

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

CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

AGENDA PACKAGE

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

10:00 a.m. – April 22, 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 March 25, 2004 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2004 *(Page 13)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through February 29, 2004 *(Page 17)*
3. Treasurer's Report of Financial Affairs for the Period January 1 through February 29, 2004 *(Page 19)*
4. Profit & Loss Budget vs. Actual July 2003 through February 2004 *(Page 21)*

II. BUSINESS ITEMS

A. 2004/2005 WATERMASTER BUDGET

Staff Will Present Highlights of the Fiscal 2004/2005 Budget *(Page 23)*

B. CONSIDER AGREEMENT WITH CITY OF UPLAND AND IEUA FOR RECHARGE PROJECT

Consider Agreement for Funding Assistance and Maintenance and Operation of Upland Recharge Basin *(Page 25)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meeting
2. Recharge Basin Patent *(Page 35)*
3. Draft Pleading – Dry Year Yield Project *(Page 37)*
4. San Gabriel Watermaster Water Quality Litigation

B. CEO/STAFF REPORT

1. Presentation Regarding OBMP Progress through December 31, 2003 – Water Quality Issues
2. Update Regarding MZ1 Technical Group Meeting April 7, 2004

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Dry Year Yield Update – Rich Atwater (oral)
2. Discussion on MWD Long-Term Shutdown Planning – MWD Staff
3. Water Resources Report (handout)
4. Water Conservation Status Report (Page 67)
5. Water Conservation Budget FY 2004/2005 (Page 71)
6. Recycled Water Program (Page 73)
7. Chino Basin Facilities Improvement Project (Recharge) (Page 77)
8. State/Federal Legislation (Page 81)
9. Public Relations (Outreach Update) (Page 107)

IV. INFORMATION

1. Barbara Boxer United States Senator Letter Regarding \$300,000 Conjunctive Use Appropriation (Page 109)
2. DRW Letter - \$15 Million Conjunctive Use Grant (Page 111)
3. SAWC Nomination for the 2004 Integrated Project of the Year Award (Page 117)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

April 22, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting
April 28, 2004	10:00 a.m.	Attorney/Manager Meeting
April 29, 2004	2:00 p.m.	Storage & Recovery Meeting
May 13, 2004	3:00 p.m.	Appropriative & Non-Agricultural Pool Meeting
May 20, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 27, 2004	10:00 a.m.	Advisory Committee Meeting
	3:00 p.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

1:00 p.m. – April 22, 2004
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

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A. MINUTES

1. Minutes of the Watermaster Board meeting held March 25, 2004 *(Page 7)*

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	3:00 p.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting –
Mar 25, 2004

Draft Minutes
**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**
March 25, 2004

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on March 25, 2004 at 10:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Raul Garibay	City of Pomona
Michael McGraw	Fontana Water Company
Gerald Black	Fontana Union Water Company
Dave Crosley	City of Chino
Henry Pepper	City of Pomona
Martin Zvirbulis	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water Company
Ray Wellington	San Antonio Water Company

Agricultural Pool

Nathan deBoom, Vice-Chair	Milk Producers Council
Jack Hagerman	State of California, CIM

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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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
Andy Malone	Wildermuth Environmental Inc.

Other Presents

Rich Atwater	Inland Empire Utilities Agency
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
Vic Barrion	Reliant Energy, Etiwanda
Bill Steele	United States Bureau of Reclamation
Ron Craig	RBF Consulting

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

AGENDA - ADDITIONS/REORDER

None were added or deleted to this section.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee meeting held February 26, 2004

B. FINANCIAL REPORTS

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

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

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

II. BUSINESS ITEMS**A. IEUA STORAGE AGREEMENT**

Mr. Rossi referred to page 27 of the packet titled, "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." Counsel Fife remarked this draft agreement may need minor edits, however, was seeking a recommendation for approval.

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

Moved to approve bringing this recommendation for the Storage Agreement to the Watermaster Board and onto the court for final approval and to authorize staff and counsel to make minor edits, as needed

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

1. Monte Vista Water District Motion – Hearing April 22, 2004
Counsel Fife referred to the memo from Hatch & Parent dated March 26, 2004 which was available on the back table and will be presented to the Board today. Counsel Fife commented it does not seem necessary, at this time, for Watermaster to formulate a response to the motion. Watermaster would like to initiate a meeting of the attorney/manager group prior to the hearing date of the motion to begin a process consistent with the relief requested.
2. Chino Land & Water Update
Counsel Fife updated the Committee on the March 3, 2004 appeal by Chino Land & Water. The Court, once again, denied that there is any merit whatsoever to Chino Land & Water's claims. Counsel Fife summarized the Court hearing and noted unless they take this case to the Supreme Court this will be the end of this case.
3. MZ1 Workshop with Special Referee
Counsel Fife stated that this was the Subsidence Interim Plan and that a workshop was to take place in October which was moved because the extensometer and peizometer's had just begun to collect data when it was time for the workshop. We still need to schedule this and you will be seeing an announcement at a later date for this workshop.
4. Wilson v. Chino Basin Watermaster
Counsel Fife informed the Committee the insurance company has assumed the cost of paying for the defense and the recovery. Commenting there was a demur hearing held on March 24, 2004 on the complaint and noted counsel had not received a status report on that yet. Counsel Fife noted that Watermaster was asking for the case to be dismissed due to statute of limitation problems but again, have not heard on the outcome of the

hearing. Discussion ensued with regard to a projection of cost and time frame if this case is not dismissed. Counsel Fife ensured the Committee the insurance company is covering the legal defense and the settlement. General Counsel will stay involved by watching the pleadings and keeping the parties informed.

Added Question:

Chair, Jeske inquired if Monte Vista Water District would be excluded from the attorney/managers meeting from item one. Counsel Fife assured the Committee that MVWD could attend the meeting and commented that this item will be discussed in an open session at the Board meeting; we are not contemplating going into closed session.

B. CEO/STAFF REPORT

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

Mr. Rossi informed the Committee this presentation on the MZ1 was presented at the Pool meetings and will be given at the Board meeting. He then inquired if the Committee members wanted to view the presentation again, or pass since they had previously seen it or were staying for the Board meeting and would see it then. It was decided to pass on this presentation.

2. Update Regarding AGWA Strategic Planning Session

Mr. Rossi reported that the Association of Groundwater Agencies has embarked on a strategic planning effort. He detailed a meeting recently held to work through various issues in an attempt to redefine the Agency. It was decided that four sub-committees would be formed out of the main group and each sub-committee would have largely one main focal point; such as Regulatory Issues, Legislative Issues, Metropolitan Water District Issues, and Communications.

3. Update Regarding MWD Perchlorate Task Force

Mr. Rossi with the assistance of Mr. Rich Atwater, Inland Empire Utilities Agency (IEUA) encouraged Metropolitan Water District to allow John Rossi, Robert DeLoach, and Mark Wildermuth to join the Perchlorate Task Force. Mr. Rossi commented he attended the ACWA Groundwater Committee meeting recently and about an hour was dedicated to the Perchlorate issue and the groundwater contamination clean up issues. No date has been set for the next meeting. Mr. Rossi will keep Committee members apprised of its progress.

Chair Jeske commented recently Senator Soto held a Senate Task Force meeting on Perchlorate and at that meeting was the executive officer of the Santa Ana Regional Board who commented at that meeting that 100% of their remediation and enforcement allocation is being spent on the one Perchlorate problem in Rialto.

Mr. Rossi offered comments from the last Board meeting regarding Perchlorate and how they felt it was important to apply some of the political discussions to some of the groundwater clean up issues. A brief discussion ensued with regard to Mr. Rossi's statement. Mr. Rossi added comment regarding the twenty six million dollar grant application Watermaster applied for which included four elements of improvements or expansion on the Desalter, Perchlorate Well Head Treatment, Upland Basin, and Recycled Water Program for IEUA. Out of the twenty six million we are anticipating an award in the amount of ten to fifteen million, meaning we will need to begin an internal dialogue about the funding cut backs and where the funds will applied in the near future.

4. Update Regarding Recharge

Mr. Rossi informed the Committee the Watermaster Board requested an update regarding recharge at the last Board meeting.

Mr. Treweek introduced his presentation on the Chino Basin Facilities Improvement Project March 2003 – March 2004 and noted his presentation would cover four discussion topics. The discussed topics included; Budget and Schedule, Immediate Concerns, On-Going Projects, and Future Projects. Several slides of basins were viewed and an update was given on each basin to date. Mr. Treweek reviewed the construction budget status, which totaled \$32,000,000. Lastly, the construction schedule through November 2004 was reviewed and discussed. The construction schedule included excavation, connection, force main, pump station, monitoring, imported supply, and flexibility. Mr. Treweek commented that security issues would be worked on at these sites. Mr. Treweek reviewed the damage done to the Montclair Basin and its current status since the Christmas storm noting it will not show great improvement until this Spring/Summer time frame due to the extensive amounts of silt deposited from the recent fires.

Mr. Rossi updated the Committee on the 6,500 acre foot MZ1 as well as a 16,800 acre foot replenishment obligation with the amounts of recharge to date and the recharge problems the basins are facing due to the silt. Discussion ensued with regard to the Peace Agreement, the cyclic storage account, and wet water recharge.

Mr. Treweek was asked if all the original recharge basins in the OBMP were shown in his presentation charts and does the seven contracts mentioned show recharge improvements to all them. Mr. Treweek commented they were on the charges, but it was also noted two basins were actually taken off this chart due to poor percolation.

A brief discussion on the Upland Basin ensued and Mr. Rossi stated Watermaster is working with the City of Upland and noted that the work on the Basin will be paid by the City of Upland. Mr. Rossi wanted to add an update on the current negotiation with the City of Upland regarding the Upland Basin. We had an opportunity to combine our efforts for the improvement of the College Heights Basins and the Upland Basin. We are currently in the process of discussing if we would consider utilizing funding to provide improvements in their basin in exchange for a conversion pool, whereby we could do supplemental water recharge. We are currently in the process of discussing this and will be bringing this subject back for consideration. Mr. Rossi commented that one of the concepts he wanted to present was; we have been holding the line that any water we recharge in that basin would be credited to the Watermaster per the Recharge Master Plan Allocation Concept, which means it would come back in the form of increase in the Safe Yield rather than to an individual agency like Upland. Noting this would be part of the whole policy discussion the Committee may perhaps have regarding this venture.

C. INLAND EMPIRE UTILITIES AGENCY

1. Chino Basin Conjunctive Use Update (Bill Steele – Oral)

Mr. Atwater introduced Bill Steele from the United States Bureau of Reclamation, who is helping IEUA out on conjunctive use and working close with John and the Watermaster staff on several activities in the Chino Basin. Mr. Steele commented there were a lot of opportunities in the investigation program noting there were several budget cuts in the 2004 budget which left approximately \$271,000 to begin work with the Inland Empire and Watermaster. Mr. Steele reviewed other budget cuts by Congress. He stated there is an MOU between Inland Empire, Chino Basin Watermaster, and the Bureau of Reclamation. Mr. Steele affirmed we have identified the vegetated mapping, which is its first effort, and working on the potential of 9 monitoring wells. These monitoring wells will help support the Optimized Basin Plan and provide a good use of our funds to help out in this area. Another \$470,000 is being sought for the subsequent year.

Mr. Rossi commented that the overall program budget will be brought back as part of the proposed budget at next months meeting. Plans for the aforementioned supplement combined with local funding between Watermaster and IEUA consisting of the AB303 grant which we received from the State for about \$250,000, will be presented to the

Committees next month. Mr. Rossi thanked Mr. Steele for attending today and acknowledged the work he has done to benefit our basin.

2. Dry Year Yield Update (Rich Atwater – Oral)

Mr. Atwater informed the Committee that Mr. Rossi and he are meeting with Metropolitan Water District on March 30, 2004 to work on the Dry Year Yield Agreement along with other related issues.

3. Request for Letters of Support for AB 2528 – Clarification of "Action Level" Water Quality Terminology – Martha Davis

Mr. Atwater explained the AB 2528 bill for the benefit of those who did not know what the bill was. A question and answer discussion ensued regarding what an Action Level is in comparison to a Notification Level and the effects of these on the public when notified by either of these Levels. The concern noted from this discussion was; expanding the types of water that water agencies have to report on, increasing the likelihood of having to report given the whole context of the regulations, and the reporting is so misunderstood to begin with, it creates such a lack of consumer confidence rather than more. Mr. Atwater acknowledged this concern and pointed out this is why we are an advocate of this bill to help the consumer have a better understanding of the context in these reports.

4. Water Resources Report – David Hill

Mr. Rossi commented the report written by Dave Hill starting on page 63 of the packet was the IEUA March 2004 Water Resources Update noting it was well written and contained various updates on activities, the 2003-04 water conservation budget, water conservation programs, and drinking water quality issues and activities and encouraged the Committee to read it.

Chair Jeske thanked IEUA for putting together all the information together and acknowledged it was a lot of hard work and appreciated their efforts.

5. Water Conservation Status Report – Dave Hill
No comment was made regarding this item.

6. Recycled Water Program – Tom Love
No comment was made regarding this item.

7. Facilities Improvement Project Summary
No comment was made regarding this item.

8. State/Federal Legislation – Martha Davis
No comment was made regarding this item.

9. Public Relations (Outreach Update) – Sondra Elrod
No comment was made regarding this item.

IV. INFORMATION

1. Mr. Rossi referred to correspondence written in response to a letter received from Monte Vista Water District regarding the Assessment Package. Mr. Rossi commented that Mr. Kinsey and he had an opportunity to discuss this response letter in detail and Mr. Rossi would be sending out a clarification letter which stemmed from that discussion.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

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 20, 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

The Advisory Committee Meeting Adjourned at 11:10 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting –
Mar 25, 2004

Draft Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
March 25, 2004

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on March 25, at 1:00 p.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Dan Rodriguez, Secretary	City of Pomona
Bob Kuhn	Three Valleys Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Don Schroeder	Western Municipal Water District

Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Vic Barrion	Reliant Energy, Etiwanda LLC
Mark Kinsey	Monte Vista Water District
Dave Crosley	City of Chino
Raul Garibay	City of Pomona
Henry Pepper	City of Pomona
David DeJesus	Three Valleys Municipal Water District
Bill Stafford	Marygold Mutual Water Company
Jim Erickson	City of Chino
Oscar Gonzalez	Integrated Water Resources

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

AGENDA - ADDITIONS/REORDER

Section III. REPORTS/UPDATES, Item B. CEO/STAFF REPORT, # 5. Discussion Regarding Interim Plan for the Management of Subsidence was pulled from the Agenda to be placed on the Agenda for the April meeting by Mr. John Rossi requested by Terry Catlin, Vice-Chairman who would not be present at today's Watermaster Board meeting.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board meeting held March 1, 2004

B. FINANCIAL REPORTS

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

Motion by Kuhn, second by Bowcock, and by Majority vote with one abstention by Don Schroeder

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

II. BUSINESS ITEMS**A. IEUA STORAGE AGREEMENT**

Mr. Rossi referred to the staff letter on page 25 of the packet, which is seeking approval of the Storage Agreement for Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Metropolitan Water District. Mr. Rossi referenced the Draft Agreement starting on page 27 of the packet; noting that by unanimous vote through the Pools and Advisory Committee is bringing this recommendation for approval to the Watermaster Board, noting the approval to allow staff and legal counsel to make minor edits was added to the motion at the Advisory Committee meeting. With this approval the Agreement will be filed with the Court.

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

Moved to approve minor edits by legal counsel and/or staff and the filing of the Storage Agreement with the Court

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. Monte Vista Water District Motion – Hearing April 22, 2004

Counsel Slater commented this item was on the Monte Vista motion regarding the issue equitable allocation of salt credits. The hearing date has been scheduled for April 22, 2004. Watermaster has had an opportunity to review the pleading and has a summary of the pleading and a recommendation which is in the form of a memorandum dated March 25, 2004. With regard to the memorandum counsel indicated that the relief sought by Monte Vista is consistent with a more generalized desire by several parties to provide updates on a number of items. Counsel noted that the recommendation of the memorandum is that the attorney/manager group be convened to address Monte Vista's issues.

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

Moved to approve to call an Attorney/Manager meeting to discuss the Monte Vista Water District Motion

2. Chino Land & Water Appellate Court Final Decision

Counsel Slater commented on the final outcome regarding the Chino Land & Water case claiming the final decision is unchanged after all oral argument was received and this case is finished.

3. MZ1 Workshop with Special Referee

Counsel Slater stated it was agreed to continue this workshop and noted we are trying to align the workshops with whatever hearing may be necessary, as a part of the approval of the Dry Year Yield process. He noted that there is no specific urgency at this point in time for holding the workshop.

A question was presented to Counsel with regard to type of workshop this was. Counsel Slater referred to this workshop as an update workshop only.

4. Wilson v. Chino Basin Watermaster

Counsel Slater informed the Board the insurance company has assumed the cost of paying for the defense and the recovery. Commenting there was a demur hearing held on March 24, 2004 on the complaint and noted counsel had not received a status report on that yet.

B. CEO/STAFF REPORT

1. Andy Malone Will Make a Presentation Regarding OBMP Progress through December 31, 2003

Mr. Rossi introduced the upcoming presentation by commenting about the past presentations regarding updating the parties on what progress has been made on the OBMP since 1999. And stated that Hydraulic Control, Desalters, and Maximum Benefit were the three topics covered at prior meetings and today's topic would be on the MZ-1 Interim Plan for Subsidence.

Mr. Malone gave his presentation on MZ-1 Interim Monitoring Program Update which started with the Objectives of MZ-1 Interim Plan (from OBMP). Noting three objectives, 1) Minimize subsidence and fissuring in the short term, 2) Collect information necessary to understand the extent, rate, and mechanisms of subsidence and fissuring, and 3) Formulate a long-term management plan. Mr. Malone commented that the Interim Monitoring Program consisted of Ground-Level Surveys, InSAR Mapping, and Aquifer-System Monitoring and noted that he would be going into more detail later in the presentation regarding the Aquifer-System monitoring. He examined mappings of Class-A, Class-B, and proposed Class-B Monuments. Mr. Malone explained in detail the Aquifer-System Monitoring which was followed by maps and pictures of Extensometers. Key findings were discussed concerning several charts on the subject of pumping tests. Lastly, a review of upcoming tasks for 2004/2005 was presented.

Mr. Rossi stated that there is an MZ1 Technical Committee meeting in approximately two weeks and will agendize this, discuss it, and bring it back to the Board.

2. Update Regarding AGWA Strategic Planning Session

Mr. Rossi referred to page 35 of the packet from the February 27, 2004 Strategic Planning Workgroup, at which time, he met with approximately 11 to 12 of the general managers out of the 15 agencies that make up the association. Also, commenting AGWA discussed the future of the committee and noted that AGWA has focused on sharing information gathering rather than a proactive advocacy role. He was pleased to inform the Board that AGWA decided to stay together as an agency. Mr. Rossi asked the Board to turn to pages 36 through 38 to share from that meeting the decision that four sub-committees would be formed out of the main group and each sub-committee would have largely one main focal point; such as Regulatory Issues, Legislative Issues, Metropolitan Water District Issues, and Communications. Comment was received by Chair Neufeld stating he felt the AGWA Committee needed to put together a Mission Statement or Policy Statement regarding what the AGWA Committee is there to do.

3. Update Regarding MWD Perchlorate Task Force

Mr. Rossi with the assistance of Mr. Rich Atwater, Inland Empire Utilities Agency (IEUA) encouraged Metropolitan Water District to allow Water Quality Committee members to join the Perchlorate Task Force which would allow members to be a part of the all aspects of this committee. No date has been set for the next meeting however with groundwater issues increasing it was felt that this was the just right time to form this committee and address these ever-increasing issues. Mr. Rossi will keep Board members apprised of its progress.

4. Update Regarding Recharge

Mr. Rossi reminded the Board of the request from the last Board meeting to have an updated presentation regarding the recharge program/construction progress and introduced Mr. Treweek to begin his slide presentation. Mr. Treweek stated that he had previously given a six month update and that this presentation would be his yearly update.

Chairman Neufeld acknowledged that with the early departure of two Board members the presentation should be rescheduled.

5. Discussion Regarding Interim Plan for the Management of Subsidence

This item was pulled from the agenda under the Agenda/Reorder section

IV. INFORMATION1. Response to Monte Vista Water District Letter Dated December 11, 2003 Regarding Assessment Package

Mr. Rossi updated the Board on the response letter in the packet starting on page 101 which was written in direct response to the Monte Vista Water District letter December 11, 2003 addressing three Assessment Packages preparation related issues. Mr. Rossi commented that he would be issuing a revised response letter.

V. COMMITTEE MEMBER COMMENTS

A question regarding the status of the motion which was passed at the February Board meeting requiring staff to meet with our local legislators concerning the water quality problems was presented. Mr. Rossi commented that he, Mr. Kuhn, and Chairman Nuefeld are scheduled to fly to Sacramento on April 27, 2004 for just that purpose.

A question regarding the applications for credit (Form 7) and whether this matter was moving forward or not was presented. Mr. Rossi commented that this issue is moving forward and he had received written comments from the City of Chino and with the help of legal counsel will be formulating a recommendation to be brought to the April Pool meetings. A question of whether this will be the development of a policy or responding to specific requests was presented. Mr. Rossi commented that he is developing a recommendation which will possibly be a foundation for a policy discussion and is a work in process.

A question regarding the Desalter II and the inquiry if we are on or off track with this project was presented. Mr. Rossi offered that the CDA is responsible for construction and operations; the Watermaster is involved in terms of the completion of the wells and understanding how the system is going to work from our water quality objective standpoint. Generally this project is on track although there have been some budget questions, bids rejections, and contracts that were pulled back. Mr. Rossi offered he would contact a CDA representative to come to the next Board meeting and give an update. It was noted a presentation was not required and what the Board was looking for was the bottom line answer on progress and timing.

A statement was presented to the Board with regard to the time in which the Watermaster Board met and the possibility of changing that time to accommodate members who drive far or use busy freeways late at night. Mr. Rossi commented he would look into this.

VI. OTHER BUSINESS

Mr. Rossi informed the Board members that Watermaster has a new web site and would encourage the members to visit it. Noting Agendas, Minutes, and scheduled meetings on a calendar would be available from this new site and in a more "user friendly" format.

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 20, 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

The Watermaster Board Meeting Adjourned at 2:36 p.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements March 2004
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Periods July 1, 2003 through February 29, 2004
3. Treasurer's Report of Financial Affairs for January 1 through February 29, 2004
4. Profit & Loss Budget vs. Actual July 2003 through February 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: April 8, 2004
April 20, 2004
April 22, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – March 2004

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for March 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 March 2004 were \$447,295.15. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$101,822.55, Wildermuth Environmental Inc. in the amount of \$96,126.34, and Hatch and Parent in the amount of \$43,274.49.

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CHINO BASIN WATERMASTER
 Cash Disbursement Detail Report
 March 2004

Type	Date	Num	Name	Amount
Mar 04				
General Journal	3/1/2004	04/03/4	PAYROLL	-3,754.37
General Journal	3/1/2004	04/03/4	PAYROLL	-14,471.98
Bill Pmt -Check	3/4/2004	8456	MEDIA JIM	-1,500.00
Bill Pmt -Check	3/4/2004	8457	PARK PLACE COMPUTER SOLUTIONS, INC.	-4,510.00
Bill Pmt -Check	3/5/2004	8458	PETTY CASH	-381.88
Bill Pmt -Check	3/9/2004	8459	CITISTREET	-3,850.00
Bill Pmt -Check	3/9/2004	8460	CITISTREET	-3,850.00
Bill Pmt -Check	3/9/2004	8461	CITISTREET	-3,850.00
Bill Pmt -Check	3/9/2004	8462	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,368.46
Bill Pmt -Check	3/9/2004	8463	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,368.46
Bill Pmt -Check	3/9/2004	8464	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,368.46
Bill Pmt -Check	3/9/2004	8465	ACWA SERVICES CORPORATION	-86.88
Bill Pmt -Check	3/9/2004	8466	APPLIED COMPUTER TECHNOLOGIES	-1,425.15
Bill Pmt -Check	3/9/2004	8467	ARROWHEAD MOUNTAIN SPRING WATER	-41.21
Bill Pmt -Check	3/9/2004	8468	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	3/9/2004	8469	CALPERS	-2,085.79
Bill Pmt -Check	3/9/2004	8470	CITIZENS CONFERENCING	-171.60
Bill Pmt -Check	3/9/2004	8471	DAN VASILE	-140.00
Bill Pmt -Check	3/9/2004	8472	DIRECTV	-71.98
Bill Pmt -Check	3/9/2004	8473	ICO INVESTMENT GROUP, INC.	-1,549.80
Bill Pmt -Check	3/9/2004	8474	INLAND COUNTIES INSURANCE SERVICES, INC.	-342.22
Bill Pmt -Check	3/9/2004	8475	INLAND EMPIRE UTILITIES AGENCY	-13,333.34
Bill Pmt -Check	3/9/2004	8476	KUHN, BOB	-125.00
Bill Pmt -Check	3/9/2004	8477	MATSON, JANET	-1,995.00
Bill Pmt -Check	3/9/2004	8478	MWH LABORATORIES	-2,523.00
Bill Pmt -Check	3/9/2004	8479	NEUFELD, ROBERT	-125.00
Bill Pmt -Check	3/9/2004	8480	NEXTEL COMMUNICATIONS	-598.31
Bill Pmt -Check	3/9/2004	8481	OFFICE DEPOT	-401.33
Bill Pmt -Check	3/9/2004	8482	PAYCHEX	-222.70
Bill Pmt -Check	3/9/2004	8483	PURCHASE POWER	-130.28
Bill Pmt -Check	3/9/2004	8484	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,135.80
Bill Pmt -Check	3/9/2004	8485	REID & HELLYER	-1,294.50
Bill Pmt -Check	3/9/2004	8486	RETAIL SERVICES	-813.23
Bill Pmt -Check	3/9/2004	8487	RICOH BUSINESS SYSTEMS-Lease	-3,204.07
Bill Pmt -Check	3/9/2004	8488	SOUTHERN CALIFORNIA EDISON	-84.54
Bill Pmt -Check	3/9/2004	8489	STANDARD INSURANCE CO.	-439.62
Bill Pmt -Check	3/9/2004	8490	STATE COMPENSATION INSURANCE FUND	-840.51
Bill Pmt -Check	3/9/2004	8491	THEIRL, JIM	-210.40
Bill Pmt -Check	3/9/2004	8492	TLC STAFFING	-1,736.28
Bill Pmt -Check	3/9/2004	8493	TREWEEK, GORDON	-541.08
Bill Pmt -Check	3/9/2004	8494	UNITEK TECHNOLOGY INC.	-433.16
Bill Pmt -Check	3/9/2004	8495	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	3/9/2004	8496	VELASQUEZ JANITORIAL	-900.00
Bill Pmt -Check	3/9/2004	8497	VERIZON	-419.59
Bill Pmt -Check	3/9/2004	8498	WILDERMUTH ENVIRONMENTAL INC	-4,019.58
Bill Pmt -Check	3/9/2004	8499	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	3/16/2004	8500	MWH LABORATORIES	-1,411.00
Bill Pmt -Check	3/16/2004	8501	BANK OF AMERICA	-1,013.49
Bill Pmt -Check	3/16/2004	8502	CHEVRON	-267.46
Bill Pmt -Check	3/16/2004	8503	ELLISON, SCHNEIDER & HARRIS, LLP	-18,257.92
Bill Pmt -Check	3/16/2004	8504	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	3/16/2004	8505	HATCH AND PARENT	-43,274.49
Bill Pmt -Check	3/16/2004	8506	IDEAL GRAPHICS	-371.74
Bill Pmt -Check	3/16/2004	8507	LOS ANGELES TIMES	-42.00
Bill Pmt -Check	3/16/2004	8508	MARK IV COMMUNICATIONS, INC.	-379.19
Bill Pmt -Check	3/16/2004	8509	MCI	-900.15
Bill Pmt -Check	3/16/2004	8510	MEDIA JIM	-1,500.00
Bill Pmt -Check	3/16/2004	8511	PUMP CHECK	-3,640.00
Bill Pmt -Check	3/16/2004	8512	REID & HELLYER	-3,936.65
Bill Pmt -Check	3/16/2004	8513	RICKLY HYDROLOGICAL CO.	-106.00
Bill Pmt -Check	3/16/2004	8514	RICOH BUSINESS SYSTEMS-Lease	-387.24
Bill Pmt -Check	3/16/2004	8515	TLC STAFFING	-890.40
Bill Pmt -Check	3/16/2004	8516	UNITED PARCEL SERVICE	-210.29
Bill Pmt -Check	3/16/2004	8517	UNITED STATES PLASTIC CORP	-82.17
Bill Pmt -Check	3/16/2004	8518	VERIZON	-37.85
Bill Pmt -Check	3/16/2004	8519	WHEELER METER MAINTENANCE	-3,900.00
Bill Pmt -Check	3/18/2004	8520	PETTY CASH	-419.90
Bill Pmt -Check	3/24/2004	8521	ARROWHEAD MOUNTAIN SPRING WATER	-24.66

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Accrual Basis

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2004

Type	Date	Num	Name	Amount
Bill Pmt -Check	3/24/2004	8522	CALPERS	-4,823.20
Bill Pmt -Check	3/24/2004	8523	CITIZENS CONFERENCING	-125.06
Bill Pmt -Check	3/24/2004	8524	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	3/24/2004	8525	DIRECTV	-71.98
Bill Pmt -Check	3/24/2004	8526	INLAND EMPIRE UTILITIES AGENCY	-101,822.55
Bill Pmt -Check	3/24/2004	8527	LAYNE CHRISTENSEN COMPANY	-19,740.18
Bill Pmt -Check	3/24/2004	8528	MEDIA JIM	-1,500.00
Bill Pmt -Check	3/24/2004	8529	MWH LABORATORIES	-15,935.00
Bill Pmt -Check	3/24/2004	8530	MWH MONTGOMERY WATSON HARZA	-3,638.28
Bill Pmt -Check	3/24/2004	8531	PUMP CHECK	-980.00
Bill Pmt -Check	3/24/2004	8532	RICKLY HYDROLOGICAL CO.	-12.40
Bill Pmt -Check	3/24/2004	8533	RICOH BUSINESS SYSTEMS-Lease	-3,204.07
Bill Pmt -Check	3/24/2004	8534	STANDARD INSURANCE CO.	-475.59
Bill Pmt -Check	3/24/2004	8535	STAULA, MARY L	-393.36
Bill Pmt -Check	3/24/2004	8536	UNITEK TECHNOLOGY INC.	-516.12
Bill Pmt -Check	3/24/2004	8537	WILDERMUTH ENVIRONMENTAL INC	-96,126.34
General Journal	3/30/2004	040306	PAYROLL	-1,119.35
General Journal	3/30/2004	40307	PAYROLL	-4,134.30
General Journal	3/30/2004	40307	PAYROLL	-14,511.31
Mar 04				<u>-447,295.15</u>

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2003 THROUGH FEBRUARY 29, 2004

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2003-04
Administrative Revenues										
Administrative Assessments			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	571,750								571,750	617,732
Watermaster Board-Advisory Committee	24,815								24,815	43,442
Pool Administration			9,544	192,382	2,158				204,084	255,148
Optimum Basin Mgmt Administration		548,102							548,102	1,034,064
OBMP Project Costs		1,549,717							1,549,717	3,365,079
Education Funds Use								375	375	375
Mutual Agency Project Costs	41,416								41,416	85,004
Total Administrative/OBMP Expenses	637,981	2,097,819	9,544	192,382	2,158	-	-	375	2,940,259	5,400,844
Net Administrative/OBMP Income	(637,510)	(1,928,610)								
Allocate Net Admin Income To Pools	637,510		472,935	145,698	18,878				-	0
Allocate Net OBMP Income To Pools		1,928,610	1,430,733	440,768	57,109				-	0
Agricultural Expense Transfer			774,698	(774,698)					-	0
Total Expenses			2,687,909	4,150	78,145	-	-	375	2,940,259	5,400,844
Net Administrative Income			1,945,009	(394)	45,456			(353)	1,989,718	(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						(458,423)			(458,423)	0
Net Other Income			-	-	-	5,283,180	-	-	5,283,180	(84,000)
Net Transfers To/(From) Reserves			1,945,009	(394)	45,456	5,283,180	-	(353)	7,272,898	(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			4,758,956	465,675	233,766	5,549,683	158,251	2,179	11,168,509	
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
FEBRUARY 1 THROUGH FEBRUARY 29, 2004**

SUMMARY at 1/31/2004

DEPOSITORIES:

Cash on Hand - Petty Cash		\$		500
Bank of America				
Governmental Checking-Demand Deposits	\$		72,426	
Savings Deposits			9,617	
Zero Balance Account - Payroll			-	82,043
Local Agency Investment Fund - Sacramento			<u> </u>	<u>11,443,854</u>
TOTAL CASH IN BANKS AND ON HAND				\$ 11,526,397
TOTAL CASH IN BANKS AND ON HAND	2/29/2004			11,661,565
	1/31/2004			
PERIOD INCREASE (DECREASE)				<u>\$ (135,168)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$		1,574
	Assessments Receivable			280,614
	Prepaid Expenses, Deposits & Other Current Assets			(153,975)
(Decrease)/Increase in Liabilities:	Accounts Payable			167,681
	Accrued Payroll, Payroll Taxes & Other Current Liabilities			(1,514)
	Transfer to/(from) Reserves			<u>(429,548)</u>
PERIOD INCREASE (DECREASE)				<u>\$ (135,168)</u>

<u>SUMMARY OF FINANCIAL TRANSACTIONS:</u>	Petty	Gov't	Zero Balance		Local Agency	Totals
	Cash	Checking	Account	Savings	Investment Funds	
		Demand	Payroll			
Balances as of 1/31/2004	\$ 500	\$ 57,594	\$ -	\$ 9,617	\$ 11,593,854	\$ 11,661,565
Deposits		126,163	-	-	-	126,163
Transfers		113,052	36,948	-	(150,000)	-
Withdrawals/Checks		(224,383)	(36,948)	-	-	(261,331)
	<u>\$ 500</u>	<u>\$ 72,426</u>	<u>\$ -</u>	<u>\$ 9,617</u>	<u>\$ 11,443,854</u>	<u>\$ 11,526,397</u>
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 14,832	\$ -	\$ -	\$ (150,000)	\$ (135,168)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
FEBRUARY 1 THROUGH FEBRUARY 29, 2004**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
2/24/2004	Withdrawal	L.A.I.F.	\$ (150,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (150,000)	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 1.56% was the effective yield rate at the Quarter ended December 31, 2003.

**INVESTMENT STATUS
February 29, 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	\$ 11,443,854			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	\$ 11,443,854			

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 February 2004

	<u>Jul '03 - Feb 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	100.0%
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	309,771.74	385,900.00	-76,128.26	80.27%
6020 · Office Building Expense	142,933.61	108,995.00	33,938.61	131.14%
6030 · Office Supplies & Equip.	42,559.89	41,000.00	1,559.89	103.81%
6040 · Postage & Printing Costs	45,110.03	66,400.00	-21,289.97	67.94%
6050 · Information Services	74,965.90	105,750.00	-30,784.10	70.89%
6060 · Contract Services	55,449.33	121,000.00	-65,550.67	45.83%
6080 · Insurance	14,012.80	16,710.00	-2,697.20	83.86%
6110 · Dues and Subscriptions	8,493.10	14,500.00	-6,006.90	58.57%
6140 · Other WM Admin Expenses	1,230.61	0.00	1,230.61	100.0%
6150 · Field Supplies	535.35	4,250.00	-3,714.65	12.6%
6170 · Travel & Transportation	36,333.39	46,300.00	-9,966.61	78.47%
6190 · Conferences & Seminars	13,283.92	16,000.00	-2,716.08	83.03%
6200 · Advisory Comm - WM Board	9,782.98	15,071.00	-5,288.02	64.91%
6300 · Watermaster Board Expenses	15,032.39	28,371.00	-13,338.61	52.99%
8300 · Appr PI-WM & Pool Admin	9,544.05	14,471.00	-4,926.95	65.95%
8400 · Agri Pool-WM & Pool Admin	159,052.48	166,979.00	-7,926.52	95.25%
8467 · Agri-Pool Legal Services	29,179.23	51,000.00	-21,820.77	57.21%
8470 · Ag Meeting Attend -Special	4,150.00	16,000.00	-11,850.00	25.94%
8500 · Non-Ag PI-WM & Pool Admin	2,157.52	6,698.00	-4,540.48	32.21%
6500 · Education Funds Use Expens	375.00	375.00	0.00	100.0%
9500 · Allocated G&A Expenditures	<u>-172,930.17</u>	<u>-309,073.00</u>	<u>136,142.83</u>	<u>55.95%</u>
Subtotal G&A Expenditures	801,023.15	916,697.00	-115,673.85	87.38%
6900 · Optimum Basin Mgmt Plan	506,394.62	942,065.00	-435,670.38	53.75%
6950 · Mutual Agency Projects	41,416.37	85,004.00	-43,587.63	48.72%
9501 · G&A Expenses Allocated-OBMP	<u>41,707.56</u>	<u>91,999.00</u>	<u>-50,291.44</u>	<u>45.34%</u>
Subtotal OBMP Expenditures	589,518.55	1,119,068.00	-529,549.45	52.68%
7101 · Production Monitoring	42,990.16	79,283.00	-36,292.84	54.22%
7102 · In-line Meter Installation	39,406.44	131,380.00	-91,973.56	29.99%
7103 · Grdwtr Quality Monitoring	216,685.56	274,613.00	-57,927.44	78.91%
7104 · Gdwtr Level Monitoring	74,653.02	157,852.00	-83,198.98	47.29%
7105 · Sur Wtr Qual Monitoring	47,230.89	133,595.00	-86,364.11	35.35%
7106 · Wtr Level Sensors Install	0.00	26,835.00	-26,835.00	0.0%
7107 · Ground Level Monitoring	85,242.45	202,283.00	-117,040.55	42.14%
7108 · Hydraulic Control Monitoring	149,339.96	718,227.00	-568,887.04	20.79%
7200 · PE2- Comp Recharge Pgm	107,520.16	531,434.00	-423,913.84	20.23%
7300 · PE3&5-Water Supply/Desalte	1,681.69	47,499.00	-45,817.31	3.54%

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

	<u>Jul '03 - Feb 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	149,912.84	187,308.00	-37,395.16	80.04%
7500 · PE6&7-CoopEfforts/SaltMgmt	53,181.32	51,820.00	1,361.32	102.63%
7600 · PE8&9-StorageMgmt/Conj Use	74,419.02	146,179.00	-71,759.98	50.91%
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	131,222.58	217,074.00	-85,851.42	60.45%
Subtotal Special Project Expenditures	<u>1,549,717.54</u>	<u>3,365,079.00</u>	<u>-1,815,361.46</u>	<u>46.05%</u>
Total Expense	<u>2,940,259.24</u>	<u>5,400,844.00</u>	<u>-2,460,584.76</u>	<u>54.44%</u>
Net Ordinary Income	1,989,717.30	-1,268,923.00	3,258,640.30	-156.8%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.0%
4210 · Approp Pool-Replenishment	4,144,461.10	0.00	4,144,461.10	100.0%
4220 · Non-Ag Pool-Replenishment	11,288.32	0.00	11,288.32	100.0%
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	458,423.25	2,273,500.00	-1,815,076.75	20.16%
9999 · To/(From) Reserves	7,272,897.07	-1,352,923.00	8,625,820.07	-537.57%
Total Other Expense	<u>7,731,320.32</u>	<u>920,577.00</u>	<u>6,810,743.32</u>	<u>839.83%</u>
Net Other Income	<u>-1,989,717.30</u>	<u>1,268,923.00</u>	<u>-3,258,640.30</u>	<u>-156.8%</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

A. 2004/2005 Watermaster Budget

Staff Will Present Highlights of the
Fiscal 2004/2005 Budget



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: April 8, 2004
April 20, 2004
April 22, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: PROPOSED FISCAL YEAR 2003/04 BUDGET

SUMMARY

Issue – Annual Budget for Watermaster Administration and OBMP tasks during FY 2004-05

Recommendations – Staff has no recommendation at this time.

Fiscal Impact – Staff will provide an estimate of the fiscal impacts at the meeting requesting budget approval.

DISCUSSION

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

- Monitoring activities – Water level and quality, production, surface water quality and hydraulic control
- Implementation of the recharge improvement and dry year yield projects
- Further development of the storage and recovery program
- Processing through the approval of the Regional Water Quality Control Board's basin plan amendment including the Chino Basin's Maximum Benefit Demonstration
- Management of subsidence related monitoring and analysis
- Computerization of monitoring and office automation processes, and
- Optimization of Watermaster and IEUA ground & surface water informational databases
- Hydraulic Control Monitoring Program
- Inactive Well Protection Program
- Water Quality Committee

Staff will present highlights of the significant projects and programs at the April meetings. Staff anticipates continuing the discussions through May for final approval consideration for the fiscal 2004/2005 budget in June.

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CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

II. BUSINESS ITEMS

B. Consider Agreement With City of Upland and IEUA For Recharge Project

Consider Agreement for Funding
Assistance and Maintenance and
Operation of Upland Recharge Basin



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: April 8, 2004
April 20, 2004
April 22, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Recharge Master Plan Funding Agreement for Upland Recharge Basin

SUMMARY:

- Issue –** Approval of agreement between Watermaster, IEUA and City of Upland regarding inclusion of Upland Recharge Basin in facilities improved pursuant to the Recharge Master Plan.
- Recommendation –** Approve proposed agreement to include Upland Recharge Basin within facilities improved through Recharge Master Plan, and authorizing staff and counsel to make minor edits as needed.
- Fiscal Impact –** No fiscal impact. Funding for improvements comes through Proposition 13 grant funds and matching funds. Budget for implementation of Recharge Master Plan anticipated inclusion of this project.

BACKGROUND

Watermaster is currently implementing the Recharge Master Plan through the construction of recharge related improvements to various facilities throughout the Chino Basin. Funding for the project is through Proposition 13 grant funds and matching funds issued through IEUA.

Most of the facilities being used for the project are owned by either the Chino Basin Water Conservation District, the San Bernardino County Flood Control District or IEUA. However, the City of Upland is also currently implementing an expansion of the Upland Recharge Basin. While the primary purpose of Upland's project is to enhance the flood control capacity of the Upland Recharge Basin, the project can also be put to dual use and serve to further enhance the available recharge capacity through the Recharge Master Plan.

Watermaster, IEUA and Upland have negotiated an agreement whereby funding will be provided to Upland to assist in the completion of its project, and in return a portion of the project will be dedicated to recharge purposes.

SUMMARY OF AGREEMENT

Under the terms of the Agreement, \$750,000 of the funds for use in implementing the Recharge Master Plan will be dedicated to work at the Upland Recharge Basin. In exchange, 200 acre-feet of the capacity of the basin will be dedicated exclusively for recharge purposes. While the rest of the capacity of the basin will be dedicated to flood control purposes, this capacity can be used for recharge purposes while not being used for flood control purposes. This arrangement is substantially the same as the arrangement made at the other recharge basins in the Recharge Master Plan which are owned and/or operated by the Flood Control District. All water that is recharged to the Chino Basin from the facility, whether due to recharge activities or flood control activities, will be accounted by Watermaster as water recharged pursuant to the Recharge Master Plan.

RECOMMENDATION

Staff and the Pools unanimously recommend approval of the agreement. The amount of money dedicated to this project was previously budgeted to be a part of the work accomplished under the Recharge Master Plan. Recharge potential at the site is good and will add to the overall quantity of water that can be recharged to the Chino Basin through the Recharge Master Plan.

**AGREEMENT BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE
UTILITIES AGENCY AND THE CITY OF UPLAND REGARDING FUNDING AND
IMPROVEMENTS FOR THE UPLAND BASIN**

The parties that are signatories to this Agreement are the Chino Basin Watermaster (“Watermaster”), the Inland Empire Utilities Agency (“IEUA”) and the City of Upland (“Upland”), who shall be known collectively as (“the Parties.”)

RECITALS

WHEREAS, Watermaster is currently implementing its Recharge Master Plan which describes a series of recharge related improvements to various Chino Basin facilities and whose purpose is to implement *Program Element 2 - Develop and Implement Comprehensive Recharge Program* of the Optimum Basin Management Program for the Chino Basin.

WHEREAS, the Recharge Master Plan is the plan for the recharge related improvements of various facilities throughout the Chino Basin. These improvements are being implemented through the Recharge Master Plan Implementation Memorandum of Agreement (“RMPIMO”) and the Agreement for Operation and Maintenance of Facilities to Implement the Chino Basin Recharge Master Plan entered into between the San Bernardino County Flood Control District, Chino Basin Water Conservation District, Watermaster, and IEUA.

WHEREAS, funding for the implementation of the Recharge Master Plan has been obtained through a combination of Proposition 13 grants and bonds issued by the Inland Empire Utilities Agency. This funding is the subject of an agreement between the Chino Basin Regional Financing Authority and Watermaster, which agreement is known as the Recharge Facilities Financing Agreement. The Proposition 13 grant funds and the proceeds of the IEUA bonds may properly be provided to third parties so long as the third parties’ projects are of a type or nature that further the Recharge Master Plan and conform to the terms of the Recharge Facilities Financing Agreement.

WHEREAS, Upland is implementing an Upland Basin Expansion Project (“Project”) whose purpose is to enhance, for Upland’s sole use, the flood control capacity of the facility know as the Upland Basin. Upland has completed the environmental analysis required pursuant to the California Environmental Quality Act of 1970, as amended for the Project.

WHEREAS, Upland wishes to make that portion of the Project that is not needed for flood control purposes available to Watermaster for recharge related purposes.

WHEREAS, because the Project will be made available to Watermaster for recharge purposes under the Recharge Master Plan and pursuant to this Agreement, it is appropriate for Watermaster to contribute a portion of the Recharge Master Plan funding to the implementation of the Project.

TERMS

I. DEFINITIONS

1. "Facilities" shall mean any facilities associated with the project that may be used for flood control or recharge purposes, which may include basins, channels, diversion structures, dams and other facilities and appurtenances owned or operated by the Parties to this Agreement.
2. "Flood Control Pool" upon completion of all phases of construction shall mean 850 acre-feet of water storage capacity at the Facilities which shall be dedicated primarily to flood control purposes.
3. "Conservation Pool" shall mean a minimum capacity of 200 acre-feet within the Facilities to be used for recharge purposes.

II. FUNDING OF BASIN IMPROVEMENTS

1. Funding Assistance. Watermaster and IEUA, individually and collectively, represent that an amount not to exceed \$ 750,000 ("Funds") shall be made available to assist Upland in the completion of the Project in conformance with the Recharge Master Plan and all applicable regulations, terms and conditions imposed upon such monies. The Funds shall be made available from the monies dedicated to funding of the Recharge Master Plan. Upland warrants that the Funds will be used only for purposes related to: construction of an inlet structure; deepening and optimization of the Upland Basin for recharge; the construction of a conveyance structure to connect the Upland Basin to the College Heights Basin; or the construction of a spillway outlet structure.
2. Segregation of Funds. Immediately upon execution of this Agreement, IEUA shall deposit the Funds into a segregated account for reimbursement as set forth hereunder. Notwithstanding the foregoing, IEUA may utilize the actual amount of money necessary to construct, without administrative costs, the IEUA basin overflow system, in an amount not to exceed \$ 60,000. This amount shall be a component of the amount committed in Part II, section 1, above. IEUA shall, prior to its utilization of any of the Funds, provide Upland a reasonably detailed schedule describing the amount of the Funds to be utilized by IEUA and the construction to be undertaken with the Funds.
3. Availability of Funding. The Funds shall be made available to Upland prior to the initiation of construction. Upland shall submit invoices to IEUA for work performed. The invoices shall contain sufficient detail to allow IEUA to submit the invoices to the Santa Ana Watershed Project Authority for reimbursement from Proposition 13 grant funds. Upland warrants that all costs will be incurred prior to March 1, 2005.

4. Phased Construction of Conservation Pool. 160 acre-feet of the Conservation Pool shall be made available at the completion of phase I of construction. The other 40 acre-feet of the Conservation Pool shall be made available upon completion of phase II of construction. If phase II of construction is not completed in a reasonable time, Upland will reimburse Watermaster and/or IEUA 20% of the Funds.

5. Use of Facilities for Recharge. In recognition of the capital investment being made by Watermaster, IEUA, and the State of California through grant funding, Upland shall assure that the Facilities are used to the maximum practical extent for groundwater recharge purposes, while accomplishing Upland's primary goal of managing flood waters.

6. Upland's Discretionary Use of Facilities. Upland acknowledges that its use of the Facilities shall be for Upland's flood control purposes unless a more necessary public use is identified by Upland's legislative body. Upland retains the right to use the Facilities in the manner that best benefits its public duties. However, any such uses shall not impair Watermaster's ability to use the Conservation Pool for recharge purposes, nor shall it impair Watermaster's rights under Part III section 2 of this Agreement.

III. ACCOUNTING FOR RECHARGED WATER

1. Watermaster Accounting. Watermaster will account for all water recharged to the Chino Basin from the Facilities. Watermaster will apply the same accounting methods to the Facilities as it applies to all other facilities that are included in the Recharge Master Plan.
2. Accounting for Water Recharged. All water recharged to the Chino Basin from the Facilities shall be accounted for as part of the Recharge Master Plan.
3. Flood Control Pool. Upland requires that the Flood Control Pool in the Facilities shall be dedicated primarily to flood control purposes. Any remaining capacity in the Facilities shall be dedicated to recharge purposes.
4. Spilled Water. The Flood Control Pool shall be deemed to float on top of the space within the Facilities used for recharge purposes, and any water spilled from the Facilities in any manner shall be deemed to be flood control water.

IV. ONGOING FIELD OPERATIONS

1. Flood Control Maintenance. Upland shall, at its own cost, perform all maintenance at the Facilities relating to flood control capacity and resulting from the use of the Facilities for flood control purposes. Upland shall have the sole discretion to determine the level of maintenance, including timing and frequency, that it desires to perform upon the Facilities.
2. Recharge Related Maintenance. Watermaster shall identify the scope of maintenance and shall provide Upland sufficient monies to perform all maintenance relating to recharge of imported water and resulting from the use of the Facilities for the recharge of imported water. IEUA shall identify the scope of maintenance and shall provide Upland sufficient monies to perform all maintenance relating to recharge of recycled water and resulting from the use of the Facilities for the recharge of recycled water. Upland shall notify Watermaster and IEUA in advance of the performance of any such maintenance. Watermaster and/or IEUA shall not be responsible to reimburse Upland for any such expenditures which Watermaster and IEUA have not approved in advance.
3. Use of Contractors for Maintenance. Upland may contract with third parties for the performance of the maintenance responsibilities. Upland shall allow Watermaster and/or IEUA staff and/or contractors to perform recharge related maintenance.
4. Limited Priority for Flood Control Purposes. Priority of operation of the Flood Control Pool will be for flood control purposes as deemed necessary or desirable by Upland.

5. Priority for Recharge Purposes. Priority of operation of the Conservation Pool will be for recharge purposes.

6. Use of Facilities for Recharge. During those periods of time when Upland determines that the Flood Control Pool is not needed for flood control purposes, Upland shall allow it to be used for recharge related purposes by Watermaster, subject to Upland's reasonable rules and regulations.

V. COORDINATION MEETINGS

1. Regular Coordination Meetings. The Parties will meet on a regular basis, not less than once per each calendar quarter in order to coordinate each parties' use and maintenance operations at the Facilities. These coordination meetings will occur in conjunction with the Groundwater Recharge Coordinating Committee ("GRCC") formed pursuant to Paragraph 38 of the Agreement for Operation and Maintenance of Facilities to Implement the Chino Basin Recharge Master Plan. The location of the meetings shall be at a location mutually agreed upon by the parties.

2. Attendance at GRCC Meetings. Upon request from the GRCC, Upland agrees to attend any meeting of the GRCC by a representative of Upland's sole selection.

3. Annual Operating Plan. At the first coordination meeting of each year, the Parties will negotiate and adopt an annual funding and operating plan for the Facilities. This plan shall be memorialized and distributed to the Parties. This annual operating plan will specify the maintenance activities anticipated to be performed during the year, and will apportion the cost associated with those activities amongst the parties. The annual operating plan will also describe in general terms the intended operation of the Facilities for the coming year. Further, the plan shall describe the use of the grounds and the Facility by third parties, if any.

VI. TYPES OF RECHARGE WATER

1. Types of Recharge Water. As part of Watermaster's recharge activities and as subject to the Annual Operating Plan established in Part V, section 3, Watermaster and /or IEUA may recharge either storm water, imported water, or recycled water (in the case of IEUA) at the Facilities. Watermaster shall be responsible for obtaining all permits, authorizations or entitlements required in order to recharge storm water or imported water, and IEUA shall be responsible for obtaining all permits, authorizations or entitlements required in order to recharge recycled water.

VII. LIABILITY AND INDEMNITY

1. Mutual Indemnification. Each of the Parties agrees to indemnify, defend, and hold harmless each of the other Parties and their authorized officers, consultants, attorneys, employees, directors, managers, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of this Agreement that are based upon the intentional conduct or negligence of the indemnifying Party, including the acts,

errors or omissions of any person and for any costs or expenses incurred by the Parties on account of any claim therefore, except where such indemnification is prohibited by law.

2. Specific Liability. Upland shall be solely responsible for all claims, actions, losses, damages and/or liability arising out of the use of the Facilities for flood control purposes. Watermaster and IEUA shall be solely responsible for all claims, actions, losses, damages and/or liability arising out of the use of the Facilities for the purpose of recharge.

3. Liability for Other Uses of Facilities. Upland shall be solely responsible for all claims, actions, losses, damages and/or liability arising out of the use of the Facilities for non-recharge related purposes including any uses of the Facilities permitted by Upland pursuant to Part II, section 6 of this Agreement.

VIII. GENERAL

1. General Compliance Responsibilities. No provision of this Agreement is intended to require, nor shall it be deemed to require, that any of the Parties will become responsible for or accept any responsibility for compliance with any requirements imposed by or upon other entities which, in the absence of this Agreement, would be the responsibility of the other Parties.

2. Independent Contractors. It is agreed that in the performance of the services by each Party to this Agreement, each Party and their officials, employees and agents, shall act and be independent contractors of the other Party, and not as an agent or employee of the other Party, and shall obtain no rights to any benefits which accrue to employees of the other Party.

3. Term. The term of this Agreement shall be until December 31, 2032 unless it is earlier terminated for the following reason by any of the Parties:

Subsequent enactment or amendment of laws, rules or regulations which render performance under this Agreement impracticable for any Party, but only after it is determined that this Agreement cannot be modified to conform to changes in law without materially altering the intentions of any party hereto.

4. No Liability Upon Termination. In the event that this Agreement is terminated, no Party shall incur any further liability or obligation under the Agreement, except to fulfill any obligations then-existing at the time of termination, if any, based upon prior actions already taken pursuant to this Agreement.

5. Successors and Assigns. This Agreement shall not be assigned in whole or part without each parties' prior written consent. Any assignment made without each parties' prior written consent shall be deemed *void ab initio*.

6. Notices. All notices, approval, consents or other documents required or permitted under this Agreement shall be in writing and, except as otherwise provided herein, shall be effective upon personal delivery or three days after deposit in the United States mail, registered or certified, with first class postage prepaid, addresses as follows:

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

Inland Empire Utilities Agency

P.O. Box 9020
Chino Hills, CA 91709

City of Upland
Public Works Director
460 North Euclid Avenue
Upland, California 91786

With a copy to:

Richards, Watson & Gershon
Attention: William P. Curley III
City Attorney
P.O. Box 1059
Brea, California 92822-1059

7. Disputes. All disputes under this Agreement shall be resolved by motion to the Court maintaining continuing jurisdiction over the Chino Basin Adjudication, *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010. Because of the unique nature of the commitments made in this Agreement, specific performance shall be a remedy available to the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement with an effective date of the _____ day of _____, 2004.

Dated: _____

Chino Basin Watermaster

By: _____

Approved as to Form:

Title: _____

Dated: _____

Approved as to Form:

Title: _____

Dated: _____

Approved as to Form:

Title: _____

Inland Empire Utilities Agency

By: _____

City of Upland

By: _____



CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

- A. **Watermaster General Legal Counsel Report**
 - 2. Recharge Basin Patent

USPTO PATENT FULL-TEXT AND IMAGE DATABASE

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(1 of 1)

United States Patent
Peyton

6,709,199
March 23, 2004

Sediment control system for fluid containment basins

Abstract

A fluid containment basin having ridges located in the bottom of the basin and furrows adjacent to the ridges to facilitate maintenance of the basin using the naturally occurring forces of gravity, wave action and fluid currents. The ridges can be formed from material taken from the furrows into shapes that facilitate wave action against the sides of the ridges. While the fluid level is above the ridges, sediment settles on the ridges and furrows, reducing the permeability of the ridges and furrows and, therefore, the drainage from the basin. Wave action against the sides of the ridges as the fluid level is lowered washes the sediments off the ridges into the furrows, thereby restoring the permeability of the ridges. The wave action can be wind generated or induced by a wave mechanism. The furrows can be allowed to become impermeable or be lined to prevent contaminants from migrating.

Inventors: **Peyton; Dennis E.** (11423 E. McKinley Ave., Sanger, CA 93657)

Appl. No.: **083272**

Filed: **February 23, 2002**

Current U.S. Class: 405/53; 4/491; 210/170; 210/747; 405/74; 405/79
Intern'l Class: B65G 005/00; E02B 008/02
Field of Search: 405/25,53,73,74,79 210/170,747 4/491

References Cited [Referenced By]

U.S. Patent Documents

<u>1811565</u>	Jun., 1931	Schwabacher	4/491.
<u>4209388</u>	Jun., 1980	DeFraites	210/170.
<u>4876004</u>	Oct., 1989	Verhoeff	210/170.
<u>5094566</u>	Mar., 1992	Parks	405/74.
<u>5123780</u>	Jun., 1992	Martinsen	405/25.
<u>5405217</u>	Apr., 1995	Dias et al.	405/25.

<u>5595458</u>	Jan., 1997	Grabhorn	210/170.
<u>5951866</u>	Sep., 1999	Grove et al.	210/170.
<u>6109835</u>	Aug., 2000	Grabhorn	210/170.

Other References

Unknown, "Chino Basin Water Conservation District" report for the 1998/99 fiscal year, 10 pages, United States.

Unknown, "Annual Report for the Chino Basin Water Conservation District for the 1999/00 Fiscal Year," 10 pages, United States.

Unknown, "Annual Report for the Chino Basin Water Conservation District for the 2000/01 Fiscal Year," 10 pages, United States.

Unknown, "Annual Report for the Chino Basin Water Conservation District for the 2001-2002 Fiscal Year," 15 pages, United States.

Unknown, "Contributions to Environmental Management for Egypt's Groundwater Resources--Final Report EMGR Project 1994-1999," Oct. 1999, RIGW/IW ACO B.V., Egypt/Netherlands.

Primary Examiner: Will; Thomas B.

Assistant Examiner: Mayo; Tara L.

Attorney, Agent or Firm: Ryan; Richard A.

Claims

What is claimed is:

1. A fluid containment basin configured to receive and store a fluid therein, said basin comprising:

a plurality of basin embankments enclosing a basin bottom;

one or more ridges on said basin bottom in said basin, each of said one or more ridges having at least two sides and an upper area thereon, said sides formed at a sloped angle, wherein at least a portion of said sides and said upper area of said one or more ridges are generally washed clean of sediment by one or more waves of said fluid in said basin;

one or more furrows adjacent to at least one of said one or more ridges, said one or more furrows formed substantially parallel to said one or more ridges; and

means for generating said one or more waves.

2. The fluid containment basin of claim 1 further comprising a plurality of ridges forming at least one pair of spaced apart ridges and a plurality of furrows, wherein at least one of said plurality of furrows is disposed between and bounded by said at least one pair of ridges.

3. The fluid containment basin of claim 2, wherein each of said plurality of ridges are generally parallel to each other.



CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

A. Watermaster General Legal Counsel Report

3. Draft Pleading – Dry Year Yield
Project

1 Scott S. Slater (State Bar No. 117317)
Michael T. Fife (State Bar No. 203025)
2 HATCH & PARENT, A LAW CORPORATION
21 East Carrillo Street
3 Santa Barbara, CA 93101
Telephone No. (805) 963-7000
4 Facsimile No. (805) 965-4333
5 Attorneys For
CHINO BASIN WATERMASTER
6
7

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO - RANCHO CUCAMONGA DIVISION
10

11 CHINO BASIN MUNICIPAL WATER
DISTRICT,
12
Plaintiff,
13
vs.
14 CITY OF CHINO, et al.,
15
Defendants.
16

Case No. RCV 51010
[Assigned for All Purposes to the Hon. J. Michael
Gunn]
MOTION FOR APPROVAL OF STORAGE
AND RECOVERY PROGRAM
AGREEMENT
Hearing Date: TBD
Hearing Time: TBD
Dept: R8

17
18
19 I.
20 INTRODUCTION

21 This motion is filed pursuant to paragraph 28 of the Judgment to request this Court to approve
22 the proposed *Storage And Recovery Program Storage Agreement Between Chino Basin*
23 *Watermaster, Inland Empire Utilities Agency and Three Valleys Municipal Water District*
24 *Regarding Implementation of The Dry Year Yield Project* ("Agreement"). By approving the
25 Agreement, the Court will authorize Watermaster to continue implementing the Optimum Basin
26 Management Program's ("OBMP") Storage and Recovery Program in accordance with the Peace
27 Agreement and prior orders of this Court.
28

HATCH & PARENT, A LAW CORPORATION
21 East Carrillo Street
Santa Barbara, CA 93101

1 This request for approval completes the process of approval for the long anticipated Dry Year
2 Yield Project contemplated by the OBMP Implementation Plan and the Peace Agreement and initiated
3 by the Dry Year Yield Funding Agreement (Agreement No. 49960) between Watermaster, the
4 Metropolitan Water District of Southern California (“Metropolitan”), and two of its member agencies,
5 the Inland Empire Utilities Agency (“IEUA”), and Three Valleys Municipal Water District
6 (“TVMWD”). A true and correct copy of the Agreement is attached to this motion as Exhibit “A.”

7 The Agreement had its genesis in Watermaster processes during the consideration of the
8 OBMP. Subsequently, a potential Dry-Year Yield Project was referenced in the OBMP
9 Implementation Plan and envisioned by the Peace Agreement. Accordingly, the Dry-Year Yield
10 Project embodied in this Agreement has been fully vetted through the traditional Watermaster
11 processes, thoroughly examined by the parties to the Judgment and unanimously supported and
12 approved by all the various Pools, the Advisory Committee and the Watermaster Board. Ample notice
13 and opportunity to be heard has been afforded all parties to the Judgment and the public generally. As
14 of this filing with the Court, no objection to Watermaster’s execution of the Agreement has been lodged
15 with Watermaster or the Court.

16 The quantity of storage capacity assigned under this Agreement is well within the presumptive
17 safe harbor of the defined Safe Storage Capacity and no information has been presented by any
18 person, nor has Watermaster’s review and analysis disclosed, any Material Physical Injury that will be
19 caused by the activities being carried out under the Agreement. In light of the broad support for the
20 Dry Year Yield Project among all Parties to the Judgment, the absence of any known opposition and
21 no factual evidence of actual or threatened Material Physical Injury, Watermaster respectfully requests
22 the Court approve the Agreement.

23 **II.**

24 **BACKGROUND**

25 **A. Project Description**

26 The Agreement authorizes IEUA, TVMWD and many of their various retail agencies, all of
27 which are parties to the Judgment, to participate in the use of a portion of the vacant Basin storage
28 space. The key elements of the Agreement are that IEUA and TVMWD will never store more than

1 100,000 acre-feet of Supplemental Water in the Basin pursuant to the Agreement. (Agreement, Part II
2) The annual deliveries to the Basin will never be more than 25,000 acre-feet in any year, without the
3 express prior written approval of Watermaster. (Agreement, Part V.). The primary method of delivery
4 of the Supplemental Water into the Basin will be through in-lieu recharge. That is, retail water
5 purveyors that are parties to the Judgment will forebear from producing native groundwater that is
6 otherwise within their right to produce while receiving expanded deliveries of Supplemental Water from
7 Metropolitan.

8 Through this Agreement, IEUA and TVMWD will obtain an added reliable local water supply
9 that will be held in storage in the Basin and that will be used to reduce dependency upon the purchase
10 and physical delivery of Supplemental Water in times of drought. When Metropolitan elects to reduce
11 deliveries to IEUA and TVMWD, they in turn will request their retail water purveyors to increase
12 groundwater extractions to the extent of the annual and term maximums provided in the Agreement.

13 **B. Public Interest in Pursuing Groundwater Storage**

14 The Conjunctive Use and Groundwater Storage Projects generally have gained considerable
15 support in the published legal commentary.(Foley-Gannon, *Institutional Arrangements for Use in*
16 *Water Management in California and Analysis of Legal Reform Alternatives* (2000) 6 Hastings
17 W.NW-J of Env'tl L. Policy 273; Victor Gleason, *Water Projects Go Underground* (1975) 5
18 Ecology L.Q. 625, 633. Storage space in a groundwater aquifer is considered to be a public resource.
19 (West and Central Basin Water Replenishment District v. Southern California Water Company, (2003)
20 109 Cal.App.4th 891, *modified* 110 Cal.App.4th 352, *review denied*.) Groundwater storage
21 projects are generally hailed as environmentally benign and substantially superior to surface storage
22 options.

23 Groundwater storage avoids the potentially destructive surface water impoundments that often
24 interfere with aquatic habitat. With proper management, losses from storage can be minimized and the
25 dramatic evaporation losses associated with many surface bodies of water are not an issue.

26 Recharge for purposes of carrying out a storage project can also serve to at least temporarily
27 reduce pump lifts and the economic costs of producing groundwater. It was for these and other
28

1 reasons that the Judgment in this case delegated responsibility for administering groundwater storage to Wat

2 **C. Judgment**

3 The Judgment provides that no use shall be made of the storage capacity of Chino Basin except
4 pursuant to written agreement with Watermaster. (Judgment, ¶ 12, p. 9.) “It is essential that said
5 reservoir capacity utilization for storage and conjunctive use of supplemental water be undertaken only
6 under Watermaster control and regulation, in order to protect the integrity of both such Stored Water
7 and Basin Water in storage and the Safe Yield of Chino Basin.” (*Id.*, ¶ 11, p. 8.) Agreements for
8 storage “shall first be approved by written order of the Court” and must include terms that will
9 “preclude operations which will have a substantial adverse impact on other producers.” (*Id.*, ¶ 28, p.
10 15.)

11 The Judgment provides that any agreement authorized by Watermaster for storage of
12 supplemental water in the available storage capacity of the Basin shall include:

- 13 1. The quantities and term of the storage right.
- 14 2. A statement of the priority or relation of said right, as against overlying or Safe Yield
15 uses, and other storage rights.
- 16 3. The procedure for establishing delivery rates, schedules and procedures which may
17 include spreading or injection, or in lieu deliveries of supplemental water for direct use.
- 18 4. The procedures for calculation of losses and annual accounting for water in storage by
19 Watermaster.
- 20 5. The procedures for establishment and administration of withdrawal schedules, locations
21 and methods.

22 (Judgment, Exh. “I,” ¶ 3, p. 80-81.)

23 A Judgment that expressly reserves continuing jurisdiction over groundwater storage is valid.
24 (West and Central Basin Water Replenishment District v. Southern California Water Company, (2003)
25 109 Cal.App.4th 891, *modified* 110 Cal.App.4th 352, *review denied*.) Unlike the Judgments in some
26 other adjudications, the Judgment in the instant case is distinguishable in that it provides extensive
27 discussion of the rules that are applicable to storage and recovery of water. Approximately 22 years
28

1 later, Watermaster's authority to regulate and administer storage was buttressed by the Peace
2 Agreement.

3 **D. Peace Agreement**

4 The Peace Agreement was executed by the parties to the Judgment in June of 2000.
5 Consistent with the Judgment, Section 5.2(a)(i) confirms and acknowledges that the Parties to the
6 Judgment cede to Watermaster the right to regulate and control the storage of water in the Basin. No
7 person may store and recover water from the Basin without having first obtained an agreement with
8 Watermaster. (Section 5.2(a)(ii).) As a matter of contract, the Parties to the Judgment are bound by
9 their Agreement.

10 **E. Watermaster Rules and Regulations**

11 Watermaster's Rules and Regulations ("Rules") mirror and implement the Judgment and Peace
12 Agreement requirements. They require that Watermaster, "ensure that no person shall store water in,
13 and recover water from the Basin, other than pursuant to a Local Storage Agreement, without a
14 Storage and Recovery Agreement with Watermaster." (Rules, § 8.3(a), p. 52.) They also require that
15 before storage agreements entered into under the Storage and Recovery Program become effective,
16 Watermaster must receive Court approval of the Storage Agreement. (*Id.*, at § 8.1(c).) The Rules
17 include the same five requirements noted above regarding the content of the Storage Agreement.
18 Additionally, the Rules provide that the quantities and term of the storage right shall specifically exclude
19 credit for return flows. (*Id.* at § 8.1(h), p. 47-48.)

20 The Rules further provide that "Watermaster shall calculate additions, extractions and losses of
21 all Stored Water in Chino Basin, and any losses of water supplies or Safe Yield of Chino Basin
22 resulting from such Stored Water, and keep and maintain for public record, an annual accounting
23 thereof." (Rules, § 8.1(i), p. 48.) Watermaster "shall not approve a Recapture Plan if it is inconsistent
24 with the terms of Peace Agreement or will cause Material Physical Injury to any party to the Judgment
25 or the Basin. Any potential or threatened recapture of water by any person shall be fully and
26 reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be
27 fully and reasonably mitigated, the request for Recapture must be denied." (Rules, § 8.1(j), p.48.)
28

1 Finally, the Rules provide that “[r]ecapture of water held in a storage account will generally be
2 approved by Watermaster as a component of and coincident with a Groundwater Storage Agreement
3 for Qualifying Storage. However, an Applicant for Qualifying Storage may request, and Watermaster
4 may approve, a Groundwater Storage Agreement where the plan for recovery is not yet known. In
5 such cases, the Applicant may request Watermaster approval of the Qualifying Storage only and
6 subsequently submit and process an independent Application for Recapture under the provisions of
7 Article X.” (Rules, §8.1(d.), p. 43.)

8 **F. Existing Storage Accounts in Chino Basin - The Pre-Agreement Storage**
9 **Baseline**

10 Existing storage in the Chino Basin is utilized under the direction and control of Watermaster.
11 There are three types of storage accounts that currently exist within the Chino Basin. The largest use of
12 storage space is for storage of Excess Carry-Over water. Under the Judgment, both Appropriative
13 Pool members as well as Overlying (Non-Agricultural) Pool members may carry-over water
14 unproduced in one year for production in the subsequent year. For Appropriative Pool members, this
15 authorization can be found in the Appropriative Pool Pooling Plan, Judgment, Exhibit “H,” ¶ 12, p.77.
16 For the Overlying (Non-Agricultural) Pool members, this authorization can be found in the Overlying
17 (Non-Agricultural) Pool Pooling Plan, Judgment, Exhibit “G,” ¶ 7, pp. 66-67. For both, if the amount
18 of water carried over exceeds the party’s production right, then the party must, as a condition of
19 preserving such surplus carry-over, execute a storage agreement with Watermaster. According to
20 Watermaster’s 26th Annual Report, at the end of Watermaster’s 2002-2003 fiscal year, Appropriative
21 Pool members held 71,328.595 acre-feet in Excess Carry-Over Storage. (26th Annual Report
22 Appendix K-1.) Similarly, Overlying (Non-Agricultural) Pool members held 36,850.022 acre-feet in
23 Excess Carry-Over Storage. (26th Annual Report Appendix L-1.)

24 The second major use of storage in the Chino Basin is for Local Storage of Supplemental
25 Water. According to Watermaster’s 26th Annual Report, at the end of Watermaster’s 2002-2003
26 fiscal year, there was 81,179.810 acre-feet held in such Local Storage. (26th Annual Report Appendix
27 K-1.) This amount follows an initial quantification of 93,862.143 acre-feet of groundwater in Local
28

1 Storage on May 24, 2001 pursuant to Watermaster's Rules and Regulations. (Rules, § 8.1(f)(iv)(c),
2 pp.45-46.)

3 Under the Peace Agreement, for a period of five years from the Effective Date of the Peace
4 Agreement (October 1, 2000), Watermaster shall ensure that: (a) the quantity of water actually held in
5 Local Storage under a storage agreement with Watermaster is confirmed and protected and (b) each
6 party to the Judgment shall have the right to store its Un-Produced Carry-Over Water. (Peace
7 Agreement, § 5.2(b)(i).) With certain exceptions described in the Peace Agreement, five years from
8 the Effective Date Watermaster has discretion to place reasonable limits on the further accrual of carry-
9 over and Supplemental Water in Local Storage. (Peace Agreement, § 5.2(b)(x).) All Parties to the
10 Judgment have acknowledged and agreed that Watermaster has discretion in addressing the future
11 limitations on the use of Basin storage capacity.

12 The third type of storage accounts in the Chino Basin are accounts held by non-parties to the
13 Judgment. At the present time, the only such party is Metropolitan. Metropolitan currently has three
14 separate storage accounts in the Chino Basin. Metropolitan's primary storage account in the Chino
15 Basin is its Cyclic Storage Account. This account was created by the Cyclic Storage Agreement dated
16 December 4, 1978, and which was approved by the Court in January 1979. This account currently
17 holds 32,700 acre-feet of water. The purpose of the account is to allow for the pre-delivery of
18 replenishment water to the Basin. The Cyclic Storage Agreement has been extended several times with
19 the most recent Seventh Amendment extending the term of the Agreement until December 31, 2007.
20 The Seventh Amendment was approved by the Court on September 4, 2003. Under the terms of the
21 Seventh Amendment to the Cyclic Storage Agreement it is anticipated that new water will not be
22 placed into this account and that the existing amount stored will be gradually removed until the account
23 is empty.

24 Finally, Metropolitan has two other accounts, one created by the Metropolitan Trust Storage
25 Agreement which was approved by the Court in August of 1986, and the other the Short-Term
26 Conjunctive Use Agreement (CB-5) which was approved in September of 1993. There is no water
27 currently stored under the Short-Term Conjunctive Use Agreement and the Funding Agreement
28 specifies that this storage account will be abolished. At the time of entering into the Funding Agreement

1 there was 4,739 acre-feet of water stored in the Trust Storage Account. Per Metropolitan's rights
 2 under the Trust Storage Agreement, it has been putting water into storage in this account over the past
 3 several months. There is currently approximately 13,100 acre-feet in this account. Under the terms of
 4 the Funding Agreement and the Agreement currently before the Court for approval, the Trust Storage
 5 Account will be abolished and all water currently stored in that account will be transferred into the Dry
 6 Year Yield account and will be subject to all the terms and conditions placed on that account through
 7 the Agreement.

8 A summary of these quantities of water held in storage and as reported to the Court in
 9 Watermaster's most recent Annual Report is provided below:

<i>Type of Storage Account</i>	<i>Cumulative Quantity in Storage as Per 2002-03 Annual Report</i>
13 Excess Carry-Over Water: Appropriators	71,328.595 acre-feet
14 Excess Carry-Over Water: Non-Ag Overlying 15 Owners	36,850.022 acre-feet
16 Local Storage of Supplemental Water	81,179.810 acre-feet
17 MWD Cyclic Storage Agreement	32,700 acre-feet
18 MWD Trust Storage Agreement	4,739 acre-feet
19 Cumulative Total	226,797.43

20 **G. The Presumptive Safe Harbor for Use of Safe Storage Capacity**

21 Watermaster is to be guided by specific criteria in evaluating any request for a Storage and
 22 Recovery Program. (Peace Agreement 5.2(c)(iv).) Among these criteria is the indication that
 23 Watermaster is to target the use of 500,000 acre-feet of available capacity *in excess* of the quantity of
 24 water held in storage on the Date of Execution.

25 The OBMP Implementation Plan then defines the Operational Storage Capacity of the Basin at
 26 approximately 5,300,000 acre-feet and introduces the concept of Safe Storage and Safe Storage
 27 Capacity. (Peace Agreement Exhibit B, OBMP Implementation Plan: Program Element 8.) In relevant
 28

1 part, Safe Storage is defined as “an estimate of the maximum storage in the Basin that will *not* cause
2 significant water quality and high groundwater related problems.”

3 “Safe Storage Capacity” was quantified at about 500,000 acre-feet, (Peace Agreement Exhibit
4 B, OBMP Implementation Plan: Program Element 8) *inclusive of water in existing storage accounts*.
5 Storage in excess of the safe storage was thought to “preemptively require mitigation, that is, mitigation
6 must be defined and resources committed to mitigation prior to allocation and use.” Thus, the OBMP
7 Implementation Plan established both a safe harbor for storage and recovery within the Safe Storage
8 Capacity within the Basin but only for so long as cumulative storage under all accounts did not exceed
9 500,000 acre-feet.

10 The existence of the safe harbor did not diminish Watermaster’s obligations to fulfill its
11 commitment to *target* 500,000 acre-feet in excess of the quantities held in storage, it simply meant
12 there would be a significant likelihood that some form of “preemptive mitigation” would be required as a
13 condition of project approval for later Storage and Recovery projects. Thus, while the Storage and
14 Recovery Program is targeted to be a 500,000 acre-foot program, some level of mitigation may be
15 required for some portion of the storage depending on the amount of the Safe Storage Capacity that is
16 consumed by the other storage accounts in the Basin and depending on the utilization of basin
17 management options that may expand the Safe Storage Capacity. As future storage proposals increase
18 the amount of water in storage to the point where the total approaches the limit of safe storage, more
19 analysis of the potential effects of additional storage will be required.

20 The Implementation Plan also committed Watermaster to perform an engineering analysis to
21 continue to determine and refine the accuracy of the prior estimates. Watermaster completed this
22 analysis in September 2003 and the Final Technical Memorandum which describes this further analysis
23 was filed with the Court on March 8, 2004.

24 The September 2003 Final Technical Memorandum was a report on the development of a new
25 Chino Basin groundwater model (hereafter, the “2003 Watermaster Model”) by Wildermuth
26 Environmental, Inc.¹ This work was performed as a part of the technical analysis of the Dry Year Yield
27

28 ¹ The Final Technical Memorandum included not just an analysis of storage issues, but also
(continued...)

1 Project and is discussed in further detail below. The 2003 Watermaster Model indicates that the Safe
2 Storage in the Chino Basin is actually about 6,480,000 acre-feet and that the Operational Storage
3 Requirement is about 5,980,000. Thus, while Watermaster's subsequent analysis determined that the
4 initial estimates of Safe Storage and the Operational Storage Requirement were too low, the Safe
5 Storage Capacity of the Basin was maintained at 500,000 acre-feet.

6 At the time Watermaster initiated review of the Application to enter a Storage and Recovery
7 Agreement (described in detail below), Watermaster held approximately 226,797 acre-feet in storage
8 with Safe Storage Capacity at approximately 273,203 acre-feet. The Application for use of a maximum
9 of 100,000 acre-feet was well within the presumptive safe harbor of the Safe Storage Capacity
10 established by the Peace Agreement and the Implementation Plan on the basis of the estimates of Safe
11 Storage Capacity that prevailed at the time the Implementation Plan was approved by the Court as well
12 as the more recent refinement by Watermaster.

13 **II.**

14 **THE PROPOSED AGREEMENT**

15 The Agreement seeks to use a maximum of 100,000 acre-feet of the target 500,000 acre-feet
16 of storage capacity. The Project was initiated through Metropolitan and is funded through a
17 combination of Proposition 13 grant funds and funding from Metropolitan. The details of the financial
18 aspects of the Dry-Year Yield Project authorized under this Agreement, including allocation of benefits
19 to the specific Chino Basin participants, was described in Watermaster's *Motion for Approval of*
20 *Metropolitan Dry Year Yield Funding Agreement* which was filed with the Court on May 7, 2003.
21 On June 5, 2003, the Court found that the weight of evidence supports Watermaster's finding that the
22 DYY Project, as described in the Funding Agreement, will provide broad mutual benefits and that
23

24 _____
25 ¹(...continued)

26 included two other elements: an analysis and recommendation concerning Supplemental Water
27 Recharge and an evaluation of the cumulative effects of transfers. The analysis of transfers is relevant to
28 the discussion of storage in so far as the ability of under-producing parties to transfer water to over-
producing parties has prevented an unnecessary over-accumulation of water in storage as would
happen if under-producing parties were required to store all of their non-produced water, and the over-
producing parties were required to import supplemental water for replenishment. "Some of these
transfers have resulted in an avoidance of a replenishment obligation, or the physical recharge of water,
for the Producer undertaking to lease or purchase the water." (Final Technical Memorandum 3-1.)

1 Watermaster's approval of the Funding Agreement is consistent with its responsibilities under the Peace
2 Agreement, which, in turn, facilitates implementation of the court-approved OBMP. (June 5, 2003
3 Order, p.6.)

4 Participants in the DYY Project include the cities of Chino, Chino Hills, Ontario, Pomona,
5 Upland and Cucamonga Valley Water District, Jurupa Community Services District, and Monte Vista
6 Water District, all of which are parties to the Judgment and retail water purveyors within the IEUA and
7 TVMWD service areas. The Fontana Water Company is currently involved in negotiations with IEUA
8 and will decide at a later time whether to opt-in to the project.

9 As a part of the project, funding has been allocated to each of the participating entities in order
10 to construct facilities that will improve the production capabilities of each entity. Water is anticipated to
11 be delivered primarily through in lieu procedures into storage, and delivered out of storage by way of
12 the improved production capacity of each of the agencies. Each agency owns the facilities that are
13 funded through the project, and when the facilities are not needed for delivery of water out of storage,
14 the agency can use the facilities at that agency's discretion.

15 As summarized above, the operational structure of the project is that Supplemental Water can
16 be delivered into storage at a maximum rate of 25,000 acre-feet per year. Watermaster, in its
17 discretion, may approve a higher delivery rate, however such approval does not alter the maximum
18 storage amount of 100,000 acre-feet. Water can be withdrawn from storage at a maximum rate of
19 33,000 acre-feet over a twelve month period.

20 The distribution of these quantities of water throughout the Basin is governed by the "Local
21 Agency Agreements" between IEUA and TVMWD and each of the participating local agencies. Each
22 of the Local Agency Agreements describes the performance targets to which that local agency has
23 committed itself in exchange for its share of the benefits available under the Funding Agreement.
24 Executed copies of the Local Agency Agreements are attached to the Agreement as Exhibit "B."

25 As is evident by the magnitude of the delivery and withdrawal parameters, the DYY Project is
26 anticipated to be a long-term, multi-year project that will allow for rational regional water supply
27 planning by allowing for increased imports to the Chino Basin during wet years, and reduced imports
28 during dry years. However, because of the long-term nature of the project, it is not possible to

1 determine in advance all of the operational details of the project. Thus, in order to manage the year to
2 year operation of the project, an Operating Committee will be formed whose purpose will be to
3 formulate an Annual Operating Plan to describe anticipated deliveries and withdrawals from storage for
4 that particular year. The Operating Committee will be composed of one representative from each of
5 Watermaster, IEUA, TVMWD, and two representatives from Metropolitan. Before it can be effective,
6 this Annual Operating Plan must be approved by Watermaster.

7 To assure a prompt and efficient administration of the Agreement, the Operating Committee has
8 met and has begun the process of developing an Annual Operating Plan. The current working draft of
9 the Annual Operating Plan was submitted to the Watermaster parties for review in October. A copy of
10 this Annual Operating Plan is attached to this pleading as Exhibit "B."

11 **III.**

12 **FUNDING AGREEMENT APPROVAL PROCESS**

13 On May 7, 2003, Watermaster filed a *Motion for Approval of Metropolitan Dry Year Yield*
14 *Funding Agreement*. Pursuant to this motion, Watermaster requested the Court to find that the terms
15 of the Funding Agreement are consistent with Watermaster's responsibilities under the Peace
16 Agreement.

17 The motion specified that the approval requested from the Court pertained only to the terms of
18 the Funding Agreement itself, and was not concerned with the analysis of the storage account to be
19 created pursuant to the Funding Agreement. (May 7, 2003 Motion, p.8.) Accordingly, the standard of
20 review employed by the Court in its consideration of the motion was whether the Funding Agreement is
21 consistent with Section 5.2(c)(iv)(b) of the Peace Agreement which mandates that Watermaster will
22 prioritize its efforts to regulate and condition the storage and recovery of water developed in the
23 Storage and Recovery Program for the mutual benefit of the parties to the Judgment and to give first
24 priority to Storage and Recovery proposals that provide broad mutual benefits. On the basis of this
25 standard, the Court found that the weight of evidence supports Watermaster's finding that the DYY
26 Project, as described in the Funding Agreement, will provide broad mutual benefits and that
27 Watermaster's approval of the Funding Agreement is consistent with its responsibilities under the Peace
28

1 Agreement, which, in turn, facilitates implementation of the court-approved OBMP. (June 5, 2003
2 Order Concerning Groundwater Storage Program Funding Agreement – Agreement No. 49960, p.6.)

3 **IV.**

4 **WATERMASTER APPROVAL OF THE APPLICATION**

5 **A. Submission of the Application**

6 On April 2, 2003, IEUA submitted an Application under Article X of Watermaster’s Rules and
7 Regulations for a storage account in the amount of 100,000 acre-feet in order to implement the terms of
8 the Funding Agreement. This Application consisted of a Rules and Regulations Form 6 Application by
9 a Party to the Judgment to Participate in a Storage and Recovery Program, and a Form 4 Application
10 to Recapture Water in Storage. A copy of this Application is attached here as Exhibit “C.”

11 Metropolitan’s rights and duties with regard to the storage and recovery of water in the Chino
12 Basin are as described in the Funding Agreement. Under the Funding Agreement, the specific activities
13 necessary in order to uphold the Chino Basin parties’ commitments under the Funding Agreement are
14 left to the discretion of the Chino Basin parties. In other words, specific operational details such as the
15 manner of allocation of delivered water and the location and specific rate of withdrawal of water from
16 storage are left to the discretion of Watermaster, IEUA, TVMWD and the participating local agencies.
17 In addition, it is the responsibility of Watermaster, IEUA, TVMWD and the local agencies, and not
18 Metropolitan, to ensure that the project is operated in a manner that does not cause Material Physical
19 Injury to any party or to the Basin. For this reason it is appropriate for a party to the Judgment, rather
20 than Metropolitan, to be the Article X Applicant.

21 Pursuant to Watermaster’s Rules and Regulations, Watermaster produced a summary and
22 analysis of this Application, and provided Notice to the parties of the Application on April 30, 2003.
23 This Summary and Analysis contained a summary analysis of the potential for Material Physical Injury
24 of the Application and contemplated that a more complete Material Physical Injury analysis would be
25 provided prior to consideration of the Application by Watermaster. A copy of Watermaster’s Notice
26 of the Application, as well as a copy of Watermaster’s Summary and Analysis is attached here as
27 Exhibit “D.”
28

1 A proposed Applicant for a Storage and Recovery Program must submit the information set
2 forth in Rules Article X to Watermaster prior to Watermaster's consideration of the Application.
3 (Rules, § 8.3(b).) The Rules § 10.7 specifies the information to be included in a Storage and Recovery
4 Application. The required information includes the following:

- 5 1. The identity of the person that will recharge, store and recover the water, and the
6 ultimate place of use. The Application identifies IEUA and TVMWD as the persons
7 that "will provide imported water for storage and recovery via direct replenishment,
8 injection or in lieu." The ultimate place of use is identified in IEUA's completed Form
9 4: "Within service area of agencies participating in Metropolitan Funding Agreement
10 (see attached shift obligation schedule)."
- 11 2. The quantity of water to be stored and recovered. The Application references the
12 Funding Agreement and notes that the amount of water to be placed in storage and
13 subsequently recovered will be administered through the Operating Committee.
- 14 3. The proposed schedule for the recharge of water for storage. The Application
15 indicates that the schedule for recharge will be specified within the Annual Operating
16 Plan, consistent with the Funding Agreement.
- 17 4. The proposed schedule and method for recovery. The Application indicates that
18 recovery of water from the storage account will be consistent with the Funding
19 Agreement and the Annual Operating Plan.
- 20 5. The location of the recharge facilities. The Application states that to the extent that
21 physical recharge is utilized, the recharge locations will be the recharge facilities
22 developed through Watermaster's Recharge Master Plan.
- 23 6. The location of the production facilities. The Application states that new production
24 facilities have received CEQA certification and are fully described in Exhibit H of the
25 Funding Agreement.
- 26 7. The water levels and water quality of the groundwater in the areas likely to be affected
27 by the storage and recovery. The Application references the CEQA analysis
28

1 performed for the project and makes specific reference to the Dry Year Yield
2 Modeling Report which is described in greater detail below in section C.

3 In addition, the Rules state that, “[a]ny person may file an Application for approval of its
4 Recovery of water held in storage.” (Rules, § 10.8.) A recapture Application is to include the following:

- 5 1. The identity of the person that recharged and stored the water. The Application’s
6 Form 4 identifies the person to store the water as IEUA and TVMWD on behalf of
7 Metropolitan.
- 8 2. The identity of the person that will recover the water and the ultimate place of use.
9 Under the Application, the participating local agencies are the parties who will recover
10 the water, and the ultimate place of use os accordingly identified as within the service
11 areas of such agencies.
- 12 3. The quantity of water to be recovered. The Application’s Form 4 identifies the quantity
13 of water to be recaptured as 100,000 acre-feet and the projected rate of recapture to
14 be a maximum of 33,000 acre-feet per year.
- 15 4. The proposed schedule for recovery. The Application’s Form 4 does not address the
16 proposed schedule for recovery as this will not be known until water has been first
17 stored in the storage account.
- 18 5. The location of the production facilities through which the water will be recovered. The
19 location of the recapture facilities is identified primarily as the facilities that will be
20 funded for construction through the Funding Agreement, though flexibility is allowed for
21 the local agency to use its existing facilities if necessary.
- 22 6. The existing water levels and water quality of the groundwater in areas likely to be
23 affected by the recovery. Again, the Application references the environmental analysis
24 for the project with specific reference to the Dry Year Yield Modeling Report
25 discussed below.

26 **B. CEQA Analysis**

27 The OBMP Programmatic Environmental Impact Report (“PEIR”) was prepared in 2000 by
28 Tom Dodson and Associates for IEUA as the lead agency. One of the alternatives considered by the

1 PEIR is what is known as the Conjunctive Use Alternative. (PEIR, Chapter 5.3.) The Conjunctive Use
2 Alternative considered by the PEIR included the following elements:

- 3 1. No maximum limit would be placed upon local storage accounts for a period of five
4 years.
- 5 2. The need for storage limits will be re-evaluated at the end of five years based upon the
6 ability of the parties to use such storage and the need for a regional storage program.
- 7 3. Storage is not assignable.
- 8 4. All water in local storage and other storage accounts will incur losses at a rate of 2%
9 beginning in fiscal year 2002/03 (this element was altered through the Peace
10 Agreement).
- 11 5. The storage loss rate and safe yield will be estimated in the year 2012/13 and every ten
12 years thereafter (this element was altered through the Peace Agreement).
- 13 6. Watermaster will develop a regional Conjunctive Use Program.
- 14 7. The regional Conjunctive Use Program will provide benefits to all producers in the
15 Basin, the people of California and the nation.
- 16 8. Storage committed to conjunctive-use programs may consist of two parts, storage
17 within the safe storage capacity and storage in excess of safe storage. Storage in
18 excess of safe storage capacity will preemptively require mitigation.
- 19 9. The initial target storage for Watermaster's Conjunctive Use Program will be 150,000
20 to 300,000 acre-feet within the safe storage capacity.
- 21 10. Cyclic storage will be folded into conjunctive-use storage.

22 (PEIR, 5-4; *see also* OBMP Phase I Report 4-37.)

23 The PEIR described the following steps that were envisioned in order to implement the
24 Conjunctive Use Alternative:

- 25 1. Completion of an existing short-term conjunctive-use project.
- 26 2. Identification of a seasonal peaking program for in Basin use and a Dry Year Program
27 to reduce the demand on Metropolitan to 10% of normal summer demand (requiring
28 150,000 acre-feet of storage).

- 1 3. Establishment of a Dry-Year Export Program.
- 2 4. Establishment of a seasonal Peaking Export Program.

3 (Id.)

4 The PEIR followed the analysis contained in the OBMP and accepted the Safe Storage
5 capacity in the Basin at 500,000 acre-feet. The PEIR further assumed that with approximately
6 200,000 acre-feet of water already in storage through the total of all storage accounts, that the
7 remaining available safe storage in the Basin was 300,000 acre-feet of storage capacity. (PEIR, 5-5.)
8 It was for this reason that the PEIR evaluated a program of between 150 - 300,000 acre-feet. (PEIR,
9 3-28.) The PEIR concludes that, “[f]or an expanded conjunctive use program of up to 300,000 acre-
10 feet, it is not anticipated that significant mitigation would be required due to water quality or rising water
11 concerns.” (PEIR, 5-5.) Additional storage projects above this amount are possible, though further
12 analysis of potential impacts will be required.

13 One of the primary water quality impacts considered by the PEIR is impacts on the vadose
14 zone. (See PEIR 4-114.) However, the PEIR also concludes that the details of any specific
15 Conjunctive Use Program were too uncertain at that time in order to be able to consider the site
16 specific impacts that would be associated from operational details such as the physical recharge of
17 water in specific locations, the construction of specific facilities and the actual withdrawal of water at
18 definitive times and locations. (See PEIR Chapter 4.) The PEIR was certified by IEUA on July 12,
19 2000.

20 During development of the specific DYY Project as proposed, subsequent environmental
21 analysis was performed by Dodson and Associates with IEUA as lead agency. This analysis resulted in
22 Findings of Consistency. IEUA certified the Findings of Consistency on December 28, 2002.
23 Accordingly, the Implementation Plan, the PEIR and the Findings of Consistency all adopted and relied
24 upon the concept of Safe Storage Capacity as the basis for finding no significant environmental impacts
25 and no Material Physical Injury to the Basin or any person.

26 **C. Supplemental Watermaster Analysis of Reasonably Foreseeable Management**
27 **Conditions**

28

1 One component in the development of the DYY Project was an advance payment of \$1.6
2 million by Metropolitan to be used to perform preliminary engineering work and environmental analysis
3 of the proposed project. A portion of these funds were used to conduct the CEQA analysis which led
4 to the Findings of Consistency described above. However, given the potential that Watermaster, at the
5 request of the Parties to the Judgment, may elect to pursue different management strategies, another
6 portion of these funds were used to develop a new Chino Basin groundwater model – known as the
7 2003 Watermaster Model – that would allow Watermaster to evaluate the impact of the DYY Project
8 under an alternative management scenario.

9 The 2003 Watermaster Model was used to provide a supplemental evaluation of the prior
10 CEQA analysis of the Storage and Recovery Program and specifically evaluated the magnitude of
11 groundwater level and storage changes throughout the Chino Basin, the change in direction and speed
12 of specific known water quality anomalies, and the storage losses from the DYY Project in the event
13 Watermaster sought to modify its Basin management strategy for the next 25 years.

14 As implementation of the OBMP has progressed since the completion of the Peace Agreement
15 in June of 2000, Watermaster has gained further information about the Basin from its extensive
16 monitoring efforts conducted under Program Element 1 of the OBMP. Most important, however, the
17 concept of hydraulic control, which is a fundamental background concept in every Program Element of
18 the OBMP, has come to the forefront of Watermaster’s management approach to the Basin. The
19 maintenance of the Safe Yield through the prevention of rising water in the Southern end of the Basin is
20 the most basic expression of the need to achieve and maintain hydraulic control and is the primary
21 motivation for the desalter component of the OBMP. Hydraulic control has also become an explicit
22 focus of Watermaster due to water quality concerns raised by the Orange County Water District and
23 the Regional Water Quality Control Board.²

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27 ² While the recent Basin Plan Amendment adopted by the Regional Water Quality Control
28 Board makes the maintenance of hydraulic control an explicit requirement under the amendment’s
“maximum benefit” component, the continued use of the traditional “antidegradation” standard will also
implicate hydraulic control if the Chino Basin loses hydraulic control and low quality rising water enters
the Santa Ana River.

1 In conducting its analysis of the potential for Material Physical Injury over the 25 year term of
2 the Agreement, Watermaster prudently chose to evaluate how the DYY Project will integrate with
3 other Basin management concepts. The emphasis on hydraulic control suggests that at some point in the
4 future the parties may find it beneficial to manage water levels in the Southern end of the Basin at a
5 lower level than currently maintained. Achievement of such a shift would require further study, and
6 would require approval through the full Watermaster process as well as approval from the Court. While
7 the maintenance of hydraulic control clearly falls within the current Court authorization for
8 implementation of the OBMP, a deliberate lowering of water levels would certainly require
9 implementation steps demanding specific Court authorization.

10 While such a management scenario has not yet been presented to either the Watermaster
11 parties or the Court, it is incumbent upon Watermaster to consider such a possibility when projecting
12 the full range of possible impacts from the DYY Project. This full analysis of the potential for Material
13 Physical Injury from the operation of the 100,000 Dry Year Yield Project under reasonably
14 foreseeable management conditions was performed by Wildermuth Environmental and Black and
15 Veatch, and the final product is titled, *Chino Basin Dry Year Yield Program Modeling Report*
16 (“Report”). This Report was completed and made available to the parties in July 2003.

17 On July 23, 2003 Watermaster re-served its Notice of the Application and provided notice of
18 the availability of the Report. Copies of the Report were sent directly to the Special Referee and her
19 Technical Expert, as well as the technical advisor to the Agricultural Pool, Mr. Frank Bromenschenkel.
20 Additional copies of the Report were provided to any party who requested one. As part of this Notice
21 of Availability, Watermaster also provided another copy of the previously noticed Application in order
22 to ensure that all parties understood the relationship between the Report and the Application. A copy
23 of the Notice of Availability of the Report is attached here as Exhibit “E.”

24 The 2003 Watermaster Model suggests that in order to maintain hydraulic control, the Southern
25 end of the Basin should be operated at a lower groundwater level than the level where it is currently
26 operated. Watermaster has not yet presented a proposal to the parties or the Court in order to
27 implement such a shift in management of water levels, and approval through the normal Watermaster
28 process, including Court approval, would be required before such a shift could be implemented.

1 However, Watermaster believes that the need to maintain hydraulic control of the Basin will likely
2 demand such a shift. Thus it is necessary in order to properly analyze the impact of the DYY Project
3 over the next 25 years, to consider the project in light of this approach.

4 The Report describes the development and application of a series of simulation models to
5 project the impacts of storing and removing 100,000 acre-feet of water. The impacts evaluated in the
6 Report include groundwater-level impacts during the put, hold, and take periods; the losses of water
7 from increases in groundwater storage; and the change in direction and speed of known water quality
8 anomalies. The time period used in the analysis consists of the 25-year period from October 2003
9 through September 2028. This period corresponds approximately to the 25-year period of the Funding
10 Agreement. The Report concludes that there will be no Material Physical Injury from the 100,000
11 acre-foot DYY Project to either a party to the Judgment or to the Basin if Watermaster were to elect to
12 pursue this management strategy. (Report, 7-9 and 7-10.)

13 In summary, the Agreement will not cause Material Physical Injury under either (a) existing
14 conditions because it is being operated within the Safe Storage Capacity of the Basin or (b) modified
15 conditions whereby Watermaster manages water levels at a lower equilibrium and increases its
16 hydraulic control.

17 **D. Approval of the Application**

18 At the August 2003 Pool Committee meetings, the Application and Watermaster's analysis
19 were considered. Watermaster's staff report recommended approval of the Application conditioned
20 upon yearly approval of the Annual Operating Plan as described in the Funding Agreement. All pools
21 recommended unanimously that the Advisory Committee and Board approve the Application
22 conditioned as described in the staff report. A copy of the staff report is attached here as Exhibit "F."

23 In order to provide all parties an opportunity to fully consider the Application along with the
24 completed Report, the Application was not considered by the Advisory Committee and Board until
25 their October meetings. There were no contests to the Application, and thus, pursuant to the Rules and
26 Regulations, Watermaster was permitted to approve or conditionally approve the Application without
27 holding a hearing.
28

1 On October 23, 2003, the Advisory Committee and Board considered the Application and
2 adopted the findings and recommendation of the staff report to approve the Application conditioned
3 upon yearly approval of the Annual Operating Plan. As described below in Part VI, this conditionality
4 was incorporated as an explicit term of the Agreement. This approval was based upon the Application,
5 which incorporated the analyses of the PEIR and Findings of Consistency, and upon the completed
6 Report. A copy of the Advisory Committee and Board staff report is attached here as Exhibit "G."

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10 V.

11 **DESCRIPTION OF THE PROPOSED STORAGE AGREEMENT**

12 The Agreement submitted here for approval is between Watermaster, IEUA and TVMWD and
13 will create a storage account for the purpose of implementing the Dry Year Yield Project. Both IEUA
14 and TVMWD are member agencies of MWD and the boundaries of the retail service agencies lie
15 within either IEUA or TVMWD. It is true that Jurupa Community Services District will also participate
16 but it is not necessary to include Western Municipal Water District in the Agreement since Jurupa
17 Community Services District, which is located within Western's service area, is participating in the
18 project through a special agreement with the City of Ontario. This accommodation was made
19 necessary because there are not currently any Metropolitan connections within the Jurupa service area.

20 The Agreement contains a lengthy set of recitals to establish the context for its approval and
21 execution. It is necessary to include this level of background detail in the Agreement itself because of
22 the complexity of the project and the extended analysis and approval process for the Agreement.
23 Because of the need to complete the financial arrangements for the project in a timely fashion to take
24 advantage of the availability of Proposition 13 funding, while at the same time allow for an extended
25 process of technical analysis and review by the parties to the Judgment, the approval process was
26 bifurcated into two phases. The current motion is the completion of the second phase of this process.
27 This complexity in combination with the fact that this project is the first implemented under the Storage
28

1 and Recovery Program created by the Peace Agreement, necessitates an enhanced level of clarification
2 regarding background and context.

3 The Agreement contains a set of definitions that are consistent with the Judgment and the Peace
4 Agreement. Most notably, the Agreement carries forward the definition of Material Physical Injury
5 adopted in the Peace Agreement and maintained in Watermaster's Rules and Regulations. The
6 definition recites that it is the intention of the Agreement to utilize the same definition of Material
7 Physical Injury as is used in the Peace Agreement.

8 Following the definitions are the specific Agreement terms that will govern IEUA and
9 TVMWD's use and operation of the storage account. The specific terms of the Agreement are
10 described in greater detail below in Part VII of this pleading, but in general they carry forward the
11 commitments made by IEUA and TVMWD in the Funding Agreement regarding the acceptance of
12 water into the Basin for storage and the delivery of water out of storage upon request by Metropolitan.
13 The terms additionally ensure Watermaster discretion to regulate and control the storage of water
14 through the Agreement and will ensure that IEUA and TVMWD implement the DYY Project in a
15 manner that is consistent with the Judgment, further Orders from this Court, the Peace Agreement, and
16 Watermaster's Rules and Regulations.

17 **VI.**

18 **WATERMASTER APPROVAL OF THE STORAGE AGREEMENT**

19 At the March 11, 2004 Joint Appropriative Pool and Overlying (Non-Agricultural) Pool
20 meeting, both pools unanimously approved the Agreement. At the March 16, 2004 Overlying
21 (Agricultural) Pool meeting that pool also unanimously approved the Agreement. Finally, at the March
22 25, 2004 Advisory Committee and Board meetings, the Agreement was also unanimously approved
23 and counsel was directed to transmit the Agreement to the Court for final approval.

24 **VII.**

25 **COURT APPROVAL OF THE DRY YEAR YIELD STORAGE AND RECOVERY**
26 **AGREEMENT**

27 Pursuant to the Judgment paragraph 28, storage agreements must be approved by written order
28 of the Court. Part II.A. of this pleading describes the elements that must be contained in a storage

1 agreement in order to receive approval by the Court. The primary list of these requirements is found in
2 the Judgment's Engineering Appendix, Exhibit "I" ¶ 3.

3 **A. Judgment Engineering Appendix, Exhibit "I"**

4 As required by the Judgment Exhibit "I" ¶ 3(a), p.80, the agreement terms begin in Part II of
5 the Agreement with a recitation of the quantity of the storage right. The quantity of the storage right for
6 the Dry Year Yield Project is 100,000 acre-feet. Part II of the Agreement further specifies that the
7 purpose of this storage right is specifically to implement the Funding Agreement. To complete the
8 satisfaction of Exhibit "I" ¶ 3(a), Part XII of the Agreement specifies that the Agreement shall be
9 coterminous with the Funding Agreement.

10 As required by the Judgment Exhibit "I" ¶ 3(b), Part VIII of the Agreement contains a
11 statement of the priority or relation of the storage right as against production rights and other storage
12 rights in the Basin. To do this, the Agreement contains the blanket requirement that IEUA and
13 TVMWD will fully protect and preserve the rights of overlying landowners, other groundwater users or
14 water right holders, and more broadly parties whose approval is required by the 1978 Judgment and
15 the Watermaster. In order to protect these rights, IEUA and TVMWD will take all necessary actions,
16 including groundwater monitoring and mitigation and/or limiting extraction of groundwater to protect
17 such rights.

18 Exhibit "I" ¶ 3(c) next requires that the Agreement describe the procedure for establishing
19 delivery rates, schedules and procedures which may include spreading or injection, or in lieu deliveries
20 of supplemental water for direct use. Note that the Judgment recognizes that it may not be possible to
21 specify the deliver rates, schedules and procedures in advance, and so only requires that the Agreement
22 describe the procedure for establishing such details. In conformance with this requirement, the
23 Agreement first describes the broad parameters of the delivery maximum. Part V of the Agreement
24 specifies that the delivery maximum shall be 25,000 acre-feet per year. The Agreement preserves
25 Watermaster's discretion to approve a higher delivery rate in order to maintain operational flexibility,
26 but it also is clear that an approval of a higher delivery rate does not alter the storage right under the
27 Agreement.

28

1 Beyond this broad numerical parameter, the Agreement carries forward the concept of the
 2 Annual Operating Plan from the Funding Agreement. Part IV.C. of the Agreement requires that the
 3 Annual Operating Plan shall provide an estimated schedule and location for all delivery of water into
 4 and out of storage on a monthly basis for the upcoming fiscal year. The estimated schedule and
 5 location for the delivery and extraction of water in the Annual Operating Plan must be of sufficient detail
 6 in order to allow Watermaster to assess the potential for Material Physical Injury to be caused to a
 7 party or to the Basin. (Agreement, Part IV.C.) The Agreement not only prohibits Watermaster from
 8 approving an Annual Operating Plan that will cause Material Physical Injury, it also prohibits
 9 Watermaster from approving an Annual Operating Plan that does not provide sufficient detail to allow
 10 for a proper assessment of the potential for Material Physical Injury. (Agreement, Part IV.C. and F.)

11 In satisfaction of Judgment Exhibit "I" ¶ 3(d), Part X of the Agreement specifies that
 12 Watermaster will maintain records of the amounts of water stored in and extracted from the Basin
 13 pursuant to the Agreement and further recites the fact that Watermaster will not approve additional such
 14 storage agreements if such approval(s) would result in more than 500,000 acre-feet of water being
 15 stored within the Basin at any time. Furthermore, Part X of the Agreement specifies that
 16 Watermaster's accounting will include an assignment of losses from the storage account and specifies
 17 that the procedure utilized to calculate such losses will be the same procedure used to calculate losses
 18 from other storage accounts within the Storage and Recovery Program.

19 Finally, Judgment Exhibit "I" ¶ 3(e) requires a description of the procedure for the
 20 establishment and administration of withdrawal schedules, locations and methods. The role of the
 21 Annual Operating Plan in satisfying this requirement has already been described above. In addition,
 22 Part VI of the Agreement specifies that the delivery maximum shall be the lesser of 33,000 acre-feet or
 23 the amount of water remaining in the storage account. This term of the Agreement ensures a maximum
 24 withdrawal rate of 33,000 acre-feet and also ensures that the storage account can only be operated in a
 25 "put then take" manner as opposed to a "take then put" manner. This is because under Part VI of the
 26 Agreement, it is not possible to remove from the storage account more than has already been placed
 27 into the storage account.

28 **B. Other Agreement Requirements**

1 In addition to the primary Judgment requirements described in the Judgment's Exhibit "I," there
2 are other miscellaneous requirements for storage agreements.

3 One such requirement is the requirement contained in Watermaster's Rules and Regulations,
4 that the granting of a storage right shall specifically exclude credit for any return flow. (Rules, §
5 8.1(h)(i).) The Agreement fulfills this requirement in Part X of the Agreement where it is specified that
6 Watermaster's accounting shall not include any credit for return flows from the use of water extracted
7 from storage.

8 The Judgment contains a very broad requirement that the use of the storage space in the Chino
9 Basin should be undertaken only under Watermaster control and regulation, in order to protect the
10 integrity of both such Stored Water and Basin Water in storage and the Safe Yield of the Chino Basin.
11 (Judgment, ¶11, p.8.) The Agreement follows this requirement in Part VII where IEUA and TVMWD
12 acknowledge Watermaster's authority to control and regulate the use of the storage account in
13 accordance with the Judgment and the Peace Agreement. Watermaster, however, agrees that its
14 regulation of the storage account shall be conducted in a non-discriminatory manner. This means that
15 Watermaster's regulation of this storage account shall be consistent with its regulation of other storage
16 accounts created for the Storage and Recovery Program. Furthermore, Watermaster shall not impose
17 policies upon this storage account that would materially alter the benefits or obligations for Metropolitan
18 under the Funding Agreement.

19 The Judgment also requires that in the allocation of storage capacity, the needs and
20 requirements of lands overlying Chino basin and the owners of rights in the Safe Yield or Operating
21 Safe Yield of the Basin shall have priority and preference over storage for export. (Judgment, ¶ 12, p.
22 9.) This requirement does not necessarily go to a specific requirement for the content of a storage
23 agreement, but rather addresses more broadly the allocation of storage space. The allocation of
24 100,000 acre-feet of storage space for the DYY Project has been done as part of the Storage and
25 Recovery Program created by the Peace Agreement.

26 Specifically, the allocation of a portion of the Storage and Recovery Program for this Project
27 was a part of the consideration underlying the Peace Agreement made available to the members of the
28 Appropriative Pool and the Non-Agricultural Pool. (Peace Agreement Section 5.2(c)(v). Moreover, a

1 DYY Project was an express priority for Watermaster to pursue. (Peace Agreement Section 5.2(f)(ii)
2 and (iii).) The identification of Safe Storage Capacity was previously approved by this Court when it
3 approved the OBMP Implementation Plan and ordered Watermaster to proceed in accordance with its
4 terms. (July 13, 2000 Order Concerning Adoption of OBMP)

5 In addition, under the Funding Agreement, the only mechanism provided for the delivery of
6 water out of storage is an in lieu procedure whereby a given producer increases its extraction of
7 groundwater and Metropolitan reduces its delivery of imported water. (Funding Agreement Part
8 VII.C.) Thus, since it is not contemplated that this storage account will be used for physical export, the
9 requirement of the Judgment ¶ 12 has no application.

10 The Judgment ¶ 28 requires that all storage agreements shall by their terms preclude operations
11 which will have a substantial adverse impact on other Producers. This requirement is similar to the
12 requirement contained in the Peace Agreement and Watermaster's Rules and Regulations that
13 Watermaster ensure that no Material Physical Injury is caused to any party or the Basin. Thus, through
14 Part III of the Agreement, Watermaster references the broad requirement that the storage of water
15 under the Agreement must not cause either Material Physical Injury or a substantial adverse impact to
16 any party or to the Basin.

17 The facilities to be used for this Project have been identified and analyzed by Watermaster.
18 This Project fits within the established boundaries of the Safe Storage Capacity of the Basin and
19 Watermaster has thoroughly evaluated the implementation of the Project under existing and alternative
20 Basin management scenarios. None of this analysis has revealed any issues of concern and no Party
21 has filed a Contest to any aspect of the DYY Project as authorized under the Agreement.

22 In effect, Watermaster itself will maintain continuing jurisdiction over the DYY Project because
23 the Agreement requires that any material changes to the Project will trigger a further Watermaster
24 approval. Moreover, the Annual Operating Plan is subject to a yearly Watermaster approval which will
25 provide parties the opportunity to object if future operations reveal impacts that have not yet been
26 detected.

27 **C. Additional Terms**
28

1 In addition to specifically described requirements discussed above, the Agreement also contains
2 terms which will ensure that the Agreement is protective of Basin resources. For example, Part IX of
3 the Agreement specifically prohibits the assignment of storage capacity. This is important to ensure that
4 the terms and conditions established for this storage account are not circumvented through transfer to a
5 party which may not be similarly situated to IEUA and TVMWD.

6 Part XI of the Agreement specifies that Metropolitan's Trust Storage Agreement shall be
7 canceled upon Court approval of the Agreement. This term does not pertain to IEUA or TVMWD,
8 but it makes clear that there shall not exist more storage rights than are contemplated by the parties.

9 The Agreement specifies that any conflicts under the Agreement shall be resolved by the Court
10 where the Court is defined as that Court maintaining continuing jurisdiction over the Judgment and
11 Watermaster. This term is important to ensure the continuing authority of the Court and ensure that its
12 supervisory role under the Judgment is not diminished.

13 Finally, as described above, the Agreement ensures that the project will be operated in an
14 integrated manner with other Basin management activities. The Agreement requires that Watermaster
15 shall not approve an Annual Operating Plan that conflicts with other OBMP projects or programs,
16 including, but not limited to, the Interim or Long Term Plan for the Management of Subsidence in
17 Management Zone 1, the maintenance of hydraulic control or the operation of the Chino Basin desalters
18 as such programs may be amended and approved by Watermaster in accordance with the Judgment
19 and the Peace Agreement. (Agreement, Part IV.F.)

20 **VIII.**

21 **CONCLUSION**

22 Watermaster's approval of the Agreement conforms to the Judgment requirement that any
23 storage agreement by its terms must mitigate any Material Physical Injury as a condition of approval.
24 Although the Agreement will use only a portion of the remaining Safe Storage Capacity within the
25 Basin, Watermaster has further buttressed its finding of No Material Physical Injury by conducting an
26 exhaustive technical analysis of the expected operation of the storage account over the term of the
27 Funding Agreement.
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Having followed a rather lengthy and open Watermaster process, no Party to the Judgment has contested the accuracy of the conclusions reached by Watermaster, including the finding of no Material Physical Injury. The Application and Agreement have been approved unanimously by each of the Pool Committees, the Advisory Committee and the Board.

Based on the foregoing, Watermaster respectfully requests the Court approve the Storage Agreement so that it may be executed by Watermaster, IEUA and TVMWD.

Dated: _____

HATCH & PARENT, A LAW CORPORATION

By: _____

Scott S. Slater
Michael T. Fife
Attorneys for
CHINO BASIN WATERMASTER

HATCH & PARENT, A LAW CORPORATION
21 East Carrillo Street
Santa Barbara, CA 93101



CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

III. REPORTS/UPDATES

C. Inland Empire Utilities Agency

1. MWD Dry Year Yield Update
2. Discussion on MWD Long-Term Shutdown Planning
3. Water Resources Report
4. Water Conservation Status Report
5. Water Conservation Budget FY 2004/2005
6. Recycled Water Program
7. Chino Basin Facilities Improvement Project
8. State/Federal Legislation
9. Public Relations

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
April 22, 2004**

AGENDA

INTER-AGENCY WATER MANAGERS' REP ORT

**Chino Basin Watermaster
9641 San Bernardino Rd.
Rancho Cucamonga, CA 91730**

20 – 30 Minutes

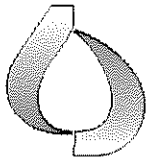
Information Items:

- MWD Dry Year Yield Update – Rich Atwater (oral)
- Discussion on MWD Long-Term Shutdown Planning - MWD Staff

Written Monthly Updates:

- Water Resources Report (handout)
- Water Conservation Status Report
- Water Conservation Budget FY 2004/05
- Recycled Water Program
- Chino Basin Facilities Improvement Project (Recharge)
- State/Federal Legislation
- Public Relations (Outreach Update)

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Date: April 22, 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 94 rebates were issued in the month of March, bringing the total number of rebates up to 1,293 for the length of the program, and 1,078 rebates within the current FY. Since the current fiscal year goal is to complete 1,000 rebates, the ULF Toilet Rebate Program has exceeded the annual goal and is at 101 percent.

HECW REBATE PROGRAM

A total of 142 HECW rebates were issued in the month of March, bringing the program total to 2,873 rebates issued. For the current FY, 1,314 rebates have been issued. The FY goal is 2,500 rebates. This is a continuing rate of 35 to 45 per week. The region is at 53 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

The City of Chino completed their toilet distribution on April 3. Three hundred toilets were made available to Chino residents and about 270 were distributed. 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 High School	300

City of Ontario	May 1, 2004	Ontario Public Works	400
IEUA Regional Program	May 8, 2004	California Speedway	800

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 March is 150. For the current FY, the program has installed 1,794 toilets. The goal for the FY is to complete 3,900 installations. The region is at 46 percent of the annual goal.

HOME LANDSCAPE WATER CONSERVATION WORKSHOPS

IEUA completed hosting a series of four Home Landscape Workshops in March and April for residents of the IEUA service area. The Workshops were promoted as a program of the "Regional Conservation Partnership." The meetings were held over four Saturdays and were very well attended bringing in between 40 to 50 residents each class.

REGIONAL CONSERVATION PARTNERSHIP WORKGROUP STATUS

On March 16, the Partnership 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. The installations will take place in the month of May.

Proposed FY 2004-05 Water Conservation Program Budget

Revenues

Funding Sources	
Conservation Surcharge (95,000 AF x \$4/AF)	\$380,000
Meter Charge Revenues	\$60,000
Ad Valorem Property Tax	\$75,000
Regional Sewage Program (RO) Transfer	\$50,000
Estimated Unexpended FY 03-04 Funds	\$30,000
Total	\$595,000
Other Revenue	
Conservation Program Reimbursements (Est Rebates through MWD)	\$821,000
Total	\$821,000
Total Revenues	\$1,416,000

Expenses

Reimbursable Program Budget - WR 05009

	Total Expenditures	Reimbursable Costs	Net Budget
- Point of Purchase Ultra-Low Flow (ULF) Toilet Rebate Program (2,000 toilets @ \$60)	\$120,000	\$120,000	\$0
Admin	\$1,500	\$0	\$1,500
Marketing	\$2,000	\$0	\$2,000
- Regional Event ULF Toilet Rebate Program (1,800 Toilets @ \$85.50)	\$136,800	\$96,000	\$40,800
Admin	\$15,000	\$0	\$15,000
- Multi-Family ULF Toilet Rebate Program (3,000 Toilets @ \$150)	\$450,000	\$180,000	\$270,000
Admin	\$2,500	\$0	\$2,500
- Partner Agency Event ULF Toilet Rebate Program (2,000 toilets @ \$62)	\$124,000	\$120,000	\$4,000
Admin	\$2,000	\$0	\$2,000
- High Efficiency Clothes Washer Rebate Program 2,500 Rebates @ \$100 each	\$250,000	\$250,000	\$0
Administration (2,500 x \$10 per unit reimbursable)	\$30,000	\$25,000	\$5,000
Marketing	\$2,000	\$0	\$2,000
- Water Broom Rebate Program (300 brooms @ \$210 cost per Broom)	\$63,000	\$30,000	\$33,000
Admin	\$1,125	\$0	\$1,125
Total Reimbursable Projects	\$1,199,925	\$821,000	\$378,925

Proposed FY 2004-05 Water Conservation Program Budget

Water Conservation Budget - WR 05011 Non-Reimbursable Programs	Estimated Expenditures	Reimbursable Costs	Net Budget
School Education Program			
- School Education Program	\$40,000	\$0	\$40,000
- Administrative	\$1,500	\$0	\$1,500
Rebate Programs			
- Pool Cover Rebate Program (300 rebates @ \$50 per rebate)	\$15,000	\$0	\$15,000
Admin	\$3,600	\$0	\$3,600
Marketing	\$3,000	\$0	\$3,000
Regional Landscape Programs			
- Program Allocations to be determined	\$95,000	\$0	\$95,000
Admin	\$1,500	\$0	\$1,500
Partner Agency Support Programs			
- Commercial/Industrial/Institutional MWD Rebate Marketing	\$10,000	\$0	\$10,000
- California Urban Water Conservation Council Annual Dues			
- Funding for 5 Agencies	\$11,000	\$0	\$11,000
- Water Education Water Awareness Committee Dues	\$1,300	\$0	\$1,300
- Chino Basin Water Conservation District Earth Day Event	\$1,000	\$0	\$1,000
- Best Management Practices (BMP) Support Grants	\$16,000	\$0	\$16,000
Miscellaneous	\$17,175	\$0	\$17,175
Total	\$1,416,000	\$821,000	\$595,000



Date: April 22, 2004
To: Inter Agency Managers Meeting
From: Inland Empire Utilities Agency
Subject: FY 2004-05 Regional Water Conservation Budget

RECOMMENDATION

For Information Only

BACKGROUND

The Regional Water Conservation Partnership Workgroup (Workgroup) met on March 16 to review and discuss proposals for the Fiscal Year 2004-05 Regional Water Conservation program budget. The Workgroup is partnership made up of conservation coordinators from the eight retail water agencies within the Inland Empire Utilities Agency (IEUA). The FY 2004-05 Water Conservation Budget is attached.

Challenges for the Region

IEUA has identified four specific challenges the region must overcome within the next few years for the region to meet the goal of saving 5,000 acre-feet per year set forth in the 2000 Regional Urban Water Management Plan.

- Metropolitan Water District's (MWD) new water rate structure means significant cost increase for retailers who move from Tier I to Tier II;
- Along with population growth, imported water purchases are increasing – Tier II purchases on 2003 were 3,104 acre-feet and 2004 purchases are slightly higher than last year;
- MWD's Long Range Financial Plan anticipates cost increases for imported water of 3 to 5 percent annually over the next 10 years; and
- Retail water agency's Urban Water Management Plans are required to be completed and submitted to the Department of Water Resources by December 2005.

Water Conservation Goal

As outlined in the 2000 Regional Urban Water Management Plan, the goal for the region is attain water conservation savings of 5,000 acre feet annually. Conservation activities will be "ramped up" over the 5 year period of the Urban Water Management Plan. To help meet the water conservation goal, the agencies agreed in 2000 to implement a \$1 surcharge on

each acre-foot of imported water sold in the IEUA service area in order to fund regional water conservation programs. This surcharge will increase \$1 each year until it reaches \$5 per acre-foot in 2005. Additional funding sources were approved by IEUA to support the conservation program. These include funding from a portion of property tax revenue, Readiness-To-Serve (RTS) charge, and a transfer of \$50,000 annually from the regional sewage fund. Finally, the Water Resources Department seeks additional funds from the Metropolitan Water District of Southern California, State of California, U.S. Bureau of Reclamation and other sources.

Fiscal Year 2004-05 Budget Recommendations

IEUA staff and the partner agencies reviewed and concurred on the recommendations for the proposed FY 2004-2005 budget and conservation programs. Key points:

- Support the \$1 per acre-foot increase in the imported water surcharge. This will bring the total surcharge up to \$4 per acre-foot for 2004-05. Total local revenues are expected to be near \$600,000 which will leverage about \$800,000 in funding from sources outside the region such as MWD and DWR for a total budget of about \$1.4 million.
- “Core” programs such as the ultra-low flush (ULF) toilet rebate, the ULF toilet regional and local exchange programs, the High Efficiency Clothes Washer Rebate program, and agency partnership funding will continue.
- “Innovative” programs such as a direct-install element in the Multi-Family ULF toilet program, the Swimming Pool Cover Rebate program, the WaterBroom rebate and increased marketing of MWD’s Commercial, Industrial, and Institutional (CII) rebate program.
- Funding for Landscape and Education Programs will be maintained while the Workgroup identifies “priority projects” that will be implemented over the region.

FY 2004-05 Conservation Strategy

- Build upon the current conservation “Core” and “Innovative” program initiatives;
- Develop “Next Generation” Landscape Conservation Initiatives;
- Initiate preparation for the 2005 Regional Urban Water Management Plan; and
- Collaborate with MWD, Chino Basin Watermaster, local retail water agencies, and SAWPA to ensure coordinated resource planning and consistent message.

Attachment

MARCH 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.

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

The Pine Avenue Intertie will connect the RP-2/CCWRF recycled water system with the RP-1 outfall thereby connecting all IEUA facilities. The Phase I construction contract was awarded in February 2003 and was completed in October 2003. Phase II is under construction and was completed in December 2003.

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

The Wineville Pipeline will convey recycled water from the RP-4 outfall to Inland Paperboard and other customers in Ontario. The construction contract was awarded in March 2003 and is completed. Inland Paperboard Packaging will begin taking recycled water in April 2004.

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

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

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

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

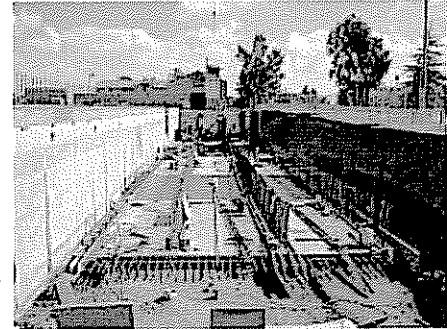
■ **Whittram Pipeline (Budget \$3,620,000)**

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

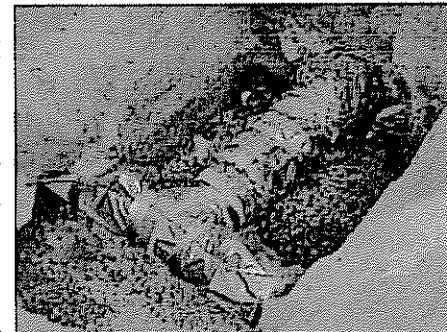
■ **RP-4 West Branch (Budget \$9,849,000)**

Design for the RP-4 West Branch is in process and will be completed in early 2004. The pipeline will serve the Turner Recharge Basins and Empire Lakes Golf Course as well as other customers in Ontario and CCWD. The project will be completed by Spring 2005.

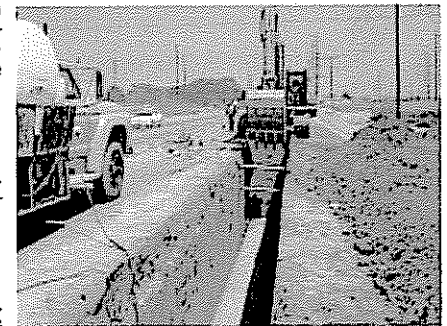
Total Budget—Active Projects—\$34,458,076



RP-1 Chlorine Contact Basin

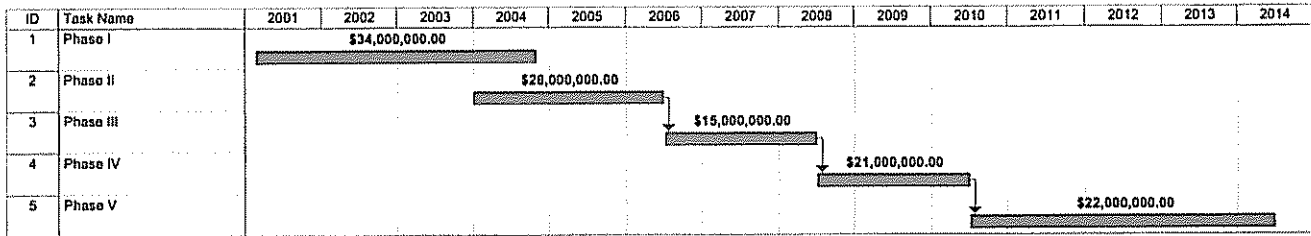


Pine Avenue Intertie Phase I



Phase I Etiwanda Recycled Water Pipeline

Total Implementation Plan



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 Interline	\$1,068,000	\$251,228	\$816,772	[Progress bars]																							
4	Wineville Pipeline	\$2,307,200	\$257,415	\$2,049,785	[Progress bars]																							
5	Rollant Pipeline	\$1,115,476	\$371,207	\$744,269	[Progress bars]																							
6	Philadelphia Pipeline	\$3,835,400	\$262,053	\$3,573,347	[Progress bars]																							
7	Whittram Pipeline	\$3,620,000	\$76,151	\$3,543,849	[Progress bars]																							
8	RP-4 West Branch	\$9,849,000	\$86,546	\$9,762,454	[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

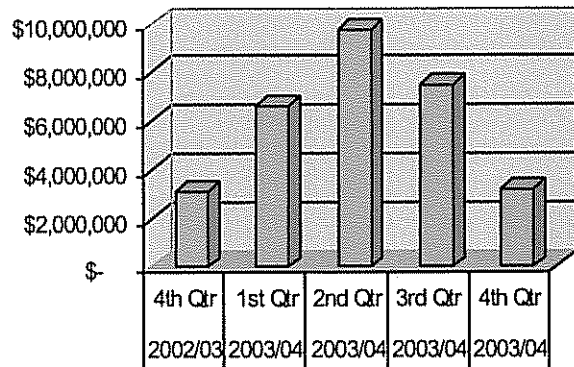
- Regional Capital Fund \$7,000,000
- SWRCB Recycling Grant \$5,000,000
- SWRCB Recycling Loan \$22,000,000

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

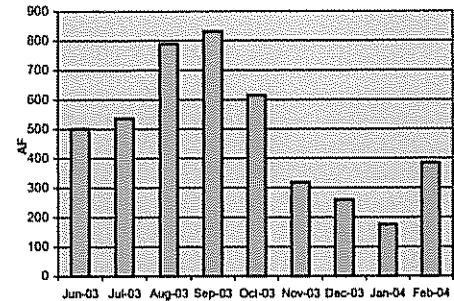


Activity Summary

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
February	308	385
Year to Date	505	562
FY Total	3,291	3,881
Budget		6,950

Operation & Planning

- RP-4 Outfall line was shutdown for 5 days in February to reinforce the integrity of the pipeline prior to pressurizing the pipeline.

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.
- Quetico II
Started to use recycled water in February
- Sterling & Pinnacle Apartment in Chino Hills
Submitted the engineer's report to DHS
- 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.



Quetico II Landscaping in Chino

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

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

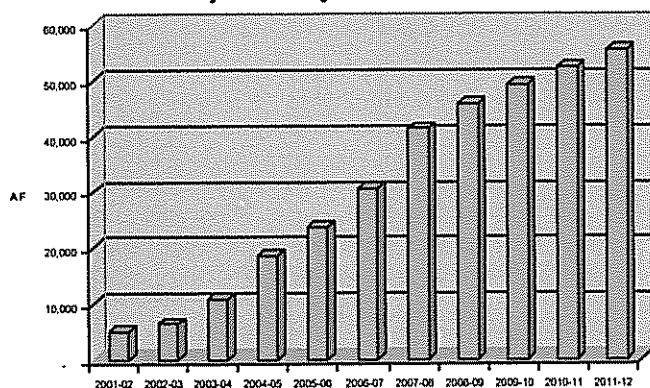
1. Empire Lakes Golf Course (May 2004)	800 AFY
2. Additional Farms on Outfall (April 2004)	1,200 AFY
3. Ontario Center Owners Association	260 AFY
4. California Co-generation	250 AFY
5. Oak Crest Golf Course	500 AFY
6. CIM (Farming Operation & Laundry Facility)	1,500 AFY



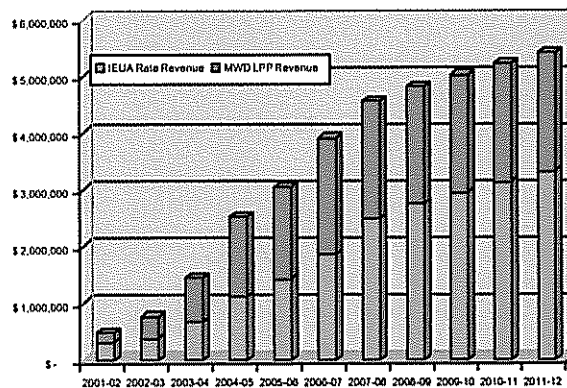
Sterling Apartment Building Construction in Chino Hills soon to use recycled water

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



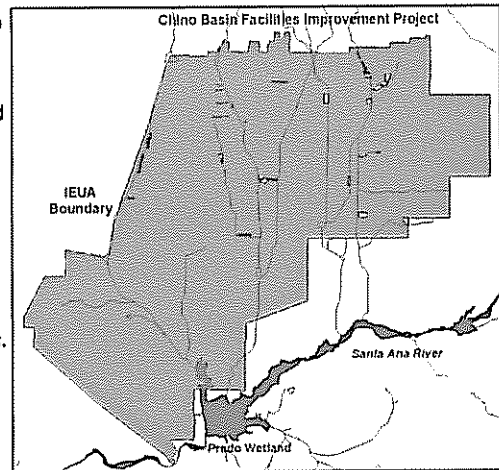
Pinchurst Housing Development in Chino Hills using recycled water



MARCH 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 Watershed Project Authority (SAWPA) under Proposition 13 in June 1999. The CBFIP is a system comprised of activation of two Metropolitan Water District turnouts from the Rialto Pipeline and construction of a new turnout on the Etiwanda Intertie; 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 in early 2005.

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:

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

Bid Package No. 1 (Budget \$8,250,000)

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 - SUBSTANTIALLY COMPLETE—Complete Punch List
- College Heights Basins - SUBSTANTIALLY COMPLETE—Complete Punch List
- Turner Basins 2, 3, & 4 - SUBSTANTIALLY COMPLETE—Complete Punch List
- Turner Basin 1 - SUBSTANTIALLY COMPLETE— Complete Punch Listed. Need to install sluice gate actuator.
- Lower Day Basin - SUBSTANTIALLY COMPLETE—Complete Punch List. Install actuators.
- Banana Basin - SUBSTANTIALLY COMPLETE—Complete Punch List. Install actuators.
- Expected acceptance date: April 1, 2004

Bid Package No. 2 (Budget \$7,300,000)

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

Basins status

- Declez Basin - SUBSTANTIALLY COMPLETE—Install sluice gate actuators.
- Ely Basins 1, 2, & 3 - SUBSTANTIALLY COMPLETE—Sluice gates stolen—reorder & install.
- 8th Street Basins - earthwork at 8th Street Basins is underway (75% complete).

(Continued from page 1)

Rubber dams status

- The four rubber dams are installed in the channels and control structures and installation of electrical panels are **SUBSTANTIALLY COMPLETE**.

Drop Inlets

- The three drop inlets--**SUBSTANTIALLY COMPLETE**

Monitoring Wells at Brooks Basin (COMPLETE)

- Monitoring Wells at Brooks Basin
- Expected Acceptance Date: May 10, 2004

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

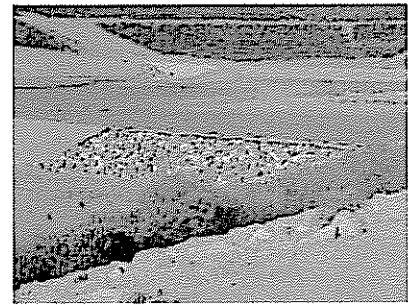
- Construction began January 5, 2004.
- Bid Package No. 3 includes the construction of 11,000 linear feet of 36" diameter pipeline in Jurupa Avenue from the Jurupa Basin at Mulberry Avenue to Beech Avenue at the RP-3 Basins.
- Pipe installation has begun and 1,100 feet has been installed from RP-3 site westward along Jurupa Avenue. The project is 10% complete.
- The construction period is 300 calendar days.

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

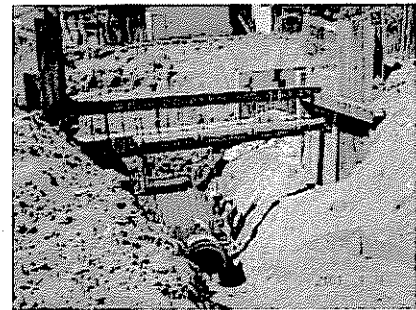
- Bid package No.4 consists of constructing (1) a canal and 100 linear feet of 48" pipe to convey water to (2) the Jurupa Pump Station and (3) 400 lineal feet of 36" diameter cement mortar lined & coated (CML & C) steel pipe force main.
- The Jurupa Basin Pump Station was bid November 20, 2003 and was awarded December 3, 2003. The "notice to proceed" was issued at preconstruction meeting held February 19, 2004. Construction started on February 20, 2004.
- SBCFCD has committed to constructing a section of the San Sevaine concrete channel with a drop inlet and pipeline to deliver water to the Jurupa including stormwater, imported water, and recycled water that will be pumped to the RP-3 Basins and the Decluz 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.
- The construction period is 200 calendar days.

Bid Package No. 5 (Budget \$3,900,000)

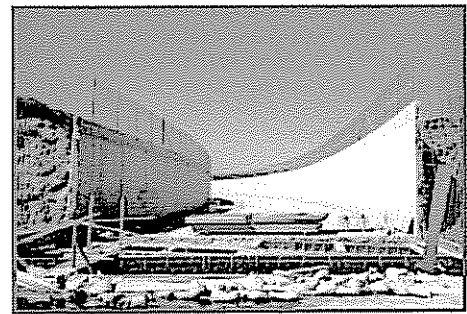
- The SCADA Control and Monitoring System was bid on February 28. DenBoer Engineering Inc. was the low bidder at \$3,492,000 and was awarded the contract on March 3, 2004.
- Radio controls will monitor and govern water levels in all the basins, control the drop inlets and rubber dams; four monitoring 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.
- The construction period is 200 calendar days.



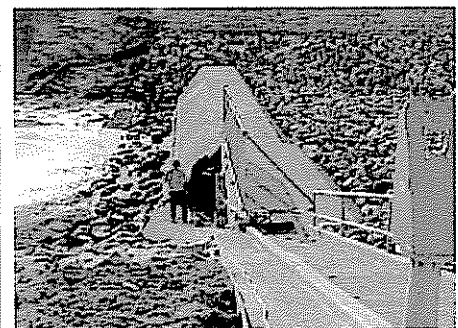
Lower Day Basin



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. 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.

- 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 for \$1,358,926.
- IEUA pre-purchased butterfly and sleeve valves to expedite the project.
- The construction period is 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 \$4,000,000)

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 April 2004, a courtesy tour of the prioritized construction sites will be conducted. The scheduled bid opening is in early 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	70% complete	\$ 500,000
2. Victoria Basin (excavation will be deleted)	100% complete	\$ 500,000
3. Upland Basin	90% complete	\$ 750,000
4. Hickory Basin improvements	80% complete	\$1,000,000
5. Banana Basin discharge	90% complete	\$ 70,000
6. Portable pump	100% complete	\$ 100,000
7. San Sevaine channel bridge** @ Hickory Basin	100% complete	\$ 75,000
8. Monitoring wells	0% complete	\$ 600,000
9. SCADA addition	0% complete	\$ 100,000

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

- The construction period is 150 calendar days.

Victoria Basin - Windrow Earth Transport Contract (WET)

- Permits for earth work in Victoria Basin have been issued by the SBCFCD. Dispatch Trucking, subsidiary of WET, has excavated 25,000 cu. Yds. Of the 100,000 cubic yards of soil from the floor of the Victoria Basin which will ultimately save \$600,000. The excavation will be over an extended period of time due to the high gravel content of the material, not being readily usable for base material for building construction.

Montclair Basins

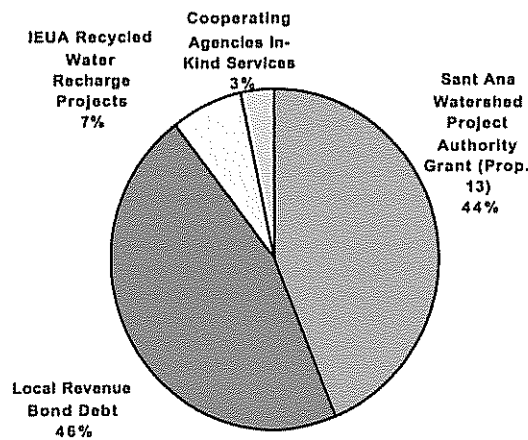
- The SCADA system will be installed in the Montclair Basins to control the inlet gate and internal gates.

CBFIP Active Projects Construction Schedule

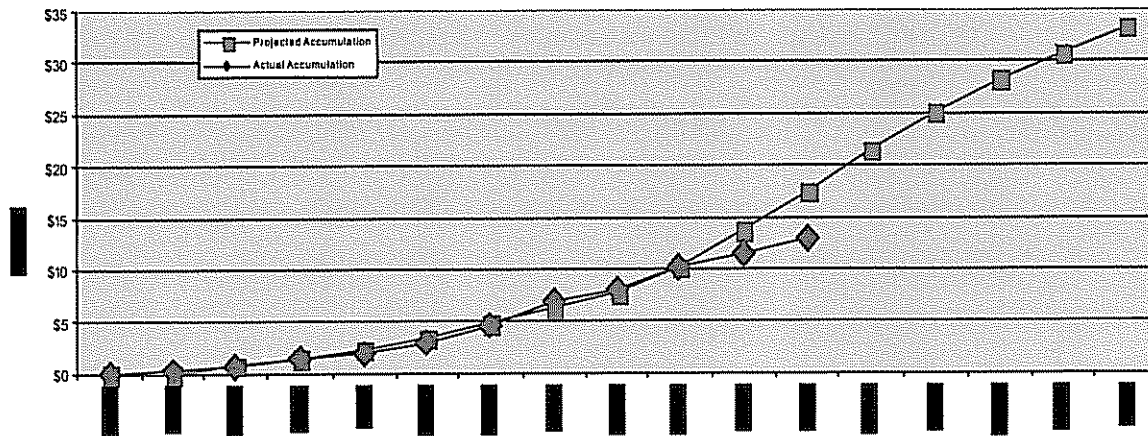
ID	Project Name	2003												2004											
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov			
1	Bid Package No. 1	[Bar from Mar to Apr]												[Bar from Mar to Apr]											
2	Bid Package No. 2	[Bar from Jul to Sep]												[Bar from Mar to Apr]											
3	Bid Package No. 3	[Bar from Jul to Sep]												[Bar from Mar to Apr]											
4	Bid Package No. 4	[Bar from Jul to Sep]												[Bar from Mar to Apr]											
5	Bid Package No. 5	[Bar from Jul to Sep]												[Bar from Mar to Apr]											
6	Bid Package No. 6	[Bar from Jul to Sep]												[Bar from Mar to Apr]											
7	Bid Package No. 7	[Bar from Jul to Sep]												[Bar from Mar to Apr]											

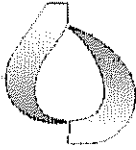
Project Financing

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



Projected vs. Actual Costs





Inland Empire
UTILITIES AGENCY

Date: April 21, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (4/14/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: March Legislative Report from Agricultural Resources

RECOMMENDATION

This is an informational item regarding the March 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:MDjbs
G:\board-rec\2004\04152 March 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

March 31, 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, March 2004

Highlights:

- **Administration Submits Southern California Recycling Study....Sort of...New Conflicts and Controversies**
- **IEUA Water Recycling Bills Pending Resource Committee Action**
- **Water Recycling and Calvert CALFED Bill**
- **Appropriations Requests Submitted**
- **Cows and Cars – New IEUA Partnership Proposal**
- **Perchlorate Issues**
- **IEUA Working Partners**

Administration Submits Southern California Recycling Study – Controversy and Conflict Follow. In report after report, I have reported that the Interior Department repeatedly failed to submit the \$6 million study. Now, some 36 months after the Final Report was completed, it made its way to Congress, as required by law. Suffice to say, there's more to the story. SAWPA provided us with a letter and report, provided them by the Bureau of Reclamation. The letter is addressed to Chairman Domenici, Senate Energy Committee and indicates that the Study is submitted as required by law. A document is attached. It is NOT the Southern California

Feasibility Report. Instead, it's the "Compendium" document that Secretary Raley prepared or had prepared. A reference is made to the study, which is reduced to a reference document and is not submitted to Congress. The letter is dated February 20. Inexplicably, it was not received in Congress until after March 20 and after Rep. Nick Rahall, Ranking Democrat, Committee on Resources and Rep. Grace Napolitano, Ranking Democrat, Subcommittee on Water and Power, send a letter to Chairmen Pombo and Calvert asking for Oversight Hearings on the Southern California Recycling Feasibility Study. Senator Feinstein's staff requested an update, and attached to this Monthly Report is a more detailed status report on recycling reports and legislation. Suffice to say, the Southern California Recycling Feasibility Study remains as controversial as ever.

Water Recycling Legislation, Pending in House Resources Committee. The Resources Committee has now scheduled a business meeting May 5. As reported previously, three Title XVI water recycling authorization bills are pending full Committee action. One reauthorizes the OCWD recycling program. 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. IEUA is meeting with the Subcommittee on a regular basis. Martha Davis was in Washington and met with the Subcommittee this month. Reps. Dreier, Napolitano, Baca, Miller and Calvert are all asking that the bills be reported at the May committee meeting.

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. On-again, off-again CALFED talks continue in California, especially with Delta interests. There is a huge push underway to get an agreement. Senator Feinstein wants to move a bill in the Senate and Chairman Pombo wants to include a CALFED bill at the May 5 markup.

Appropriations Requests Submitted. IEUA prepared appropriations requests which were submitted to Senators Feinstein and Boxer, as well as Reps. Calvert, Baca, Napolitano, Gary Miller and David Dreier. Martha Davis was in Washington to present the requests.

Cars and Cows Proposal Presented to USDA, Congress. IEUA, in partnership with CALSTART, submitted a joint funding proposal to Congress asking for \$4 million to build a second digester and construct the capacity to use the methane to run buses, trucks and some cars. The GM and CEO always looks for markets – be it for recycled water or methane from the digesters. This is another creative – and perhaps unusual – potential new market for methane produced as a result from the Manure Management Program. CALStart's CEO, John Boesel and Martha Davis made presentations in Washington at the USDA and to Congress. Rep. David Dreier submitted the \$4 million request to the Ag Appropriations Committee. Additionally, we met with Rep. Jimmy Duncan, Chair, Subcommittee on Water and Environment (Transportation and Infrastructure Committee). Further briefings will occur with the Subcommittee. This new proposal was also shared with Chairman Richard Pombo who's San Joaquin Valley congressional district has been closely following all of IEUA's initiatives because they have the

same solid waste, manure, water and air problems.

Perchlorate. DOD has contacted Cucamonga Valley Water District and initiated discussions about their request to “test and evaluate” new technologies. These are preliminary discussions, but are considered positive.

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

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

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Date: April 21, 2004

To: Honorable Board of Directors

Through: Public and Legislative Affairs Committee (4/14/04)

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

Submitted by: Martha Davis
Executive Manager of Policy Development

Subject: March Legislative Report from Dolphin Group

RECOMMENDATION

This is an informational item regarding the March legislative report from Dolphin Group.

BACKGROUND

Michael Boccodoro provides a monthly report on his activities on behalf of the Chino Basin/Optimum Basin Management Program Coalition.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:jbs
G:\board-rec\2004\04151 March Leg Report from Dolphin Group

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Chino Basin / OBMP Coalition

Status Report – March 2004

REGULATORY

Community Choice Aggregation – CPUC R.03-10-003

The California Public Utilities Commission has begun the proceeding to determine the rules for the implementation of AB 117 allowing cities and countries to aggregate their electricity generation needs. The proceeding's Phase I is currently determining the cost responsibility surcharges (CRS or "exit fees") that will be levied against CCAs. DWR is currently running models to determine the level of CRS. DWR was chosen to conduct the modeling because they are legislatively protected to recover their costs from the utilities, and were viewed as unbiased on the CRS issue.

The utilities have released a draft "Detailed Processes" paper to outline their thoughts on the mechanics of CCA. It appears that the utilities will try and institute significant implementation fees, as well as try to make the "opt out" procedures dictated by AB 117 more cumbersome.

The Dolphin Group will continue to closely monitor this proceeding at the CPUC.

Water Agency Energy Generation – CPUC R.03-09-029

The judge in this proceeding has yet to issue a ruling since the Prehearing Conference held in January. At that hearing, the judge intimated that she would likely solicit further comments from parties regarding applicable "exit fees" for both on-site and off-site generation. The judge also indicated that she is interested in the specific projects conceived by the water agency parties, noting that only a handful of the hundreds of agencies statewide are involved in the proceeding.

The Dolphin Group continues to follow this proceeding and will offer further comments as directed by the presiding judge.

LEGISLATIVE

Market Restructure Legislation

2004 appears to be an important year in the California Legislature to address the state's electricity market. AB 2006 has been introduced by Assembly Speaker Nunez (D-Los Angeles) and is backed by Southern California Edison. It would create a core/non-core market with strict entry/exit rules. It will likely compete with AB 428 (Richman R-Northridge & Canciamilla D-Pittsburgh), a similar measure introduced last year that is currently stalled in the State Senate.

The major utilities have increased their lobbying efforts as well as their political contributions in preparation for the legislative battle expected this year. Governor Schwarzenegger also campaigned in part on pledging to rework California's energy markets.

The Chino Basin Coalition will be seeking to expand Community Choice Aggregation to include municipal and county water districts that own and operate generation resources.

Other Energy Legislation

Eight years after the enactment of energy deregulation and three years since the 2001 energy crisis, it seems that the Legislature is prepared to dive in head-first in further electricity reform. Numerous spot bills by various Legislators have been introduced in 2004. Although they currently lack specific enabling language, they may be amended in mid-March 30 days after their introduction.

SB 1478 (Sher D-Stanford) accelerates the Renewables Portfolio Standard, requiring 33% of California electricity to be generated from renewable sources by 2020. AB 3005 (Calderon D-Montebello) applies this standard to public utilities.

Dairy Environmental Legislation

After over a year of debate, SB 707 (Florez D-Shafter), which would have allowed cities and school districts to block the siting of dairies within three miles of their boundaries, was pulled by the author. Florez stated his intention to completely gut the bill, which will now address the foster care system.

SB 1732 (Hollingsworth D-Murrieta) would direct the Secretary of Food and Agriculture to develop a voluntary program to promote the environmental quality of dairy lands, facilities, and operations. The bill would authorize funding for the program to be derived from governmental, private, nonprofit, or industry sources.

SPECIAL DISTRICT REFORM

Special district reform will also be a major topic of interest this year. SB 1272 (Ortiz D-Sacramento) appears to be the main vehicle for this reform. The bill was recently amended to include the following reforms:

1. Mandate Ethics training for Board members and strengthen conflict of interest provisions
 - Require board members to attend ethics orientation every two years
 - Provide "whistleblower" protections

2. Establish controls on compensation
 - Limit compensation to \$100/meeting
 - Limit meetings to 6 per month
 - Meetings must fall under definition of the Brown Act
 - District may not provide health, group life and welfare benefits to directors elected or appointed after 1/1/05 unless 100% member-paid.
3. Limit travel reimbursements rates to same as state employees
4. Strengthen auditing requirements of districts
 - Require IRS accountability for reimbursements
 - All reimbursements must be backed by receipts
 - Auditor must meet with Board in open session
 - Auditor must be changed every 5 years
 - Auditor may reaudit back 3 years if auditor finds previous audits were not thorough and complete
5. Provide to the county Controller oversight authority of special district audits.
 - Requires auditor to notify Controller of compliance violations
 - Authorizes Controller to audit any district not in compliance at expense of the special district

We will continue to monitor this bill as it develops.

BUDGET/ERAF/PROPERTY TAXES

Governor Schwarzenegger's has issued his January Budget Proposal to Legislature. The proposal relies heavily on budget cuts, but also includes a large property tax shift from local governments of \$1.3 billion through the Educational Revenue Allocation Funds (ERAF). It is estimated that \$98-105 million annually will be shifted from special districts under the Governor's proposal.

The Legislative Analyst Office (LAO) recommended to the Legislature that the Governor's proposal be rejected and has instead called for increased property tax shifts from special districts to other county programs. The LAO believes that property tax revenue shifted from enterprise special districts can be more easily "back-filled" by raising user fees.

Under the LAO's proposal as much as \$400 million dollars in property taxes would be shifted from enterprise special districts to other county and local programs. The proposed shift would be accomplished on a county-by-county basis and administered by the County Board of Supervisors.

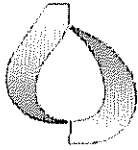
Governor's Proposed Budget

Proposed 2004-05 Local Government Property Tax Shift	
<i>(Dollars in Millions)</i>	
	Amount
Counties	\$909
Cities	188
Redevelopment agencies	135
Special districts	105
Total	\$1,336

Legislative Analyst Office Proposal

LAO Alternative: Local Government	
<i>(In Millions)</i>	
Component	Amount
Reduced subventions	\$216
Special districts	400
Redevelopment agencies	320
Cities	200
Counties	200
State Fiscal Relief	\$1,336

While the passage of Propositions 57 & 58 (as well as the defeat of Proposition 56) provides a somewhat improved outlook, the Legislature has remained reluctant to provide deeper cuts to balance the budget.



Inland Empire
UTILITIES AGENCY

Date: April 21, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (4/14/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: March Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item regarding the March legislative report from Geyer and Associates.

BACKGROUND

Bill Geyer and Jennifer West provide a monthly report on their state activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:jbs
G:\board-rec\2004\04153 March Leg Report from Geyer

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Inland Empire Utilities Agency

WATCH

("C" lowest level, "B" mid level, "A" high level watch)
March 30, 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
AB 2690 (Hancock) Watershed	Exempts watershed groups from having to pay prevailing wage.	B	Assembly Nat. Resources 4/12
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	Senate Ag. & Water Resources
SB 1197 (Denham) Prop. 50 storage	Appropriates unspecified amount from Chap.7 for water storage study on the upper San Joaquin River.	B	Senate Ag. & Water Resources
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	B	Senate Appros.

	Burton bill (SB 1319). Also requires that all SWRCB Prop. 50 funds to be spent on the coastal and in coastal watershed comply with the requirements of SB 1318 and the coastal watershed bill authored by Assemblywoman Pavley from 2002.		4/19
Water Supply Planning			
AB 1921 (Canciamilla) UWMP	Specifies that the UWMP must describe and evaluate sources and <u>reliability</u> of water supply.	B	Assembly W.P. & W.
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. Safety & Toxic Materials
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	Assembly W.P. & W. 4/13
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 Inactive
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 2342 (Jackson) PHGs	When reviewing a PHG every five years the state should take into account the health impacts that contaminates may have on subpopulations, including children and infants.	A	Assembly Enviro. Safety & Toxics 3/30

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	Assembly Business & Professional
AB 2864 (Canciamilla) Water rights fees	Spot bill on water rights fees adopted in 2003.	C	
AB 2884 (Calderon) RWRCB liability exemption	Specifies that the RWQCB is not liable for the abatement of a condition of pollution or nuisance if the RWQCB proceeds to abate the condition and is unable for any reason to abate the condition. Also makes the owner of the property on which the condition exists, or is created, liable in a civil action for all reasonable costs incurred by an abating entity. Santa Clara Valley Water District is the sponsor. The agency says the liability exemption is necessary so that the RWQCB can move more quickly in addressing the local perchlorate problem and other contaminants. Recommend the Watermaster's Water Quality group review this bill.	A	Assembly Enviro. Safety & Toxic Materials 3/30
SB 1477 (Sher) SWRCB: Wetlands	Requires that the SWRCB create a new statewide permitting program under Porter-Cologne, for all wetlands impacts, whether or not the activity is regulated by another state agency and/or the Corps. Vegetation removal and impacts to upland riparian areas would also be include in the permit. The bill is sponsored by environmental groups that wish to fill any regulatory gap left by a 2001 Supreme Court case on wetlands (SWANCC.) A large coalition, including RLC, has raised concerns about overlapping jurisdiction and expansion of SWRCB authority under the bill. Arrundo removal, managed wetland maintenance activities (Prado wetlands) and other water district projects appear to be subject to the bill.	A	Senate Enviro. Quality 4/12
SB 1552 (Machado) TMDL	Authorizes the RWQCB to establish minimum stream flow requirements in connection to establishing TMDLs. Senator Machado's objective with the bill is to address the dissolved oxygen problem in the Delta. Unfortunately, the bill has statewide implications since so many water bodies are subject to the establishment TMDLs, including the Santa Ana River.	A	Senate Enviro. Quality 4/12
Water Conservation			
AB 2298 (Plescia) Water	Requires that by 2006 a public water system serving 3,000 or more connections	A	Assembly

meters	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. Bill failed passage in its Assembly W.P.W. A number of northern California members expressed concerns that the bill was not needed in their districts. Sponsors of the bill were Landscape Contractors and NRDC.		Business & Professional
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	Assembly W.P. & W. 4/13
AB 2717 (Laird) CUWCC	San Diego Water Authority sponsored bill. 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	Assembly Local Gov. 4/21
SB 1909 (Ag. Committee)	Spot bill on recycled water.		Senate Ag. & Water Resources
Special Districts/Property Tax Revenue			
SB 1272 (Ortiz) Special District Audits	Comprehensive special district reform measure. <ul style="list-style-type: none"> Prohibits any member of the governing board of a special district from having any interest, financial or otherwise, or engage in any activity that is in conflict with the proper discharge of his or her duties. Any violation would be a new crime. Requires legal and ethical orientation sessions for board members. Establishes whistle-blower protections for board member or employees. Limits meeting compensation to members of the governing boards to not exceed \$100 a day. Requires that for board members who first take office after 2005, no life insurance, health care or retirement benefits be provided. <p>This bill is largely the result of the Sacramento Suburban Water District scandal.</p>	A	Senate Local Gov. 4/21

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	Senate Local Gov. 4/21
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	Senate Elections & Reapportion 4/21
SB 1414 (Brulte) Consolidation	Legislative intent to consolidate certain local water districts in Southern California. Doesn't say which ones.	A	Senate Rules
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	Senate Rev. & Tax 4/14
SB 1497 (Poochigian) Taxes	Spot bill on property revenue to local jurisdictions.	C	Senate Rules
SB 1720 (Alarcon) MWD Civil Service	Changes MWD civil service requirements for all employees and officers.	C	Senate Local Gov. 4/21
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 & Water
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	Assembly Business & Professional
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	Assembly Housing & Develop 4/14
AB 2439 (Haynes) Elsinor Valley Municipal Water D.	Allows recreational use with body contact in a reservoir within the district.	C	Assembly W.P. & W. 4/13

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	Senate Ag. & Water Resources
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 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	Senate Ag. & Water Resources
SB 1409 (Poochigian) Water Rights	Spot bill on water rights.	C	Senate Rules
SB 1739 (Margett) DWR	Spot bill on water rights.	C	Senate Rules
Miscellaneous			
AB 1522 (Parra) Water rights	Specifies under what circumstances a water rights permits may be revoked, including that the permittee is no longer using the water beneficially in accordance with the permit. States that when a water rights permit is revoked without a hearing, the permittee may file with the SWRCB a request to set aside the revocation with 30 days of the order.	B	Senate Ag. and Water Resources
AB 2141 Longville (Floodplain Management)	Creates that Alluvial Fan Task Force, to be established by DWR. Task force would prepare recommendations relating to alluvial fan floodplain management. San Bernardino County, agricultural groups and local governments are specifically included in the task force.	B	Assembly W.P. & W. 4/13
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	Senate Enviro. Quality
SB 1479 (Sher) RWQCB	Reduces membership from nine members to five. SWRCB sponsored.	C	Senate Enviro. Quality 4/12

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MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West and Bill Geyer

DATE: March 31, 2004

RE: March Legislative Report

Attached are the two IEUA bill lists. Many of the measures are now set for policy committees in April.

Local Government Finance

Even though the March debt-refinancing bond passed this month, the reallocation of property tax revenues between local governments and the state continues to be seriously debated in Sacramento. Special districts are at particular risk because their services, in many instances, are not mandated, and they remain under scrutiny because of the scandals that have been widely reported in the press (namely Sacramento Suburban Water District). IEUA and SAWPA are working on a communication strategy to help educate Legislators and the public on how property tax revenues enhance and protect the water supply within the Santa Ana River watershed. No major property tax revenue shift legislation has yet been introduced, but there are many Legislators that have expressed interest in this subject, including Senator Torlakson, Chair of Senate Local Government.

Signature gathering continues on the City/County sponsored "Local Taxpayers and Public Safety Protection Act (the LOCAL initiative)." The initiative will place strong controls over how the Legislature can reallocate property tax revenues, requiring a vote of the people before it can be done. There is also likely to be a competing measure before the voters, which will be passed by the Legislature and placed on the ballot. Although the legislation is still being crafted, special districts' property revenues are expected to be protected by the measure.

Proposition 50 Update

Final Chapter 4 guidelines have still not been issued and DWR and SWRCB have just held their first "scoping session" for Chapter 8 funds. IEUA has been heavily involved in both efforts.

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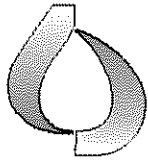
Inland Empire Utilities Agency

Positions/Position Recommendations

March 30, 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 Inactive
ERAF/Local Government			
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 Inactive
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. The bill specifically targets a project in Senator Romero's district (Puente Hills MRF). Cities and counties are raising concerns that the bill usurps their decision-making authority. Recommend IEUA opposition because the measure is bad precedent and, if expanded to areas with lower populations, could be applicable to IEUA's co-composting facilities.	Recommend Oppose	Senate Local Gov. 4/12

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 to 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>ACWA's board voted to oppose the measure because it doesn't believe the bill should apply to surface water, and the board believes that the notification provisions will not be useful to local government. Despite ACWA's opposition, the measure passed out of its first policy committee with no "no" votes, even from the two conservative Republicans on the committee.</p>	Support	Assembly Approps.
Water Supply			
SB 1155 (Machado) Cal-FED	<p>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.</p> <p>This measure has been put on temporary hold as all parties try to work out a Delta pumping solution.</p>	Oppose unless amended	Senate Ag. And Water Resources (Hearing postponed)
Water Conservation			
AB 2299 (Plescia) Dishwasher water Efficiency	Requires the CEC by 2006 to revise regulations for commercial dishwashing pre-rinse spray values to be less than 1.6 gallons of water per minutes. San Diego County Water Authority is the sponsor.	Recommend Support	Assembly Natural Resources 4/12
AB 2572 (Kehoe) Water Meters	Requires the installation of water meters on all service connections. Supersede local ordinances prohibiting the installation of water meters. IEUA supported a similar bill last year, which was stopped by Appropriations Chair Steinberg from Sacramento. The City of Sacramento continues to oppose water meters. Steinberg is no longer chair of Appropriations, so the City's concerns should not pose as great of an obstacle for the bill.	Recommend Support	Assembly Water, Parks & Wildlife 4/13



Date: April 21, 2004

To: The Honorable Board of Directors

Through: Public and Legislative Affairs Committee (4/14/04)

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

- Fontana Earth Day, Mary Vagle Nature Park
April 17 - 11am to 3pm
- Upland Lemon Festival
April 24 – 10am to 9pm
April 25 – 11am to 7pm
- Cucamonga Valley Water District's Children's Festival
May 14 – 8am to 2pm
- Cucamonga Valley Water District's Water Awareness Day
May 15 11am to 2pm
- Chino Dairy Festival
June 5 – 9am to 4pm

Agency Tours

Conference/Meetings

- Anaerobic Digester Summit II IEUA Event Center
April 27 - 8am to 7pm
April 28 - 8am to 3pm

Cerrell and Associates

- Preparing IEUA information/presentation boards to be displayed at IEUA facilities, SAWPA, etc.
- Completed 2003 Annual Report.
- Landscape Brochure
- Facility's Brochures
- Provided general media relation support.

Calendar of Upcoming Events

- Monte Vista Water District ULFT distribution
April 24
- City of Ontario ULFT distribution
May 1
- IEUA Regional ULFT distribution – California Speedway, Fontana
May 8 – 8am till noon
- IEUA Residential Landscape Classes – IEUA Event Center
April 3, 10, 17
- National Compost Week
May 2 – 8
- Regional Plant No. 5 Dedication
May 21 – 10am
- IEUA Commercial Landscape Classes
July 7, 14, 21, 28

PRIOR BOARD ACTION

None

IMPACT ON BUDGET

None

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

CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

IV. INFORMATION

1. Barbara Boxer United States
Senator Letter Regarding
\$300,000 Conjunctive Use
Appropriation

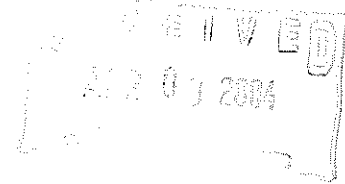
BARBARA BOXER
CALIFORNIA

United States Senate

HART SENATE OFFICE BUILDING
SUITE 112
WASHINGTON, DC 20510-0505
(202) 224-3553
<http://boxer.senate.gov/contact>

COMMITTEES:
COMMERCE, SCIENCE,
AND TRANSPORTATION
ENVIRONMENT
AND PUBLIC WORKS
FOREIGN RELATIONS

March 22, 2004



Mr. John V. Rossi
9641 San Bernardino Road
Rancho Cucamonga, California 91730-2738

Dear Mr. Rossi:

Thank you for contacting my office to express your views on the Chino Basin Conjunctive Use Project, which I support. This project received \$300,000 in the fiscal year 2004 Energy and Water Appropriations bill.

I believe that all citizens should become involved in the legislative process by letting their voices be heard, and I appreciate the time and effort that you took to share your thoughts with me. One of the most important aspects of my job is keeping informed about the views of my constituents, and I welcome your comments so that I may continue to represent California to the best of my ability. Should I have the opportunity to consider legislation on this or similar issues, I will keep your views in mind.

For additional information about my activities in the U.S. Senate, please visit my website, <http://boxer.senate.gov>. From this site, you can access statements and press releases that I have issued about current events and pending legislation, request copies of legislation and government reports, and receive detailed information about the many services that I am privileged to provide for my constituents. You may also wish to visit <http://thomas.loc.gov> to track current and past legislation.

Again, thank you for taking the time to share your thoughts with me. I appreciate hearing from you.

Sincerely,

Barbara Boxer
United States Senator

BB:sw

1700 MONTGOMERY STREET
SUITE 240
SAN FRANCISCO, CA 94111
(415) 403-0100

312 N. SPRING STREET
SUITE 1748
LOS ANGELES, CA 90012
(213) 894-5000

501 T STREET
SUITE 7-600
SACRAMENTO, CA 95814
(916) 448-2787

1130 O STREET
SUITE 2450
FRESNO, CA 93721
(559) 497-5109

600 B STREET
SUITE 2240
SAN DIEGO, CA 92101
(619) 239-3884

201 NORTH E STREET
SUITE 210
SAN BERNARDINO, CA 92401
(909) 888-8525

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CHINO BASIN WATERMASTER

April 22, 2004

10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

IV. INFORMATION

2. DRW Letter - \$15 Million
Conjunctive Use Grant

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



April 2, 2004

Mr. Richard Atwater, Chief Executive Officer
Inland Empire Utilities Agency
Post Office Box 697
Rancho Cucamonga, California 91729

Funding Notification - Safe Drinking Water, Clean Water, Watershed Protection and
Flood Protection Act (Proposition 13) - Groundwater Storage Program

Dear Mr. Atwater:

Thank you for your interest in the Proposition 13 Groundwater Storage/Recharge Program. The Inland Empire Utilities Agency in San Bernardino County filed an application for a Groundwater Storage Construction Grant on June 5, 2003. We are pleased to inform you that your agency's proposal was conditionally selected for funding. This letter serves as notice of our intent to award \$15,000,000 to fund the Chino Basin Conjunctive Use Expansion Program. The total project cost is estimated to be \$81,701,011

Award of Proposition 13 funds is contingent on the availability of funds in the Fiscal Year (FY) 2004-2005 Department of Water Resources (DWR) budget established through the State's normal procedures. Those funds were not included in the proposed FY 2004-05 budget (January version). Therefore, at this time we are unable to commit any Proposition 13 funds for this project. If funds become available, execution of a contract with DWR will also be subject to the current contracting freeze. We cannot execute a contract until this freeze is lifted or we receive approval for an exemption.

If funding becomes available and DWR receives an exemption to the above-referenced contract freeze, the following requirements must be satisfied before DWR will sign a contract with your agency for this project:

- A plan for documenting environmental benefits claimed in the application. Specifically the improvement of groundwater quality through recharge and the benefits to downstream wet lands in the Prado Basin by preventing groundwater flow to the Santa Ana River.
- Demonstration of the availability of sufficient funds to complete the project.
- Demonstration that the proposed Project financing has the support of a majority of the affected community.

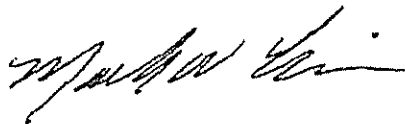
WR-13-2004
7/1/04
11/15
Mr. Richard Atwater
April 2, 2004
Page 2

- Submittal of an initial budget of Eligible Project Costs on a form provided by and approved by the State.
- Demonstration that sufficient water is available at all times and a right to use the water required to operate the project.
- Demonstrated compliance with all applicable requirements of the California Environmental Quality Act and the National Environmental Policy Act by submitting copies of any environmental documents, including environmental impact reports, environmental impact statements, negative declarations, mitigation agreements, and environmental permits as may be required prior to beginning construction.
- Complete and return to DWR the enclosed Contract Information Checklist.

Any costs that your agency incurs prior to a commitment of funds and entering into a contract may be reimbursed at DWR's discretion. However, if your agency wishes to proceed with this project prior to execution of a contract with DWR your agency may be solely responsible for any costs incurred.

DWR will continue to keep you apprised of the status of the Proposition 13 funding as additional information becomes available. If you have any questions please contact Tracie Billington, at (916) 651-9226.

Sincerely,



Mark W. Cowin, Chief
Division of Planning and Local Assistance

Enclosure

cc: (See attached list.)

Honorable Dean Florez
Member of the Senate
State Capitol, Room 4090
Sacramento, California 95814

Honorable Michael J. Machado
Member of the Senate
State Capitol, Room 3086
Sacramento, California 95814

Honorable Nell Soto
Member of the Senate
State Capitol, Room 4074
Sacramento, California 95814

Honorable John Longville
Member of the Assembly
State Capitol, Room 3123
Sacramento, California 95814

Honorable Robert D. Dutton
Member of the Assembly
State Capitol, Room 3149
Sacramento, California 95814

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Enclosure 1
Contract Information Checklist

Note: Please have your agency's designated representative complete the following checklist and provide the appropriate information within 30 days of the date of this letter. Approval of any changes to the Proposed Project is at the discretion of DWR.

A. Any there any changes in the original application project scope of work?

Yes No

If yes, describe the changes. Also note if the change in scope will affect project yield or other benefits.

B. Will the funded project be constructed in phases? Yes No

If yes, indicate the number of phases and describe the components for each phase.

C. Are there any changes in the original project schedule as shown on your application? Yes No

If yes, describe changes.

D. Are there any project cost changes (total project cost, budget adjustments, funding sources, and amount of funding per source)? Yes No

If yes, describe changes.

E. Is the CEQA and/or NEPA environmental documentation complete, including receipt of the attorney's letter re: legal challenges? Yes No

If yes, include copies of the attorney's letter and Notice of Determination or Notice of Exemption.

If no, describe current status and provide an estimate of the completion date, including the projected date of the attorney's letter (contract execution requirement).

F. Is there any other environmental documentation? Yes No .

If yes, is the documentation complete? Yes No

If yes, describe the documentation.

If no, describe current status and estimate completion date (disbursement requirement).

G. Have all permits been obtained for the project? Yes No

If no, list permits to be obtained and estimate date when all required permits will be obtained.

H. Have all land acquisitions and rights-of-ways been obtained? Yes No

If no, describe the status and estimated date when all items will be obtained.

I. Have final plans and specifications been prepared for the project? Yes No
If no, describe the current status and estimated completion date of the final plans and specifications. If the project will impact potable water supplies, provide the estimated date that the Department of Health Services will approve final plans and specifications.

J. Have there been any changes in other environmental benefits claimed for the project? Yes No
If yes, describe the changes.

K. Have there been any other changes to the information contained in your application? Yes No
If yes, describe the changes.

Agency Name: Inland Empire Utilities Agency

Name of Designate Representative: _____

Email Address: _____

Phone Number: _____

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CHINO BASIN WATERMASTER

April 22, 2004

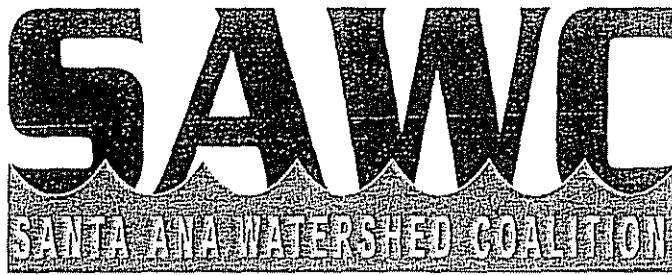
10:00 a.m. – Advisory Committee Meeting

(Lunch Will Be Provided)

1:00 p.m. – Watermaster Board Meeting

IV. INFORMATION

3. SAWC Nomination for the
2004 Integrated Project of
the Year Award



April 1, 2004

Richard Atwater
CEO/GM
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, CA 91709

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


Dear Gentlemen:

It is my pleasure to inform you about the Santa Ana Watershed Second Annual Water Conference and Awards Dinner hosted by the Santa Ana Watershed Project Authority (SAWPA) and the Santa Ana Watershed Coalition (SAWC). These two entities share a united goal of providing the latest information on water issues with cities, planning departments, private sector companies, businesses groups, environmental groups and elected officials. The Conference and Awards Dinner will focus on the status of the watershed since the recent fires of 2003, as well as the current political discussions surrounding water for Southern California.

In conjunction with this event, SAWPA honors key stakeholders from different sectors for their role in maintaining the stability of this precious Southern California watershed. **We are proud to announce that the IEUA/Chino Basin Watermaster Recharge Basins project was nominated for an award and was selected for the 2004 Integrated Project of the Year Award.** The concept for the Integrated Project award is to recognize a multi-faceted project in the watershed that best exemplifies an integrated approach to include multiple components of an Integrated Water Project in producing water and solving water related issues and problems.

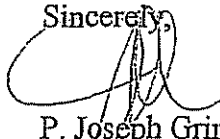
The Mission of the SAWC is to create a broad-based group of individuals and organizations dedicated to assuring water self-sufficiency in the Santa Ana Watershed by drought proofing

the region, improving water quality, advocating regional water management, enhancing the environment, supporting economic vitality and meeting future needs of the region. Our goal is to activate the Santa Ana Watershed Coalition to provide support for public education, advocacy and outreach to key stakeholders in order to expand and increase awareness and support for the watershed and the integrated watershed program.

Again, we are happy to honor your agencies with the 2004 Integrated Project of the Year Award. Please mark your calendar early for the **Second Annual Awards Dinner to be held at 5:30 p.m. on April 29, 2004. The evening events will be held at the Historical Mission Inn in Riverside beginning with a VIP Reception at 5:30 p.m., a General Reception at 5:30 and the Dinner and Awards at 7:00 p.m.** We are requesting that you arrive at 5:30 p.m. for photographs with our Master of Ceremonies, Huell Howser. This will also give you an opportunity to meet each of our Event Sponsors without whom we could not host this important watershed conference. Please confirm your attendance with Andrea De Leon at (909) 371-5190.

Congratulations, John! I look forward to seeing you on April 29th.

Sincerely,



P. Joseph Grindstaff
President

cc: Atwater, Richard

JG:ad