CHINO BASIN WATERMASTER

NOTICE OF MEETINGS

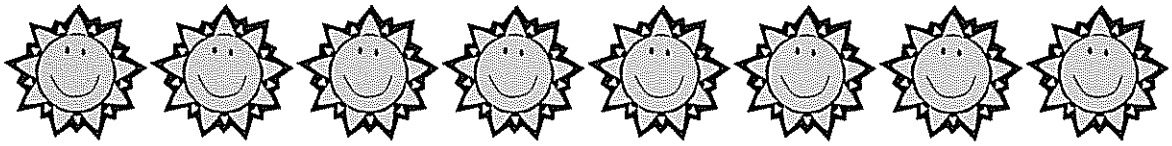
Thursday, August 26, 2004

9:00 a.m. – Advisory Committee Meeting

and

11:00 a.m. – Watermaster Board Meeting

AT THE CHINO BASIN WATERMASTER OFFICES
9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888



CHINO BASIN WATERMASTER

August 26, 2004

9:00 a.m. – Advisory Committee Meeting

And

11:00 a.m. – Watermaster Board Meeting

AGENDA PACKAGE

CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

9:00 a.m. – August 26, 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 on July 22, 2004 *(Page 1)*

B. FINANCIAL REPORTS
1. Cash Disbursements for the month of July 2004 *(Page 17)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through June 30, 2004 *(Page 21)*
3. Treasurer's Report of Financial Affairs for the Period June 1 through June 30, 2004 *(Page 23)*
4. Profit & Loss Budget vs. Actual July 2003 through June 2004 *(Page 25)*

C. WATER TRANSACTION
1. Consider Approval for Transaction of Notice of Sale or Transfer from West Valley Water District to Fontana Water Company in the amount of 500 acre-feet; Date of Application: May 27, 2004 *(Page 27)*

D. STATUS REPORT #11
Consider Authorization to File Status Report 11 with Court and Authorize Staff and Counsel to Make Minor Edits as Necessary *(Page 41)*

II. BUSINESS ITEMS

A. CONSIDER IEUA FUNDING REQUEST
Consider Contribution by Watermaster to National Academy of Sciences, Water Science and Technology Board Investigation "Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water" *(Page 65)*

B. CONSIDER AGREEMENT TO FORM A TASK FORCE
Consider Agreement to Form a Task Force to Conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed (Basin Monitoring Program) *(Page 73)*

C. **CONSIDER AGREEMENT TO CONDUCT A NITROGEN LOSS MONITORING PROGRAM**
Consider Agreement to Conduct a Nitrogen Loss Monitoring Program in the Santa Ana River Watershed (N-Loss Monitoring Program) *(Page 91)*

D. **CONSIDER FIRST AMENDMENT TO PEACE AGREEMENT AND WATERMASTER RESOLUTION 2004-__**
Consider the First Amendment to the Peace Agreement Regarding Salt Credits and Allocation of Stormwater Recharge and Consider Associated Watermaster Resolution *(Page 105)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT
1. Attorney/Manager Meetings
2. Santa Ana River Application Process

B. STAFF REPORT
1. Phase VII Bid Results *(Page 111)*
2. Groundwater Modeling Update/Interim Results
3. Update on the Draft Chino I and Chino II Desalter Projects Groundwater Monitoring and Mitigation Plan

C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT
1. Rialto Pipeline Shutdown – Task Force Update – Rich Atwater (oral)
2. MWD Status Report – Rich Atwater (oral)
3. College Heights Project Status Report – Tom Love (oral)
4. Proposition 50 Grant Funding Status Report – Martha Davis (oral)
5. Water Resources Report (handout)
6. Water Conservation Status Report *(Page 115)*
7. Recycled Water Program *(Page 117)*
8. Chino Basin Facilities Improvement Project *(Page 121)*
9. State/Federal Legislation *(Page 125)*
10. Public Relations *(Page 153)*

IV. INFORMATION
1. Chino Basin Desalter Authority – Chino I Expansion and Chino II Desalter Project – Progress Report *(Page 155)*
2. CBFIP Mapping Information Facilities Location / Operational Stats / Startup Dates *(Page 167)*
3. Dry Year Yield Operating Plan *(Page 163)*

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VIII. FUTURE MEETINGS

August 25, 2004	9:00 a.m.	MZ1 Technical Committee Meeting
August 26, 2004	9:00 a.m.	Advisory Committee Meeting
August 26, 2004	11:00 a.m.	Watermaster Board Meeting
September 9, 2004	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 13, 2004	9:00 a.m.	Attorney/Manager Meeting @ BB&K
September 21, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 23, 2004	9:00 a.m.	Advisory Committee Meeting
September 23, 2004	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

11:00 a.m. – August 26, 2004
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INTRODUCTION OF THE NEW CHIEF EXECUTIVE OFFICER FOR CHINO BASIN WATERMASTER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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A. MINUTES
1. Minutes of the Watermaster Board Meeting held on July 22, 2004 *(Page 7)*
2. Minutes of the Watermaster Closed Board Meeting held on July 29, 2004 *(Page 15)*

B. FINANCIAL REPORTS
1. Cash Disbursements for the month of July 2004 *(Page 17)*
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D. STATUS REPORT #11
Consider Authorization to File Status Report 11 with Court and Authorize Staff and Counsel to Make Minor Edits as Necessary *(Page 41)*

E. STATEMENT OF COMMENDATION
Consider Authorization to Present P. Joseph Grindstaff a Statement of Commendation for Outstanding Public Service

II. BUSINESS ITEMS

A. CONSIDER IEUA FUNDING REQUEST

Consider Contribution by Watermaster to National Academy of Sciences, Water Science and Technology Board Investigation "Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water" *(Page 65)*

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B. STAFF REPORT

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IV. INFORMATION

1. Chino Basin Desalter Authority – Chino I Expansion and Chino II Desalter Project – Progress Report *(Page 155)*
2. CBFIP Mapping Information Facilities Location / Operational Stats / Startup Dates *(Page 167)*
3. Dry Year Yield Operating Plan *(Page 173)*

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VIII. FUTURE MEETINGS

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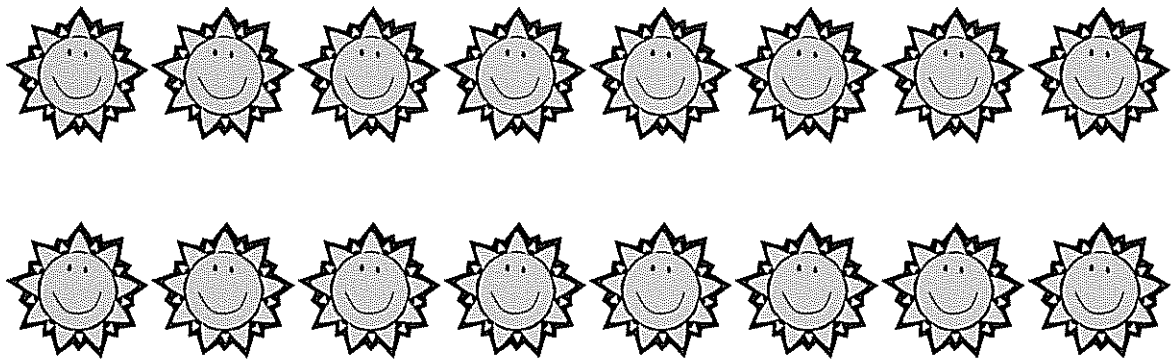
September 23, 2004	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

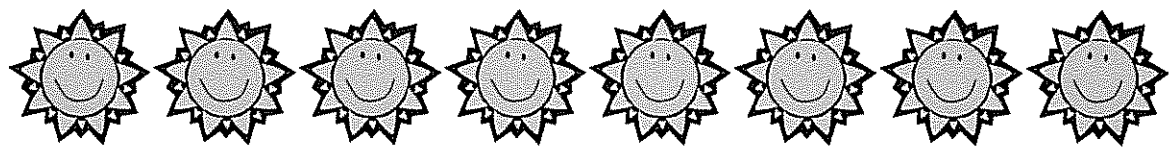


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – July 22, 2004



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
July 22, 2004

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on July 22, 2004 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Nathan deBoom, Chair	Milk Producers Counsel
Dave Crosley	City of Chino
Ray Wellington	San Antonio Water Company
Arnold Rodriguez	Santa Ana River Water Company
Mike McGraw	Fontana Water Company
Raul Garibay	City of Pomona
Robert DeLoach	Cucamonga Valley Water District
Gerald Black	Fontana Union Water Company
Mohamed El-Amamy	City of Ontario
Mike Maestas	City of Chino Hills
Henry Pepper	City of Pomona

Agricultural Pool

Pete Hall	State of California Institute for Men
John Huitsing	Milk Producers Counsel

Non-Agricultural Pool

Justin Scott-Coe (via conference call)	Vulcan Materials Company (Calmat Division)

Watermaster Staff Present

Sheri Rojo	Chief of Watermaster/Finance Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Rich Atwater	Inland Empire Utilities Agency
Tom Love	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Dave Hill	Inland Empire Utilities Agency
Bill Stafford	Marygold Mutual Water Company
Justin Brokaw	Marygold Mutual Water Company
Josephine Johnson	Monte Vista Water Company

The Advisory Committee meeting was called to order by Chair deBoom at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

I. **CONSENT CALENDAR**

A. MINUTES

1. Minutes of the Advisory Committee meeting held June 24, 2004

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from Cucamonga Valley Water District to Fontana Water Company in the Amount of 2,500 acre-feet; Date of Application: April 8, 2004
2 Consider Approval for Transaction of Notice of Sale or Transfer from The Nicholson Trust to Fontana Water Company in the Amount of 6.475 acre-feet; Date of Application: April 7, 2004
3. Consider Approval for Transaction of Notice of Sale or Transfer from The City of Chino to The City of Ontario in the Amount of 5,600 acre-feet; Date of Application: April 20,2004
4. Consider Approval for Transaction of Notice of Sale or Transfer from Cucamonga Valley Water District to Fontana Water Company in the amount of 2,500 acre-feet; Date of Application: May 14, 2004
5. Consider Approval for Transaction of Notice of Sale or Transfer from Jurupa Community Services District to The City of Ontario in the Amount of 3,000 acre-feet; Date of Application: April 20, 2004
6. Consider Approval for Transaction of Notice of Sale or Transfer from Santa Ana River Water Company to Jurupa Community Services District in the amount of 1,000 acre-feet; Date of Application: May 12, 2004

Motion by DeLoach, second by Black, and by unanimous vote
Moved to approve Consent Calendar Items A through C, as presented

II. **REPORTS/UPDATES**

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meetings
Counsel Fife commented the Attorney/Manager meetings are continuing and proceeding well. Counsel Fife noted there is a sub-committee meeting for the Appropriators to talk about the storage component today at 1:00 p.m.

2. Santa Ana River Application Process
Counsel Fife as reported the Orange County Water District (OCWD) has put out their Draft Environmental Impact Report (EIR) on their application, in addition, San Bernardino Valley Conservation District has also put out their EIR for their application. Counsel Fife stated Watermaster did comment on OCWD's application and there is a copy of those comments available on the back table. Counsel Fife noted that their EIR claimed that their application will not have any impact on us and by making that claim their EIR declined to analyze any impacts of their application upstream of Prado Dam so our comments highlighted that fact and pointed out that if they did end up obtaining a permit or something that does have an impact on Chino Basin it will render their EIR inadequate to support their project and they will have to start all over again.

A question regarding the upper watershed entities taking similar positions regarding this was presented. Counsel Fife stated yes that the City of Riverside took basically the same

claims as we did. Western Municipal Water District and San Bernardino Water District/ San Gabriel Water District, who are filing jointly, also submitted a comment letter which basically stated that OCWD's EIR states they are staying consistent with the 1969 Judgment and there will be no impact upstream.

A brief discussion ensued with the regard to the applications. It was noted that Watermaster should consult with the other entities in this regard. Counsel Fife stated that he is working closely with the State Board staff.

3. Santa Ana Sucker Update
Counsel Fife stated the sucker was listed on the endangered species act list as a threatened species, there is a draft designation of critical habitat and Prado Basin has been chosen; that rule is not finalized yet. Counsel Fife noted there are some problems with the process some of the people upstream are very concerned about the designations up in that area; this might cause a formal challenge to the designation to the habitat.

4. June 24th Hearing
Counsel Fife commented that after the last Advisory and Board meeting there was a hearing that approved the Dry Year Yield Storage Agreement; that process is now completed. We will move on with formal implementation of that project stated Counsel.

B. STAFF REPORT

1. Update on Repairs to the Piezometer
Mr. Wildermuth reviewed the problems with the workings of the deep set of Piezometers at Ayala Park. Wildermuth Inc. spent the wintertime looking at how to repair or rectify this situation. There was some reason to believe that the deepest Piezometer had one or more leaks in it; based on reviewing several items of data. The contractor went in and put in an inner well, basically a well inside a well, backfilled the original well with grout, which appears to have solved the problem. There might still be an issue with one more Piezometers, although, the critical Piezometers are now working. The test that the fix is really going to work will occur this summer when we have maximum drawdown from nearby wells and the Piezometer is stressed. Mr. Wildermuth is confident that the problem has been repaired and the costs are much less than budgeted.

It was asked that if any of the costs were reimbursed by the manufacture. Mr. Wildermuth answered that we negotiated to split the costs.

2. Update on OC-59 Water Deliveries
Ms. Rojo explained that Watermaster had water coming into the College Heights Basin to perform a demonstration project where the basins were being tested for the recharge program. This is the basin that was experiencing recharge difficulties due to water hitting a clay layer, traveling horizontally, and then daylighting in the Upland Basin. Through a cooperative effort with Orange County they allowed us to take on water even though we did not have an exact way of measuring how much water was theirs and how much was ours. This was to be a two day test project and approximately five hours after the demonstration started MET wanted to cut back water delivery even more, since it is their connection, they are allowed first dibs on the water. Ms. Rojo stated this project was a combined effort and through numerous phone calls she was pleased to report the outcome was great, in that, Orange County Water District stood aside and allowed us to take in the water and finish our demonstration project. Ms. Rojo commented that Orange County was very accommodating and again this was a tremendous cooperative effort by all parties involved.

3. IEUA Partnership Funding Request
Ms. Rojo asked the Committee members to turn to page 39 of the packet which is a request from IEUA for a partnership funding agreement for researching underground

storage opportunities. This topic was in the packet for information only; to give the Committee a chance to review, give feed back, and then it will be brought back with a staff report and recommendation next month.

4. Update on the Draft Chino I and Chino II Desalter Projects Groundwater Monitoring and Mitigation Plan
   Ms. Rojo informed the Committee members that Tom O'Neil due to scheduling conflicts would not be able to give his presentation today. Ms. Rojo is waiting to hear if Tom will be able to attend the August meeting. Chair deBoom stated that he will contact Tom to verify his upcoming schedule.

Added Comment by Ms. Rojo stating that the next item, Item C on the agenda will be renamed MET Member Agency Reports to give other entities an opportunity to make reports and presentations as well. Counsel Fife noted that Western has indicated that it would like to give monthly updates at the Advisory meetings also.

C. INLAND EMPIRE UTILITIES AGENCY

1. Rialto Pipeline Shutdown – Task Force Update – Rich Atwater (oral)
   Mr. Atwater gave an update on the Rialto Pipeline task force noting he had met with several parties last week to get a start on this important issue. Mr. Atwater noted that the one thing IEUA has learned by this recent shutdown is that if there is a shutdown anywhere from Live Oak in LaVerne all the way back up to Devils Canyon it means the whole pipeline goes down. The meeting with MET staff was very positive and he wants to participate at the August 16 operating plan discussion. Mr. Atwater has asked Wildermuth Inc. and Black & Veatch to provide updated information for the Storage and Recovery on local asset inventory. Mr. Atwater was to have a discussion with the involved parties on what we are going to do to survive an outage; wanting better local supply reliability. Mr. Atwater acknowledged that depending on what happens in December/January/February and if the snow pack is low; we will be in a drought allocation. The question of annual evaporation rate in Diamond Valley was presented. Mr. Atwater commented that it is approximately 50,000 acre-feet a year; noting that the bottom 400,000 acre-feet is for emergency supply. Strategically we need to do everything we can do to help maximize local supply stated Mr. Atwater.

2. MWD Status Report – Rich Atwater (oral)
   No comment was made regarding this item.

3. Recharge Project Status Report – Tom Love (oral)
   Mr. Love explained there were two presentations he would be giving to the Committee today. One is on the Chino Basin Facilities Improvement Project Update and the second is on the Chino Basin Recharge Current Issues/Activities. Mr. Love reviewed the $38.7 million dollar budget and how the monies were allocated; while also reviewing status of Bid Package No. 1, 2, 3 (Jurupa Basin Force Main), 4 (Jurupa Basin Pump Station & 300 feet Pipeline), 5 (SCADA Monitoring System), 6 (MWD Turnouts), 7 (Hickory and Victoria Basin), and 8 (SCADA, College Heights Leak, & Operational Design Modifications). Mr. Love reviewed the Basin Operating Plans, Future Improvements/Funding, and College Heights Basin Seepage was discussed. A discussion ensued regarding the clay layer found in the Upland Basin. The Basin Operating Plans were prepared by Chino Basin Watermaster staff in coordination with GRCC and Inland Empire Utilities Agency. Those Operating Plans will be peer reviewed by a consultant experienced in recharge operations; this particular consultant has already performed some review and has had comments on the SCADA system. Our main focus is to optimize recharge of storm water while maintaining primary flood control purposes when we bring in imported water for recycle water into the basins that can be managed, while storm water is not controllable. We want to minimize the risk of having a basin full of storm water, save it for recharge, and then have another large storm come through and cause a flooding issue. On the other hand, we could be looking at the reverse situation in that we understand a storm is to take place

so we dump all the recaptured water, the storm never takes place, and we are left without the water. These are some of the challenges we face in managing the storm water operations Mr. Love stated. Future Improvements/Funding which include the DWR $15 Million dollar funding which is coming into the region, of that $5.2 Million has been allocated towards additional enhancements towards the recharge project. Upland Basin Improvements, SCADA Enhancements, MWD Connection for 8th Street and Ely Basins, and Monitoring Wells were all reviewed. Mr. Love highlighted the action plan for the College Heights Basin Seepage which included background, Preliminary Findings, the Action Plan, and Preliminary Alternatives. A discussion ensued regarding the earlier analysis of how much could be recharged in the College Heights Basin.

Added Comment:

Mr. Atwater made mention regarding the email he has sent out on Monday and wanted to remind the Committee members about the good news in the context which is being worked on at the Attorney/Manager meetings. The House of Representatives passed both HR 2991 and HR 142 and with the passing of those Mr. Atwater asked that as many jurisdictions as possible write thank you letters to our five representatives who worked diligently to get these bills passed. More importantly we want these to get passed in the Senate and get them signed into law in September. Mr. Atwater also asked that as many agencies that can to please write Senator Boxer and Senator Feinstein asking for their assistance.

Mr. Atwater noted that himself and Mr. DeLoach testified in June on behalf of Chino Basin on the groundwater clean up bill (Joe Baca's bill), which we are very optimistic will be put on the House floor to be passed. We would like as many letters as possible to go out to the representatives to assist in these areas of clean up. Mr. Atwater commented that Watermaster and CDA might want to hold a reception in August to honor of a couple of our key members and personally thank them.

4. Water Resources Report (Handout)
   No comment was made regarding this item.

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

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

7. Chino Basin Facilities Improvement Project (Recharge)
   No comment was made regarding this item.

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

9. Public Relations
   No comment was made regarding this item.

III. INFORMATION

1. San Diego County Water Authority Letter of Interest Regarding Water in Storage
   Ms. Rojo informed the Committee members this was an informational item only for the Committee to review.

2. Annual Operating Plan for Fiscal Year 2004/2005
   No comment was made regarding this item.

IV. POOL MEMBER COMMENTS

No comment was made regarding this item.

V. OTHER BUSINESS

Ms. Rojo made mention that the 26th Annual Summary Report (without Appendices) was available at the back table. Once the larger full copy is ready those will be mailed out and will also be made available here.

VII. FUTURE MEETINGS

July 20, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 21, 2004	9:00 a.m.	MZ1 Technical Committee Meeting
July 22, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting
August 12, 2004	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
August 17, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
August 26, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 10:00 a.m.

Secretary: _____

Minutes Approved: _____

CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – July 22, 2004
2. Watermaster Closed Board Meeting – July 29, 2004

Draft Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
July 22, 2004

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on July 22, at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Terry Catlin, Vice-Chair	Inland Empire Utilities Agency
Geoffrey Vanden Heuvel	Dairy
Bob Kuhn	Three Valleys Municipal Water District
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
John Rossi	Western Municipal Water District

Watermaster Staff Present

Sheri Rojo	Chief of Watermaster/Finance Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fauver	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Josephine Johnson	Monte Vista Water District
Raul Garibay	City of Pomona
Bill Hasencamp	Metropolitan Water District
Tom Love	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency
Henry Pepper	City of Pomona

The Watermaster Board Meeting was called to order by Chair Neufeld at 11:04 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

I. **CONSENT CALENDAR**

A. **MINUTES**

1. Minutes of the Watermaster Board meeting held June 24, 2004

B. **FINANCIAL REPORTS**

1. Cash Disbursements for the month of June 2004
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6. Consider Approval for Transaction of Notice of Sale or Transfer from Santa Ana River Water Company to Jurupa Community Services District in the amount of 1,000 acre-feet; Date of Application: May 12, 2004

Motion by Kruger, second by Hofer, and by unanimous vote
Moved to approve Consent Calendar Items A through C, as presented

II. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meetings

Counsel Slater stated the Attorney/Manager meetings have continued and we are still making healthy progress on closing the areas of difference. The Monte Vista salt credit issue has been settled. Counsel Slater acknowledged that the parties have asked that a brief respite while Watermaster staff and Wildermuth Inc. could respond to some questions that have been raised by the various parties and the answers to those questions will take approximately 30 days to develop and share. The date of September 13 for the parties to reconvene has been set, and as the facilitator of that group Counsel Slater wanted to offer confidence in a successful outcome. Counsel Slater stated it appears there are no issues that parties have presented that they are so far apart on. Counsel Slater noted it will take a few weeks to draft the documentation to implement the compromise among the parties. The question regarding any policy changes from the OBMP that are being contemplated or discussed at the Attorney/Manger meetings was presented. Counsel Slater commented the major issue which is technical and policy interwoven and relates to the subject of securing Hydraulic Control and its relationship to various basin activities. Mr. Wildermuth has presented the concept of Hydraulic Control to the Pools, the Advisory, and the Board on previous occasions and there was an extensive technical analysis that accompanied the Dry Year Yield Program which was effectively paid for by the Metropolitan Water District stated Counsel Slater. In connection with the Dry Year Yield Program Mr. Wildermuth was tasked with the responsibility of taking a long view of how the Dry Year Yield Program might impact future Watermaster activities and in summary Hydraulic Control is that we avoid the loss of water from the basin. That concept has been discussed at length, had it genesis at the OBMP, so it is not new but the precision and/or elaborate way we are looking at it is new and is intersectional with the other issues like transfers, storage, recharge, water levels, etc. and is the center piece of the discussions states Counsel Slater.

A discussion ensued regarding any deviation from the basic principles of the OBMP. Counsel Slater ended the discussion stating there will be some kind of new instruments where it may be amendments to the Peace Agreement, or Watermaster regulation, or Watermaster policy; there will be difference and those differences will be in written

instruments shared between the parties. It was noted that it is imperative that the outcome of those meetings be presented to these parties and the public process not be overlooked. Counsel Slater acknowledged these comments and noted the policies or whatever comes out of the meetings will most certainly go through the proper Watermaster process.

2. Santa Ana River Application Process
Counsel Slater informed the Committee members that this was the process initiated by Orange County Water District (OCWD) and Western Municipal Water District (Western) and San Bernardino Municipal Water District (Muni) in 1990 concerning applications to appropriate water from the Santa Ana River. Counsel Slater stated the current status of the process is that there are six applications in front of the State Water Resources Control Board for water from the Santa Ana River; Watermaster is one of those applications. Watermaster is applying for a permit to divert the storm water which we are diverting for our Recharge Master Plan. Counsel Slater affirmed that OCWD has now put out a Draft Environmental Impact Report (EIR) on their application; Watermaster did comment on this EIR and our comments are available on the back table. Counsel Slater also mentioned that in the last couple weeks San Bernardino Valley Water Conservation District has also put out an EIR on their application. Watermaster's position in the whole process is that we are finished with our CEQA compliance because of our OBMP PEIR, which was completed in the year 2000, and the Findings of Consistency that covers our Recharge Master Plan.

3. Santa Ana Sucker Update
The Sucker has been listed under the Endangered Species Act by the Fish and Wildlife Service who has been working on critical habitat; they have a draft rule designating Prado Basin as critical habitat for the Sucker. That rule will most likely be finalized and Prado will become critical habitat for the Sucker stated Counsel Slater. This ruling quite possibly will be challenged because of designations in other places on the Santa Ana River, particularly up stream; Western has a lot of concerns about some of the areas they have designated as critical habitat in the upper reaches of the Santa Ana River. Counsel Slater stated that we have started talking to Fish and Wildlife Service ourselves to make sure that nothing we are doing in the Chino Basin will be interfered by the critical habitat designation. The initial thoughts by the Fish and Wildlife were that nothing we are doing would be impacted by it, although, we are entering into initial talks just to be clear and to insure the future will also not be impacted.

4. June 24th Hearing
Counsel Slater added that the Dry Year Yield Storage Agreement, which was the final step in the 100,000 acre-foot storage program, was also approved and is now finally complete and we are going to go on with the implementation of that project.

Added Comment:

Ms. Rojo introduced Mr. Bill Hasencamp the Colorado River Aqueduct Program Manager from the Metropolitan Water District; as a result from one of the most recently held AGWA meetings there was presentation given regarding changing conditions on the Colorado River and Bill has agreed to give that presentation to us today. Chair Neufeld added comment that he had recently seen this presentation and was very impressed with its content.

Added Presentation:

Mr. Hasencamp gave his presentation titled, "Adapting to Changing Conditions on the Colorado River". Mr. Hasencamp noted that the Colorado River has been in the news quite a bit lately including a front page article in the New York Times and many other local papers all talking about the current condition and questionable future of the Colorado River. First Mr. Hasencamp gave an overview of his presentation including an overview of

Metropolitan Water District, a background on Colorado River Water Rights, California Plan (and QSA), and the Current Colorado River Issues. The California's Colorado River Water Use Plan was reviewed in detail. Mr. Hasencamp discussed the Key Transfers in the California Plan. A brief overview of the Qualification Settlement Agreement was presented. The Development of Colorado River Drought Management Plan which included how drought impacts water supply, power supply, recreation, and environment was offered. The current issues that MET is facing because of the drought was presented. Lastly, the Conclusions were reviewed which brought about a brief discussion. Chair Neufeld added comment regarding salt water intrusion that could create additional levels of nitrates. Chair Neufeld noted that we need to take steps not only at an individual agency level but Watermaster will see this as a call to action and look at a long range plan to assure that we have an adequate supply of water during these drought periods. Chair Neufeld implored the Board members and staff to move forward as quickly as possible to find other ways and methods to fill up the basin. Ms. Rojo thanked Bill again for coming out and taking time out of his busy schedule to give the Board this presentation.

B. STAFF REPORT

1. Update on Repairs to the Piezometer

   Ms. Rojo invited Mr. Wildermuth to give a brief update on the recent repairs and issues surrounding the Piezometers. Mr. Wildermuth commented on the problems they were experiencing with the deep bore hole, stating the deepest Piezometer appears to have some leakage which allows piezometric communications amongst all the Piezometers. Mr. Wildermuth described the technical fix for this situation in detail and was pleased to inform the Committee they appear to be successful in repairing the leaks. Each of the Piezometers is now working independently. The real test will come at the end of summer because that is when the drawdown is greatest stated Mr. Wildermuth. Construction cost is slightly less than anticipated.

2. Update on OC-59 Water Deliveries

   Ms. Rojo explained that Watermaster had water deliveries into the College Heights Basin, as part of a demonstration project because this is the basin that was experiencing recharge difficulties due to water hitting a clay layer traveling horizontally, and then daylighting in the Upland Basin. Through cooperative efforts with Orange County they allowed us to take on water even though we did not have an exact way of measuring how much water was theirs and how much was ours. This was to be a two day test project and approximately five hours after the demonstration started MWD wanted to cut the water back water back. Since it is OCWD's connection, they are allowed first right of refusal to the water. Ms. Rojo stated through a real combined effort and numerous phone calls she was pleased to report the outcome was great in that Orange County Water District stood aside and allowed us to take in the water and finish our demonstration project. Ms. Rojo commented that Orange County was very accommodating and again this was a tremendous cooperative effort by all parties involved.

Added Comment:

Ms. Rojo stated that as a result of the College Heights testing project Tom Love from Inland Empire Utilities Agency will be giving a presentation on the Recharge project in particular as it relates to the College Heights Basin.

Added Presentation:

Mr. Love explained there were two presentations that he would be giving to the Committee today. One is on the Chino Basin Facilities Improvement Project Update and the second is on the Chino Basin Recharge Current Issues/Activities. Mr. Love reviewed the $38.7 Million dollar budget and how the monies were allocated; while also reviewing status of Bid Package No. 1, 2, 3 (Jurupa Basin Force Main) , 4 (Jurupa Basin Pump Station & 300

feet Pipeline), 5 (SCADA Monitoring System), 6 (MWD Turnouts), 7 (Hickory and Victoria Basin), and 8 (SCADA, College Heights Leak, & Operational Design Modifications). Mr. Love reviewed the Basin Operating Plans, Future Improvements/Funding, and College Heights Basin Seepage was discussed. A discussion ensued regarding the clay layer found in the Upland Basin. The Basin Operating Plans were prepared by Chino Basin Watermaster staff in coordination with GRCC and Inland Empire Utilities Agency. Those Operating Plans will be peer reviewed by a consultant experienced in recharge operations; this particular consultant has already performed some review and has had comments on the SCADA system. Our main focus is to optimize recharge of storm water while maintaining primary flood control purposes when we bring in imported water for recycle water into the basins that can be managed, while storm water is not controllable. We want to minimize the risk of having a basin full of storm water, save it for recharge, and then have another large storm come through and cause a flooding issue. On the other hand, we could be looking at the reverse situation in that we understand a storm is to take place so we dump all the recaptured water, the storm never takes place, and we are left without the water. These are some of the challenges we face in managing the storm water operations Mr. Love stated. Future Improvements/Funding which include the DWR $15 Million dollar funding which is coming into the region, of that $5.2 Million has been allocated towards additional enhancements towards the recharge project. Upland Basin Improvements, SCADA Enhancements, MWD Connection for 8th Street and Ely Basins, and Monitoring Wells were all reviewed. Mr. Love highlighted the action plan for the College Heights Basin Seepage which included background, Preliminary Findings, the Action Plan, and Preliminary Alternatives. A discussion ensued regarding the Upland Basin and the need for an agreement and a more detailed description of how the Upland Basin is actually recharging. Mr. Wildermuth and Mr. Treweek offered comments on the situation with the newly found clay layers in the Upland Basin. It was noted that there were concerns about digging any deeper than 20 feet past the clay layer before it is known what is under the clay layer. The question of the project capacity for the Upland Basin for recharge for one year was presented. Mr. Wildermuth noted that he will have to look up the answer for that particular question. A solution to this situation needs to come forth was noted and a discussion ensued between Mr. Atwater, Mr. Love, and Mr. Wildermuth and the Board members.

3. IEUA Partnership Funding Request

Ms. Rojo asked the Committee members to turn to page 109 of the packet which is a request from IEUA for a partnership for funding. This topic was in the packet for information only; to give the Committee a chance to review, give feed back, and then it will be brought back with a staff report and recommendation next month.

Ms. Rojo noted since Mr. Atwater was present at this time if he could give a brief overview of the presented funding request and also make mention of the recently passed bills which was presented and discussed at the Advisory meeting. Mr. Atwater commented regarding the funding request we will be working with the Water Science Technology Board which is part of the National Academy and Science. Inland Empire Utilities Agency's Board agreed a month in a half ago to participate in working with John and Mark and in doing so felt it was an opportunity for Chino Basin to gather the best and the brightest in Groundwater management to look over our shoulders and compare what we are doing with other agencies through out the United States. Mr. Atwater felt this was a cost effective way to learn from others applied research. We want to manage the basin as the best we can and this will be the perfect opportunity for peer review stated Mr. Atwater. Mr. Wildermuth commented it will give us an opportunity to also direct the research and get a place at the table noting some of the things they are interested in doing, we also are interested and we can focus on those items together. Ms. Rojo mentioned to the Committee that this item will be brought back on the agenda next month for recommendation and action.

Mr. Atwater stated that he has good news and a request, as policy makers, for the Board. Mr. Atwater commented that HR 2991 cleared the House on Monday and then HR 142 with

so much support from so many legislators on our behalf also cleared the House. The special request is that all the members who are working so hard for us need to hear from us what a great job they did and then in December we want to get these to the Senate.

Mr. Atwater noted that we are working with Metropolitan, Three Valleys and IEUA regarding the Rialto Pipeline shutdown and all the details for putting in isolation valves and getting the emergency connections taken care of. Ms. Rojo thanked Mr. Atwater for being available for comments at our meetings and to be put on the spot for questions.

4. Update on the Draft Chino I and Chino II Desalter Projects Groundwater Monitoring and Mitigation Plan
Ms. Rojo explained Tom O'Neil had a scheduling conflict and was unable to attend the meeting today.

Added Comment:

Ms. Rojo made mention that the 26th Annual Summary Report (without Appendices) was available at the back table and also in the Board's packets. Once the larger full copy is ready those will be mailed out and will also be made available here.

III. INFORMATION

1. San Diego County Water Authority Letter of Interest Regarding Water in Storage
Ms. Rojo informed the Committee members this was an informational item only for the Committee to review. Ms. Rojo noted this item is being discussed at the Attorney/Manger meetings.

IV. POOL MEMBER COMMENTS

Chair Neufeld welcomed Mr. Rossi for today's meeting. Mr. Rossi stated that Mr. Schroeder had a slip and fall accident over the weekend, he will be fine, but the doctors wanted him to stay off his feet for a few weeks. Mr. Rossi also shared that Mr. Schroeder has decided to step aside at this coming election and let others at Western run for election in his place; he will be attending the meetings until the end of this year. Mr. Rossi mentioned that people in the San Bernardino area signed the Seven Oaks Accord yesterday effectively allowing those seven agencies to support the River Rights Application and to pull their protest from the State Board and to work together. Mr. Rossi noted it was an historic day for this signing.

Mr. Hofer acknowledged as an echo to Mr. Vanden Heuvel's request that, he wants to get information as quickly as possible that transpired from the Attorney/Manger meetings and expressed the importance those findings will be to the Board for making critical decisions.

V. OTHER BUSINESS

Ms. Rojo wanted to make sure the Board members understood that a revised Agenda was sent out and that this meeting will be adjourned to another date.

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

It was noted that the meeting will adjourn at 9:00 a.m. instead of 11:00 a.m. on July 29, 2004.

VII. FUTURE MEETINGS

July 20, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 21, 2004	9:00 a.m.	MZ1 Technical Committee Meeting
July 22, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting
July 29, 2004	11:00 am	Watermaster Board Meeting (Closed Session)
August 12, 2004	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
August 17, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
August 26, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourned to July 29, 2004 at 9:00 am to a Confidential Session to Discuss Personnel Matters.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER
SPECIAL CLOSED BOARD MEETING

July 29, 2004

The Watermaster Special Closed Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on July 29, at 9:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Terry Catlin, Vice-Chair	Inland Empire Utilities Agency
Nathan deBoom	Mild Producers Council
Geoffrey Vanden Heuvel	Dairy
Bob Kuhn	Three Valleys Municipal Water District
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
John Rossi	Western Municipal Water District
Michael Whitehead	San Gabriel Valley Water Company
Bob Bowcock	Vulcan Materials (Calmat Division)

Watermaster Staff Present

Sheri Rojo	Chief of Watermaster/Finance Manager
Sherri Lynne Molino	Recording Secretary

The Watermaster Special Closed Board Meeting was called to order by Vice-Chair Catlin at 9:05 a.m.

I. **AGENDA ITEM**

1. Discuss consideration for the new Chief Executive Officer

After the one agenda item was read Ms. Rojo and Ms. Molino were asked to leave the room so the Board may resume the closed session from the July 22 Board meeting at 9:07 a.m.

At 12:11 p.m. the Board meeting reconceived

Action Item:
The Board will go forward with offering the chosen candidate the position as CEO of Chino Basin Watermaster.

The Special Closed Board Meeting Adjourned at 12:13 p.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements July 2004
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Periods July 1, 2003 through June 30, 2004
3. Treasurer's Report of Financial Affairs for June 1 through June 30, 2004
4. Profit & Loss Budget vs. Actual July 2003 through June 2004

CHINO BASIN WATERMASTER

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

STAFF REPORT

DATE: **August 12, 2004**
August 17, 2004
August 26, 2004

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Cash Disbursement Report – July 2004**

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for July 2004 be received and filed as presented.

Fiscal Impact – All funds disbursed were included in the FY 2004-05 Watermaster Budget.

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of July 2004 were $979,567.89. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of $462,995.75, Wildermuth Environmental Inc. in the amount of $177,244.38, and Inland Empire Utilities Agency in the amount of $110,806.15.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
July 2004

Type	Date	Num	Name	Amount
Jul 04				
Bill Pmt -Check	7/1/2004	8735	CALPERS	-2,998.26
Bill Pmt -Check	7/1/2004	8741	INLAND COUNTIES INSURANCE SERVICES, INC.	-342.22
Bill Pmt -Check	7/1/2004	8761	STANDARD INSURANCE CO.	-364.53
Bill Pmt -Check	7/2/2004	8795	NEUFELD, ROBERT	-875.00
Bill Pmt -Check	7/7/2004	8796	AGWA	-1,000.00
Bill Pmt -Check	7/7/2004	8797	APPLIED COMPUTER TECHNOLOGIES	-1,063.90
Bill Pmt -Check	7/7/2004	8798	ARROWHEAD MOUNTAIN SPRING WATER	-24.66
Bill Pmt -Check	7/7/2004	8799	BOWCOCK, ROBERT	-625.00
Bill Pmt -Check	7/7/2004	8800	CATLIN, TERRY	-375.00
Bill Pmt -Check	7/7/2004	8801	COSTCO BUSINESS DELIVERY	-509.15
Bill Pmt -Check	7/7/2004	8802	DE BOOM, NATHAN	-1,000.00
Bill Pmt -Check	7/7/2004	8803	DIRECTV	-71.98
Bill Pmt -Check	7/7/2004	8804	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	7/7/2004	8805	FEENSTRA, BOB	-625.00
Bill Pmt -Check	7/7/2004	8806	HUITSING, JOHN	-250.00
Bill Pmt -Check	7/7/2004	8807	IDEAL GRAPHICS	-333.49
Bill Pmt -Check	7/7/2004	8808	INLAND COUNTIES INSURANCE SERVICES, INC.	-1,042.00
Bill Pmt -Check	7/7/2004	8809	INLAND EMPIRE UTILITIES AGENCY	-462,995.75
Bill Pmt -Check	7/7/2004	8810	KOOPMAN, GENE	-375.00
Bill Pmt -Check	7/7/2004	8811	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	7/7/2004	8812	KUHN, BOB	-1,000.00
Bill Pmt -Check	7/7/2004	8813	LOS ANGELES TIMES	-42.00
Bill Pmt -Check	7/7/2004	8814	MATSON, JANET	-840.00
Bill Pmt -Check	7/7/2004	8815	MAURIZIO, DANNIELLE	-75.41
Bill Pmt -Check	7/7/2004	8816	MEDIA JIM	-1,260.00
Bill Pmt -Check	7/7/2004	8817	MWH LABORATORIES	-5,310.00
Bill Pmt -Check	7/7/2004	8818	NEXTEL COMMUNICATIONS	-1,561.78
Bill Pmt -Check	7/7/2004	8819	OFFICE DEPOT	-196.30
Bill Pmt -Check	7/7/2004	8820	P.C. CLUB	-1,567.74
Bill Pmt -Check	7/7/2004	8821	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,049.00
Bill Pmt -Check	7/7/2004	8822	PAYCHEX	-154.55
Bill Pmt -Check	7/7/2004	8823	PIERSON, JEFFREY	-375.00
Bill Pmt -Check	7/7/2004	8824	REID & HELLYER	-8,974.75
Bill Pmt -Check	7/7/2004	8825	SAVIN CORPORATION dba RICOH BUSINESS	-221.17
Bill Pmt -Check	7/7/2004	8826	STATE COMPENSATION INSURANCE FUND	-1,078.52
Bill Pmt -Check	7/7/2004	8827	UNION 76	-241.02
Bill Pmt -Check	7/7/2004	8828	UNITEK TECHNOLOGY INC.	-1,437.12
Bill Pmt -Check	7/7/2004	8829	VELASQUEZ JANITORIAL	-900.00
Bill Pmt -Check	7/7/2004	8830	VERIZON	-444.08
Bill Pmt -Check	7/7/2004	8831	WEST COAST PIPE LININGS, INC.	-1.94
Bill Pmt -Check	7/7/2004	8832	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	7/7/2004	8833	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	7/7/2004	8834	HAWAI BBQ	-156.58
General Journal	7/14/2004	04/07/5	PAYROLL	-4,396.64
General Journal	7/14/2004	04/07/5	PAYROLL	-21,855.40
Bill Pmt -Check	7/19/2004	8835	ROUTE 66 SUBS	-97.33
Bill Pmt -Check	7/20/2004	8836	WILDERMUTH ENVIRONMENTAL INC	-8,843.75
Bill Pmt -Check	7/20/2004	8837	A & R TIRE	-504.68
Bill Pmt -Check	7/20/2004	8838	ACWA SERVICES CORPORATION	-253.24
Bill Pmt -Check	7/20/2004	8839	BANK OF AMERICA	-337.94
Bill Pmt -Check	7/20/2004	8840	BLACK & VEATCH CORPORATION	-3,782.50
Bill Pmt -Check	7/20/2004	8841	CALPERS	-2,175.09
Bill Pmt -Check	7/20/2004	8842	CHEVRON	-119.85
Bill Pmt -Check	7/20/2004	8861	CITIZENS CONFERENCING	-31.98
Bill Pmt -Check	7/20/2004	8843	ELLISON, SCHNEIDER & HARRIS, LLP	-5,290.00
Bill Pmt -Check	7/20/2004	8844	EXCEL LANDSCAPE	-60.00
Bill Pmt -Check	7/20/2004	8845	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	7/20/2004	8846	HATCH AND PARENT	-76,990.21
Bill Pmt -Check	7/20/2004	8847	INLAND COUNTIES INSURANCE SERVICES, INC.	-91.32
Bill Pmt -Check	7/20/2004	8848	MCI	-900.15
Bill Pmt -Check	7/20/2004	8849	MWH LABORATORIES	-3,473.00
Bill Pmt -Check	7/20/2004	8850	PETTY CASH	-471.81
Bill Pmt -Check	7/20/2004	8851	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	7/20/2004	8852	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	7/20/2004	8853	STAULA, MARY L	-136.61
Bill Pmt -Check	7/20/2004	8854	UNITED PARCEL SERVICE	-464.69
Bill Pmt -Check	7/20/2004	8855	UNITEK TECHNOLOGY INC.	-74.35
Bill Pmt -Check	7/20/2004	8856	WILDERMUTH ENVIRONMENTAL INC	-177,244.38
Bill Pmt -Check	7/20/2004	8857	Hettinga, Peter	-250.00
Bill Pmt -Check	7/20/2004	8858	HUITSING, JOHN	-375.00
Bill Pmt -Check	7/20/2004	8859	INLAND EMPIRE UTILITIES AGENCY	-110,806.15
Bill Pmt -Check	7/20/2004	8862	HUITSING, JOHN	-125.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
July 2004

Type	Date	Num	Name	Amount
Check	7/20/2004	8860	VOIDED	0.00
Bill Pmt -Check	7/21/2004	8863	CALIFORNIA REGIONAL WATER QUALITY CONT...	-1,185.00
Bill Pmt -Check	7/22/2004	8864	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	7/22/2004	8865	ROJO, SHERI M	-1,416.68
General Journal	7/25/2004	04/07/7	PAYROLL	-3,396.22
General Journal	7/25/2004	04/07/7	PAYROLL	-13,284.53
Bill Pmt -Check	7/28/2004	8866	JUAN POLLO	-75.41
Bill Pmt -Check	7/28/2004	8867	PETTY CASH	-500.59
Bill Pmt -Check	7/29/2004	8868	A & R TIRE	-801.75
Bill Pmt -Check	7/29/2004	8869	ARROWHEAD MOUNTAIN SPRING WATER	-58.66
Bill Pmt -Check	7/29/2004	8870	DICK LARSEN - TREASURER/TAX COLLECTOR	-1,744.42
Bill Pmt -Check	7/29/2004	8871	DIRECTV	-71.98
Bill Pmt -Check	7/29/2004	8872	HAWAI BBQ	-147.85
Bill Pmt -Check	7/29/2004	8873	HUITSING, JOHN	-125.00
Bill Pmt -Check	7/29/2004	8874	IDEAL GRAPHICS	-57.11
Bill Pmt -Check	7/29/2004	8875	NEXTEL COMMUNICATIONS	-698.19
Bill Pmt -Check	7/29/2004	8876	OFFICE DEPOT	-121.99
Bill Pmt -Check	7/29/2004	8877	PATRAL CUSTOM CABINETS	-532.00
Bill Pmt -Check	7/29/2004	8878	PURCHASE POWER	-2,016.99
Bill Pmt -Check	7/29/2004	8879	R&D PEST SERVICES	-295.00
Bill Pmt -Check	7/29/2004	8880	UNION 76	-396.96
Bill Pmt -Check	7/29/2004	8881	VENTURA PRINTING	-3,589.10
Bill Pmt -Check	7/29/2004	8882	CHINO BASIN WATER CONSERVATION DISTRICT	-2,584.32
Bill Pmt -Check	7/29/2004	8883	STANDARD INSURANCE CO.	-335.24
Bill Pmt -Check	7/29/2004	8884	U.S. GEOLOGICAL SURVEY	-13,390.00
Jul 04				**-979,567.89**

CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE
PERIOD JULY 1, 2003 THROUGH JUNE 30, 2004

			POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS				
	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2003-04
Administrative Revenues										
Administrative Assessments			4,614,056		122,460				4,736,516	$3,940,516
Interest Revenue			81,090	7,111	3,624			38	91,863	112,025
Mutual Agency Project Revenue		301,209							301,209	0
Grant Income									-	0
Miscellaneous Income	-								-	0
Total Revenues	-	301,209	4,695,146	7,111	126,084	-	-	38	5,129,588	4,052,541
Administrative & Project Expenditures										
Watermaster Administration	816,818								816,818	617,732
Watermaster Board-Advisory Committee	47,569								47,569	43,442
Pool Administration			13,796	246,513	3,221				263,530	255,148
Optimum Basin Mgnt Administration		932,272							932,272	1,034,064
OBMP Project Costs		2,308,516							2,308,516	3,365,079
Education Funds Use								375	375	375
Mutual Agency Project Costs	81,416								81,416	85,004
Total Administrative/OBMP Expenses	945,803	3,240,788	13,796	246,513	3,221			375	4,450,496	5,400,844
Net Administrative/OBMP Income	(945,803)	(2,939,579)								
Allocate Net Admin Income To Pools	945,803		701,641	216,156	28,007				-	0
Allocate Net OBMP Income To Pools		2,939,579	2,180,717	671,817	87,046				-	0
Agricultural Expense Transfer			1,124,360	(1,124,360)					-	0
Total Expenses			4,020,514	10,125	118,273	-	-	375	4,450,496	5,400,844
Net Administrative Income			674,632	(3,014)	7,811			(337)	679,092	(1,348,303)
Other Income/(Expense)										
Replenishment Water Purchases						4,135,998			4,135,998	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						(1,855,294)			(1,855,294)	0
Net Other Income			-	-	-	3,866,558	-	-	3,866,558	(84,000)
Net Transfers To/(From) Reserves			674,632	(3,014)	7,811	3,866,558	-	(337)	4,545,650	(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			3,488,579	463,055	196,121	4,133,061	158,251	2,195	8,441,261	
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%	

Q:\Financial Statements\03-04\04 05\[CombiningSchedule June 04.xls]Sheet1

Prepared by Sheri Rojo, Finance Manager

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CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JUNE 1 THROUGH JUNE 30, 2004

DEPOSITORIES:				
Cash on Hand - Petty Cash				$ 500
Bank of America				
Governmental Checking-Demand Deposits		$ 52,555		
Savings Deposits		9,629		
Zero Balance Account - Payroll		-		62,184
Local Agency Investment Fund - Sacramento				8,700,549
TOTAL CASH IN BANKS AND ON HAND	6/30/2004			**$ 8,763,233**
TOTAL CASH IN BANKS AND ON HAND	5/31/2004			9,506,989
PERIOD INCREASE (DECREASE)				**$ (743,756)**

CHANGE IN CASH POSITION DUE TO:		
Decrease/(Increase) in Assets:	Accounts Receivable	$ (167,905)
	Assessments Receivable	4,623
	Prepaid Expenses, Deposits & Other Current Assets	(22,465)
(Decrease)/Increase in Liabilities	Accounts Payable	247,119
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	(8,707)
	Transfer to/(from) Reserves	(796,421)
	PERIOD INCREASE (DECREASE)	**$ (743,756)**

SUMMARY OF FINANCIAL TRANSACTIONS:	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 5/31/2004	$ 500	$ 71,317	$ -	$ 9,623	$ 9,425,549	$ 9,506,989
Deposits		4,707	-	6	-	4,713
Transfers		686,541	38,459	-	(725,000)	-
Withdrawals/Checks		(710,010)	(38,459)	-	-	(748,469)
Balances as of 6/30/2004	$ 500	$ 52,555	$ -	$ 9,629	$ 8,700,549	$ 8,763,233
PERIOD INCREASE OR (DECREASE)	**$ -**	**$ (18,762)**	**$ -**	**$ 6**	**$ (725,000)**	**$ (743,756)**

CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JUNE 1 THROUGH JUNE 30, 2004

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
6/10/2004	Withdrawal	L.A.I.F.	$ (200,000)				
6/24/2004	Withdrawal	L.A.I.F.	(325,000)				
6/30/2004	Withdrawal	L.A.I.F.	(200,000)				
TOTAL INVESTMENT TRANSACTIONS			**$ (725,000)**	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 1.47% was the effective yield rate at the Quarter ended March 31, 2004.

INVESTMENT STATUS
June 30, 2004

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	$ 8,700,549			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	**$ 8,700,549**			

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 June 2004

	Jul '03 - Jun 04	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	301,208.96	0.00	301,208.96	100.00%
4110 · Admin Asmnts-Approp Pool	4,614,055.82	3,931,695.00	682,360.82	117.36%
4120 · Admin Asmnts-Non-Agri Pool	122,460.43	88,201.00	34,259.43	138.84%
4700 · Non Operating Revenues	91,863.38	112,025.00	-20,161.62	82.00%
Total Income	5,129,588.59	4,131,921.00	997,667.59	124.15%
Gross Profit	5,129,588.59	4,131,921.00	997,667.59	124.15%
Expense				
6010 · Salary Costs	411,828.92	385,900.00	25,928.92	106.72%
6020 · Office Building Expense	174,523.81	108,995.00	65,528.81	160.12%
6030 · Office Supplies & Equip.	52,462.94	41,000.00	11,462.94	127.96%
6040 · Postage & Printing Costs	69,924.08	66,400.00	3,524.08	105.31%
6050 · Information Services	108,993.75	105,750.00	3,243.75	103.07%
6060 · Contract Services	187,214.21	121,000.00	66,214.21	154.72%
6080 · Insurance	21,227.94	16,710.00	4,517.94	127.04%
6110 · Dues and Subscriptions	11,028.65	14,500.00	-3,471.35	76.06%
6140 · Other WM Admin Expenses	2,264.96	0.00	2,264.96	100.00%
6150 · Field Supplies	2,137.44	4,250.00	-2,112.56	50.29%
6170 · Travel & Transportation	40,933.71	46,300.00	-5,366.29	88.41%
6190 · Conferences & Seminars	17,943.68	16,000.00	1,943.68	112.15%
6200 · Advisory Comm - WM Board	14,453.87	15,071.00	-617.13	95.91%
6300 · Watermaster Board Expenses	33,115.50	28,371.00	4,744.50	116.72%
8300 · Appr PI-WM & Pool Admin	13,795.49	14,471.00	-675.51	95.33%
8400 · Agri Pool-WM & Pool Admin	164,946.55	166,979.00	-2,032.45	98.78%
8467 · Agri-Pool Legal Services	71,441.56	51,000.00	20,441.56	140.08%
8470 · Ag Meeting Attend -Special	10,125.00	16,000.00	-5,875.00	63.28%
8500 · Non-Ag PI-WM & Pool Admin	3,219.65	6,698.00	-3,478.35	48.07%
6500 · Education Funds Use Expens	375.00	375.00	0.00	100.00%
9500 · Allocated G&A Expenditures	-283,665.63	-309,073.00	25,407.37	91.78%
Subtotal G&A Expenditures	1,128,291.08	916,697.00	211,594.08	123.08%
6900 · Optimum Basin Mgmt Plan	844,594.59	942,065.00	-97,470.41	89.65%
6950 · Mutual Agency Projects	81,416.39	85,004.00	-3,587.61	95.78%
9501 · G&A Expenses Allocated-OBMP	87,677.86	91,999.00	-4,321.14	95.30%
Subtotal OBMP Expenditures	1,013,688.84	1,119,068.00	-105,379.16	90.58%
7101 · Production Monitoring	51,332.65	79,283.00	-27,950.35	64.75%
7102 · In-line Meter Installation	48,560.66	131,380.00	-82,819.34	36.96%
7103 · Grdwtr Quality Monitoring	289,983.94	274,613.00	15,370.94	105.60%
7104 · Gdwtr Level Monitoring	115,240.65	157,852.00	-42,611.35	73.01%
7105 · Sur Wtr Qual Monitoring	76,306.13	133,595.00	-57,288.87	57.12%
7106 · Wtr Level Sensors Install	0.00	26,835.00	-26,835.00	0.00%
7107 · Ground Level Monitoring	90,674.27	202,283.00	-111,608.73	44.83%
7108 · Hydraulic Control Monitoring	534,312.30	718,227.00	-183,914.70	74.39%
7200 · PE2- Comp Recharge Pgm	156,459.90	531,434.00	-374,974.10	29.44%
7300 · PE3&5-Water Supply/Desalte	2,336.69	47,499.00	-45,162.31	4.92%
7400 · PE4- Mgmt Plan	199,250.58	187,308.00	11,942.58	106.38%
7500 · PE6&7-CoopEfforts/SaltMgmt	56,339.38	51,820.00	4,519.38	108.72%

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

	Jul '03 - Jun 04	Budget	$ Over Budget	% of Budget
7600 · PE8&9-StorageMgmt/Conj Use	115,499.47	146,179.00	-30,679.53	79.01%
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	195,987.72	217,074.00	-21,086.28	90.29%
Subtotal Special Project Expenditures	2,308,515.79	3,365,079.00	-1,056,563.21	68.60%
Total Expense	4,450,495.71	5,400,844.00	-950,348.29	82.40%
Net Ordinary Income	679,092.88	-1,268,923.00	1,948,015.88	-53.52%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.00%
4210 · Approp Pool-Replenishment	4,124,710.02			
4220 · Non-Ag Pool-Replenishment	11,288.32			
4230 · MZ1 Sup Wtr Assessment	1,585,853.60	1,574,500.00	11,353.60	100.72%
Total Other Income	5,721,851.94	2,189,500.00	3,532,351.94	261.33%
Other Expense				
5010 · Groundwater Replenishment	1,855,293.50	2,273,500.00	-418,206.50	81.61%
9999 · To/(From) Reserves	4,545,651.32	-1,352,923.00	5,898,574.32	-335.99%
Total Other Expense	6,400,944.82	920,577.00	5,480,367.82	695.32%
Net Other Income	-679,092.88	1,268,923.00	-1,948,015.88	-53.52%
Net Income	0.00	0.00	0.00	0.00%

CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

1. Transaction of Notice of Sale or Transfer from West Valley Water District to Fontana Water Company in the amount of 500 acre-feet

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 8, 2004

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: May 27, 2004 Date of this notice: June 8, 2004

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

A. Notice of Sale or Transfer – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 500 acre-feet.

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

Appropriative Pool:	July 8, 2004
Non-Agricultural Pool:	July 8, 2004
Agricultural Pool:	July 20, 2004

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE
OF
TRANSFER OF WATER

Notification Dated: June 8, 2004

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

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

DATE: June 8, 2004

TO: Watermaster Interested Parties

SUBJECT: Summary and Analysis of Application for Water Transaction

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

Issue -

- Notice of Sale or Transfer – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 500 acre-feet.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transactions as presented.

Fiscal Impact –

[ ] None
[X] Reduces assessments under the 85/15 rule
[ ] Reduce desalter replenishment costs

Background
The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

Where there is no material physical injury, Watermaster must approve the transaction. Where the request for Watermaster approval is submitted by a party to the Judgment, there is a rebuttable presumption that most of the transactions do not result in Material Physical Injury to a party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 500 acre-feet.

Notice of the water transaction identified above was mailed on May 20, 2004 along with the materials submitted by the requestors.

DISCUSSION

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.

FONTANA WATER COMPANY
A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY
8440 NUEVO AVENUE • P.O. BOX 987, FONTANA, CALIFORNIA 92334 • (909) 822-2201

May 27, 2004

Mr. John Rossi, Chief Executive Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Subject: Purchase of Water in Storage
Chino Basin-Fiscal Year 2003/2004

Dear John:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2003/2004.

Enclosed are fully executed Chino Basin Watermaster Forms No. 3 and 4, along with the company's Recapture Plan for consideration by Watermaster. Please agendize this proposed transfer at the earliest possible opportunity.

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

Very truly yours,

Michael J. McGraw
General Manager

MJM:bf
Enclosures

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Form 3

APPLICATION FOR
SALE OR TRANSFER OR RIGHT TO PRODUCE WATER FROM STORAGE
Fiscal Year 2003-2004

TRANSFER FROM LOCAL STORAGE AGREEMENT # ____

West Valley Water District
Name of Party

May 27, 2004
Date Requested

Date Approved

855 West Baseline Avenue
Street Address

500 Acre-feet
Amount Requested

500 Acre-feet
Amount Approved

Rialto | CA | 92377
City | State | Zip Code

Telephone: (909) 875-1804

Facsimile. (909) 875-7284

Anthony W. Araiza, General Manager
West Valley Water District

TRANSFER TO:

Fontana Water Company
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue
Street Address

Fontana | CA | 92334
City | State | Zip Code

Telephone: (909) 822-2201

Facsimile: (909) 823-5046

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

WATER QUALITY AND WATER LEVELS

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

Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

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

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

N/A

Form 3 (cont.)

ADDITIONAL INFORMATION ATTACHED Yes [ ] No [X]

Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: ______________

DATE OF APPROVAL FROM AGRICULTURAL POOL: ______________

DATE OF APPROVAL FROM APPROPRIATIVE POOL: ______________

HEARING DATE, IF ANY: ______________

DATE OF ADVISORY COMMITTEE APPROVAL: ______________

DATE OF BOARD APPROVAL: ______________ Agreement # __________

Form 4

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

Fontana Water Company Name of Party			May 27, 2004 Date Requested	Date Approved
8440 Nuevo Avenue Street Address			500 Acre-feet Amount Requested	Acre-feet Amount Approved
Fontana City	CA State	92335 Zip Code	Projected Rate of Recapture	Projected Duration of Recapture

Telephone: (909) 822-2201 Facsimile: (909) 823-5046

IS THIS AN AMENDMENT TO A PREVIOUSLY APPROVED APPLICATION? [ ] YES [X] NO
IF YES, ATTACH APPLICATION TO BE AMENDED

IDENTITY OF PERSON THAT STORED THE WATER: West Valley Water District

PURPOSE OF RECAPTURE

[ ] Pump when other sources of supply are curtailed
[X] Pump to meet current or future demand over and above production right
[ ] Pump as necessary to stabilize future assessment amounts
[ ] Other, explain

METHOD OF RECAPTURE (if by other than pumping) (e.g. exchange)

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Fontana Water Company's Service Area

LOCATION OF RECAPTURE FACILITIES (IF DIFFERENT FROM REGULAR PRODUCTION FACILITIES).

N/A

WATER QUALITY AND WATER LEVELS

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

Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

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

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

_____

_____

_____

_____

ADDITIONAL INFORMATION ATTACHED Yes [ ] No [X]

_____
Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

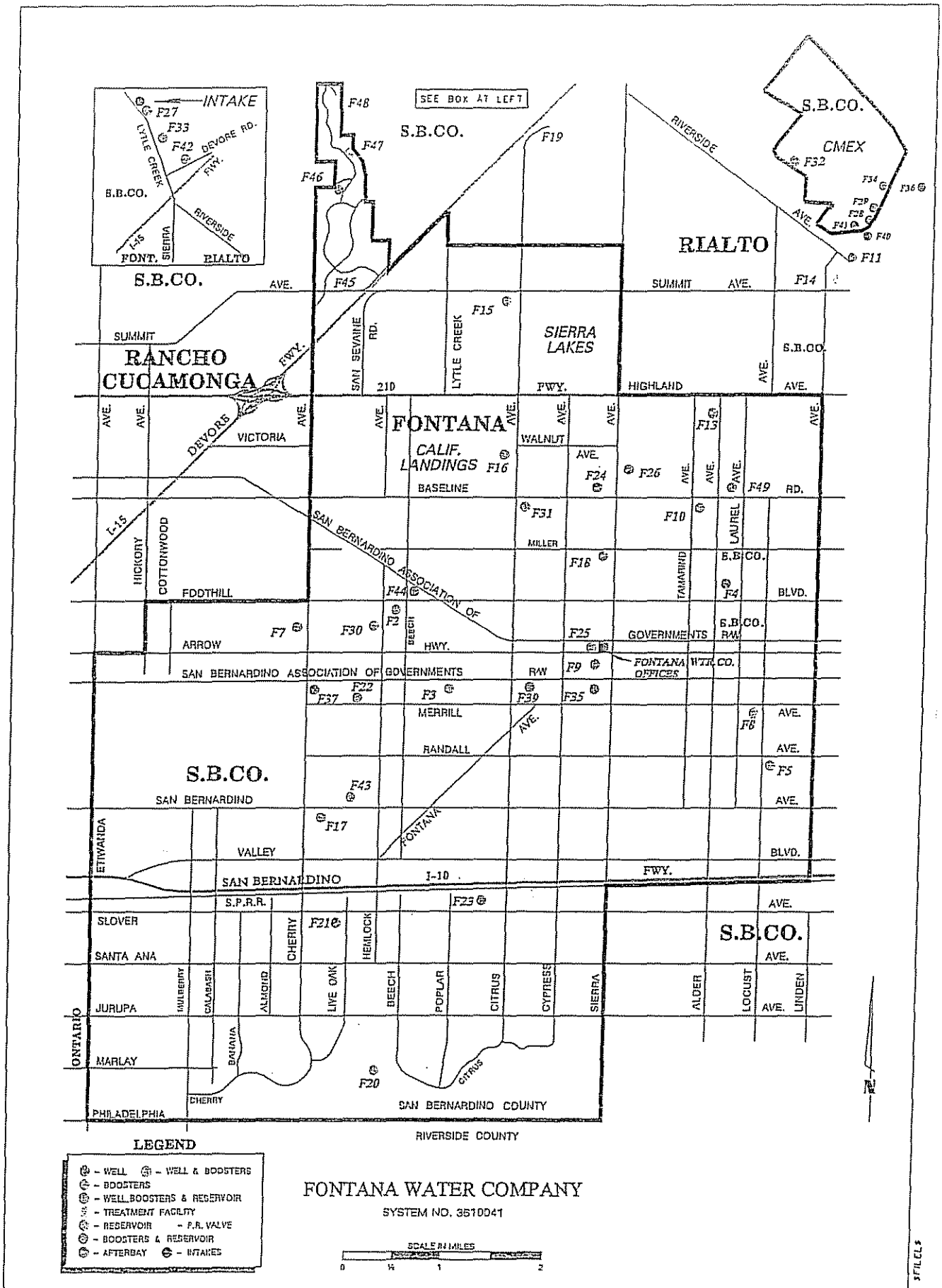
FONTANA WATER COMPANY

Recapture Plan

The subject water is a transfer of stored groundwater from West Valley Water District to Fontana Water Company (FWC) of 500 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2003/2004. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

Well		Production Acre-Feet/Day
F23A	-	10.6
F21A	-	5.7
F37A	-	5.7
F7A	-	11.0
F22A	-	8.2
F24A	-	8.4
F26A	-	8.6
F31A	-	7.3
F2A	-	10.6
F30A	-	5.1
F44A	-	11.0
F44B	-	10.6
F44C	-	10.6
F17B		5.7
F17C		7.1
Daily Total		126.2

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



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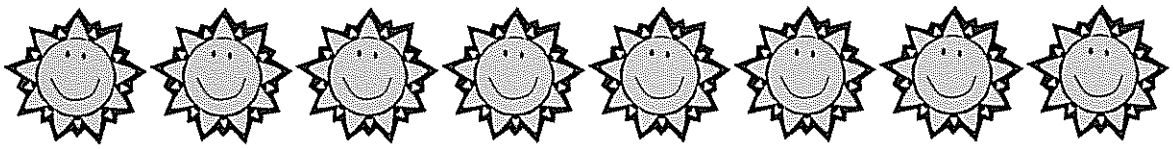
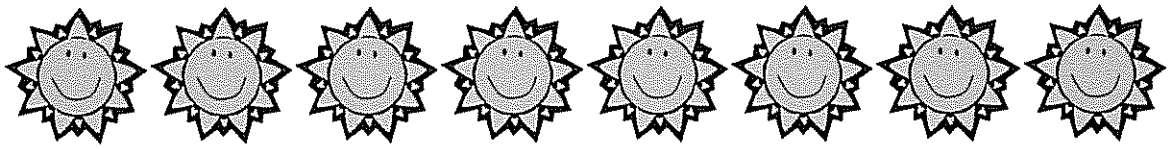


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. STATUS REPORT #11

Consider Authorization to File Status Report 11 with Court and Authorize Staff and Counsel to Make Minor Edits as Necessary



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: **August 12, 2004**
August 17, 2004
August 26, 2004

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **OBMP Implementation - Status Report No. 11**

SUMMARY

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

Recommendation – Staff recommends:

- Approval of Status Report No. 11,
- Authorize its filing with the Court, and
- Authorize staff and legal counsel to make final edits as necessary.

Fiscal Impact – None

BACKGROUND

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

DISCUSSION

The reporting period for Status Report No. 11 is March 1, 2004 to May 31, 2004. It utilizes the same format previously filed as a baseline from which to update the Court. The attached draft report outlines the progress and status of Watermaster programs and projects.

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Chino Basin Watermaster
Status Report No. 11

(Covering March 2004 through May 2004)

June 2004

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OPTIMUM BASIN MANAGEMENT PROGRAM

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

This Status Report Number 11 is filed pursuant to this revised schedule and reports on the period from March 1, 2004 to May 31, 2004.

PROGRAM ELEMENT 1 – DEVELOP AND IMPLEMENT COMPREHENSIVE MONITORING PROGRAM

Groundwater-Level Monitoring

BACK-GROUND

Watermaster has three active groundwater-level monitoring programs operating in the Chino Basin – a semiannual basin-wide program; an intensive key well monitoring program associated with the Chino I / II Desalter well fields and the Hydraulic Control Monitoring Program (HCMP); and an intensive piezometric monitoring program associated with land subsidence and ground fissuring (see Land Surface Monitoring below) in Management Zone 1 (MZ1).

THIS PERIOD

For the semiannual program, Watermaster staff manually measures water levels in approximately 340 agricultural wells twice per year. In conjunction with the semiannual program, Watermaster staff manually measures water levels at about 112 key wells in the south portion of the Basin and around the Chino I / II Desalter well fields once per month. During the reporting period, Watermaster staff installed a pressure transducer/data logger in 10 of these key wells to automatically record water levels once every 15 minutes. For the MZ-1 program, Watermaster consultants collect groundwater level data at 35 wells in the southern portion of MZ1. Data are collected manually at MZ1 wells once every two months, and automatically once every 15 minutes using a pressure transducer/data logger installed at each well.

These Watermaster programs also rely on municipal producers, other government agencies, and private entities to supply their groundwater level measurements on a cooperative basis. Watermaster digitizes all these measurements and combines them into a relational database maintained at Watermaster's office.

TO COME

During fiscal year 2004/05, Watermaster staff will expand the use of pressure transducers/data loggers within the key well program. Watermaster staff will purchase and install about 30 additional pressure transducers/data loggers at wells in the key well program and at selected wells in the northern portions of Chino Basin where highly-detailed groundwater level data is scarce.

Watermaster, Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), and the Santa Ana Regional Water Quality Control Board (RWQCB) have agreed to construct nine new monitoring wells as part of the piezometric monitoring element of the HCMP. These monitoring wells are necessary because existing well locations and well construction are not sufficient to measure the extent of hydraulic control in the vicinity of the Desalter well fields and because of the loss of monitoring use of agricultural wells as these wells are destroyed in the conversion of land use from agriculture to urban uses. The objective of these new wells is to document the creation of a regional depression in the piezometric surface, for both the shallow and deep aquifer systems, as a result of Desalter pumping. These wells will be installed during fiscal year 2004/05.

Watermaster and IEUA are planning to construct a number of monitoring wells at recharge basins to monitor the influence of recharge on groundwater levels in general, and to monitor the water quality resulting from the recharge of supplemental and storm waters. At least one monitoring well will be installed down-gradient of each recharge facility that receives recycled water. The construction schedule will be determined during the next reporting period.

Groundwater-Quality Monitoring

BACK-GROUND **Prioritizing Wells to Serve Multiple Purposes.** The private wells chosen for the 2003-04 water quality monitoring program are located primarily between Interstate 60 and the Santa Ana River (SAR).

Water Quality Analyses

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

ON-GOING
- Wells within or near the two volatile organic compound (VOC) plumes south of the Ontario and Chino Airports are being analyzed for VOCs, in addition to the general minerals and general physical parameters.

- All private wells in the key well program are being analyzed for perchlorate because of its widespread occurrence in the 1999-2001 sampling program, and the concerns expressed by appropriators faced with expensive ion exchange treatment costs for perchlorate-contaminated wells.

THIS PERIOD **Sampling Program of Selected Private Wells**. Watermaster developed its streamlined, key-well water quality monitoring program in which approximately 114 private "key wells" are sampled bi-annually (i.e. once every two years) in the southern portion of Chino Basin. Therefore, approximately 57 wells will be sampled on an annual basis. The steps taken in determining the key wells were:

- The basin was divided into a grid, with each cell being 2000 square meters (m^2).
- For each grid cell, the average TDS and NO_3 values were calculated (using the last five years of available data).

- The water quality of each individual well was examined. Wells most closely matching the average constituent concentrations were chosen as representative. One to two wells in each grid square were retained (The wells not chosen in the key well program, but still matching these criteria are the alternate wells for each grid cell). Preference was given to wells with the following characteristics:
  - Known construction;
  - Choice as a groundwater level key well;
  - Likelihood of surviving the regional development.
- Basin-wide TDS and NO_3 arithmetic averages were recalculated using just the key wells and compared to the total basin arithmetic averages. New maps were made representing the water quality conditions of the key wells and qualitatively compared to the original basin maps.

Watermaster has developed a comprehensive water quality program, whereby water quality data from other sources are routinely collected, quality-control checked and loaded into Watermaster's database. Data sources included:

- Appropriators
- Department of Health Services (DHS) – these data are currently downloaded from DHS annually
- Department of Toxic Substance Control (DTSC) for the Stringfellow Acid Pits
- Regional Water Quality Control Board (RWQCB) for water quality data associated with sites under Cleanup and Abatement Orders (CAO).

TO COME Watermaster is working closely with Appropriator Pool members and their state-certified contract laboratories in order to obtain water quality data as an electronic data deliverable (EDD). These data would be transmitted either directly from the laboratory or from the Appropriator, after their QA/QC check of the laboratory data. The EDDs will enhance the quality and timeliness of the Watermaster's database.

Groundwater-Production Monitoring

BACK-GROUND **Monitoring of Agricultural Production Wells.** Initially production monitoring involved the installation of meters on wells operated by members of the Agricultural Pool. As of the end of this period, Watermaster counted about 517 active agricultural wells and has equipped 403 of these wells with operating meters. The other 114 wells have or will become inactive within 18-24 months because of urban development in the south Chino area.

ON GOING **All Producing Wells Are Monitored Quarterly.** Watermaster staff reads the newly installed and/or rehabilitated meters on the agricultural wells quarterly. A "water duty" method is used to estimate production at agricultural wells that do not have meters.

TO COME **Need For Water Use/Disposal Form To Be Reviewed.** The OBMP Implementation Plan includes a provision that requires the agricultural producers to submit a water use/disposal form describing the sources of water used by each producer and how that water is disposed of after each use. Filling out the water use and disposal form and reporting the

results have not been implemented. Watermaster will initiate discussions of the need for this form with the Water Quality Committee.

Surface-Water Monitoring

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

ON GOING Currently, Watermaster monitors the water quality in 20 basins: Upland, Declez, Etiwanda Spreading Grounds, Victoria, Hickory, Lower Day Lower, Banana, Ely 1, Ely 3, Wineville, San Sevaine 1, San Sevaine 5, Turner 1, Princeton, Montclair 1, Montclair 2, Montclair 3, Montclair 4, Brooks, and Grove. Generally, the water quality samples are taken after storm events, i.e., during the period from November 1 through March 30; however, monitoring of nuisance flows also occurs. Each basin has been sampled three to five times each year. Next fiscal year the sampling rate will substantially increase for basins that are scheduled to receive recycled water.

THIS PERIOD Immediately following the storm event of March 1, 2004, Watermaster staff sampled the storm water captured in Ely Basins 1 & 3, Montclair Basins 1 & 2, San Sevaine Basins 1 & 5, Lower Day Basin, and Victoria Basin.

BACK-GROUND **Surface Water Monitoring for Santa Ana River Began In June 2003**. One of the goals of the OBMP is to maximize Chino Basin yield. A key component in maximizing yield is to minimize groundwater discharge into the SAR. Watermaster developed a surface water monitoring program for the SAR that, in conjunction with Watermaster groundwater monitoring programs, is used to characterize those reaches of the River that are gaining water from the Basin, and to determine if significant discharge of Chino Basin groundwater to the SAR is occurring. A conceptual monitoring plan involving IEUA, OCWD, the RWQCB, and Watermaster was finalized. These agencies determined that the conceptual monitoring plan was adequate and developed a detailed work plan to implement a surface water and groundwater monitoring program. The work plan was completed in June 2003, and year-round water quality sampling and flow monitoring in the SAR have begun.

ON GOING Watermaster now measures the SAR flow and selected water quality parameters as key elements of the HCMP. Watermaster collects water quality samples and measures flow at the four Santa Ana River stations (Van Buren, Etiwanda, Hamner, and River Road) plus another eight locations on tributaries, year round on a bi-weekly basis. In addition, Watermaster obtains discharge data from permanent USGS and OCWD stream gauge locations on the SAR and its tributaries. Discharge and water quality data from publicly owned treatment works (POTWs) that discharge to the SAR in this reach are obtained from the POTWs.

Land-Surface Monitoring

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

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

2. Synthetic aperture radar interferometry (InSAR) measures land surface deformation across the entire Chino Basin using remote sensing techniques.

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

ON GOING **Depth Specific Data.** Permanent transducers and data logging equipment are recording depth specific groundwater level data at the Ayala Park piezometers. Transducers also are recording groundwater level data at wells owned by the cities of Chino and Chino Hills and the California Institution for Men (CIM). These transducers record groundwater levels at all wells once every 15 minutes, and also record "on/off" pumping cycles at the active production wells.

BACK-GROUND **Deep Aquifer-System Stress Test**. In October and November 2003, Watermaster attempted to conduct a controlled, deep aquifer system stress test. In summary, the test called for constant discharge from four wells owned by the City of Chino Hills (**CH-1B, CH-15B, CH-17,** and **CH19**), while most other wells in the area were to remain off. These wells have similar perforated intervals from about 300-1,100 ft-bgs and primarily influence water levels in the deep and confined portions of the aquifer system – deeper than about 300 ft-bgs.

The primary objective of this stress test was to transition the deformation of aquifer system sediments from elastic compression to inelastic compaction. If accomplished, it would have provided "threshold" piezometric heads at the extensometer location that should not be approached in the future to avoid permanent (inelastic) compaction within the aquifer system. It would have also helped to constrain estimates of key aquifer system parameters that could be used in later modeling efforts.

The primary objective was not accomplished during this test because two of the proposed pumping wells (**CH-1B** and **CH-15B**) could not pump directly into the Chino Hills' distribution system because of high arsenic concentrations. A third well (**CH-17**) had to be

turned off during the test because of mechanical problems. As a result, piezometric heads did not drop below the "threshold" levels to cause inelastic compaction within the confined portions of the aquifer system.

Nonetheless, valuable piezometric data was collected that revealed a potential groundwater barrier within the sediments below about 300 ft-bgs. This barrier approximately coincides with the location of the historic zone of ground fissuring as evidenced by a lack of water level response in **CH-18** (east of the fissure zone) due to pumping at **CH-19** (west of the fissure zone). That these features are coincident spatially suggests a cause-and-effect relationship between the barrier, the steep gradient of subsidence across the barrier as indicated by InSAR, and the ground fissuring.

THIS PERIOD

Shallow Aquifer System Stress Test. In May and June 2004, Watermaster attempted to conduct a controlled, shallow aquifer system stress test. In summary, the test called for constant discharge from three wells owned by the cities of Chino (Wells 4 and 6) and Chino Hills (**CH-1A**), while most other wells in the area were to remain off. These wells have similar perforated intervals from about 160-375 ft-bgs and primarily influence water levels in the shallow, un- to semi-confined portions of the aquifer system – shallower than about 300 ft-bgs.

The primary objective of this stress test was to constrain estimates of key aquifer system parameters that could be used in later modeling efforts. In addition, the data can be used to test for the existence of the groundwater barrier (discussed above) within the shallow aquifer system sediments.

Unseasonably warm weather and a temporary shut down of the Rialto Pipeline (imported water) caused the cities to turn on these pumping wells contrary to the pumping test schedule, and to turn on nearby deep wells later in the test period. Nonetheless, valuable piezometric data were collected and are currently being analyzed.

THIS PERIOD

Deep piezometer rehabilitation. During the summer drawdown in the 2003 it became evident that some degree of intercommunication was developing among the piezometers in the deep cluster (PB) at Ayala Park, and that the deepest piezometer, **PB-1,** and perhaps others, were also intermittently communicating with the much higher heads in the shallow aquifer system. The leakage apparently is occurring through faulty joints in the two-inch PVC casings, although actual breaks in the casings may also exist. Evidence suggests that many of the problems may result from defects in the casing of PB-1 that allow leakage directly into the gravel envelopes around the screened intervals of shallower piezometers. To the extent that this is true, repair of PB-1 may solve most of the problems.

Rehabilitation of the PB piezometers is currently being undertaken, using a "well-in-a-well" construction technique. This involves filling the screened interval (5 to 20 ft) of the piezometer casing with coarse, highly permeable sand, which is then topped with about 10 ft of graded medium to very fine sand and silt to form a filter cap of very low permeability. A 1-inch inner pipe, the well within the well, is jetted through the filter cap to communicate effectively with the original gravel envelope and surrounding formation. Before final jetting down into position, the inner pipe, temporarily set about 20 ft above the screen, allows water standing in the 2-inch casing to be displaced to the surface while a

sealing bentonite grout is pumped down the annulus between the 2-inch casing and the inner pipe.

This technique has been tested and refined by experimenting in **PB-6**, the shallowest of the deep piezometer cluster. Preliminary evaluation indicates that the procedure closed a known communication between **PB-5 and PB-6**. Based on the results at **PB-6**, Watermaster will attempt to rehabilitate **PB-1** using similar methodologies (see below).

TO COME

Deep Aquifer System Stress Test. The most critical current objective of the aquifer system monitoring element of the IMP is to transition the deformation of aquifer system sediments from elastic compression to inelastic compaction (see discussion above). Watermaster is proposing to conduct another controlled, deep aquifer system stress test during the months of September and October 2004 to accomplish this objective. In summary, the test calls for constant discharge from four wells owned by the City of Chino Hills (**CH-1B, CH-15B, CH-17, and CH-19**), while most other wells in the area are to remain off.

Recall that **CH-1B** and **CH-15B** have relatively high concentrations of arsenic that do not allow for pumping these wells directly into Chino Hills' distribution system. Yet, it is imperative that these wells participate in the stress test in an attempt to transition the aquifer system deformation to inelastic compaction. Options to include these wells is the stress test include: (1) installation of temporary or semi-permanent arsenic removal facilities at the well heads, and/or (2) pumping directly to storm drains which flow to Prado Basin and ultimately to Orange County Water District's Santa Ana River recharge facilities in Anaheim. The feasibility and cost of each option are being researched and discussed with various vendors, the City of Chino Hills, permitting agencies, and the MZ-1 Technical Committee.

Deep piezometer rehabilitation. Rehabilitation of **PB-1** is scheduled to be undertaken on or about June 23, 2004 when the equipment and personnel of the contractor, Well Development Corporation, are next available. After repair of **PB-1**, WEI will conduct slug tests to confirm the effectiveness of the procedure and the need, if any, for similar repairs in other piezometers.

Background

InSAR. The objective of this task is to characterize ground surface deformation in Chino Basin using Synthetic Aperture Radar Interferometry (InSAR). This analysis will be performed for a historical period (1992-2003) and on an on-going basis thereafter. The advantage of InSAR is that it provides an aerially continuous representation of land surface deformation. These data are planned to be used to: (1) characterize the time history of land surface deformation in greater spatial and temporal detail than can be accomplished from the available historical ground level survey data, (2) calibrate computer simulation models of subsidence and groundwater flow, and (3) assist in the evaluation of the effectiveness of the long term management plan.

THIS PERIOD

During this reporting period, Vexcel Corporation of Boulder, Colorado – a company that specializes in remote sensing and radar technologies conducted a "proof of concept" study of historical SAR data that was acquired over the MZ-1 area. The objective of this study was to generate cumulative displacement maps over relatively short time steps (months). If deemed successful, a comprehensive analysis of all historical SAR data

(1992-2003) would be performed to characterize in detail the time history of subsidence in MZ-1.

In this "proof of concept" study, five SAR images acquired from September 1992 to November 1993 were processed to create four interferograms:

- September 1992—April 1993
- April 1993 – September 1993
- September 1993 – October 1993
- October 1993 – November 1993

The first interferogram (September 1992 – April 1993) was incoherent and unusable. The remaining three interferograms were coherent, and allowed for the creation of three cumulative displacement maps:

- April – September 1993
- April – October 1993
- April – November 1993

The major features to note in these cumulative displacement maps are:

1. A north-south trending trough of subsidence extends northwest of the Ayala Park Extensometer, and depicts maximum subsidence of about 2.4 inches during the April – November 1993 period in the vicinity of the intersection of Central Avenue and Schaefer Avenue. This pattern and magnitude of subsidence are consistent with past InSAR and ground level survey analyses.

2. The coincidence of the north-south trending fissure zone (which was active during this general time period) and the sharp eastern edge of the trough of subsidence. This locational coincidence suggests a cause-and-effect relationship that may also be related to an underlying groundwater barrier within the deep aquifer system sediments (see Aquifer System Monitoring section below).

3. The slight differences between maps that depict the relatively small displacements that occurred from September to November can be recognized through this analysis. The recognition of these displacements at relatively short time steps (months) demonstrates the capability of this method to further resolve the time history of subsidence over the period of available SAR data (1992-2003).

4. An increasing number of "no data" cells as the maps progress through time. This is a result of incoherent cells in an interferogram in areas that were previously coherent in all prior interferograms. This phenomenon will progressively add "no

data" cells to the cumulative displacement maps. However, in the opinion of Vexcel, the final map will still provide useful and spatially continuous data in areas that typically provide coherence data (e.g. urban areas).

5. The large area of "no data" in the agricultural areas of Chino Basin. The analysis did not improve the coherence of the data in these agricultural areas, as was hoped.

TO COME

The MZ-1 Technical Committee reviewed the findings of the proof of concept InSAR analysis and recommended to the Watermaster to proceed with the analysis of the entire historical record. This work will be completed by the end of 2004. The contract deliverable will include a presentation of the analysis results by the InSAR consultant.

Benchmark Surveys

BACK GROUND

The Interim Monitoring Program (IMP) work plan called for the deep extensometer, which is anchored in sedimentary bedrock at about 1,400 ft bgs, to be used as the "starting benchmark" for all survey loops. To accomplish this, a Class-A benchmark was constructed outside the extensometer building to serve as the practical (*i.e.* actual) starting benchmark. To link this benchmark to the deep extensometer pipe, each survey event is begun by referencing the benchmark to a marked spot on one of the piers that supports the extensometer instrument platform. These piers and the instrument platform represent a stable ground surface datum that is used to measure relative vertical displacement between the ground surface and the deep extensometer pipe (recorded every 15 minutes). The vertical displacement recorded at the deep extensometer between survey events, in addition to any vertical displacement measured between the starting benchmark and the pier, is then used to calculate the elevation at the starting benchmark outside the extensometer building. Then, relative vertical displacement between benchmarks is measured across the entire work to obtain current elevations. These comprehensive surveys are planned to be repeated annually during spring season of highest regional water levels.

A key element of the MZ-1 benchmark network is the array of closely spaced benchmarks that have been established across the historic fissure zone in the immediate vicinity of the Ayala Park extensometers (Ayala Park array). At this array, located along Edison and Eucalyptus Avenues, the IMP work plan calls for the semiannual measuring of both vertical and horizontal displacements. These horizontal and vertical displacements are expected to define two-dimensional profiles of land surface deformation that can be related to the vertical distribution of aquifer system compaction and expansion that is being recorded continuously at the extensometers. These surveys are repeated semi-annually during the late spring and early fall periods of highest and lowest water levels – in an attempt to monitor fissure movement that may be associated with elastic and/or inelastic aquifer deformation.

THIS PERIOD

In late April 2004, AE performed the annual survey event across the entire network of benchmark monuments, including the measurements of horizontal displacements at the Ayala Park Array of monuments. These data are currently being processed by AE for upload to the MZ-1 database.

TO COME

The results of the ground level surveys to date will be presented to the MZ-1 Technical Committee at its July 21, 2004 meeting. Also at this meeting, the project manager from AE will make a presentation to describe survey methodologies, accuracy, results, and challenges, as well as to answer questions. The written results will be presented in the next MZ-1 progress report due to the MZ-1 Technical Committee at its August 25, 2004 meeting.

Well Construction, Abandonment, and Destruction Monitoring

BACK-GROUND

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

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

PROGRAM ELEMENT 2 – DEVELOP AND IMPLEMENT COMPREHENSIVE RECHARGE PROGRAM

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

Recharge Facilities Improvement Project (Seven Bid Packages)

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

Completed

Bid Package No. 1, which included major earthwork at Banana, College Heights, Lower Day, RP-3, and Turner Basins, was awarded to LTE Excavating on March 24, 2003. Work was scheduled for completion by November 15, 2003, but was delayed while awaiting delivery of sluice gates and their actuator assemblies. At the end of this quarter, the final "punch list" of corrections was completed, and the bid package was accepted on May 12, 2004

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

BACK-GROUND

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

by March 15, 2004; however, rain delays slowed completion of excavation and soil cement berms.

THIS PERIOD

During this quarter, work on final excavation and the soil cement berms was completed. A "punch list" of corrections was generated, and the contractor is completing those items.

THIS PERIOD

Bid Package No. 3 – Jurupa Basin to RP-3 Force Main

Bid Package No. 3 involves construction of approximately 11,000 linear feet of 36-inch CML&C force main between Jurupa Basin and RP-3 Basin. The force main will be used to convey storm water, imported water, and recycled water between the pump station at Jurupa Basin and the RP-3 Basins. This package was awarded to W. A. Rasic Construction Company with work beginning on August 6, 2003. The Contractor anticipates a construction period of 12 months with completion of the pipeline in July 2004.

THIS PERIOD

Bid Package No. 4 – Jurupa Basin to RP-3 Pump Station

Bid Package No. 4 consists of construction of the Jurupa Pump Station, 100 feet of 48-inch pipeline, and 400 feet of 36 inch, CML&C steel force main. The package was awarded to LT Engineering with work beginning on February 19, 2004. The Contractor anticipates a construction period of 8 months with completion in November 2004.

Bid Package No. 5 – SCADA System

THIS PERIOD

This bid package includes the SCADA system and electrical improvements at all the basins. The 100 percent design was submitted, reviewed, and sent out for bid in January 2004. Because of the poor response, the package was re-bid in February 2004, and was awarded to Denboer Engineering on February 24, 2004. The contractor anticipates a construction period of 8 months with completion in November 2004.

Bid Package No. 6 – MWD Turnout Design

THIS PERIOD

This bid package covers the construction of three new MWD turnouts: CB-11TB and CB-15T on the Rialto Pipeline, and CB-18 on the Etiwanda Intertie near San Sevaine Channel. MWD provided various drawings, specifications, and other information needed to complete the three designs. This package was awarded to Griffith Construction with work beginning on February 4, 2004. The contractor anticipates a construction period of 6 1/2 months with completion in August 2004.

TO COME

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

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

- Habitat Mitigation Area at RP-3
- Upland Basin Improvements
- Victoria Basin Improvements

- Hickory Rubber Dam, Pump Station and Force Main
- Miscellaneous Projects

The various projects will be prioritized and those that offer the greatest benefits to groundwater recharge will be included in the bid package depending on available funding after construction of the other six bid packages. Designs for Bid Package 7 are complete and it is expected to be awarded by July 2004.

THIS PERIOD

Groundwater Recharge Coordinating Committee (GRCC)

The GRCC meets monthly to monitor and coordinate the Recharge Facilities Improvement Project, focusing on design issues, construction management, and operations manuals. Watermaster's FY2003-04 budget provides $440,000 for current operation and maintenance activities.

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

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

PROGRAM ELEMENT 5 – DEVELOP AND IMPLEMENT REGIONAL SUPPLEMENTAL WATER PROGRAM

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

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

The Chino I/II Desalters

BACK-GROUND

The Chino I Desalter was originally constructed by SAWPA to provide 8.1 million gallons per day (MGD) of product water using reverse osmosis treatment. The project also included extraction wells, raw water pipeline, and product water pipelines and pump stations.

THIS PERIOD

Chino I Expansion/Chino II Desalter. This expansion includes the construction of an additional 4.9 MGD of parallel treatment capacity (nitrate removal via ion exchange) at Chino I and 10 MGD of similar ion exchange at the Chino II Desalter. A construction contract was signed and construction is underway with completion scheduled for February 2005.

ON GOING

Chino I Desalter Other Improvements. Other facilities either under design or construction include three new extraction wells (construction completed), a raw water pipeline (construction started), a Chino Hills pump station and product water pipeline (construction underway), and a volatile organic compound (VOC) treatment system (construction started) ahead of the ion exchange treatment.

ON GOING

Chino II Desalter Other Improvements. Other facilities either under design or construction include nine new extraction wells (five under construction, four wells in design), two raw water pipelines (design phase), two product water pipelines (one under construction, one in design), and site improvements (construction underway).

All the projects underway to expand the Chino I/II Desalters should be completed by February 2005.

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

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

THIS PERIOD

The MZ1 Technical Committee Meeting – March 10, 2004. Committee representatives were informed of the status of the various efforts to implement the monitoring program (see Land Surface Monitoring of Program Element 1), and were briefed on the results of the aquifer stress test begun on October 1, 2003. The meeting focused on the GPS survey of the extensometer location, the Associated Engineers (AE) semi annual survey of the Ayala Park Array of benchmarks, the Vexcel cost estimate and schedule for the InSAR studies, and the extensometer results from the Comprehensive Pumping Test.

The elevation of the starting benchmark at the extensometer was established by Associated Engineers (AE) through the use of GPS receivers, and from there established the horizontal and vertical position of 24 monuments in the area of greatest subsidence. AE will continue to perform and report on their semi-annual (April and October) survey of the 24 monuments. These horizontal and vertical displacements will provide two-dimensional profiles of land surface deformation that then can be related to the vertical distribution of aquifer system compaction and expansion recorded by the extensometers.

Vexcel provided a cost estimate and schedule for a decade (1993-2002) of InSAR data. As a "proof of concept," Vexcel analyzed the data for a single year (1993) and provided interferograms for three time periods using 1993 data.

Data from the extensometer from July 15, 2003 through March 1, 2004 were presented; and appeared to show excellent correlation with piezometric data from PA-7. A stress-strain diagram was developed for the drawdown (July 15-Nov 1, 2003) and recovery (after Nov, 2003) periods. The stress-strain diagram appears to show that deformation is primarily elastic compression and expansion within the aquifer system sediments, but complete results will not be available until July 15, 2004. Data from piezometer B recording at a depth of 500-1200' logs, were sporadically irregular and concern centered on possible leaking joints which allow water from the well column to leak out into the gravel layers at shallower elevations. Negotiations were opened with WDC, the well installer, to correct the leakage either with well packers or a "well-within-a-well."

Voluntary Forbearance. The City of Chino and the City of Chino Hills submitted certifications documenting their respective voluntary participation in forbearance of groundwater production. Through the end of May 2004, the City of Chino submitted documentation of pumping reductions of 1495 acre-feet toward its forbearance goal of 1,500 acre-feet for 2003/2004. The City of Chino Hills submitted documentation of forbearance of 667 acre-feet through January 2004.

Agency	Forbearance through May 2004	Forbearance Goal 2003/2004
City Of Chino	1495 acre-feet	1,500 acre-feet
City Of Chino Hills	667 acre-feet	1,500 acre-feet

TO COME **Pending Legal Actions Regarding Subsidence.** In its October 17, 2002 Order, the Court ordered Watermaster to keep the Court apprised of any legal actions that could question the Court's jurisdiction over subsidence. Watermaster is not aware at this time of any such actions. The hearing regarding the City of Chino's Paragraph 15 Motion concerning subsidence was continued by the court until August, 2004.

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

PROGRAM ELEMENT 7 – DEVELOP AND IMPLEMENT SALT MANAGEMENT PROGRAM

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

quality conditions in the Basin and to consider future water quality management activities beyond the Chino Basin desalting program.

BACK-GROUND

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

- Watermaster is identifying and characterizing water quality anomalies, such as the VOC anomaly south of the Ontario International Airport (OIA). Status Reports on each of the anomalies were developed by Watermaster and were presented to the Water Quality Committee for their review.
- Watermaster staff continues to participate in the process of developing TMDLs for Reach 3 of the Santa Ana River and other water bodies in the lower Chino Basin. No progress has been made during the last quarter because of the State budget crisis and the staffing issues at the RWQCB.
- Watermaster staff is assisting the RWQCB with research, monitoring, and the crafting of investigative and cleanup and abatement orders for potential dischargers involved with the OIA. Watermaster staff receives and reviews all reports that are produced by dischargers that are conducting investigations under order by the RWQCB and the Department of Toxic Substances Control (DTSC).

Water Quality Committee

THIS PERIOD

Watermaster staff and consultants continue to update our understanding of the contaminants of concern in the various plumes, and the extent of their migration. In addition, Wildermuth Environmental continued their analysis of the environmental records search performed by EDR. This consisted of a query of state and federal databases of known users and dischargers of potentially hazardous chemicals. Watermaster is analyzing the areal relationship of potential sources of perchlorate with downgradient impacted production wells. On March 30, 2004, Black & Veatch delivered their "Draft Technical Memorandum –Treatment Technology Review" which analyses current and emerging treatment technologies for specific contaminants of concern in the Chino Basin; including nitrates, perchlorate, arsenic, and specific VOCs.

With respect to the VOC plume at OIA, Wildermuth Environmental completed their data gathering effort at the RWQCB and prepared draft Letters of Notification/Cleanup and Abatement Orders for review by the RWQCB prior to their mailing to identified potential dischargers. At the Chino Airport VOC plume, Watermaster obtained permission from private well owners to release VOC water quality data to Tetra Tech, a consulting engineering firm performing quarterly groundwater monitoring of the VOC plume immediately southwest of the airport property. Tetra Tech is under contract to the County of San Bernardino, Department of Architecture and Engineering, the owner and operator of Chino Airport, and is attempting to determine the source of the VOC plume. Watermaster's water level and water quality monitoring program over the last several years has resulted in a robust database that can be used by Watermaster and other stakeholders in the basin to answer these kinds of questions.

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

BACK-GROUND

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

THIS PERIOD

The Basin Plan Amendment incorporating the sub-basin boundaries and maximum beneficial use concept was adopted by the RWQCB on January 24, 2004, (RWQCB Basin Plan Amendment, and Attachment to Resolution No. R8-2004-001). Watermaster staff immediately developed and submitted surface water and groundwater monitoring programs to the RWQCB on February 21, 2004. These monitoring programs will measure the progress of CBWM and IEUA in achieving the "maximum benefit" goal for TDS/TIN in the Chino and Cucamonga Basins. The Basin Plan amendment has been favorably reviewed by the State Water Resources Control Board and the Office of Administrative Law. The State Board will likely approve the Basin Plan amendment at their September 2004 meeting.

BACK-GROUND

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

THIS PERIOD

In addition to being a core element of the OBMP, hydraulic control is a requirement of the Basin Plan Amendment. Watermaster, OCWD, and RWQCB staffs developed a conceptual monitoring program in June 2003 to assess the state of hydraulic control and to provide information to Watermaster to manage future production and recharge. The final work plan for the Hydraulic Control Monitoring Program was completed in May 2004, and implementation is now occurring. This program will change over time as new information is developed and will last for several years. The coordination and review of the hydraulic control monitoring data and the development of management programs to maintain hydraulic control have been added to Program Elements 6 and 7.

Watermaster and IEUA have committed to the construction of nine new multi-piezometer wells during fiscal year 2004/05. Watermaster filed an application for $250,000 from the Local Groundwater Assistance Fund, sponsored by the California Department of Water

Resources (DWR). Watermaster received notice that the DWR will award the full $250,000 to Watermaster. This funding will support construction of two piezometric monitoring wells that, in addition to some existing wells, would be used for monitoring and assessing the state of hydraulic control. In addition to the DWR funding, IEUA and Watermaster have secured about $400,000 from the U.S. Bureau of Reclamation for new monitoring wells for the HCMP.

THIS PERIOD

Watermaster and IEUA obtained approval by OCWD and the RWQCB for the nine wells sites; completed draft plans and specifications for the new multi-piezometer monitoring wells; and began the site engineering/acquisition process for the nine wells. In addition, these agencies prepared and signed an "Agreement for Cooperative Efforts in."

TO COME

During the next reporting period, Watermaster/IEUA will obtain finalize bid documents, and select drillers for the nine wells.

Salt Budget Tool To Establish TDS Objectives

BACKGROUND

Watermaster has developed a salt budget tool to estimate the current and future salt loads to the Basin and the salt benefits of the OBMP. This tool was used to establish TDS objectives for the northern part of the Basin based on maximum beneficial use of water available to the region. These projections were based on the water supply plan in the Implementation Plan and include alternative recycled water and State Project water recharge scenarios. Watermaster consultants prepared a letter report (February 20, 2004) describing the salt budget and the Chino Basin Maximum Benefit Commitment. The commitments require Watermaster and IEUA to take specific actions triggered by ambient water quality and other time-certain conditions. An implementation schedule is specified, with the RWQCB responsible for overseeing compliance.

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

PROGRAM ELEMENT 9 – DEVELOP AND IMPLEMENT STORAGE AND RECOVERY PROGRAM

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

BACK-GROUND

Completed Preliminary Design Report. The first draft of the DYY Preliminary Design Report was completed in July 2003 and submitted to Watermaster. The DYY Program documentation is organized into four volumes: Volumes I and II, prepared by Black &

Veatch, comprise the Preliminary Design Report (PDR). Volume I describes the background information and design objectives of the Program, while Volume II describes the facilities to be designed to help the agencies meet their shift obligation. Volume III presents the groundwater modeling report developed by Wildermuth Environmental, Inc., and Volume IV contains the CEQA Findings of Consistency environmental documentation prepared by Tom Dodson and Associates.

ON GOING

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

The nine participating agencies are as follows:

• City of Chino	• Monte Vista Water District (MVWD)
• City of Chino Hills	• City of Ontario
• Cucamonga Valley Water District (CVWD)	• City of Pomona
• City of Upland	
• Jurupa Community Services District (JCSD)	

Facility Requirements and Site Selection. A preliminary screening of potential sites identified the most feasible locations for the DYY Program facilities. The information was presented to the agencies and a final selection was made. The Program facilities consist of five new ion exchange (IX) facilities, expansion of two existing IX facilities, construction of seven new non-water quality impaired wells, and two new perchlorate wellhead treatment facilities. The new wellhead IX facilities would contribute approximately 18,000 acre-feet of dry year yield, while the new well facilities would contribute approximately 15,000 acre-feet of additional yield. The total capital cost for the facilities is estimated to be $38 million. MWDSC will contribute approximately $27 million. The Groundwater Storage Program Funding Agreement between MWDSC, IEUA, Three Valleys Municipal Water District (TVMWD), and Watermaster was signed in July 2003.

ON GOING

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

BACK-GROUND

Final Approval of DYY Storage Account. Pursuant to Article X of Watermaster's Rules and Regulations, IEUA submitted an Application to enter into a Storage and Recovery Program Storage Agreement. This Application was approved unanimously by all Pools and received unanimous approval from the Advisory Committee and Board on October 23, 2003. Watermaster and IEUA developed a storage agreement pursuant to the Application and processed that agreement through the Watermaster approval process in March 2004. The agreement was submitted to the Court for approval. Prior to Court approval, MWDSC is utilizing its existing Trust Storage Account with the intention of

transferring its water stored in the Trust Account into the DYY account upon approval of the Storage Agreement.

BACK-GROUND

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

- Develop draft future replenishment and wet water recharge criteria based on requirements described in the Section 7.1b of the Watermaster Rules and Regulations regarding the balance of recharge and discharge. (See Wildermuth, Analysis of Supplemental Water Recharge Pursuant to the Peace Agreement. To be filed with the Court.)
- Evaluate the cumulative effects of transfers among the Parties as described in Section 9.3 of the Watermaster Rules and Regulations. (See Wildermuth, Evaluation of the Cumulative Effects of Transfers Pursuant to the Peace Agreement. To be filed with the Court.)
- Describe pumping patterns in Management Zone 1 that will not reduce piezometric levels below current conditions.

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

BACK-GROUND

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

ON-GOING

Other Uses of the Groundwater Model in the OBMP Implementation. The groundwater model is currently being used to investigate alternative management strategies including reduced storage in the eastern part of the basin, expanded storage and recovery programs, and assessing hydraulic control with various appropriator proposed pumping alternatives in the southern Chino Basin.

CONCLUSION

THIS PERIOD

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

- Construction on Bid Packages 1 and 2 of the Recharge Facilities Improvement Project was completed, and construction on Bid Packages 3-6 is progressing on

schedule. Demonstration projects for recharge in College Heights and Brooks Basins were undertaken.

- The groundwater level and quality monitoring programs have been reorganized to better support new initiatives, such as MZ1, HCMP, Nitrogen Loss, and Desalter Expansion. Selected wells are being equipped with automatic measuring and recording devices to continually collect water level data at wells at frequent intervals. Current field sampling and laboratory analyses have transitioned to the new monitoring program.
- Updated status reports were developed for Chino Basin plumes at Kaiser, GE Flat Iron, GE Test Cell, OIA and Chino Airport. An initial evaluation of potential perchlorate sources and plumes was undertaken based on an EDR database.
- Data from the Ayala Park Extensometer indicated that deformation within the aquifer system sediments has been primarily elastic compression and expansion during the 2003 pumping season and the 2003/04 recovery season. Additional test protocols are being developed for FY2004-05.
- The semi-annual benchmark survey was completed in April 2004, and the "proof of concept" InSAR study was successfully concluded.

CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. CONSIDER IEUA FUNDING REQUEST

CHINO BASIN WATERMASTER

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

STAFF REPORT

DATE: **August 12, 2004**
August 17, 2004
August 26, 2004

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **"Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water"**

SUMMARY

ISSUE – IEUA has agreed to contribute $25,000 to for the National Academy of Sciences, Water Science and Technology Board investigation "Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water" and has requested that Watermaster also contribute $25,000.

RECOMMENDATION – Given the benefits to Chino Basin area, Staff recommends that Watermaster contribute $25,000 to this investigation in a combination of money and in-kind support.

BACKGROUND

The National Research Council's (NRC) Water Science and Technology Board propose to undertake a study on "Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water." The goals of this study will be: (a) to provide an overview of some of the research needs and priorities concerning sustainable underground storage technology and implementation, and (b) to assess geological, geochemical, biological, engineering, and institutional factors that may contribute to good or poor performance of such projects. The study will be conducted by a multidisciplinary committee whose members have expertise in groundwater and surface water hydrology, recycled water, inorganic and organic geochemistry and biogeochemistry, behavior of pathogens in the subsurface, risk assessment, environmental and water resources engineering, and natural resource economics and law. The duration of this effort will be 24 months – approximately July 2004 to June 2006. The estimated cost is $500,000, of which $50,000 is being requested from the IEUA. IEUA is requesting that Watermaster split the cost and provide $25,000 in funding. Watermaster's participation will elevate the Chino Basin stature in the water industry and may draw research monies to the Chino Basin.

DISCUSSION

The proposed study will provide an overview of the research needs and priorities concerning sustainable underground storage technology and implementation. It will assess geological, geochemical, biological, engineering, and institutional factors that may affect the performance of such projects, based in part on a review and evaluation of existing projects. Specifically, the study will assess and make recommendations with respect to the following questions:

- What research needs to be done to develop predictors of performance for underground storage projects?

- What are the long-term impacts of underground storage on aquifer use—at wellhead and regional scales, and can these impacts be ameliorated?

- What physical, chemical, and geological factors associated with underground storage of water may increase or decrease human and environmental health risks?

- Are there any chemical markers or surrogates that can be used to help assure regulators and the public of the safety of water for groundwater recharge? What should we monitor and at what spatial and temporal scales?

- What are the challenges and potential for incorporating sustainable underground storage projects into current systems approaches to water management for solving public and environmental water needs?

- How do the institutional, regulatory and legal environments at federal, state, and local levels encourage or discourage sustainable underground storage, if and where this is considered desirable?

The study will be conducted by an ad hoc committee composed of approximately 15 volunteers. The principal criterion for committee appointment will be level of experience and expertise related to the study tasks. Members of the committee will likely come from academic, consulting, and governmental backgrounds and from different regions of the country. Disciplines represented on the committee will include groundwater and surface water hydrology, recycled water, inorganic and organic geochemistry and biogeochemistry, behavior of pathogens in the subsurface, risk assessment, toxicology, environmental and water resources engineering, and natural resource economics and law. Staff recommends that Watermaster staff participate on the committee and that staff cost be included as in-kind support.

This study will produce a consensus report with conclusions and recommendations. The committee will prepare and deliver a prepublication copy of its final report within 22 months of receipt of funds; an additional 2 months are necessary to allow for publication of the final volume. The committee and its report will be subject to standard NRC procedures for peer review and will be available to the public upon request. At project completion, representatives of the committee and staff will perform appropriate dissemination activities, including conducting briefings, giving presentations at relevant technical and policy conferences, and writing articles for relevant publications.

This report should be immediately useful to agencies, practitioners, and scientists involved in conjunctive use of groundwater and surface water, aquifer storage and recovery, and water reuse.

DRAFT, May 13, 2004

NATIONAL ACADEMIES/NATIONAL RESEARCH COUNCIL
DIVISION ON EARTH AND LIFE STUDIES
WATER SCIENCE AND TECHNOLOGY BOARD

Proposal No. nn-DELS-nnn-nn

Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water

SUMMARY

The National Research Council's (NRC) Water Science and Technology Board proposes to undertake a study on "Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water." The goals of this study will be: (a) to provide an overview of some of the research needs and priorities concerning sustainable underground storage technology and implementation, and (b) to assess geological, geochemical, biological, engineering, and institutional factors that may contribute to good or poor performance of such projects.

The study will be conducted by a multidisciplinary committee whose members have expertise in groundwater and surface water hydrology, recycled water, inorganic and organic geochemistry and biogeochemistry, behavior of pathogens in the subsurface, risk assessment, environmental and water resources engineering, and natural resource economics and law. This committee will produce a report, as described in the "Anticipated Results" section of this proposal. The duration of this effort will be 24 months – approximately July 2004 to June 2006. The estimated cost is $500,000, of which $50,000 is requested from the Inland Empire Utilities Agency.

BACKGROUND

Freshwater supplies in the US may be hard pressed to meet anticipated needs in the future, for a variety of reasons. Among these are:

1) A general increase in population, especially in semi-arid and coastal regions of the country,
2) Reallocation of existing water resources to protect sensitive aquatic species,
3) Legal and institutional barriers to, and adverse impacts of, water export projects,
4) Increasing recognition of irrigation-induced water quality problems in semi-arid regions,
5) Reduction of snowpack in the western and northeastern U.S. in recent years, and
6) Continued groundwater overdrafting throughout the nation.

These considerations will put great demands on many traditional sources of water in the coming years. New strategies for water management and flow regulation will be required on a broad geographic scale. This need has inspired major new initiatives such as the Department of the Interior's *Water 2025: Preventing Crises and Conflict in the West* (see Figure 1).

Options for addressing these issues include increasing supply through importation and desalination, improving water-use efficiency through technology and conservation, and reuse of treated wastewater. However, with or without these strategies, there is often a need for temporary detention and storage of water during times of abundance for release during times of need. Given the problems associated with storage in above-ground reservoirs – including evaporative losses, land consumption and ecological impacts – there is increased interest in storing recoverable water underground as part of an overall water management plan. This water may come from streams, water treatment plants, water reclamation plants or other sources. It may be recharged through injection wells or basin spreading. And the recovered water may be used for drinking water, agriculture, or even returned to streams to support ecological communities.

The number of such projects is increasing rapidly. For example, in 1983 there were three operating aquifer storage and recovery (ASR) wells in the U.S. By 1994 there were 24, and as of July 2002 there were 56, with over 100 in development (Pyne, 1994; Pyne, 2002). Significantly, most of those systems west of the Mississippi are located in regions identified in Water 2025 as at risk for water-supply crises within a few decades (Figure 1). Other kinds of artificial recharge and conjunctive use projects are common in California and throughout the arid southwest. In California alone, over 48,000 acre-feet of recycled water per year is used to recharge groundwater systems (State of California, 2000). Many of these systems are fully successful; others encounter difficulties. There remain many questions about the hydrogeologic conditions under which success is likely, and the consequences of the use of such systems at large scales. Mineral transformations that occur during storage are poorly understood, as are the conditions under which inorganic or organic chemical contamination problems may be either improved or exacerbated. The long storage times associated with underground aquifers suggest that the consequences of these projects – either beneficial or detrimental – will also be long-lived.

Likewise, many existing water institutions are not well positioned to manage the long-term and widespread consequences of such systems, or to facilitate the most effective strategies. Aquifer "boundaries" are often not aligned with institutional boundaries (see Blomquist et al., 2001). Distinct laws may govern the same water before, during, and after recharge, leading to uncertainties as to how current water rights laws might apply. Issues of ownership and responsibility when recharged water moves in the ground, or causes perturbation of surrounding water supplies, may be unclear. Current regulation of aquifer storage systems is in the early stages of development in many parts of the country. Water institutions that manage and regulate these systems face unprecedented challenges.

The timing is excellent for a summary of the state of knowledge of Sustainable Underground Storage of Recoverable Water. There are enough operational systems that information on long-term performance in a range of geologic and hydrogeologic environments is available. This technology will clearly be used even more widely in the future, but we lack an ability to make unbiased predictions of the likely performance of such projects. An NRC study at this time would (a) provide an overall, integrated assessment of interrelated technical and institutional issues, (b) identify the gaps in the science and practice that limit our understanding, and provide a prospective examination of how these gaps might be closed, (c) provide guidance to prevent development of systems founded on unsubstantiated assumptions or poorly

conceptualized models, d) improve the accuracy of predictions of system performance over time, especially with respect to plugging or dissolution of the aquifer, and e) provide guidance for monitoring plans to track performance of operational systems and to gain knowledge for the design of future systems.

A strategic planning session of the Water Science and Technology Board of the NRC ranked the topic of Sustainable Underground Storage as of the highest priority. This resulted in an April 2003 planning workshop attended by scientists and engineers from 25 organizations identified many important challenges that need to be defined, clarified, and resolved before underground storage can effectively contribute to clean and reliable water supplies and healthy and well managed watersheds. The highest priority challenges are highlighted in the following action plan for the study.

PROPOSED PLAN OF ACTION

The proposed study will provide an overview of some of the research needs and priorities concerning sustainable underground storage technology and implementation. It will also assess geological, geochemical, biological, engineering, and institutional factors that may affect the performance of such projects, based in part on a review and evaluation of existing projects.

Specifically, the study will assess and make recommendations with respect to the following questions:

- What research needs to be done to develop predictors of performance for underground storage projects based on hydrogeology, major ion geochemistry of the source water and the aquifer, well characteristics, and the character of the recharge water in terms of contaminants, disinfectants, and microbes?

- What are the long-term impacts of underground storage on aquifer use—hydraulic, geotechnical, geochemical, adsorptive capacity of contaminants—at wellhead and regional scales, and can these impacts be ameliorated?

- What physical, chemical, and geological factors associated with underground storage of water may increase or decrease human and environmental health risks concerning microbes, inorganic contaminants such as nitrite, disinfectant by-products, endocrine disruptors, personal care products, pharmaceuticals, and other trace organic compounds?

- Are there any chemical markers or surrogates that can be used to help assure regulators and the public of the safety of water for groundwater recharge? What should we monitor and at what spatial and temporal scales?

- What are the challenges and potential for incorporating sustainable underground storage projects into current systems approaches to water management for solving public and environmental water needs?

- How do the institutional, regulatory and legal environments at federal, state, and local levels encourage or discourage sustainable underground storage, if and where this is considered desirable?

The study will be conducted by an ad hoc committee composed of approximately 15 volunteers. The principal criterion for committee appointment will be level of experience and expertise related to the study tasks. Members of the committee will likely come from academic, consulting, and governmental backgrounds and from different regions of the country. Disciplines represented on the committee will include groundwater and surface water hydrology, recycled water, inorganic and organic geochemistry and biogeochemistry, behavior of pathogens in the subsurface, risk assessment, toxicology, environmental and water resources engineering, and natural resource economics and law.

The committee will meet approximately five times to discuss the charge, gather information, listen to briefings from, and closely interact with relevant parties (e.g., federal agency scientists and managers, scientists and engineers involved in planning, designing, and operating underground storage projects for utilities, etc.). Extensive background information is available and will be provided to the committee. The committee's meetings will include open sessions when gathering information and closed sessions to deliberate and generate the report's content and recommendations.

Staff from the Water Science and Technology Board will manage the activity, including conducting the committee nominations process, supporting committee research and logistical needs, facilitating report preparation and review, ensuring compliance with all NRC procedures, and maintaining close communication with agencies funding the committee.

ANTICIPATED RESULTS AND BROADER IMPACTS

This study will produce a consensus report with conclusions and recommendations. The committee will prepare and deliver a prepublication copy of its final report within 22 months of receipt of funds; an additional 2 months are necessary to allow for publication of the final volume. The committee and its report will be subject to standard NRC procedures for peer review and will be available to the public upon request. At project completion, representatives of the committee and staff will perform appropriate dissemination activities, including conducting briefings, giving presentations at relevant technical and policy conferences, and writing articles for relevant publications.

WSTB reports are known for being authoritative, insightful, helpful, and balanced. They are often the benchmark for policy considerations and for setting national research agendas. WSTB committees are composed of a broad spectrum of professionals who are well suited to synthesizing the complex issues that typify the water resources landscape. However, our reports are not simply for government agencies and university researchers. In a contentious and litigious society, they often provide common ground from which disparate interests can come together to resolve complex water resource issues.

More specifically, this report should be immediately useful to agencies, practitioners, and

scientists involved in conjunctive use of groundwater and surface water, aquifer storage and recovery, and water reuse. By transforming the accumulated knowledge of tens of water districts and utilities into scientific knowledge, it will provide a valuable source of information on the risks and opportunities of underground storage of water in different settings. It will examine the difficulties that have been encountered in such systems, how they have (or have not) been overcome, and how such problems may be avoided in the future. Those working in public health and risk assessment will receive information on the physical, chemical, and geological factors associated with underground storage of water that may affect human and environmental health risks. And those involved in, or regulating, water supply, watershed management or instream flows will find ideas for institutional, regulatory and legal changes that would increase the feasibility of sustainable underground storage if adopted.

PUBLIC INFORMATION ABOUT THE PROJECT

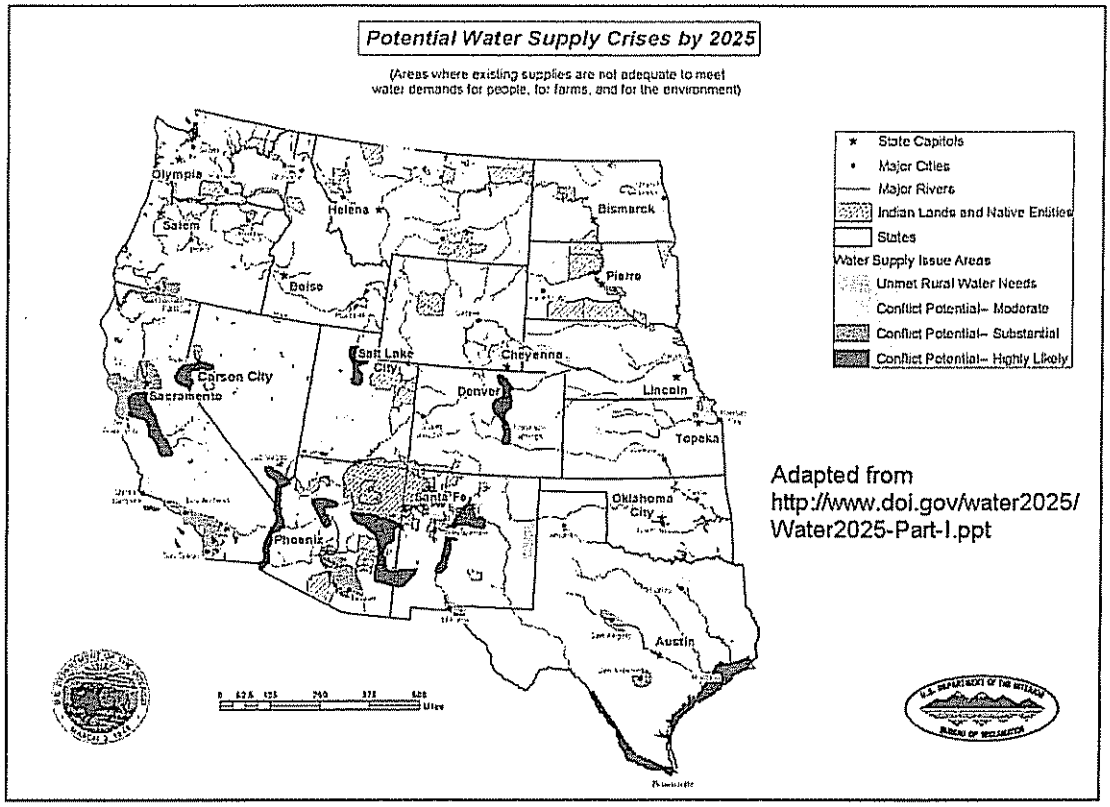
In order to afford the public greater knowledge of Academy activities and an opportunity to provide comments on these activities, the Academy may post on its website (www.national-academies.org) the following information as appropriate under its procedures: (1) notices of meetings open to the public; (2) brief descriptions of projects; (3) committee appointments (including biographies of committee members); (4) report information; and (5) any other pertinent information.

FEDERAL ADVISORY COMMITTEE ACT

The Academy has developed interim policies and procedures to implement Section 15 of the Federal Advisory Committee Act, 5 U.S.C. App. § 15. Section 15 includes certain requirements regarding public access and conflicts of interest that are applicable to agreements under which the Academy, using a committee, provides advice or recommendations to a Federal agency. In accordance with Section 15 of FACA, the Academy shall submit to the government sponsor(s) following delivery of each applicable report a certification that the policies and procedures of the Academy that implement Section 15 of FACA have been substantially complied with in the performance of the contract/grant/cooperative agreement with respect to the applicable report.

ESTIMATE OF DURATION AND COSTS

The duration of this effort will be 24 months – approximately July 2004 to June 2006. The total cost is estimated at $500,000, of which $50,000 is requested from the Inland Empire Utilities Agency. Other potential sponsors include AwwaRF, WateReuse Foundation, USGS, the city of Phoenix, California DWR, CALFED, National Science Foundation, WERF and other local and regional water suppliers and districts.



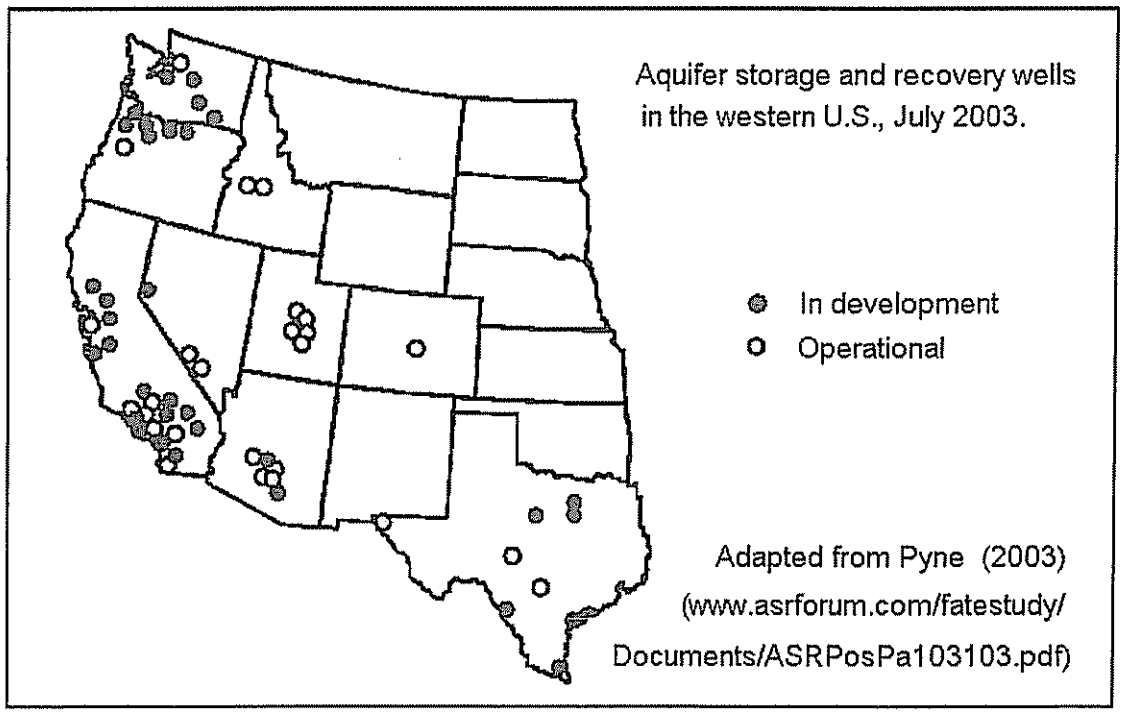
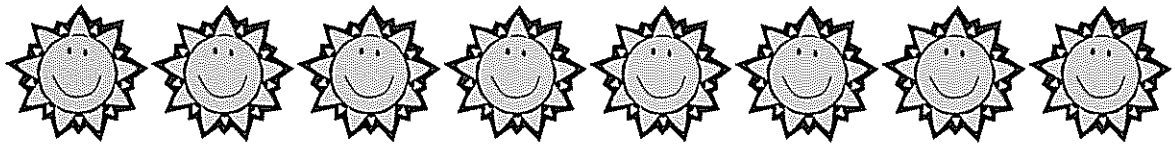


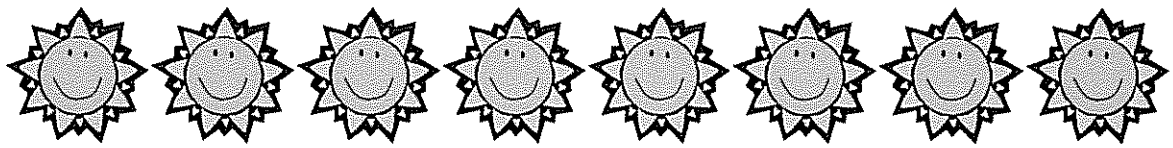
Figure 1. Comparison of ASR sites with high conflict potential sites according to Water 2025.



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. CONSIDER AGREEMENT TO FORM A TASK FORCE



CHINO BASIN WATERMASTER

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

STAFF REPORT

DATE: **August 12, 2004**
August 17, 2004
August 26, 2004

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Contribution by Watermaster to Form a Task Force to Conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed (Basin Monitoring Program)**

SUMMARY

Issue – On January 22, 2004, the Regional Board adopted the Basin Plan Amendment. Watermaster, along with other Task Force agencies, are responsible for conducting various monitoring programs and analyses to support the results defined in the Basin Plan Amendment. Watermaster's contribution to this effort will be $18,500 out of a total budget of $359,000.

Recommendation – Because these monitoring programs are a requirement of the Basin Plan, Staff recommends that Watermaster contribute $18,500 for the Basin Monitoring Program.

BACKGROUND

In December 1995, the Nitrogen TDS Task Force, consisting of 22 water resource agencies in the Santa Ana Watershed, was formed to oversee a study to evaluate the impacts of Total Inorganic Nitrogen (TIN) and Total Dissolved Solids (TDS) on water resources in the Santa Ana River Watershed. The study was completed in mid-2003. On January 22, 2004, the Santa Ana Regional Water Quality Control Board ("Regional Board") incorporated the results of the Nitrogen TDS Task Force study into a Basin Plan Amendment for Nitrogen and TDS and adopted the Basin Plan Amendment. As part of the agreement to adopt the Basin Plan Amendment, the Task Force Agencies – including the Chino Basin Watermaster – were named as responsible for conducting various monitoring programs and analyses to support the results defined in the Basin Plan Amendment.

DISCUSSION

The Basin Plan Monitoring has two components:

1. ***TDS/Nitrogen Monitoring Program for Santa Ana River Reaches 2, 4, and 5.*** The implementation of a TDS/Nitrogen monitoring program for the Santa Ana River Reaches 2, 4, and 5 is necessary to assure

compliance with both surface water objectives of the defined river reaches and groundwater objectives underlying the river reaches to protect downstream Orange County groundwater. Compliance with the Reach 2 TDS objective can be determined by evaluation of data collected by the Santa Ana River Watermaster, Orange County Water District, the United States Geological Survey, and others.

2. ***Watershed-wide TDS/nitrogen Groundwater Monitoring and Ambient Groundwater Quality Update Program.*** The implementation of a watershed-wide TDS/nitrogen groundwater monitoring program is necessary to assess current water quality, to determine whether TDS and nitrate-nitrogen water quality objectives for management zones are being met or exceeded, and to update assimilative capacity findings. Groundwater monitoring is also needed to fill data gaps for those management zones with insufficient data to calculate TDS and nitrate-nitrogen historical quality and current quality. Groundwater monitoring is needed to assess the effects of publicly-owned treatment works (POTW) discharges to surface waters on affected groundwater. The determination of current ambient groundwater quality throughout the watershed will be conducted and reported by July 1, 2005.

The Regional Board has indicated that the watershed-wide TDS/Nitrogen monitoring program should be conducted every three years to determine the current ambient groundwater quality in the watershed for TDS and Nitrogen. The SAR Reaches 2, 4, and 5 monitoring programs shall be conducted annually. The results of all monitoring programs defined in annual reports will be submitted to the Regional Board.

AGREEMENT TO FORM A TASK FORCE TO CONDUCT A BASIN MONITORING PROGRAM FOR NITROGEN AND TOTAL DISSOLVED SOLIDS IN THE SANTA ANA RIVER WATERSHED (BASIN MONITORING PROGRAM)

THIS AGREEMENT is made and entered into this _____th day of _____, 2004 by and among the following entities, which are hereinafter sometimes referred to collectively as "TASK FORCE AGENCIES" or individually as TASK FORCE AGENCY" ("AGREEMENT"). This AGREEMENT is also by and between the Santa Ana Watershed Project Authority ("SAWPA") and the TASK FORCE AGENCIES as to SAWPA's role as Task Force Administrator. The following public agencies are the "TASK FORCE AGENCIES":

Orange County Water District
Eastern Municipal Water District
City of Corona
City of Riverside
Yucaipa Valley Water District
Lee Lake Water District
Chino Basin Watermaster
City of Redlands
San Timoteo Watershed Management Authority
Inland Empire Utilities Agency
City of Rialto
Elsinore Valley Municipal Water District
Colton/San Bernardino Regional Tertiary Treatment and Wastewater Reclamation Authority
Jurupa Community Services District
City of Beaumont
Irvine Ranch Water District
Western Riverside County Regional Wastewater Authority

I. RECITALS

A. Background. In December 1995, the Nitrogen TDS Task Force, consisting of 22 water resource agencies in the Santa Ana Watershed, was formed to oversee a study to evaluate the impacts of Total Inorganic Nitrogen (TIN) and Total Dissolved Solids (TDS) on water resources in the Santa Ana River Watershed. The study was completed in mid-2003. On January 22, 2004, the Santa Ana Regional Water Quality Control Board ("RWQCB") incorporated the results of the Nitrogen TDS Task Force study into a Basin Plan Amendment for Nitrogen and TDS and adopted the Basin Plan Amendment. The TASK FORCE AGENCIES were named in that Basin Plan Amendment as responsible for conducting various monitoring programs and analyses to support the results defined in the Basin Plan Amendment. The monitoring programs and analyses are described as follows:

a. TDS/Nitrogen Monitoring Program for Santa Ana River Reaches 2, 4 and 5. The implementation of a TDS/Nitrogen monitoring program for the Santa Ana River Reaches 2, 4 and 5 is necessary to assure compliance with both surface water objectives of the defined river reaches and groundwater objectives underlying the river reaches to protect downstream

Orange County groundwater. Compliance with the Reach 2 TDS objective can be determined by evaluation of data collected by the Santa Ana River Watermaster, Orange County Water District, the United States Geological Survey, and others.

b. Watershed-wide TDS/Nitrogen Groundwater Monitoring and Ambient Groundwater Quality Update Program. The implementation of a watershed-wide TDS/Nitrogen groundwater monitoring program is necessary to assess current water quality, to determine whether TDS and Nitrate-Nitrogen water quality objectives for management zones are being met or exceeded, and to update assimilative capacity findings. Groundwater monitoring is also needed to fill data gaps for those management zones with insufficient data to calculate TDS and Nitrate-Nitrogen historical quality and current quality. Groundwater monitoring is needed to assess the effects of publicly-owned treatment plants ("POTW") discharges to surface waters on affected groundwater. The determination of current ambient groundwater quality throughout the watershed will be conducted and reported by July 1, 2005.

The RWQCB has indicated that the watershed-wide TDS/Nitrogen monitoring program should be conducted every three years to determine the current ambient groundwater quality in the watershed for TDS and Nitrogen. The SAR Reaches 2, 4 and 5 monitoring programs shall be conducted annually. The results of all monitoring programs defined in annual reports will be submitted to the RWQCB.

B. The Purpose of the Task Force Agreement. The purpose of this Task Force Agreement is to form a task force to oversee and conduct the necessary studies for the Basin Monitoring Program as defined in the RWQCB's Basin Plan Amendment. The Task Force is proposed to consist of the TASK FORCE AGENCIES to direct the study and fund it on an equitable basis to be determined by the Task Force.

C. Memorandum of Agreement on Nitrogen Loss Monitoring Program. Some of the TASK FORCE AGENCIES have entered into a separate agreement to conduct a one year Nitrogen Loss Monitoring Program in the Santa Ana River Watershed which, while related to the work in this AGREEMENT, is to be funded separately by those TASK FORCE AGENCIES who are parties to that Agreement, and shall be governed separately by the parties to that Agreement.

II. COVENANTS

NOW, THEREFORE; in consideration of the foregoing recitals and mutual covenants contained herein, the TASK FORCE AGENCIES agree as follows:

1. Creation of a Task Force.

There is hereby created a "Task Force to conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed" initially consisting of the TASK FORCE AGENCIES and other entities as more specifically provided for in paragraph 3 below.

2. Purpose of the Task Force.

The purpose of the Task Force is to provide oversight and supervision of the work that is described herein.

3. Membership and Organization.

a. Regular Members. Concurrently with the execution of this AGREEMENT, each of the TASK FORCE AGENCIES shall appoint one regular representative to the Task Force and one alternate representative to act in the absence of the regular representative. The representatives must be vested with the authority to act on behalf of the appointing TASK FORCE AGENCY, but only as provided for in this AGREEMENT. No actions by the TASK FORCE AGENCIES shall bind the TASK FORCE AGENCIES, except as explicitly provided for in this AGREEMENT. The identity of the appointed representatives shall be promptly communicated in writing to SAWPA. The representatives shall serve at the pleasure of the appointing TASK FORCE AGENCY and may be removed at any time, with or without cause; provided, however, that the TASK FORCE AGENCIES acknowledge and agree the continuity of representation on the Task Force is important to the overall effectiveness of the Task Force, and the TASK FORCE AGENCIES further agree to ensure such continuity whenever possible.

b. Additional Agencies. The TASK FORCE AGENCIES acknowledge and agree that the effectiveness of the Task Force may be improved by the inclusion of other public agencies as additional TASK FORCE AGENCIES to the Task Force. Such public agencies may join the Task Force on such written terms and conditions as are acceptable to all TASK FORCE AGENCIES of the Task Force, including, but not limited to, agreed-upon cash contributions for past, present, and/or future work, of the Task Force. The inclusion of such public agencies as additional TASK FORCE AGENCIES to the Task Force shall be effected by a written amendment to this AGREEMENT signed by all TASK FORCE AGENCIES. Such additional TASK FORCE AGENCIES shall appoint their Task Force representatives and alternates as provided in Section 3.a. above or in said written amendment.

c. Advisory Members. The Task Force may, from time to time, seek the advice and counsel of regulatory or special interest agencies, which agencies may serve as Advisory Members to the Task Force. Such Advisory Members shall have no obligation to provide funding and no voting privileges. The California Regional Water Quality Control Board, Santa Ana Region, is hereby appointed as an Advisory Member of the Task Force. Additional Advisory Members may be appointed by a majority vote of the Task Force representatives.

d. Committees. The Task Force may establish committees, consisting of members who shall be selected by, and serve at the pleasure of the Task Force.

e. Task Force Administrator. SAWPA, acting through its Planning Department staff, is hereby appointed as the Task Force Administrator for purposes of this Task Force Agreement. SAWPA shall have the following administrative responsibilities and shall be reimbursed for time expended on behalf of the Task Force at SAWPA's rate for salary, overhead, burden (as shown in Exhibit "A"), and cost of materials, and including costs for:

(1) Organizing and facilitating Task Force meetings;

(2) Secretarial, clerical, and administrative services;

(3) Management of Task Force funds and provide annual reports of Task Force assets and expenditures;

(4) Hire Task Force-authorized consultants.

(5) Hire SAWPA-approved consultant to provide technical review of Watershed-wide TDS/nitrogen groundwater monitoring program

SAWPA, as the Task Force Administrator, will act as the contracting party for the benefit of Task Force, for contracts with all Task Force consultants or contractors. SAWPA will not contract, direct, instruct, or guide such consultants or contractors on behalf of the Task Force or use funds provided by the Task Force without approval of, or guidance from, the Task Force representatives in accordance with Sections 3.f(2), 5 and 6 of this AGREEMENT. SAWPA will provide project management for work performed by such consultants or contractors.

f. Meetings of the Task Force.

(1) Frequency and Location. The first Task Force meeting shall be held at the office of SAWPA, at which time the Task Force shall agree upon the time and place of holding its regular meetings. Special meetings may be called at the request of the Task Force Administrator or by a majority of the Task Force representatives. All meetings of the Task Force or its Committees shall be noticed and conducted in compliance with California's Open Meeting Laws.

(2) Quorum. A majority of the representatives of the Task Force shall constitute a quorum. Actions of the Task Force shall be passed and adopted upon the affirmative vote of a majority of the Task Force. Each TASK FORCE AGENCY shall have one vote. The Task Force may adopt such additional rules and regulations as may be required for the conduct of its affairs so long as such rules and regulations do not conflict with this AGREEMENT and applicable law.

(3) Meeting Minutes. SAWPA shall keep, or cause to be kept, minutes of the Task Force meetings including any handout materials used. Copies of the meetings and handouts will be delivered to the Task Force representatives, each TASK FORCE AGENCY, and the Advisory Members.

(4) Task Force Chair. At the first official meeting of the Task Force following execution of this AGREEMENT by all TASK FORCE AGENCIES a chair shall be selected by the Task Force representatives. The term of the chair shall be one year and shall be rotated among the Task Force representatives.

4. Duties of the Task Force.

a. Conduct Watershed-wide TDS/Nitrogen Groundwater Monitoring and Ambient Groundwater Quality Update Program. Hire consultant to perform, authorize, direct, and supervise the "project scope of work". The first component of the scope of work is described in that certain report entitled, "RWQCB Basin Plan Amendment Required Monitoring and Analyses, Recomputation of Ambient Water Quality for the Period 1984 to 2003, Final Work Plan" dated February 2004 (hereafter "Study"), which is incorporated herein by this reference. The determination of current ambient groundwater quality throughout the watershed will be conducted and reported by July 1, 2005. An update and recomputation of the ambient water quality will be conducted every three years thereafter by the Task Force.

b. Conduct TDS/Nitrogen Monitoring Program for Santa Ana River, Reaches 2, 4, and 5. Hire consultant to implement a monitoring program and prepare annual reports that will provide an evaluation of compliance with the TDS and Nitrogen objectives for Reaches 2, 4 and 5 of the Santa Ana River. The reports will be provided to the RWQCB by April 15th of each year.

c. Termination of Projects or Studies. The TASK FORCE AGENCIES hereby agree that the Task Force shall have the discretion to terminate its projects or studies in the event a consensus of the TASK FORCE AGENCIES cannot be maintained during the course of the Task Force projects or studies.

5. Budgets.

On or before January 1st of each year, SAWPA shall prepare and submit a Task Force budget for the next fiscal year to the Task Force and TASK FORCE AGENCIES. The proposed budget shall include all anticipated costs and fees for the scope(s) of work developed by the Task Force for the next fiscal year. Costs shall include costs and fees for any consultants or contractors to be hired by SAWPA to complete the anticipated scopes of work, any equipment or materials to be purchased, and any other direct costs. SAWPA shall include as a separate item in such proposed budgets costs of SAWPA administrative services. The proposed budget shall include a detailed description of all work to be accomplished with the budget. The budgets shall also set forth the funds to be deposited with SAWPA consistent with the budgeted costs and fees for that fiscal year. Each TASK FORCE AGENCY shall approve and pay, in advance on or before January 1st of each year, its pro-rata share of the Task Force proposed budget for the next fiscal year. The pro-rata share of such costs and fees for each TASK FORCE AGENCY will be as described in EXHIBIT "B", attached hereto and made a part of this AGREEMENT. Said EXHIBIT "B" shall be renewed each fiscal year to reflect the final budget and the participating TASK FORCE AGENCIES of that fiscal year, and any other factor that may affect the pro-rata share of such costs and fees for each TASK FORCE AGENCY for that fiscal year. EXHIBIT "A" includes by its attachment the funding sources for Fiscal Year (July 1st to June 30th) 2004-2005, and a budget for that fiscal year shall be adopted by the Task Force and TASK FORCE AGENCIES after this AGREEMENT has been fully executed. In the event that any TASK FORCE AGENCY withdraws from the Task Force, the budget then in effect shall be adjusted in order to provide for any funding shortfall caused by such withdrawal.

6. Contracting.

Upon Task Force approval, SAWPA shall hire consultants and contractors, as necessary, to complete the scope of work that has been funded by TASK FORCE AGENCIES each fiscal year. SAWPA shall not obligate funds that have not been delivered to SAWPA by the TASK FORCE AGENCIES.

7. Duration of Agreement.

This AGREEMENT shall not terminate unless by mutual agreement of the TASK FORCE AGENCIES provided that all debts and liabilities of the Task Force are satisfied. Notwithstanding the foregoing, each TASK FORCE AGENCY reserves the right to terminate at anytime, upon sixty (60) days' written notice to the Task Force. Task Force projects and studies already undertaken on behalf of TASK FORCE AGENCIES at the time of withdrawal by a TASK FORCE AGENCY shall be fully funded by the TASK FORCE AGENCIES, including the withdrawing TASK FORCE AGENCY, at the time projects or studies are approved by the Task Force for implementation. A withdrawing TASK FORCE AGENCY shall not be entitled to any refund for programs or studies already underway. Any refund of surplus funds due to the withdrawing TASK FORCE AGENCY shall be paid sixty (60) days after completion of tasks, projects and studies undertaken or in progress.

8. Ownership of Documents.

All work or deliverables produced, including originals prepared by anyone in connection with, or pertaining to, the work of the Task Force, shall become the property in whole and in part of TASK FORCE AGENCIES, individually and collectively. Provided, however, that any withdrawn TASK FORCE AGENCY shall only be entitled to such work or deliverables if the withdrawn TASK FORCE AGENCY has fully contributed funds for such work or deliverables.

9. Assignment.

No right, duty or obligation of whatever kind or nature created herein shall be assigned without the prior written consent of all TASK FORCE AGENCIES.

10. Effective Date.

This Task Force Agreement shall become effective when it has been executed by a majority of the TASK FORCE AGENCIES pursuant to authorization by each TASK FORCE AGENCY's Board of Directors.

11. Counterparts.

This AGREEMENT may be executed in original counterparts, which together shall constitute a single agreement.

12. Independent Contractor Status.

This AGREEMENT is not intended and shall not be construed so as to create the relationship of agent, servant, employee, partnership, joint venture or association, as between the TASK FORCE AGENCIES.

13. Waiver Of Rights.

The failure by the TASK FORCE AGENCIES or SAWPA to insist upon strict performance of any of the terms, covenants or conditions of this AGREEMENT shall not be deemed a waiver of any right or remedy that TASK FORCE AGENCIES and SAWPA may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of this AGREEMENT thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this AGREEMENT.

14. Severability.

If any part of this AGREEMENT is held, determined or adjudicated to be illegal, void or unenforceable by a court of competent jurisdiction, the remainder of this AGREEMENT shall be given effect to the fullest extent reasonably possible.

15. Amendment.

It is mutually understood and agreed that no addition to, alteration of, or variation of the terms of this AGREEMENT, nor any oral understanding or agreement not incorporated herein, shall be valid unless made in writing and signed and approved by all TASK FORCE AGENCIES and SAWPA.

16. Entire Agreement.

This document sets forth the entire Agreement between and among the TASK FORCE AGENCIES and SAWPA.

17. Availability Of Funds.

The obligation of each TASK FORCE AGENCY is subject to the availability of funds appropriated by each TASK FORCE AGENCY for the purposes herein. Any obligation for the future payment of money beyond the current fiscal year is conditioned on the governing body of each TASK FORCE AGENCY providing adequate appropriations in the adopted budgets for those subsequent fiscal years. This condition applies to but is not be limited to the obligations of the TASK FORCE AGENCIES under section 3.e (Task Force Administrator), and section 5 (Budgets) of this AGREEMENT. Based on the financial constraints imposed by this Section 17, the TASK FORCE AGENCIES understand that SAWPA is under no duty to perform any services under this AGREEMENT until and unless the each TASK FORCE AGENCY has approved the fiscal year budget under Section 5, and has appropriated and deposited with SAWPA, the necessary monies to fund the approved budget. Any failure by one or more of the TASK FORCE AGENCIES to appropriate and deposit monies with SAWPA to fund the budget will necessarily delay the performance of the services by SAWPA contemplated by this AGREEMENT, and SAWPA shall not be held responsible or liable for any such delay or costs incurred from such a delay.

18. Indemnity and Insurance.

a. SAWPA shall require all consultants or contractors performing work or services for the Task Force to indemnify and hold harmless SAWPA and the TASK FORCE AGENCIES from any and all claims, damages, lawsuits, fines, penalties, including attorneys' fees and costs, arising from or related to the works or services provided by such consultants

or contractors. Such contractors or consultants shall also maintain the following insurances and keep certificates of such insurances on file with SAWPA, on behalf of the Task Force:

(1) Workers Compensation Insurance. A program of Workers Compensation insurance or a state approved self-insurance program shall be in an amount and form to meet all applicable requirements of the Labor Code of California, covering all persons and entities providing services on behalf of the consultant or contractor and all risks of such persons or entities under this AGREEMENT.

(2) Comprehensive General and Automobile Liability Insurance. Comprehensive personal injury and property damage liability coverage shall include contractual coverage and automobile liability, if applicable, and including coverage for owned, hired and non-owned vehicles. The policy shall have a combined single limit for bodily injury and property damage of at least $1,000,000.00. SAWPA and the TASK FORCE AGENCIES shall be named as additional insureds on the policy providing such coverage, and any right of subrogation shall be waived.

(3) Professional Liability Insurance. Professional liability insurance shall include limits of at least $1,000,000.00 per claim or occurrence, unless such coverage is waived by the Task Force representatives.

b. Nothing in this AGREEMENT is intended to create, nor shall anything herein be construed as creating, any rights in, benefits for or obligations to, any person or entity other than SAWPA and the TASK FORCE AGENCIES.

19. Nondiscrimination.

SAWPA shall ensure that during the term of this AGREEMENT it and any consultant retained by it shall not discriminate on the grounds of race, religion, creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any other condition related thereto, marital status, sex, or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code, in the performance of this AGREEMENT and shall also comply with the applicable provisions of the Americans with Disabilities Act.

20. Warranty of Authority.

Each of the individuals executing this AGREEMENT represent and warrant that she or he has the legal power, right and actual authority to bind their respective TASK FORCE AGENCIES to the terms and conditions of this AGREEMENT. Each individual executing this AGEEMENT further represents and warrants that the AGREEMENT has been approved by his or her respective TASK FORCE AGENCIES' governing board.

21. Dispute Resolution.

Any dispute which may arise by and between the parties to this AGREEMENT shall first be submitted to non-binding mediation, conducted by a neutral, impartial mediation

service that the parties mutually agree upon in writing. Any dispute not resolved by such mediation shall be submitted to binding arbitration conducted by a neutral, impartial arbitration service that the parties mutually agree upon in writing. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Upon a showing of good cause, the arbitrator may permit limited discovery in the arbitration proceeding. If any party commences legal action or arbitration arising out of or in connection with this Project Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and litigation expenses from the losing party.

IN WITNESS WHEREOF, SAWPA and the TASK FORCE AGENCIES have executed this AGREEMENT on the date set forth below.

ORANGE COUNTY WATER DISTRICT

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

INLAND EMPIRE UTLITIES AGENCY

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

EASTERN MUNICIPAL WATER DISTRICT

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

CITY OF RIALTO

DATE_____ **BY**_____
Mayor

DATE_____ **BY**_____
City Clerk

CITY OF CORONA

DATE_____ **BY**_____
Mayor

DATE_____ **BY**_____
City Clerk

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

CITY OF RIVERSIDE

DATE_____ **BY**_____
Mayor

DATE_____ **BY**_____
City Clerk

COLTON/SAN BERNARDINO REGIONAL TERTIARY TREATMENT AND WASTEWATER RECLAMATION AUTHORITY

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

YUCAIPA VALLEY WATER DISTRICT

DATE_____ **BY**_____
President, Board of Directors

JURUPA COMMUNITY SERVICES DISTRICT

DATE_____ **BY**_____
President, Board of Directors

LEE LAKE WATER DISTRICT

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

CITY OF BEAUMONT

DATE_____ **BY**_____
Mayor

DATE_____ **BY**_____
City Clerk

CHINO BASIN WATERMASTER

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

IRVINE RANCH WATER DISTRICT

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

CITY OF REDLANDS

DATE_____ **BY**_____
Mayor

DATE_____ **BY**_____
City Clerk

WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY

DATE_____ **BY**_____
Chair

DATE_____ **BY**_____
Secretary-Treasurer

SAN TIMOTEO WATERSHED MANAGEMENT AUTHORITY

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

SANTA ANA WATERSHED PROJECT AUTHORITY

DATE_____ **BY**_____
Chair

DATE_____ **BY** _____
Secretary-Treasurer

EXHIBIT A

EXHIBIT B
TASK FORCE BUDGET

A. CONTRIBUTIONS

1. Study Contributions. In order to participate in the activities of the Task Force, each TASK FORCE AGENCY shall appropriate and deliver to SAWPA it's agreed upon share of the funding. Based on study obligations assigned by the RWQCB in the Basin Plan Amendment for TIN and TDS, some portions of the overall study will be paid for by a subset of the TASK FORCE AGENCY as provided in a separate memorandum of agreement. The TASK FORCE AGENCIES specifically recognize that each TASK FORCE AGENCY's agreed-upon share is determined by that TASK FORCE AGENCY's Board of Directors, who are the signatories to this AGREEMENT. Funding shall be provided by the TASK FORCE AGENCIES in accordance with the attachment to this Exhibit.

2. Funds appropriated by each TASK FORCE AGENCY to the activities of the Task Force shall be expended only for the purposes expressed in this AGREEMENT. Funds shall be deposited in a restricted, interest-bearing account for the benefit of the Task Force, administered by SAWPA. Funds shall be strictly accounted to each TASK FORCE AGENCY. Upon termination of the Agreement and the activities of the Task Force, any funds not used shall be returned to the TASK FORCE AGENCIES in proportion to their contribution as provided in the Agreement.

3. The compensation to be paid to consultant hired by Task Force is subject to SAWPA's receipt of funds from the TASK FORCE AGENCIES. The consultant will be directed to limit its activities to ensure that the Consultant does not expend funds or provide services for which SAWPA has not yet collected funds from the TASK FORCE AGENCIES. SAWPA will endeavor to obtain the funds needed to fully fund the scope of work.

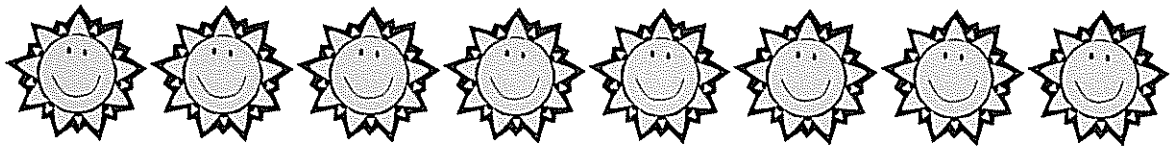
07/16/04

Basin Monitoring and Update Program Funding (FY 04-05)

CONSULTANTS	Consultant Cost	SAWPA ADM	Contingency	Total
WE Inc. - Ambient Groundwater Update	**$245,492**	**$45,000**	**$24,008**	**$314,500**
WE Inc. - SAR Reaches 2,4,5 Annual Report	**$30,000**	**$10,000**	**$5,000**	**$45,000**
	$275,492	**$55,000**	**$29,008**	**$359,500**

Distribution of Costs Among Responsible Agencies

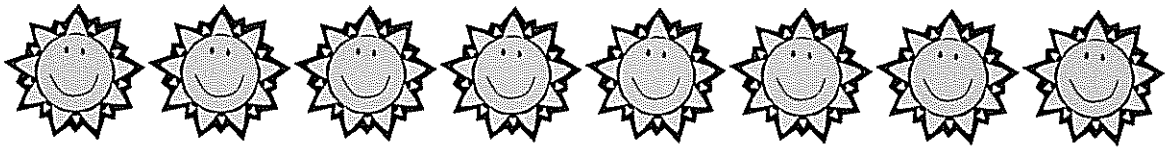
Agency	SAR Report	Current Ambient	Totals
IEUA	$3,000	$18,500	$21,500
EMWD	$3,000	$18,500	$21,500
OCWD	$3,000	$18,500	$21,500
CORONA	$3,000	$18,500	$21,500
EVMWD	$3,000	$18,500	$21,500
REDLANDS	$3,000	$18,500	$21,500
RIALTO	$3,000	$18,500	$21,500
RIVERSIDE	$3,000	$18,500	$21,500
RIX JPA	$3,000	$18,500	$21,500
YVWD	$3,000	$18,500	$21,500
WRCRWA	$3,000	$18,500	$21,500
JCSD	$3,000	$18,500	$21,500
LEE LAKE WD	$3,000	$18,500	$21,500
San Timoteo WMA	$3,000	$18,500	$21,500
BEAUMONT	$3,000	$18,500	$21,500
CBWM		$18,500	$18,500
IRWD		$18,500	$18,500
	$45,000	$314,500	$359,500



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. CONSIDER AGREEMENT TO CONDUCT A NITROGEN LOSS MONITORING PROGRAM



CHINO BASIN WATERMASTER

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

STAFF REPORT

DATE: **August 12, 2004**
August 17, 2004
August 26, 2004

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Contribution by Watermaster to Enter into an Agreement to Conduct a Nitrogen Loss Monitoring Program in the Santa Ana River Watershed (N-Loss Monitoring Program)**

SUMMARY

Issue – On January 22, 2004, the Regional Board adopted the Basin Plan Amendment. Watermaster, along with other agencies, are responsible for conducting a Nitrogen-Loss Monitoring Program for Reach 3 of the Santa Ana River. Watermaster and the Inland Empire Utilities Agencies (IEUA) contribution to this effort would be $33,034 of in-kind laboratory services. IEUA's laboratory would conduct the analyses of the groundwater samples collected and the costs would be shared with Watermaster per the Cooperative Agreement (AKB04001 – Agreement for Cooperative Efforts; Common Monitoring Programs between Chino Basin Watermaster and Inland Empire Utilities Agencies). The Cooperative Agreement specifies that the cost sharing for this monitoring is 50 percent for each agency, therefore, Watermaster's contribution would be $16,517.

Recommendation – Because these monitoring programs are a requirement of the Basin Plan, Staff recommends that Watermaster contribute its share of the $33,034 of in-kind laboratory services.

BACKGROUND

In December 1995, the Nitrogen TDS Task Force, consisting of 22 water resource agencies in the Santa Ana Watershed, was formed to oversee a study to evaluate the impacts of Total Inorganic Nitrogen (TIN) and Total Dissolved Solids (TDS) on water resources in the Santa Ana River Watershed. The study was completed in mid-2003. On January 22, 2004, the Santa Ana Regional Water Quality Control Board ("Regional Board") incorporated the results of the Nitrogen TDS Task Force study into a Basin Plan Amendment for Nitrogen and TDS and adopted the Basin Plan Amendment. As part of the agreement to adopt the Basin Plan Amendment, the agencies named in the Memorandum of Agreement – including the Chino Basin Watermaster – were named as responsible for conducting a nitrogen loss monitoring program and analyses to support the results defined in the Basin Plan Amendment.

DISCUSSION
The monitoring program and analyses consists of the following:

1. ***Nitrogen-Loss Monitoring Program for Reach 3 of the Santa Ana River.*** The implementation of a Nitrogen-Loss Monitoring Program for Santa Ana River Reach 3 was suggested as an optional program to confirm the 50 percent nitrogen loss coefficient for discharges to that part of the Santa Ana River, Reach 3 that affects the Chino South Management Zone. It is defined as optional because the Basin Plan Amendment uses a default value of 25 percent nitrogen loss for the Santa Ana River wasteload allocation from the publicly-owned treatment works (POTW). The wasteload allocation for POTWs with discharges to Reach 3 of the Santa Ana River that impact Chino South Management Zone assumed a 50 percent nitrogen loss would be necessary to comply with Chino South Management Zone nitrogen objectives. In order to justify this higher nitrogen-loss coefficient, additional monitoring in Reach 3 of the Santa Ana River and in Chino South Management Zone is required.
2. The additional monitoring that is required consists of monthly sampling of eight wells installed near the Santa Ana River as part of the National Water Quality Assessment Program (NAWQA) and two wells owned and operated by the Santa Ana River Water Company. The N-Loss monitoring program specifies that these wells are to be sampled monthly for one year.
3. These data are also critical to Watermaster's Hydraulic Control Monitoring Program (HCMP) and, thus, will serve dual purposes. The two programs (N-Loss and HCMP) will be coordinated so that the grab surface water samples of Reach 3 of the Santa Ana River collected as part of the HCMP will be collected on the same day of the month as the well samples collected as part of the N-Loss. The synchronization of these two programs will result in an estimated savings of $13,000 in laboratory costs and $7000 in labor costs.

The RWQCB has indicated that this program shall be required one time over a one-year period to confirm the nitrogen loss percentage.

MEMORANDUM OF AGREEMENT TO CONDUCT A NITROGEN LOSS MONITORING PROGRAM IN THE SANTA ANA RIVER WATERSHED (N-LOSS MONITORING PROGRAM)

THIS AGREEMENT is made and entered into this th day of , 2004 by and among the following entities, which are hereinafter sometimes referred collectively to as "AGENCIES" or individually as "AGENCY" respectively ("Agreement"). This Agreement is also by and between Santa Ana Watershed Project Authority ("SAWPA") and the AGENCIES as to SAWPA's role as Administrator. The following public agencies makeup the AGENCIES:

City of Rialto
City of Riverside
Jurupa Community Services District
Inland Empire Utilities Agency
Colton/San Bernardino Regional Tertiary Treatment and Wastewater Reclamation Authority
Chino Basin Watermaster

I. RECITALS

A. Background. In December 1995, the Nitrogen TDS Task Force, consisting of 22 water resource agencies in the Santa Ana Watershed, was formed to oversee a study to evaluate the impacts of Total Inorganic Nitrogen (TIN) and Total Dissolved Solids (TDS) on water resources in the Santa Ana River Watershed. The study was completed in mid-2003. On January 22, 2004, the Santa Ana Regional Water Quality Control Board ("RWQCB") incorporated the results of the Nitrogen TDS Task Force study into a Basin Plan Amendment for Nitrogen and TDS and adopted the Basin Plan Amendment. The AGENCIES were named in that Basin Plan Amendment as responsible for conducting a nitrogen loss monitoring program and analyses to support the results defined in the Basin Plan Amendment. The monitoring program and analyses consists of the following:

(i) Nitrogen Loss Coefficient Monitoring Program for Santa Ana River Reach 3. The implementation of a Nitrogen Loss Coefficient Monitoring Program for Santa Ana River Reach 3 was suggested as an optional program to confirm the 50% Nitrogen loss coefficient for discharges to that part of the Santa Ana River, Reach 3 that affect the Chino South Management Zone. It is defined as optional because the Basin Plan Amendment uses a default value of 25% nitrogen loss for the Santa Ana River wasteload allocation from the publicly owned treatment plants ("POTW"). To justify further increases, additional monitoring for Chino South Management Zone will be needed. The wasteload allocation for POTWs with discharges to Reach 3 of the Santa Ana River that impact Chino South Management Zone assumed that a 50% nitrogen loss would be necessary to comply with Chino South Management Zone

(ii) The RWQCB has indicated that this program shall be required one time over a one year period to confirm the Nitrogen loss percentage.

B. The Purpose of the Memorandum of Agreement. The purpose of this Memorandum of Agreement is to form a Working Group to oversee and conduct the necessary studies for the N-loss Monitoring Program as defined in the RWQCB's Basin Plan Amendment. The Working Group shall consist of the AGENCIES, and they shall direct the study and fund it on an equitable basis as determined by the AGENCIES.

II. COVENANTS

NOW, THEREFORE; in consideration of the foregoing recitals and mutual covenants contained herein, the AGENCIES agree as follows:

1. Purpose of the Working Group.

The purpose of the Working Group is to provide oversight and supervision of the work that is described herein.

2. Membership and Organization.

a. Regular Members. Concurrently with the execution of this Agreement, each of the AGENCIES shall appoint one regular representative to the Working Group and one alternate representative to act in the absence of the regular representative. The representatives must be vested with the authority to act on behalf of the appointing AGENCIES, but only as provided for in this Agreement. No actions by the Working Group shall bind the AGENCIES except as explicitly provided for in this Agreement. The identity of the appointed representatives shall be promptly communicated in writing to SAWPA. The representatives shall serve at the pleasure of the appointing AGENCIES and may be removed at any time, with or without cause; provided, however, that the AGENCIES acknowledge and agree the continuity of representation on the Working Group is important to the overall effectiveness of the working group, and the AGENCIES further agree to ensure such continuity whenever possible.

b. Administrator. SAWPA, acting through its Planning Department staff, is hereby appointed as the Administrator for purposes of this Memorandum of Agreement. SAWPA shall have the following administrative responsibilities and shall be reimbursed for time expended on behalf of the AGENCIES at SAWPA's rate for salary, overhead, burden, and cost of materials (as shown in Exhibit "A"), and including costs for:

(1) Organizing and facilitating Working Group meetings;
(2) Secretarial, clerical, and administrative services;
(3) Management of Working Group funds;
(4) Hire Working Group-authorized consultants.

SAWPA, as the Administrator, will act as the contracting party for the benefit of the Working Group for contracts with all AGENCY consultants or contractors. SAWPA will not contract, direct, instruct, or guide such consultants or contractors on behalf of the Working Group or use funds provided by the AGENCIES without approval of, or guidance from, the

AGENCIES representatives in accordance with this Agreement. SAWPA will provide project management for work performed by such consultants or contractors.

c. Meetings of the Working Group.

(1) Frequency and Location. The first Working Group meeting shall be held at the office of SAWPA, at which time the AGENCIES shall agree upon the time and place of holding its regular meetings. Special meetings may be called at the request of the Administrator or by a majority of the Working Group representatives. All meetings of the Working Group shall be noticed and conducted in compliance with California's Open Meeting Laws.

(2) Quorum. A majority of the representatives of the Working Group shall constitute a quorum. Actions of the Working Group shall be passed and adopted upon the affirmative vote of a majority of the AGENCIES. Each AGENCY shall have one vote. The AGENCIES may adopt such additional rules and regulations as may be required for the conduct of its affairs so long as such rules and regulations do not conflict with this Agreement.

(3) Meeting Minutes. SAWPA shall keep, or cause to be kept, minutes of the Working Group meetings including any handout materials used. Copies of the meetings and handouts will be delivered to the AGENCY representatives of each AGENCY.

3. Duties of the Working Group.

a. Conduct Nitrogen Loss Coefficient Monitoring Program for Santa Ana River Reach 3. Hire consultant to implement monitoring program and prepare a report to confirm a 50% Nitrogen loss coefficient for Santa Ana River, Reach 3.

b. Termination of Projects or Studies. The AGENCIES hereby agree that the Working Group shall have the discretion to terminate its projects or studies in the event a consensus of the AGENCIES cannot be maintained during the course of the Working Group's projects or studies.

4. Budgets.

The proposed budget shall include all anticipated costs and fees for the scope(s) of work developed by the working group for the next fiscal year. Costs shall include costs and fees for any consultants or contractors to be hired by SAWPA to complete the anticipated scopes of work, any equipment or materials to be purchased, and any other direct costs. SAWPA shall include a separate item in such proposed budgets for costs of SAWPA administrative services. The proposed budget shall include a detailed description of all work to be accomplished with the budget. The proposed budgets shall also set forth the funds to be deposited with SAWPA consistent with the budgeted costs and fees for that fiscal year. Each AGENCY shall approve and pay, in advance on or before January 1st of each year, its pro-rata share of the budget for the next fiscal year. The pro-rata share of such costs and fees for each AGENCY will be as described in EXHIBIT "A", attached hereto and made a part of this Agreement. Said EXHIBIT "A" shall be renewed each fiscal year to reflect the final budget and the participating AGENCIES of that fiscal year, and any other factor that may

affect the pro-rata share of such costs and fees for each AGENCY for that fiscal year. EXHIBIT "A" includes by its attachment the funding sources for Fiscal Year (July 1st to June 30th) 2004-2005, and a budget for that fiscal year shall be adopted by the AGENCIES after this AGREEMENT has been fully executed. In the event that any AGENCY withdraws, the budget then in effect shall be adjusted in order to provide for any funding shortfall caused by such withdrawal.

5. Contracting.

Upon approval of the working group, SAWPA shall hire consultants and contractors, as necessary, to complete the scope of work that has been funded by AGENCIES each fiscal year. SAWPA shall not obligate funds that have not been delivered to SAWPA by the AGENCIES.

6. Duration of Agreement.

This Agreement shall not terminate unless by mutual agreement of the AGENCIES provided that all debts and liabilities of the working group are satisfied. Notwithstanding the foregoing, each AGENCY reserves the right to terminate at anytime, upon sixty (60) days' written notice to the working group. Working group projects and studies already undertaken on behalf of AGENCIES at the time of withdrawal by an AGENCY shall be fully funded by the AGENCIES, including the withdrawing AGENCY, at the time projects or studies are approved by the working group for implementation. A withdrawing AGENCY shall not be entitled to any refund for programs or studies already underway. Any refund of surplus funds due to the withdrawing AGENCY shall be paid sixty (60) days after completion of tasks, projects and studies undertaken or in progress.

7. Ownership of Documents.

All work or deliverables produced, including originals prepared by anyone in connection with, or pertaining to, the work of the working group shall become the property in whole and in part of AGENCIES, individually and collectively.

8. Assignment.

No right, duty or obligation of whatever kind or nature created herein shall be assigned without the prior written consent of all AGENCIES. Provided, however, any withdrawn AGENCY shall only be entitled to such work or deliverables if the withdrawn AGENCY has fully contributed funds for such work or deliverables.

9. Effective Date.

This Memorandum of Agreement shall become effective when it has been executed by the AGENCIES pursuant to authorization by each AGENCY's Board of Directors.

10. Counterparts.

This Agreement may be executed in original counterparts, which together shall constitute a single agreement.

11. Independent Contractor Status.

This Agreement is not intended and shall not be construed so as to create the relationship of agent, servant, employee, partnership, joint venture or association, as between the AGENCIES.

12. Waiver Of Rights.

The failure by the AGENCIES or SAWPA to insist upon strict performance of any of the terms, covenants or conditions of this Agreement shall not be deemed a waiver of any right or remedy that AGENCIES and SAWPA may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of this Agreement thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this Agreement.

13. Severability.

If any part of this Agreement is held, determined or adjudicated to be illegal, void or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

14. Amendment.

It is mutually understood and agreed that no addition to, alteration of, or variation of the terms of this Agreement, nor any oral understanding or agreement not incorporated herein, shall be valid unless made in writing and signed and approved by all AGENCIES and SAWPA.

15. Entire Agreement.

This document sets forth the entire Agreement between and among the AGENCIES and SAWPA.

16. Availability Of Funds.

The obligation of each AGENCY is subject to the availability of funds appropriated by each AGENCY for the purposes herein. Any obligation for the future payment of money beyond the current fiscal year is conditioned on the governing body of each AGENCY providing adequate appropriations in the adopted budgets for those subsequent fiscal years. This condition applies to but is not be limited to the obligations of the AGENCIES under section 3.b (Administrator), and section 5 (Budgets) of this Agreement. Based on the financial constraints imposed by this Section 17, the AGENCIES understand that SAWPA is under no duty to perform any services under this Agreement until and unless the each AGENCY has approved the fiscal year budget under Section 5, and has appropriated and deposited with SAWPA, the necessary monies to fund the approved budget. Any failure by one or more of the AGENCIES to appropriate and deposit monies with SAWPA to fund the budget will necessarily delay the performance of the services by SAWPA contemplated by this Agreement, and SAWPA shall not be held responsible or liable for any such delay or costs incurred from such a delay.

17. Indemnity and Insurance.

a. SAWPA shall require all consultants or contractors performing work or services for the working group to indemnify and hold harmless SAWPA and the AGENCIES

from any and all claims, damages, lawsuits, fines, penalties, including attorneys' fees and costs, arising from or related to the works or services provided by such consultants or contractors. Such contractors or consultants shall also maintain the following insurances and keep certificates of such insurances on file with SAWPA, on behalf of the working group:

(1) Workers Compensation Insurance. A program of Workers Compensation insurance or a state approved self-insurance program shall be in an amount and form to meet all applicable requirements of the Labor Code of California, covering all persons and entities providing services on behalf of the consultant or contractor and all risks of such persons or entities under this Agreement.

(2) Comprehensive General and Automobile Liability Insurance. Comprehensive personal injury and property damage liability coverage shall include contractual coverage and automobile liability, if applicable, and including coverage for owned, hired and non-owned vehicles. The policy shall have a combined single limit for bodily injury and property damage of at least $1,000,000.00. SAWPA and the AGENCIES shall be named as additional insureds on the policy providing such coverage, and any right of subrogation shall be waived.

(3) Professional Liability Insurance. Professional liability insurance shall include limits of at least $1,000,000.00 per claim or occurrence, unless such coverage is waived by the Task Force representatives.

b. Nothing in this Agreement is intended to create, nor shall anything herein be construed as creating, any rights in, benefits for or obligations to, any person or entity other than SAWPA and the AGENCIES.

18. Nondiscrimination.

SAWPA shall ensure that during the term of this Agreement it and any consultant retained by it shall not discriminate on the grounds of race, religion, creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any other condition related thereto, marital status, sex, or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code, in the performance of this Agreement and shall also comply with the applicable provisions of the Americans with Disabilities Act.

20. Warranty of Authority.

Each of the individuals executing this Agreement represent and warrant that he or she has the legal power, right and actual authority to bind their respective AGENCIES to the terms and conditions of this Agreement. Each individual executing this Agreement further represents and warrants that his or her respective AGENCY's governing board has approved this Agreement.

21. Alternative Dispute Resolution.

Any dispute which may arise by and between the parties to this AGREEMENT shall first be submitted to non-binding mediation, conducted by a neutral, impartial mediation service that the parties mutually agree upon in writing. Any dispute not resolved by such mediation shall be submitted to binding arbitration conducted by a neutral, impartial arbitration service that the parties mutually agree upon in writing. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Upon a showing of good cause, the arbitrator may permit limited discovery in the arbitration proceeding.

IN WITNESS WHEREOF, SAWPA and the AGENCIES have executed this Agreement on the date set forth below.

CITY OF RIALTO

DATE_____ **BY**_____
Mayor

DATE_____ **BY**_____
City Clerk

CITY OF RIVERSIDE

DATE_____ **BY**_____
Mayor

DATE_____ **BY**_____
City Clerk

COLTON/SAN BERNARDINO REGIONAL TERTIARY TREATMENT AND WASTEWATER RECLAMATION AUTHORITY

DATE_____ **BY**_____
President

DATE_____ **BY**_____
Secretary

JURUPA COMMUNITY SERVICES DISTRICT

DATE_____ **BY**_____
President, Board of Directors

INLAND EMPIRE UTILITIES AGENCY

DATE_____ **BY**_____
Chair

DATE_____ **BY**_____
Secretary

CHINO BASIN WATERMASTER

DATE_____ **BY**_____
Chair

DATE_____ **BY**_____
Secretary

SANTA ANA WATERSHED PROJECT AUTHORITY

DATE_____ **BY**_____
Chair

DATE_____ **BY**_____
Secretary-Treasurer

EXHIBIT A

Overhead and burden are included in all rates. Labor for SAWPA staff shall be billed at the rates in Table 1 below for FY 04-05. Rates will be adjusted annually based on SAWPA annual budget. Materials purchased to provide administrative services that are not shown in Table 1 below shall be billed at direct cost with no additional fees or mark-ups.

Table 1
SAWPA Rate Sheet

Item	Rate
Planning Manager	$117.09/hour
Watershed Planner	$ 75.60/hour
Sr. Administrative Assistant	$ 55.65/hour
Administrative Assistant II	$ 43.11/hour
Administrative Assistant I	$ 44.34/hour
Controller	$ 88.65/hour
Senior Accounting Technician	$ 50.89/hour
Automobile Travel	Federal mileage rate for automobile travel to meeting locations.
Out of Town travel (when air travel or overnight stay is required)	Direct cost of air travel plus direct cost of lodging and meals.

EXHIBIT B
BUDGET

A. CONTRIBUTIONS

1. Study Contributions. In order to participate in the activities of the working group, each AGENCY shall appropriate and deliver to SAWPA its agreed upon share of the funding. The AGENCIES specifically recognize that each AGENCY's agreed-upon share is determined by that AGENCY's Board of Directors, who are the signatories to this Agreement.

2. Funds appropriated by each AGENCY to the activities of the working group shall be expended only for the purposes expressed in this Agreement. Funds shall be deposited in a restricted, interest-bearing account for the benefit of the working group, administered by SAWPA. Funds shall be strictly accounted to each AGENCY. Upon termination of the Agreement and the activities of the working group, any funds not used shall be returned to the AGENCIES in proportion to their contribution as provided in the Agreement.

3. The compensation to be paid to consultant hired by the working group is subject to SAWPA's receipt of funds from the AGENCIES. The consultant will be directed to limit its activities to ensure that the Consultant does not expend funds or provide services for which SAWPA has not yet collected funds from the AGENCIES. SAWPA will endeavor to obtain the funds needed to fully fund the scope of work.

N-Loss Monitoring and Update Program Funding (FY 04-05)

CONSULTANTS	Consultant Cost	SAWPA ADM	Contingency	Total
WE Inc. - N-Loss Coefficient Monitoring	**$85,658**	**$15,000**	**$4,342**	**$105,000**

Distribution of Costs Among Responsible Agencies

Agency	N-Loss
RIALTO	$9,030
RIVERSIDE	$40,420
RIX JPA	$50,550
JCSD	$5,000
	$105,000

Note:

IEUA and Chino Basin Watermaster	$33,034	In-kind services (laboratory costs)

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

D. CONSIDER FIRST AMENDMENT TO PEACE AGREEMENT AND WATERMASTER RESOLUTION 2004-__

WATERMASTER RESOLUTION
NO. 2004-__

RESOLUTION OF THE CHINO BASIN WATERMASTER TO PROCEED IN ACCORDANCE WITH THE PEACE AGREEMENT AS AMENDED

WHEREAS, the Judgment in the Chino Basin Adjudication, *Chino Basin Municipal Water District v. City of Chino, et al.*, San Bernardino Superior Court No. RCV 51010, created the Watermaster and directed it to perform the duties as provided in the Judgment or ordered or authorized by the Court in the exercise of the Court's continuing jurisdiction; and

WHEREAS, the Judgment directs Watermaster to develop an OBMP subject to the limitations contained in the Judgment; and

WHEREAS, the Parties entered into that certain "Peace Agreement" dated June 29, 2000; and

WHEREAS, Watermaster adopted Resolution 2000-__ which was attached to the Peace Agreement as Exhibit "A," whereby Watermaster resolved to proceed with implementation of the OBMP in accordance with the Peace Agreement; and

WHEREAS, the Court Ordered Watermaster to proceed with implementation of the OBMP in accordance with the Peace Agreement in its Order dated July 13, 2000; and

WHEREAS, the parties are executing a First Amendment to the Peace Agreement a copy of which First Amendment is attached hereto as Exhibit "A."

NOW, THEREFORE, IT IS HEREBY RESOLVED AND DETERMINED THAT:

1. The goals and plans in the Phase I Report and their implementation as provided in and consistent with the Implementation Plan and the Peace Agreement as amended by the First Amendment are in furtherance of the physical solution set forth in the Judgment and Article X, Section 2 of the California Constitution.

2. Although not a signatory, the Chino Basin Watermaster Board supports and approves the Peace Agreement negotiated by the parties thereto and as amended by the First Amendment to the Peace Agreement.

3. Subject to the unanimous approval of the First Amendment to the Peace Agreement by the Parties, Watermaster will proceed in accordance with the OBMP Implementation Plan and the Peace Agreement as amended.

4. The Watermaster Board will transmit a request to the Court to issue an Order authorizing and directing Watermaster to proceed in accordance with this Resolution.

EXHIBIT A

FIRST AMENDMENT TO PEACE AGREEMENT
CHINO BASIN

THIS FIRST AMENDMENT TO PEACE AGREEMENT ("Agreement") is dated the 2nd of September 2004 regarding the Chino Groundwater Basin.

RECITALS

A. The Parties entered into that certain "Peace Agreement" dated June 29, 2000. The Peace Agreement was approved by the Court in San Bernardino Superior Court Case No. RCV 51010.

B. Section 5.5 of The Peace Agreement provided for Watermaster assignment of "Salt Credits." Certain parties to the Peace Agreement contend that Salt Credits were intended as a benefit to compensate non-discharging Appropriators for their obligation under Section 7.5(b) of the Peace Agreement to provide their share of the storm flow Recharge component of New Yield for Desalter Replenishment. The storm flow Recharge component of New Yield has been established by Watermaster at 12,000 acre feet per annum.

C. Pursuant to that contention, Monte Vista Water District brought a "Motion for an Order Compelling Watermaster to Establish a Program to Equitably Allocate Benefits from Water Quality Mitigation Measures Under the Physical Solution" on March 11, 2004.

D. The Parties have agreed that if the obligation to dedicate the storm flow Recharge component of New Yield for Desalter Replenishment is eliminated from the Peace Agreement, then Salt Credits can be eliminated from the Peace Agreement. The parties intend that the storm flow Recharge component of New Yield will remain assigned to the individual Appropriators, and will not be dedicated to Desalter Replenishment, even if it subsequently becomes determined to be part of the Safe Yield.

E. Except as set forth herein, the Parties to the Peace Agreement have agreed that Desalter Replenishment will continue to be provided for as set forth in Section 7.5 of the Peace Agreement, as amended.

NOW THEREFORE, in consideration of the covenants and conditions herein contained, and for other good and valuable consideration the receipt of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. **Salt Credits Deleted.** Sections 1.1(rr) and 5.5 of the Peace Agreement are hereby deleted.

2. **Stormwater Component of New Yield Dedicated to Appropriators.** The 12,000 acre-feet of storm flow Recharge determined by Watermaster to be part of New Yield shall be allocated to the Appropriators according to their percentages of Safe Yield under the Judgment. Notwithstanding section 7.5(c) of the Peace Agreement, those amounts will continue to be dedicated in those percentages to the Appropriators if that storm flow Recharge is subsequently determined to be Safe Yield. Section 7.5(b) of the Peace Agreement is hereby amended to read:

> "The non storm flow component of New Yield of the Basin, unless the water Produced and treated by the Desalters is dedicated by a purchaser of the desalted water to offset the price of desalted water to the extent of the dedication."

3. **Effect of Amendment**. Except as amended hereby, the Peace Agreement remains in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have set forth their signatures as of the date written below:

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III. REPORTS/UPDATES

B. STAFF REPORT

1. Phase VII Bid Results

CHINO BASIN FACILITIES IMPROVEMENT PROJECT
PHASE VII
BID RESULTS

				Brutaco		Banshee		DenBoer		Reyes	
BID ITEM	DESCRIPTION	UNIT	QNTY	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1A	FOR CONSTRUCTION OF CBFIP PH VII	LS	1	$ 2,795,000	$ 2,795,000	$ 3,200,000	$ 3,200,000	$ 3,613,000	$ 3,613,000	$ 3,537,764	$ 3,537,764
1B	SHEETING SHORING AND BRACING (INCL. IN LUMP SUM BID ITEM 1A)	LS	1	$ 21,000	$ 21,000	$ 56,000	$ 56,000	$ 6,000	$ 6,000	$ 50,000	$ 50,000
									$ -		$ -
ALTERNATE A	INSURANCE COVERAGE	LS	1	$ 10,000	$ 10,000	$ 20,000	$ 20,000	$ 12,000	$ 12,000	$ 10,000	$ 10,000
ALTERNATE B	TURNER 1 EROSION CONTROL	LS	1	$ 49,000	$ 49,000	$ 38,000	$ 38,000	$ 87,000	$ 87,000	$ 75,000	$ 75,000
ALTERNATE C	RP-3 CELL 2 MAINTENANCE AND MONITORING FOR 5 YEAR PERIOD	LS	1	$ 75,000	$ 75,000	$ 68,000	$ 68,000	$ 100,000	$ 100,000	$ 75,000	$ 75,000
									$ -		$ -
DEDUCTION A	COLLEGE HEIGHTS BASINS REDUCED SCOPE OF WORK	LS	1	$ (52,000)	$ (52,000)	$ (7,000)	$ (7,000)	$ (33,000)	$ (33,000)	$ 50,000	$ 50,000
	Acknowledgement of Addendum			Yes		Yes		Yes		Yes	

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FOR PAGINATION

CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

C. Metropolitan Water District Member Agency Report

6. Water Conservation Status Report
7. Recycled Water Program
8. Chino Basin Facilities Improvement Project (Recharge)
9. State/Federal Legislation
10. Public Relations

CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
August 26, 2004

AGENDA

INTER-AGENCY WATER MANAGERS' REP ORT

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

20 – 30 Minutes

Discussion Items:

- Rialto Pipeline Shutdown Task Force Update – Richard Atwater
- MWD Status Report – Richard Atwater
- College Heights Project Status Report – Tom Love
- Proposition 50 Grant Funding Status Report – Martha Davis

Written Monthly Updates:

- Water Resources Report - (HANDOUT)
- Water Conservation Status Report
- Recycled Water Program
- Chino Basin Facilities Improvement Project
- State/Federal Legislation
- Public Relations

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Inland Empire
UTILITIES AGENCY

Date: August 26, 2004

To: Inter-Agency Advisory Committee

From: Inland Empire Utilities Agency

Subject: Water Conservation Report

RECOMMENDATION

For Information Only

BACKGROUND

ULF TOILET REBATE PROGRAM

To close out FY 2003-04, a total of 1,378 rebates were issued. The FY goal was to complete 1,000 rebates, so the program goal for the year was exceeded. To begin the new FY, in the month of July, a total of 88 rebates were issued. This brings the total number of rebates to 1,681 since the rebate program began.

HECW REBATE PROGRAM

To close out FY 2003-04, 1,780 rebates were issued. Since the fiscal year goal was to complete 2,500 rebates, the region ended the year at 71 percent of the annual goal for this rebate program. To begin the new FY, a total of 260 rebates were issued in the month of July, bringing the program total to 3,600 rebates issued.

MULTI-FAMILY ULF TOILET EXCHANGE PROGRAM

At the end of June, 2,338 ULFT's were installed during fiscal year 2003-04. The fiscal year goal was to install 3,900 ULFT's. This means the region ended the FY at 60 percent of the annual goal. An RFP was issued on August 6, 2004 to retain a contractor that will provide direct-installation services to property owners. The proposals will be evaluated on August 24th. A total of 3,000 ULFT's are scheduled to installed in this program.

ULFT DIRECT-INSTALL PROJECT

On August 4, 2004, the IEUA Board of Directors gave approval for contract with Oldtimers Foundation to directly install 1,056 ULFT's in the Archstone Terracina Apartments in Ontario. The installation will begin on August 18 and take 4 to 6 weeks to complete. The expected water savings will be about 55 acre-feet per year.

ULFT SUPPLIER

Water Resources staff issued an RFP on August 5, 2004 to request bids for IEUA's ULF toilet supplier for the regional and local ULF toilet distribution projects for fiscal years 2004-05 and 2005-06. The proposals will be evaluated on August 24th.

LARGE LANDSCAPE AUDIT PROGRAM

Working with IEUA's Partnership agencies, properties with high water use have been targeted and will be offered a free landscape audit/survey to determine improvements needed to the irrigation system, plant selection, stormwater retention prospects, and recycled water use potential. The contractor will first meet with local agencies staff to coordinate site visits.

SWIMMING POOL COVER SURVEY PROGRAM

The Swimming Pool Cover Rebate Program started on July 1, 2004 and will run through September 30, 2004. In the month of July, a total of 25 rebates were processed. IEUA is budgeted for 300 rebates of $50 each and is administering the program internally.

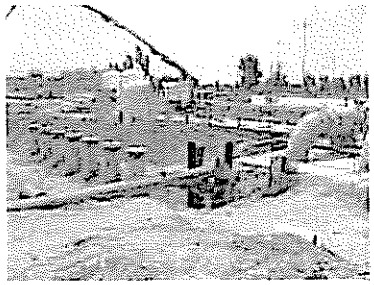
"A GARDEN IN EVERY SCHOOL" PROGRAM

"A Garden in Every School" program will provide a native landscape garden at up to seven schools in the service area. Two school districts have agreed participate in the program - Alta Loma School District and the Fontana School District. The actual schools have yet to be identified. Other school districts are considering participation in the program.

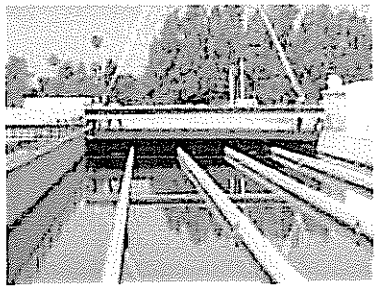
RESIDENTIAL LANDSCAPE TRAINING WORKSHOPS

On five successive Saturdays, from August 7th through August 28th, IEUA will be hosting residential workshops for homeowners to help them better manage their landscapes and irrigation systems to maximize conservation. The workshops will be held in the event center at IEUA Headquarters Building in Chino from 8am to 12pm.

Capital Projects Summary



RP-1 New Pump Station



RP-1 New Chlorine Contact Basin

Phase I - Projects Under Construction

- RP-1/RP-4 Pump Station (Budget $7,718,000)
  Under construction and scheduled for completion in August 2004.
- RP-1 Chlorination Tank (Budget $4,817,000)
  Under construction and scheduled for completion in August 2004.
- Pine Avenue Intertie (Budget–Phase I & II $1,066,000) COMPLETE
- Wineville Pipeline (Budget $2,307,200) COMPLETE
  Inland Paperboard Packaging will begin taking recycled water in Summer 2004.
- Reliant Pipeline (Budget $1,115,476) COMPLETE
- Philadelphia Pipeline (Budget $3,591,400)
  Under construction and scheduled for completion in July 2004.
- Whittram Pipeline (Budget $3,620,000)
  The Whittram Pipeline will serve recycled water to the Banana and Hickory Basins. Project was bid March 11, contract was approved on April 21, with state approval on April 28, 2004. Construction is scheduled for completion by December 2004.
- RP-4 West Branch (Budget $9,849,000)
  Design for the RP-4 West Branch is complete. The pipeline will serve recycled water to Turner Recharge Basins and Empire Lakes Golf Course as well as other customers in Ontario and CVWD. Bid was awarded on May 10, 2004. The project will be completed by Spring 2005.

Total Budget–Active Projects–$34,084,276

Phase II - Engineering Design

RFP for the Phase II of Regional Recycled Water Distribution System was circulated on March 10, 2004 and includes:

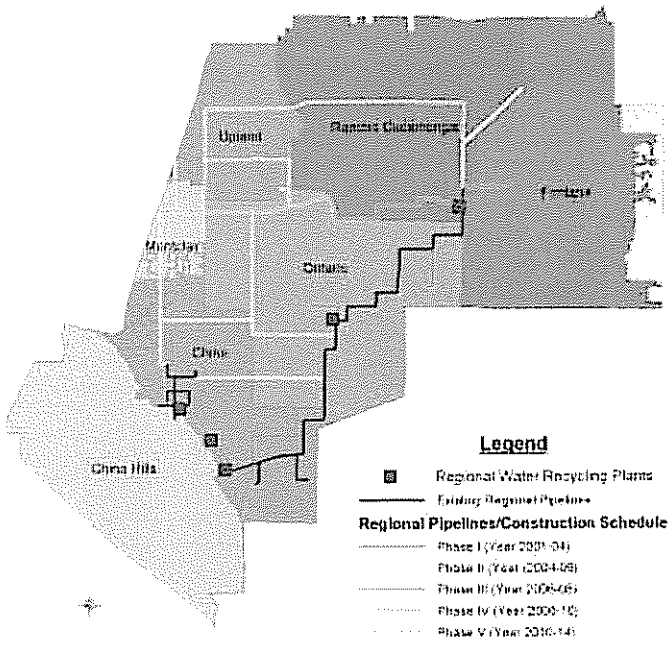
1. Recycled Water Master Plan Update (2005);
2. RP-4 Area 2 MG Regional Recycled Water Reservoir, Pipeline and Pump Station;
3. North Etiwanda Regional Water Pipeline and Pump Station;
4. Etiwanda Avenue 3 MG Regional Recycled Water Reservoir;
5. RP-1 South Regional Recycled Water Pump Station; and
6. San Antonio Channel Recycled Water Pipeline.

Montgomery Watson was awarded for the design of Phase II on June 16, 2004. In addition, consultant will update the existing recycled water master plan to justify and adjust the alignments and update recycled water demands using a hydraulic model.

Projected Budget–$28,000,000

Edison Regional Recycled Water Transmission Pipeline will be designed and built to interconnect the existing CCWRF and TP-1 Outfall system. This pipeline will serve major agricultural users in Ontario and Chino and ultimately many parks and other landscaping customers. In addition, Archibald Alignment will be built to serve new development areas in Ontario and Jurupa community.

Projected Budget–$12,000,000



Total Implementation Plan

ID	Task Name	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	Phase I				$34,000,000.00											
2	Phase II						$28,000,000.00									
3	Phase III							$25,000,000.00								
4	Phase IV									$23,000,000.00						
5	Phase V												$22,000,000.00			

Phase I Implementation Plan

ID	Task Name	Budget	Actual	Remaining	2004 Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1	RP-1/RP-4 Pump Station	$7,718,000	$5,244,144	$2,473,856																					
2	RP-1 Chlorination Tank	$4,817,200	$3,668,159	$1,149,041																					
3	Pine Avenue Intertie	$1,066,000	$1,008,431	$57,569																					
4	Wineville Pipeline	$2,307,200	$1,262,998	$1,044,202																					
5	Reliant Pipeline	$1,115,476	$1,115,476	$0																					
6	Philadelphia Pipeline	$3,591,400	$727,483	$2,863,917																					
7	Whittram Pipeline	$3,620,000	$464,750	$3,155,250																					
8	RP-4 West Branch	$9,849,000	$484,068	$9,364,932																					

Phase II & III Implementation Plan

ID	Task Name	Budget	2004 Jun	Jul	Aug	Sep	Oct	Nov	Dec	2005 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2006 Jan	Feb	Mar	Apr	May	Jun	Jul
1	RP-4 Recycled Water Reservoir	$3,200,000																										
2	North Etiwanda Pipeline & Pump Station	$8,000,000																										
3	Etiwanda Recycled Water Reservoir	$4,400,000																										
4	RP-1 South Pump Station	$4,500,000																										
5	San Antonio Channel Pipeline	$6,000,000																										
6	Edison Pipeline (Phase III)	$9,150,000																										
7	Archibald Pipeline (Phase III)	$2,850,000																										

Financing Plan

Program Financing Plan:

Regional Capital Fund	20-25%
SWRCB Grants	10-15%
DWR Grant	5%
Federal Grants	20%
SWRCB Loans	20-35%

Annual Revenue:

MWD LPP (Loan Repayment)	$2 Million
Recycled Water Sales	$4-6 Million

Funding Phase I

Regional Capital Fund	$7 Million
SWRCB Recycling Grant	$5 Million
SWRCB Recycling Loan	$22 Million

Funding Phase II

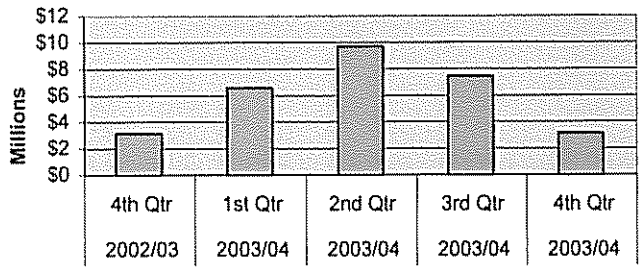
Regional Capital Fund	$2 Million
SWRCB Recycling Grant*	$5 Million
SWRCB Loan*	$11 Million
USBR Grant	$7 Million

*SWRCB Funding application submitted in September 2003 and funding expected in July 2004.

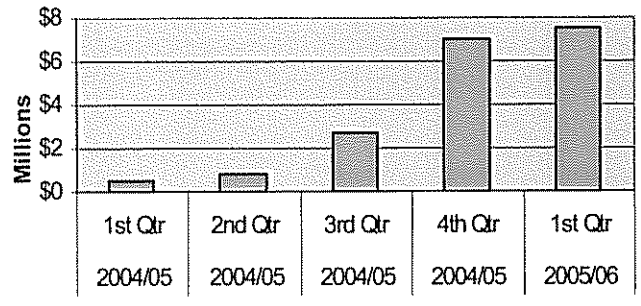
Funding Phase III

Regional Capital Fund	$2 Million
SWRCB Loan	$9 Million
DWR Grant	$7 Million
USBR Grant	$7 Million

Regional Recycled Water Phase I—Projected Cash Flow



Regional Recycled Water Phase II—Projected Cash Flow



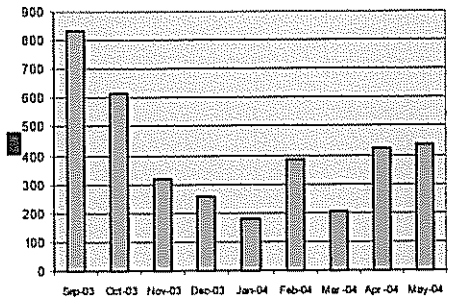
Activity Summary

New Customers in 2003

- 13 new recycled water customers were connected:

	Expected Ussage (AF)
CW Farm (former Arthur Farms)	1,000
Lewis Homes Corporation	120
Big League Dreams	100
Fairfield Ranch Neighborhood Park	20
Higgins Brick	5
Engelsma Dairy	150
DBRS Medical System	1
Central Chino Business Park	10
Artesian HOA	5
Reliant Energy	1,000
Fairfield Ranch Business park Phase I	5
Macro-Z Technology	1
Industrial Real Estate Development	3
Total	2,420

Recycled Water Sales



Delivery Period	FY 2002-03	FY 2003-04
June	501	456
Year to Date	1,712	2,089
FY Total	4,498	5,407
Budget		6,950

New Customers in 2004

- Fairfield Ranch Business Park Phase II
  Denny's restaurant started to use recycled water in June.
- 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
  DHS approved the engineer's report. With the completion of Philadelphia pipeline in July and the pump station at Regional Plant No. 1 in September, Kaiser will start to use recycled water.
- Murai Farm
  Met with the farmer in May. The farmer is interested in using recycled water, but concerned about the available pressure. The operation is checking the pressure.
- Mission Linen
  In the process of developing retrofit concept to maximize the use of recycled water in the facility.
- Cotton Wood Dairy
  In the process of preparing the engineer's report.

Operation & Planning

- RP-4 Outfall line was shutdown from July 12 to July 15 for tie-in of 42" effluent pipeline at RP-4 and TP-1 dechlorination box.
- IEUA plans to construct 11 recycled water hydrants along the existing recycled water system to deliver construction water.

Potential Customers in 2005

- City of Chino
  CIM (CalPoly & Laundry facility), OLS Energy, College Park (2,500 homes, 2 schools, extension of Ayala Park over 435 acre), and Paradise Textile.
- City of Chino Hills
  Vellano Golf Course
- City of Ontario
  Ontario Mills, California Commerce Center, Carlisle Tire & Wheel, Cintas, Crothall Laundry, Danco Metal Surfacing, and Agricultural customers
- City of Rancho Cucamonga
  Empire Lakes Golf Course

Higgins Ranch in Chino Hills

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. Prepared priority list of customers and working with Ontario staff to market recycled water.

- Focused Customer Marketing

  Large customers with annual usage over 100 AFY will be targeted. Other smaller customers will be added along the way. IEUA staff is working closely with the retail agencies to develop and update the customer list and to coordinate marketing effort. IEUA's 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.

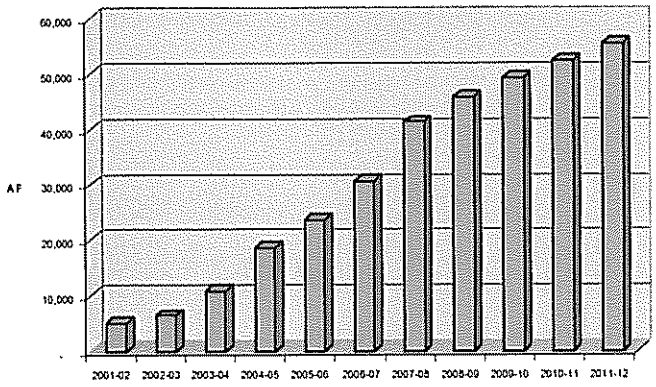
- Targeted Major Customers in 2004

1.	Empire Lakes Golf Course	800 AFY
2.	Additional Farms on Outfall	5,000 AFY
3.	Ontario Center Owners Association	260 AFY
4.	California Co-generation	250 AFY
5.	Vellano Golf Course	500 AFY
6.	CIM (Farming Operation & Laundry Facility)	1,500 AFY
7.	Paradise Textile	600 AFY
8.	Mission Linen	500 AFY

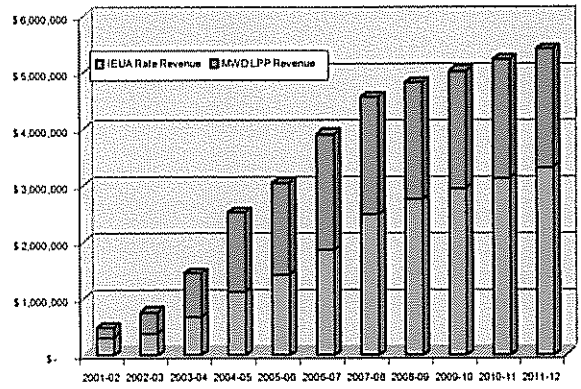
New Kaiser Hospital in Ontario

Projected Sales & Revenue

Projected Recycled Water Sales

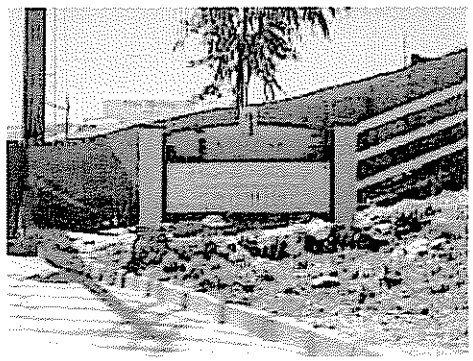


Projected Recycled Water Revenue



Regulatory/Permits

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



Entrance to the construction site of Vellano Golf Course in Chino Hills

IEUA

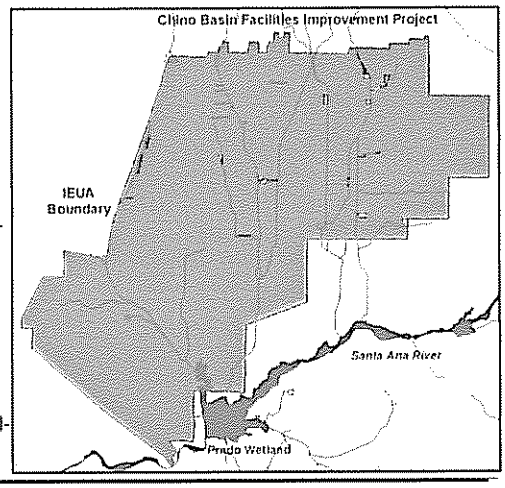
Inland Empire Utilities Agency

July 2004 Chino Basin Facilities Improvement Project Summary

Program Description

The Chino Basin Facilities Improvement Program (CBFIP), 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) is well underway with six of eight bid packages being constructed. IEUA was selected as the "Contracting Agency", established financing for the CBFIP through grants from 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 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 18 groundwater recharge sites. The 18 sites have 42 recharge basins varying from 1 to 5 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 eight phases, with different contractors, totaling $38,700,000. Construction is projected for completion in March 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

- *The IEUA Board of Directors accepted as complete Bid Package No. 1, May 12, 2004.*

Bid Package No. 2 (Budget $7,060,000)

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).

Basins status
- Declez Basin - COMPLETE
- Ely Basins 1, 2, & 3 - COMPLETE
- 8th Street Basins - COMPLETE

Rubber Dam status
- The four rubber dams are installed in the channels and have been manually air tested—COMPLETE.

Drop Inlets
- The three drop inlets— COMPLETE

Monitoring Wells at Brooks Basin — COMPLETE
- Monitoring Wells at Brooks Basin
- Expected Acceptance Date: August 4, 2004

Bid Package No. 3 (Budget $3,570,000)

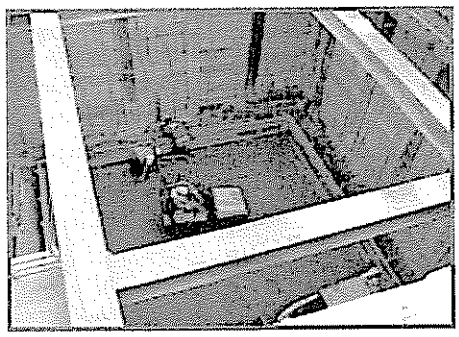
- Construction began January 5, 2004. Bid was $2,889,477. Estimated claims to date due to changes in alignment, weather and other delays = $362,000
- Bid Package No. 3 includes the construction of 11,000 linear feet of 36' diameter pipeline in Jurupa Avenue from the Jurupa Basin at Mulberry Avenue to Beech Avenue at the RP-3 Basins.

- 8,500 lineal feet has been installed from RP-3 site westward along Jurupa Avenue. The project is 87% complete.
- The construction period is 367 calendar days.

Bid Package No. 4 (Budget $2,250,000)

- 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. The invert and third pour of the walls of the wet well are complete. Work on the canal from the Jurupa turnout to the pump station is underway; estimate work is 50% complete
- SBCFCD has committed to constructing a section of the San Sevaine concrete channel with a drop inlet and pipeline to deliver stormwater, imported water, and recycled water to Jurupa Basin that will be pumped to the RP-3 Basins and the Declez Basin. The remainder of the San Sevaine Channel between Valley Boulevard to the Jurupa Basin drop inlet will be an open channel until funds are available to complete channel lining.

College Heights Rubber Dam inflated



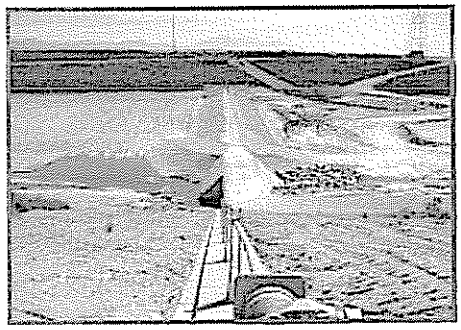
Jurupa Pump Station

Bid Package No. 5 (Budget $3,860,000)

- Bid Package No. 5 includes the SCADA system consisting of radio controls to 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.
- DenBoer has begun construction at the RP-3 site on March 18, 2004. The contractor is laying cable at sites and has purchased appurtenances for all locations.

Basins status

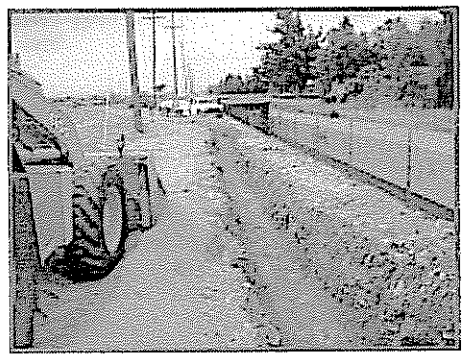
- Montclair Basins—The SCADA system will be installed in the Montclair Basins to control the inlet and internal gates.
- The construction period is 242 calendar days. Estimate work is 52% complete.



Lower Day Basin

Bid Package No. 6 (Budget $1,450,000)

- Bid Package No. 6 includes the MWD CB Turnouts No. 11TB, 15T and a new connection on the Etiwanda Intertie @ Station 211 + 47.
- The Bid for redevelopment of the two existing MWD turnouts and development of a new turnout from the Etiwanda Intertie @ location 211+47 was awarded February 4, 2004 to Griffith Construction, Inc. The letter of Notification to Proceed was issue on March 19, 2004.
- IEUA pre-purchased butterfly and sleeve valves to expedite the project. The valves have been delivered and are being installed.
- The Etiwanda Intertie was shutdown on April 25, 2004; tapping the line and tie-in began early April 26, 2004, the butterfly valve was installed @ Station 211 + 47 and completed the same day. Work is progressing at three sites.
- The construction period is 193 calendar days. Estimate work is 84% complete.



Montclair Basin Trenching for SCADA

Bid Package No. 7 (Budget $3,020,000)

- Bid Package No. 7 consists of RP-3 mitigation project, Hickory Basin manifold and pump station, discharge pipeline and appurtenances to Banana Basin, improvements to Victoria Basin and SCADA module.

- Bid Package No. 7, was advertise on June 11, 2004 for bid on July 7, 2004. Four bids were received and opened. The winning bid was at $2,743,000. The award of contract was on July 21, 2004.

	Bidder	Base Bid	Alternates	Total Bid
1.	Brutoco Engineering & Construction, Inc.	$2,743,000	$134,000	$2,877,000
2.	Banshee Construction, Inc.	$3,200,000	$126,000	$3,326,000
3.	Reyes Construction, Inc.	$3,537,764	$160,000	$3,697,764
4.	DenBoer Engineering & Cosntruction, Inc.	$3,613,000	$199,000	$3,812,000

- The construction period is 150 calendar days.

RP-3 Wetlands Mitigation

- Tom Dodson & Associates prepared the scope of work for the development of RP-3 Cell No. 2 riparian woodland and wetlands to mitigate the required offset for the Corps of Engineers 404 Permit and the SA RWQCB's 401 Permit as part of the CBFIP

Bid Package No. 8 (Budget $900,000)

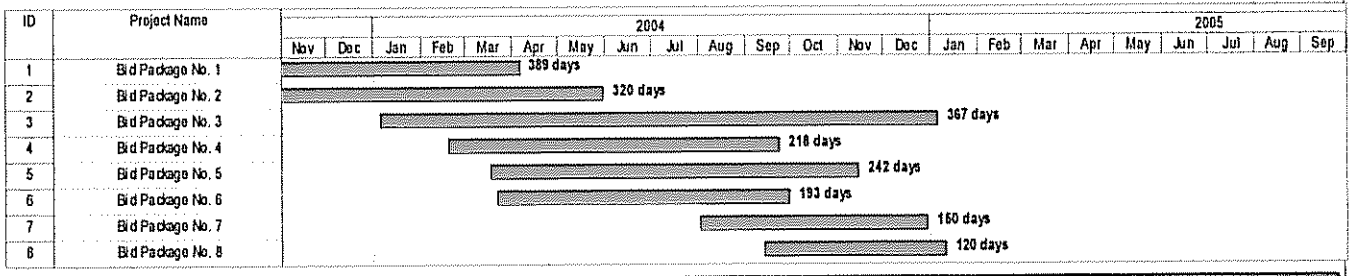
- Bid Package No. 8 consists of monitoring wells and recycled water connections. The bid package will be announced August 12, 2004; a courtesy tour of the prioritized construction sites will be conducted August 16, 2004, and award of contract is anticipated September 8, 2004. The CBFIP Committee will prioritize the projects, keeping the ultimate CBFIP within budget. The projects and the percentage of the design that is completed are listed by priority as follows:

Construction Projects ($750,000)		
1.	College Heights Leak	$150,000
2.	Upland Basin 48" Pipeline	$150,000
3.	SCADA Module Refinements	$350,000
4.	Complete Operational Design Modification	$100,000
	Subtotal–Recommended Projects	$750,000
Non-Construction Costs (Budget $137,500)		
1.	Portable Pumps, 2 ea.	$80,000
2.	Spare Parts	$50,000
3.	Safety Grates	$7,500
	Subtotal–Recommended Non-Construction Costs	$137,500
	Total–Recommended Projects & Equipment	$887,500

DWR Grant for Future Recharge Improvements

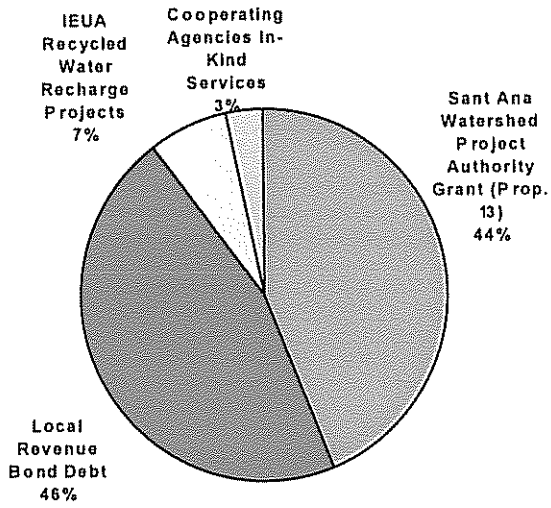
- IEUA (and Watermaster) are in the process of executing a grant agreement with DWR (Prop. 13 Fuding) for additional recharge improvements. The estimated DWR grant amount is $5.5 million.

CBFIP Active Projects Construction Schedule



Project Financing

- Santa Ana Watershed Authority Grant (Prop. 13) $19 Million
- Local revenue bond debt $19.7 Million
- Cooperating Agencies in-kind Services $1.5 Million

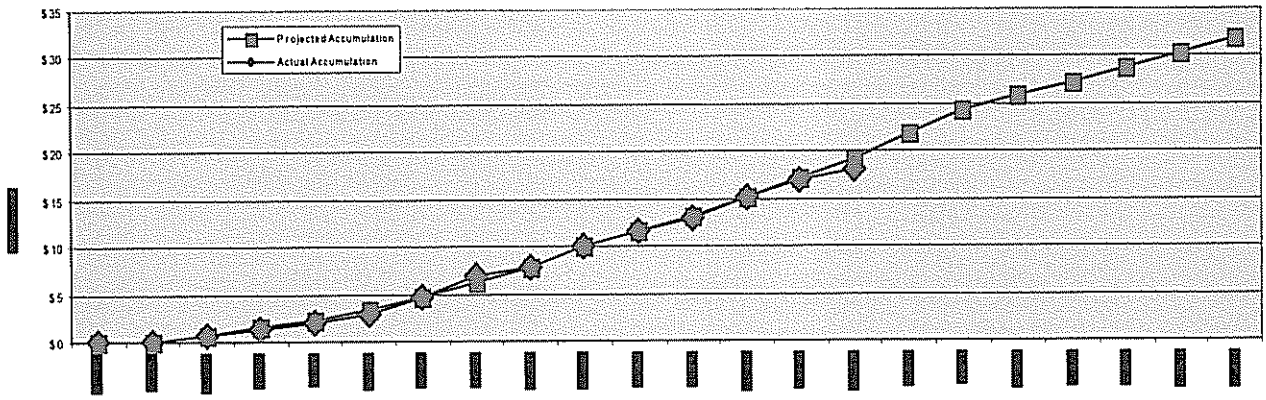


Project Summary

Construction Phase	Estimated Cost	Budget
Bid Package No. 1	$8,250,000	$8,600,000
Bid Package No. 2	$7,060,000	$7,700,000
Bid Package No. 3	$3,570,000	$3,200,000
Bid Package No. 4	$2,250,000	$2,300,000
Bid Package No. 5	$3,860,000	$4,000,000
Bid Package No. 6	$1,450,000	$1,900,000
Bid Package No. 7	$3,020,000	$4,300,000
Bid Package No. 8	$900,000	$0
Non-Construction Cost*	$8,994,000	$8,994,000
Total Budget**	$39,354,000	$38,700,000
Expenditure To Date	($26,291,000)	

*includes equipment purchases, engineering administration, and cooperative contribution from other agencies.
**plus $5.5 million new DWR grant.

Projected vs. Actual Costs



Inland Empire
UTILITIES AGENCY

Date:	August 18, 2004
To:	Honorable Board of Directors
Through:	Public and Legislative Affairs Committee *(8/11/04)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	July Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

Dave Weiman provides a monthly report on his federal activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:jbs
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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

July 30, 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, July 2004**

Highlights:

- **Note. Congress Out for Conventions, August Break**
- **Three Water Recycling Bills Pass House – Authorization for 200,000 AF of New Water Moving – Pending in Senate**
- **Water Recycling Study Provision Approved in EPA Funding Bill**
- **CALFED Bill Approved by House Resources, Opposition Surfaces to Napolitano Amendments on Water Recycling and Groundwater Remediation**
- **Drought and Title XVI**
- **Chino Creek and US Army Corps of Engineers**
- **Perchlorate – Pombo and Baca Perchlorate Cleanup Bills – Reported by House Resources Committee, Pending Floor Consideration in House Pending**
- **Water Technology Legislation Introduced (Domenici-Bingaman, Pombo and Calvert)**
- **Cows and Cars – New IEUA Partnership Proposal**
- **IEUA Working Partners**

The House and Senate Adjourned July 23rd, Out Until September 7. The House and Senate began its traditional Summer break. It is slightly longer this year to accommodate the Democratic and Republican National Conventions in Boston and NY.

House of Representatives Passes Three Recycling Bills – 200,000af of New Water Authorized. On Monday, July 19, the last week of the session prior to the Summer break, the House passed each of our three region's pending water recycling bills unanimously (voice vote). The bills were received in the Senate and immediately referred to the Senate Energy Committee. Here is a summary of the bills, service areas and water to be produced.

Bill Number	**Bill Sponsor, Co-Sponsor**	**Service Area**	**Amount of New Water To Be Produced**
H.R. 1156	Sanchez (Gary Miller)	OCWD/SAWPA	75,000 af
H.R. 142	Gary Miller (Sanchez, Dreier)	IEUA	50,000 af
H.R. 2991	Dreier (Baca, Gary Miller & Napolitano)	IEUA/CVWD	75,000 af
Total			**200,000 af New Water**

Briefings and discussions are underway or have occurred with Senator's Feinstein and Boxer, Energy Committee Chairman Pete Domenici (R-NM) and Ranking Committee Democrat, Senator Jeff Bingaman (R-NM). Additionally, discussions are also taking place with Senators Murkowski (R-AK) and Dorgan (D-ND), the Chair and Ranking Democrat on the Water and Power Subcommittee (Calvert and Napolitano's Senate counterparts). We are asking to have the bills considered and approved as quickly as possible so that final action can occur prior to the end of the session (likely mid-October). The clock is our biggest challenge. Based on the first round of discussions, these bills have been well-received on both sides of the aisle.

VA-HUD (EPA) Funding Bill – Water Recycling Study Provision Included in the House Bill. The annual VA-HUD funding bill was approved in the House on July 22 with a CEQ water recycling study provision drafted and advanced by the WateReuse Association. A Water Recycling White Paper was produced and presented by the WateResue Association – at the request of the Council on Environmental Quality (CEQ) – two years ago. After initial interest waned, House Appropriations Chair, Rep. Bill Young (R-FL) included the study provision in the annual EPA funding bill.

CALFED – House Passes CALFED Bill – Napolitano Water Recycling Amendment Opposed in Senate by Administration. On July 9, the House passed the Pombo/Calvert CALFED bill and sent it to the House. The Napolitano amendments on water recycling and groundwater

remediation were both included. The Senate tried to move its version of CALFED in the closing hours prior to the break. The CALFED bill was to be incorporated into a mini-omnibus package of 28 Energy Committee bills. The package, however, was blocked for reasons unrelated to CALFED. In behind-closed-door discussions, the Interior Department opposed the Napolitano water recycling provision (but not, we are told, the groundwater remediation provision). However, a rewrite of the Napolitano provision is being proposed for the CALFED bill. It is anticipated that the Senate will attempt to move this package of bills (water, public lands, parks, minerals, etc) upon reconvening in September. The House and Senate versions of CALFED are different on a key issue. Specifically, the House has included a "pre-authorization" of storage projects provision in its bill which the Senate disagrees with and objects to. It is not clear how this will be resolved....and it potentially jeopardizes an opportunity to pass the bill.

Drought and Title XVI. In early July, at the invitation of the Senate Energy Committee, the Department of the Interior provided a briefing on what is being called the *21st Century Drought*. The briefing was requested after USGS released a Report calling the current situation a "500-year" drought, Western Area Power Administration (WAPA) reported that hydro-power at Lake Powell is jeopardized in 2005, and the Western Governors called for the creation of a National Drought Policy. As reported last month, the drought problem, in California and throughout the West, is wide-spread. All 17 of the Western States and Alaska are experiencing some levels of drought, and more than half the Western States are classified as having a D3 or D4 Level Drought, the highest categories, according to the Federal Drought Monitoring Center. USDA, NOAA and DOE all believe it's a crisis and are acting. The Department of the Interior and Bureau of Reclamation are either limited to monitoring the situation or demanding that the States provide the leadership. The current Interior-recommended focus is directed at "shortage allocations" with little or no discussion from Interior on either creating new water (Title XVI water recycling) or stretching existing supplies (recycling or conservation). California, as early as 2005 *could* (uncertain) experience shortages from the Colorado River. As reported last month, notwithstanding the Interior Department's desire to eliminate the water recycling program, the drought is compelling fresh attention for this already authorized water supply program. I anticipate several Title XVI projects to be considered in the House in the remaining days of the Session. It's hard to imagine that the session will end without a "drought-relief" bill, though one is not pending at this time.

Army Corps – Chino Creek Restoration Study. Meetings and discussions between the Corps and IEUA are continuing. Congress is proposing to lift the funding cap on the program. The Corps headquarters staff did not know that the IEUA project helped address local Prado Basin ESA issues. This may become a new justification to restart the project. Discussions are on-going and include the LA District office as well as the office of the Assistant Secretary for Civil Works and the Office of the Chief of Engineers.

Perchlorate – Pombo and Baca Perchlorate Remediation Bills Reported by Resources Committee. Separate bills, one advanced by Chairman Pombo and the other by Rep. Joe Baca (Calvert, Napolitano and Gary Miller are cosponsors) to address perchlorate programs in the Santa Clara Valley and the Santa Ana River Watershed were both reported by the House Resources Committee.

This is a new $25 million cost-shared groundwater remediation program for the Interior Department. The Interior Department opposes the bill and doesn't want the authority. Floor action is expected in early September.

Cows and Cars. IEUA is continuing to work with CalStart on this new initiative. This effort is on-going. The proposal is to take some of the methane from dairy cows, clean it up, and then run a fleet of trucks and busses – all to reduce the regional air and water quality challenges.

Water Technology Legislation Introduced. Senate Energy Committee Chairman, Pete Domenici (R-NM), joined by Senators Bingaman and Feinstein and House Resources Committee Chairman Richard Pombo (R-CA) and Water and Power Subcommittee Chair, Rep, Ken Calvert introduced sweeping new water technology legislation. Domenici and his staff have been working on this bill since 2003. It was presented at a workshop attended by National Labs (Sandia, Lawrence Livermore, INEL and numerous others – each of which has established a water research program. Domenici's plan is to present the bill this year, and make it a center-piece of the Committee's initiatives for next year. Hearings are anticipated in September.

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

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

Inland Empire
UTILITIES AGENCY

Date:	August 18, 2004
To:	Honorable Board of Directors
Through:	Public and Legislative Affairs Committee *(8/11/04)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	July Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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Chino Basin / OBMP Coalition

Status Report – July 2004

ENERGY/REGULATORY

Community Choice Aggregation

Various intervening parties have submitted final reply comments on "exit fee" issues in this proceeding at the California Public Utilities Commission. The comments generally reiterated prior arguments regarding these fees, namely that the utilities wish to "uncap" the fees to have CCA programs remit the full cost of the programs, whereas local governments have argued to limit the fees to make CCA feasible in the short term.

A draft decision from the presiding Administrative Law Judge will likely be issued within the next month, with a CPUC decision to follow in early Fall. After the Commission renders a Phase I decision, Phase II will decide implementation regulations.

Water District Self-Generation (Implementation of SB 1755)

This proceeding remains stalled at the Commission. The presiding judged indicated that it is unlikely that it will resume before Fall.

The Dolphin Group will continue to follow this proceeding and offer further testimony as directed by the Commission. We have had an initial meeting with Senator Soto, author of SB 1755, to discuss the opportunity of sending a letter to the CPUC to expedite the process.

Biogas Net Metering

DGI is currently researching possible legislative actions to extend and enhance the Experimental Biogas Net Metering program. The current program is scheduled to sunset on January 1, 2006. DGI will work with other industry representatives to resolve issues such as interconnections within the proposed legislation.

Energy Market Restructuring

Now that the Legislature has entered its final month, **AB 2006** (Nunez) is likely to be a measure of heavy debate in August.

The bill was heavily amended in early July in two significant areas. First, the procurement language of the bill, which dictates how the utilities will procure power in the future, was streamlined. Independent electricity producers were concerned that the language gave competitive advantages to the utilities in the procurement process, where utilities add new power either through the construction of their own power plants or through contracts with third-party generators.

According to the author, the new language was intended to complement, as opposed to replace, legislation that passed in 2002 (AB 57 – Wright). The Schwarzenegger Administration has warned that any changes to AB 57 will likely not be supported by the Governor. The Administration has yet to comment on these latest amendments. Now that the budget has been resolved, legislative discussions on AB 2006 are likely to begin in earnest very soon.

The bill also made significant changes to retail choice, or core/noncore, portions of the bill. The legislation now punts the rules around direct access to the public utilities commission, with three major caveats:

- In the short-term new direct access will be limited only to the amount of DWR contracts expiring over the next few years.
- All new direct access customers will pay full "exit fees". Exit fees for existing direct access customers are currently set at 2.7 cents/kWh. It is uncertain at what level an uncapped exit fee would be set for the various utilities.
- A still to-be-determined kW threshold for noncore service. Although the legislation currently has no specific figure, it is the intent of the author to set the threshold at the Legislature, not the CPUC. Discussions are currently revolving around a 250-350 kW range.

The legislation also allows aggregation of load on contiguous property to meet the noncore threshold. DGI is currently working with the author to broaden this language to ensure that full aggregation of water pumping accounts are adequately addressed.

The bill is expected to be amended again following future negotiations and discussions between the Speaker and the Governor, with the bill returning to the Senate Energy, Utilities and Commerce Committee after these changes have been flushed out.

The Legislature returns on August 4th, and AB 2006 is likely to be among the more heavily debated topics as the Legislative session comes to an end on August 31st.

BUDGET/LOCAL GOVERNMENT

After months of negotiations, Legislative leaders and the Governor's office agreed on a State Budget 29 days into the new fiscal year. Taking center stage during the negotiations was the local government deal negotiated by Governor Schwarzenegger in spring, and subject to an intense debate throughout June and July.

The attached overview contains a summary of the Local Government Budget Package, approved by Legislature this week. The first page summarizes the proposed constitutional amendment, SCA 9 (Torlakson). The constitutional amendment will be placed before voters on the November Ballot.

The key provisions of the proposed constitutional amendment are as follows:

- The state can only borrow local government revenues in the future following a gubernatorial proclamation of a significant state fiscal hardship and a 2/3 vote of the Legislature.

- The state can borrow local revenues only twice in a 10-year period (local revenues cannot be borrowed unless any prior loans are completely paid in full with interest). The loan cannot exceed 8% of total local property tax revenues in any given year.

- The state cannot reallocate local property tax revenues to ERAF or other State programs; however, by a 2/3 vote of the Legislature, the state could voluntarily reallocate local property tax revenues within a given county; e.g., from enterprise special districts to counties.

- State mandated local programs must be paid for by the state, or local agencies will be able to suspend implementation of the mandated program.

The special district reallocation formula is as follows:

- An enterprise district's share remains at 40% of its net allocation of property tax revenues, but enterprise districts as a class are responsible (up to 10% of an individual entity's total revenues) to make up any shortfall below the special district $350 million allocation of the FY 2004-05 and FY 2005-06 property tax shift. The potential increase above the 40% threshold may come into play since the non-enterprise special district share has been reduced from 25% of the net allocation of property tax revenues down to 10%. Mitigating this reduction is the addition of dependent special districts to the special district $350 million allocation.

Local Government Package: 7.25.04 Compromise Deal Points

Issue	Proposed Compromise SCA 9 (as proposed to be amended)
State General Fund Implications	
Benefit	$1.3 billion for each of two years. (statutory)
Allocation	Counties: $350 M Cities: $350 M Special Districts: $350 M Redevelopment Agencies: $250 M (statutory)
Special District Allocation	Dependent and independent special districts. 40% of property tax from enterprise districts, not to exceed 10% of their total revenues. 3% transit district hit. 10% of property tax from non-enterprise districts. Define Tahoe public utility districts as non-enterprise. Increase enterprise districts' share (not to exceed 10% of total revenues) if formula falls short of $350 M. Exempt fire, police, hospital, library districts and services, veterans' memorial, and mosquito abatement districts. (statutory)
Redevelopment Agencies	Allows extension based on time remaining to retirement of each agency as follows: ▪ 0-10 years – 2 year extension. ▪ 10-20 years – 2-year extension, if in compliance with housing requirements. ▪ 20+ years – no extension. Language stating that redevelopment increment would not be subject to an ERAF-like shift in the future.
VLF	
Rate	Reduces VLF rate from 2% to 0.65%, eliminates offset and subvention. (statutory)
Backfill	Swaps VLF backfill for property tax revenues. (constitutional) Guarantees revenues generated from 0.65% rate, if state reduces the rate. (constitutional)
Gap Loan	Retains statutory requirement to repay in August 2006. Loan must be repaid prior to suspension of property tax protections. (constitutional)

Issue	Proposed Compromise SCA 9 (as proposed to be amended)
Property Tax	
Jurisdictions	Total city, county, and special district property tax (and, by construction, redevelopment increment) within each county protected in the aggregate, allowing reallocation amongst jurisdictions within a county with a 2/3 vote of the Legislature, but would not allow the Legislature to increase the share for schools (i.e. ERAF). Reallocation of property tax may not be done to support state-mandated programs. (constitutional)
Suspension of Constitutional Protection	
Trigger	"Significant state fiscal hardship." Suspension in a separate bill with no unrelated provisions. (constitutional)
Vote Threshold	2/3 (constitutional)
Borrowing Limits	No borrowing until 2008-09. May not borrow more than 2 times in 10 years. No loan if previous suspension loans or VLF Gap Loan haven't been repaid. Cap loan at 8% of non-education property tax revenues. (Approx. $1.4 billion in 2003-04 dollars.) (constitutional)
Repayment Terms	The Legislature must pass a statute to fully repay loan with interest within three fiscal years. (constitutional) Authorize securitization. (statutory)
Sales Tax	
Protection	Prohibits the Legislature from reducing the rate or changing the distribution of the Bradley-Burns sales tax. (constitutional) Guarantee return of ¼ cent sales tax to cities and counties when ERBs are retired. (constitutional)
Revenue Swap	
Voluntary Exchange of Revenues	Allow Legislature to approve exchange of local sales for property tax when requested by local governments. Any type of voluntary revenue exchange agreement must be revenue neutral. (constitutional)
Mandates	
Consequence of Non-Payment	Mandate is suspended if no state funding, except for specified employee rights and benefits. Applies only to non-education mandates. (constitutional)
Mandate Definition	Clarifies mandate definition to include cost shifts from the state to locals. (constitutional)

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Inland Empire
UTILITIES AGENCY

Date:	August 18, 2004
To:	Honorable Board of Directors
Through:	Public and Legislative Affairs Committee *(8/11/04)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	July Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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Inland Empire Utilities Agency

Positions/Position Recommendations

July 31, 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 (03)	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. Depending upon what happens with the Governor's property tax budget proposal, this measure will probably not be revived.	Oppose (O3)	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. IEUA is opposed because the measure is bad precedent and, if expanded to areas with lower populations, could be applicable to IEUA's co-composting facilities. Initial policy hearing was cancelled on the bill. They will need a rule waiver to proceed.	Oppose (3/04)	Senate Local Gov. (dead)

SB 1272 (Ortiz) Special District Audits	Comprehensive special district reform measure. • 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. • Requires that a meeting be noticed to the public if compensation is allowed. • Requires that for board members who first take office after 2005, no life insurance, health care or retirement benefits be provided. ACWA circulated an alternative proposal to numerous water districts in the state, but has decided **not** to pursue this alternative proposal in 2004.	Oppose unless amended (5/04)	Senate Approps. (dead)
Water Quality			
AB 2528 (Lowenthal) Action Level	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.	Support (1/04)	Senate Floor
Water Supply/Watersheds			
AB 2690 (Hancock) Watershed: prevailing wage	Would exempt from the definition of "public works" any work that is performed by a volunteer, a volunteer coordinator, or by members of the California Conservation Corps, or of a certified Community Conservation Corps. This will exempt watershed volunteer work from the prevailing wage provisions of Proposition 50.	Support (3/04)	Assembly Floor Concurrence

SB 1155 (Machado) Cal-FED	The author reached a compromise on the bill right before it was heard and passed in the Assembly Water Parks and Wildlife Committee. The bill now requires the Director of DWR in collaboration with the Secretary to develop a plan by January 1, 2006 to meet the existing permit and license conditions for which DWR has an obligation under SWRCB Decision 1641. Requires that the plan be filed with the SWRCB and the Authority prior to increasing the rate of pumping at the Banks Pumping Plant. Also states the DWR is not limited or restricted in its operations of the SWP due to the failure of other water rights holders to meet the water quality conditions of their respective permits or licenses. These amendments remove most of the opposition to the bill. Recommend IEUA remove its opposition as well.	Oppose unless amended (3/04) Recommend removal of opposition	Assembly Approps. 8/4
Water Conservation			
AB 2299 (Plescia) Dishwasher water Efficiency	Requires the CEC by 2006 to revise regulations for commercial dishwashing pre-rinse spray values to use less than 1.6 gallons of water per minutes. San Diego County Water Authority is the sponsor.	Support (3/04)	Assembly Natural Resources (dead)
AB 2298 (Plescia) Landscape water metering	Requires that by 2006 a public water system serving 3,000 or more connections install or require the installation of water meters or submeters for irrigated landscapes of more than 10,000 square feet. Does not apply to single- family dwellings. By 2007 this information shall be used in whole or in part for billing purposes. The sponsors included language in the bill that is intended to make the program more compatible with the delivery of recycled water. The bill unfortunately was written in a way so that it would not apply to charter cities including Los Angeles, San Diego, San Francisco and Sacramento. The author intends to amend the bill to fix this. However, the bill was held in the Senate Ag and Water Committee because Senator Machado wanted to talk to the sponsors about including a provision about indoor water use. If Senator Machado is satisfied after these discussions, the bill will be reset for hearing and presumably granted a rule waiver.	Support (3/04)	Senate Ag. and Water Resources (held in committee)

AB 2572 (Kehoe) Water Meters	With certain exceptions, requires all urban water suppliers to install or cause to be installed water meters on all municipal and industrial services, and to bill volumetrically based on those meters.	Support (3/04)	Senate Approps. (suspense)
Proposition 50/Bonds			
SB 403 (Florez) Air Quality Bond	Places a $5.15 billion bond on a future ballot to provide financing for a variety of projects and programs to reduce air pollution and improve agricultural practices and conserve agricultural lands. Part of the funding would go toward the creation of the "Innovative Clean Air Technology Program", which would provide $400 million for programs such as biomass digester, which generate electricity from waste products. The bond also contains $250 million for the purpose of acquiring easements over agricultural lands and incentives for retaining agricultural land in the Williamson Act. We are working with the author to help specify how the $250 million would be spent, particularly as it relates to land in the Williamson Act. MPC is also in support. The bill passed out of Assembly Natural Resources Committee, but was re-referred back to the Assembly Rules Committee. It is unclear at this point whether the Administration and the Legislature are willing to put another major bond measure on a future, unspecified ballot.	Support (6/5/04)	Assembly Rules
SB 1132 (Brulte) Prop. 50, Chap. 8 Fire Impacts	As amended 4/12, gives preference for Chapter 8 funds to projects designed to restore, repair, rehabilitate or replace water management projects damaged or destroyed as a consequence of fires or other natural disasters. Recent amendments made clear that more than just flood control projects were eligible for funding. SAWPA in support of the bill. The bill failed passage in a policy committee, but it may be revived as part of the budget proposal.	Support (4/04)	Senate Enviro. Quality (dead)

Inland Empire Utilities Agency WATCH

("C" lowest level, "B" mid level, "A" high level watch)
July 31, 2004

Bill # / Title	Summary	Watch Level	Status
Propositions 50 and 40			
AB 1647 (Horton) Prop. 50: Private Water Companies	Recent gut and amend that would allow private water companies to be eligible for Prop. 50 grant funds. Identical to SB 909, which was held in the Assembly Water Parks and Wildlife Committee (see below).	B	Senate Energy
SB 117 (Machado) Prop. 50 disadvantaged communities	Corrects a mistake in the Prop. 50 trailer bill language from last year on Prop. 50. Waives matching rates for economically disadvantaged communities. Requires state agencies, to the maximum extent feasible, to provide outreach to disadvantaged communities on Prop. 50 grant opportunities.	B	Assembly Approps 8/4
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. (died)
SB 1318 (Burton) Prop. 50: Chap. 10	Appropriates up to $30 million from Prop. 50 (from the WCB and Coastal Conservancy accounts) to the "Ocean Protection Council" created by another Burton bill (SB 1319). The funds will be available for a competitive grant program for ocean and coastal protection measures. Also requires that all SWRCB Prop. 50 funds comply with coastal watershed legislation authored by Assemblywoman Pavley in 2002.	B	Assembly Appros.
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	The bill would exempt Ventura County from filing individual groundwater well reports to the SWRCB and paying the new fee of $150 per well. SAWPA was successful in getting amendments to the bill that would allow SAWPA or any	B	Senate Appros. 8/4

	other agency in the region to volunteer to collect the groundwater well information and send it to the SWRCB. While these agencies may charge a fee for the collection service, it must be lower than the $150 per well fee the SWRCB charges.		
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	Exempts a person who stores liquid wastewater in a holding tank and periodically transports the liquid to an authorized disposal facility from filing a WDR. Sponsored by the Wine Institute.	C	Senate Approps. 8/4
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.	B	Senate Approps. (suspense)
AB 2884 (Calderon) RWRCB liability exemption	Requires RWQCB to abate a polluting condition when a local authority cannot complete the abatement. Santa Clara Valley Water District is the sponsor.	A	Senate Approps. 8/4
SB 1477 (Sher) SWRCB: Wetlands	Requires that SWRCB create a new statewide permitting program under Porter-Cologne, for wetlands impacts no longer regulated by the Corps. The SWRCB has recently adopted an order increasing wetland mitigation requirements under its existing statutory authority. The bill failed passage in Assembly Water Parks and Wildlife, with five Democrats voting "no" or staying off the bill. Senator Sher will try to move the proposal using some other vehicle. RLC led a very large coalition effort on this bill.	B	Assembly Water Parks and Wildlife
Water Conservation			
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	Chaptered
AB 2717 (Laird) CUWCC	Declares the Legislature's intent to have 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	B	Senate Floor

	pay their own expenses.		
SB 1909 (Ag. Committee)	Changes the term "reclaimed water" to "recycled water" in the code. Possible spot bill.	C	Assembly Inactive
Special Districts/Property Tax Revenue			
SB 1310 (Johnson) 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	Chaptered
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	Assembly Approps. 8/4
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 2063 (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. MPC is in support.	B	Assembly Floor concurrence
AB 2212 (Runner) Dairy relocation	Makes changes to the redevelopment law to promote the relocation of dairies from Chino Basin to Harper Dry Lake. MPC is in support.	C	Senate Local Gov.
AB 2439 (Haynes) Elsinor Valley Municipal Water D.	Allows recreational use with body contact in a reservoir within the district.	C	Senate Approps. 8/4
Cal-Fed/Water Transfers			
SB 1374 (Machado) Transfers Third Party Impacts	Requires SWRCB to consider a number of factors before approving a long-term water transfer that will result in substantial negative third party impacts, including negative environmental and economic impacts.	B	Assembly Water Parks and Wildlife

Miscellaneous			
AB 1522 (Parra) Water rights	Specifies under what circumstances a water rights permits may be revoked. 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 within 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. Would require the task force to prepare a model ordinance on alluvial fan flood plain management. San Bernardino County, agricultural groups and local governments are specifically included in the task force.	B	Senate Approps. 8/4
AB 2311 (Jackson) Green Buildings	Calls upon the state to develop a sustainable, or "green" building goal. Requires the formulation of a defined state strategy and annual reporting requirement on the implementation of that strategy.	B	Senate Approps. (suspense)
SB 1089 (Johnson) SWPC Fund	For revolving fund monies, requires the SWRCB to give preference, to the maximum extent possible, to capital improvement projects undertaken by a municipality that is subject to an administrative compliance order relating to a sanitary sewer collection system.	B	Assembly Approps. 8/4
SB 1479 (Sher) RWQCB	Reduces the membership of the regional water quality control boards from nine to seven. Reduces from three to one the number of persons appointed from the general public category. Previous versions eliminated the agricultural slots on the boards. These slots were reinstated after massive agricultural opposition. SWRCB sponsored.	C	Assembly Approps. 8/4
Energy			
AB 2006 (Nunez) Energy Market restructuring	Addresses core and noncore issues and community choice aggregate. Energy coalition is handling the bill.	A	Senate Rules

Inland Empire Utilities Agency

Positions/Position Recommendations

July 31, 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 (03)	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. Depending upon what happens with the Governor's property tax budget proposal, this measure will probably not be revived.	Oppose (O3)	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. IEUA is opposed because the measure is bad precedent and, if expanded to areas with lower populations, could be applicable to IEUA's co-composting facilities. Initial policy hearing was cancelled on the bill. They will need a rule waiver to proceed.	Oppose (3/04)	Senate Local Gov. (dead)

SB 1272 (Ortiz) Special District Audits	Comprehensive special district reform measure. • 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. • Requires that a meeting be noticed to the public if compensation is allowed. • Requires that for board members who first take office after 2005, no life insurance, health care or retirement benefits be provided. ACWA circulated an alternative proposal to numerous water districts in the state, but has decided **not** to pursue this alternative proposal in 2004.	Oppose unless amended (5/04)	Senate Approps. (dead)
Water Quality			
AB 2528 (Lowenthal) Action Level	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.	Support (1/04)	Senate Floor
Water Supply/Watersheds			
AB 2690 (Hancock) Watershed: prevailing wage	Would exempt from the definition of "public works" any work that is performed by a volunteer, a volunteer coordinator, or by members of the California Conservation Corps, or of a certified Community Conservation Corps. This will exempt watershed volunteer work from the prevailing wage provisions of Proposition 50.	Support (3/04)	Assembly Floor Concurrence

SB 1155 (Machado) Cal-FED	The author reached a compromise on the bill right before it was heard and passed in the Assembly Water Parks and Wildlife Committee. The bill now requires the Director of DWR in collaboration with the Secretary to develop a plan by January 1, 2006 to meet the existing permit and license conditions for which DWR has an obligation under SWRCB Decision 1641. Requires that the plan be filed with the SWRCB and the Authority prior to increasing the rate of pumping at the Banks Pumping Plant. Also states the DWR is not limited or restricted in its operations of the SWP due to the failure of other water rights holders to meet the water quality conditions of their respective permits or licenses. These amendments remove most of the opposition to the bill. Recommend IEUA remove its opposition as well.	Oppose unless amended (3/04) Recommend removal of opposition	Assembly Approps. 8/4
Water Conservation			
AB 2299 (Plescia) Dishwasher water Efficiency	Requires the CEC by 2006 to revise regulations for commercial dishwashing pre-rinse spray values to use less than 1.6 gallons of water per minutes. San Diego County Water Authority is the sponsor.	Support (3/04)	Assembly Natural Resources (dead)
AB 2298 (Plescia) Landscape water metering	Requires that by 2006 a public water system serving 3,000 or more connections install or require the installation of water meters or submeters for irrigated landscapes of more than 10,000 square feet. Does not apply to single- family dwellings. By 2007 this information shall be used in whole or in part for billing purposes. The sponsors included language in the bill that is intended to make the program more compatible with the delivery of recycled water. The bill unfortunately was written in a way so that it would not apply to charter cities including Los Angeles, San Diego, San Francisco and Sacramento. The author intends to amend the bill to fix this. However, the bill was held in the Senate Ag and Water Committee because Senator Machado wanted to talk to the sponsors about including a provision about indoor water use. If Senator Machado is satisfied after these discussions, the bill will be reset for hearing and presumably granted a rule waiver.	Support (3/04)	Senate Ag. and Water Resources (held in committee)

AB 2572 (Kehoe) Water Meters	With certain exceptions, requires all urban water suppliers to install or cause to be installed water meters on all municipal and industrial services, and to bill volumetrically based on those meters.	Support (3/04)	Senate Approps. (suspense)
Proposition 50/Bonds			
SB 403 (Florez) Air Quality Bond	Places a $5.15 billion bond on a future ballot to provide financing for a variety of projects and programs to reduce air pollution and improve agricultural practices and conserve agricultural lands. Part of the funding would go toward the creation of the "Innovative Clean Air Technology Program", which would provide $400 million for programs such as biomass digester, which generate electricity from waste products. The bond also contains $250 million for the purpose of acquiring easements over agricultural lands and incentives for retaining agricultural land in the Williamson Act. We are working with the author to help specify how the $250 million would be spent, particularly as it relates to land in the Williamson Act. MPC is also in support. The bill passed out of Assembly Natural Resources Committee, but was re-referred back to the Assembly Rules Committee. It is unclear at this point whether the Administration and the Legislature are willing to put another major bond measure on a future, unspecified ballot.	Support (6/5/04)	Assembly Rules
SB 1132 (Brulte) Prop. 50, Chap. 8 Fire Impacts	As amended 4/12, gives preference for Chapter 8 funds to projects designed to restore, repair, rehabilitate or replace water management projects damaged or destroyed as a consequence of fires or other natural disasters. Recent amendments made clear that more than just flood control projects were eligible for funding. SAWPA in support of the bill. The bill failed passage in a policy committee, but it may be revived as part of the budget proposal.	Support (4/04)	Senate Enviro. Quality (dead)

Inland Empire
UTILITIES AGENCY

Date: August 18, 2004

To: The Honorable Board of Directors

Through: Public and Legislative Affairs Committee *(08/11/04)*

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

Tours

- Inland California Television Network (local TV channel) story on Manure Digester.

Cerrell and Associates

- Finalized RP-5 brochure
- Helped secure a speaker for the LEED celebration
- Preparing Landscape and Stormwater Brochure, IEUA Fact Sheet, CCWRF brochure, water recycling brochure
- Provided general media relation support.

Calendar of Upcoming Events

- August 7, 14, 21, 28, IEWRCD/MWD Protector del Agua classes
- August 19, 2004 State Water Control Board Conference
- August 31, 2005 DWR workshop
- September 24, 2004, participating in Chino Hills Day at the LA County Fair
- October 1, 2, 3, 2004, participating in Rancho Cucamonga's Grape Harvest Festival
- October 6, 2004 Water Education Foundation Southern California Tour
- April 15, 16 & 17, 2004 MWD AG Inspection Trip

PRIOR BOARD ACTION
None

IMPACT ON BUDGET
None

CHINO BASIN WATERMASTER

IV. INFORMATION

1. Chino Basin Desalter Authority – Chino I Expansion and Chino II Desalter Project – Progress Report

The Project

The Project, commonly known as the Chino I Expansion/Chino II Desalter Project, primarily consists of construction of the facilities necessary to expand the Chino I Desalter by 5 MGD and construction of a new 10 MGD Chino II Desalter. The Chino I Desalter Expansion Project began in June 2002 and is estimated to continue through April 2005. The Chino II Desalter Project began in June 2002 and is estimated to continue through March 2005. The progress of each of the facilities is described below.

CHINO I DESALTER EXPANSION FACILITIES

Well Drilling

These facilities include the construction of three wells (Extraction Well Nos. I-13, I-14, and I-15) and one monitoring well (Monitoring Well No. CDA-01). These facilities are completed.

Well Equipping

These facilities include equipping the three extraction wells described in the Well Drilling Section. The construction contract was awarded to Pascal and Ludwig Constructors. These facilities are in the construction phase and are approximately 20 percent complete. Progress on these facilities this month included completing an additional ten percent of the construction from ten to 20 percent.

Raw Water Pipeline

These facilities include the raw water pipeline from the new extraction wells to the existing raw water pipeline. The construction contract was awarded to Norstar Plumbing and Engineering Company, Incorporated. These facilities are in the construction phase and are approximately 75 percent complete. Progress on these facilities this month included completing an additional ten percent of the construction from 65 to 75 percent.

Onsite Improvements (excluding Ion Exchange)

These facilities include onsite improvements at the Chino I Desalter site including bypass piping, sodium hypochlorite station, volatile organic compound (VOC) treatment system, and expansion of product water pump stations. The construction contract was awarded to Coons Construction. These facilities are in the construction phase and are approximately 32 percent complete. Progress on these facilities this month included completing an additional 22 percent of the construction from ten to 32 percent.

Ion Exchange Treatment Facilities

These facilities include ion exchange treatment facilities at both the Chino I Desalter and the

Chino II Desalter. The construction contract was awarded to Brutoco Engineering and Construction. These facilities are in the construction phase and are approximately nine percent complete. Progress on these facilities this month included completing an additional one percent of the construction from eight to nine percent.

Ontario Product Water Pipeline

These facilities include a product water pipeline to the City of Ontario service connection. The pipeline will be located in Cloverdale Road and Archibald Avenue. These facilities are in the design phase and are approximately 70 percent complete. Progress on these facilities this month included completing an additional 20 percent of the design from 50 to 70 percent.

Ontario Product Water Pump Station

These facilities include a product water pump station to deliver water to the City of Ontario service connection. The pump station is located at approximately the Riverside/San Bernardino County Line and Archibald Avenue. These facilities are in the design phase and are approximately 70 percent complete. Progress on these facilities this month included completing an additional 20 percent of the design from 50 to 70 percent.

Chino Hills Product Water Pipeline

These facilities include a product water pipeline in Soquel Canyon Parkway for the connection to the City of Chino Hills water system. The construction contract was awarded to Norstar Plumbing and Engineering Company, Incorporated. These facilities are in the construction phase and are approximately 15 percent complete. There was no progress on these facilities this month.

Chino Hills Pump Station

These facilities include the construction of a pump station in Soquel Canyon Parkway in the City of Chino Hills. This station will lift water into the City of Chino Hills water system. The construction contract was awarded to SCW Contracting Corporation. These facilities are in the construction phase and are approximately 25 percent complete. Progress on these facilities this month included completing an additional five percent of the construction from 20 to 25 percent.

CHINO II DESALTER FACILITIES

Well Drilling Package No. 1

These facilities include the construction of two extraction wells (Well Nos. II-6 and II-7). The construction contract was awarded to Bakersfield Well and Pump Company. These facilities are in the construction phase and are approximately 90 percent complete. Progress on these facilities this month included completing an additional 80 percent of the construction from ten to 90 percent.

Well Drilling Package No. 2

These facilities include the construction of three extraction wells (Well Nos. II-1, II-8, and II-9). The construction contract was awarded to Layne Christensen Company. These facilities are in the construction phase and are approximately 50 percent complete. Progress on these facilities this month included completing an additional 20 percent of the construction from 30 to 50 percent.

Well Drilling Package No. 3

These facilities include the construction of four extraction wells (Well Nos. II-2, II-3, II-4 and II-5). The construction contract was awarded to Bakersfield Well and Pump Company. These facilities are in the construction phase and are approximately ten percent complete. Progress on these facilities this month included completing an additional nine percent of construction from one to ten percent.

Well Equipping Package No. 1

These facilities include equipping four extraction wells (Well Nos. II-6, II-7, II-8, and II-9). The construction contract was awarded to Pascal and Ludwig Constructors. These facilities are in the construction phase and are approximately five percent complete. Progress on these facilities this month included completing an additional four percent of construction from one to five percent.

Well Equipping Package No. 2

These facilities include equipping five extraction wells (Well Nos. II-1, II-2, II-3, II-4, and II-5). These facilities are in the bid phase and the bids are due in July 2004. There was no progress on these facilities this month.

Raw Water Pipeline Package No. 1

These facilities include the raw water pipeline east of the Interstate 15 Freeway from the new extraction wells to the Chino II Desalter site. The construction contract was awarded to Norstar Plumbing and Engineering Company, Incorporated. These facilities are in the construction phase and are approximately five percent complete. Progress on these facilities this month included completing an additional four percent of construction from one to five percent.

Raw Water Pipeline Package No. 2

These facilities include the raw water pipeline crossing the Interstate 15 Freeway. These facilities are in the design phase and are approximately 99 percent complete. Progress on these facilities this month included completing an additional 24 percent of the design from 75 to 99 percent.

Raw Water Pipeline Package No. 3

These facilities include the raw water pipeline west of the Interstate 15 Freeway from the new

extraction wells to the Interstate 15 Freeway. These facilities are in the design phase and are approximately 70 percent complete. Progress on these facilities this month included completing an additional 20 percent of the design from 50 to 70 percent.

Onsite Improvements (excluding Ion Exchange)

These facilities include onsite improvements at the Chino II Desalter site including all new facilities excluding the ion exchange treatment facility. The construction contract was awarded to Brutoco Engineering and Construction. These facilities are in the construction phase and are approximately 35 percent complete. Progress on these facilities this month included completing an additional five percent of the construction from 30 to 35 percent.

Ion Exchange Treatment Facilities

The same information applies to this facility as in the section under the "Chino I Desalter Expansion Facilities."

SARWC Product Water Pipeline

These facilities include the product water pipeline in Belgrave Avenue for the connection to the Santa Ana River Water Company water system. These facilities are in the construction phase and are approximately 95 percent complete. There was no progress on these facilities this month

Ontario Product Water Pipeline

These facilities include the product water pipeline in Milliken Avenue for the connection to the City of Ontario water system. These facilities are in the design phase and are 100 percent complete. Progress on these facilities this month included completing an additional five percent of the design from 95 to 100 percent.

Ontario Pump Station

These facilities include the construction of a pump station on Jurupa Street in the City of Ontario. This station will lift water into the City of Ontario water system. These facilities are in the design phase and are 100 percent complete. Progress on these facilities this month included completing an additional five percent of the design from 95 to 100 percent.

Attachments

- Project Schedule
- Cash Flow Projection
- Construction Progress Pictures
- Pascal & Ludwig Constructors Contract, Chino II Well Equipping Package No. 1
- Bakersfield Well & Pump Company Contract, Chino II Well Drilling Package No. 3

Chino I Expansion and Chino II Desalters Project
Schedule Projection
July 2004

	Design Completed	Bid Opening	Start Construction	Construction Complete
Chino I Desalter Expansion Facilities				
Well Drilling	Completed	Completed	Completed	Completed
Well Equipping	Completed	Completed	Completed	Oct. 2004
Raw Water Pipeline	Completed	Completed	Completed	Sep. 2004
Onsite Improvements (excluding Ion Exchange)	Completed	Completed	Completed	Jan. 2005
Ion Exchange Treatment Facilities	Completed	Completed	Completed	Jan. 2005
Ontario Product Water Pipeline	Aug. 2004	Sep. 2004	Oct. 2004	Apr. 2005
Ontario Product Water Pump Station	Aug. 2004	Sep. 2004	Oct. 2004	Apr. 2005
Chino Hills Product Water Pipeline	Completed	Completed	Completed	Sep. 2004
Chino Hills Pump Station	Completed	Completed	Completed	Oct. 2004
Chino II Desalter Facilities				
Well Drilling Package No. 1 (Well II-6 & 7)	Completed	Completed	Completed	Aug. 2004
Well Drilling Package No. 2 (Well II-1, 8, & 9)	Completed	Completed	Completed	Sep. 2004
Well Drilling Package No. 3 (Well II-2, 3, 4 & 5)	Completed	Completed	Completed	Nov. 2004
Well Equipping Package No. 1 (Well II-6, 7, 8 & 9)	Completed	Completed	Completed	Dec. 2004
Well Equipping Package No. 2 (Well II-1, 2, 3, 4 & 5)	Completed	Completed	Aug. 2004	Feb. 2005
Raw Water Pipeline Package No. 1	Completed	Completed	Aug. 2004	Nov. 2004
Raw Water Pipeline Package No. 2	Aug. 2004	Sep. 2004	Oct. 2004	Feb. 2005
Raw Water Pipeline Package No. 3	Aug. 2004	Sep. 2004	Oct. 2004	Feb. 2005
Onsite Improvements (excluding Ion Exchange)	Completed	Completed	Completed	Nov. 2004
Ion Exchange Treatment Facilities	Completed	Completed	Completed	Nov. 2004
SARWC Product Water Pipeline	Completed	Completed	Completed	Aug. 2004
Ontario Product Water Pipeline	Completed	Aug. 2004	Sep. 2004	Mar. 2005
Ontario Pump Station	Completed	Aug. 2004	Sep. 2004	Mar. 2005
Overall Project Completion				Apr. 2005

Chino I Expansion and Chino II Desalters Project
Cash Flow Projection
June 2004

		Chino I	Chino II	Total
		29%	71%	
		$22,996,192.00	$56,420,456.00	$79,416,648.00
	Date			Projected Cost
$16,275,628.10	Costs To Date	$4,712,833.87	$11,562,794.23	$16,275,628.10
	Jul. 2004	$1,411,214.38	$3,812,099.51	$5,223,313.89
	Aug. 2004	$1,411,214.38	$3,812,099.51	$5,223,313.89
	Sep. 2004	$2,791,214.38	$7,180,432.84	$9,971,647.22
	Oct. 2004	$1,411,214.38	$3,812,099.51	$5,223,313.89
	Nov. 2004	$1,411,214.38	$3,812,099.51	$5,223,313.89
	Dec. 2004	$1,411,214.38	$3,812,099.51	$5,223,313.89
	Jan. 2005	$2,791,214.38	$7,180,432.85	$9,971,647.23
	Feb. 2005	$1,411,214.38	$3,812,099.51	$5,223,313.89
	Mar. 2005	$1,411,214.38	$3,812,099.51	$5,223,313.89
	Apr. 2005	$1,411,214.38	$3,812,099.51	$5,223,313.89
	May. 2005	$1,411,214.38		$1,411,214.38
		$22,996,192.00	$56,420,456.00	$79,416,648.00

Work Performed for Invoiced Costs

Description	Cost
Inland Empire Utilities Agency for project management of the design and construction, construction management, and grant administration for the Chino I Desaler Onsite Improvements	$23,762.19
Inland Empire Utilities Agency for project management of the design and construction, construction management, and grant administration for the Chino II Desaler Onsite Improvements	$30,566.76
Inland Empire Utilities Agency for project management of the design and construction, construction management, and grant administration for the Ion Exchange Project at Chino I Desaler	$7,748.32
Inland Empire Utilities Agency for project management of the design and construction, construction management, and grant administration for the Ion Exchange Project at Chino II Desaler	$3,732.57
IEUA administrative expenses for reproduction, Fed Ex,and mileage for the Chino I Expansion	$476.20
IEUA administrative expenses for reproduction, Fed Ex,and mileage for the Chino II Desalter	$1,673.04
HNS Direcway for the satellite set up at the IEUA trailer at Chino II Desalter	$189.98
Jurupa Community Services District for the management of the design, construction and grant administration of the Chino I Desalter Onsite Improvements	$52,545.21
Jurupa Community Services District for the management of the design, construction and grant administration of the Chino II Desalter Onsite Improvements	$18,818.55
RBF Consulting for engineering consulting services for the Chino I Desalter Expansion	$10,780.00
RBF Consulting for engineering consulting services for the Chino II Desalter	$250,064.86
Brutoco Engineering & Construction for the construction of the Chino II Desalter	$311,697.00
Brutoco Engineering & Construction for the construction of the Chino I Desalter Ion Exchange	$307,875.00
Brutoco Engineering & Construction for the construction of the Chino II Desalter Ion Exchange	$307,875.00
AQMD Permit Application for the VOC system at Chino I Desalter	$2,232.96
Hardware and Software Purchase for the Chino I Desalter Onsite Improvements	$101,842.35

Chino I Expansion and Chino II Desalters Project
Cash Flow Projection
June 2004

Hardware and Software Purchase for the Chino II Desalter Onsite Improvements	$59,351.34
Southern California Edison Permit Application Fee for Well No. 14 for Chino I Desalter	$6,381.82
Southern California Edison Permit Application Fee for for Chino II Desalter	$204,213.36
Stradling Yoca Carlson and Rauth for leagal services for the Chino I Desalter	$10,446.31
Stradling Yoca Carlson and Rauth for leagal services for the Chino I Desalter	$17,798.69
City of Chino Hills for the construction of the Chino Hills Pump Station	$113,152.50
Total Invoices paid for the month of May 2004 =	$1,843,224.01

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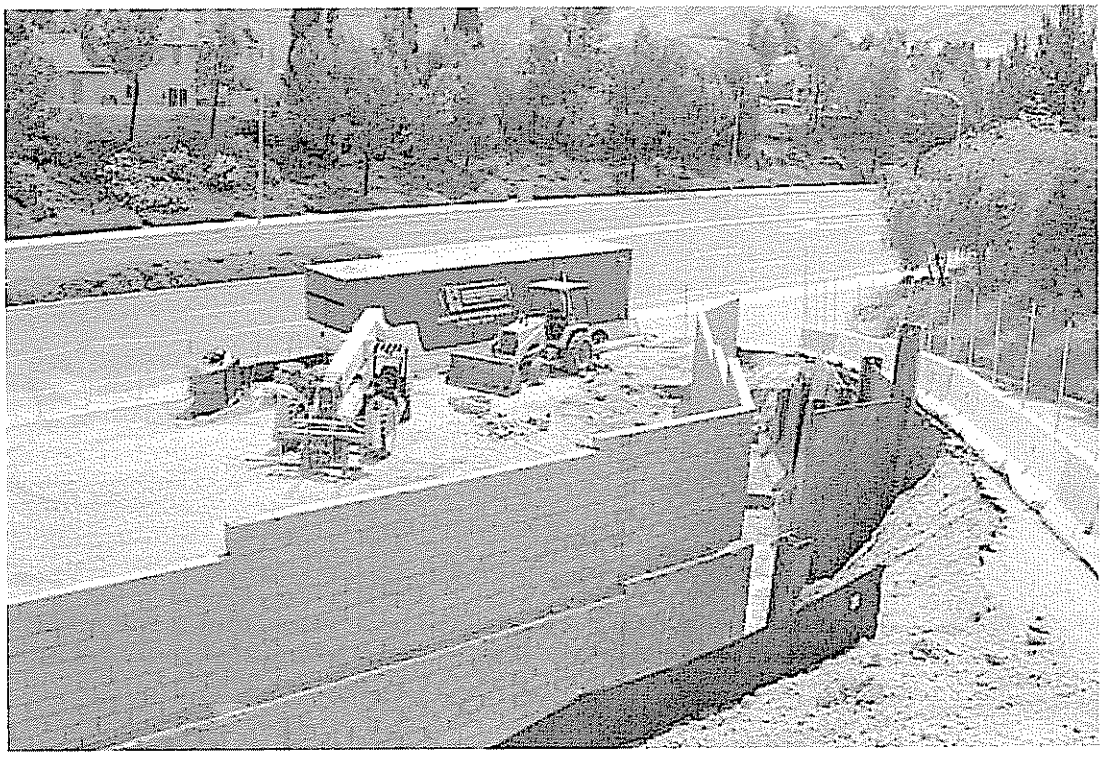
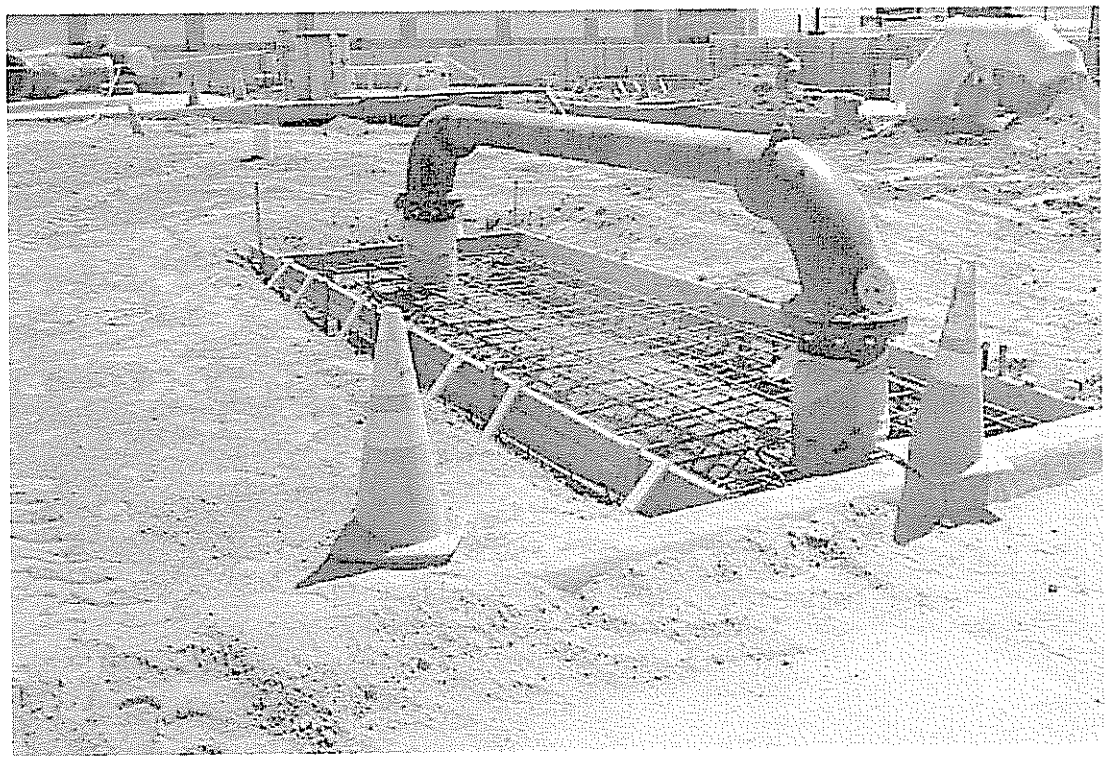
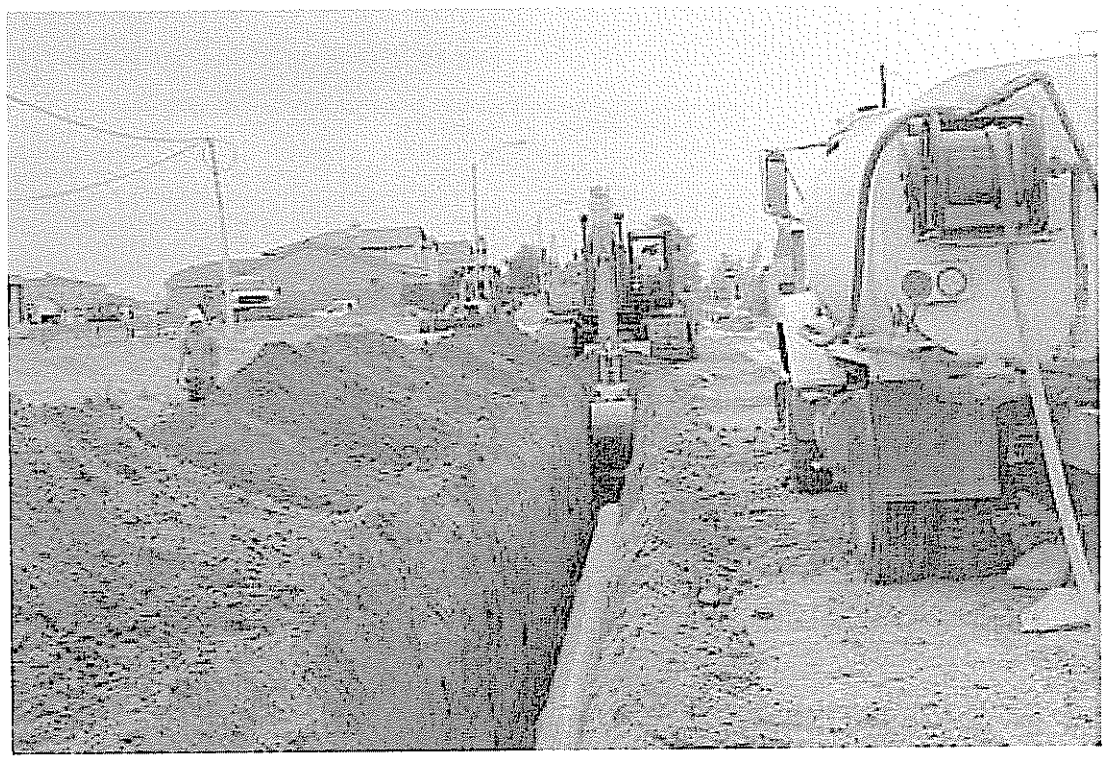
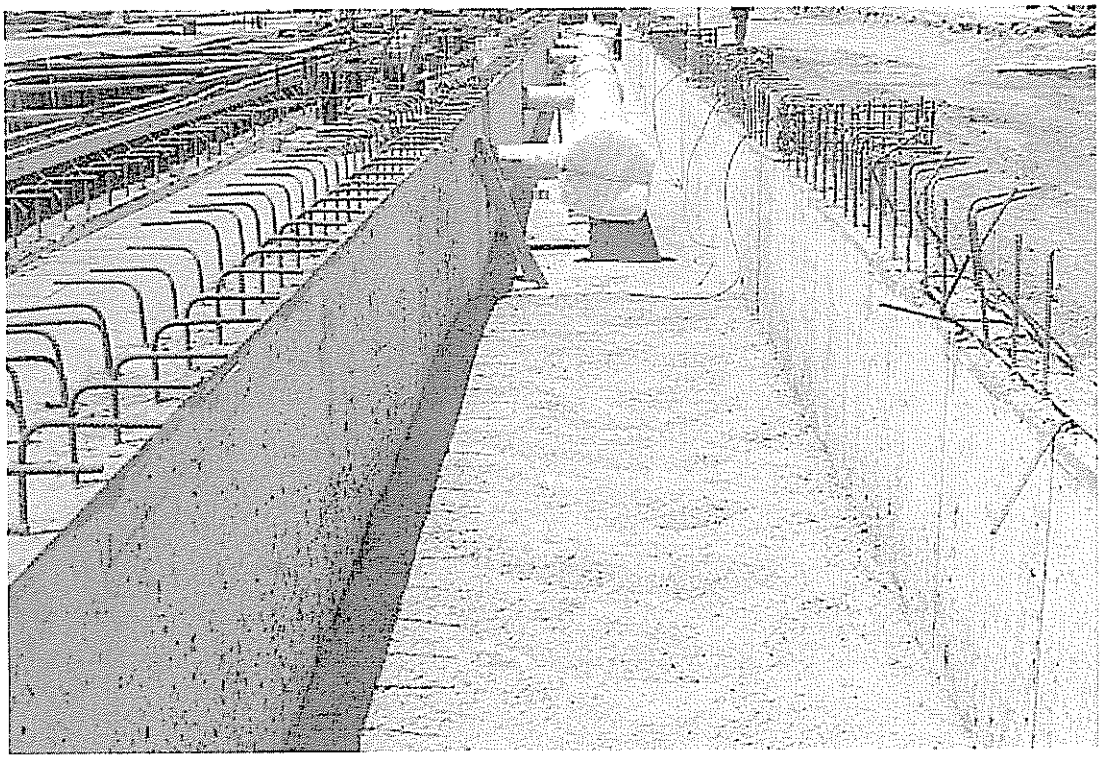
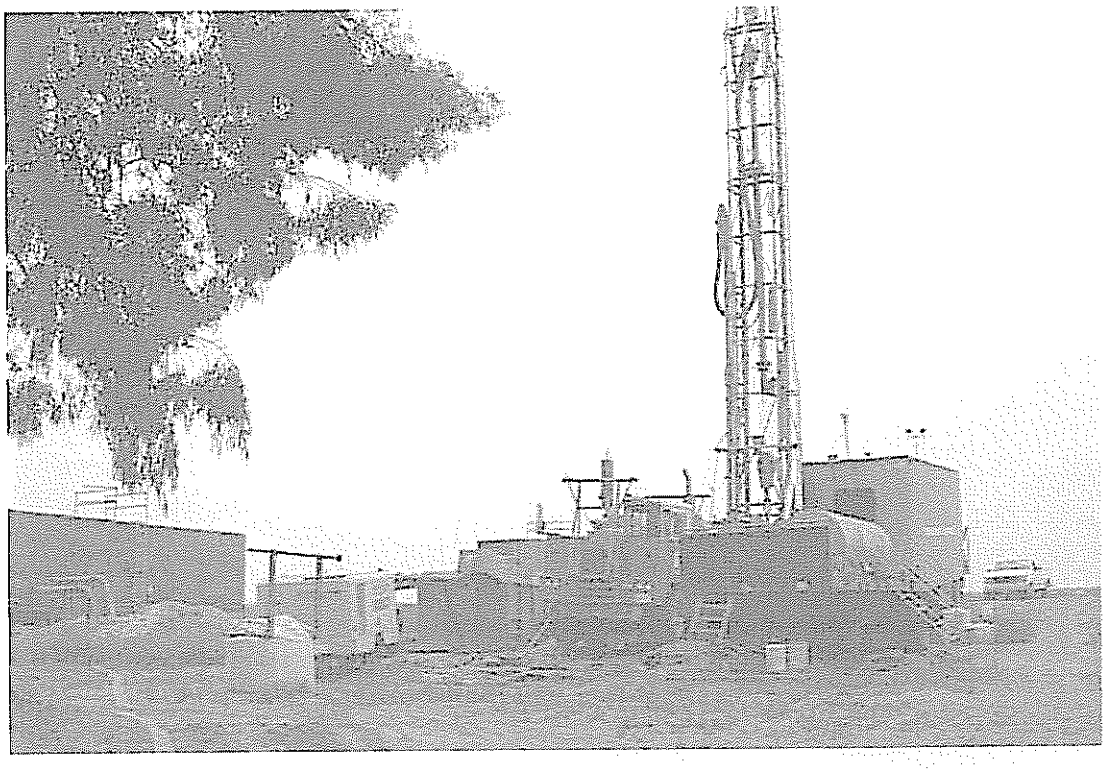
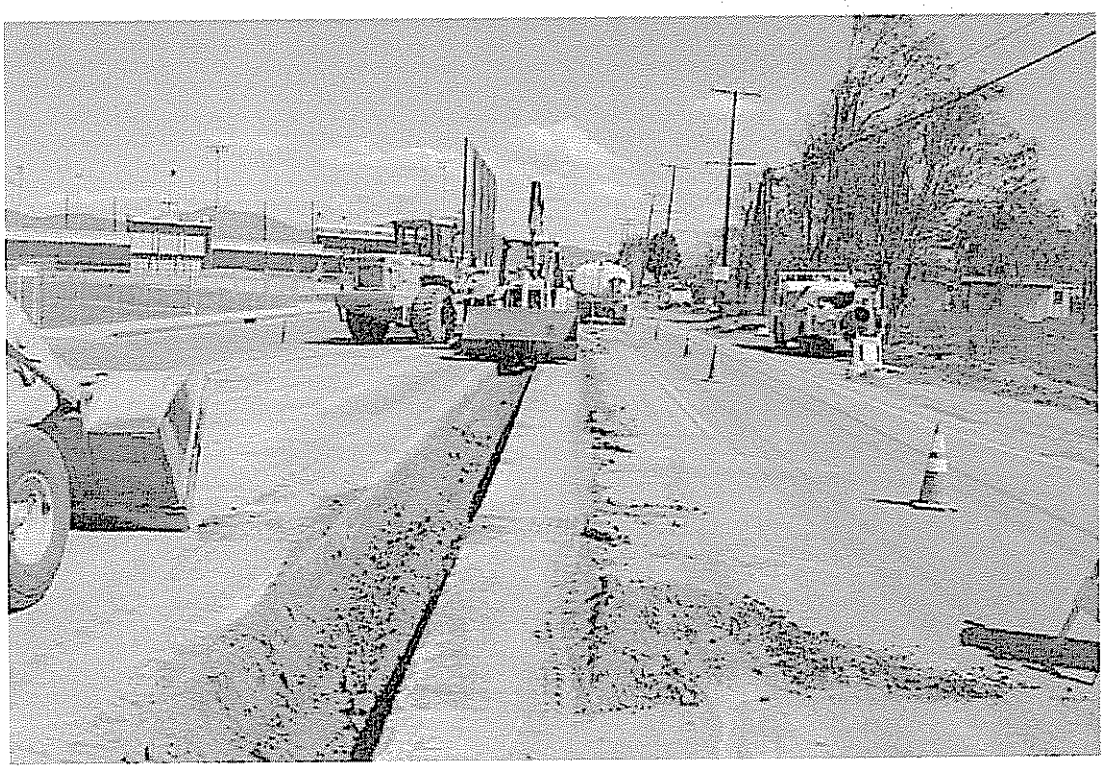


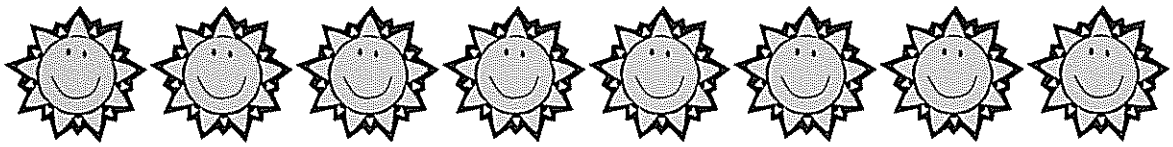








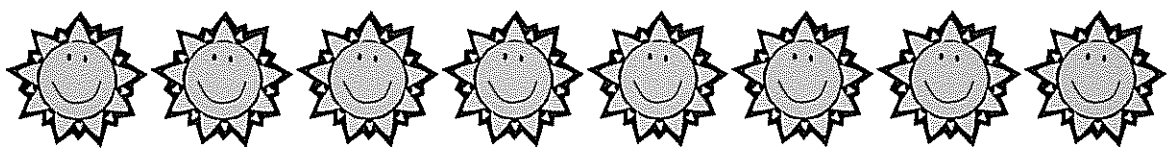




CHINO BASIN WATERMASTER

IV. INFORMATION

2. CBFIP Mapping Information
   Facilities Location / Operational
   Stats / Startup Dates



CBFIP MAPPING INFORMATION
FACILITIES LOCATION / OPERATIONAL STATS / STARTUP DATES
July 19, 2004

SCADA SYSTEM

Name:	Supervisory Control and Data Acquisition System (SCADA)
Date of Start Up:	October 31, 2004
Locations:	SCADA Main Control Center IEUA RWRP-1 2450 East Philadelphia Ontario, CA 91761
	SCADA Alternate Control Center SBCFCD Main Office San Bernardino County Flood Control District 825 E. Third St. San Bernardino, CA 92415-0835
	SCADA Monitoring Center SBCFCD Baseline Yard San Bernardino County Flood Control District 12158 Baseline Road Rancho Cucamonga, CA 92415
	SCADA Monitoring Center Chino Basin Watermaster 9641 San Bernardino Rd. R. Cucamonga, CA 91730
	SCADA Monitoring Center Chino Basin Water Conservation District 4594 San Bernardino Street P.O. Box 2400 Montclair, CA 91763-0900
	SCADA Monitoring Center City of Upland 1370 N. Benson Upland, CA 91786

San Antonio Channel Facilities

MWD Diversion Name:	OC-59: 300 cfs
Diversion Location:	San Antonio Channel @ Rialto Pipeline Station: 2898+57
Date of Start Up:	Operational
Name:	San Antonio Channel Rubber Dam
Date of Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
MWD Diversion Name:	OC-59: 300 cfs
Diversion Location:	San Antonio Channel @ College Heights Basins
Turnout Capacity (cfs):	100+
Name:	College Heights Basin East
Date of Start Up (manual):	July 1, 2004

Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	3,600 to 3,800 (SW, IW, RW)
MWD Diversion Name:	OC-59: 300 cfs
Diversion Name:	College Height Rubber Dam
Location:	San Antonio Channel
Turnout Capacity (cfs):	75+

Name:	College Heights Basin West
Date of Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	1,800 to 2,000 (SW, IW, RW)
MWD Diversion Name:	OC-59: 300 cfs
Diversion Name:	College Height Rubber Dam
Location:	San Antonio Channel
Turnout Capacity (cfs):	25+

Name:	Upland Basin
Date for Start Up:	January 1, 2005
Annual Recharge Capacity (ac.ft.):	7,800 to 9,200 (SW, IW, RW)
MWD Diversion Name:	OC-59: 300 cfs
Diversion Name:	College Height Rubber Dam
Location:	San Antonio Channel
Turnout Capacity (cfs):	75+

Name:	San Antonio Channel Drop Inlet #1
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
MWD Diversion Name:	OC-59: 300 cfs
Diversion Location:	San Antonio Channel @ Montclair Basins
Turnout Capacity (cfs):	100+

Name:	Montclair Basins 1, 2, 3, & 4
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	14,500 to 16,800 (SW, IW, RW)
MWD Diversion Name:	OC-59: 300 cfs
Diversion Name:	Montclair Basin Drop Inlet
Location:	San Antonio Channel
Turnout Capacity (cfs):	100+

Name:	San Antonio Channel Drop Inlet #2
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
MWD Diversion Name:	OC-59: 300 cfs
Diversion Location:	San Antonio Channel @ Brooks Basin
Turnout Capacity (cfs):	100+

Name:	Brooks Basin
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	5,400 to 6,500 (SW, IW, RW)
MWD Diversion Name:	OC-59: 300 cfs
Diversion Name:	Brooks Basin Drop Inlet
Location:	San Antonio Channel
Turnout Capacity (cfs):	100+

Cucamonga Channel Facilities

Name:	Cucamonga Channel Rubber Dam
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
MWD Diversion Name:	NA
Diversion Location:	Cucamonga Channel @ Turner Basin No. 1
Turnout Capacity (cfs):	100+

Name:	Turner Basin No. 1
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	2,000 to 2,800 (SW, IW, RW)
MWD Diversion Name:	CB-11TB: 40 cfs
Diversion Name:	Turner Basin No. 1 Rubber Dam
Location:	Cucamonga Channel
Turnout Capacity (cfs):	100+

Deer Creek Channel Facilities

MWD Diversion Name:	CB-11T: 40 cfs
Diversion Location:	Rialto Pipeline Station @ 3282+85 Haven Avenue Storm Drain
Date of Start Up:	September 15, 2004

Name:	Deer Creek Channel Drop Inlet
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
MWD Diversion Name:	CB-11TB: 40 cfs
Diversion Location:	Deer Creek Channel @ Turner Basins No. 2, 3, &4
Turnout Capacity (cfs):	100+

Name:	Turner Basins No. 2, 3, &4
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	4,900 to 6,000 (SW, IW, RW)
MWD Diversion Name:	CB-11TB: 40 cfs
Diversion Name:	Deer Creek Channel Drop Inlet
Location:	Deer Creek Channel
Turnout Capacity (cfs):	100+

West Cucamonga Channel Facilities

Name:	8th Street Basins
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	3,600 to 5,300 (SW, RW)
MWD Diversion Name:	NA
Diversion Name:	Flow through basins
Location:	West Cucamonga Channel
Turnout Capacity (cfs):	NA

Name:	Ely Basins 1, 2, & 3
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	7,700 to 10,700 (SW, RW)
MWD Diversion Name:	NA
Diversion Name:	Flow through basins
Location:	West Cucamonga Channel

Turnout Capacity (cfs):	NA – Flow through basins

Day Creek Channel Facilities

MWD Diversion Name:	CB-15T: 30 cfs
Diversion Location:	Rialto Pipeline Station @ 3398+50 Day Creek
Date of Start Up:	September 15, 2004
Name:	Day Creek Channel Rubber Dam
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
MWD Diversion Name:	CB-15T: 30 cfs
Diversion Location:	Lower Day Creek Channel @ Lower Day Basin
Turnout Capacity (cfs):	100+
Name:	Lower Day Basin
Date for Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	3,600 to 5,200 (SW, IW, RW)
MWD Diversion Name:	CB-15T: 30 cfs
Diversion Name:	Day Creek Channel Rubber Dam
Location:	Day Creek Channel
Turnout Capacity (cfs):	40+

Etiwanda Creek Channel Facilities

MWD Diversion Name:	CB-14T: 30 cfs
Diversion Location:	Rialto Pipeline Station @ 3504+96 Summit Ave
Date of Start Up:	Operational
Name:	Victoria Basin
Date of Start Up:	December 21, 2004
Annual Recharge Capacity (ac.ft.):	5,000 to 6,100 (SW, IW, RW)
MWD Diversion Name:	CB-14T: 30 cfs
Diversion Name:	Etiwanda Flood Control Channel Drop Inlet
Location:	Etiwanda Flood Control Channel at Victoria Basin
Turnout Capacity (cfs):	100+

San Sevaine Creek Channel Facilities

MWD Diversion Name:	CB-13T: 30 cfs
Diversion Location:	Rialto Pipeline Station @ 3571+01 West of Cherry & North of Summit Ave
Date of Start Up:	Operational
Name:	San Sevaine Basins 1, 2, & 3
Date of Start Up:	July 1, 2004
Annual Recharge Capacity (ac.ft.):	18,000 to 26,100 (SW, IW, RW)
MWD Diversion Name:	CB-13T: 30 cfs
Diversion Name:	Flow through basins
Location:	San Sevaine Creek Channel
Turnout Capacity (cfs):	NA – Flow through basins
Name:	San Sevaine Basins 4, & 5
Date of Start Up:	July 1, 2004
Annual Recharge Capacity (ac.ft.):	6,200 to 8,900 (SW, IW, RW)
MWD Diversion Name:	CB-13T: 30 cfs

Diversion Name:	Flow through basins
Location:	San Sevaine Creek Channel
Turnout Capacity (cfs):	NA – Flow through basins
MWD Diversion Name:	CB-18T: 40 cfs
Diversion Location:	Etiwanda Intertie @ 211+47
Date of Start Up:	September 15, 2004
Name:	San Sevaine Channel Rubber Dam
Date of Start Up:	October 15, 2004
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs
Diversion Location:	San Sevaine Channel @ Hickory Basin
Turnout Capacity (cfs):	100+
Name:	Hickory Basin
Date of Start Up:	December 21, 2004
Annual Recharge Capacity (ac.ft.):	3,700 to 6,400 (SW, IW, RW)
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs
Diversion Name:	San Sevaine Channel Rubber Dam
Location:	West Fontana Channel & San Sevaine Creek Channel
Turnout Capacity (cfs):	150+
Name:	Banana Basin
Date of Start Up:	December 21, 2004
Annual Recharge Capacity (ac.ft.):	3,600 to 5,200 (SW, IW, RW)
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs
Diversion Name:	Flow through basins
Location:	West Fontana Channel
Turnout Capacity (cfs):	4 cfs – Pumped from Hickory Basin
Name:	San Sevaine Creek Drop Inlet
Date available for Start Up:	*January 2, 2006*
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs; CB-13T: 30 cfs;
Location:	San Sevaine Creek Channel @ Jurupa Basin
Turnout Capacity (cfs):	200 cfs
Name:	Jurupa Basin – Holding Basin for Jurupa Pump Station
Date available for Start Up:	December 21, 2004
Date of Operation:	*January 2, 2006 (due to SBCFCD San Sevaine Drop Inlet)*
Annual Recharge Capacity (ac.ft.):	1,800 to 2,600 (SW, IW, RW)
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs; CB-13T: 30 cfs;
Diversion Name:	San Sevaine Creek Channel Drop Inlet at Jurupa Basin
Location:	San Sevaine Creek Channel
Turnout Capacity (cfs):	San Sevaine Creek Drop Inlet: 200 cfs
Name:	Jurupa Pump Station
Date for Start Up (manual):	September 24, 2004
Date of Start Up (auto):	October 31, 2004
Date of Operation:	*January 2, 2006 (due to SBCFCD San Sevaine Drop Inlet)*
Pumping Capacity (gpm):	9,000 (SW, IW, RW) (Ultimate 18,000)
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs; CB-13T: 30 cfs
Diversion Name:	San Sevaine Creek Channel Drop Inlet at Jurupa Basin
Location:	San Sevaine Creek Channel
Turnout Capacity (cfs):	San Sevaine Creek Drop Inlet: 200 cfs
Name:	Jurupa Avenue Force Main Pipeline

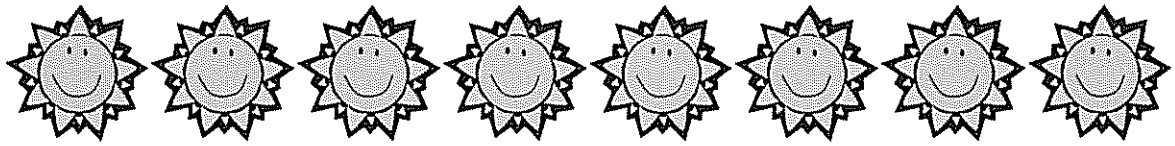
Date available for Start Up:	August 30, 2004
Date of Operation:	*January 2, 2006 (due to SBCFCD San Sevaine Drop Inlet)*
Delivery Capacity (gpm):	9,000 (SW, IW, RW) (Ultimate 18,000)
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs; CB-13T: 30 cfs
Diversion Name:	San Sevaine Creek Channel Drop Inlet at Jurupa Basin
Location:	San Sevaine Creek Channel
Turnout Capacity (cfs):	San Sevaine Creek Drop Inlet: 200 cfs

Declez Flood Control Channel // Jurupa Pressure Pipeline via Jurupa Pump Station

Name:	Declez Flood Control Rubber Dam
Date for Start Up (manual):	August 4, 2004
Date of Start Up (auto):	October 31, 2004
MWD Diversion Name:	NA
Diversion Location:	Declez Flood Control Channel @ RP-3 Site
Turnout Capacity (cfs):	150 cfs

Name:	RP-3 Groundwater Recharge & Mitigation Site
Date for Start Up (manual):	August 4, 2004
Date of Start Up (auto):	October 31, 2004
Date of Operation:	*January 2, 2006 (due to SBCFCD San Sevaine Drop Inlet)*
Annual Recharge Capacity (ac.ft.):	8,200+ to 12,000+ (SW, IW, RW)
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs; CB-13T: 30 cfs
Diversion Name:	Declez Flood Control Channel – Rubber Dam
Location:	Declez Flood Control Channel
Turnout Capacity (cfs):	150 cfs
Diversion Name:	San Sevaine Creek Channel Drop Inlet at Jurupa Basin
Pump Station Capacity (gpm):	Jurupa Pump Station – 9,000 gpm

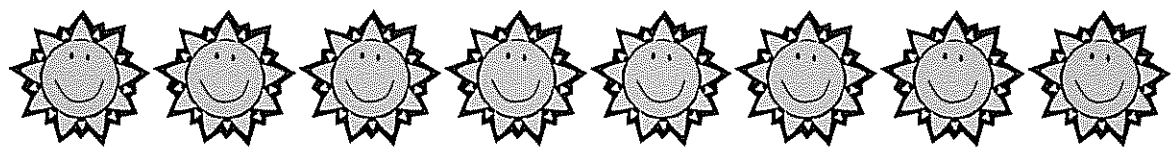
Name:	Declez Basin
Date of Start Up (manual):	July 1, 2004
Date of Start Up (auto):	October 31, 2004
Annual Recharge Capacity (ac.ft.):	1,600 to 2,400 (SW, IW, RW)
MWD Diversion Name:	CB-18 (Etiwanda Intertie) 40 cfs; CB-13T: 30 cfs Via Jurupa Pump Station & RP-3 facilities
Diversion Name:	NA
Location:	Declez Flood Control Channel
Turnout Capacity (cfs):	NA



CHINO BASIN WATERMASTER

IV. INFORMATION

3. Dry Year Yield Operating Plan



Agency Name: Inland Empire Utilities Agency

CHINO BASIN WATERMASTER

Annual Operating Plan

Acre-Feet

Fiscal Year 04-05	Actual July	Estimated Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Dry Year Yield Operating Plan - Storage													
Planned Storage													
Direct													
Service Connections													
CB-13T	-	400	-	-	-	-	-	-	-	-	-	-	400
CB-14T	-	400	-	-	-	-	-	-	-	-	-	-	400
OC-59	-	-	-	-	-	-	-	-	-	-	-	-	0
	0	800	0	0	0	0	0	0	0	0	0	0	800
In-Lieu													
Service Connections													
CB-12	0	400	400	1,400	1,614	1,542	400	1,000	1,000	1,450	1,800	1,000	12,006
CB-16	-	-	-	-	-	-	-	-	-	-	-	-	-
	0	400	400	1,400	1,614	1,542	400	1,000	1,000	1,450	1,800	1,000	12,006
Subtotal Storage	0	1,200	400	1,400	1,614	1,542	400	1,000	1,000	1,450	1,800	1,000	12,806
Replenishment Deliveries													
Replenishment (Including 6500 Acre-Feet to MZ-1)													
Direct													
Service Connections													
CB-13T	0	0	0	0	0	0	0	0	0	0	0	0	0
CB-14T	572	400	400	400	400	400	200	200	200	400	400	400	4,372
OC-59	0	0	0	750	1,500	900	700	700	700	1,500	1,500	1,500	9,750
CB-11T (Deer Creek)	0	0	0	0	0	0	0	0	300	300	300	300	1,200
CB-15T (Day Creek)	0	0	0	0	0	0	0	0	250	250	250	250	1,000
CB-18T (Etiwanda Inter-tie)	0	0	0	0	0	0	0	0	1,350	1,350	1,350	1,350	5,400
	572	400	400	1150	1900	1300	900	900	2800	3800	3800	3800	21,722
In-Lieu													
Service Connections													
CB-12													
CB-16	-	-	-	-	-	-	-	-	-	-	-	-	-
	0	0	0	0	0	0	0	0	0	0	0	0	0
Cyclic Account													
Subtotal Replenishment	572	400	400	1,150	1,900	1,300	900	900	2,800	3,800	3,800	3,800	21,722
Total All Deliveries	572	1,600	800	2,550	3,514	2,842	1,300	1,900	3,800	5,250	5,600	4,800	34,528

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