshop for the Board of Directors held on February 27, 2004, Board members addressed the future of the organization. Prior to the meeting, Rauch Communications was hired by AGWA to conduct pre-meeting interviews with Board members and others, and then to facilitate the strategic planning process.

The agenda for the meeting included discussion of 1) the mission of AGWA, 2) how and why AGWA was formed, 3) what AGWA has done successfully, 4) where AGWA has not been successful, 5) what AGWA's future should be, and 6) AGWA's future staffing considerations.

Discussion centered on revitalizing the organization to:

- Provide a central point for information gathering and dissemination on groundwater basin issues
- Address and move real issues to give Board members a meaningful reason to attend meetings
- Move both defensively and proactively on legislation, as required.
- Have a voice at the table with Metropolitan Water District of Southern California relative to groundwater-related policy and rate development
- Develop a real voice in Sacramento regarding Southern California groundwater basin issues

PAST AND CURRENT ISSUES

AGWA was founded in 1993-94 by a group of groundwater agencies to become a united voice in addressing conjunctive use and MWD programs. AGWA became a proponent of conjunctive use and produced a set of conjunctive use principles. A clear distinction was made between conjunctive use as replenishment versus conjunctive use as storage.

A discussion of the experiences of working with MWD followed, along with an examination of what the common interests of AGWA members are versus their individual interests. Legislation, regulation, public education and funding were found to be central issues of interest to all members, while specific MWD policies and rates are unique to Southern California agencies.

AGWA's most meaningful near term issues were determined to be

- Regulatory issues, including dealing with the Regional and State Boards, DHS and other bodies
- Legislative issues, especially knowledge of pending bills in the Legislature
- Grant funding opportunities
- Working more effectively with MWD
- Outreach, information gathering and dissemination, meetings and conferences

ACTION PROGRAM

As a consequence, the Board's recommendation was to form four new Committees to address the following:

1. Regulatory Issues
2. Legislative Issues
3. Metropolitan Water District Issues
4. Communications

The basic charter of each committee, the assignment of Board members, and the initial action assignments given to each are described below.

General Committee Responsibilities

Each committee is charged with:

- Doing relevant exploratory work on specific issues
- Defining and recommending annual goals for AGWA action
- Reporting back to the Board of Directors to receive direction and endorsement
- Being accountable to the Board to deliver on the tasks approved by the Board
- Including other AGWA regular members and Affiliate members to participate in the work.

REGULATORY ISSUES COMMITTEE

Issue

Regulators such as the Regional Boards, the State Board and DHS are becoming increasingly involved with groundwater issues. The issues are often primarily technical. A key impact on groundwater agencies is the difficulties encountered with permitting. Regional Boards also seem to apply inconsistent standards between regions, so that achieving reasonable statewide standards for groundwater agencies is difficult.

Action

Technical representatives from a number of agencies have been meeting regularly, though informally, to address some of these issues. Current participants include Eastern Municipal Water District, Calleguas Municipal Water

District, Orange County Water District, Water Replenishment District, LA County Department of Water and Power, and others.

1. Join this group. Where possible, incorporate their activities with AGWA activities and interests.

Board Assignments

Virginia Grebbien, Behrooz Mortazavi, Robb Whitaker

LEGISLATIVE COMMITTEE

Issue A: Legislative Involvement

Much of the action affecting groundwater agencies takes place in Sacramento and Washington DC, the centers of legislation and regulation affecting our members. The Groundwater Resources Association is already involved in legislative information gathering and lobbying activities of interest to AGWA. Also, Water Replenishment District compiles a list of pending legislation affecting its interests, as do statewide organizations such as ACWA, WateReuse and others. Several groundwater agencies also have individual legislative information resources.

Action

1. Form a Legislative Committee. Develop a reasonable legislative agenda for AGWA.
2. Tap into existing information resources to develop information that is of interest to groundwater agencies and our members. Include resources available through ACWA, WateReuse, AGWA member agencies, and others.
3. Send members of the AGWA Board and others to attend GRA meetings in order to tune in to activities that are pertinent to AGWA. Determine what these are, and recommend effective ways for AGWA to link up with GRA to pursue common interests, if possible.
4. Collect and disseminate information about legislation potentially affecting groundwater basin management entities. Note key hearings, meetings, or other activities regarding the state legislature or state government, that potentially affect groundwater basin management entities.
5. Gradually develop ways to directly involve AGWA in legislative activities by writing letters, lobbying, bill writing and similar active participation. Ultimately this may lead, in stages, to hiring a lobbyist for AGWA.

Issue B: Grant Funding

Various AGWA members currently retain consultants that gather information on grant funding opportunities, determine ways to prepare the most effective grant

proposals, identify which individuals it is best to work with, and so forth. These consultants also do lobbying and work to influence legislation. One helpful activity is participating in the early rule making for state bonds and grants

Action

Hire a consultant to carry out this activity, initially in a limited way. Seek ways to participate in the writing of bond legislation.

Board Assignments

Rick Iger, Carol Williams, Tom Crowley

“MWDSC” COMMITTEE

Issue

Metropolitan Water District of Southern California (“MWDSC”) is the dominant water agency in the region. It now includes groundwater as a critical resource in its long-range water planning, and is actively pursuing various projects for storage in groundwater basins. Though its imported water activities are critical to southern California water planning and implementation, it is not the only avenue for obtaining and storing groundwater supplies. Note that MWDSC has not often turned to AGWA as an information resource.

Action

AGWA members who are MWDSC agencies are encouraged to join this committee to follow MWDSC planning, pricing, and implementation actions. There are doubtless influences that AGWA can bring to bear on MWDSC actions. As a first step, the committee is requested to form an agenda for its activities.

Board Assignments

Rick Hansen, Tony Zampiello

COMMUNICATIONS COMMITTEE

Issue

Association members require information about groundwater issues of all kinds – regulatory, legislative, actions by other agencies, Metropolitan information, and so forth – in order to function effectively within their home agency. AGWA needs a system for acquiring this information and then disseminating it promptly and meaningfully to members.

Action

Develop a communications plan for the Association. Include the current activities, which consist principally of the monthly Board meetings and the annual

conference. Add to this the development of information-gathering resources, a newsletter, the Web, and perhaps other activities. Consider ways to make Board meetings more meaningful through the use of outside speakers, consultants and other inputs.

Board Assignments

John Rossi, Mel Blevins, Ken Breitag

SUMMARY: REVITALIZING AGWA

The consensus of the planning group was that AGWA needs a change in how the organization functions. Rather than the current method of discussion, development, and implementation of issues and their related solutions at each Board meeting, the Board recommends that AGWA move to the formal Committee structure described above. Committee members would be responsible for:

- Developing the agenda of tasks for their respective Committee
- Proposing action plans on each issue and/or task
- Receiving direction and approval from the Board
- Scheduling meetings between bimonthly Board meetings to perform the work assigned to the Committee
- Be accountable to the Board for completion of the tasks assigned.

The planning group felt strongly that off-line Committee meetings should accomplish the detailed specifics, and then bring the summarized work product to Board meetings. The group felt that it is important to continue the current practice of discussing current groundwater basin issues and hearing relevant presentations at Board meetings.

RECOMMENDATIONS

The group recommends that the AGWA Board consider taking the following actions:

1. Implement the four new Committees
2. Assign members as recommended to the Committees
3. Implement the new committee responsibilities
4. Change the AGWA Board meetings to bi-monthly.

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CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

B. CEO/STAFF REPORT

3. Update Regarding MWD Perchlorate Task Force



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: March 12, 2004
To: Perchlorate Task Force
From: Ronald R. Gastelum, Chief Executive Officer
Subject: Status Report

1. The task force member list is attached.
2. Metropolitan has provided comments to the Dept. of Health Services on proposed grant criteria for Proposition 50, Chapter 4 section 79530(b) to help facilitate funding for perchlorate remediation projects in our service area.
3. The Metropolitan Washington D.C. lobbying team has advanced funding recommendations in response to member agency requests for funding perchlorate remediation and research projects. A copy of the funding requests is attached. We would like to know of any other such member agency funding requests that we should support.
4. The surveys to member agencies for well closures due to perchlorate contamination have been sent and responses have been received.
5. A technical review meeting will be scheduled at Metropolitan's headquarters to review the results of the survey in the near future.
6. Metropolitan along with other local, state, and member agencies are actively opposing perchlorate contaminant liability exemptions proposed by the Dept. of Defense. A formal policy position will be proposed to Metropolitan's Board in late March.
7. California's Office of Environmental Health Hazard Assessment recommended a PHG at 6 ppb. California's Department of Health Services has responded by increasing the Action Level from 4 ppb to 6 ppb.
8. Metropolitan, joined by EPA Region IX and other Colorado River contractors, was successful in obtaining state of Nevada cooperation in setting a more aggressive effluent limit for the ongoing remediation efforts by Kerr-McGee in the Las Vegas Wash. An interim effluent limit of 80 ppb was proposed and this limit has been replaced with a final effluent limit of 18 ppb.

Ronald R. Gastelum

RRG:bsk

Attachments

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Federal Appropriation Requests

PERCHLORATE REMEDIATION (EPA)

State and Tribal Assistance Grants (STAG)

Requested designation of \$2,240,000 of funds within the STAG appropriation to provide federal assistance for the following five projects: Chino Basin Dry-Year Storage Program (\$700,000) for perchlorate and nitrate treatment projects, including final design for wellhead treatment for perchlorate and nitrate for the City of Ontario (\$292,000 within the \$700,000); construction of wellhead treatment for perchlorate and other contaminants for the City of Vernon (\$140,000); the Foothill Area Groundwater Storage Project which addresses contamination from perchlorate and volatile organic compounds (\$550,000); and the City of Compton Conjunctive Use Dry-Year Storage Program which will reduce reliance on surplus Colorado River water (\$900,000). Any federal funding under STAG will be matched with local dollars. Timely remediation of contaminated wells in Metropolitan's service area is crucial in our efforts to meet our commitment to reduce demand for surplus Colorado River water. A description of the projects in our service area that are in need of federal assistance is attached.

Environmental Programs and Management (EPM)

Existing federal and state grant and loan programs provide little assistance for the type of site-specific bench and pilot studies that need to be conducted prior to full-scale remediation of contaminated water supplies, and multiple funding sources will be necessary to offset the significant expense of full-scale remediation. Metropolitan requested designation of \$1,500,000 within the EPM appropriation for Metropolitan to be used by the City of Pasadena for a pilot project for treatment of contaminated local groundwater supplies.

**Designation of Funds for Metropolitan Water District of Southern California
Perchlorate Treatment Projects**

Project Name	City of Ontario Final Design for Wellhead Treatment for Perchlorate and Nitrate
Project Description	This project is for the final design of a centralized facility that would eventually be capable of treating 8,000 gallons per minute from four wells.
Project Cost	\$532,000 for final design.
EPA Request	\$292,000
EPA Account	STAG
Location	Ontario, California
Source of non-federal funds	City of Ontario and Metropolitan Water District of Southern California

Project Name	Chino Basin Dry-Year Storage Program
Project Description	The city of Pomona is developing additional capacity in its ion exchange treatment plant to allow additional contaminated groundwater to be treated so that it may be used for the city's drinking water supplies. This is important to maintaining and enhancing local water supply use into the future. The facility also allows surplus supplies stored in the groundwater basin during wet years to be used during dry years when the availability of supplemental imported supplies is reduced.
EPA Request	\$700,000
EPA Account	STAG
Location	Pomona, California
Source of non-federal funds	\$1,700,000 in Metropolitan Water District capital funds have been committed to this project.

Project Name	City of Vernon Treatment Facility for the Removal of Perchlorate and Other Contaminants
Project Description	This project is for capital costs for wellhead treatment to remove perchlorate and other contaminants. The well is currently closed and the project will treat 1,500gpm. Ion-exchange and other technologies will be investigated first before determining the most cost-effective treatment.
Project Cost	\$250,000 (based on preliminary estimates of available technologies)
EPA Request	\$137,500
EPA Account	STAG
Location	Vernon, California
Source of non-federal funds	City of Vernon and other sources not yet identified

Project Name	Foothill Area Groundwater Storage Project
Project Description	This project involves the development of a well, wellhead treatment for VOCs and perchlorate, increase in pipeline pumping capacity, and associated piping. The project allows better utilization of groundwater supplies by

**Designation of Funds for Metropolitan Water District of Southern California
Perchlorate Treatment Projects**

	providing for treatment of contamination. It also allows for storage of surplus imported water supplies during wet years for use during emergencies and dry years when the availability of supplemental imported water supplies is reduced.
EPA Request	\$500,000
EPA Account	STAG
Location	Altadena, California
Source of non-federal funds	Foothill MWD has been awarded \$1,700,000 in State of California Proposition 13 funds for this project

Project Name	City of Compton Conjunctive Use Dry-Year Storage Program
Project Description	The project involves the development of an injection/extraction well, a connection to imported water pipelines and local pipelines to integrate these facilities into Compton's distribution system. The well will improve the city's ability to serve its customers and to utilize its groundwater rights. The city has assumed service territory from a small private water company that has gone out of business. These facilities address a significant need to improve the reliability of groundwater production and safe drinking water for this low-income community. Additionally, the well will allow storage of surplus imported water supplies during wet periods for later use during dry years and emergencies.
EPA Request	\$900,000
EPA Account	STAG
Location	Compton, California
Source of non-federal funds	The city has been awarded \$2.4million in California State Proposition 13 funds

Project Name	City of Pasadena Pilot Project for Perchlorate Removal Using Biological Treatment
Project Description	This project will demonstrate the use of biological treatment for the removal of perchlorate from contaminated groundwater that would otherwise provide water supply to the residents of the City of Pasadena. Biological treatment is not yet a proven technology for drinking water. A pilot scale study is necessary to demonstrate that the treatment can meet the requirements of the California Department of Health Services for potable water supplies.
Project Cost	\$1.5 million
EPA Request	\$1.5 million
EPA Account	EPM
Location	City of Pasadena's Sunset Reservoir
Source of non-federal funds	NA

**MEMBER AGENCY
PERCHLORATE TASK FORCE**

CONTACT LIST

NAME	ADDRESS	PHONE/FAX	EMAIL
Darryl Miller <i>General Manager</i>	Central Basin & West Basin Municipal Water Districts 17140 S. Avalon Blvd., Suite 210 Carson, CA 90746	phone (310) 660-6258	darrylm@wcbwater.org
Paul Shoenberger <i>Chief of Engineering & Operations</i>	Central Basin & West Basin Municipal Water Districts 17140 S. Avalon Blvd., Suite 210 Carson, CA 90746	phone (310) 660-6218	pauls@wcbwater.org
Rich Nagel <i>Manager of Water Quality</i>	Central Basin & West Basin Municipal Water Districts 17140 S. Avalon Blvd., Suite 210 Carson, CA 90746	phone (310) 660-6210 fax (310) 217-2414	richardn@wcbwater.org
Bill Mace <i>Principal Civil Engineer</i>	City of Burbank Public Service Department P.O. Box 631 164 W. Magnolia Boulevard. Burbank, CA 91503	phone (818) 238-3500 fax (818) 238-3608	bmace@ci.burbank.ca.us
Donald Froelich <i>Water Services Administrator</i>	City of Glendale Water Services Administrator 141 N. Glendale Avenue, Lvl. 4 Glendale, CA 91206-4496	phone (818) 548-2137 fax (818) 552-2852	dfroelich@ci.glendale.ca.us

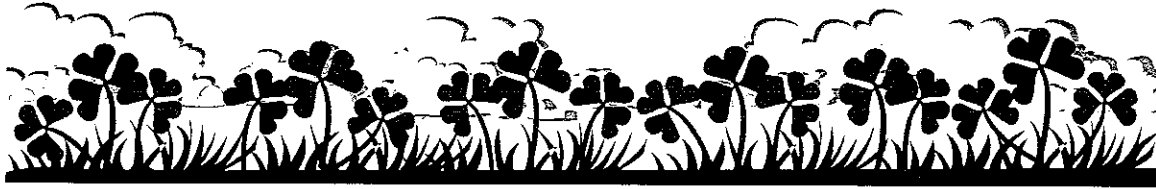
Kevin Wattier <i>General Manager</i>	City of Long Beach Water Department 1800 East Wardlow Road Long Beach, CA 90807	phone (562) 570-2301 fax (562) 427-7061	Kevin_wattier@lbwater.org
Jim McDaniel <i>Deputy Assistant General Manager – Water System</i>	City of Los Angeles Department of Water and Power P.O. Box 51111 Los Angeles, CA 90051	phone (213) 367-1050	james.mcdaniel@ladwp.com
David Pettijohn	City of Los Angeles Department of Water and Power P.O. Box 51111 Los Angeles, CA 90051	phone (213) 367-0899	david.pettijohn@ladwp.com
Brad Boman	City of Pasadena Water and Power Department 150 S. Los Robles Ave., Suite 200 Pasadena, CA 91101	phone (626) 744-4278 fax (626) 744-4670	bboman@cityofpasadena.net
Ina Babbitt <i>Water Quality Manager</i>	City of Pasadena Water and Power Department 150 S. Los Robles Ave., Suite 200 Pasadena, CA 91101	phone (626) 744-4465	ibabbitt@cityofpasadena.net
Benjamin F. Lewis <i>Manager</i>	City of San Marino California-American Water Company 2020 Huntington Drive San Marino, CA 91108	phone (626) 619-2511 fax (626) 281-6807	lewisbf@amwater.com
Anthony J. Pack <i>General Manager</i>	Eastern Municipal Water District 2270 Trumble Road (zip 92570) P.O. Box 8300 Perris, CA 92572-8300	phone (909) 928-3777 fax (909) 928-6117	packa@emwd.org

Anthony C. Zampielo <i>Manager</i>	Foothill Municipal Water District 4536 Hampton Road P.O. Box 686 La Canada Flintridge, CA 91012	phone (818) 790-4036	tonyz@fmwd.com
Richard W. Atwater <i>CEO/General Manager</i>	Inland Empire Utilities Agency 6075 Kimball Avenue, Bldg. A Chino, CA 91710	phone (909) 993-1740 fax (909) 606-7320 Asst. – Julie ph. (909) 993-1600 (x1741)	atwater@ieua.org
Mark Wildermuth	Wildermuth Environmental-consultant to Chino Basin Watermaster	949/235-9294	mwildermuth@wildh2o.com
John Rossi <i>CEO</i>	Chino Basin Watermaster	909/484-3888	jrossi@cbwm.org
Robert DeLoach <i>General Manager/CEO</i>	Cucamonga County Water District 10440 Ashford Street Rancho Cucamonga, CA 91730-2799	phone (909) 483-7434 fax (909) 476-8032	robertd@cvwdwater.com
Matt Stone <i>Associate General Manager</i>	Municipal Water District of Orange County 10500 Ellis Avenue (zip 92708) P.O. Box 20895 Fountain Valley, CA 92728	phone (714) 593-5004	mstone@mwdoc.com
Nira Yamachika <i>Director of Water Quality</i>	Orange County Water District 10500 Ellis Avenue (zip 92708) P.O. Box 8300 Fountain Valley, CA 92728-8300	phone (714) 378-3281 fax (714) 378-3373	nyamachika@ocwd.com
Gordon Hess	San Diego County Water Authority 4677 Overland Avenue San Diego, CA 92123	phone (858) 522-6737	ghess@sdcwa.org
Amy Chen <i>Interagency Program Manager</i>	San Diego County Water Authority 4677 Overland Avenue San Diego, CA 92123	phone (213) 628-1244	achen@sdcwa.org

Richard W. Hansen <i>General Manager/Chief Engineer</i>	Three Valleys MWD 1021 Miramar Avenue Claremont, CA 91711	phone (909) 621-5568 fax (909) 625-5470	rhansen@tvmwd.com
Don Kendall <i>General Manager</i>	Calleguas Municipal Water District 2100 Olsen Road Thousand Oaks, CA 91360	phone (805) 526-9323 fax (805) 526-3675	dkendall@calleguas.com
John Clairday <i>Deputy General Counsel</i> Team Leader – Legal Issues	The Metropolitan Water District of Southern California 700 N. Alameda Street Los Angeles, CA 90012	phone (213) 217-6314 fax (213) 576-5220	jclairday@mwdh2o.com
Mic Stewart <i>Section Manager I</i> Team Leader – Technical Issues	The Metropolitan Water District of Southern California 700 N. Alameda Street Los Angeles, CA 90012	phone (213) 217-5696 fax (213) 217-6951	mstewart@mwdh2o.com
Lisa Anderson <i>Program Manager III</i> Team Leader – Task Force Mgmt.	The Metropolitan Water District of Southern California 700 N. Alameda Street Los Angeles, CA 90012	phone (213) 217-6551 fax (213) 576-5309	landerson@mwdh2o.com

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CHINO BASIN WATERMASTER

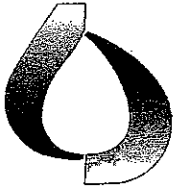
Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

C. Inland Empire Utilities Agency



Inland Empire
UTILITIES AGENCY*

6075 Kimball Avenue • Chino, CA 91710
P.O. Box 9020 • Chino Hills, CA 91709
TEL (909) 993-1600 • FAX (909) 597-8875
www.ieua.org
* A Municipal Water District

March 17, 2004

The Honorable Alan Lowenthal
California State Assembly
State Capitol
Sacramento, CA 95814

Subject: A.B. 2528 (Lowenthal) - SUPPORT

Dear Assemblyman Lowenthal:

On behalf of the Inland Empire Utilities Agency (IEUA), I thank you for introducing AB2528, which seeks to eliminate the current confusion associated with the statutory term "action level." The bill replaces this term with a clearer statutory direction for public water system operators who discover emerging contaminants in their source waters. AB 2528 also extends these notification requirements to public water system operators who deliver surface water.

The term "action level" has caused significant confusion with the public and among water system operators because it implies that some action greater than notifying governing boards must be taken to address an emerging contaminant. In fact, some wells have been needlessly shut down in Southern California based on this confusion.

AB 2528 addresses this problem by changing the term "action level" to "notification level." In addition, the bill creates a new term, "response level", to describe the trigger water quality level at which the Department of Health Services (DHS) recommends the additional specific actions that a water system operator must take to reduce public exposure to an emerging contaminate.

Please note that AB 2528 does not seek to change the process by which DHS makes these recommendations. It only requires that the current DHS recommendations be specified as either a "notification level" or a "response level."

AB 2528 would also extend these requirements to all sources of drinking water, including surface water. We believe the extension of the notification requirements to public water systems that use surface water is a vital step towards creating greater awareness among public officials of source water quality and will encourage local action to protect all sources of water supply.

For these reasons, we strongly support AB 2528.

Sincerely,
INLAND EMPIRE UTILITIES AGENCY

Richard W. Atwater
Chief Executive Officer/General Manager

c.c Members, Assembly Toxics Committee

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ASSEMBLY BILL

No. 2528

Introduced by Assembly Member Lowenthal

February 20, 2004

An act to repeal and add Section 116455 of the Health and Safety Code, relating to public water systems.

LEGISLATIVE COUNSEL'S DIGEST

AB 2528, as introduced, Lowenthal. Public water systems.

Existing law, the California Safe Drinking Water Act, requires the State Department of Health Services to administer provisions relating to the regulation of drinking water and public water systems and, among other things, to adopt primary drinking water standards for contaminants in drinking water and to monitor regulated and unregulated contaminants. Existing law requires every public water system serving more than 10,000 service connections and that detect one or more contaminants in drinking water that exceed the public health goal to prepare a brief written report.

Existing law requires the person operating a public water system to, within 30 days of the closure of a well or of discovery of a contaminant exceeding the maximum containment level or action level, as defined, in a well that is used for drinking water, notify the governing body of the local agency in which users of drinking water reside.

This bill would delete this requirement and would, instead, require the operator of wholesale or retail public water systems, as defined, to provide notice relating to contamination of any drinking water source, as defined, that exceeds the maximum containment level, a response level, or a notification level, as defined.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 116455 of the Health and Safety Code
2 is repealed.

3 ~~116455. (a) When a well, that is used as a source of drinking~~
4 ~~water for a public water system, is discovered to include, or is~~
5 ~~closed due to the presence of, a contaminant in excess of a~~
6 ~~maximum contaminant level or an action level established by the~~
7 ~~department, the person operating the public water system shall~~
8 ~~notify the governing body of the local agency in which users of the~~
9 ~~drinking water reside within 30 days of the discovery or closure.~~

10 ~~(b) The notification required by subdivision (a) shall include~~
11 ~~the location of any affected well, its name, its type, the origin, if~~
12 ~~known, of the contaminant, the maximum contaminant level or~~
13 ~~action level for the contaminant detected and the operational status~~
14 ~~of the well immediately prior to its closure.~~

15 ~~(c) For purposes of this section, the following terms have the~~
16 ~~following meanings:~~

17 ~~(1) "Action level" means the concentration level of a~~
18 ~~contaminant in potable water that the department has determined,~~
19 ~~based on available scientific information, provides an adequate~~
20 ~~margin of safety to prevent potential risks to human health.~~

21 ~~(2) "Local agency" means a city or county, or a city and~~
22 ~~county.~~

23 SEC. 2. Section 116455 is added to the Health and Safety
24 Code, to read:

25 116455. (a) When a drinking water source that is used by a
26 public water system is discovered to contain a contaminant in
27 excess of a maximum contaminant level, a response level, or a
28 notification level established by the department, then the
29 following shall occur within 30 days of the discovery:

30 (1) If the public water system is a wholesale water system, then
31 the person operating the wholesale water system shall notify the
32 wholesale water system's governing body and the water systems
33 that are directly supplied by the wholesale water system and that
34 receive treated, blended, or raw water from that source.

1 (2) If the public water system is a retail water system, then the
2 person operating the retail water system shall notify the retail
3 water system's governing body and the governing body of the local
4 agency in which users of the drinking water reside.

5 (b) The notification required by subdivision (a) shall identify
6 the drinking water source, its type, the origin, if known, of the
7 contaminant, the maximum contaminant level, response level, or
8 notification level, the concentration of the detected contaminant,
9 and the operational status of the drinking water source.

10 (c) For purposes of this section, the following terms have the
11 following meanings:

12 (1) "Drinking water source" means an individual groundwater
13 source, an individual surface water intake, or in the case of water
14 purchased from another water system, the water at the service
15 connection.

16 (2) "Local agency" means a city or county, or a city and
17 county.

18 (3) "Notification level" means the concentration level of a
19 contaminant in a drinking water source that the department has
20 determined, based on available scientific information, does not
21 pose a significant health risk but warrants notification of the
22 governing body of the area in which the water is served.
23 Notification levels are nonregulatory, health-based advisory levels
24 established by the department for contaminants in drinking water
25 for which maximum contaminant levels have not been established
26 and which have been found in a drinking water source.
27 Notification levels are established as precautionary measures for
28 contaminants that may be considered candidates for establishment
29 of maximum contaminant levels, but have not yet undergone the
30 rigorous scientific and regulatory evaluation prescribed for the
31 development of maximum contaminant levels.

32 (4) "Response level" means the concentration of a
33 contaminant in a drinking water source at which the department
34 recommends that additional steps, beyond notification of the
35 governing body by the operator of the retail public water system,
36 be taken to reduce public exposure to the contaminant. Response
37 levels are established in conjunction with notification levels for
38 contaminants that may be considered candidates for establishment
39 of maximum contaminant levels, but have not yet undergone the

1 rigorous scientific and regulatory evaluation prescribed for the
2 development of maximum contaminant levels.

3 (5) "Retail water system" means a public water system that
4 supplies water directly to the end user.

5 (6) "Wholesale water system" means a public water system
6 that supplies water to other public water systems for resale.

O

AB 2528 (Lowenthal) – Fact Sheet

Drinking Water Quality: Emerging Contaminants

Summary:

This measure is intended to eliminate confusion associated with the current statutory term “action level” by replacing it with clearer statutory direction for public water system operators who discover emerging contaminants in their source waters. Additionally, to improve the awareness of contaminants in source waters, the bill would extend notification requirements to public water system operators who deliver surface water. Consistent with existing monitoring practices, notification is required if the source water exceeds the levels as defined below.

Background and Proposed Solution:

I. Clarification of confusing terminology related to emerging contaminants

Currently, there are two non-regulatory levels set by the Department of Health Services (DHS):

- 1) An “action level” is an advisory level currently defined in statute to mean the concentration level of a contaminant in potable water that DHS has determined provides an adequate margin of safety to prevent potential risks to human health. Action levels are non-regulatory levels established by DHS to deal with emerging contaminants that have not yet undergone the rigorous process for establishing primary drinking water standards and are not to be confused with the regulatory enforceable lead and copper federal action levels. Current statute requires that when water from a well that is used as a source of drinking water is discovered to include a contaminant in excess of an action level, the operator of the public water system must notify the governing body of the city or county in which users of the drinking water reside.

Because the term “action level” implies that a specific action must be taken to address a contaminant beyond notification, it is confusing to the public and to water system operators. In fact, some wells have needlessly been shut down in the past impacting local water supply reliability. Moreover, adding to the confusion is the fact that on the federal level the term “action level” describes regulatory limits in the national primary drinking water standards for lead and copper.

For these reasons, AB 2528 would change the term “action level” to the more appropriate term of “notification level” which would more accurately describe what is required of the public water system if the contaminant is detected at this level.

- 2) Though currently not specified in statute, when DHS adopts an action level, it also establishes an additional level at which it recommends that steps be taken to reduce public exposure to a contaminant - usually 10 to 100 times the action level, depending on the type of hazard the chemical poses. There is currently no terminology assigned to this designation.

By creating and defining a new statutory term of “response level” to describe this level of contamination, this bill clarifies when DHS recommends that water system operators take proactive steps to address source water contamination – such as removal of a source from service, blending of water or treatment.

II. Extension of notification requirements to surface water providers.

Current statute requires public water systems that use drinking water wells to provide notification to the governing body of city or county in which users of the drinking water reside when “action levels” or “maximum contaminant levels” are exceeded in well water. A “maximum contaminant level” or MCL is the maximum permissible level of a contaminant in water. DHS is responsible for establishing MCLs (also known as primary drinking water standards) after thorough review and scientific comment.

This bill would instead require such notification when “notification levels,” “response levels” or “maximum contaminant levels” are exceeded in source waters and would extend notification requirements to public water system operators who deliver surface water. AB 2528 would require wholesale water system operators to notify their governing body and the water systems directly supplied by the wholesaler when specified levels are exceeded in their source water. Retail water system operators must notify their own governing body and the governing body of the local agency (city or county) in which users of the drinking water reside. This bill would not change other existing public notification requirements.

The extension of the notification requirements to public water systems that use surface water is key to creating greater awareness among public officials of source water quality and encouraging local action to protect all sources of water supply. Open disclosure of source water quality issues provides an opportunity to highlight any treatment or blending already in place to improve the quality of the water delivered ultimately to the public.

AB 2528 (Lowenthal) – Supporters List

Calleguas Municipal Water District
Central Basin Municipal Water District
City of Burbank
City of Pasadena
Coachella Valley Water District
East Bay Municipal Utilities District
Inland Empire Utilities Agency
Long Beach Water Department
Los Angeles Department of Water and Power
Metropolitan Water District of Southern California
Municipal Water District of Orange County
Orange County Water District
Park Water Company
San Francisco Public Utilities Commission
West Basin Municipal Water District

California Municipal Utilities Association
Southern California Water Committee

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DRAFT RESOLUTION

Whereas, the California Health and Safety Code currently provides that when a drinking water well is discovered to include a contaminant in excess of a maximum contaminant level (MCL) or an advisory “action level” that the public water system operator must notify the governing body of the local agency where the water is served to the community; and

Whereas, state “action levels” are non-regulatory advisory levels established by the Department of Health Services (DHS) to deal with emerging contaminants that have not undergone the rigorous process for establishment of MCLs, and MCLs are regulatory limits established after thorough scientific review and public comment; and

Whereas, the current, non-regulatory state term “action level” is confusing to the public and to water system operators because the one term “action level” has been used to address both when an operator is required to provide notification and when DHS recommends removing a well from service; and

Whereas, the term “action level” is also potentially confused with federal action levels established for lead and copper, which are enforceable national primary drinking water standards; and

Whereas, as a consequence of the confusing terminology, some wells have needlessly been shut down when a contaminant exceeds the action level but is below the level at which DHS recommends removal from service; and

Whereas, the proposed statutory changes in AB 2528 (Lowenthal) would replace current terminology with new terms that are consistent with their intended meaning and clearly distinguish between the level at which notification is required and the level where DHS recommends taking additional steps to reduce public exposure to the contaminant; and

Whereas, AB 2528 will improve the understanding of what water supply agencies are expected to do if a listed contaminant is discovered and eliminate the confusion between state and federal action levels; and

Whereas, unlike current statute, which only applies to drinking water wells, the proposed language applies to both surface and ground water sources; and

Whereas, AB 2528 will create a heightened awareness of source water quality and encourage actions to protect sources of water supply; and

Whereas, open disclosure of source water quality issues provides an opportunity to be proactive rather than reactive and to highlight any treatment or blending already in place to improve the quality of the water delivered to the public.

Therefore, let it be known that this body supports enactment of the proposed legislation on this, the xxxx day of xxxx, 2004.

**ASSEMBLY ENVIRONMENTAL SAFETY AND
ASSEMBLY ENVIRONMENTAL SAFETY AND
TOXIC MATERIALS COMMITTEE**

Assemblyman John Laird D-Santa Cruz Committee Chair	Room 2196	(916) 319-2027 Fax (916) 319-2127
Assemblyman Greg Aghazarian R-Stockton Committee Vice Chair	Room 2130	(916) 319-2026 Fax (916) 319-2126
Assemblywoman Judy Chu D-Monterey Park	Room 2148	(916) 319-2049 Fax (916) 319-2149
Assemblyman Lloyd Levine D-Van Nuys	Room 6011	(916) 319-2040 Fax (916) 319-2140
Assemblywoman Sally Lieber D-Mountain View	Room 4162	(916) 319-2022 Fax (916) 319-2122
Assemblyman Alan Lowenthal D-Long Beach	Room 4146	(916) 319-2054 Fax (916) 319-2154
Assemblyman Ken Maddox R-Garden Grove	Room 4167	(916) 319-2068 Fax (916) 319-2168
Michael Endicott Chief Consultant	1020 N Street Room 171	(916) 319-3965 Fax (916) 319-3950
Joanne Wong Consultant	1020 N Street Room 171	(916) 319-3965 Fax (916) 319-3950
Linda Rodriguez Committee Secretary	1020 N Street Room 171	(916) 319-3965 Fax (916) 319-3950
Doug Haaland Assembly Rep. Caucus Consultant	1020 N Street Room 400	(916) 319-3900 Fax (916) 319-3902

MARCH 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. SAWPA will work with Senator Brulte to expand language in SB 1132 to provide funding to address water supply as well as water quality impacts resulting from the Fall 2003 fires. The SAWPA Watershed Conference is scheduled for April 28, 29 at the Mission Inn in Riverside.
- **Metropolitan Water District of Southern California (MWD)**
 On March 9th, the MWD Board of Directors adopted rate increases effective January 1, 2005. The untreated rate will increase \$5 AF. MWD's Long Range Financial Plan indicates significant rate increases during the next ten years. During February 2004, the IEUA service area imported 2,400 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). In calendar year 2003, Imported water purchases for the IEUA service area exceeded the Tier I allocation, however certifications may reduce the final Tier II numbers. In February, IEUA received a credit of \$1.1 million of MWD surplus funds. The funding will be given to the retail agencies to financially support new local supply projects. MWD approved a rate increase for 2005 on March 9, 2004. MWD has established a water quality committee to develop a unified message on water quality issues.
- **CALFED: Updates**
 The Bay Delta Advisory Committee met on March 11th. Meeting focused on informational items including a discussion of the NAPA agreement, coordination of planning for Proposition 50, Chapter 8 Integrated Water Management funds, and a proposal for implementing a statewide water management program. Secretary of the Interior Norton, in a 2/19/04 letter indicated that authorizing legislation for CALFED will be difficult to obtain until Delta issues are addressed.
- **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 (historical low levels). At the same time last year, storage within the Colorado system was at 36 million acre-feet or about 60 percent capacity.
- **Water Conservation Activity Summary**
 The 2002-03 Regional Water Conservation Program Report has been submitted to conservation coordinators requesting their review and comments. IEUA will final the document in March and provide copies to all agencies and cities in the service area. MWD Board of Directors approved a proposal to create a Model Home Program that provides a rebate to builders for the installation of plumbing fixtures in model homes that go beyond current plumbing standards and will include native plants as part of the landscaping.
- **State Water Plan (Bulletin 160-03)**
 The Department of Water Resources has released a draft of the "California Water Plan Update 2003, an Investment Guide for California's Water Future." The new schedule for the review of the draft plan is to release the public draft on April 15th. DWR will hold public workshops through the late spring and early summer. The final copy of the State Water Plan will be released December 31, 2004. The next meeting of the B160 Advisory Task Force will be held in April.
- **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)

<u>Revenues (est)</u>	<u>Annual Budget</u>	<u>Est. Actual to date (July-Feb)</u>
Imported \$3/AF Surcharge	\$195,000	\$141,208
Retail Meter Revenue	\$ 60,000	\$ 40,000
Property Tax	\$ 75,000	\$ 50,000
Regional Sewage Fund Transfer	\$ 50,000	\$ 33,333
FY 02/03 Carry Over	\$ 22,300	\$ 0
Total	\$402,300	\$264,541
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	\$553,451

*Total budget does not include a grant from DWR for the CIM project in the amount of \$2,060,000

Expenditures

<u>Individual Projects/Programs</u>	<u>Budget</u>	<u>Actual (July-Feb)</u>	<u>Source of Funding</u>
HECWs	\$282,500	\$128,977	MWD, IEUA
ULFTs	\$771,800	\$272,444	MWD, IEUA
X-Ray Film Processor	\$330,000	\$ 47,146	DWR, IEUA, MWD
Landscape Programs	\$50,000	\$ 440	IEUA
Pool Cover Rebate	\$12,000	\$ 9,146	IEUA
CUWCC Dues	\$12,000	\$ 0	IEUA, MWD
Educational Programs	\$40,000	\$ 24,268	IEUA
Inter-Agency Grants	\$16,000	\$ 2,000	IEUA
Water Brooms	\$57,000	\$ 52,311	IEUA, MWD
Pool Cover Survey	\$ 8,500	\$ 569	MWD
Restaurant Water Awareness	\$ 5,000	\$ 0	IEUA, MWD
Agency Support	\$ 2,300	\$ 2,300	IEUA
Other	\$ 2,900	\$ 506	IEUA
Totals	\$1,590,000	\$510,107	

Water Conservation Rebate Programs 2003-04

- **ULFT Rebate Program** - A total of 101 rebates were issued in the month of January, bringing the total number of rebates up to 1,199 for the length of the program and 984 rebates within the current FY. The FY goal is to complete 1,000 rebates. The region is an 98 percent of the annual goal for this program. Additional promotion of the program is planned during "May is Water Awareness Month."
- **High Efficiency Clothes Washer Rebate Program** — A total of 135 rebates were issued in the month of February, bringing the program total to 2,731 rebates issued. For the current FY, 1,172 rebates have been issued. The FY goal is to complete 2,500 rebates. This is a continuing rate of 40 to 50 per week. The region is at 46 percent of the annual goal for this program. Additional promotion of the program is planned during "May is Water Awareness Month."
- **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. The data has been compiled and a draft final program report has been issued. The report is now being circulated for comments from local retail water agency staff.

Water Conservation Programs FY 2003-04

- **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
City of Chino	April 3, 2004	City Hall	300
Monte Vista Water District	April 24, 2004	Montclair High School	300
City of Ontario	May 1, 2004	Public Works Yard	400

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 February 1,644 ULFT's have been installed during the current FY. The FY goal is to install 3,900 ULFT's. The region is at 42 percent of the annual goal for this program. A program to test the costs of installation of the ULFT's is scheduled for the spring.
- **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 February, 10 Processors have been installed at area hospitals and clinics. Grant funds will terminate on June 30, 2004.
- **"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
Shadow Hills Elementary	Fontana	March 1, 2004	8:30 AM and 9:30 AM	509
Creek View Elementary	Ontario	March 5, 2004	8:30 AM, 9:30 AM & 1:30 PM	796
S. Tamarind Elementary	Fontana	March 8, 2004	1:15 & 2:15 PM	834
Jasper Elementary	Alta Loma	March 9, 2004	11:15 AM & 12:30 PM	454
The Brain Cell Ed Center	Upland	March 22, 2004	9:00 AM	TBD
Montessori Child Center	Fontana	March 23, 2004	9:00 AM	TBD

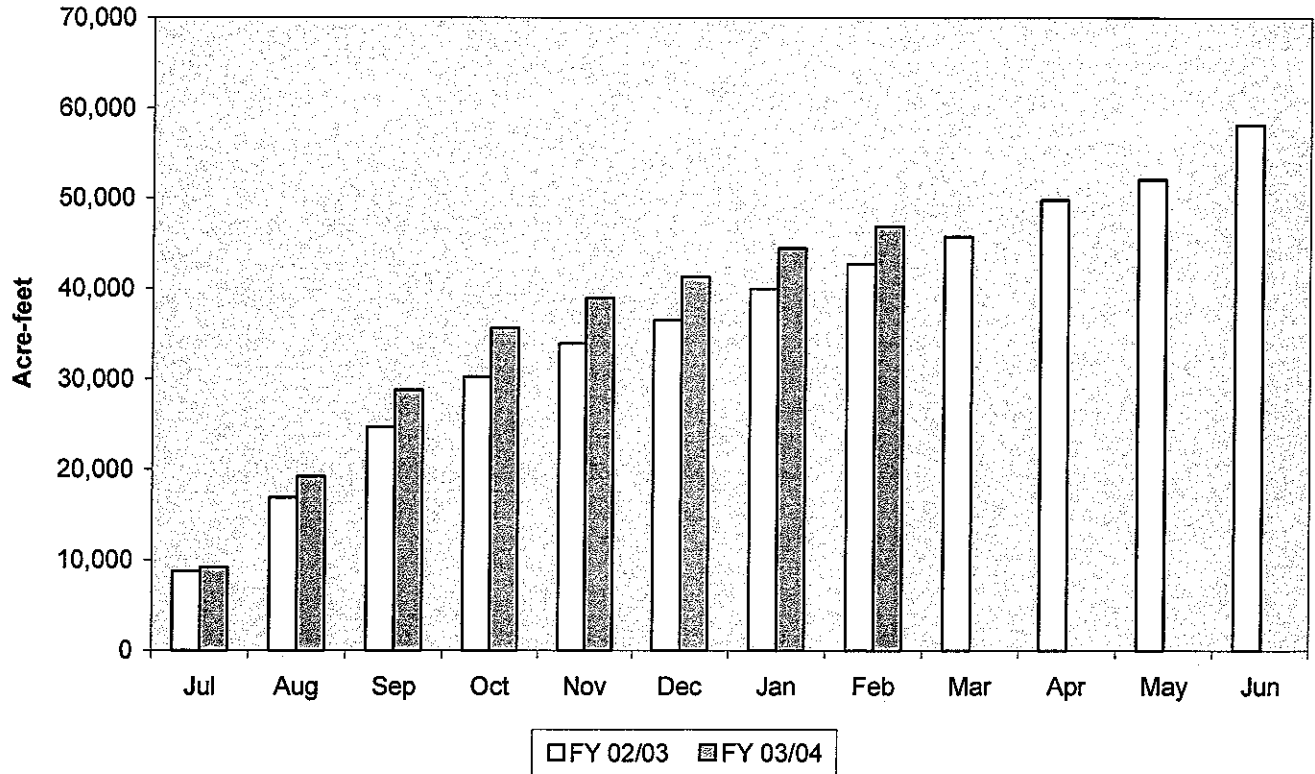
- **California Urban Water Conservation Council (CUWCC) Activities** — A plenary session was held at the offices of Cucamonga Valley Water District on March 10, 2004. Invoices for 2003 dues have been sent out to signatory agencies by CUWCC. In the IEUA service area, the annual dues will be paid by IEUA and the Metropolitan Water District.
- **Water Education Water Awareness Committee (WEWAC) Activities** — The 9th Annual Jr.High and High School Water Conservation Video Contest video entry's are due on March 26. WEWAC will hold the award ceremonies to honor the winners of the video contest on May 6th in the City of La Verne.
- **Native Landscape** - IEUA is evaluating new programs including participation in MWD's Model Home program, "A Graden in Every School" program, and "smart" irrigation controllers.

Drinking Water Quality Issues/Activities

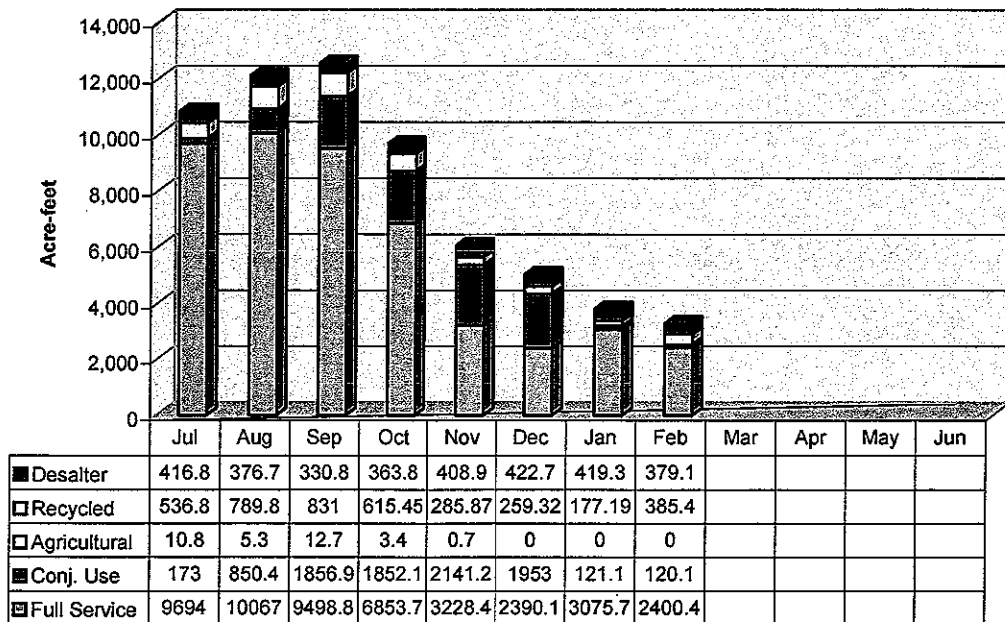
- **Perchlorate Contamination Issues**
The Office of Environmental Health Hazard Assessment (OEHHA) set a public health goal for perchlorate of 6 ppb on March 12, 2004. The State of California, led by Governor Schwarzenegger, is seeking federal funding to clean perchlorate contaminate state-wide.
- **Salinity Management Issues**
A draft model water softener ordinance has been prepared for the cities and retail water districts in the Chino Basin. The AWWARF study to characterize salinity within the regional sewage system is scheduled to be complete in April, 2004. On February 25, IEUA hosted with the National Water Research Institute a salinity summit with representatives from the regional boards in Southern California.

Y-T-D FY 2003/2004 vs FY 2002/2003

IEUA
Cumulative Monthly Full Service Imported Water Deliveries

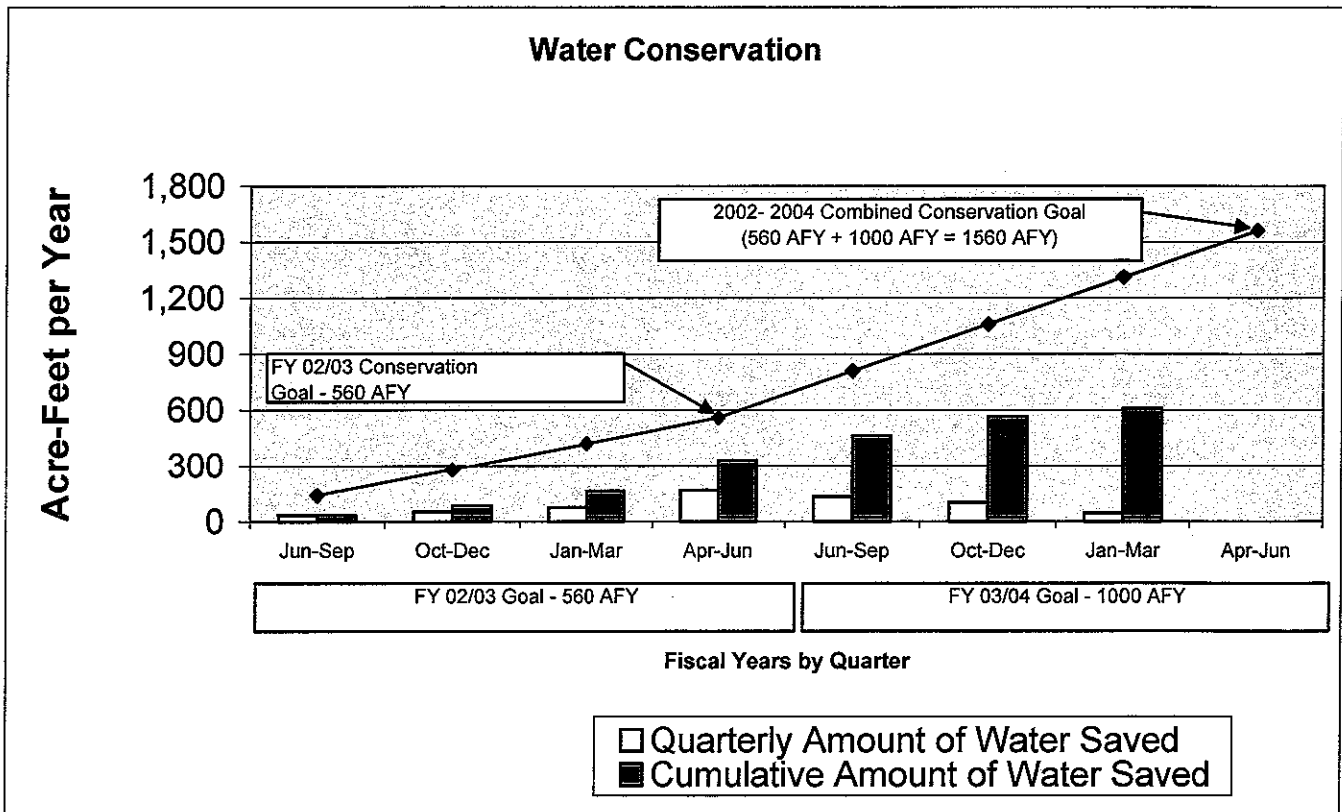
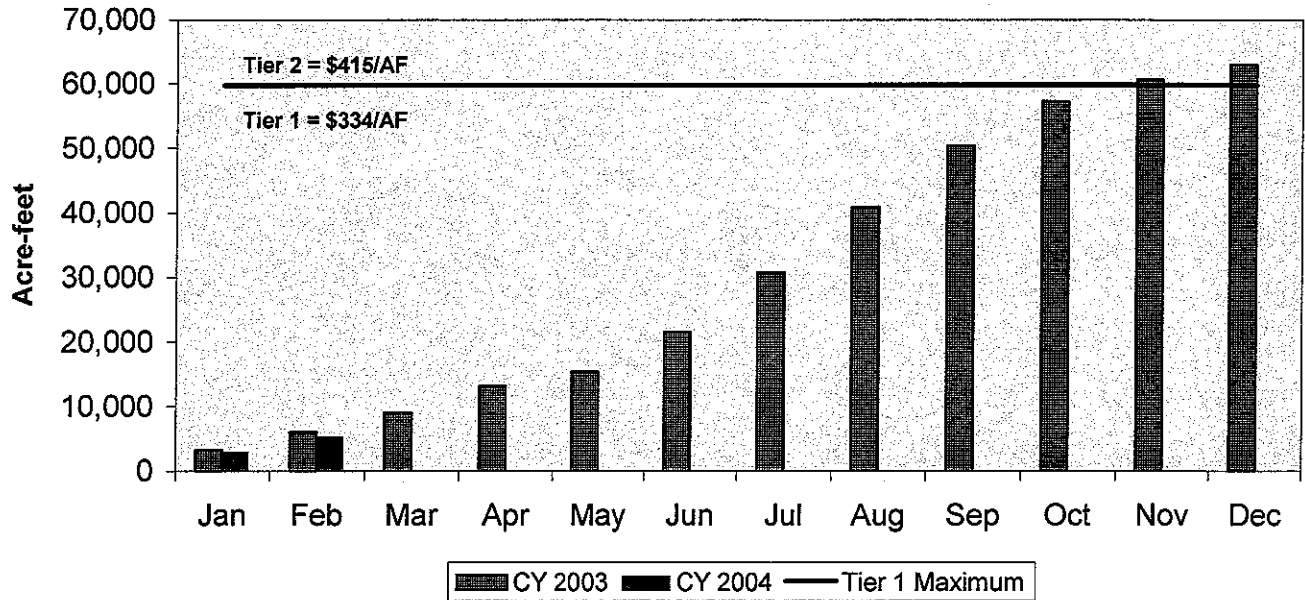


IEUA FY 03/04 Monthly Water use



CALENDAR YEAR 2004 TIER I/II PURCHASES

IEUA Cumulative Monthly Tier 1 Imported Water Deliveries 2003-2004

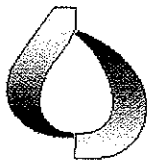


April 2004

SUN	MON	TUE	WED	THU	FRI	SAT
				1 Regional Tech Committee Mtg @ Fontana CDA Board Meeting	2 Santa Ana River Watermaster	3 IEUA Residential PDA Classes Chino ULFT Prog
4	5	6 SAWPA Mtgs	7 IEUA Board Mtg	8 Regional Policy Committee Mtg @ Ontario Watermaster Joint Pool Mtg	9 MWD Member Agency Managers Mtg	10 IEUA Residential PDA Classes
11	12 IEUA Water Resources Committee	13 SAWPA Commission	14 IEUA Committee Mtg Day	15	16 Prado Working Group	17 IEUA Residential PDA Classes
18	19	20	21 IEUA Board Mtg	22 MWD Monthly Conservation Mtg Chino Basin Watermaster Advisory and Board Meetings	23	24 Monte Vista Water District ULFT
25	26	27	28 So Calif. Water Plan Briefing 7:30 to 9:00 am	29 SAWPA Conference @ Mission Inn	30	

May 2004

SUN	MON	TUES	WED	THUR	FRI	SAT
30	31					1
2	3 Conservation Workgroup Mtg	4 <u>Association of</u>	5 IEUA Board Mtg <u>California Water</u>	6 Regional Tech Committee Mtg @ Fontana <u>Agencies</u> —	7 <u>Monterey</u>	8 Regional ULFT Prog @ Fontana (CA Speedway)
9	10 IEUA Water Resources Committee Mtg	11	12 IEUA Board Comm Mtg Day	13 Regional Policy Committee Mtg @ Ontario	14 MWD MA Managers Mtg @ MWD	15
16	17	18	19 IEUA Board Mtg	20	21	22
23	24	25	26	27 CB Watermaster Advisory Comm Mtg MWD Monthly Mtg	28	29



Date: March 25, 2004

To: Inter-Agency Advisory Committee

From: Inland Empire Utilities Agency

Subject: Water Conservation Report

RECOMMENDATION

For Information Only

BACKGROUND

ULF TOILET REBATE PROGRAM

A total of 101 rebates were issued in the month of February, bringing the total number of rebates up to 1,199 for the length of the program, and 984 rebates within the current FY. The current fiscal year goal is to complete 1,000 rebates. The region is at 98 percent of the annual goal.

HECW REBATE PROGRAM

A total of 135 HECW rebates were issued in the month of February, bringing the program total to 2,731 rebates issued. For the current FY, 1,172 rebates have been issued. The FY goal is 2,500 rebates. This is a continuing rate of 40 to 50 per week. The region is at 46 percent of the annual goal.

SWIMMING POOL COVER SURVEY PROGRAM

A draft final report on the results of customer attitude surveys been submitted to IEUA for review and comments. The draft report has been circulated to the Regional Conservation Workgroup Members for their comments.

AGENCY ULFT EXCHANGE PROGRAMS

Below are the events that have been scheduled and the total number of ULF toilets anticipated to be distributed.

<u>Agency</u>	<u>Date</u>	<u>Location</u>	<u>Number of Toilets</u>
Monte Vista Water District	April 24, 2004	Montclair	300
City of Chino	April 3, 2004	Chino	300
City of Ontario	May 1, 2004	Ontario	400

MULTI-FAMILY ULF TOILET EXCHANGE PROGRAM

IEUA and its retail water agencies provide free ULF toilets to multi-family property owners throughout the year. The number of ULF toilets installed in the month of February is 360. For the current FY, the program has installed 1,644 toilets. The goal for the FY is to complete 3,900 installations. The region is at 42 percent of the annual goal.

The Regional Water Conservation Workgroup approved the expenditure of \$16,900 to provide co-funding for the direct installation of 1,100 ULF toilets at a large apartment complex in Ontario. The purpose is to find innovative ways of getting toilets installed in multi-family properties when there may be no financial incentive for property owner to change out the toilet on their own.

MWD MODEL HOME WATER CONSERVATION PROGRAM

On March 9, the MWD Board of Directors approved this \$250,000 pilot program. This program will help promote water conservation with residents by upgrading developer "model" homes beyond the existing plumbing standards. Items that will be included in the new homes are dual-flush toilets, high-efficiency clothes washers, weather-sensitive irrigation controllers, native landscaping, and water-softeners. MWD and IEUA will promote centrally discharged canister type water softeners, rather than the self-regenerating models and explain why these damage the ability of water agencies to recycle water. MWD staff will produce informational pieces on each of the devices installed. MWD has registered the name "California Friendly Home" for each of the new homes that have these devices.

FEBRUARY 2004 RECYCLED WATER SUMMARY

Capital Projects Summary

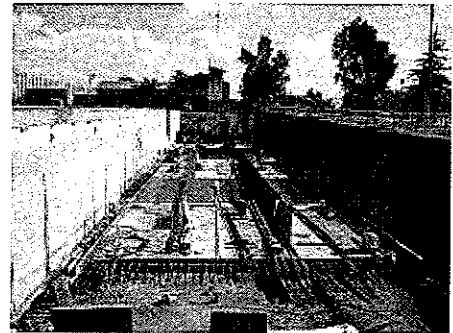
Active Projects - Phase I

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

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



RP-1 Chlorine Contact Basin

■ **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.



Pine Avenue Intertie Phase I

■ **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 March 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)**

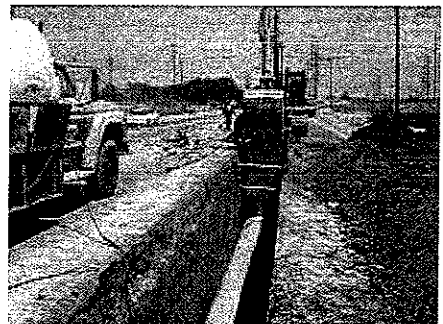
The Philadelphia Pipeline will deliver recycled water to the Ely Basins for recharge and irrigation water to the new Kaiser Hospital facility and to other customers. The portion of the pipeline in front of the Kaiser facility is completed, however, the original alignment of the pipeline coming from RP-1 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.



Phase I Etiwanda Recycled Water Pipeline

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

Total Implementation Plan

ID	Task Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	Phase I	\$34,000,000.00													
2	Phase II				\$28,000,000.00										
3	Phase III						\$15,000,000.00								
4	Phase IV								\$21,000,000.00						
5	Phase V											\$22,000,000.00			

Phase I Implementation Plan

ID	Task Name	Budget	Actual	Remaining	2003												2004											
					May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov					
1	RP-1/RP-4 Pump Station	\$7,748,000	\$676,171	\$7,071,829	[Progress bars]																							
2	RP-1 Chlorination Tank	\$4,817,000	\$597,101	\$4,219,899	[Progress bars]																							
3	Pine Avenue Intertie	\$1,066,000	\$251,228	\$814,772	[Progress bars]																							
4	Wineville Pipeline	\$2,307,200	\$257,415	\$2,049,785	[Progress bars]																							
5	Reliant Pipeline	\$1,115,476	\$371,207	\$744,269	[Progress bars]																							
6	Philadelphia Pipeline	\$3,935,400	\$262,053	\$3,673,347	[Progress bars]																							
7	Whittram Pipeline	\$3,620,000	\$76,151	\$3,543,849	[Progress bars]																							
8	RP-4 West Branch	\$9,849,000	\$88,549	\$9,762,451	[Progress bars]																							

Financing Plan

Program Financing Plan:

- Regional Capital Fund 25-30%
- SWRCB Grants 10-15%
- Federal Grants 20%
- SWRCB Loans 20-35%

Annual Revenue:

- MWD LPP (Loan Repayment) \$2 Million
- MWD LRP* \$1.8 Million
- Recycled Water Sales \$4-6 Million

*Proposal submitted December 2003.

Funding Phase I

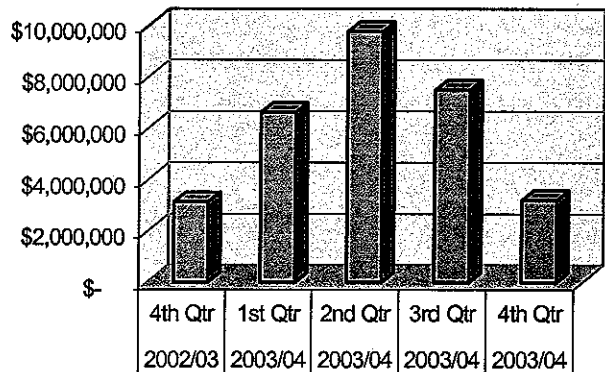
- Regional Capital Fund \$7,000,000
- SWRCB Recycling Grant \$5,000,000
- SWRCB Recycling Loan \$22,000,000

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 Flow

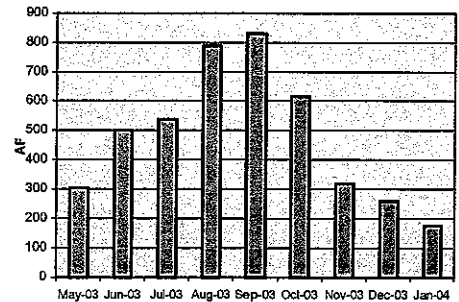


Activity Summary

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
January	197	177
Year to Date	197	177
FY Total	2,983	3,496
Budget		6,950

Operation & Planning

- The modification at the dechlorination station at Prado Park is completed.

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



New Kaiser Hospital Facility in Ontario

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

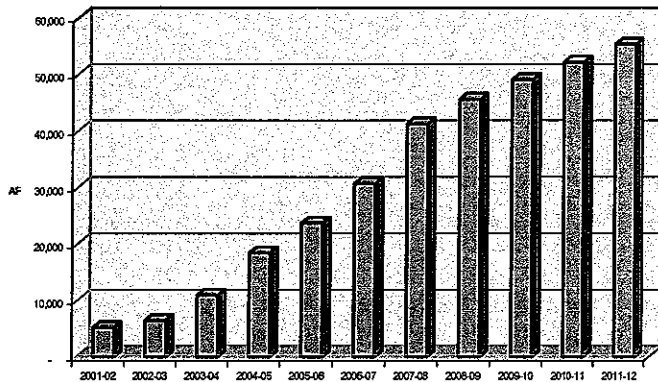
1. Empire Lakes Golf Course (May 2004)	800 AFY
2. Additional Farms on Outfall (April 2004)	1,200 AFY
3. Ontario Center Owners Association	260 AFY
4. California Co-generation	250 AFY
5. Oak Crest Golf Course	500 AFY
6. CIM (Farming Operation & Laundry Facility)	1,500 AFY



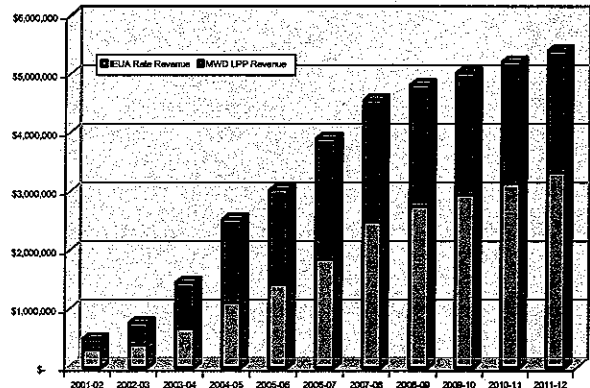
New Oak Crest Golf Course in Chino Hills

Projected Sales & Revenue

Projected Recycled Water Sales



Projected Recycled Water Revenue



Regulatory/Permits

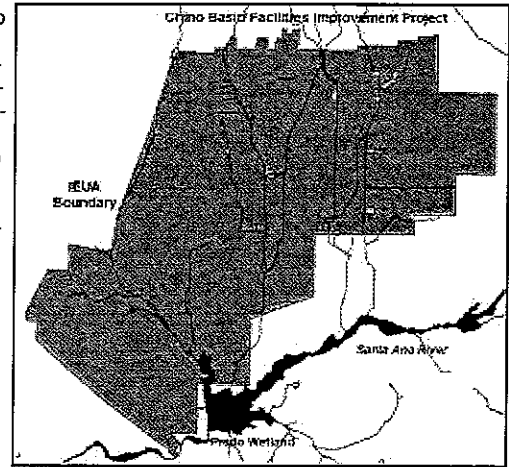
- CEQA—PEIR Certified June, 2002
- CBWM Article X—Approved May, 2002
- SARWQCB Basin Plan Amd. January, 2004
- DHS Title 22 Report (Recharge) Spring, 2004
- SARWQCB Discharge Permit Summer, 2004

FEBRUARY 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 five 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 sites. The groundwater recharge sites, when fully developed will have a total annual recharge capacity of 120,000 to 170,000 ac. ft.; 20,000 to 25,000 of storm water; 80,000 to 120,000 ac. ft. of imported water; and 20,000 to 25,000 ac. ft. of recycled water.

The construction of the CBFIP will be in seven phases, with seven different contractors, totaling \$38,700,000. Construction is projected for completion at the end of 2004.



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 Basin Management Program (OBMP)

Project Participant:

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

Design and Construction Management Team:

- Tettermar & Associates (Design Consultant)
- Black & Veatch/IEUA (Program & Construction Management)
- URS/Twining-Govil-Ryan (Geotechnical Consultant)

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

Bid Package No. 1 includes six basins: Banana Basin, College Heights 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 gauges are installed; RP-3 Trap Channel is complete.
- College Heights Basins - Excavation in the College Heights Basins is completed; quantities are being finalized. The sluice gate and the staff gauge 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 gauge have been installed.
- Lower Day Basin - Excavation in the Lower Day Basin is completed; now finalizing quantities. Sluice gates and the staff gauge 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, dirt windrows and installing the sluice gates.
- Final completion date February 2004

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

Bid Package No. 2 includes three basins: Declerz Basin, Ely Basins 1, 2, & 3, and 8th Street Basins; four rubber dams: College Heights (San Antonio Channel), Lower day Basin (Day Creek Channel), RP-3 Basins (Declerz 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).

Basins status:

(Continued on page 2)

(Continued from page 1)

- Declez Basin – earthwork at Declez Basin completed. Work on the soil-cement berms and sluice gates experienced rain delay but are nearing completion.
- Ely Basins 1, 2, & 3 – earthwork at Ely Basins 1, 2, & 3 is complete. Work on the soil-cement berms and sluice gates experienced rain delay but are nearing completion.
- 8th Street Basins – earthwork at 8th Street Basins is underway (50% complete). 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 panels are being installed.

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 experienced rain delay but are being installed.

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

Bid Package No. 3 includes the construction of 11,000 linear feet of 36" diameter pipe line in Jurupa Avenue 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. Construction began January 5, 2004. Rasic received approval of the Traffic Control Plans from the City of Fontana and San Bernardino County; and received the respective permits.

Pipe installation has began and 1,100 feet has been installed from RP-3 site northward on Jurupa Avenue.

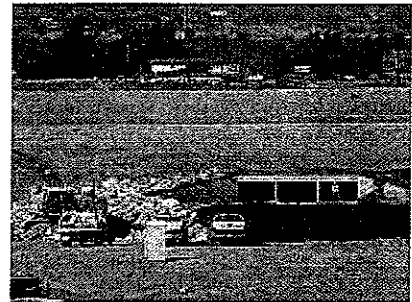
Bid Package No. 4 (Budget \$2,300,000)

Bid package No.4 consists of constructing (1) a canal and 100 linear 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.

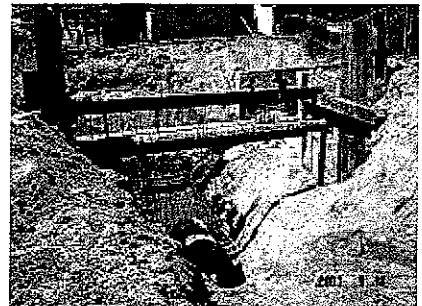
The Jurupa Basin Pump Station was bid November 20, 2003 and was awarded December 3, 2003. The "letter to proceed" has not been issued due to delays in permit review by the SBCFCD, the permit was received February 3, 2004. A preconstruction meeting was held February 19, 2004 which established the official start date.

SBCFCD has committed to constructing a section of concrete channel with a drop inlet and pipeline to deliver water to the Jurupa Basin for delivering stormwater, imported water, and recycled water to the Basin for pumping to the RP-3 Basins and the Declez Basin. The remainder of the San Sevaine Channel between Valley Boulevard and the Jurupa Basin drop inlet will be completed as part of SBCFCD's San Sevaine Project.

Construction of the pump station and improvements to the Jurupa Basin is projected to take 200 calendar days. Contract start date was February 19, 2004. Notice to proceed will be given after all submittals are received.



8th Street Basin



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 \$3,900,000)

- The SCADA Control and Monitoring System original bid date was January 9, 2004. Only one responsive bid was received thus, all bids were rejected and re-bid on February 28, 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 was announced for bid December 2, 2003.
- Bid was opened on January 29, 2004 and awarded to Griffith Construction Co. on 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. 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 \$3,140,000)

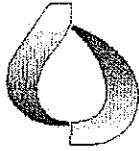
This bid package is a "catch-all" bid package. Depending upon the bids received on the above bid packages, the CBFIP Committee will prioritize the remaining projects, keeping the ultimate CBFIP within budget.

- Announcement of Bid Package No. 7, will be in March 2004, a courtesy tour of the prioritized construction sites will be conducted. The scheduled bid opening is May 2004, and award of contract is anticipated June 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	50% complete	\$ 500,000
2. Victoria Basin (excavation will be deleted)	100% complete	\$ 500,000
3. Upland Basin	90% complete	\$ 900,000
4. Hickory Basin improvements	20% complete	\$1,000,000
5. Banana Basin discharge	100% complete	\$ 70,000
6. Portable pump	100% complete	\$ 100,000
7. San Sevaine channel bridge** @ Hickory Basin	100% complete	\$ 75,000
<u>Deferred Projects</u>		
8. Etiwanda Conservation Basins (Ponds)	5% 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 Victoria Basin have been issued by the SBCFCD and earth removal is underway. Through February 26, 2004, 120,000 cubic yards or 40 percent has been removed.



Inland Empire
UTILITIES AGENCY

Date: March 17, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (3/10/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Agricultural Resources

RECOMMENDATION

This is an informational item regarding the February 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\04112 February 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

February 29, 2004

Legislative Report

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

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

SU: Legislative Report, February 2004

Highlights:

- Administration Budget – Water Recycling Slashed
- Water Recycling and Water 2025 Funding, FY 2005
- Water Recycling – Southern California Feasibility Study
- IEUA Water Recycling Bills Pending Resource Committee Action
- Water Recycling and Calvert CALFED Bill
- Perchlorate Issues
- Interior Budget – Proposal Meltdown
- IEUA Working Partners

Administration Proposed Budget – Water Recycling Budget Slashed. The Interior Department's budget slashes Title XVI. Interior and Reclamation want, plain and simple, to eliminate the federal water recycling assistance program. The proposed budget attempts, in some ways, to be clever, and stimulate Western opposition. Only a few projects were proposed for funding, all in California. Over the last few years, CA's neighbors got upset because California most of the Title XVI funds. This proposal plays to that regional bias. Numerous projects – in Nevada, Arizona, New Mexico and Texas were left unfunded. Congress, notwithstanding the

Interior/BuRec attitude, likes the program and will ignore the effort to scuttle the program.

Water Recycling (Title XVI) and Water 2025 – Funding for FY 2005. Last month, I reported that Interior had announced that Water 2025 would be funded at \$21 million, more than double the current year. A week after the announcement was made in a press release, DOI's budget was released and the number dropped 5% to \$20 million. The ask internally was for \$49 million. Remember, notwithstanding all the rhetoric in Water 2025 about addressing "crisis hot spots" – water recycling is eliminated as a tool to address drought or shortfalls.

Southern California Comprehensive Water Reclamation and Reuse Feasibility Study. As reported repeatedly, this feasibility study was completed in April 2001. It has not, as required, been submitted to Congress. Interior is attempting to rewrite the report. Inquiries from SAWPA, Chairman Calvert and Napolitano and others to Interior have not been answered. It remains in limbo. This report is all but the same from last month.

Water Recycling Legislation, Pending in House Resources Committee. Three Title XVI authorization bills are pending. One expands the program in Orange County. Two (Rep. Gary Miller and Rep. David Dreier) impact the IEUA service area. All three bills were reported by the Calvert Subcommittee and are pending in the full Committee. In recent days, IEUA has met with the Subcommittee Majority and Minority. Both have requested action on these bills. The decision rests with Chairman Pombo. We are requesting that a markup be held at the first business meetings of the Committee, which has yet to be scheduled. We are in constant contact with our Members and the Committee staff. Rep. Gary Miller sent a letter to Chairman Pombo. Rep. Dreier has also urged its consideration.

Water Recycling – Calvert CALFED Bill. The CALFED bill is also pending. Title I of that bill authorizes a new national (not just western) water recycling program. The Interior Department and Bureau of Reclamation do not like this provision, but have been careful not to openly attack it. CALFED talks continue in California, especially with Delta interests. The lack of resolution has slowed the bill.

Perchlorate. DOD officials appeared at the annual ACWA conference in DC. They provided conflicting messages. Consider the following:

- DOD is initiating research for a substitute for perchlorate, but perchlorate will be with us for years, decades to come.
- DOD is willing to test new cleanup technologies "on the ground."
- DOD has pending, at OMB for clearance, new range policy legislation. AWWA, AMWA and others are highly critical. One DOD official, in the presentation, referenced [implied positive] discussions with Western States and Western Att. Generals, neglecting to include that they were highly critical of the proposal.
- Two senior members of the House Energy and Commerce Committee, John Dingell and Hilda Solis fired off a letter to EPA demanding to know why EPA

issued a “gag” order, preventing EPA staff from discussing the new DOD range proposal.

- Cucamonga’s GM and two board members, along with Daniel Cozad, SAWPA, met with Alex Beehler, Assistant for Environment to the Deputy Under Secretary of Defense for Installations and Environment to discuss the CVWD proposal to “test and evaluate” one of the new cleanup technologies.

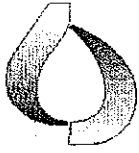
Interior Budget – Bipartisan Senators Upset with Interior. Every year, shortly after the Administration submits its proposed budget to Congress, authorizing committees hold an oversight hearing and invite the various departments to provide an overview of the proposal. These are usually matter-of-fact, low-profile. As this Board knows, DOI has been unwilling to submit reports (recycling), answer letters from Chairman Calvert and Ranking Member Napolitano and, generally, has been unresponsive to the House. Senate Energy Committee Chairman, Pete Domenici (R-NM) invited Secretary Norton to present her budget. In the middle of the hearing, the ranking member of the committee, Sen. Jeff Bingaman (D-NM) asked the Secretary why she had not responded to questions submitted, one year prior, at the same hearing. Norton did not have an answer. Domenici, called staff over, and an instant scramble began. Turns out, Interior didn’t bother to answer some 130-140 questions, submitted on a bi-partisan basis. When Domenici found out what happened, he was “not pleased.” This hearing did not go well. I include this in this month’s report because of IEUA’s on-going frustration with Interior for failing to submit the Southern California Recycling Feasibility Study. With this Interior Department, there is a pattern, and not a good one.

Federal Health Care for Working Families Act of 2003 (H.R. 3100, Pallone). This proposed legislation would require employers with 50 or more employees to provide health insurance to their employees equal to the Federal Employees Health Benefit Program and the employers’ contribution would have to be equal to the premium the federal government contributed to their employees. As both the levels of coverage and the premium would change based on the federal government, this legislation could have more impact on IEUA than the new state required health insurance. Currently, the likelihood of this legislation being approved by Congress is low, we will monitor this bill closely.

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

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

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Inland Empire
UTILITIES AGENCY

Date: March 17, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (3/10/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Dolphin Group

RECOMMENDATION

This is an informational item regarding the February 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.

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G:\board-rec\2004\0411\ February Leg Report from Dolphin Group

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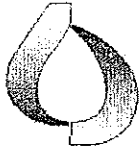
Chino Basin / OBMP Coalition Status Report February 2004

- 1) **Legislative Update** – The deadline for introduction of new bills in the ‘03-‘04 Legislative Session passed on February 20. More than 2000 new measures were introduced. We are currently reviewing these measures to determine their potential effects on Chino Basin Coalition members. One new measure of particular interest to the Coalition is SB 1732 (Hollingsworth). SB 1732 is a spot bill designed to develop a voluntary program aimed at promoting the environmental quality of dairy operations, and minimizing their impacts on air and water quality. We will be looking closely at a number of measures over the course of the next several weeks and will be working with Coalition members to determine legislative priorities for the year.

- 2) **Budget / ERAF** – The threat of losing property tax revenues for special districts has grown in recent weeks. In addition to the proposed \$1.3 billion ERAF shift in the Governor’s initial budget, the Legislative Analyst recently entered the discussion. In the Analyst’s comprehensive review of the budget, the \$1.3 billion shift (or about \$100 million from special districts) was discouraged in favor of an alternative proposal to shift \$400 million in property taxes (roughly 80%) from enterprise special districts to cities and counties for other local services. The Legislative Analyst recommendations, and all other proposals, are expected to get considerable attention in March, as budget negotiations begin in earnest. The March 2 primary will determine the outcome for the 3 budget related Propositions, (56, 57, and 58) and set the stage for the fiscal future of the state to be determined. Recent polling suggests that Proposition 56 is likely to fail, and Props 57 and 58, Schwarzenegger’s economic recovery package, are likely to pass.

- 3) **Special District Reform** – Senate Bill 1272 (Ortiz) was introduced in mid-February and will be the main legislative vehicle to accomplish reform in 2004. This measure is currently a spot bill and only deals with agency auditing requirements at this time. This measure is expected to be amended to encompass other reform areas, including, but not limited to, the following:
 - Director Compensation;
 - Director Benefits; and
 - Reserve PracticesWe will monitor this legislation as it continues to develop.

- 4) **Energy Programs** – In addition to implementation of SB 1755, Dolphin Group is also monitoring CPUC workshops on Community Choice Aggregation (CCA) and potential opportunities for the Chino Basin region. CCA allows local municipalities (cities & counties) to aggregate load for an entire region and purchase power from independent producers. This is an emerging area for energy users and may benefit Coalition members who can develop energy generation resources locally.



Inland Empire
UTILITIES AGENCY

Date: March 17, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (3/10/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item regarding the February 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.

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MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West and Bill Geyer

DATE: February 29, 2004

RE: February Legislative Report

Bill Introductions

February 20 was the deadline for introducing new legislation for the 2004 year. In all, more than 2,500 bills were introduced. You will find your legislative "watch" list much expanded, but we are still analyzing many bills and there will probably be others we have missed on the first pass.

One bill that IEUA has already done quite a bit of work on is AB 2538 (Lowenthal). This measure deletes the term "action level" and replaces it with the terms "notification level" and "response level." It will require DHS to determine if a contaminate warrants just notification of the public by the local agencies, or further remediation actions. This is currently done administratively by DHS and the bill makes no changes to their determination process. The measure applies these terms to all sources of drinking water, including surface water. Action levels currently only apply to groundwater. There has been significant confusion on the part of the public and other regulatory agencies over what is meant by an "action level." It is hoped this measure will better inform the public and stop unnecessary regulatory actions.

Proposition 50 Update

IEUA was successful in securing a number of important changes to the DHS criteria for Chapter 4 of Proposition 50 (\$260 million grant program for Southern California). Initially, DHS criteria would have made agencies that did not directly receive Colorado River water, such as IEUA, ineligible for any funding from this category. This was changed so that any agency that reduces Colorado River demand directly or indirectly, can be eligible for funding. IEUA was also successful allowing perchlorate contamination to be eligible for funding from this category.

While DHS is moving forward with their criteria, we will not know until the May Revisé is released how much funding will be available for this and the other Proposition 50 categories.

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Inland Empire Utilities Agency

WATCH

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

February 29, 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 1300 (Laird) Prop. 50: Reporting	Requires Secretary of Resources to prepare annual report on Prop. 50 expenditures.	C	Senate Ag. Water & Resources
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.
SB 1132 (Brulte) Prop. 50, Chap. 8 Fire Impacts	Requires DWR to develop a \$50 million competitive grant program within counties for flood control programs and other water management project to prevent or reduce the likelihood of flooding and degradation of water quality. The bill specifically excludes these funds from the Chap. 8 matching requirement contained in last year's Prop. 50 trailer bill.	A	
SB 1197 (Denham) Prop. 50 storage	Appropriates unspecified amount from Chap.7 for water storage study on the upper San Joaquin River.	B	
SB 1318 (Burton) Prop. 50: Chap. 10	Appropriates an unspecified amount from Chap. 10 (Coastal watershed account to Coastal Conservancy) to the "Ocean Protection Council" created by another Burton bill (SB 1319).	B	
Water Supply Planning			
AB 1921 (Canciamilla) UWMP	Specifies that the UWMP must describe and evaluate sources and <u>reliability</u> of water supply.	B	

AB 2603 (Calderon) UWMP	Spot bill on the UWMP.	C	
Groundwater			
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 amendments to clarify that the bill will not impact water rights in adjudicated basins.	A	Assembly Enviro. Quality
AB 2733 (Strickland) Ventura County Groundwater	Calleguas is the sponsor. The bill would exempt Ventura County from filing individual groundwater well reports to the SWRCB and paying the new fee of \$150 per well. Watermaster is interested in including San Bernardino County into the proposal.	A	
Water Quality/Penalties and Fees			
AB 1020 (Laird) Contaminates: Civil Action	Authorizes a public water system to bring civil action against any RP for the presence of any contaminate in surface or groundwater supplies utilized by the water district. Recoverable costs include investigation, replacement water and attorney's fees.	A	Senate Floor
AB 1353 (Matthews) Waste Discharge	States that annual discharge fees cannot be charged if it can demonstrated that pollution is not entering waters of the state. Applies to waivers only anticipating that waivers will be subject in the future to an annual fee. Sponsored by the Wine Institute.	C	Senate 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 NPDES permits without regional board action. SWRCB sponsor.	B	Senate Ag. and Water Resources
AB 2342 (Jackson) PHGs	Allows OEHHA, when setting a PHG, to take into account the health impacts the contaminate may have on subpopulations, including children and infants.	B	
AB 2422 (La Malfa) Water use fees	Legislative intent to eliminate the water rights fee passed in 2003.	C	
AB 2448 (Diaz) Water Quality	Spot bill on water quality.	C	
AB 2715 (Reyes) Water Quality	Spot bill on water quality	C	

AB 2864 (Canciamilla) Water rights fees	Spot bill on water rights fees adopted in 2003.	C	
SB 1552 (Machado) TMDL	Authorizes the RWQCB to establish minimum stream flow requirements in connection to establishing TMDLs.	B	
Water Conservation			
AB 2298 (Plescia) Water meters	Requires that by 2006 a public water system serving 3,000 or more connections install or require the installation of water meters for irrigated landscapes of more than 10,000 square feet. By 2007 this information shall be used in whole or in part for billing purposes.	A	
AB 2299 (Plescia) Dishwasher water efficiency	Requires the CEC by 2006 to revise regulations for commercial dishwashing pre-rinse spray values to use less than 1.6 gallons of water per minute.	A	
AB 2470 (Kehoe) Water Conservation Program	Requires that water conservation material be made available on the sale of residential development. The water district would provide the material and could raise rates to offset the cost, pursuant to current law.	A	
AB 2572 (Kehoe) Water Meters	Requires the installation of water meters on all service connections. Supersede local ordinances prohibiting the installation of water meters. Kehoe ran this bill last year, but Appropriations Chair Steinberg from Sacramento would not let it out of committee.	A	
AB 2717 (Laird) CUWCC	Requests the California Urban Water Conservation Council convene a stakeholders group to evaluate and recommend proposals for improving the efficiency of water use in new and existing urban irrigated landscapes in the state. The CUWCC would report to the Legislature by 2005 and pay their own expenses.	B	
Special Districts/Property Tax Revenue			
SB 1272 (Ortiz) Special District Audits	Requires that special district audits be performed in compliance with quality control reviews, as specified.	B	
SB 1310 (Brulte) MWD Complaints Member Agencies	Current law requires MWD to submit an annual report to the Legislature detailing member agency complaints of unethical, unauthorized or illegal activities by MWD against any member agency or the public. This bill extends this reporting requirement from 2005 to 2010.	B	
SB 1351 (Soto) Revolving Door	Prohibits "revolving door" activities between formal local officials and the agency where they used to hold office. City of Ontario scandal is the likely reason for the bill.	C	

SB 1414 (Brulte) Consolidation	Legislative intent to consolidate certain local water districts in Southern California. Doesn't say which ones.	A	
SB 1454 (Hollingsworth) Fires: Property Tax Rev.	Reallocated property tax revenue in the fire impacted counties. IEUA CFO should look at the bill for possible special district impacts.	A	
SB 1497 (Poochigian) Taxes	Spot bill on property revenue to local jurisdictions.	C	
SB 1720 (Alarcon) MWD Civil Service	Changes MWD civil service requirements for all employees and officers.	C	
Chino Basin/Santa Ana Region			
AB 496 (Correa) Santa Ana Conservancy	Establishes the Santa Ana River Conservancy by 2012. The conservancy would acquire lands within ½ mile on either side of the river. Establishes a 13-member board. One member would be designated from SAWPA. Last year OCWD opposed the bill and SAWPA and IEUA remained neutral.	A	Senate Natural Resources
AB 2062 (Negrete-McLeod) Chino Ag. Preserve	Allows the County of San Bernardino to sell property within the Chino Agricultural Preserve that was purchased with Prop. 70 funds, provided the county uses all the proceeds from the sale only for the acquisition of replacement land within the Chino Ag. Preserve. San Bernardino County is the sponsor.	B	
AB 2212 (Runner) Dairy relocation	Makes changes to the redevelopment law to promote the relocation of dairies from Chino Basin to Harper Dry Lake.	C	
AB 2439 (Haynes) Elsinor Valley Municipal Water D.	Allows recreational use with body contact in a reservoir within the district.	C	
SB 1732 (Hollingsworth) Dairy Enviro. Enhancement	MPC sponsored measure to promote dairy environmental enhancement projects by creation of new state fund. Industry needs to meet to work out the details and funding mechanism that will be acceptable to the author.	A	
Cal-Fed/Water Transfers			
AB 2881 (Aghazarian) Water Rights	Spot bill on water rights.	C	
AB 2951 (Canciamilla) Ag. Water Cal-Fed	Legislative intent language to define appropriate measurements for agricultural uses of water in accordance with the Cal-Fed ROD.		

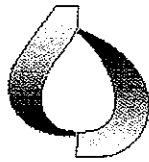
SB 1155 (Machado) Cal-FED	Prohibits additional delta pumping until a plan is in place by all the implementing agencies to achieve the environmental goals in the Cal-Fed ROD. One of MWD's top priorities this year is to implement the "Napa Agreement," which called for increased delta pumping to 8,500 cfs under specified conditions.	B	
SB 1374 (Machado) Transfers Third Party Impacts	Prohibits the SWRCB from approving a long-term water transfer if it will result in substantial negative third party impacts.	C	
SB 1409 (Poochigian) Water Rights	Spot bill on water rights.	C	
SB 1739 (Margett) DWR	Spot bill on water rights.	C	
Miscellaneous			
AB 2311 (Jackson) Green Buildings	Legislative intent to establish a State Green Building Bank to allow public and private funds to enable retrofitting of buildings using environmentally sustainable and energy methods.	B	
SB 1089 (Brulte) SWPC Fund	Legislative intent that the State Water Pollution Control Revolving Fund give preference to capital improvement projects that are undertaken by a municipality that in subject to an administrative compliance order relating to its sanitary sewer collection system.	B	
SB 1387 (Romero) Sanitation agencies	Requires a sanitation agency with a jurisdiction over 5 million (Los Angeles County) to get a vote of the people before developing or improving land for the purposes of creating or expanding a materials recycling center, including biosolids.	C	
SB 1479 (Sher) RWQCB	Reduces membership from nine members to five. SWRCB sponsored.	C	

Inland Empire Utilities Agency

Positions/Position Recommendations

February 29, 2004

Bill # / Title	Summary	Position	Status
Desalination			
SB 318 (Alpert) UWMP: Desal	Requires UWMP to describe the opportunities for development of desalinated water, including brackish water. SCWA is the sponsor. Possible vehicle for desalination funding (Chap.6 \$50 M) in Proposition 50. Careful watch.	Support	Assembly Floor
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 in 2003.	Oppose	Assembly Floor
Water Quality			
AB 2528 (Lowenthal) Action Level	<p>IEUA and MWD heavily involved in the writing and placement of the bill. Deletes the term "action level." Replaces the term with "notification level" and "response level." Requires DHS to determine if a contaminate warrants just notification of the public by the local agencies, or further remediation actions. This is currently done administratively by DHS and the bill makes no changes to their determination process. Applies these terms to all sources of drinking water, including surface water. Action levels currently only apply to groundwater.</p> <p>Martha Davis has helped secure the support of the environmental community. IEUA will encourage other agencies to support the measure.</p>	Support	Introduced



Date: March 25, 2004

To: The Honorable Board of Directors

Through: Public and Legislative Affairs Committee (3/10/04)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

This is an informational item regarding a status update on public outreach and communications.

BACKGROUND

Outreach

- Chino Basin Shade tree planting @ Sequoia Middle School, Fontana (2-19-04).
- Fontana Arbor Day, Mary Vagle Nature Park (3-9-04).

Agency Tours

- Assembly Member Gloria Negrete McLeod's staff tour of HQ (2-24-04).

Conference/Meetings

- Association of the San Bernardino Special District seminar (2-20-04).
- IEUA Leadership Breakfast (2-24-04).
- NRW Salinity Workshop (2-25-04).
- California Regional Environmental Education Community (CREEC) workshop (2-28-04).

Cerrell and Associates

- Presentation IEUA information/presentation boards to be displayed at IEUA facilities, SAWPA, etc.
- 2003 Annual Report.
- Provided general media relation support.

PRIOR BOARD ACTION

None

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CHINO BASIN WATERMASTER

Thursday, March 25, 2004

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

IV. INFORMATION

1. Response to Monte Vista
Correspondence dated December
11, 2004 – Assessment Package



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

February 24, 2004

Mr. Mark Kinsey
General Manager
Monte Vista Water District
10575 Central
Montclair, Ca 91763

Subject: Response to Correspondence dated December 11, 2003 – Assessment Package

Dear Mark:

Please accept this letter as the Watermaster's response to your inquiry regarding certain aspects pertaining to the 2003/2004 Assessment Package. I have formatted my response to align with the three issues you addressed in your letter.

1. Reallocation of Agricultural Pool Safe Yield

Monte Vista Water District has asked Watermaster to provide clarification concerning its method of allocating the 32,800 acre-feet of water made available to the Appropriative Pool pursuant to the "Early Transfer" provision of the Peace Agreement.

The current Assessment Package follows the practice that has been used by Watermaster over the past several years. Watermaster determines the total actual production by the Agricultural Pool and subtracts this from the amount allocated to the Agricultural Pool per the Judgment. This difference is available to satisfy land use conversion claims made under the Judgment and the Early Transfer of 32,800 acre-feet. This year, as in the past several years, not enough water remained to satisfy the Early Transfer amount as well as all the land use conversion claims. Therefore, Watermaster allocated the difference back from the appropriators in a pro-rata manner.

Section 5.3(g) of the Peace Agreement describes the "Early Transfer" of unused Agricultural Pool water for use by Appropriative Pool members. The section says that:

The quantity of water subject to Early Transfer under this paragraph 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 the Fiscal Year that is remaining after all the land use conversions are satisfied pursuant to 5.3(i) [sic – should read 5.3(h)] below].

The process for accounting for Land Use Conversion water is described in the Judgment Exhibit H, paragraph 10. Paragraph 10(a) describes the general re-allocation of unused Agricultural Pool water and established a hierarchy of priorities. The first priority is to supplement the Operating Safe Yield due to any reductions in Safe Yield by reason of a recalculation of Safe Yield after the first 10 years of operation of the Judgment. The second priority is to satisfy land use conversion claims. The Peace Agreement did not address the manner in which the Early Transfer provision meshes with these priorities.

There appear to be three possible methods of approaching the Early Transfer and land use conversion claims when there is not enough unused Agricultural Pool water to satisfy both:

- (1) Recognize an equal priority for both and reduce both in a pro-rata manner.
- (2) Recognize a priority for Early Transfer water and allocate at least 32,800 AF in every year and take the entire shortfall from land use conversions.
- (3) Recognize a priority for land use conversions and take the full amount of any shortfall out of the 32,800 Early Transfer.

Watermaster has followed past practice and currently utilizes the first method.

2. Desalter Replenishment

The Peace Agreement section 7.5 describes the various sources from which replenishment water for the Desalters shall be obtained. The source first in priority is the Kaiser account created by the "Salt Offset Agreement." The second priority source is New Yield to the Basin.

The Peace Agreement includes within the definition of New Yield, "... capture of rising water, capture of available storm flow, operation of the Desalters (including the Chino I Desalter), induced recharge, and other management activities implemented and operational after June 1, 2000." (Peace Agreement section 1.1(aa).)

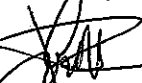
Mark Wildermuth has provided an estimate to Watermaster that as a result of Desalter production, induced recharge occurs at a rate of 50% of the Desalter production. This is a defined component of New Yield (See Peace Agreement section 1.1(aa).) Therefore, Watermaster records half of the Desalter production as new yield, leaving 50% to be replenished. Since the Desalter operation began, these amounts have been replenished from the Kaiser account pursuant to section 7.5 of the Peace Agreement.

3. New Yield Allocation

I anticipate that Watermaster will add each agency's pro-rata share of the Recharge Facility Improvement Program's 12,000 acre-feet of new yield for storm water in the upcoming Assessment Package this fall. The upcoming Assessment Package will account for Fiscal Year 2003/2004 production and related activities, while billing assessments for the Fiscal Year 2004/2005 budget.

I hope I have answered your questions. Please call me if I can clarify my response.

Sincerely,



John Rossi
Chief Executive Officer