



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, October 28, 2004

9:00 a.m. – Advisory Committee Meeting

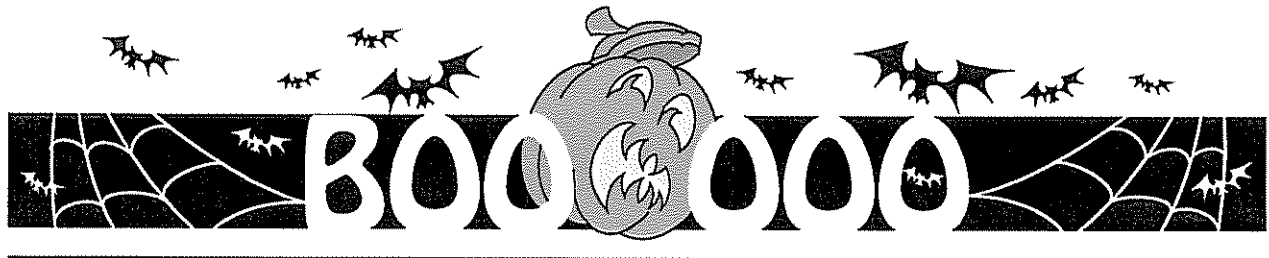
And

11:00 a.m. – Watermaster Board Meeting

(Lunch Will Be Provided)

AT THE CHINO BASIN WATERMASTER OFFICES

9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888



CHINO BASIN WATERMASTER

October 28, 2004

9:00 a.m. - Agricultural Pool Committee Meeting

And

11:00 a.m. – Watermaster Board Meeting

(Lunch Will Be Served)

AGENDA PACKAGE

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – October 28, 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 September 30, 2004 *(Page 1)*

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from West Valley Water District to Monte Vista Water District in the amount of 650 acre-feet; Date of Application: July 26, 2004 *(Page 25)*
2. Consider Approval for Transaction of Notice of Sale or Transfer – The Transfer of Monte Vista Irrigation Company's FY 2004-05 Annual Production Rights to the Monte Vista Water District. The Total Quantity of Water to be Transferred is Estimated at 1,100 acre-feet; Date of Application: July 26, 2004 *(Page 35)*

II. BUSINESS ITEMS

A. URS PROPOSAL REGARDING COLLEGE HEIGHTS

Consider Approval for Additional Scope of Work for Monitoring *(Page 47)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. First Amendment to Peace Agreement
2. Attorney/Manager Meetings
3. Basin Plan Amendment Approval

4. Litigation updates
 - a. South El Monte Operable Unit CERCLA litigation
 - b. Castaic UWMP decision

B. STAFF REPORT

1. Replenishment/Cyclic Account
 - a. Summary of Replenishment Deliveries *(Page 53)*
2. November/December Meeting Schedules
3. Inland Empire Landmark Water Supply Program Named "Outstanding Project of the Year" *(Page 55)*
4. Notice of Attendance of Special Referee's Technical Assistant at MZ1 Meeting *(Page 57)*
5. Update on Status Reports
6. Assessment Package Workshop – November 10, 2004

C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT

- 1) **INLAND EMPIRE UTILITIES AGENCY**
 - a. Rialto Pipeline Shutdown – Task Force Update – Rich Atwater (oral)
 - b. MWD Status Report – Rich Atwater (oral)
 - c. College Heights Project Status Report – Tom Love (oral)
 - d. Southern California Water Quality Planning Project – Martha Davis (oral)
 - e. Proposition 50 Grant Funding Status Report – Martha Davis (oral)
 - f. Water Resources Report (handout)
 - g. Water Conservation Status Report *(Page 61)*
 - h. Recycled Water Program *(Page 63)*
 - i. Chino Basin Facilities Improvement Project *(Page 71)*
 - j. State/Federal Legislation *(Page 75)*
 - k. Public Relations *(Page 101)*
- 2) **WESTERN MUNICIPAL WATER DISTRICT**
 - a. Report on Western Municipal Water District Activities Associated with the Chino Groundwater Basin (oral)
- 3) **THREE VALLEYS MUNICIPAL WATER DISTRICT**
 - a. Relevant Activities – Rick Hansen (oral)

IV. INFORMATION

1. Newspaper Articles *(Page 103)*
2. American Groundwater Trust Conference -- November 5, 2004 *(Page 107)*

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

October 27-29, 2004	All Day	Water Quality Conference - Ontario
October 28, 2004	9:00 a.m.	Advisory Committee Meeting
October 28, 2004	11:00 a.m.	Watermaster Board Meeting
November 10, 2004	9:00 a.m.	Assessment Package Workshop
November 18, 2004	9:00 a.m.	Appropriative Pool, Non-Agricultural Pool and Advisory Committee Meeting
November 18, 2004	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

11:00 a.m. – October 28, 2004
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

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II. BUSINESS ITEMS

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III. REPORTS/UPDATES

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- 4. Notice of Attendance of Special Referee's Technical Assistant at MZ1 Meeting (Page 57)
- 5. Update on Status Reports
- 6. Assessment Package Workshop – November 10, 2004
- 7. Conversion of Executive Oversight Committee (EOC)

IV. INFORMATION

- 1. Newspaper Articles (Page 103)
- 2. American Groundwater Trust Conference -- November 5, 2004 (Page 107)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

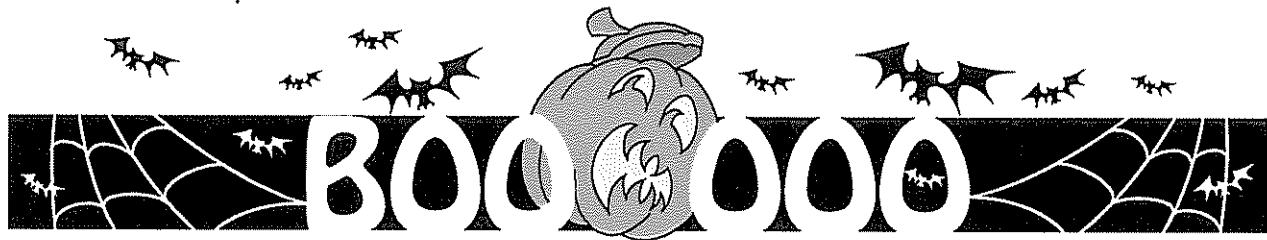
VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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.

VII. FUTURE MEETINGS

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October 28, 2004	9:00 a.m.	Advisory Committee Meeting
October 28, 2004	11:00 a.m.	Watermaster Board Meeting
November 10, 2004	9:00 a.m.	Assessment Package Workshop
November 18, 2004	9:00 a.m.	Appropriative Pool, Non-Agricultural Pool and Advisory Committee Meeting
November 18, 2004	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting –
September 30, 2004

Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
September 30, 2004

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on September 30, 2004 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Nathan deBoom	Milk Producers Council
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water Company
Dave Crosley	City of Chino
Ray Wellington	San Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Mike Maestas	City of Chino Hills
Raul Garibay	City of Pomona

Agricultural Pool

Robert Nobles Jr.	State of California Institute for Men
John Huitsing	Crops

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Watermaster Board Member Present

Terry Catlin	Inland Empire Utilities Agency
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Tom Love	Inland Empire Utilities Agency
Dave Hill	Inland Empire Utilities Agency
Bill Stafford	Marygold Mutual Water Company
Rick Rees	Geomatrix Consultants, Inc.
Rita Kurth	Cucamonga Valley Water District
Barrett Kehl	Chino Basin Water Conservation District
John Rossi	Western Municipal Water District

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

AGENDA - ADDITIONS/REORDER

Chair Jeske asked that Section III Reports/Updates item C number 1, letters d and e, be placed first on the agenda due to a lack of quorum.

Chair Jeske placed this item first on the Agenda.

C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT**1) INLAND EMPIRE UTILITIES AGENCY****d. Southern California Water Quality Planning Project – Martha Davis (oral)**

Ms. Davis discussed the Southern California Regional Drinking Water Quality Plan that Inland Empire Utilities Agency (IEUA) is participating in and is being funded through CALFED. This project is being led by the California Drinking Water Quality Strategy Group (Strategy Group) which comes out of the Metropolitan Water District of Southern California, in partnership with the Southern California Water Dialogue and the Mono Lake Committee. The proposed drinking water quality regional plan will build upon six representative "case studies" of southland water agencies. The Chino Basin/IEUA planning effort will be led by the Cucamonga Valley Water District. Ms. Davis states that the Chino Basin/IEUA study is an outstanding opportunity to develop a comprehensive assessment of the drinking water quality challenges within the region and to identify priorities for water quality improvements that would qualify for additional funding through State and Federal funding sources. Ms. Davis continued to review the final work plan, which is due in November 2004, and what the expected documents to be produced through the study would include. Ms. Davis stated that Mr. Neufeld is the key lead person on this project. A copy of the draft work plan is available on the back table. Chair Jeske inquired if this project has a work schedule. Ms. Davis stated that it did and the draft of the regional plan is due in May of 2005; this will be a fast tracked project. The consultant that will be working with the strategy group and pulling together the information will be CH@M HILL.

e. Proposition 50 Grant Funding Status Report – Martha Davis (oral)

Ms. Davis reported on the grant funding and the concerns dealing with the water conservation grant application which had been used by the Department of Water Resources; this is the bond money for prop 50, Chapter 7 funds. The two concerns that were raised about the released application are, 1) the substance in terms of the impact in our area and whether or not projects coming out of the Chino Basin would actually qualify for the Chapter 7 funds, and 2) the process issue which has had several concerns. Ms. Davis stated there was a very strong push back to CALFED and the Department of Water Resources requesting that they pull back the Water Conservation grant application on the basis they needed to have a properly publicly reviewed draft; it has been pulled back and is being rewritten and re-circulated for public review. The draft will be reviewed by the CALFED Bay Delta Authority as it is required. It is anticipated the final revised and approved grant application will be available in October with a deadline for grant applications for water conservation projects in either December or January. The program has been delayed a few months, however, the message overall that came from the water community and environmental community was that it was very important that there be a transparent public review process for these grant applications for the bond funding. Ms. Davis reviewed some of the guidelines for Chapter 8 and noted if anyone is looking to see those written comments she will make them available. A discussion ensued with regards to prop 50, Chapter 7 and Chapter 8 funding.

Chair Jeske noted a full quorum was present and that the agenda will proceed as originally agendized.

I. CONSENT CALENDAR

A. MINUTES

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B. FINANCIAL REPORTS

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4. Profit & Loss Budget vs. Actual July 2004

C. NOTICE OF CONRAD & ASSOCIATES, LLP TO PERFORM FISCAL YEAR 2003-04 FINANCIAL STATEMENTS AUDIT

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

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

II. BUSINESS ITEMS

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

Counsel Fife stated we are asking for a motion to recommend to the Board that the Board adopt Resolution no. 04-03 committing Watermaster to proceed in accordance with the Peace Agreement as amended. Counsel Fife mentioned that on the back table there is the draft pleading and if the Board adopts the Resolution and instructs counsel to file the First Amendment and the Resolution with the court we would propose to do that within approximately the next week or so. The pleading is out and available for comments; subject to those comments these two items would be filed after the Watermaster Boards approval today in a timely manner. The question of the different timings of other Board meetings to approve the First Amendment and how this would effect the court date if all the signatures and approvals had not been acquired was presented. Counsel Fife stated he was aware that some agencies would not have the First Amendment approved prior to the court date and counsel would be providing the court with a list of which agencies still needed to take this item to their Boards. Counsel Fife noted that we are not asking to approve the Amendment itself; we would be asking the court to order Watermaster to now proceed in accordance with the Peace Agreement as amended. At the time we went to the court in the year 2000 we also did not have all the signatures on the Peace Agreement and the court issued a conditional order ordering Watermaster to proceed in accordance with the Peace Agreement subject to all of the signatures being received. Once all of the signatures were obtained which was complete in approximately 30-60 days we went back to court to report on status of signatures. A discussion ensued regarding the original signing of the Peace Agreement. Ms. Russell from the Jurupa Community Services District was asked by Carol McGreevy to go on record regarding the letter Jurupa submitted on September 8, 2004 concerning the method of calculation of allocation of storm water regarding this item. A discussion ensued with regard to any modifications being made to the First Amendment and Counsel Fife noted there were not modifications made.

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

Moved to approve forwarding the recommendation to the Watermaster Board to adopt a Resolution to comply with the First Amendment to the Peace Agreement, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. September 2, 2004 Hearing

Counsel Fife commented the hearing on September 2, 2004 did take place; this was the scheduled hearing for Monte Vista's salt credit motion. The hearing was continued until October 14, 2004 and since we will be filing the First Amendment and the Resolution next week the hearing will take the form of a status report.

2. Castaic Lake Water Agency Meetings

Counsel Fife stated at the beginning of September several meetings with Castaic Lake took place concerning a proposal to sell a certain amount of water that is currently in storage to them and then to also continue discussions with them concerning a storage account in the Chino Basin. Counsel Fife noted these meetings were reported on at the Attorney/Manager meetings; there was some discussion at those meetings about whether this was a deal that the producers were comfortable with. We are continuing that internal discussion before we meet again with Castaic; we have not had any communications with Castaic since the report was given at the last Attorney/Manger meeting. A question was presented to Counsel regarding a report by Black & Veatch on that particular project. Counsel Fife noted he did not know the status of their technical work; it was thought that the information they were gathering for that was the same information for the Hydraulic Control project. Counsel Fife noted that he would address this inquiry further in his next report item.

3. Attorney/Manager Meetings

Counsel Fife stated the next Attorney/Manager meeting was scheduled for October 7, 2004 and that meeting was going to be a technical meeting to discuss a report that Mark Wildermuth was putting out concerning Hydraulic Control. The precursor to complete that technical work was getting the water supply plans from the producers and Black & Veatch and it is now understood that there has been some difficulties gathering that information causing Black & Veatch to go back and calculate some revisions to the technical information they were getting. The work is not complete nor will it be ready for presentation in time for the scheduled meeting so that meeting on October 7 will be rescheduled; an email canceling that meeting will be forthcoming. It was noted there is also an Attorney/Managers meeting on the calendar for October 20 and Counsel Fife commented that the technical meeting might take place on that date, however, would not know definitely until he spoke with Mark Wildermuth on the progress of gathered technical information.

B. STAFF REPORT1. Update on Pilot Project at IEUA for Composting and Other Related Studies

Ms. Rojo informed the Committee members that Rich Atwater wanted an update given on this topic and asked Tom Love from Inland Empire Utilities Agency (IEUA) to provide that update in Rich's absence. Mr. Love noted the ground breaking of the new composting facility will be held on October 8, on 6th Street in Rancho Cucamonga for the joint compost facility that IEUA is doing with the LA County Sanitation Districts. The pilot project came about from new FDA rulings on composting which will put restrictions on a lot of the dairies on their abilities to use their existing composters. The 11/33 rules will compound the problems of being able to get the materials composted and out of the regions so the options are limited. IEUA has been working with other agencies on putting together a pilot project to come up with lower tech/cost alternatives to enhance the farms ability to remove the material out of the area. We have received some funding from various sources, IEUA has provided funding, and several others to get this program off the ground; we would appreciate Watermaster's support in this endeavor also. The removal of this material from the Chino Basin does also have some water quality benefits.

2. Update on the Cleanup and Abatement Orders

Mr. Malone gave a brief update on the five orders which are being worked on. Mr. Malone noted that three out of those five are in process and in preparation at the Regional Board and the remaining two are still in process and review at the Regional Board.

4. Update on Subsidence Monitoring Program

Mr. Malone commented that a detailed update was given at each pool meeting, however, noted we are still in the process of a two month long pumping test that should end at the end of October. Mr. Malone stated the basic objective of this pumping test is to draw down water levels far enough to initiate this inelastic compaction. We are not there yet and we continuing to pump, noting we are drawing down levels approximately 20 feet further than last year. We want to define the bottom of our groundwater reservoir at which we initiate inelastic compaction and collect valuable data which then can be used in our groundwater flow and subsidence models and help us in the development of our long term management plan which is due to the court in July 2005.

Ms. Rojo mentioned the meeting dates for October and noted the upcoming Groundwater Quality Conference was taking place on the same date the next Advisory Committee meeting was scheduled. Ms. Rojo polled the Advisory members and noted by way of discussion that the meeting for October 28 will remain on the calendar as scheduled.

5. "Think Environment Week" Flyer

Ms. Rojo stated that Mr. Kuhn had suggested Watermaster placing an ad in the newspaper for "Think Environment Week" and noted the ad for Ontario came out today and looked really nice. Mr. Manning confirmed that Mr. Kuhn at the last Board meeting had asked that the staff gather some information about potentially developing economy of scale in developing some ongoing advertising/educational pieces regarding getting out this message. Mr. Manning stated he has spoke to newspapers, individuals, and Rich Atwater and all are interested in exploring this endeavor. This proposal will try and build a number of these kinds of advertisements together to achieve some economy of scale and this item will be brought back with more details at future Board meetings.

This item was taken out of order by Chair Jeske

C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT

1) **INLAND EMPIRE UTILITIES AGENCY**

a. Rialto Pipeline Shutdown – Task Force Update – Tom Love (oral)

Mr. Love noted that Rich Atwater is coordinating with other Metropolitan Water District (MWD) agency managers on installing the isolation valves on the Rialto Pipeline and also working with the San Gabriel Valley Municipal Water District on emergency inner connections on the Azusa pipeline. Rich does have a scheduled meeting with the staff at MWD next week to discuss the isolation valves specifically. Mr. Love stated that he had met with other staff members at MWD earlier this week regarding Fontana Water Company's new water connection to the pipeline, which is scheduled to be done at the same time as the shutdown in early February. Mr. Love noted that when they create that connection either Fontana or MWD will construct that turn out so they will not have an additional shutdown just to construct the turn out.

b. MWD Status Report – Tom Love (oral)

Mr. Love commented that Rich is working hard with other MWD member managers on the MWD proposal to increase the replenishment rate. IEUA has been working with MWD staff and other agencies to convince MWD that rate increase is not an appropriate step to take. Rich has been boldly stating that the rate should actually be lowered from the current rate; five dollars less than the current rate. Mr. Love stated that IEUA's hope is to get MWD's staff to listen to the rational and to focus on the

importance of being able to deliver off peak, when available, for storage in the basins in Southern California. Mr. Love noted the majority of the MWD member agency managers are supportive of keeping the replenishment rate where it is or lower than it currently is.

c. College Heights Project Status Report – Tom Love (oral)

Mr. Love said that he has received a proposal from the GEO Technical consultant URS to do some additional borings and investigation of the College Heights seepage; we have met with them and we have asked them to refine that scope of work. Mr. Love noted that we scaled back the scope of work and we are going to take more time to evaluate the situation per Mark Wildermuth's suggestion. Mr. Love stated it was a good idea to install additional monitoring wells but rather than trying to a quick seepage test by putting imported water into those basins over a relatively short period of time, we want to take our time and take a look the overall performance of the College Heights and the Upland Basins. Mr. Love commented that as a reminder the College Heights Basins were never intended to capture storm water; their intent is for imported water and recycled water only. We will capture local storm water in the Upland Basin with the City of Upland's improvements there. We will use that opportunity plus getting some imported water in the Upland Basin to observe these monitoring wells over a longer period of time, develop a better database so we will have a better analysis to come up with the operational parameters were are trying to establish for the operations in the College Heights Basins. Mr. Love noted this item will be coming back with a more detailed report in about a month.

d. Southern California Water Quality Planning Project – Martha Davis (oral)

This item was taken out of order by Chair Jeske and was presented prior to the Consent Calendar.

e. Proposition 50 Grant Funding Status Report – Martha Davis (oral)

This item was taken out of order by Chair Jeske and was presented prior to the Consent Calendar.

f. Water Resources Report (handout)

No comment was made regarding this item.

g. Water Conservation Status Report

No comment was made regarding this item.

h. Recycled Water Program

No comment was made regarding this item.

i. Chino Basin Facilities Improvement Project

No comment was made regarding this item.

j. State/Federal Legislation

Mr. Love commented on the Baca bill being approved in congress for groundwater clean up in the Inland Empire. Ms. Davis affirmed that Senator Feinstein has been in touch with Congressmen Baca about his bill. Ms. Davis noted that as this bill has passed through the House of Representatives bit still has to acquire senate approval. Senator Feinstein has already made a commitment to work with Congressmen Baca on the approval, which is excellent news. Ms. Davis stated that Senator Feinstein has been extremely helpful in getting funding for Perchlorate clean up projects.

- k. Public Relations
No comment was made regarding this item.

2) WESTERN MUNICIPAL WATER DISTRICT

a. Relevant Activities – John Rossi (oral)

Mr. Rossi handed to the Committee members a Western Municipal Water District packet. Mr. Rossi noted this packet contained background information; on the right side is information on the Riverside-Corona Feeder project and on the back page is a map. Mr. Rossi stated that he had an opportunity to speak at the recent Attorney/Manager meeting about this project. Mr. Rossi mentioned at Western's recent Board meeting it was discussed that Western Municipal Water District should be as involved with Chino Basin Watermaster as the Inland Empire Utilities Agency is. Mr. Rossi noted that he will be taking to his Board next week a couple hundred thousand dollar study on integrated water resources plan to look at things that have not been done at Western before. Mr. Rossi stated there are a lot of mutual benefit issues to discuss. Mr. Rossi gave a detailed description of what the Riverside-Corona Feeder project entailed. This new integrated water resource plan will take a look at several issues. Chair Jeske gave some insight on the provided map and the Corona Feeder and commented that there could someday be a potential to put one gigantic loop system together. A brief discussion ensued in regards to a potential pipeline. Mr. Rossi lastly commented on the recent property tax issues that we are now facing. A brief discussion ensued regarding property tax issues.

3) THREE VALLEYS MUNICIPAL WATER DISTRICT

a. Relevant Activities – Rick Hansen (oral)

No comment was made regarding this item.

IV. INFORMATION

1. August 2004 Shutdown Workgroup
No comment was made regarding this item.
2. Drought Proof the Chino Basin
No comment was made regarding this item.
3. Newspaper Clippings
No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

Counsel Fife requested to report on an additional information item to Chair Jeske. The Basin Plan Amendment was up for workshop at the State Resources Control Board on September 8 and it was placed on their consent calendar for their meeting this morning; and it was approved.

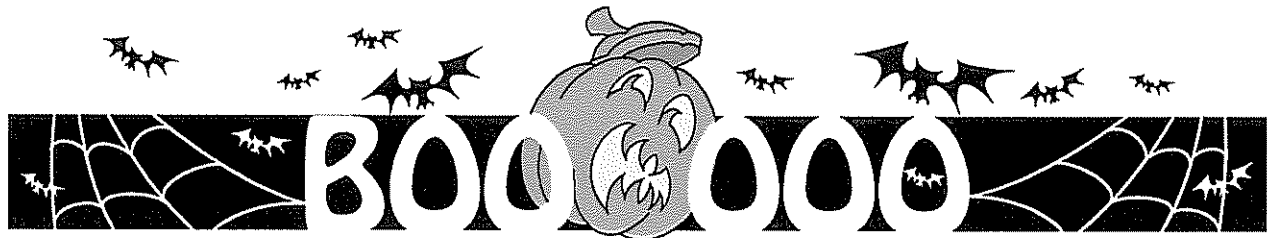
VII. FUTURE MEETINGS

September 30, 2004	9:00 a.m.	Advisory Committee Meeting
September 30, 2004	11:00 a.m.	Watermaster Board Meeting
October 14, 2004	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
October 18, 2004	1:30 p.m.	AGWA Meeting
October 19, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
October 28, 2004	9:00 a.m.	Advisory Committee Meeting
October 28, 2004	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 9:55 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting –
September 30, 2004

Draft Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
September 30, 2004

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on September 30, at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Terry Catlin	Inland Empire Utilities Agency
Paula Lantz	City of Pomona
John Huitsing	Agricultural Pool
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
John Rossi	Western Municipal Water District

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Josephine Johnson	Monte Vista Water District
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Mike Maestas	City of Chino Hills
Rita Kurth	Cucamonga Valley Water District
Henry Pepper	City of Pomona
Oscar Gonzales	Integrated Water Resources

The Watermaster Board Meeting was called to order by Chair Neufeld at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions/reorders made to the Agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held on August 26, 2004

The request to pull the minutes from the Consent Calendar was requested by Mr. Catlin and Ms. Lantz due to the fact they were not present at the meeting in which the minutes were written. Chair Neufeld pulled the minutes as requested.

Motion by DeLoach, second by Kuhn, and by majority vote, with abstentions by Mr. Catlin and Ms. Lantz

Moved to approve Item A, as presented

B. FINANCIAL REPORTS

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

C. NOTICE OF CONRAD & ASSOCIATES, LLP TO PERFORM FISCAL YEAR 2003-04 FINANCIAL STATEMENTS AUDIT

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

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

II. BUSINESS ITEMS

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

Counsel Slater commented that this item was an outgrowth from the on going mediation/facilitation process that began early in April in response to the Monte Vista motion regarding salt credits. Meetings have continued through the summer and one of the items which we succeeded in was an agreement which relates to this proposed First Amendment to the Peace Agreement. Counsel Slater noted this item was presented to the Board members at the last board meeting who then referred it out to the Pool and Advisory Committee process. The Pools and Advisory Committee have unanimously acted and signed on to the First Amendment as well as recommending the Board adopt a Resolution, which is attached in the packet. Counsel Slater reminded the Board members that this was the exact process that was followed with regard to the adoption to the Peace Agreement back in 2000. Watermaster itself is not a signatory to the contract, it is a contract among all the stakeholders, and the Board is being requested to adopt a Resolution which would then be forwarded to the court and we will request an order of the court to direct Watermaster to proceed in accordance with the stakeholder wishes. Counsel Slater noted that this way the stakeholders are contractually bonded to each other and Watermaster, effectively, as their leader and has a court order which compels Watermaster to proceed in accordance with the parties wishes.

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

Moved to approve adopting Resolution 04-03 to comply with the First Amendment to the Peace Agreement and to proceed in accordance with the parties' wishes

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. September 2, 2004 Hearing

Counsel Slater stated that general legal counsel made an appearance on September 2, 2004 in front of the court to indicate we have made progress and that Watermaster was going to be taking actions that it took this past month and today. There was a new hearing scheduled for October 14, 2004 wherein Watermaster will return to the court and report on the progress of the parties executing the First Amendment. Counsel Slater stated Watermaster is hearing continued positive responses regarding the Amendment from the stakeholders and we are informed that every entity to consider it thus far has executed it.

We expect to achieve the target date of the 14th, in the extent we do not, we are hoping to get it within a week or two of that date. Counsel Slater noted there was a draft pleading on the back table which is for the members review and comment; the purpose of the pleading is to tell the court that Watermaster has taken this action and again request the court to provide us with the order so that we may proceed.

2. Castaic Lake Water Agency Meetings

Counsel Slater stated this item relates to our proposal and effort to engage the Castaic Lake Water Agency in the use of our storage space and the ability to provide to them some of the water we presently hold in storage. This request was initiated out of a Memorandum of Understanding (MOU) that was executed between Castaic and Watermaster some time ago; we have been proceeding out of that MOU. Counsel Slater commented in the process of facilitation efforts some water was identified by the members of the Non-Agricultural Pool and Watermaster staff was directed to meet with Castaic to see if we could accomplish a sale and storage agreement with Castaic Lake Water Agency. Counsel Slater noted a presentation was given to the Castaic staff, which had followed after several meetings, and felt that was a very well received presentation. Castaic has been reviewing our proposal and are due to come back to us with comments. Counsel Slater additionally noted that the Castaic's Urban Water Management Plan was invalidated on the basis that the plan itself did not take into account the conditionality of some of their water due to Perchlorate contamination. There are several entities reviewing the decision and trying to understand what that means to us in terms of the water community and the Urban Water Management Plans and the Costa Kuehl Water Reliability Findings. Counsel Slater commented that we should be hearing from Castaic within the next few weeks.

Counsel Slater stated that we have heard back from San Diego Water Authority, who initiated dialog with Watermaster, they were part of original RFP list that responded favorably that they wanted to participate in a storage program. There was a meeting held in San Diego in this regard and at that time we presented to them what we wanted to pursue; they have sent follow up communication indicating that they are extremely interested in proceeding further in a storage venture.

Counsel Slater noted we have had conversations with Western and Three Valleys; the conversations with Western have been very constructive in that Western has expressed a desire to participate more actively in the Attorney/Manager facilitated process and also expressed some desire to secure some storage in our basin as an alternative water supply. Counsel Slater noted that Mr. Manning has had some conversations with Three Valleys about their interest as well.

3. Attorney/Manager Meetings

Counsel Slater stated the Attorney/Manager meetings continue to move along; we were able to secure the agreement on the First Amendment. We have been hampered recently by the lack of some essential data that was the predicate to Mark Wildermuth's firm putting out some information on the hydraulic control issue; we still do not have the necessary information from some of the producers. There may be a continuation for the meeting that is scheduled for October 7, 2004 due to this situation. Counsel Slater stated this will push back getting out the needed information for approximately 30 days; but we are assured we are getting a better product because of the delay.

Counsel Slater mentioned that on today's State Board consent agenda was the approval of the Basin Plan and it did pass. Counsel Slater commented along with Ms. Davis that this was a very good piece of news.

B. STAFF REPORT1. Update on Pilot Project at IEUA for Composting and Other Related Studies

Mr. Manning stated this report was from Tom Love on the composting issue. Mr. Manning reminded the Board members regarding the ground breaking to the new composting facility on October 8, 2004. Mr. Love reiterated that the grand opening/dedication will be held on October 8, on 6th Street in Rancho Cucamonga for the joint compost facility that IEUA is doing with the LA County Sanitation Districts. The pilot project came about from new FDA rulings on composting which will put restrictions on a lot of the diaries on their abilities to use their existing composters. The 11/33 rules will compound the problems of being able to get the materials composted and out of the regions so the options are limited. IEUA has been working with other agencies on putting together a pilot project to come up with lower tech/cost alternatives to enhance the farms ability to remove the material out of the area. We have received some funding from various sources, IEUA has provided funding, and several others to get this program off the ground; we would appreciate Watermaster's support in this endeavor also. The question regarding the new rule and when it will take effect was presented. Mr. Love noted that it was a 2005 implementation project, however, did not have an exact date.

2. Update on the Cleanup and Abatement Orders

Mr. Manning introduced Andy Malone from Wildermuth Environmental to present and update on the cleanup and abatement orders as well as an update on the Subsidence Monitoring Program. Mr. Malone gave a brief update on the five orders which are being worked on. Mr. Malone noted that three out of those five are in process and in preparation at the Regional Board and the remaining two are still in process and review at the Regional Board.

3. Update on Subsidence Monitoring Program

Mr. Malone commented that a detailed update was given at each pool meeting, however, noted we are still in the process of a two month long pumping test that should end at the end of October. Mr. Malone stated the basic objective of this pumping test is to draw down water levels far enough to initiate this inelastic compaction. We are not there yet and are continuing to pump, noting we are drawing down levels approximately 20 feet further than last year. We want to define the bottom of our groundwater reservoir at which we don't initiate inelastic compaction and collect valuable data which then can be used in our groundwater flow and subsidences models and help us in the development of our long term management plan which is due to the court in July 2005. The question regarding well number 18 well was presented in that this well was isolated from the other wells that were included in the subsidence study was presented. Mr. Malone said yes that was correct and that the recent testing will prove that.

4. "Think Environment Week" Flyer

Mr. Manning stated that at the last meeting Mr. Kuhn had asked about the potential of the Watermaster participating in some public education programs. Mr. Manning has had some preliminary discussions with Rich Atwater and Bob Feenstra on the issue and has had some conversations with the Daily Bulletin. The "Think Environment Week" flyer from the newspaper was delivered today and looks great. Mr. Manning wants to merge a number of the public education programs together to get some economy of scale through the Daily Bulletin; San Gabriel Valley has been successful in doing this kind of venture. We can really reduce costs by jointly working on this project. Mr. Manning will give a more detailed report on this item in the future.

Mr. Manning added comment regarding the draft letter written to Senator Nell Soto on the Perchlorate issue and asked that if there were any comments to let him know so that the letter would go out in a timely manner.

Mr. Manning added comment regarding the Water Quality conference in Ontario and information for that conference has been added to your packet. Mr. Manning informed the Board members that the Advisory Committee opted to keep their meeting for October 28 in place.

Mr. Manning thanked the Board members who attended the recent GRA conference last week and noted it was a very interesting conference. Both Andy Malone and Mark Wildermuth gave presentations at the conference and were well received. Mr. Manning thanked staff for their assistance over the past several since being hired as the Chief Executive Officer. Mr. Manning gave a special thanks to Ms. Rojo for all her assistance and hard work.

IV. INFORMATION

1. August 2004 Shutdown Workgroup
No comment was made regarding this item.
2. Drought Proof the Chino Basin
No comment was made regarding this item.
3. Newspaper Clippings
No comment was made regarding this item.

Chair Neufeld stated that before we move onto Board Member Comments he wanted to thank each of the Board members for their attendance and noted it was wonderful to see a full Board present.

V. BOARD MEMBER COMMENTS

Mr. Kuhn thanked legal counsel for providing the information requested on conflict of interest. Mr. Kuhn noted the received documents presented to him cleared up any and all questions.

Chair Neufeld commented on the recent GRA conference and felt it was extremely informational. Chair Neufeld expressed to Mr. Malone that the word at the conference was the Wildermuth presentations were excellent which confirmed that the work Wildermuth is providing is outstanding and beneficial on so many levels.

Chair Neufeld reported on a few items that did take place at the GRA conference, 1) information regarding water issues in the State of California and comments made regarding area of origin, and 2) a panel discussion regarding the California Performance Review. The conference was really outstanding and all attendees had a chance to share their ideas.

Chair Neufeld announced that he had recently been appointed to the ACWA Blue Print Task Force which is responsible for developing a water plan for the State of California. Chair Neufeld stated he had attended his first meeting and completed his first work assignment. This is part of a state wide project to recommend to the Governor's office a water plan for the State of California. The portion Chair Neufeld's team will be working on is groundwater recycling and the Saltine Sea restoration. Chair Neufeld will have an information packet on groundwater recycling from this task force at the next Board meeting.

Mr. Rossi commented on the growing concern regarding the property tax issues and gave a brief description what this would entail.

VI. OTHER BUSINESS

No comment was made regarding this item.

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.

No confidential session was called into assembly.

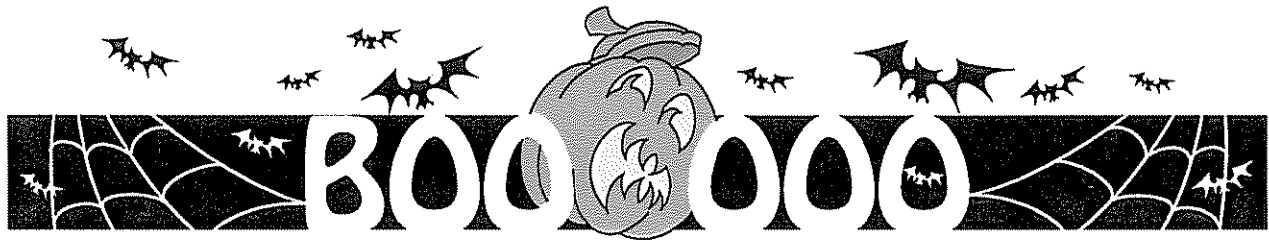
VII. FUTURE MEETINGS

September 30, 2004	9:00 a.m.	Advisory Committee Meeting
September 30, 2004	11:00 a.m.	Watermaster Board Meeting
October 14, 2004	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
October 18, 2004	1:30 p.m.	AGWA Meeting
October 19, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
October 28, 2004	9:00 a.m.	Advisory Committee Meeting
October 28, 2004	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 11:32 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 14, 2004
October 19, 2004
October 28, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – September 2004

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for September 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 September 2004 were \$483,470.05. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$155,237.91, Wildermuth Environmental Inc. in the amount of \$103,958.94, and Hatch and Parent in the amount of \$59,065.42.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
September 2004

Type	Date	Num	Name	Amount
Sep 04				
Bill Pmt -Check	9/1/2004	8964	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	9/1/2004	8965	HUITSING, JOHN	-250.00
Bill Pmt -Check	9/1/2004	8966	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	9/1/2004	8967	KUHN, BOB	-250.00
Bill Pmt -Check	9/1/2004	8968	MWH LABORATORIES	-2,075.00
Bill Pmt -Check	9/1/2004	8969	NATIONAL ACADEMY OF SCIENCES	-25,000.00
Bill Pmt -Check	9/1/2004	8970	NEUFELD, ROBERT	-875.00
Bill Pmt -Check	9/1/2004	8971	NEXTEL COMMUNICATIONS	-697.44
Bill Pmt -Check	9/1/2004	8972	PAYCHEX	-154.95
Bill Pmt -Check	9/1/2004	8973	RAUCH COMMUNICATION CONSULTANTS, LLC	-663.33
Bill Pmt -Check	9/1/2004	8974	ROUTE 66 SUBS	-69.61
Bill Pmt -Check	9/1/2004	8975	SAVIN CORPORATION dba RICOH BUSINESS	-148.84
Bill Pmt -Check	9/1/2004	8976	UNION 76	-249.53
Bill Pmt -Check	9/1/2004	8977	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	9/1/2004	8978	VERIZON	-38.67
Bill Pmt -Check	9/1/2004	8979	YUKON DISPOSAL SERVICE	-123.90
Check	9/1/2004	8963	PETTY CASH	0.00
General Journal	9/1/2004	04/08/10	PAYROLL	-5.59
General Journal	9/4/2004	04/09/4	PAYROLL	-3,449.93
General Journal	9/4/2004	04/09/4	PAYROLL	-13,503.34
Bill Pmt -Check	9/8/2004	8980	JUAN POLLO	-75.41
Bill Pmt -Check	9/16/2004	8981	SAVIN CORPORATION dba RICOH BUSINESS	-32.95
Bill Pmt -Check	9/16/2004	8982	SAVIN CORPORATION dba RICOH BUSINESS	-785.45
Bill Pmt -Check	9/16/2004	8983	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	9/16/2004	8984	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	9/16/2004	8985	APPLIED COMPUTER TECHNOLOGIES	-2,528.35
Bill Pmt -Check	9/16/2004	8986	CHEVRON	-30.50
Bill Pmt -Check	9/16/2004	8987	CITIZENS CONFERENCING	-34.06
Bill Pmt -Check	9/16/2004	8988	COSTCO BUSINESS DELIVERY	-55.00
Bill Pmt -Check	9/16/2004	8989	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	9/16/2004	8990	INLAND COUNTIES INSURANCE SERVICES, INC.	-216.77
Bill Pmt -Check	9/16/2004	8991	INLAND EMPIRE UTILITIES AGENCY	-40.00
Bill Pmt -Check	9/16/2004	8992	MCI	-900.15
Bill Pmt -Check	9/16/2004	8993	MWH LABORATORIES	-11,595.00
Bill Pmt -Check	9/16/2004	8994	OFFICE DEPOT	-395.14
Bill Pmt -Check	9/16/2004	8995	PATRAL CUSTOM CABINETS	-1,328.92
Bill Pmt -Check	9/16/2004	8996	RBM LOCK & KEY	-129.82
Bill Pmt -Check	9/16/2004	8997	REID & HELLYER	-6,101.41
Bill Pmt -Check	9/16/2004	8999	RICOH BUSINESS SYSTEMS-Lease	-1,364.64
Bill Pmt -Check	9/16/2004	9000	STANDARD INSURANCE CO.	-335.24
Bill Pmt -Check	9/16/2004	9001	STATE COMPENSATION INSURANCE FUND	-811.24
Bill Pmt -Check	9/16/2004	9002	STAULA, MARY L	-136.61
Bill Pmt -Check	9/16/2004	9003	TELECOM SERVICES	-70.00
Bill Pmt -Check	9/16/2004	9004	TREWEEK, GORDON	-182.93
Bill Pmt -Check	9/16/2004	9005	UNITED PARCEL SERVICE	-410.50
Bill Pmt -Check	9/16/2004	9006	UNITEK TECHNOLOGY INC.	-3,659.19
Bill Pmt -Check	9/16/2004	9007	VERIZON	-379.99
General Journal	9/18/2004	04/09/5	PAYROLL	-3,737.81
Bill Pmt -Check	9/23/2004	8998	PETTY CASH	-477.23
Bill Pmt -Check	9/28/2004	9014	2004 SPECIAL DISTRICT PUBLIC EDUCATION	-250.00
Bill Pmt -Check	9/28/2004	9015	ARROWHEAD MOUNTAIN SPRING WATER	-67.16
Bill Pmt -Check	9/28/2004	9016	AWWA	-100.00
Bill Pmt -Check	9/28/2004	9017	BANK OF AMERICA	-1,725.26
Bill Pmt -Check	9/28/2004	9018	BLACK & VEATCH CORPORATION	-7,512.50
Bill Pmt -Check	9/28/2004	9019	CALPERS	-2,173.49
Bill Pmt -Check	9/28/2004	9020	DOTY BROS. EQUIPMENT CO.	-6,759.94
Bill Pmt -Check	9/28/2004	9021	ELLISON, SCHNEIDER & HARRIS, LLP	-8,106.00
Bill Pmt -Check	9/28/2004	9022	HATCH AND PARENT	-59,065.42
Bill Pmt -Check	9/28/2004	9023	INLAND EMPIRE UTILITIES AGENCY	-155,237.91
Bill Pmt -Check	9/28/2004	9024	INLAND SIGNS INC.	-1,400.00
Bill Pmt -Check	9/28/2004	9025	MWH LABORATORIES	-1,715.00
Bill Pmt -Check	9/28/2004	9026	NEXTEL COMMUNICATIONS	-698.96
Bill Pmt -Check	9/28/2004	9027	PITNEY BOWES CREDIT CORPORATION	-61.51
Bill Pmt -Check	9/28/2004	9028	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-2,931.08
Bill Pmt -Check	9/28/2004	9029	STANDARD INSURANCE CO.	-341.86
Bill Pmt -Check	9/28/2004	9030	UNION 76	-320.59
Bill Pmt -Check	9/28/2004	9031	UNITEK TECHNOLOGY INC.	-934.19
Bill Pmt -Check	9/28/2004	9032	WILDERMUTH ENVIRONMENTAL INC	-103,958.94
Bill Pmt -Check	9/28/2004	9033	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	9/28/2004	9034	JAMES JOHNSTON	-750.00
Bill Pmt -Check	9/28/2004	9035	POWERS ELECTRIC PRODUCTS CO.	-611.33
Bill Pmt -Check	9/28/2004	9009	AARON BROTHERS #64	-161.23
Bill Pmt -Check	9/28/2004	9010	BLACK & VEATCH CORPORATION	-2,972.50
Bill Pmt -Check	9/28/2004	9011	DIRECTV	-71.98

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
September 2004

Type	Date	Num	Name	Amount
Bill Pmt -Check	9/28/2004	9012	SAVIN CORPORATION dba RICOH BUSINESS	-28.34
Bill Pmt -Check	9/28/2004	9013	UNITEK TECHNOLOGY INC.	-1,619.48
Bill Pmt -Check	9/28/2004	9008	IDEAL GRAPHICS	-84.05
General Journal	9/28/2004	04/09/7	PAYROLL	-5,564.44
General Journal	9/28/2004	04/09/7	PAYROLL	-18,045.34
Bill Pmt -Check	9/29/2004	9036	CAFE CALATO	-99.13
Sep 04				-483,470.05

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
Administrative Revenues										
Administrative Assessments			-		-				-	\$3,984,888
Interest Revenue			-	-	-				-	78,330
Mutual Agency Project Revenue		-							-	0
Grant Income									-	0
Miscellaneous Income	-								-	0
Total Revenues	-	-	-	-	-	-	-	-	-	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	152,620								152,620	621,784
Watermaster Board-Advisory Committee	8,768								8,768	37,018
Pool Administration			1,898	8,249	457				10,604	91,153
Optimum Basin Mgmt Administration		234,953							234,953	1,019,183
OBMP Project Costs		709,163							709,163	3,733,694
Education Funds Use								-	-	375
Mutual Agency Project Costs	6,667								6,667	80,004
Total Administrative/OBMP Expenses	168,055	944,116	1,898	8,249	457				1,122,775	5,583,211
Net Administrative/OBMP Income	(168,055)	(944,116)								
Allocate Net Admin Income To Pools	168,055		124,671	38,408	4,976				-	0
Allocate Net OBMP Income To Pools		944,116	700,389	215,770	27,957				-	0
Agricultural Expense Transfer			262,427	(262,427)					-	0
Total Expenses			1,089,385	-	33,390	-	-	-	1,122,775	5,583,211
Net Administrative Income			(1,089,385)	-	(33,390)				(1,122,775)	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						-			-	0
MZ1 Supplemental Water Assessments						-			-	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(293,552)			(293,552)	0
Net Other Income			-	-	-	(293,552)	-	-	(293,552)	(99,000)
Net Transfers To/(From) Reserves			(1,089,385)	-	(33,390)	(293,552)	-	-	(1,416,327)	(1,618,993)
Working Capital, July 1, 2004			3,455,402	463,055	173,102	4,133,061	158,251	2,195	8,385,066	
Working Capital, End Of Period			2,366,017	463,055	139,712	3,839,509	158,251	2,195	6,968,739	
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\04-05\04 July\Combining Schedule July 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
AUGUST 1 THROUGH AUGUST 31, 2004**

DEPOSITORIES:

Cash on Hand - Petty Cash		\$		500
Bank of America				
Governmental Checking-Demand Deposits	\$		343,919	
Savings Deposits			9,629	
Zero Balance Account - Payroll			-	353,548
Local Agency Investment Fund - Sacramento				6,936,454
TOTAL CASH IN BANKS AND ON HAND				\$ 7,290,502
TOTAL CASH IN BANKS AND ON HAND	8/31/2004			\$ 7,290,502
	7/31/2004			7,820,491
PERIOD INCREASE (DECREASE)				\$ (529,989)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$		-
	Assessments Receivable			-
	Prepaid Expenses, Deposits & Other Current Assets			2,069
(Decrease)/Increase in Liabilities	Accounts Payable			(69,618)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities			(993)
	Transfer to/(from) Reserves			(461,447)
PERIOD INCREASE (DECREASE)				\$ (529,989)

<u>SUMMARY OF FINANCIAL TRANSACTIONS:</u>	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 7/31/2004	\$ 500	\$ 73,908	\$ -	\$ 9,629	\$ 7,736,454	\$ 7,820,491
Deposits		-	-	-	-	-
Transfers		800,000	33,740	-	(800,000)	33,740
Withdrawals/Checks		(529,989)	(33,740)	-	-	(563,729)
Balances as of 8/31/2004	\$ 500	\$ 343,919	\$ -	\$ 9,629	\$ 6,936,454	\$ 7,290,502
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 270,011	\$ -	\$ -	\$ (800,000)	\$ (529,989)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
8/1/2004	Withdrawal	L.A.I.F.	\$ (600,000)				
8/2/2004	Withdrawal	L.A.I.F.	(200,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (800,000)	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 1.44% was the effective yield rate at the Quarter ended June 30, 2004.

**INVESTMENT STATUS
August 31, 2004**

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 6,936,454			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	\$ 6,936,454			

Funds on hand are sufficient to meet all foreseen and planned Administrative and project expenditures during the next six months.

All investment transactions have been executed in accordance with the criteria stated in Chino Basin Watermaster's Investment Policy.

Respectfully submitted,



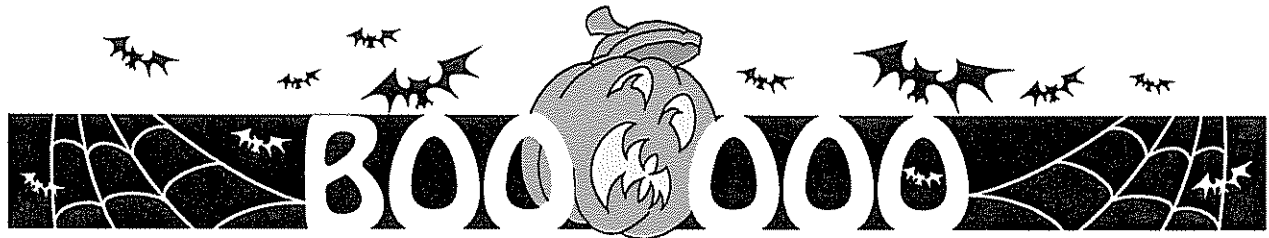
Sheri M. Rojo, CPA
Finance Manager
Chino Basin Watermaster

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

	<u>Jul - Aug 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0.00	132,000.00	-132,000.00	0.0%
4110 · Admin Asmnts-Approp Pool	0.00	3,755,236.00	-3,755,236.00	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0.00	97,652.00	-97,652.00	0.0%
4700 · Non Operating Revenues	0.00	78,330.00	-78,330.00	0.0%
Total Income	<u>0.00</u>	<u>4,063,218.00</u>	<u>-4,063,218.00</u>	<u>0.0%</u>
Gross Profit	0.00	4,063,218.00	-4,063,218.00	0.0%
Expense				
6010 · Salary Costs	60,000.91	401,704.00	-341,703.09	14.94%
6020 · Office Building Expense	19,799.92	100,800.00	-81,000.08	19.64%
6030 · Office Supplies & Equip.	8,125.11	45,500.00	-37,374.89	17.86%
6040 · Postage & Printing Costs	15,333.53	67,100.00	-51,766.47	22.85%
6050 · Information Services	21,041.41	105,076.00	-84,034.59	20.03%
6060 · Contract Services	67,157.18	106,000.00	-38,842.82	63.36%
6080 · Insurance	4,138.84	21,710.00	-17,571.16	19.06%
6110 · Dues and Subscriptions	1,304.00	16,600.00	-15,296.00	7.86%
6140 · Other WM Admin Expenses	590.43	2,500.00	-1,909.57	23.62%
6150 · Field Supplies	0.00	4,250.00	-4,250.00	0.0%
6170 · Travel & Transportation	2,275.24	24,650.00	-22,374.76	9.23%
6190 · Conferences & Seminars	0.00	16,000.00	-16,000.00	0.0%
6200 · Advisory Comm - WM Board	2,134.58	13,459.00	-11,324.42	15.86%
6300 · Watermaster Board Expenses	6,633.35	23,559.00	-16,925.65	28.16%
8300 · Appr PI-WM & Pool Admin	1,898.07	13,659.00	-11,760.93	13.9%
8400 · Agri Pool-WM & Pool Admin	2,147.38	16,417.00	-14,269.62	13.08%
8467 · Agri-Pool Legal Services	6,101.41	45,000.00	-38,898.59	13.56%
8470 · Ag Meeting Attend -Special	0.00	10,000.00	-10,000.00	0.0%
8500 · Non-Ag PI-WM & Pool Admin	457.34	6,077.00	-5,619.66	7.53%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	-47,146.64	-290,106.00	242,959.36	16.25%
	<u>171,992.06</u>	<u>750,330.00</u>	<u>-578,337.94</u>	<u>22.92%</u>
6900 · Optimum Basin Mgmt Plan	212,519.27	933,566.00	-721,046.73	22.76%
6950 · Mutual Agency Projects	6,666.67	80,004.00	-73,337.33	8.33%
9501 · G&A Expenses Allocated-OBMP	<u>22,433.42</u>	<u>85,617.00</u>	<u>-63,183.58</u>	<u>26.2%</u>
Subtotal Administrative Expenditures	<u>241,619.36</u>	<u>1,099,187.00</u>	<u>-857,567.64</u>	<u>21.98%</u>
7101 · Production Monitoring	6,208.93	54,957.00	-48,748.07	11.3%
7102 · In-line Meter Installation	1,481.03	93,969.00	-92,487.97	1.58%
7103 · Grdwtr Quality Monitoring	35,727.55	148,792.00	-113,064.45	24.01%
7104 · Gdwtr Level Monitoring	13,776.60	135,072.00	-121,295.40	10.2%
7105 · Sur Wtr Qual Monitoring	12,579.90	282,220.00	-269,640.10	4.46%
7106 · Wtr Level Sensors Install	0.00	19,114.00	-19,114.00	0.0%
7107 · Ground Level Monitoring	41,211.85	433,720.00	-392,508.15	9.5%
7108 · Hydraulic Control Monitoring	55,100.22	437,987.00	-382,886.78	12.58%
7200 · PE2- Comp Recharge Pgm	204,922.96	413,177.00	-208,254.04	49.6%
7300 · PE3&5-Water Supply/Desalte	0.00	20,885.00	-20,885.00	0.0%

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

	<u>Jul - Aug 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	27,934.36	795,099.00	-767,164.64	3.51%
7500 · PE6&7-CoopEfforts/SaltMgmt	3,225.00	251,343.00	-248,118.00	1.28%
7600 · PE8&9-StorageMgmt/Conj Use	8,112.50	140,400.00	-132,287.50	5.78%
7690 · Recharge Improvement Debt Pymt	274,169.00	274,169.00	0.00	100.0%
7700 · Inactive Well Protection Prgm	0.00	28,302.00	-28,302.00	0.0%
9502 · G&A Expenses Allocated-Projects	24,713.21	204,488.00	-179,774.79	12.09%
	<u>709,163.11</u>	<u>3,733,694.00</u>	<u>-3,024,530.89</u>	<u>18.99%</u>
Total Expense	<u>1,122,774.53</u>	<u>5,583,211.00</u>	<u>-4,460,436.47</u>	<u>20.11%</u>
Net Ordinary Income	<u>-1,122,774.53</u>	<u>-1,519,993.00</u>	<u>397,218.47</u>	<u>73.87%</u>
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	600,000.00	-600,000.00	0.0%
4230 · MZ1 Sup Wtr Assessment	0.00	1,579,500.00	-1,579,500.00	0.0%
Total Other Income	<u>0.00</u>	<u>2,179,500.00</u>	<u>-2,179,500.00</u>	<u>0.0%</u>
Other Expense				
5010 · Groundwater Replenishment	293,552.40	2,278,500.00	-1,984,947.60	12.88%
9999 · To/(From) Reserves	-1,416,326.93	-1,618,993.00	202,666.07	87.48%
Total Other Expense	<u>-1,122,774.53</u>	<u>659,507.00</u>	<u>-1,782,281.53</u>	<u>-170.25%</u>
Net Other Income	<u>1,122,774.53</u>	<u>1,519,993.00</u>	<u>-397,218.47</u>	<u>73.87%</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

1. Transaction of Notice of Sale or Transfer
- The transfer of Monte Vista Irrigation Company's FY 2004-05 Annual Production Rights to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,100 acre-feet. Date of application: July 26, 2004
2. Notice of Sale or Transfer – Monte Vista Water District has agreed to purchase from West Valley Water District water in storage in the amount of 650 acre-feet. Date of application: July 26, 2004

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

August 16, 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: July 26, 2004

Date of this notice: August 16, 2004

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

- A. Notice of Sale or Transfer – Monte Vista Water District has agreed to purchase from West Valley Water District water in storage in the amount of 650 acre-feet.

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

Appropriative Pool: September 9, 2004

Non-Agricultural Pool: September 9, 2004

Agricultural Pool: September 21, 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

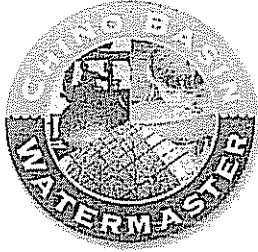
CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: August 16, 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: August 16, 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 – Monte Vista Water District has agreed to purchase from West Valley Water District water in storage in the amount of 650 acre-feet.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction with a contingency that the water may not be utilized until Watermaster approves a recapture plan. If Monte Vista Water District later wishes to recapture the water from storage, it will be required to submit a Form 4, Application or Amendment to Application to Recapture Water in Storage, at which time Material Physical injury will be evaluated.

Fiscal Impact –

- None
- Reduces assessments under the 85/15 rule
- Reduce desalter replenishment costs

Background

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

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

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

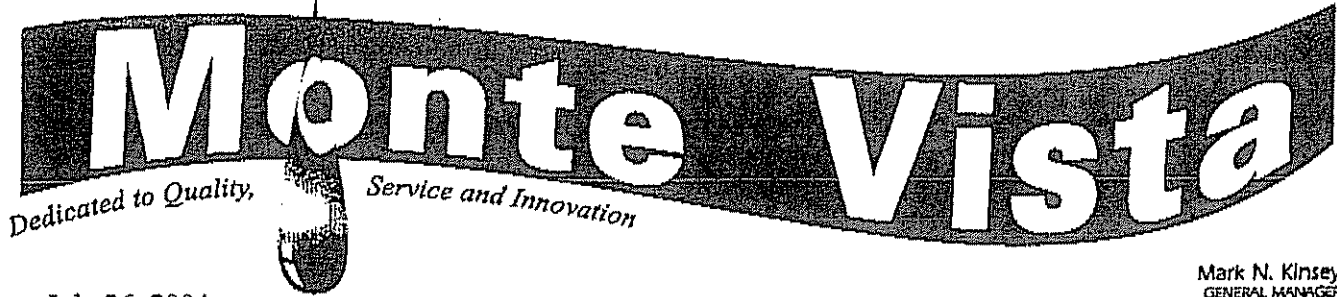
- Notice of Sale or Transfer – Monte Vista Water District has agreed to purchase from West Valley Water District water in storage in the amount of 650 acre-feet.

Notice of the water transaction identified above was mailed on August 16, 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.

Because Monte Vista Water District did not submit a Form 4, Application or Amendment to Application to Recapture Water in Storage, it is assumed that it does not have any current plans to recapture the water. If Monte Vista Water District later decides it wishes to recapture the water from storage, it will need to submit a Form 4. If and when the Form 4 is submitted, Watermaster will evaluate for potential Material Physical injury.



Mark N. Kinsey
GENERAL MANAGER

July 26, 2004

Ms. Sheri Rojo, Interim Chief of Watermaster Services
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Purchase of Water in Storage: Fiscal Year 2004-05

Dear Ms. Rojo:

Please take notice that the Monte Vista Water District has agreed to purchase from the West Valley Water District a portion of the District's water in storage in the amount of 650 acre-feet. Water purchased through this transaction is to be placed in Monte Vista Water District's Local Storage Account with Watermaster.

This water will be held in storage by the District for possible future production, participation in the storage and recovery program, or for potential resale/exchange with other Basin producers.

Attached is an executed application for sale or transfer of right to produce water from storage for consideration by Watermaster. Please agendize the proposed purchase at the earliest possible opportunity.

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

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments

cc: Anthony Araiza, West Valley Water District



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

Robb D. Quincey
PRESIDENT

Sandra S. Rose
VICE PRESIDENT

Josephine M. Johnson
DIRECTOR

Maynard B. Lenhart
DIRECTOR

Tony Lopez
DIRECTOR

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07/26/2004 02:35 9098757284
07/25/2004 14:56 909-624-0037

MWWD GM OFFICE
WEST VALLEY WTR DST
MWWD GM OFFICE

PAGE 03
PAGE 02/03
PAGE 03

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

Transfer from Local Storage Agreement: 25

Date Requested: July 26, 2004

Transferring Party: West Valley Water District

Date Approved:

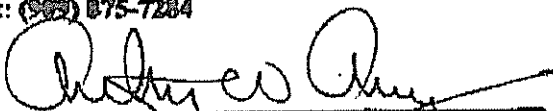
Address: 855 West Base Line
Rialto, California 92377-0920

Amount Requested (AF): 650

Telephone: (909) 875-1800

Amount Approved (AF):

Fax: (909) 875-7284



Applicant: Anthony W. Ariza, General Manager

Attach Recapture Form 4

Receiving Party: Monte Vista Water District

Address: 10375 Central Avenue
Montclair, California 91763

Telephone: (909) 624-0035

Fax: (909) 624-0037

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

Water Quality and Water Levels:

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

N/A

Form 3
Application for Sale or Transfer of Right to Produce Water from Storage

Material Physical Injury:

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

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

N/A

Additional information attached? Yes No

Mark N. Kinsey 7/27/04
Applicant: Mark N. Kinsey, General Manager

To be completed by Watermaster:

Date of approval from Non-Agricultural Pool:

Date of approval from Agricultural Pool:

Date of approval from Appropriative Pool:

Hearing date, if any:

Date of Advisory Committee approval:

Date of Board approval:

Agreement Number:

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

August 16, 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: **July 26, 2004**

Date of this notice: **August 16, 2004**

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

- A. Notice of Sale or Transfer – The transfer of Monte Vista Irrigation Company’s FY 2004-05 Annual Production Rights to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,100 acre-feet.

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

Appropriative Pool:	September 9, 2004
Non-Agricultural Pool:	September 9, 2004
Agricultural Pool:	September 21, 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

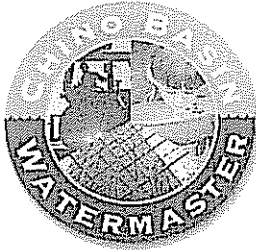
CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: August 16, 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: August 16, 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 – The transfer of Monte Vista Irrigation Company Fiscal Year 2004-05 annual production rights to Monte Vista Water District in the amount of 1,100 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
- Reduces assessments under the 85/15 rule
- Reduce desalter replenishment costs

Background

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

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

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

- Notice of Sale or Transfer – The transfer of Monte Vista Irrigation Company Fiscal Year 2004-05 annual production rights to Monte Vista Water District in the amount of 1,100 acre-feet.

Notice of the water transaction identified above was mailed on August 16, 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.

Monte Vista

Dedicated to Quality, Service and Innovation

July 26, 2004

Mark N. Kinsey
GENERAL MANAGER

Ms. Sheri Rojo, Interim Chief of Watermaster Services
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

MVWD/MVIC Water Transactions

Dear Ms. Rojo:

Attached are the necessary forms to complete the transfer of Monte Vista Irrigation Company Fiscal Year 2004-05 annual production rights in the Chino Basin to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,100 acre-feet.

This transfer will be utilized by the District to offset a portion of its projected Fiscal Year 2004-05 replenishment obligation within the Chino Basin and to provide in-lieu deliveries to Metropolitan's Dry-Year Yield Storage Account. The recapture plan for production of the transferred water rights by the District and a map showing the location of District production wells are attached for consideration by Watermaster.

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

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

Sincerely,

Monte Vista Water District



Mark N. Kinsey
General Manager

Attachments

Water District

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

Robb D. Quincey
PRESIDENT

Sandra S. Rose
VICE PRESIDENT

Josephine M. Johnson
DIRECTOR

Maynard B. Lenhart
DIRECTOR

Tony Lopez
DIRECTOR

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APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2004-05

Commencing on July 1, 2004 and terminating on June 30, 2005, Monte Vista Irrigation Company ("Transferor") hereby transfers to Monte Vista Water District ("Transferee") the quantity of 1,100 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

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

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

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED Yes [X] No []

Mark N. Kinsey
Monte Vista Irrigation Company
Transferor

Mark N. Kinsey
Monte Vista Water District
Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

MONTE VISTA WATER DISTRICT

Recapture Plan

This recapture plan pertains to the transfer of an estimated 1,100 acre-feet of Fiscal Year 2004-05 Monte Vista Irrigation Company annual production rights to the Monte Vista Water District. Location of where the recaptured water will be extracted by the District is within Management Zone 1 of the Chino Basin and will be accomplished by any or all of the 10 wells owned and operated by the District. The approximate daily production capacity of these wells is noted below.

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

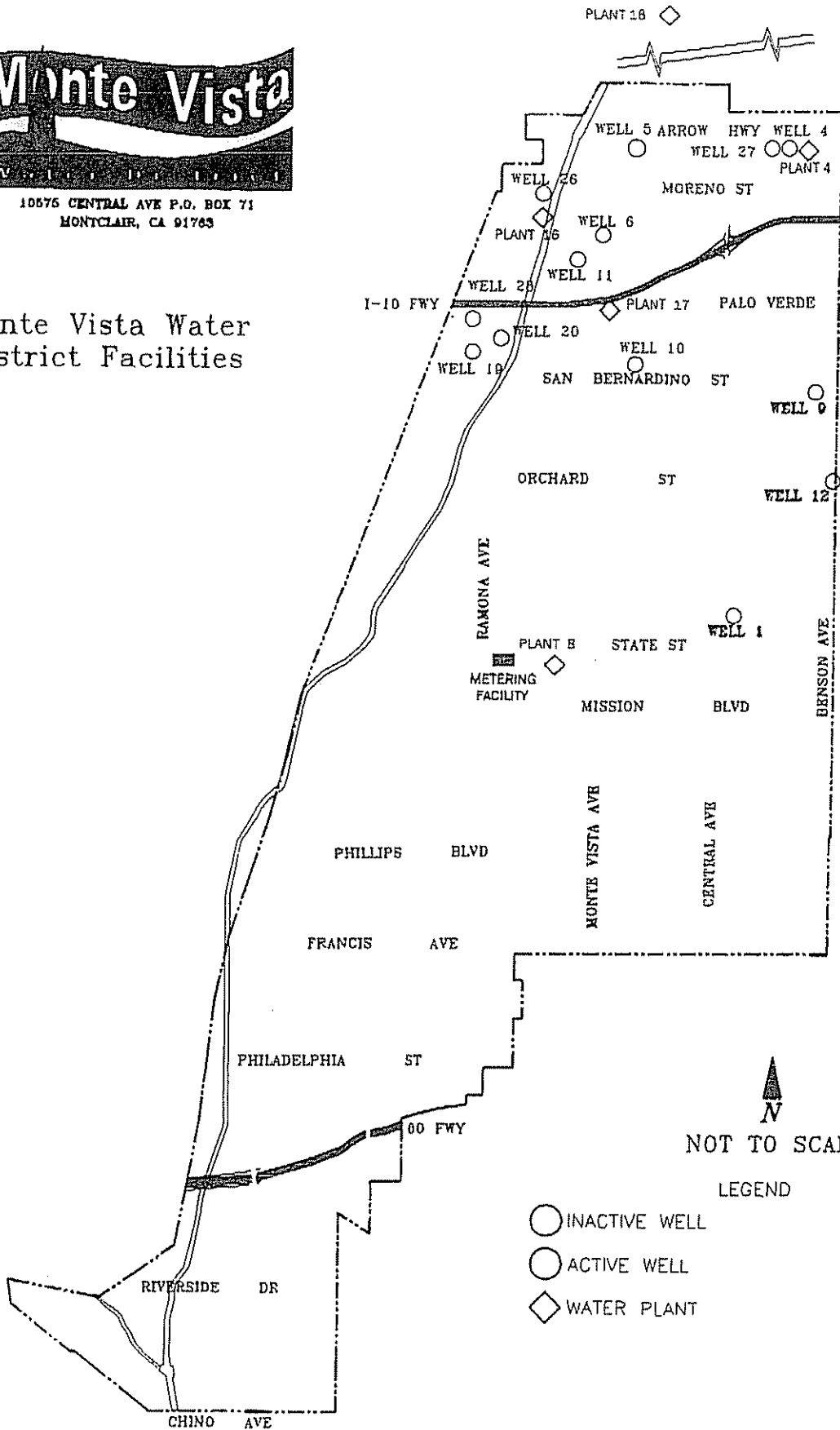
A map showing the location of these wells is attached. The rate of extraction can vary significantly, depending upon system demand and seasonal changes.

C:\Draw\Facilities\Facilities.dwg



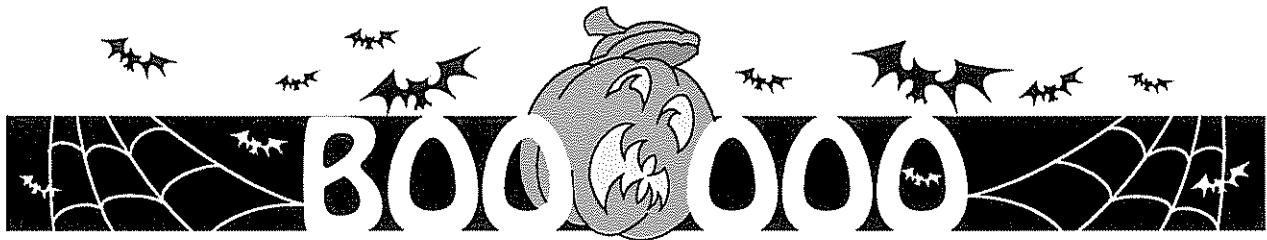
10676 CENTRAL AVE P.O. BOX 71
MONTCLAIR, CA 91763

Monte Vista Water District Facilities



N
NOT TO SCALE

- LEGEND
- INACTIVE WELL
 - ACTIVE WELL
 - ◇ WATER PLANT



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. URS PROPOSAL REGARDING COLLEGE HEIGHTS

Consider Approval for Additional Scope
of Work for Monitoring



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 14, 2004
October 19, 2004
October 28, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: College Heights Basins Infiltration Evaluation

SUMMARY

Issue - Authorization of Phase 2 Investigation by URS Corp of College Heights Basins Infiltration Capacity

Recommendation - Approve the additional geotechnical services proposed by URS in their Revised Cost Proposal dated September 28, 2004. The proposal includes the drilling of three additional borings downgradient of the College Heights Basins; installing monitoring wells of 100 and 140 ft (nested) in the two deeper borings, and a single monitoring well in the shallow 50 ft boring; and installing pressure transducers and data loggers, provided by Watermaster, in 11 new and existing monitoring wells.

Fiscal Impact - The cost estimate for URS services is \$70,403; and an additional cost of \$14,000 for the Watermaster provided pressure transducers and data loggers.

BACKGROUND

The Phase 1 studied conducted by URS consisted of the installation of four new monitoring wells to supplement the two existing wells located immediately downgradient of the College Heights East Basin. The new monitoring wells were located immediately downgradient of the College Heights West Basin and the Upland Basin, and were located to monitor the rise in groundwater level in the wells when water was allowed to infiltrate from the College Heights basins. The duration of the infiltration testing was limited to 2 days, with a total of 100 acre-feet recharged in the College Heights West Basin, because of a lack of available imported water from MWDSC. In spite of the limited test program, URS reported the following:

As observed previously, water infiltrating in the College Heights basins moves relatively quickly in a southern direction under Arrow Route toward Upland Basin.

A sequence of clayey layers exists at about 100 feet below the grade of Arrow Route; water infiltrating in the College Heights basins is mounding on this clayey material and moving laterally into Upland Basin.

These results were reported to the Groundwater Recharge Coordinating Committee on July 12, 2004; and in a follow-up meeting at the Chino Basin Watermaster's office on July 14, 2004. The project team, consisting of IEUA, CBWM, CBWCD, City of Upland, and URS, concluded that additional subsurface geotechnical and hydro geological information in the area encompassing College Heights and Upland basins and other properties at the intersection of Arrow Route and Monte Vista Avenue was required. The project team in an August 12, 2004 meeting with URS at Watermaster also considered developing a 3-dimensional groundwater flow model, and performing additional infiltration tests with well monitoring to calibrate the model. The calibrated model would then be used to develop alternative operating scenarios for the College Heights and Upland basins.

URS subsequently developed a detailed statement of work and cost proposal for the Phase 2 Geotechnical Services, and submitted the proposal to the project team in their letter proposal of September 7, 2004. The project team evaluated the new proposal and in a telephone conference on September 23, 2004 decided to scale back the effort to the installation of the new monitoring wells and transducers. The project team concluded that with the new monitoring well system, and the use of the Upland Basin by the City of Upland to recharge stormwater, the team could acquire valuable data on the recharge capabilities of the basins, without incurring the potential liabilities associated with recharging imported water into the College Heights Basins. Furthermore the proven recharge capacities of the downstream Montclair and Brooks Basins should enable IEUA/Watermaster to meet their recharge commitments. A groundwater flow model may be developed at a later date using the data gathered during the stormwater recharge of the Upland Basin.

Staff recommends that the URS Revised Cost Proposal for Additional Geotechnical Services dated September 28, 2004, be approved, less \$29,500 for Minitrolls (transducers) which will be provided by Watermaster.



September 28, 2004

Mr. Tom Love
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, California 91710

**Subject: Revised Cost Proposal for Additional Geotechnical Services
College Heights Basins Infiltration Evaluation
San Bernardino County, California**

Dear Mr. Love:

In our proposal dated September 7, 2004, URS Corporation scoped a relatively extensive study for additional evaluation of infiltration from the Inland Empire Utilities Agency's (IEUA) College Heights Basins. That proposal included the following elements:

- Obtain additional subsurface geotechnical and hydrogeological information in the area encompassing College Heights and Upland basins and other properties at the intersection of Arrow Route and Monte Vista Avenue by drilling several boreholes and installing nested monitoring wells;
- Develop a 3-dimensional groundwater flow model (saturated and unsaturated conditions) for the area of interest to this study;
- Perform additional infiltration tests with well monitoring to calibrate the model; and
- Use the calibrated model to develop alternative infiltration operations scenarios for College Heights and Upland basins.
- Evaluate structural measures that may be required to avoid jeopardizing the stability of the slopes in Upland Basin (including the Arrow Route embankment) or increasing the geologic hazards (e.g., earthquake-induced liquefaction) to any of the nearby existing and planned developments during infiltration operations.

On the basis of our telephone conference on September 23, 2004, we understand that the operational capacity of the College Heights Basins is not required for the IEUA's overall recharge program until year 2009 (more or less). Hence, it is understood that the IEUA is interested in proceeding only with the installation of additional monitoring wells at this time. It is further understood that the IEUA may or may not authorize the other proposed tasks at a later time.

This proposal presents URS' scope and proposed fees to drill and log three boreholes, and install five monitoring wells, in the area downgradient from College Heights Basins.

URS Corporation
2020 East First Street, Suite 400
Santa Ana, California 92705
Tel: 714.835.6886
Fax: 714.973.4062
www.urscorp.com

PROPOSED SCOPE: *Monitoring Well Installation and Subsurface Characterization*

There are six existing monitoring wells installed to monitor downgradient groundwater movement (i.e., toward the south) from the College Heights basins. Four of the borings for the well installations were sampled, logged, and tested for geotechnical and hydrogeologic properties, but two were not.

URS proposes to drill three more borings downgradient from the College Heights basins, and install monitoring wells in each boring, as follows:

- Two borings to 200 ft. deep and 1 boring to 50 ft. deep, using sonic drilling techniques
- Borings located: (1) adjacent to the west side of Upland Basin; and (2, 3) near the Monte Vista Ave. grade separation south of Upland Basin
- Monitoring wells installed at 140 and 100 feet (nested) in the two deeper borings, and a third monitoring well at 50 ft at the grade separation
- Minitroll pressure transducers and dataloggers installed in all new and existing monitoring wells for water level data acquisition (total of 11)

Samples of soils recovered from the boring program will be tested for grain size distribution (all soils) and plasticity (clayey soils). We will develop geologic/hydrogeologic cross sections based on the previous boring logs and the logs of the proposed borings, which will be available to provide a basis for potential future numeric groundwater model and the geotechnical evaluations.

The Minitroll installations will be “permanent,” and are adaptable for future integration into a SCADA system for remote data retrieval. However, URS’ scope includes set-up for on-site data retrieval (*not* remote).

Report

At the conclusion of our proposed work effort, URS will develop a relatively comprehensive report integrating the findings of our previous subsurface investigation efforts and these proposed studies. Specifically, our report will present the boring logs and a summary of the laboratory test results as well as geologic/hydrogeologic cross-sections representing our interpretation of the subsurface data.

It is envisioned that URS will submit up to two draft versions of the report for IEUA’s and the Chino Basin Watermaster’s (CBWM) review and comment, and one final report.

ESTIMATED SCHEDULE AND BUDGET, and PROPOSED STAFFING

We have developed the following estimated schedule and budget for completion of the proposed scope of services:

Description	Schedule Information	Est. Budget (\$)		
		Labor	Other	Total
Monitoring Well Installation and Laboratory Testing	Drilling scheduled to begin Oct. 11, 2004, and proceed until at least October 18, 2004 (6 working days). Lab testing completed within 5 working days following completion of drilling	\$13,730	\$73,600	\$87,330
Subsurface Characterization	Two- to four-week effort			
Report (initial draft; including meetings)	November 19, 2004	\$12,360	\$220	\$12,580
TOTALS:		\$26,090	\$73,820	\$99,910

The report submittal budget includes an allowance for attendance at three (3) meetings with the IEUA and CBWM project personnel to discuss and clarify the project findings. A more complete breakdown of the estimated costs is provided in Table 1, attached.

We propose to perform our services on a time and materials basis in accordance with our current agreement with the IEUA, dated May 19, 2004. However, although this agreement is in place, please note that we require written authorization to proceed with the work.

The overall project manager and geotechnical lead for these additional studies will be Ms. Jean Hill, P.E. Drilling and well installation will be by Prosonic Corporation under subcontract agreement with URS. Laboratory testing and Minitroll installations will be completed by URS staff personnel working under the direction of Jean Hill and Andy Campbell, respectively.

We look forward to continuing working with you on this important project. If you have any questions, please do not hesitate to call Jean Hill at 714-648-2756.

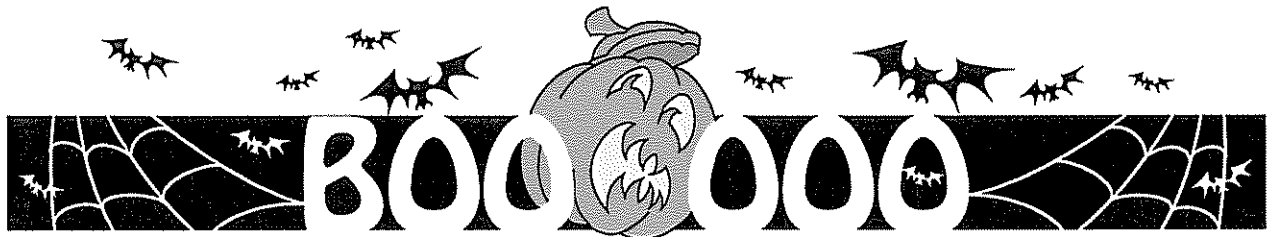
Sincerely,
URS Corporation

Jean Suter Hill
 Principal

Brian Wynne
 Vice President

cc: Mr. Gordon Treweek, CBWM

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CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

B. STAFF REPORTS

1. REPLENISHMENT/CYCLIC ACCOUNT
 - a. Summary of Replenishment Deliveries



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 14, 2004
October 19, 2004
October 28, 2004

TO: Committee Members
Watermaster Board Members

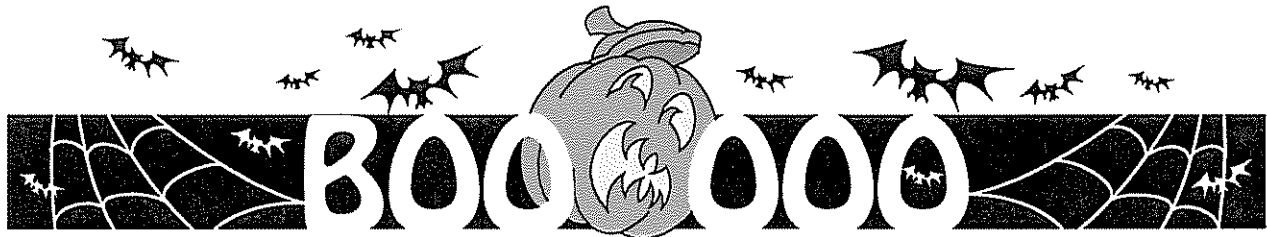
SUBJECT: Replenishment Deliveries

SUMMARY

Issue – There is an unmet replenishment obligation for the 2002/2003 fiscal year.

Production from the 2002/2003 fiscal year resulted in a replenishment obligation in the amount of 17,029af. During the 2003/2004 fiscal year, replenishment deliveries were 4,024af, leaving a carryover replenishment obligation in the amount of 13,005af. Through September, 2004, replenishment deliveries were 1,734af leaving an unmet replenishment obligation of 11,271af to be purchased from the cyclic account prior to December 31, 2004, when Metropolitan Water Districts Replenishment Water Rates are expected to increase \$5 per acre foot. This balance in the cyclic account after the purchase will be just above 20,000af.

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CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

B. STAFF REPORTS

3. Inland Empire Landmark Water Supply Program Named "Outstanding Project of the Year"

**For Immediate Release:
October 1, 2004**

**Contact: Sondra Elrod
(909) 993-1747**

**Inland Empire Landmark Water Supply Program
Named “Outstanding Project of the Year”
By the American Society of Civil Engineers, Los Angeles Section**

Inland Empire – On Saturday, October 2nd, the landmark Chino Basin Groundwater Recharge Project will receive the American Society of Civil Engineers (ASCE)’s top honor of “2004 Outstanding Government Civil Engineering Project of the Year” from its Los Angeles Section. This prestigious honor will be shared by the Inland Empire Utilities Agency, Chino Basin Watermaster, San Bernardino County Flood Control District, and the Chino Basin Water Conservation District.

“The Chino Basin Groundwater Recharge Project is truly a major event in the history of the Chino Basin,” said IEUA Board Director Wyatt Troxel. “This landmark water supply program will enhance the region’s ability to recharge our groundwater basin with over 100,000 acre-feet of new water supplies annually. This enough water to supply the needs of over 60,000 families,” Troxel said.

“We are honored to be recognized for our partnership’s success in developing innovative, cost effective projects that will significantly increase our region’s ability to meet future drought needs for the growing population of the Basin,” continued Terry Catlin, IEUA’s Board Vice-President who also serves as a Chino Basin Watermaster board member. “We share this honor with the Chino Basin Watermaster, the San Bernardino County Flood Control District, and the Water Conservation District that are our partners in developing this important project,” Catlin said.

The purpose of the \$40 million Chino Basin Groundwater Recharge Project is to expand and improve existing facilities within the Chino Basin in order to enhance their ability to recharge water into the groundwater basin. Sixteen recharge basins will be refurbished and three new facilities will be constructed under the program.

“This is a complex and challenging project,” stated IEUA’s General Manager Richard Atwater. “The overwhelming cooperation and partnership of all the agencies involved to implement a total of 19 groundwater recharge projects in less than five years is something that we are all very proud of.”

The Chino Basin Groundwater Project was designed by Tettemer and Associates, a Division of the Keith Companies. Black and Veatch Consulting Engineers are assisting with the construction management for the recharge basins. The integrated project is on schedule to be fully operational by March 30, 2005.

Funding for the project is being provided through a state-local partnership. IEUA received a \$19 million grant in California’s Proposition 13 Water Bonds through the Santa Ana Watershed Project Authority (SAWPA). The remaining costs of the project are being financed through local revenue bonds.

“Expanding the capacity of the Chino Basin to recharge water is a major component of the Chino Basin Optimum Basin Management Plan (OBMP) and is vital to the implementation of the historic 2000 Chino Basin Peace Agreement,” said Ken Manning, Chief Executive Officer for the Chino Basin Watermaster. “The Chino Basin Groundwater Recharge Project will have the capacity to recharge storm water, imported water from Northern California and high quality recycled water into the Chino Basin groundwater aquifer,” Manning continued. “The project will provide significant water quality benefits in addition to improving the reliability of local water supplies.”

The Chino Basin is the largest groundwater basin within Southern California, holding more than 5 million acre-feet of water. For the 700,000 people served within IEUA’s service area, water from the groundwater basin supplies about 70% of the water needs.

The Inland Empire Utilities Agency serves the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland and the Cucamonga Valley Water District and Monte Vista Water District.

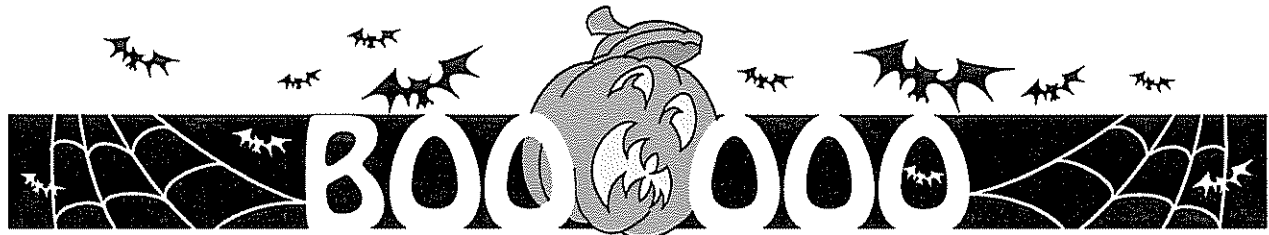
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*****Press Alert*****

*The dedication of the award-winning
Chino Basin Groundwater Recharge Project
will be held on October 15th at 10:00 a.m.*

*This event will be held at the Turner Recharge Basin
located on the corner of 4th Street and Archibald in Ontario.*

For more information, please contact Sondra Elrod at 909-993-1747.



CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

B. STAFF REPORTS

4. Notice of Attendance of Special Referee's Technical Assistant at MZ1 Meeting



CHINO BASIN WATERMASTER

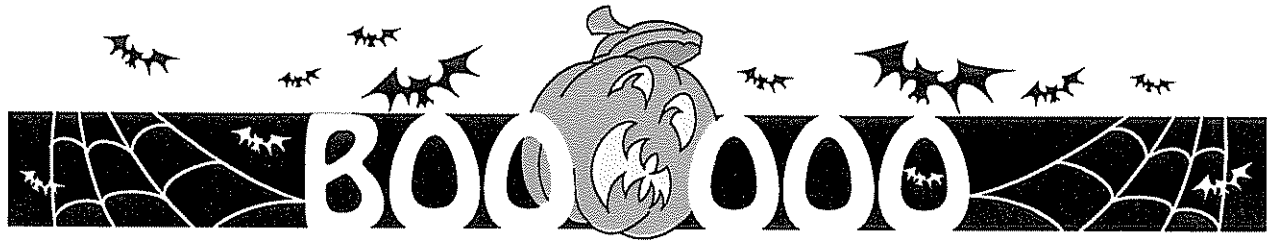
9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

NOTICE

Please take notice that the Special Referee's Technical Assistant, Mr. Joe Scalmanini, will attend the next MZ1 Technical Committee Meeting. The meeting will be held on **November 17, 2004 at 9:00 a.m.** and will take place at Watermaster. If time permits following the meeting, Mr. Scalmanini may go on a tour of various Basin facilities.

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CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

C. INLAND EMPIRE UTILITIES AGENCY WATER MANAGERS REPORT

1. Water Resource Report
2. Water Conservation Status Report
3. Recycled Water Program
4. Chino Basin Facilities Improvement Project
5. State/Federal Legislation
6. Public Relations

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
October 28, 2004**

AGENDA

INTER-AGENCY WATER MANAGERS' REP ORT

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

20 – 30 Minutes

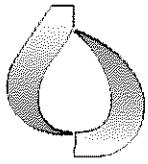
Discussion Items:

- Rialto Pipeline Shutdown Task Force Update – Richard Atwater
- MWD Status Report – Richard Atwater
- College Heights Project Status Report – Tom Love
- Southern California Water Quality Planning Project – Martha Davis and Bob Neufeld
- 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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Date: October 28, 2004
To: Chino Basin Watermaster Inter-Agency Advisory Committee
From: Inland Empire Utilities Agency
Subject: Water Conservation Report

RECOMMENDATION

For information only

BACKGROUND

ULF TOILET REBATE PROGRAM

In the month of September, a total of 52 rebates were issued, which brings the total to 188 rebates for the current fiscal year. This brings the total number of rebates to 1,905 since the rebate program began.

HECW (CLOTHES WASHER) REBATE PROGRAM

A total of 238 rebates were issued in the month of September, bringing the total for the current fiscal year to 662 rebates. A total of 4,086 rebates have been issued since the program began.

COMMUNITY PARTNERING PROGRAM GRANTS

IEUA has scheduled a check presentation for MWD's Community Partnering Program (CPP) grant to the City of Chino Hills on October 12, 2004 at the City Council meeting. Chino Hills will receive a grant of \$6,000 for their proposal to develop a groundwater modeling devices to display at area schools. The Cucamonga Valley Water District (CVWD) check presentation will occur on October 26 at their Board Meeting. CVWD will receive a grant of \$5,000 for the development of a Kids Education Day festival at the CVWD facilities.

ULFT REGIONAL TOILET DISTRIBUTION & EXCHANGE

A regional ULFT toilet distribution has been scheduled for October 23rd at the California Steel Industries (CSI) in Fontana. There will be 800 ULF toilets available. Any residential customer of a retailer within the IEUA service area is eligible. CSI is located just south of the California Speedway facilities.

RESIDENTIAL & COMMERCIAL LANDSCAPE AUDIT PROGRAM

Working with IEUA's Partnership agencies, properties with high water use have been targeted and are now being 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 first site audits began in October 1st

SWIMMING POOL COVER SURVEY PROGRAM

In the month of September, a total of 12 rebates were processed. This brings the total to 58 rebates issued for the current fiscal year. On October 5, the Regional Conservation Workgroup requested to extend the Pool Cover Rebate for the remainder of the fiscal year. Therefore, rebates will be available at all Pool Supply stores throughout the IEUA service area through at least June 30, 2005.

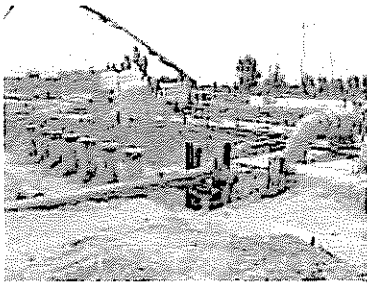
"A GARDEN IN EVERY SCHOOL" PROGRAM

"A Garden in Every School" program will provide a native landscape garden at up to seven schools in the service area. The six schools (and their water agencies) that have been identified so far and are at various stages in the program include Alta Loma Elementary School (Cucamonga Valley Water District), Rhodes Elementary (City of Chino), Butterfield Ranch Elementary (City of Chino Hills), Lehigh Elementary (Monte Vista Water District), Magnolia Elementary (City of Upland), and Grant Elementary (Fontana Water Company).

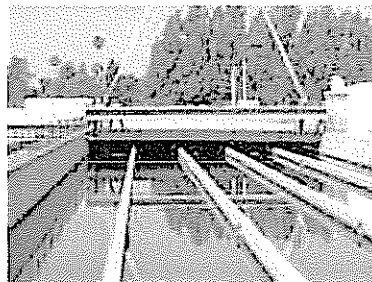


SEPTEMBER 2004 RECYCLED WATER SUMMARY

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 October 2004.
- RP-1 Chlorination Tank (Budget \$4,817,000)
Under construction and scheduled for completion in September 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 September 2004.
- Whittram Pipeline (Budget \$3,620,000)
The Whittram Pipeline will serve recycled water to the Banana and Hickory Basins plus having a turn out to San Sevaine Channel delivering recycled water to the RP-3 and Decluz 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:

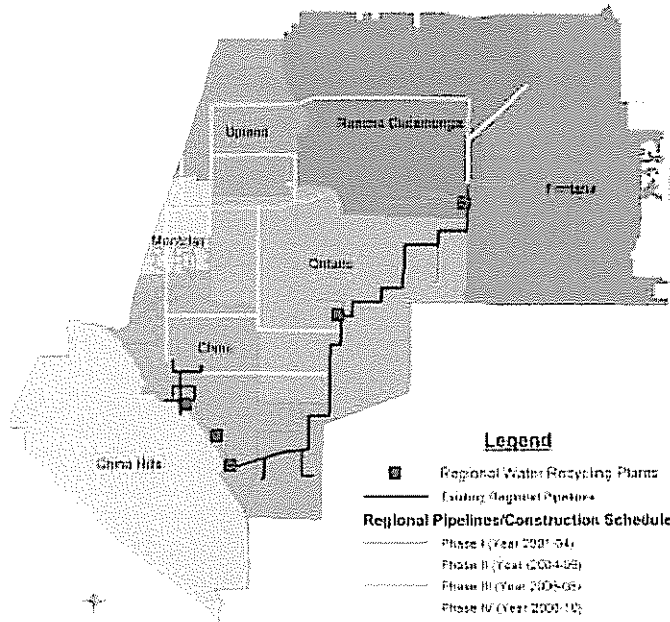
1. Recycled Water Master Plan Update (2005);
2. RP-4 Area 2 MG Regional Recycled Water Reservoir, Pipeline and Pump Station;
3. North Etiwanda Regional Water Pipeline and Pump Station;
4. Etiwanda Avenue 3 MG Regional Recycled Water Reservoir;
5. RP-1 South Regional Recycled Water Pump Station; and
6.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

Montgomery Watson was awarded for the design of Phase II on June 16, 2004. Major effort is underway to collect updated potential recycled water demand from each of the Cities and water purveyors to update the recycled water master plan.

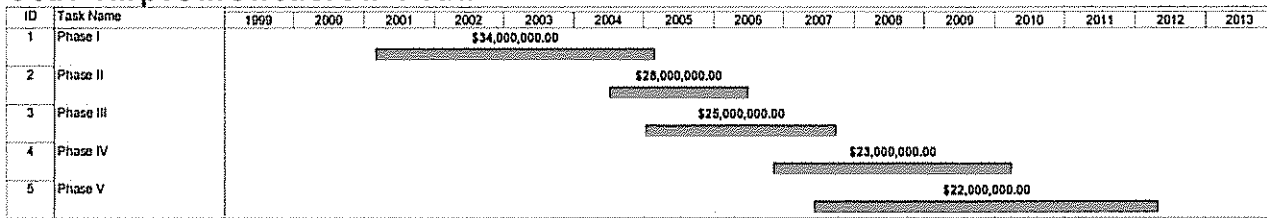
Projected Budget—\$28,000,000

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 and existing areas in Ontario and Jurupa community.

Projected Budget—\$12,000,000



Total Implementation Plan



Phase I Implementation Plan

ID	Task Name	Budget	Actual	Remaining	2004																	
					03	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1	RP-1/RP-4 Pump Station	\$7,747,999	\$7,204,433	\$543,566	[Gantt bar]																	
2	RP-1 Chlorination Tank	\$4,817,200	\$4,373,988	\$443,214	[Gantt bar]																	
3	Pine Avenue Interio	\$1,066,000	\$1,031,148	\$34,851	[Gantt bar]																	
4	Wneville Pipeline	\$2,307,200	\$1,266,050	\$1,041,150	[Gantt bar]																	
5	Reliant Pipeline	\$1,115,476	\$1,115,476	\$0	[Gantt bar]																	
6	Philadelphia Pipeline	\$3,591,400	\$1,681,370	\$1,910,030	[Gantt bar]																	
7	Whitram Pipeline	\$3,621,000	\$843,391	\$2,777,609	[Gantt bar]																	
8	RP-4 West Branch	\$9,688,096	\$660,778	\$9,007,318	[Gantt bar]																	

Phase II & III Implementation Plan

ID	Task Name	Budget	2004												2005												2006	
			Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
1	RP-4 Recycled Water Reservoir	\$3,200,000	[Gantt bar]																									
2	North Etowanda Pipeline & Pump Station	\$0,000,000	[Gantt bar]																									
3	Etowanda Recycled Water Reservoir	\$4,400,000	[Gantt bar]																									
4	RP-1 South Pump Station	\$4,500,000	[Gantt bar]																									
5	San Antonio Channel Pipeline	\$0,000,000	[Gantt bar]																									
6	Edison Pipeline (Phase III)	\$0,150,000	[Gantt bar]																									
7	Arduabald Pipeline (Phase III)	\$2,050,000	[Gantt bar]																									

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

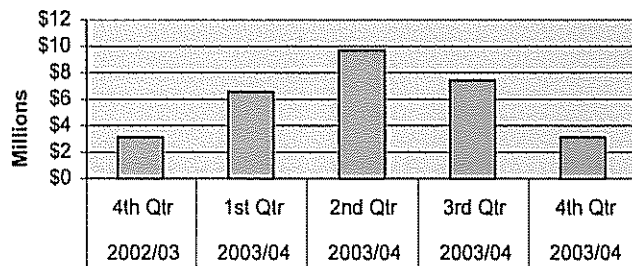
- Regional Capital Fund \$2 Million
- SWRCB Recycling Grant* \$5 Million
- SWRCB Loan* \$11 Million
- USBR Grant \$7 Million

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

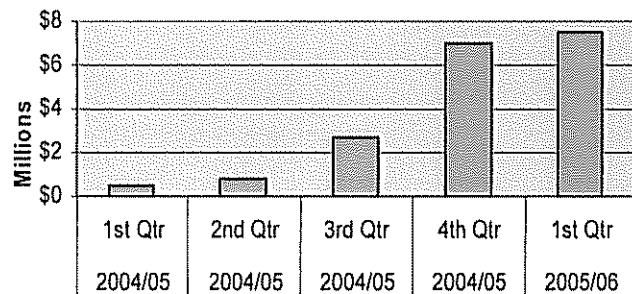
Funding Phase III

- 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 Usage (AFY)
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

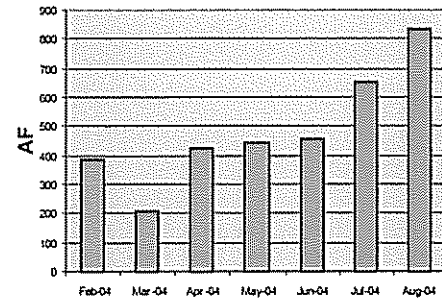
New Customers in 2004

- 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
The engineer's report is being prepared. IEUA will provide a tap at the existing booster pump station.
- Mission Linen
In the process of developing retrofit concept to maximize the use of recycled water in the facility.
- Cotton Wood Dairy
Connection is complete.
- Bakken Property
IEUA issued a permit to connect to Wineville regional recycled water pipeline.
- Fruit Growers Supply
The same lateral for Bakken Property will be used to irrigate the landscape.

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
Metal Coaters of California, Inc.

Recycled Water Sales



Delivery Period	FY 2003-04	FY 2004-05
August	790	830
Year to Date	3,038	3,572
FY Total	1,327	1,483
Budget		8,290

Operation & Planning

- RP-1 Chlorine Tank is nearing completion for delivery of Title 22 recycled water through TP-1 Outfall line.
- IEUA plans to construct 11 recycled water hydrants along the existing recycled water system to deliver recycled water for constructions.
- 3-day shutdown on RP-4 Outfall is scheduled for September 22-24 to accommodate the modification of piping in newly constructed RP-1/RP-4 pump station.



Murai Farm in Ontario

Customer Development

■ Agricultural customers along the TP-1 Outfall line

Once the RP-1 chlorine contact basin is completed, many agricultural customers and other outfall customers could be served as early as early summer 2004.

■ NRW (Non-Reclaimable Water) Customers

IEUA staff working closely with the retail agencies are targeting NRW customers. With passing of new pass through rate, these customers potentially save as much as 50% discount on the wastewater discharge in addition to the water bill by converting to use recycled water for their process and irrigation. Many of these industries interviewed are eager to use recycled water not only for the savings, but also for environmental benefits.

■ Targeted Major Customers in 2004

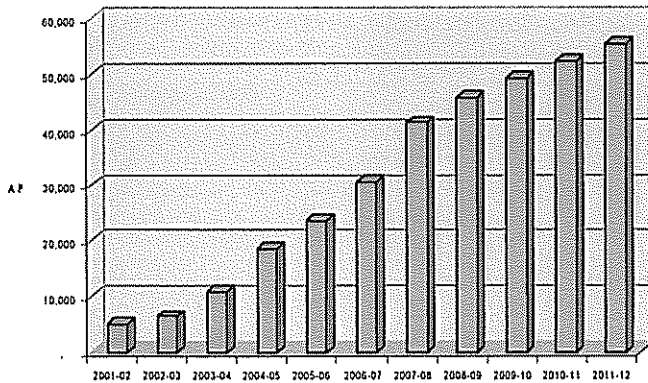
1. Empire Lakes Golf Course (CVWD)	800 AFY
2. Additional Farms on Outfall (Ontario & Chino)	5,000 AFY
3. Ontario Center Owners Association (Ontario)	260 AFY
4. California Co-generation (Chino)	250 AFY
5. Vellano Golf Course (Chino Hills)	500 AFY
6. CIM (Farming Operation & Laundry Facility—Chino)	1,500 AFY
7. Paradise Textile (Chino)	600 AFY
8. Mission Linen (Chino)	500 AFY
Running Total—New Customers	9,410 AFY



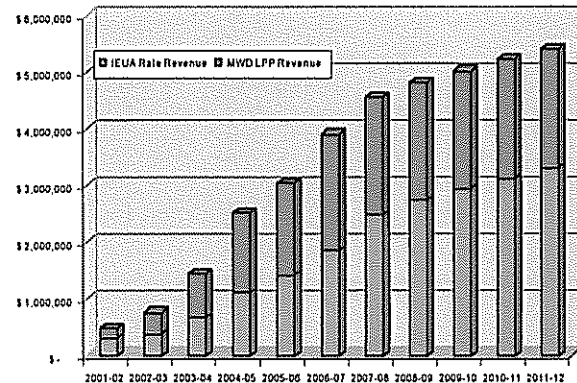
Mission Linen in Chino

Projected Sales & Revenue

Projected Recycled Water Sales

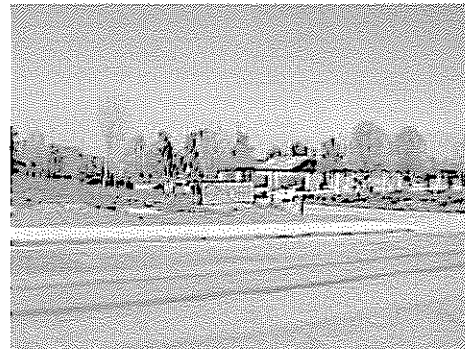


Projected Recycled Water Revenue



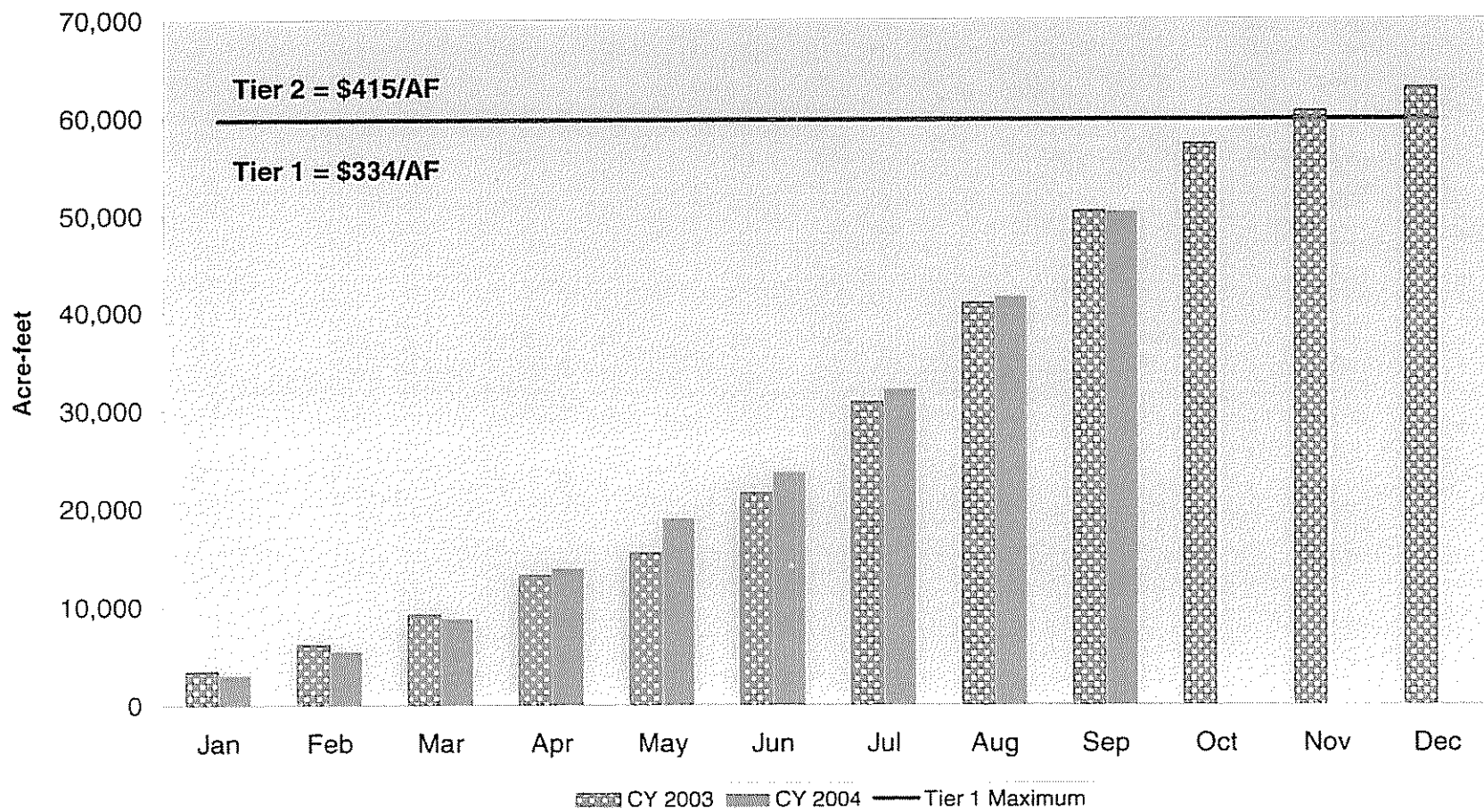
Regulatory/Permits

- 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

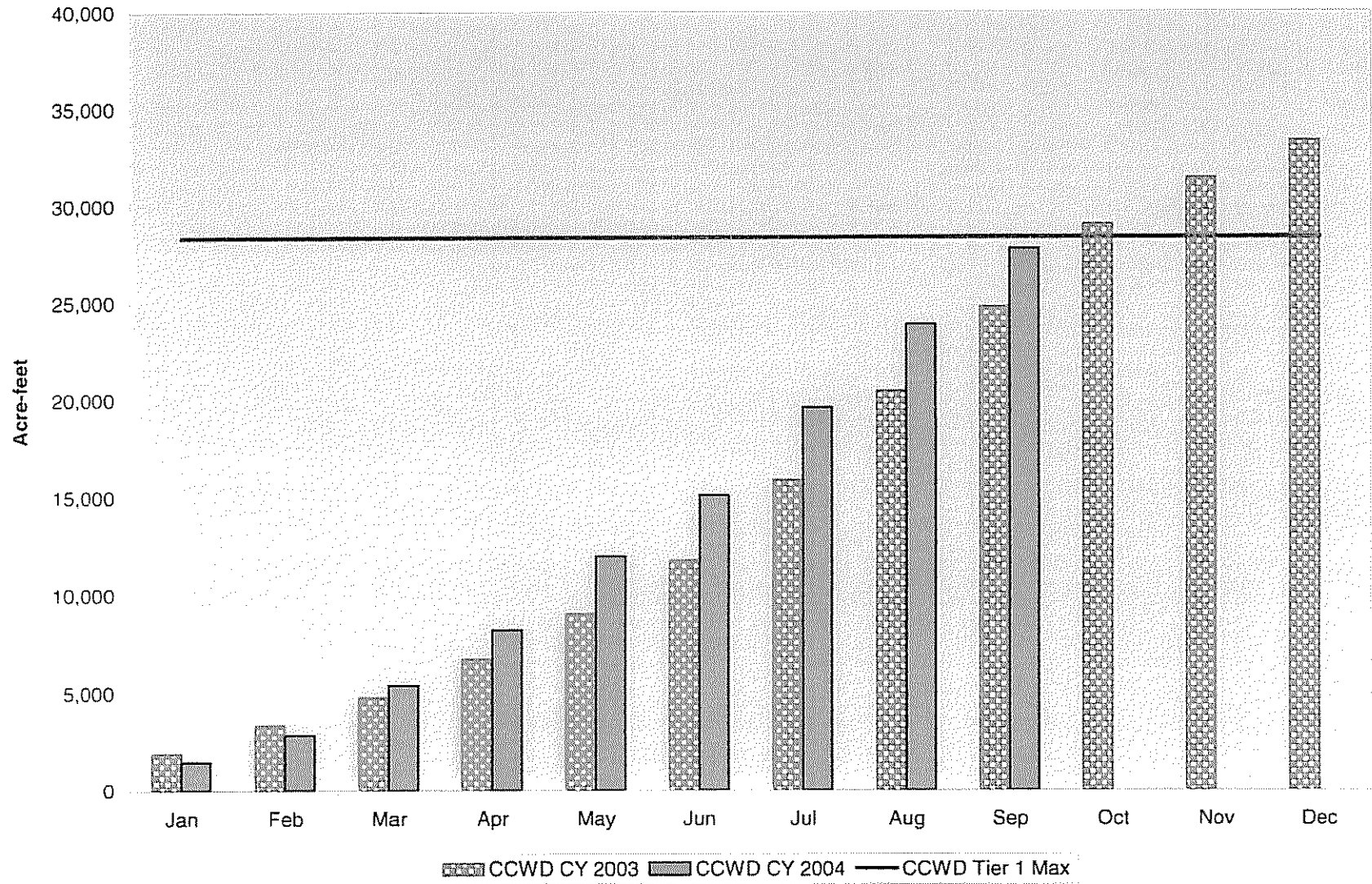


Rincon Park in Chino Hills

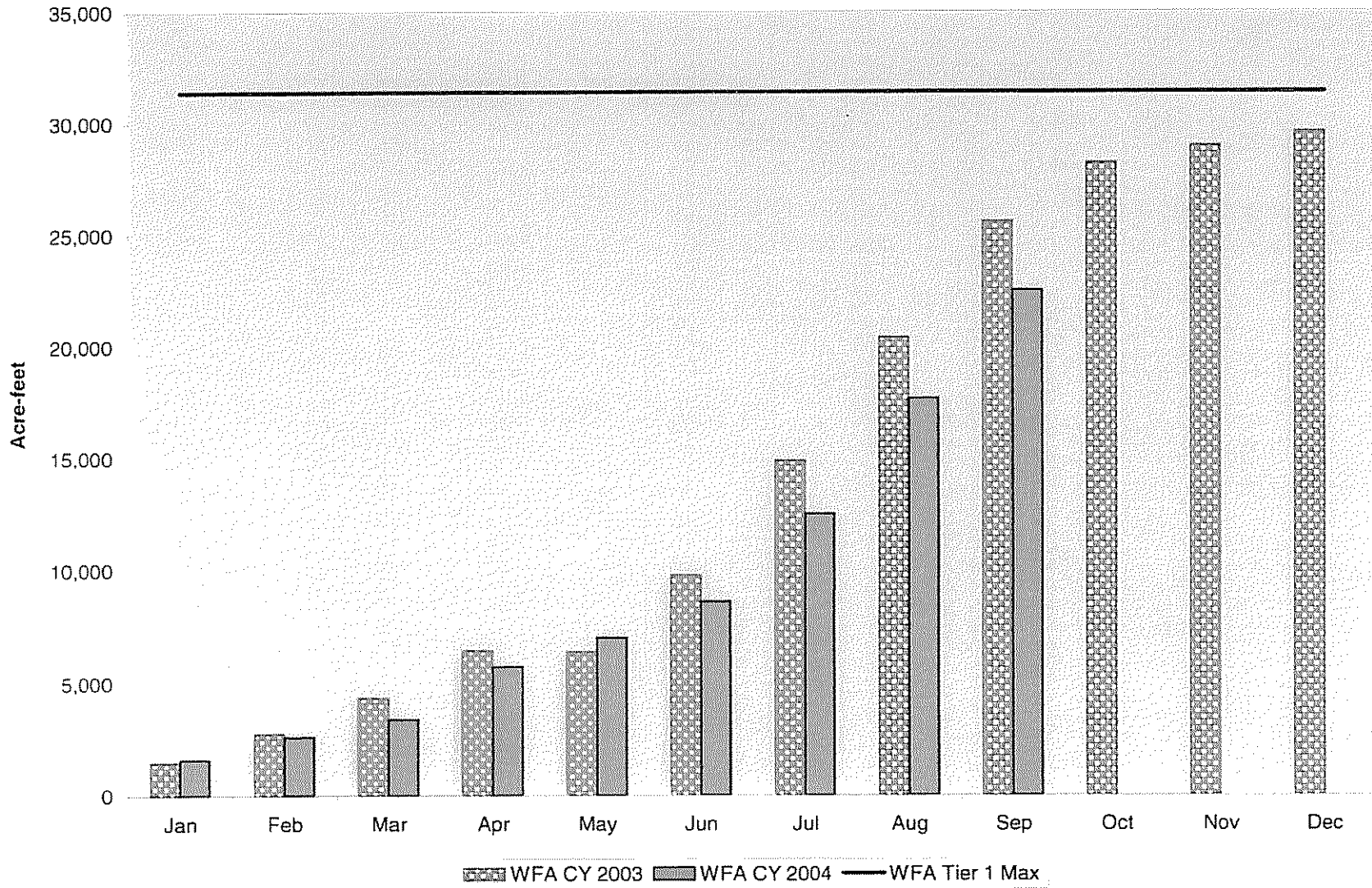
IEUA
Cumulative Monthly Tier 1 Imported Water Deliveries
2003-2004



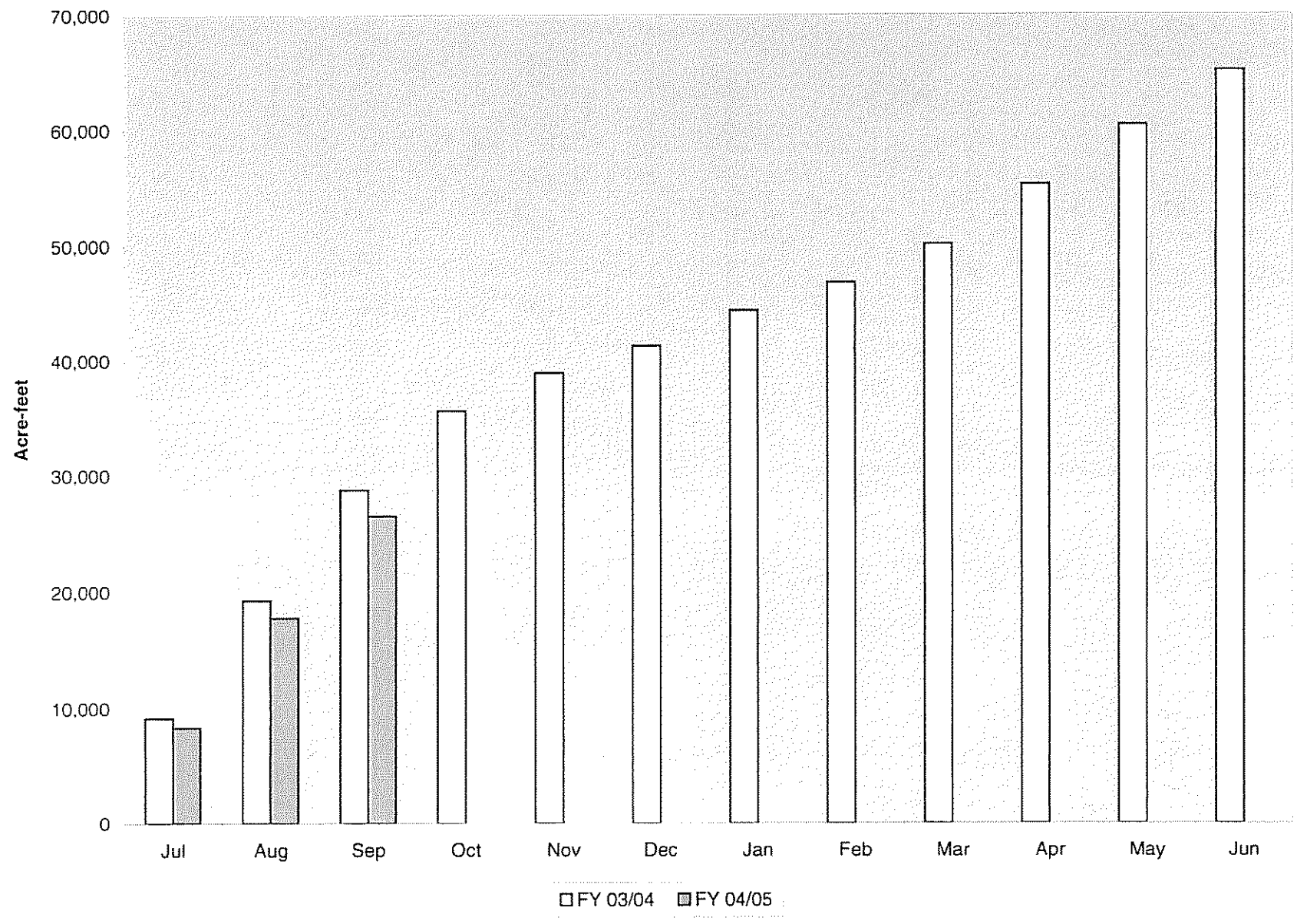
CVWD Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2004



WFA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2004



IEUA Cumulative Monthly Full Service Imported Water Deliveries

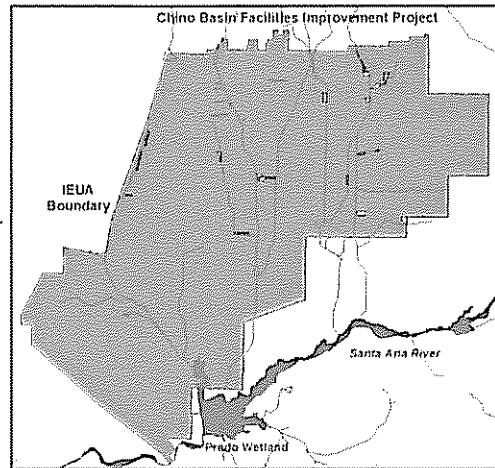


SEPTEMBER 2004 CHINO BASIN FACILITIES IMPROVEMENT PROJECT SUMMARY

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 seven 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 two 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 sub-basins at the respective sites. The groundwater recharge sites, when fully developed will have a total annual recharge capacity of 120,000 to 170,000 ac. ft.; 20,000 to 25,000 of storm water; 80,000 to 120,000 ac. ft. of imported water; and 20,000 to 25,000 ac. ft. of recycled water.

The construction of the CBFIP will be in seven phases, with 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:

- Tettermier & 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 \$7,020,000)

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), and Turner Basins 2, 3, & 4 (Deer Creek Channel).

- The IEUA Board of Directors accepted as complete Bid Package No. 2, August 18, 2004

Bid Package No. 3 (Budget \$3,800,000)

- Construction began January 5, 2004. Bid was \$2,889,477. Estimated claims to date due to changes in alignment, weather and other delays = \$522,000

- 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.

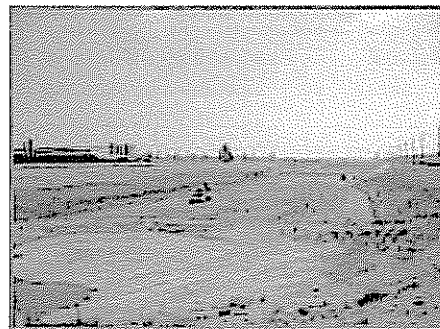
- 10,000 lineal feet has been installed from RP-3 site westward along Jurupa Avenue. The project is 95% complete.

- The construction period is 367 calendar days.

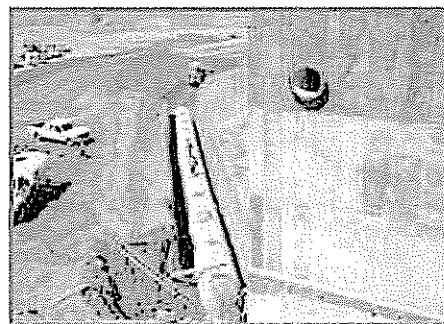
- Substantially complete Date: September 30, 2004

Bid Package No. 4 (Budget \$2,270,000)

- 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 for delivering water to the 36" Jurupa Pipeline (BP No. 3).
- 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 complete; estimate work is 85% 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 drop inlet is schedule for completion January 2006. 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.
- The construction period is 218 calendar days.
- Substantially complete date: November 4, 2004



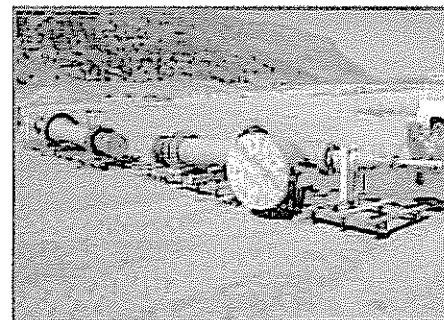
Grading at Hickory Basin



Jurupa Pump Station Inlet Pipe

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

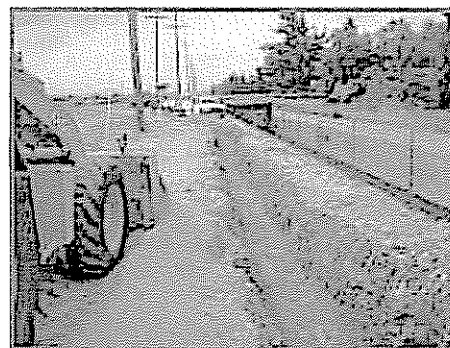
- Bid Package No. 5 includes the SCADA system consisting of radio controls to monitor and govern water levels in all the basins, control the drop inlets and rubber dams. Four monitoring sites will be established at the CBWM, CBWCD and SBCFCD offices with the master controls located at RWRP-1. The SBCFCD offices will have a satellite control station.
- DenBoer began construction at the RP-3 site on March 18, 2004. The contractor has laid the cable at sites and is installing appurtenances for all locations.
- The construction period is 242 calendar days. Estimate work is 85% complete.
- Substantially complete date: December 8, 2004



Sleeve Valves for MWD Turnouts

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 installed at each of the three MWD locations.
- Eilar & Associates is completing the acoustical survey for noise level investigation of sleeve valves.
- The construction period is 193 calendar days. Estimate work is 95% complete.
- Substantially complete date: September 22, 2004



Montclair Basin Trenching for SCADA

Bid Package No. 7 (Budget \$3,040,000)

- Bid Package No. 7 consists of the RP-3 mitigation project, Hickory Basin manifold and pump station plus a rubber dam in the San Sevaine Channel diverting water to Hickory Basin: discharge pipeline and appurtenances to Banana Basin, improvements to Victoria Basin and SCADA module.
- Bid Package No. 7, was awarded to Brutoco Engineering & Construction, Inc. by the IEUA Board of Directors, July 21, 2004. Notice to proceed was given August 6, 2004.
- The construction period is 150 calendar days.
- Substantially complete date: December 21, 2004

Equipment Purchase

- Due to increased construction costs the equipment considered for purchase will be limited to:

Equipment to be Purchased

1. Portable Pumps, 2 ea.	\$100,000
2. Pickup, 1 ea.	\$24,000
3. Safety grates for gate opening	\$7,500
Subtotal	\$131,000

- The equipment pre-purchased for various bid packages included:

Pre-purchased Equipment

1. Rubber Dams, 5 ea.	\$885,479
2. Sleeve valves 3 each and butterfly valves 3 each	\$264,941
Subtotal	\$1,150,420
Total—Recommended Projects & Equipment	\$1,281,420

Cost Savings Achieved

RP-3 Site

- Dispatch Trucking has removed the 250,000 cubic yards of stock piled dirt from RP-3 site Cell No. 2. The hauling was completed in August 9, 2004. The saving from this is \$1,500,000 (\$6.00/cu.yd. X 250,000 cu.yd.)
- Clay materials washed into the Victoria Basin during the December 25, 2003 flooding has transported to the RP-3 Mitigation Site and placed the material to seal the bottom of the wetlands portion of the site. Estimated savings by not purchasing Bentinite clay is \$75,000.

Victoria Basin

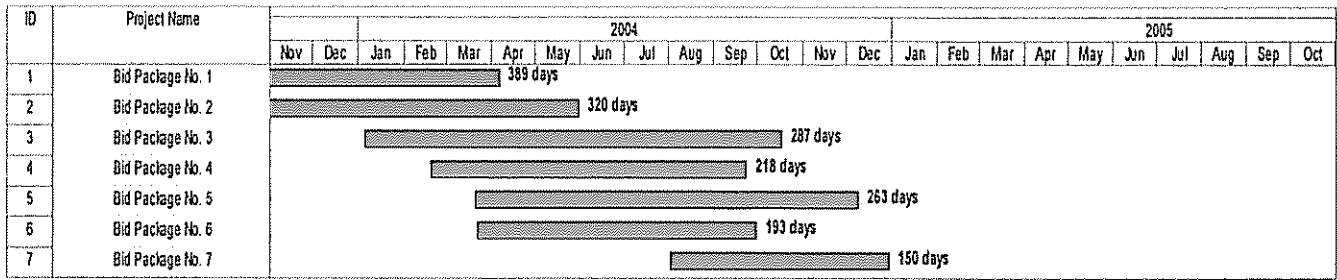
- Dispatch Trucking has excavated the 100,000 cubic yards. of soil from the floor of the Victoria Basin which will ultimately save \$855,000 (\$8.55/cu.yd. X 100,000 cu.yd.)

Total Estimate savings: \$2,430,000

DWR Grant for Future Recharge Improvements

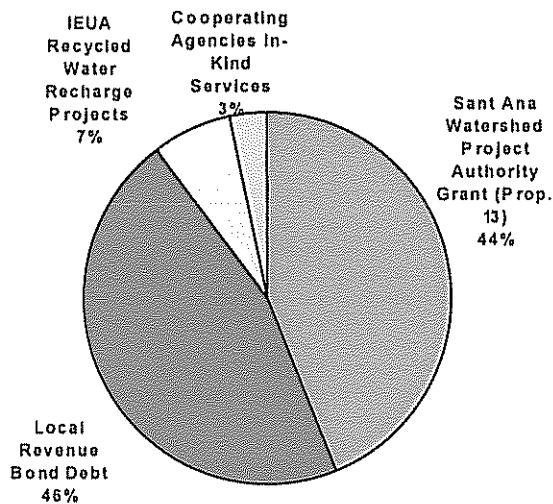
- IEUA and Watermaster are in the process of executing a grant agreement with DWR (Prop. 13 Funding) for additional recharge improvements. The estimated DWR grant amount is \$5.5 million.

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
- Future DWR Grant \$5.5 Million

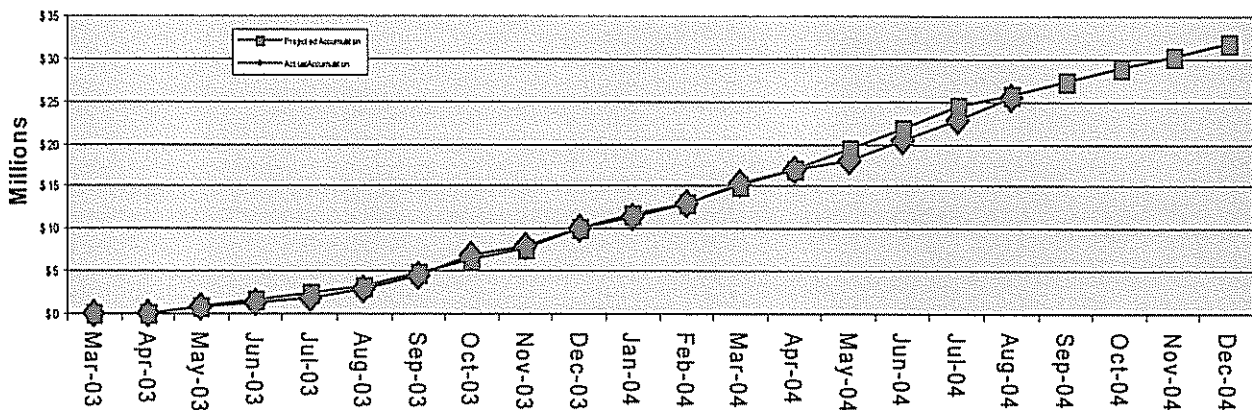


Project Summary

Construction Phase	Estimated Cost	Budget
Bid Package No. 1	\$8,250,000	\$8,250,000
Bid Package No. 2	\$7,020,000	\$7,020,000
Bid Package No. 3	\$3,800,000	\$3,800,000
Bid Package No. 4	\$2,270,000	\$2,300,000
Bid Package No. 5	\$3,860,000	\$4,000,000
Bid Package No. 6	\$1,450,000	\$1,450,000
Bid Package No. 7	\$3,040,000	\$3,000,000
Non-Construction Cost*	\$8,943,000	\$9,000,000
Total Budget**	\$38,633,000	\$38,820,000
Expenditure To Date	(\$26,700,000)	

*includes equipment purchases, engineering administration, and cooperative contribution from other agencies.
 **does not include \$5.5 million DWR grant.

Projected vs. Actual Costs





Inland Empire
UTILITIES AGENCY

Date: October 20, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (10/13/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: September Legislative Report from Agricultural Resources

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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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

September 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, September 2004

Highlights:

- Congress Out for Conventions, August Break
- CALFED Passes Senate, Pending in House
- CALFED Water Recycling Provision, Positive for IEUA Project
- Water Recycling Bills – Pending in Senate
- Desalination
- Perchlorate – Baca Bill Moves Through House, Authorizes \$50 million for Cleanup in Santa Ana River Watershed
- Perchlorate – DOD, State of California, New Detection Policy Pending
- Perchlorate – Feinstein Legislation Being Drafted
- Drought
- IEUA Working Partners

House and Senate Resume Work, Target Adjournment October 8, Lame Duck Session Certainty. Congress reconvened after Labor Day. Major bills are pending. Few funding bills are finalized. And, to state the obvious, a national election is pending. Only one of the 13 funding bills, DOD, is complete. All others are pending. The new fiscal year begins October 1

and does so guided by a Continuing Resolution (last year's funding carried forward). A short-term CR was passed that will expire on November 20. So, no matter what, a post-election, lame duck session, will occur.

CALFED Passes Senate, Pending in House. Senators Feinstein and Boxer moved the CALFED bill through the Senate unanimously. The House passed their version of the bill in July. In mid-September, following extensive negotiations, the Senate brought the Calvert (House) version to the Senate floor passed it. The bill is not without controversy. The House wanted "preauthorization" language included for storage projects. The Senate decided that multi-billion dollar projects should require further congressional review. The House bill language was stripped and, in lieu thereof, a different process. House Members, including Chairman Pombo, Chairman Calvert and members from the Central Valley are presently reviewing that language. A decision to accept, reject or amend the bill is anticipated by October 8 (prior to anticipated adjournment).

CALFED Bill – Water Recycling. The House bill included a water recycling provision, offered by Rep. Grace Napolitano that made a congressional finding that the 49 recycling projects in the Southern California and Bay Area feasibility studies were "determined to be feasible." Initially, it was believed that the Senate bill might delete both the "pre-authorization" and "recycling" provisions. Senators Domenici and Bingaman, the Energy Committee Chairman and Ranking Member, supported the provision. It was amended slightly, but kept largely intact. Senator Feinstein played a critical role in retaining the provision. Somewhat remarkably, even the Interior Department reviewed and signed off on the recycling amendment (notwithstanding their policy to eliminate the Title XVI program). The IEUA water recycling project (70,000 af of new water annually) is incorporated, by reference, in the provision.

Recycling Bills – Pending In Senate. Four SAWPA regional water recycling bills are now pending in the Senate, including H.R. 142 (Gary Miller), H.R. 1156 (Sanchez), H.R. 2991 (Dreier) and H.R. 3334 (Calvert). These Title XVI program water reclamation bills represent almost 300,000 acre-feet of new water annually for the SAWPA watershed, with almost half that to be developed in the IEUA service area. House members have contacted the Senate Energy Committee leadership and California's senators urging action on the bills. The water agencies have as well. IEUA has created an informal work group with MWD, Western and Orange County to move the four bills. Feinstein's priority remains on CALFED. As soon as CALFED moves, anticipate that water recycling will become the water priority.

Desalination. The Calvert Subcommittee held legislative hearings on H.R. 3834, a bill to direct the Secretary of Energy to make incentive payments to the owners or operators of qualified desalination facilities to partially offset the cost of electrical energy required to operate such facilities, and for other purposes. The IEUA General Manager testified on the Desal bill in early September.

Perchlorate – Baca Bill – Southern California Perchlorate Remediation – Moves

Through House. The Southern California Groundwater Remediation Act unanimously passed the House on September (remember, it was introduced in June, had hearings in July, congress was out in August and the bill passed in September). Representatives Calvert, Gary Miller and Grace Napolitano co-sponsored the bill. It establishes a fund in the Treasury to be administered by the Interior Department's Bureau of Reclamation for clean-up and remediation of perchlorate and other groundwater contaminants. Resources Committee Chairman Pombo introduced and successfully marked up and got the House to pass a nearly identical bill for the Santa Clara Valley. Both the Baca and Pombo bills are pending in the Senate. Congressman Baca is working with the State of California, both Senate offices and others to advance his bill.

DOD/State of California, New Perchlorate Policy Pending. DOD and the State of California have been working on a new policy to characterize and prioritize drinking water, in California, contaminated by perchlorate. IEUA has analyzed that new policy for Senator Feinstein's office. The review is mixed. On one hand, DOD is moving away from "denial" of the perchlorate problem – but clearly has a long way to go. This is significant. Within DOD there is a strong group opposed to doing anything, acknowledging anything or admitting anything. Another faction is urging DOD to "face reality." The "do-nothing" group is losing the internal fight right now, but this internal debate is far from over. The approved policy has one major flaw. That is, DOD and the State have agreed to look at perchlorate at "facilities" and "installations." That excludes the half-century of water to Southern California, especially the Inland Empire from the Colorado River, which carried significant amounts of perchlorate. Overall, some progress with DOD, but more is required. Senator Feinstein, according to her staff, will address this specific issue (Colorado River) with DOD and the State regarding the new policy.

Perchlorate and Senator Feinstein. Senator Feinstein is preparing major legislation on perchlorate. IEUA and MWD have been asked to assist. A series of meetings have occurred in the past month on the proposed legislation, and comprehensive legislation is emerging in concept. IEUA is working with Senator Feinstein's office in the preparation of this legislation, and the justification for it.

Drought. Drought continues to dominate the news throughout the West. All 17 of the Western States are experiencing some level of drought. More than half are experiencing "extreme" or "exceptional," the two most severe categories of drought. The Interior Department and Bureau of Reclamation are still unwilling to call for action. By contrast, USDA is far more active. Drought legislation is being discussed and considered, but mostly for farmer-relief, not for water development. Rep. Napolitano ordered her staff to begin preliminary work on a possible drought bill – one that would expand water production.

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

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



Inland Empire
UTILITIES AGENCY

Date: October 20, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (10/13/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: September Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:jbs
G:\board-rec\2004\04506 September Leg Report from Geyer

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BILL GEYER
JENNIFER WEST



CONSULTING AND ADVOCACY IN CALIFORNIA GOVERNMENT 1029 K ST., SUITE 33, SACRAMENTO, CA 95814, (916) 444-9346 FAX: (916) 444-7484, EMAIL: geyerw@pacbell.net

MEMORANDUM

TO: Richard Atwater
Martha Davis

FROM: Jennifer West

DATE: October 4, 2004

RE: Legislative Report

Attached are the bill lists for September that indicate final actions on all bills of interest to IEUA. This month the Governor acted upon 844 bills sent to his desk, of which he signed 571 and rejected another 273. With a few exceptions, the Governor's actions on these bills reflected his political and public policy persona as a pro-business, socially moderate, environmentally conscious Republican.

Property Tax Shift

Four separate budget trailer bills were signed in July and September that require cities, counties, special districts and redevelopment agencies to contribute \$1.3 billion in local property tax revenues to the state's General Fund in 04/05 and 05/06 -- for a total of \$2.6 billion. For both years, the allocation will be as follows: special districts \$350 million, counties \$350 million, cities \$350 million and redevelopment agencies \$250 million. As part of this deal, enterprise special districts were supposed to shift 40 percent of their property tax revenue, not to exceed 10 percent of their "total revenues", to the state for two years. The California Special District's Association, ACWA and CASA were the primary negotiators for enterprise special districts, which were at a considerable disadvantage in these talks because of their ability to raise revenues.

From information we have learned from the Controller's office, the state cannot collect the \$350 million from special districts unless enterprise special districts contribute much more than 40 percent. Although nothing is in writing or formalized yet, the Controller's staff has told us to be prepared for a shift that is closer to 75 to 80 percent of property tax revenues for the two-year period. We should have final numbers from the Controller in late October. In the mean time, SAWPA and IEUA are trying to learn more information from the parties that negotiated the deal and devise a political strategy for addressing the problem. Other agencies are beginning to learn the information and are also scrabbling to financially plan for the hit. Passage of the initiative next month will be critical because it places some protections on future local government property tax revenues.

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Inland Empire Utilities Agency

Positions/Position Recommendations

October 4, 2004

Bill # / Title	Summary	Position	Status
Desalination			
SB 318 (Alpert) UWMP: Desal	Requires an Urban Water Management Plan to describe the opportunities for development of desalinated water, including brackish water, as a potential long-term water supply.	Support (03)	Chaptered
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. The measure was not pursued in 2004.	Oppose (03)	Failed passage
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). IEUA was opposed because the measure set a bad precedent and, if expanded to areas with lower populations, could have been applicable to IEUA's co-composting facilities.	Oppose (3/04)	Failed Passage

SB 1272 (Ortiz) Special District Audits	<p>Comprehensive special district reform measure.</p> <ul style="list-style-type: none"> • Prohibits any member of the governing board of a special district from having any interest, financial or otherwise, or engage in any activity that is in conflict with the proper discharge of his or her duties. Any violation would be a new crime. • Requires legal and ethical orientation sessions for board members. • Establishes whistle-blower protections for board member or employees. • 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. <p>The bill failed to pass out of Senate Appropriations. After the bill failed, ACWA circulated an alternative proposal to numerous water districts in the state, but has decided not to pursue this alternative proposal in 2004.</p>	Oppose unless amended (5/04)	Failed Passage
Water Quality/Groundwater			
AB 2528 (Lowenthal) Action Level	<p>IEUA and MWD were very involved in the writing and placement of the bill. The measure deletes the term "action level." Replaces the term with "notification level" and "response level." Requires DHS to determine if a contaminate warrants just notification to the public by the local agencies, or further remediation actions. This is currently done administratively by DHS and the bill makes no changes to their determination process. Applies these terms to all sources of drinking water, including surface water. Action levels currently only apply to groundwater.</p>	Support (1/04)	Chaptered
AB 2733 (Strickland) Groundwater Reporting	<p>Allows local agencies within the counties subject to the Recordation Act of 1955 (Los Angeles, Ventura, San Bernardino and Riverside) to voluntarily takeover the responsibility currently administered by the SWRCB to collect filing notices from certain groundwater diverters. This will ensure that the data currently collected continues to be maintained, and made available to the public, while providing local agencies with a more cost effect way to access the information and monitor local groundwater extraction. SAWPA is interested in collecting the data for the region.</p>	Support (8/04)	Chaptered

Water Supply/Watersheds

<p>AB 2690 (Hancock) Watershed: prevailing wage</p>	<p>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. This will exempt watershed volunteer work from the prevailing wage provisions of Proposition 50.</p>	<p>Support (3/04)</p>	<p>Chaptered</p>
<p>SB 1155 (Machado) Cal-FED</p>	<p>Requires the Director of DWR in collaboration with the Secretary of Resources 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.</p> <p>These provisions removed most of the opposition to the bill, including IEUA’s opposition.</p>	<p>Oppose unless amended (3/04)</p> <p>Neutral as amended</p>	<p>Chaptered</p>

Water Conservation

<p>AB 2299 (Plescia) Dishwasher water Efficiency</p>	<p>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.</p>	<p>Support (3/04)</p>	<p>Failed Passage</p>
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<p>AB 2298 (Plescia) Landscape water metering</p>	<p>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.</p> <p>Unfortunately the bill contained a serious drafting error so that its provisions would not apply to charter cities including Los Angeles, San Diego, San Francisco and Sacramento. This error, considerable opposition from the building community, and the existence of the Kehoe statewide water meter bill helped bring down the bill in Senate Agriculture and Water Resources. The Chairman held the bill in committee.</p>	<p>Support (3/04)</p>	<p>Failed Passage</p>
<p>AB 2572 (Kehoe) Water Meters</p>	<p>With certain exceptions, requires all urban water suppliers, on or before 2025, to install or cause to be installed water meters on all municipal and industrial services, and to bill volumetrically based on those meters.</p>	<p>Support (3/04)</p>	<p>Enrolled</p>
<p>Proposition 50/Bonds</p>			
<p>SB 403 (Florez) Air Quality Bond</p>	<p>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.</p> <p>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.</p> <p>The bill passed out of Assembly Natural Resources Committee, but was re-referred back to the Assembly Rules Committee. The author has indicated he wants to pursue the bill next year.</p>	<p>Support (6/5/04)</p>	<p>Failed Passage</p>

SB 1132 (Brulte) Prop. 50, Chap. 8 Fire Impacts	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.	Support (4/04)	Failed Passage
SB 1107 (Budget trailer) Dairy Water	Creates a new Dairy Water Quality Improvement Program. Allocated \$5 million for the program to make grants for on and off site projects that will improve water quality associated with dairies. SWRCB will be in charge of the program. MPC sponsored the measure and will work with the SWRCB to help draft the funding guidelines.	Support	Chaptered

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Inland Empire Utilities Agency

WATCH

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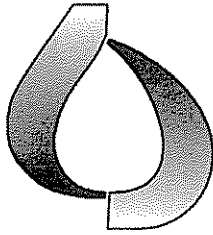
October 4, 2004

Bill # / Title	Summary	Watch Level	Status
Propositions 50 and 40			
SB 117 (Machado) Prop. 50 disadvantaged communities	Corrects a mistake in the Prop. 50 trailer bill language from last year. Deletes 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	Chaptered
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. (failed passage)
Water Rights			
AB 2121 (Budget trailer)	Authorizes the SWRCB to adopt principles and guidelines by 2007 for maintaining instream flows based on draft guidelines for instream flows developed jointly by DFG and the National Marine Fisheries Service. Northern California water and agricultural interests heavily opposed this bill, which emerged in the last week of the session. The bill passed with support from leadership in both houses. It is unclear what, if any position, the Administration has on the bill.	A	Chaptered
Water Quality/Penalties and Fees			
AB 2342 (Jackson) PHGs	Authorizes the Office of Environmental Health Hazard Assessment (OEHHA) in conducting the revision of the public health goals to give special consideration to contaminants that cause or contribute to adverse health risks in members of subgroups that constitute a meaningful portion of the population. It specifically requires OEHHA, in preparing and publishing the risk assessments, to assess	B	Chaptered

	exposure patterns and special susceptibility on infants and children.		
AB 2884 (Calderon) RWRCB liability exemption	Requires RWQCB to abate a polluting condition, only when funds are available, when a local authority cannot complete the abatement. Santa Clara Valley Water District is the sponsor.	A	Vetoed
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 pay their own expenses.	B	Chaptered
Special Districts/Property Tax Revenue			
AB 2115 ERAF	Changes the base year to fiscal year 01/02 for collection of the special districts' share of the \$350 million ad valorem property tax revenue.	A	Chaptered
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
Chino Basin/Santa Ana Region			
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	Chaptered
AB 2439 (Haynes) Elsinor Valley Municipal Water D.	Until 2008, exempts the Canyon Lake Reservoir within Elsinor Valley Municipal Water District from recreational use involving body contact.	C	Chaptered

Miscellaneous			
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	Chaptered
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	Vetoed
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	Chaptered
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	Pulled back from enrollment
Energy			
AB 2006 (Nuncz) Energy Market restructuring	Enacts the "Reliable Electric Service Act of 2004" and specifies cost recovery and obligation to serve provisions for investor owned utilities (IOU), long term procurement planning requirements, resource adequacy requirements, and PUC process reform requirements. The core and noncore issues were removed from the bill and with this change, SAWPA removed its opposition.	A	Chaptered

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Inland Empire
UTILITIES AGENCY

IEUA BOARD OF DIRECTORS APPROVES \$15 MILLION GRANT WITH DEPARTMENT OF WATER RESOURCES

Landmark Water Supply Program Gets Additional State of California Funding

Inland Empire, CA. – The award-winning Chino Basin Groundwater Recharge and Water Recycling Projects will be getting a \$15 million grant from the California Department of Water Resources (DWR), today, October 20, 2004. The IEUA Board of Directors unanimously approved the funding agreement with DWR today.

“The Chino Basin Groundwater Recharge and Water Recycling Projects are truly a major event in the history of the Chino Basin”, said IEUA Board Director Wyatt Troxel. “This landmark water supply program will enhance the region’s ability to recharge our groundwater basin with over 100,000 acre-feet of new water supplies annually. The recycled water projects will conserve drinking water by replacing it with recycled water for irrigation of parks, golf courses, and industrial uses. This is enough water to supply the needs of over 200,000 families,” Troxel said.

The purpose of the \$15 million DWR grant is to expand and improve existing facilities within the Chino Basin in order to enhance their ability to recharge water into the groundwater basin and to build “purple” recycled water pipelines to distribute recycled water throughout our service area. Funding for the water recycling is being provided through a state-local partnership. IEUA has received to date a \$5 million grant from the California Water Resources Control Board.

“Expanding the capacity of the Chino Basin to recharge water is a major component of the Chino Basin Optimum Basin Management Plan (OBMP) and is vital to the implementation of the historic 2000 Chino Basin Peace Agreement,” said Ken Manning, Chief Executive Officer for the Chino Basin Watermaster. “The Chino Basin Groundwater Recharge and Water Recycling Projects will have the capacity to recharge storm water, imported water from Northern California and high quality recycled water into the Chino Basin groundwater aquifer.”

“The project will provide significant water quality benefits in addition to improving the reliability of local water supplies helping us meet future drought needs for the growing population of the Chino Basin,” stated Terry Catlin IEUA Board Vice-President who also serves as a Chino Basin Watermaster board member representing the City of Upland. The City of Upland will get \$500,000 from this IEUA/DWR grant for expanding their water treatment project to purify their local wells from contaminants.

The Inland Empire Utilities Agency serves the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland and the Cucamonga Valley and Monte Vista Water Districts.

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**CHINO BASIN CONJUNCTIVE USE
EXPANSION PROGRAM
NOTICE TO CUSTOMERS OF THE INLAND
EMPIRE UTILITIES AGENCY OF THE
PUBLIC MEETING TO BE HELD**

Date: October 20, 2004
Location:
Inland Empire Utilities Agency
6075 Kimball Ave, Building A, Board Room
Chino CA 91710
Time: 9:00 a.m.
Subject: Chino Basin Conjunctive Use
Expansion Program - \$15 Million State of
California Grant

Inland Empire Utilities Agency in partnership with the Chino Basin Watermaster is expanding the Chino Basin conjunctive use program to enhance local supplies, drought proof the communities, and clean up contaminated groundwater.

The expansion program costs were approximately \$39 million with \$15 million funded by the California Department of Water Resources. Inland Empire Utilities Agency is the lead funding agency for the Chino Basin Conjunctive Use Expansion Program and will be administering all the State of California DWR grant funds (\$15 million) and the current funding agreement with the Metropolitan Water District of Southern California (\$22.5 million). Other agencies participating in the funding include the Chino Basin Watermaster (50 percent of the groundwater recharge local agency costs with IEUA), the City of Upland groundwater treatment facilities (\$924,000), and the Chino Desalination Authority (\$10 million local financing debt for treatment facilities).

Since the adoption by Watermaster in June 2000 of the "Peace Agreement" and the Chino Basin Watermaster's Optimum Basin Management Program, IEUA and Watermaster have held numerous public meetings and hearings on recycled water, groundwater cleaning projects, and related improvements. This meeting is open to the public. You may send any comments in writing to selrod@ieua.org.

The California Department of Water Resources \$15 million grant will be allocated as follows:

DWR Grant Amount	IEUA Recycled Water Phase 2 Recharge Improvements
\$ 9,000,000	CDA VOC removal
\$ 5,250,000	City of Upland groundwater treatment project
\$ 250,000	TOTAL
\$ 1,500,000	
\$ 115,000,000	

The grant conditions required of IEUA can be found on IEUA's web page: www.ieua.org. IEUA wholesale water and sewer rates will not increase as a result of the Chino Basin Conjunctive Use Program.

IEUA invites the public to send written comments to:

Sandra Elrod
Inland Empire Utilities Agency
6075 Kimball Ave.
Chino, CA 91710
or
selrod@ieua.org

attend the public hearing on October 20, 2004.

IEUA's web page has the report: Chino Basin Conjunctive Use Expansion Program, Facilities Report Addendum No. 1 (June 2004) or you may contact Sandra Elrod at (909) 993-4747 or via e-mail at selrod@ieua.org for a copy of the report.

Published: October 4, 2004 #142914

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Exhibit C

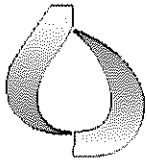
DWR Grant (15M) Funding Allocation by Phases Agreed by DWR/IEUA			
Phase Description	Estimated Project Cost Total	Funding Allocation	Agency Share
1 IEUA Recycled Water Conveyance Facilities	\$ 19,289,100.00	\$ 9,000,000.00	\$ 10,289,100.00
2 Recharge Basin Improvements	13,877,200.00	5,250,000.00	8,627,200.00
3 VOC Removal at CDA Well No. 3	500,000.00	250,000.00	250,000.00
4 Wellhead Treatment Projects	5,360,000.00	500,000.00	4,860,000.00
Total	\$ 39,026,300.00	\$ 15,000,000.00	\$ 24,026,300.00

DWR Grant (15M) Further Funding Allocation by Projects:			
Phase 1 Cost Breakdown by Projects	Project Total	Grant Cost	Agency Cost
Planning, Design, Engineering Services	\$ 1,584,000.00	\$ -	\$ 1,584,000.00
Planning, Design, Engineering Contingency	79,000.00	0.00	79,000.00
1A: RP-1 South Zone Pump Station Facility	3,913,000.00	2,341,042.00	1,571,958.00
1B: Edison Ave Pipeline	7,913,000.00	4,734,134.00	3,178,866.00
1C: Wineville Pipeline Extension	1,304,300.00	780,328.00	523,972.00
1D: Grove Ave Pipeline	1,913,000.00	1,144,496.00	768,504.00
Facilities Contingency	2,582,800.00	0.00	2,582,800.00
Phase 1 Subtotal	\$ 19,289,100.00	\$ 9,000,000.00	\$ 10,289,100.00
Phase 2 Cost Breakdown by Projects	Project Total	Grant Cost	Agency Cost
Planning, Design, Engineering Services 2A-2D	\$ 700,000.00	\$ -	\$ 700,000.00
Planning, Design, Engineering Contingency 2A - 2C	35,000.00	0.00	35,000.00
2A: Monitoring Wells, Lysimeters, Recycled Water Connections	3,478,300.00	1,530,544.00	1,947,756.00
2B: SCADA System Expansion	869,600.00	382,647.00	486,953.00
2C: New MWD Turnout/Pipeline to 8th Street Basin	1,521,700.00	669,588.00	852,112.00
2A - 2C Construction Contingency	1,141,300.00	502,203.00	639,097.00
Land 2A - 2C	10,000.00	4,400.00	5,600.00
Planning, Design, Engineering Services 2D	452,000.00	0.00	452,000.00
Planning, Design, Engineering Contingency 2D	22,600.00	0.00	22,600.00
2D: Upland Basin Facility Cost	4,910,200.00	2,160,618.00	2,749,582.00
2D: Upland Basin Contingency	736,500.00	0.00	736,500.00
Phase 2 Subtotal	\$ 13,877,200.00	\$ 5,250,000.00	\$ 8,627,200.00
Phase 3 Cost Breakdown by Projects	Project Total	Grant Cost	Agency Cost
VOC treatment facility	\$ 500,000.00	\$ 250,000.00	\$ 250,000.00
Phase 3 Subtotal	\$ 500,000.00	\$ 250,000.00	\$ 250,000.00
Phase 4 Cost Breakdown by Projects	Project Total	Grant Cost	Agency Cost
Planning, Design, Engineering Services	\$ 320,000.00	\$ -	\$ 320,000.00
Planning, Design, Engineering Contingency	16,000.00	0.00	16,000.00
4A: Upland Ion Exchange Facility	1,024,000.00	500,000.00	524,000.00
4B: Niagra	259,500.00	0.00	259,500.00
4C: Northwest B IX	12,000.00	0.00	12,000.00
4D: Southwest IX	12,000.00	0.00	12,000.00
4E: North Central IX	2,323,300.00	0.00	2,323,300.00
4F: Central IX	290,500.00	0.00	290,500.00
4G: Northwest A IX	581,000.00	0.00	581,000.00
Facility contingency	521,700.00	0.00	521,700.00
Phase 4 Subtotal	\$ 5,360,000.00	\$ 500,000.00	\$ 4,860,000.00
Total	\$ 39,026,300.00	\$ 15,000,000.00	\$ 24,026,300.00

Notes:

- 1) The original project No. 1C is deleted from phase 1, and the project numbers are re-assigned.
- 2) The original project No. 2D is deleted from phase 2, and the project numbers are re-assigned.
- 3) Total project cost reduced from \$42,939,000 to \$39,026,300 due to the deletion of the above two projects.
- 4) Total grant amount and general funding allocation by phases remained the same

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Date: October 20, 2004

To: The Honorable Board of Directors

Through: Public and Legislative Affairs Committee (10/13/04)

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

Cerrell and Associates

- Continued preparing LEED web site material, Landscape and Stormwater Brochure, IEUA Fact Sheet, CCWRF brochure, water recycling brochure
- Provided assistance with Regional Composting groundbreaking and Chino Basin Recharge dedication.
- Provided general media relation support.

Calendar of Upcoming Events

- October 26, 2004, Chinese Delegation to tour RP-5 Renewable Energy facility and Chino Basin 1 Desalter
- October 27, 2004, CEC sponsored renewable credit workshop
- October 28, 2004, CLOUT, IEUA and MWD program
- October 28, 2004, San Bernardino County Alliance for Education conference
- April 15, 16 & 17, 2005, MWD AG Inspection Trip

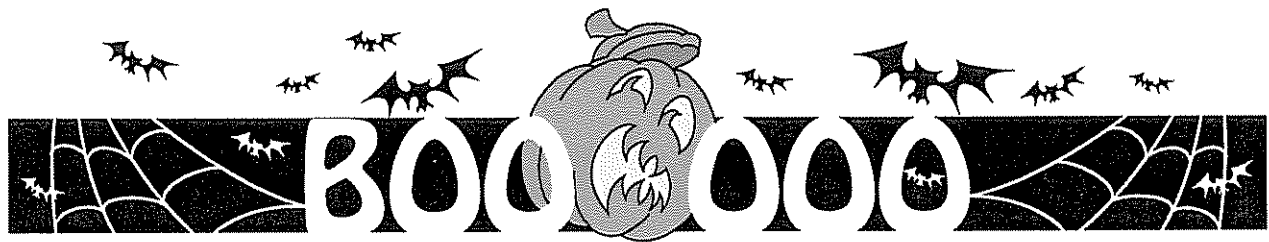
PRIOR BOARD ACTION

None

IMPACT ON BUDGET

None

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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles

9/20/04

Three water board seats up for grabs

By BEN SCHNAYERSON
STAFF WRITER

Water is the lifeblood of growth, and growth is one of the hottest topics for two local water boards that have elections in November.

The Inland Empire Utilities Agency board of directors, which handles water and sanitation, has two seats on the ballot, and the Beaumont-Cherry Valley Water District board has one seat up for grabs.

Water board races don't typically draw much attention, especially during a presidential election year. But there are important issues for the boards. Both are trying to bring water to areas facing intense growth.

"The demand for water over the next seven years will double" in the West Valley, said Wyatt Troxel, a director for the utilities agency and a candidate for re-election.

Troxel is also a consultant for wastewater projects, but not within the agency's coverage area, he said.

The agency provides imported and recycled water for Chino, Chino Hills, Fontana, Montclair, Ontario, Upland and Rancho Cucamonga. It often acts as a middleman between the Metropolitan Water District and local water districts. It also handles much of the area's sewage.

Troxel, who has represented Rancho Cucamonga for almost 12 years, said the agency has been coming up with various ways to deal with growth.

Officials want residents to use water-efficient showerheads, low flush toilets and

The agency also is working with the county's Flood Control District to catch storm runoff and put it back into the aquifers — also a reaction to growth.

With all the urbanization, what normally had gone into the ground in the past, now flows into flood control channels and then the ocean, said Terry Catlin, 48, another agency director and candidate for re-election.

Catlin has represented Upland and parts of Montclair for almost eight years. He recently started working as a plant manager for the Water Facilities Authority in Upland.

Beaumont faces serious growth, planning 12,000 homes to be built in the coming decades, all within the local water district.

"I want to make sure there is plenty of good quality water for everybody," said David Pensak, 46, a candidate for the Beaumont-Cherry Valley Water District Board.

"I think it is being addressed fairly well, but we have so much development on the books, I want to make sure it stays that way," said Pensak, a groundskeeper for the Beaumont Unified School District.

He also owns a small farm with about 200 fruit trees and a pumpkin patch.

Pensak's opponent, incumbent Albert Chatigny, did not return repeated phone calls.

The growth demands are exacerbated by the present drought.

Troxel said the Colorado River is very low, and that starts a domino effect in which districts scramble for water.

"Our presumption is that we will be looking at restrictions in the coming years," Troxel said.

Troxel's opponent, Oscar Gonzalez, said he can't really say the agency is having a problem dealing with growth or drought. Instead, he claims, Troxel has not been in touch with his community, and has missed too many meetings.

Of the 15 regular board meetings since January, Troxel has missed five, according to board minutes.

"It shows blatant under-representation," said Gonzalez, 40, an engineer for Santa Barbara-based Integrated Water Resources.

Troxel said he has been busy recently with a water project near Stockton, but makes sure he attends all important meetings and gives written comments when he can't attend.

"That is not neglect," Troxel said. "Really the issue is what is the effectiveness of the agency."

Catlin's opponent, George D. Voigt, could not be reached for comment.

The Securities and Exchange Commission filed a lawsuit against Voigt in 1997 for insider trading. The commission said Voigt got a tip from Ted Dutton, father of Assemblyman Bob Dutton, R-Rancho Cucamonga, in 1992, and Voigt subsequently purchased stock in Century MediCorp.

The company was bought a few days later and the stock rose, giving Voigt an estimated \$80,000, the commission said.

But Voigt and Dutton were both found not guilty by a jury in 1998, according to reports.

County-provided water on tap for Rialto

By **SCOTT VANHORNE**
STAFF WRITER

LOMA LINDA — The regional water board ordered San Bernardino County on Friday to provide water to Rialto if a pollution plume emanating from landfill expansion property reaches an important city-owned well.

The Santa Ana Regional Water Quality Control Board also agreed to discuss complaints from other water providers, who also say the county should give them water, at its next meeting Nov. 5.

The county plans to pump water and remove perchlorate contamination by April. It will provide the cleansed water to Rialto.

Perchlorate is an ingredient in rocket fuel, fireworks and flares. It impairs thyroid functioning at certain levels. Some fear the chemical compromises brain development in young children and fetuses. Others contend minute concentrations in water are not harmful.

If the compound reaches a city well just north of Base Line Road before April, the county will buy perchlorate-free water from other providers for the city.

The well threatened by the perchlorate plume accounts for about 15 percent of the city's water needs.

The county will likely have to provide water for decades as long as perchlorate remains. Interim Public Works Director Pat Mead said drilling the wells and installing the treatment system will cost about \$4 million.

Fontana Water Co. and West Valley Water Co., which also pump from the Rialto-Colton basin, want the board to order the county to give them water as well.

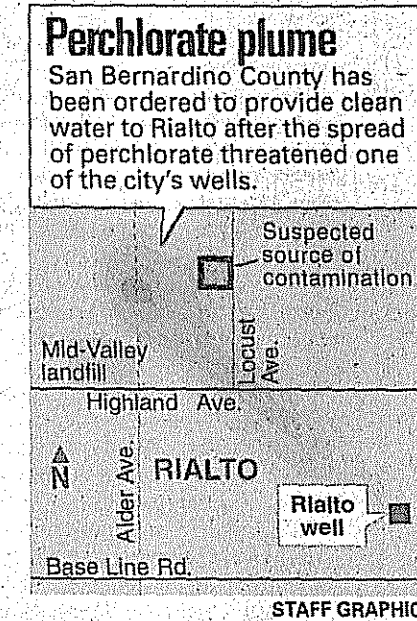
"They are more than just a polluter, they are a public agency," said Steven Elie, an attorney for the two water companies.

The county has taken responsibility for a pollution plume inching south from under the property it bought in 1995 to expand the landfill, but its consultants contend widespread perchlorate pollution in the basin comes from other sources, including a 160-acre site north of the landfill where rockets were made.

Elie said the county's two-plume theory is based on inexact science.

"It's not like reading the roads on a map," he said. "It's complex, hydrogeology."

A water board in central California ordered a perchlorate polluter to provide water to all of the affected water com-



gest a particular party has either wholly or in part caused the problem," said Kurt Berchtold, the water board's assistant executive officer.

In Rialto, there are about 22 pollution suspects including the county, the Department of Defense and Goodrich Corp. Perchlorate has contaminated about 20 wells in the basin so far, including several that are miles away from the suspected source.

The county never used perchlorate at the landfill expansion site, but it bought the problem along with the land, which was used for rocket and chemical storage for decades.

The county provoked the spread of the contamination by digging up bunkers used to store rockets and fireworks, and by allowing a concrete company to dig settling ponds on the property.

Those ponds have since been closed and covered.

The county is accepting public comments about its plan to protect the Rialto well.

For more information about the comment period, call the county's Solid Waste Management Division at (909) 386-8701 or call the regional water quality control board at (951) 782-4130.

panies, and the local water quality board should do the same, the attorney said.

But water board staffers said it's not that simple.

"We can only require (replacement water) when there is evidence to sug-

County plans action to protect water supply

Wells expected to intercept and treat contaminated water

By **SCOTT VANHORNE**
STAFF WRITER

RIALTO — The county is moving forward with a plan to stop a pollution plume before it reaches one of the city's wells, even though the public comment period on several alternatives is weeks from ending.

"If we don't start today, this option will not be online in a timely fashion," interim Public Works Director Pat Mead said during a presentation to the San Bernardino County Board of Supervisors this week.

The Santa Ana Regional Water Quality Control Board has ordered the county to provide Rialto with replacement water by April 1 or sooner if a perchlorate pollution plume moving south from county property hits a city well just north of Base Line Road before then.

The county plans to dig six wells in the plume's path, pump and treat the water, and then return it to the city's water supply system.

Supervisors agreed Tuesday to pay consultant GeoLogic Associates \$447,268 to design the well treatment system, but the public comment period on the plan, which the county initiated on its own, does not end until Oct. 18.

The county is proposing several methods to comply with the water board's order, including pumping and cleaning the water and then putting it back into the ground, a

solution some see as impractical, or feeding microorganisms in the ground that will break down perchlorate naturally.

Officials have received little public input on the proposals, and they don't expect to hear much from water users since they will get clean water either way.

Fontana Water Co. and West Valley Water District, which pump water from the same basin as Rialto, will likely chime in during the comment period. They want the board to require the county to give them replacement water and are less interested in how the cleanup takes place.

However, Steven Elie, an attorney for the two water sellers,

said the companies will monitor the county's pumping operation to make sure it does not extract more water than Rialto is allotted.

The county's preferred treatment method will likely cost millions and will continue to drain coffers for years or even decades as perchlorate in the soil seeps into the groundwater.

But it's also the most scientifically tested method for stopping a pollution plume, said Robert Morrison, vice president of DPRA, an environmental consultant firm. "Some of these other techniques are kind of academic and unproven," he said.

Perchlorate is an additive in rocket fuel and fireworks. It affects

thyroid function at certain levels. Some suspect minute amounts affect fetal and newborn's brain development; others dispute that assertion.

Public comment on the county's plan will be taken in the Rialto City Council Chambers at 7 p.m. Oct. 7 and again at 6 p.m. Oct. 13. Officials will also explain the options during the meetings.

Interested parties can also mail comments to the Santa Ana Regional Water Quality Control Board, 3737 Main St., Suite 500, Riverside, CA 92501-3348. Address letters to the attention of Kurt Berchtold.

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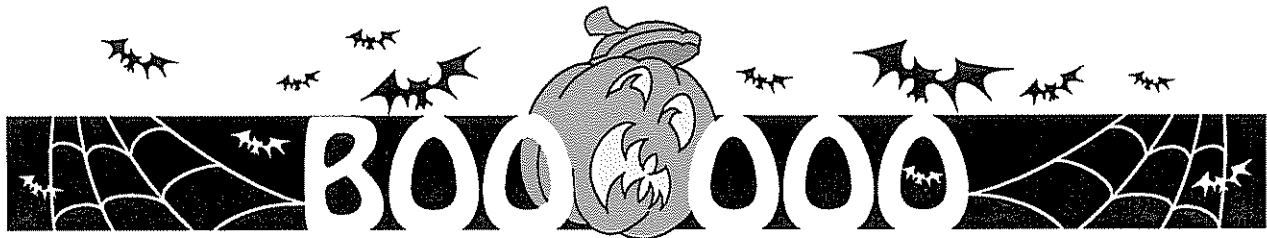
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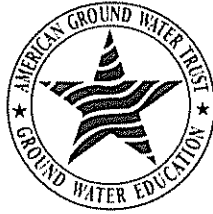


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IV. INFORMATION

2. American Groundwater Trust Conference -
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