

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, July 8, 2004

9:00 a.m. – Joint Appropriative & Non-Ag Pool Meeting

AT THE CHINO BASIN WATERMASTER OFFICES

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

(909) 484-3888

Tuesday, July 20, 2004

9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

6075 Kimball Ave. Bldg. A Board Room

Chino Hills, CA 91710

(909) 993-1600



CHINO BASIN WATERMASTER

July 8, 2004

9:00 a.m. - Joint Appropriative & Non-Agricultural
Pool Committee Meeting

July 20, 2004

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

AGENDA PACKAGE



CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL
POOL MEETING

9:00 a.m. – July 8, 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 Joint Appropriative and Non-Agricultural meeting held June 10, 2004
(Page 1)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2004 (Page 11)
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through May 31, 2004 (Page 15)
3. Treasurer's Report of Financial Affairs for the Period May 1 through May 31, 2004
(Page 17)
4. Profit & Loss Budget vs. Actual July 2003 through May 2004 (Page 19)

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from West Valley Water District to Fontana Water Company in the amount of 500 acre-feet; Date of Application: May 27, 2004 (Page 21)

II. BUSINESS ITEMS

A. CONSIDER DRAFT DRY YEAR YIELD OPERATING PLAN

Consider the Draft Dry Year Yield Operating Plan for Fiscal Year 2004/2005 (Page 35)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meetings
2. Santa Ana River Application Process
3. Santa Ana Sucker Update
4. June 24th Hearing

B. STAFF REPORT

1. Update on Repairs to the Piezometer

2. Update on OC-59 Water Deliveries
3. IUEA Partnership Funding Request *(Page 39)*

IV. INFORMATION

1. San Diego County Water Authority Letter of Interest Regarding Water in Storage *(Page 47)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VIII. FUTURE MEETINGS

July 8, 2004	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
July 12, 2004	9:00 a.m.	CBFIP/GRCC Meeting
July 14, 2004	12:00 p.m.	Attorney/Manager Meeting @ BB&K
July 20, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 21, 2004	9:00 a.m.	MZ1 Technical Committee Meeting
July 22, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – July 20, 2004

At The Offices Of

Inland Empire Utilities Agency

6075 Kimball Avenue, Building A, Board Room
Chino, CA 91710

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 Agricultural Pool meeting held June 17, 2004 *(Page 5)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2004 *(Page 11)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through May 31, 2004 *(Page 15)*
3. Treasurer's Report of Financial Affairs for the Period May 1 through May 31, 2004 *(Page 17)*
4. Profit & Loss Budget vs. Actual July 2003 through May 2004 *(Page 19)*

C. WATER TRANSACTION

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

II. BUSINESS ITEMS

A. CONSIDER DRAFT DRY YEAR YIELD OPERATING PLAN

Consider the Draft Dry Year Yield Operating Plan for Fiscal Year 2004/2005 *(Page 35)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meetings
2. Santa Ana River Application Process
3. Santa Ana Sucker Update
4. June 24th Hearing

B. STAFF REPORT

1. Update on Repairs to the Piezometer
2. Update on OC-59 Water Deliveries
3. IEUA Partnership Funding Request *(Page 39)*

4. Update on the Draft Chino I and Chino II Desalter Projects Groundwater Monitoring and Mitigation Plan

IV. INFORMATION

1. San Diego County Water Authority Letter of Interest Regarding Water in Storage *(Page 39)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VIII. FUTURE MEETINGS

July 8, 2004	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
July 12, 2004	9:00 a.m.	CBFIP/GRCC Meeting
July 14, 2004	12:00 p.m.	Attorney/Manager Meeting @ BB&K
July 20, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 21, 2004	9:00 a.m.	MZ1 Technical Committee Meeting
July 22, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative & Non-Agricultural Pool – June 10, 2004



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL
POOL MEETING
June 10, 2004

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on June 10, 2004 at 3:00 p.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Dave Crosley, Vice-Chair	City of Chino
Mohamed El-Amamy	City of Ontario
Raul Garibay	City of Pomona
Mark Kinsey	Monte Vista Water District
Bill Stafford	Marygold Mutual Water Company
Gerald Black	Fontana Union Water Company
Rita Kurth	Cucamonga Valley Water District
Rich Atwater	Inland Empire Utilities Agency

NON-AGRICULTURAL POOL MEMBERS PRESENT

Justin M. Scott-Coe	Vulcan Materials Company
---------------------	--------------------------

Watermaster Staff Present

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

Watermaster Legal Counsel Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Josephine Johnson	Monte Vista Water District
-------------------	----------------------------

Chair Crosley called the meeting to order at 3:05 p.m.

AGENDA - ADDITIONS/REORDER

No additions or reorder to the calendar was noted.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural meeting held May 13, 2004

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from Cucamonga Valley Water District to Fontana Water Company in the Amount of 2,500 acre-feet; Date of Application: April 8, 2004
2. Consider Approval for Transaction of Notice of Sale or Transfer from The Nicholson Trust to Fontana Water Company in the Amount of 6,475 acre-feet; Date of Application: April 7, 2004
3. Consider Approval for Transaction of Notice of Sale or Transfer from The City of Chino to The City of Ontario in the Amount of 5,600 acre-feet; Date of Application: April 20, 2004
4. Consider Approval for Transaction of Notice of Sale or Transfer from Cucamonga Valley Water District to Fontana Water Company in the amount of 2,500 acre-feet; Date of Application: May 14, 2004
5. Consider Approval for Transaction of Notice of Sale or Transfer from Jurupa Community Services District to The City of Ontario in the Amount of 3,000 acre-feet; Date of Application: April 20, 2004
6. Consider Approval for Transaction of Notice of Sale or Transfer from Santa Ana River Water Company to Jurupa Community Services District; Date of Application: May 12, 2004

D. COST OF LIVING ADJUSTMENT (COLA)

Consider Approval for 2.5% COLA included in the FY 2004-05 Budget, beginning July 1, 2004

Motion by Garibay, second by El-Amamy, and by unanimous vote

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

II. BUSINESS ITEMS**A. CONSIDER COOPERATIVE MONITORING AGREEMENT BETWEEN IEUA AND WATERMASTER FOR BASIN MONITORING ACTIVITIES**

Ms. Rojo referred to page 109 of the packet noting there were no changes other than to Table 1 on page 121; those changes were for the operating and maintenance costs on an annual basis. The question of what changes were made to Table 1 was presented. Ms. Rojo informed the Committee that some of the costs for analyzing ground water had adjustments made to them which in turn brought the bottom line of costs down. A question regarding the allocation of Title 22 was presented. Ms. Rojo and Mr. Atwater gave a detailed response indicating that the OBMP requires monitoring within the basin and that there are costs benefits in the coordination of our joint efforts. A brief discussion ensued with regard to testing and costs. It was noted on page 110 of the staff report that there was an inconsistency in the amount reported to be required for the capital construction. The discrepancy was noted; the amount should read 1.5 million, noting this adjustment will be made to the staff report.

Motion by El-Amamy, second by Kinsey, and by unanimous vote

Moved to approve the Cooperative Monitoring Agreement between IEUA and Watermaster for Basin Monitoring Activities, as presented

B. CONSIDER DRAFT RECHARGE OPERATING PLAN

Ms. Rojo presented the updated Recharge Operating Plan noting the figures were changed from estimated to actual water received per month through the month of May. Ms. Rojo stated this was an accounting update only. The question was presented if this item required action. Ms. Rojo informed the Committee a discussion took place last month in regard to the estimated replenishment obligation during the current fiscal year. Ms. Rojo commented that in the past 100% was taken out of the cyclic account to make up the difference, although, a proposal of only taking half out of cyclic now and the other half from wet water this winter was presented in a discussion last month. Mr. Kinsey offered comment, that as we get closer to December, we could analyze our wet water replenishment progress. In December, any short-fall to this replenishment obligation could be purchased from Watermaster's cyclic account before next years rate increase for purchase. A discussion ensued with regard to the Judgment, wet water

recharge, and replenishment requirements. Mr. Atwater added comment that Watermaster is required to submit an annual operating plan to MWD. Mr. Atwater stated that MWD realizes it would be submitted in draft form and subject to change; however, noting it had to be done shortly.

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

Moved to direct Watermaster staff and IEUA staff to develop an operating plan for the upcoming fiscal year and bring that back to the July meeting

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meetings

Counsel Fife stated Monte Vista Water District had agreed to the request for a continuance of their June 24th hearing for their case regarding Watermaster. Counsel Fife noted this decision was based on the progress being made during the continued Attorney/Manager meetings.

2. Santa Ana River Application Process

Counsel Fife reported that last week OCWD put out a draft Environmental Impact Report (EIR) for their application for the 500,000 acre-feet out of the Santa Ana River. There is a public hearing on July 7th with regard to that issue; noting the deadline for comments will be one week after the meeting. Watermaster will comment on the draft EIR and will make an appearance at that meeting.

B. STAFF REPORT

1. Update on the Draft Chino I and Chino II Desalter Projects Ground Water Monitoring and Mitigation Plan

Ms. Rojo introduced Mr. Tom O'Neil from Jurupa Community Services District/Chino Basin Desalter Authority who will be giving a presentation on the Chino Desalter Comprehensive Ground Water Monitoring and Mitigation Plan (CGWMMP). Mr. O'Neil reviewed the presentation overview stating the presentation will cover the following items; 1) Background and Purpose of the CGWMMP, 2) Describe Monitoring Network in the CGWMMP, which include Watermaster wells and CDA wells, 3) Discuss the Monitoring Frequency, 4) Emergency Response and Mitigation, 5) Technical Review Team, and 6) Other Issues. Mr. O'Neil covered all six topics in detail and asked if there were any questions. The question of response times and what is considered to be an emergency for water was presented. Mr. O'Neil assured the Committee that the CDA will take immediate action to get water to the needed source. A discussion regarding how water gets to the needed source, investigation times, and reimbursement for costs took place.

2. MWD Refund for Water Sales from 2002/2003 of \$188,113.38

Ms. Rojo explained this item was for information purposes only and that the parties who actually had purchased water either from cyclic purchases or replenishment water purchases would receive a portion of this refund. Ms. Rojo noted on page 187 of the packet was a breakdown on who would receive a refund. It was noted there was some rounding differences from page 187 to page 188 for reference.

3. \$132,000 Reimbursement from MWD – Per The Dry Year Yield Funding Agreement

Ms. Rojo noted this item was for information purposes only and wanted to inform the Committee that Watermaster will be sending out a bill to Metropolitan Water District (MWD) soon. Ms. Rojo affirmed that according to the terms of the DYY funding agreement Watermaster is allowed to bill MWD \$132,000 a year as reimbursement of administrative expenses related to the management of the Dry Year Yield program fee per the contract, nothing due to inflation this figure will increase every year.

4. Update Regarding the Recharge Improvement Project

Mr. Treweek gave the Chino Basin Facilities Improvement Project March 2003 – March 2004 presentation. The discussion topics covered for the presentation was 1) Budget and Schedule, 2) Immediate Concerns, 3) On-Going Projects, and 4) Future Projects. Mr. Treweek reviewed construction budget statuses for Bid Package 1 through 7 for a total budget of \$32,000,000. An analysis of construction schedules was examined including excavation, connection, force main, pump station, monitoring, imported supply, and flexibility. Mr. Treweek discussed the immediate concern with regard to imported water recharge. A few questions were presented to Mr. Treweek with regard to recharge and a brief discussion ensued.

5. Meeting Time

Ms. Rojo offered the Committee members an earlier time to hold the meeting. It was decided that the meetings will be held at 9:00 a.m. starting July 8, 2004.

IV. INFORMATION

1. Black & Veatch Technical Memorandum – Agricultural Land Conversion Study

Counsel Fife stated that Mr. Rossi asked Black & Veatch to perform this study as we went into the attorney manager process where there had been discussions regarding the desalters. There was expressed desire to acquire technical information concerning the rate of Agricultural leaving the southern end of the basin Counsel stated. A discussion regarding this study ensued and Ms. Rojo commented this handout was included in the agenda package for informational purposes only at this time.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

June 9, 2004	9:00 a.m.	Attorney/Manager Meeting @ BB&K
June 10, 2004	3:00 p.m.	Appropriative & Non-Agricultural Pool Meeting
June 17, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 16, 2004	1:00 p.m.	MZ1 Technical Committee Meeting
June 24, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 4:13 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool – June 17, 2004



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
June 17, 2004

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino Hills, CA, on June 17, 2004 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, Chair	Milk Producers Council
Glen Durrington	Crops
Jeff Pierson	Crops
Robert Feenstra	Dairy
John Huitsing	Dairy
Gene Koopman	Dairy
Robert Nobles, Jr.	State of California, California Institute for Men
Rick Rees	State of California, California Institute for Men
Barbara Swanson	State of California, California Institute for Women
Wayne Davison	State of California, California Institute for Women

Watermaster Board Member Present

Paul Hofer	Crops
------------	-------

Watermaster Staff Present

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

Watermaster Consultants Present

Joe LeClaire	Wildermuth Environmental, Inc.
--------------	--------------------------------

Others Present

Steve Lee	Space Center Mira Loma
Rich Atwater	Inland Empire Utilities Agency

Chair deBoom called the Agricultural Pool meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural meeting held May 20, 2004

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from Cucamonga Valley Water District to Fontana Water Company in the Amount of 2,500 acre-feet; Date of Application: April 8, 2004
2. Consider Approval for Transaction of Notice of Sale or Transfer from The Nicholson Trust to Fontana Water Company in the Amount of 6,475 acre-feet; Date of Application: April 7, 2004
3. Consider Approval for Transaction of Notice of Sale or Transfer from The City of Chino to The City of Ontario in the Amount of 5,600 acre-feet; Date of Application: April 20, 2004
4. Consider Approval for Transaction of Notice of Sale or Transfer from Cucamonga Valley Water District to Fontana Water Company in the amount of 2,500 acre-feet; Date of Application: May 14, 2004
5. Consider Approval for Transaction of Notice of Sale or Transfer from Jurupa Community Services District to The City of Ontario in the Amount of 3,000 acre-feet; Date of Application: April 20, 2004
6. Consider Approval for Transaction of Notice of Sale or Transfer from Santa Ana River Water Company to Jurupa Community Services District; Date of Application: May 12, 2004

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

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

D. COST OF LIVING ADJUSTMENT (COLA)

A brief discussion ensued regarding the 2.5% COLA which was included in the FY 2004-05 budget. It was asked that next year a study of this increase be done prior to presenting figures to the Committee.

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

Moved to approve Consent Calendar Item D, as presented

II. BUSINESS ITEMS**A. CONSIDER COOPERATIVE MONITORING AGREEMENT BETWEEN IEUA AND WATERMASTER FOR BASIN MONITORING ACTIVITIES**

Ms. Rojo stated this recommendation was being brought to the Committee by unanimous approval by the Appropriative and Non-Agricultural Pools.

Motion by Koopman, second by Pierson, and by unanimous vote

Moved to approve the Cooperative Monitoring Agreement between IEUA and Watermaster for Basin Monitoring Activities, as presented

B. DRAFT RECHARGE OPERATING PLAN

Ms. Rojo acknowledged this was an informational item only and noted there was a minor change made at the Appropriative Pool which did not affect the Agricultural Pool and made no further comment.

C. REQUEST FOR ADDITIONAL DATA CONCERNING VOC PLUME FROM CHINO AIRPORT

Ms. Maurizio presented the request made by Tetra Tech for additional release of private well data for the area north and east of the Chino Airport. Ms. Maurizio suggested a letter be sent out certified mail; as previous requests had been, and be also signed by Nathan deBoom as a co-signatory. Ms. Maurizio reiterated this would be sanitized data with no well locations noted and will contain random well numbers to keep well information private. Several questions and concerns were presented and a lengthy discussion ensued. It was decided that Tetra Tech would not be given Watermaster assistance or permission to obtain private well data and noted Tetra Tech needed to contact the Regional Board for any information regarding well data collected by Watermaster.

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

Moved to not approve giving permission to Tetra Tech to petition private well owners for a release of well data and to inform them they can obtain this information through the Regional Board

D. DISCUSS ISSUES CONCERNING AGRICULTURAL POOL CREDIT AND TRANSFERS

Mr. Koopman directed the question if Cal Trans was a member of the Agricultural Pool to staff. Ms. Rojo stated she would need to look into that, although, while looking at the current list did not see Cal Trans listed. Mr. Koopman commented that according to his recollection the City of Ontario the last two years has asked for Agricultural credits, as far as the water that Cal Trans uses on various projects. Mr. Koopman acknowledged for some reason, unknown to him, they have not been granted those credits. Noting, if they are a member of the Ag Pool and can get the transfer accepted; the water company who is serving them will get a credit from the Ag Pool and this is not presently taking place. Mr. Koopman commented this is a win-win deal, and as an Ag Pool we need to set up a system that deals with these transfers noting these transfers are no different that the ones we are seeing on our consent calendar. Mr. Koopman noted these transfers need to come to the Ag Pool for approval for the reason that "the farmer" would get that reclaimed water at zero cost. Mr. Koopman expressed the need for details regarding the City of Ontario and Cal Trans. Mr. Koopman would like to propose some kind of a transfer fee on water transfers and would then place those monies into a special projects fund within the Ag Pool, to be used at their discretion. Counsel Lee was asked to present this idea at the next Attorney/Manager meeting for consideration for this transfer fee which can be used for manure removal, clean up, or some other worthy environmental cause. Mr. Feenstra interjected with a comment regarding the recent South Coast Air Quality Management District setting forth a new regulation on dairy farms for corral cleaning to be increased from twice a year to every 60 days in dry or wet weather. The South Coast Air Quality Management District estimates it will cost the dairy industry another \$3.5 million to meet these new obligations. Mr. Feenstra noted that between the South Coast Air Quality Management District and the Regional Board within a year all the live stock waste will have to be moved out, which will be a tremendous cost to the industry. Mr. Feenstra noted his support for the presented transfer fee and discussed working with IEUA also. Mr. Feenstra would like staff to sit down and work out the details to establish a transfer fee that would benefit the Ag Pool in a special fund. Counsel Lee agreed the proposed transfer fee makes sense, especially if these funds would be used to benefit the environment. The question of whether or not it was too late to present this at the Attorney/Manager meetings was presented. Counsel Lee felt the issues were concluded at these meetings, however, offered to present this item at the next meeting for feedback. Chair deBoom added he felt it was a win-win for all parties and if we increase the recycled water use in the basin we can potentially see a lot of money transferred to this Ag Pool and we need to definitely explore this possibility of getting money from this fee. A discussion ensued with regard to recycled water, farming, and drinking water. It was decided Chair deBoom and Frank Brommenschenkel would join Counsel Lee to give a brief presentation at the next Attorney/Manager meeting.

Chair deBoom decided no motion was need on this item.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meetings

Ms. Rojo noted that Counsel Fife was out of town and according to the recent Advisory and Non-Agricultural Pool meetings this item was progressing well and in the final stages.

2. Santa Ana River Application Process

Ms. Rojo stated that Counsel Fife commented at the recent Advisory and Non-Agricultural Pool meetings this item was moving forward.

B. STAFF REPORT**1. Update on the Draft Chino I and Chino II Desalter Projects Groundwater Monitoring and Mitigation Plan**

Ms. Rojo informed the Committee members that Tom O'Neil was unable to attend this meeting today and was planning on giving a full presentation at the July Ag Pool meeting. It was asked when the cut off date is to submit comments on the Mitigation Plan. Ms. Rojo asked that all comments and questions be submitted to her at the Watermaster office. Ms. Rojo will compile all commentary and forward them to Mr. O'Neil so he may incorporate answers into his presentation in July.

2. MWD Refund for Water Sales from 2002/2003 of \$188,113.38

Ms. Rojo explained this item was for information purposes only and that the parties who actually had purchased water either from cyclic purchases or replenishment water purchases would receive a portion of this refund. Ms. Rojo noted on page 187 of the packet was a breakdown on who would receive a refund. It was noted there was some rounding differences from page 187 to page 188 for reference.

3. \$132,000 Reimbursement from MWD – Per The Dry Year Yield Funding Agreement

Ms. Rojo noted this item was for information purposes only and wanted to inform the Committee that Watermaster will be sending out a bill to Metropolitan Water District (MWD) soon. Ms. Rojo affirmed that according to the terms of the DYY funding agreement Watermaster is allowed to bill MWD \$132,000 a year as a management fee per the contract, noting due to inflation this figure will increase every year.

4. Update Regarding the Recharge Improvement Project

Mr. Treweek gave the Chino Basin Facilities Improvement Project March 2003 – March 2004 presentation. The discussion topics covered for the presentation was 1) Budget and Schedule, 2) Immediate Concerns, 3) On-Going Projects, and 4) Future Projects. Mr. Treweek reviewed construction budget statuses for Bid Package 1 through 7 for a total budget of \$32,000,000. An analysis of construction schedules was examined including excavation, connection, force main, pump station, monitoring, imported supply, and flexibility. Mr. Treweek discussed the immediate concern with regard to imported water recharge. A few questions were presented to Mr. Treweek with regard to recharge and a brief discussion ensued. The question of how deep is the clay lens in the College Heights Basin which is causing the water to divert to the Upland Basin was presented. Mr. Treweek noted the lenses were pretty extensive; URS Consultants have been hired to install monitoring wells to determine how far down they actually go, noting they clarified it is very deep. A brief discussion ensued regarding the Grove Basin.

IV. INFORMATION**1. Black & Veatch Technical Memorandum – Agricultural Land Conversion Study**

Ms. Rojo noted this was included in the package as an information item only.

Ms. Rojo added an information item; stating Mr. Atwater put an article on the back table which was copied from the Los Angeles Times in this morning's paper titled, "AQMD Moves to Corral Cow Pollution" for the Committee members review.

V. POOL MEMBER COMMENTS

It was asked if the gentleman who obtained the patent had been calling Watermaster was presented to staff. Ms. Rojo stated that he had called and was directed to call Michael Fife noting he did not ask any further questions to the Watermaster staff. Counsel Fife will update the Committee on this issue at the July meeting.

VI. OTHER BUSINESS

The question regarding Castaic asking to purchase water and the policy as far as any water leaving the basin needing to be replenished under the Judgment was presented to staff. Ms. Rojo offered to meet with Committee members to discuss this matter further.

A brief discussion ensued regarding Perchlorate regarding the UCI report which was released on June 15, 2004, and is also available on their web site in the water resource section.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

No confidential session was held for this meeting.

VIII. FUTURE MEETINGS

June 9, 2004	9:00 a.m.	Attorney/Manager Meeting @ BB&K
June 10, 2004	3:00 p.m.	Appropriative & Non-Agricultural Pool Meeting
June 17, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 16, 2004	1:00 p.m.	MZ1 Technical Committee Meeting
June 24, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting

The Agricultural Meeting Adjourned at 10:20 a.m.

Secretary: _____

Minutes Approved: _____

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





CHINO BASIN WATERMASTER

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

STAFF REPORT

DATE: July 8, 2004
July 20, 2004
July 22, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – June 2004

SUMMARY

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

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

Fiscal Impact – All funds disbursed were included in the FY 2003-04 Watermaster Budget.

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of June 2004 were \$758,128.87. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$133,432.92, Wildermuth Environmental Inc. in the amount of \$131,417.52, and Fontana Water Company in the amount of \$74,375.58.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
June 2004

Type	Date	Num	Name	Amount
Jun 04				
Bill Pmt -Check	6/1/2004	8691	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,613.65
Bill Pmt -Check	6/1/2004	8692	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,975.12
Bill Pmt -Check	6/1/2004	8693	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,678.17
Bill Pmt -Check	6/1/2004	8694	BOWCOCK, ROBERT	-375.00
Bill Pmt -Check	6/1/2004	8695	CATLIN, TERRY	-375.00
Bill Pmt -Check	6/1/2004	8696	CITISTREET	-6,550.00
Bill Pmt -Check	6/1/2004	8697	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	6/1/2004	8698	KUHN, BOB	-500.00
Bill Pmt -Check	6/1/2004	8699	MATSON, JANET	-1,960.00
Bill Pmt -Check	6/1/2004	8700	MWH LABORATORIES	-1,570.00
Bill Pmt -Check	6/1/2004	8701	NEUFELD, ROBERT	-625.00
Bill Pmt -Check	6/1/2004	8702	PURCHASE POWER	-2,043.04
Bill Pmt -Check	6/1/2004	8703	SAN BERNARDINO COUNTY FLOOD CONTROL DI...	-5,226.54
Bill Pmt -Check	6/1/2004	8704	STANDARD INSURANCE CO.	-509.26
Bill Pmt -Check	6/1/2004	8705	STATE COMPENSATION INSURANCE FUND	-1,124.82
Bill Pmt -Check	6/1/2004	8706	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	6/1/2004	8707	VELASQUEZ JANITORIAL	-900.00
Bill Pmt -Check	6/1/2004	8708	VERIZON	-38.71
Bill Pmt -Check	6/1/2004	8709	WHEELER METER MAINTENANCE	-150.00
Bill Pmt -Check	6/1/2004	8710	WILDERMUTH ENVIRONMENTAL INC	-200.00
Bill Pmt -Check	6/1/2004	8711	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	6/1/2004	8712	MEDIA JIM	-300.00
Bill Pmt -Check	6/1/2004	8713	PAYCHEX	-155.75
Bill Pmt -Check	6/1/2004	8714	RETAIL SERVICES	-338.96
Bill Pmt -Check	6/1/2004	8715	VERIZON	-406.38
Bill Pmt -Check	6/3/2004	8716	APPLIED COMPUTER TECHNOLOGIES	-1,871.40
Bill Pmt -Check	6/3/2004	8717	PARK PLACE COMPUTER SOLUTIONS, INC.	-2,640.00
General Journal	6/5/2004	04/06/3	PAYROLL	-9,793.44
General Journal	6/5/2004	04/06/4	PAYROLL	-5,724.39
General Journal	6/5/2004	04/06/4	PAYROLL	-17,116.84
Bill Pmt -Check	6/7/2004	8718	ROSSI, JOHN V	-9,793.44
Bill Pmt -Check	6/9/2004	8719	BEST BEST & KRIEGER LLP-RIVERSIDE OFFICE	-581.76
Bill Pmt -Check	6/9/2004	8720	BLACK & VEATCH CORPORATION	-5,971.75
Bill Pmt -Check	6/9/2004	8721	CHEVRON	-115.56
Bill Pmt -Check	6/9/2004	8722	DAILY BULLETIN	-172.80
Bill Pmt -Check	6/9/2004	8723	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	6/9/2004	8724	MWH LABORATORIES	-4,910.00
Bill Pmt -Check	6/9/2004	8725	POWERS ELECTRIC PRODUCTS CO.	-546.98
Bill Pmt -Check	6/9/2004	8726	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,446.28
Bill Pmt -Check	6/9/2004	8727	REID & HELLYER	-12,987.20
Bill Pmt -Check	6/9/2004	8728	ROUTE 66 SUBS	-123.47
Bill Pmt -Check	6/9/2004	8729	SAVIN CORPORATION dba RICOH BUSINESS	-1,760.40
Bill Pmt -Check	6/9/2004	8730	UNITED PARCEL SERVICE	-446.36
Bill Pmt -Check	6/9/2004	8731	UNITEK TECHNOLOGY INC.	-7,029.61
Bill Pmt -Check	6/18/2004	8732	ROUTE 66 SUBS	-117.30
Bill Pmt -Check	6/22/2004	8733	ACWA SERVICES CORPORATION	-106.88
Bill Pmt -Check	6/22/2004	8734	BANK OF AMERICA	-2,072.23
Bill Pmt -Check	6/22/2004	8736	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	6/22/2004	8737	ELLISON, SCHNEIDER & HARRIS, LLP	-2,677.30
Bill Pmt -Check	6/22/2004	8738	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	6/22/2004	8739	HATCH AND PARENT	-63,956.32
Bill Pmt -Check	6/22/2004	8740	IDEAL GRAPHICS	-285.54
Bill Pmt -Check	6/22/2004	8742	INLAND EMPIRE UTILITIES AGENCY	-133,432.92
Bill Pmt -Check	6/22/2004	8743	LAB SAFETY SUPPLY, INC.	-197.54
Bill Pmt -Check	6/22/2004	8744	MCI	-900.15
Bill Pmt -Check	6/22/2004	8745	MWH LABORATORIES	-4,010.00
Bill Pmt -Check	6/22/2004	8746	OFFICE DEPOT	-1,115.46
Bill Pmt -Check	6/22/2004	8747	PETTY CASH	-490.08
Bill Pmt -Check	6/22/2004	8748	RAUCH COMMUNICATION CONSULTANTS, LLC	-4,299.32
Bill Pmt -Check	6/22/2004	8749	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	6/22/2004	8750	SOLINST CANADA LTD.	-12,483.00
Bill Pmt -Check	6/22/2004	8751	STAULA, MARY L	-136.61
Bill Pmt -Check	6/22/2004	8752	UNITEK TECHNOLOGY INC.	-816.75
Bill Pmt -Check	6/22/2004	8753	WILDERMUTH ENVIRONMENTAL INC	-131,417.52
Bill Pmt -Check	6/22/2004	8754	CAFE CALATO	-74.24
Bill Pmt -Check	6/23/2004	8755	ADEX MEDICAL INC	-65.48
Bill Pmt -Check	6/23/2004	8756	BLACK & VEATCH CORPORATION	-9,225.00
Bill Pmt -Check	6/23/2004	8757	EXCEL LANDSCAPE	-110.00
Bill Pmt -Check	6/23/2004	8758	HAWAI BBQ	-189.60
Bill Pmt -Check	6/23/2004	8759	OWENS ELECTRIC INC	-93.14
Bill Pmt -Check	6/23/2004	8760	RICOH BUSINESS SYSTEMS-Maintenance	-1,104.44
Bill Pmt -Check	6/23/2004	8762	WHEELER METER MAINTENANCE	-3,150.00

CHINO BASIN WATERMASTER
 Cash Disbursement Detail Report
 June 2004

Type	Date	Num	Name	Amount
Bill Pmt -Check	6/23/2004	8763	HOME DEPOT	-429.92
Bill Pmt -Check	6/23/2004	8764	THE WACHS COMPANIES	-6,161.00
Bill Pmt -Check	6/24/2004	8765	MWH LABORATORIES	-1,680.00
Bill Pmt -Check	6/24/2004	8766	INLAND COUNTIES INSURANCE SERVICES, INC.	-24,833.00
Bill Pmt -Check	6/24/2004	8767	MAURIZIO, DANNIELLE	-170.00
General Journal	6/28/2004	04/06/6	PAYROLL	-3,349.30
General Journal	6/28/2004	04/06/6	PAYROLL	-12,268.66
Check	6/29/2004	8768	ANGELICA RENTAL SERVICE	-259.00
Check	6/29/2004	8769	GEOMATRAIX CONSUL	-274.85
Check	6/29/2004	8770	ARROWHEAD MOUNTAIN SPRING WATER CO.	-1,148.33
Check	6/29/2004	8771	CHINO, CITY OF	-7,270.36
Check	6/29/2004	8772	CHINO HILLS, CITY OF	-3,805.65
Check	6/29/2004	8773	CUCAMONGA VALLEY WATER DISTRICT	-6,523.26
Check	6/29/2004	8774	FONTANA UNION WATER COMPANY	-11,519.72
Check	6/29/2004	8775	FONTANA WATER COMPANY	-74,375.58
Check	6/29/2004	8776	INLAND EMPIRE UTILITIES AGENCY	-57.24
Check	6/29/2004	8777	JURUPA COMMUNITY SVCS DIST	-3,714.73
Check	6/29/2004	8778	MARYGOLD MUTUAL WATER CO.	-1,180.93
Check	6/29/2004	8779	MONTE VISTA IRRIGATION CO	-1,219.47
Check	6/29/2004	8780	MONTE VISTA WATER DIST	-8,693.40
Check	6/29/2004	8781	NICHOLSON TRUST	-6.92
Check	6/29/2004	8782	NORCO, CITY OF	-363.67
Check	6/29/2004	8783	ONTARIO, CITY OF	-33,442.83
Check	6/29/2004	8784	POMONA, CITY OF	-20,213.12
Check	6/29/2004	8785	SANTA ANA RIVER WATER COMPANY	-2,345.05
Check	6/29/2004	8786	SAN BERNARDINO CO. REGIONAL PARKS	-232.91
Check	6/29/2004	8787	SOUTHERN CALIFORNIA WATER COMPANY	-741.17
Check	6/29/2004	8788	UPLAND, CITY OF	-5,140.74
Check	6/29/2004	8789	WEST END CONSOLIDATED WATER COMPANY	-1,707.65
Check	6/29/2004	8790	WEST SAN BERNARDINO C.W.D.	-1,161.16
Check	6/29/2004	8791	SAN ANTONIO WATER COMPANY	-2,715.64
Bill Pmt -Check	6/29/2004	8792	CITISTREET	-3,200.00
Bill Pmt -Check	6/29/2004	8793	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,678.17
Bill Pmt -Check	6/29/2004	8794	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,414.66
Jun 04				-758,128.87

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2003 THROUGH MAY 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 2003-04
Administrative Revenues										
Administrative Assessments			4,614,056		122,460				4,736,516	\$3,940,516
Interest Revenue			48,169	5,448	2,305			30	55,952	112,025
Mutual Agency Project Revenue		169,209							169,209	0
Grant Income									-	0
Miscellaneous Income	188,113								188,113	0
Total Revenues	188,113	169,209	4,662,225	5,448	124,765	-	-	30	5,149,790	4,052,541
Administrative & Project Expenditures										
Watermaster Administration	678,663								678,663	617,732
Watermaster Board-Advisory Committee	41,894								41,894	43,442
Pool Administration			12,948	223,161	3,078				239,187	255,148
Optimum Basin Mgmt Administration		858,407							858,407	1,034,064
OBMP Project Costs		2,021,189							2,021,189	3,365,079
Education Funds Use								375	375	375
Mutual Agency Project Costs	74,750								74,750	85,004
Total Administrative/OBMP Expenses	795,307	2,879,596	12,948	223,161	3,078			375	3,914,465	5,400,844
Net Administrative/OBMP Income	(607,194)	(2,710,387)								
Allocate Net Admin Income To Pools	607,194		450,445	138,769	17,980				-	0
Allocate Net OBMP Income To Pools		2,710,387	2,010,691	619,437	80,259				-	0
Agricultural Expense Transfer			974,717	(974,717)					-	0
Total Expenses	3,448,801		3,448,801	6,650	101,317	-	-	375	3,914,465	5,400,844
Net Administrative Income			1,213,424	(1,202)	23,448			(345)	1,235,325	(1,348,303)
Other Income/(Expense)										
Replenishment Water Purchases						4,135,998			4,135,998	0
MZ1 Supplemental Water Assessments						1,585,854			1,585,854	2,189,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,273,500)
Groundwater Replenishment						(1,617,842)			(1,617,842)	0
Net Other Income						4,104,010			4,104,010	(84,000)
Net Transfers To/(From) Reserves			1,213,424	(1,202)	23,448	4,104,010		(345)	5,339,335	(1,432,303)
Working Capital, July 1, 2003			2,813,947	466,069	188,310	266,503	158,251	2,532	3,895,611	
Working Capital, End Of Period			4,027,371	464,867	211,758	4,370,513	158,251	2,187	9,234,946	
02/03 Production			121,586,420	37,457,315	4,853,247				163,896,982	
02/03 Production Percentages			74.185%	22.854%	2.961%				100.000%	

Q:\Financial Statements\03-04\04 05\Treasurers Report May 04.xls\Sheet1

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

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

DEPOSITORIES:

Cash on Hand - Petty Cash		\$		500
Bank of America				
Governmental Checking-Demand Deposits	\$		71,317	
Savings Deposits			9,623	
Zero Balance Account - Payroll			-	80,940
Local Agency Investment Fund - Sacramento				9,425,549
TOTAL CASH IN BANKS AND ON HAND				\$ 9,506,989
TOTAL CASH IN BANKS AND ON HAND	5/31/2004			10,847,936
	4/30/2004			
PERIOD INCREASE (DECREASE)				<u>\$ (1,340,947)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$	75
	Assessments Receivable		88,078
	Prepaid Expenses, Deposits & Other Current Assets		1,750
(Decrease)/Increase in Liabilities	Accounts Payable		(125,906)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities		(6,039)
	Transfer to/(from) Reserves		(1,298,905)
			<u>\$ (1,340,947)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Govt'I Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 4/30/2004	\$ 500	\$ 112,264	\$ -	\$ 9,623	\$ 10,725,549	\$ 10,847,936
Deposits		88,078	-	-	-	88,078
Transfers		1,256,417	43,583	-	(1,300,000)	-
Withdrawals/Checks		(1,385,442)	(43,583)	-	-	(1,429,025)
Balances as of 5/31/2004	\$ 500	\$ 71,317	\$ -	\$ 9,623	\$ 9,425,549	\$ 9,506,989
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (40,947)	\$ -	\$ -	\$ (1,300,000)	\$ (1,340,947)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
5/10/2004	Withdrawal	L.A.I.F.	(950,000)				
5/26/2004	Withdrawal	L.A.I.F.	\$ (350,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (1,300,000)	-			

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

**INVESTMENT STATUS
May 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	\$ 9,425,549			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	\$ 9,425,549			

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

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

Respectfully submitted,



Sheri M. Rojo, CPA
Finance Manager
Chino Basin Watermaster

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

	<u>Jul '03 - May 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	169,208.96	0.00	169,208.96	100.0%
4110 · Admin Asmnts-Approp Pool	4,614,055.82	3,931,695.00	682,360.82	117.36%
4120 · Admin Asmnts-Non-Agri Pool	122,460.43	88,201.00	34,259.43	138.84%
4700 · Non Operating Revenues	55,951.87	112,025.00	-56,073.13	49.95%
4900 · Miscellaneous income	188,113.38			
Total Income	<u>5,149,790.46</u>	<u>4,131,921.00</u>	<u>1,017,869.46</u>	<u>124.63%</u>
Gross Profit	5,149,790.46	4,131,921.00	1,017,869.46	124.63%
Expense				
6010 · Salary Costs	384,308.27	385,900.00	-1,591.73	99.59%
6020 · Office Building Expense	165,693.42	108,995.00	56,698.42	152.02%
6030 · Office Supplies & Equip.	49,365.90	41,000.00	8,365.90	120.41%
6040 · Postage & Printing Costs	61,563.86	66,400.00	-4,836.14	92.72%
6050 · Information Services	100,361.77	105,750.00	-5,388.23	94.91%
6060 · Contract Services	91,619.59	121,000.00	-29,380.41	75.72%
6080 · Insurance	19,267.60	16,710.00	2,557.60	115.31%
6110 · Dues and Subscriptions	8,742.90	14,500.00	-5,757.10	60.3%
6140 · Other WM Admin Expenses	2,282.80	0.00	2,282.80	100.0%
6150 · Field Supplies	600.83	4,250.00	-3,649.17	14.14%
6170 · Travel & Transportation	39,686.30	46,300.00	-6,613.70	85.72%
6190 · Conferences & Seminars	17,843.68	16,000.00	1,843.68	111.52%
6200 · Advisory Comm - WM Board	13,635.46	15,071.00	-1,435.54	90.48%
6300 · Watermaster Board Expenses	28,258.60	28,371.00	-112.40	99.6%
8300 · Appr PI-WM & Pool Admin	12,948.19	14,471.00	-1,522.81	89.48%
8400 · Agri Pool-WM & Pool Admin	163,373.26	166,979.00	-3,605.74	97.84%
8467 · Agri-Pool Legal Services	53,137.96	51,000.00	2,137.96	104.19%
8470 · Ag Meeting Attend -Special	6,650.00	16,000.00	-9,350.00	41.56%
8500 · Non-Ag PI-WM & Pool Admin	3,078.41	6,698.00	-3,619.59	45.96%
6500 · Education Funds Use Expens	375.00	375.00	0.00	100.0%
9500 · Allocated G&A Expenditures	<u>-262,673.70</u>	<u>-309,073.00</u>	<u>46,399.30</u>	<u>84.99%</u>
Subtotal G&A Expenditures	960,120.10	916,697.00	43,423.10	104.74%
6900 · Optimum Basin Mgmt Plan	781,565.38	942,065.00	-160,499.62	82.96%
6950 · Mutual Agency Projects	74,749.72	85,004.00	-10,254.28	87.94%
9501 · G&A Expenses Allocated-OBMP	<u>76,841.28</u>	<u>91,999.00</u>	<u>-15,157.72</u>	<u>83.52%</u>
Subtotal OBMP Expenditures	933,156.38	1,119,068.00	-185,911.62	83.39%
7101 · Production Monitoring	47,931.21	79,283.00	-31,351.79	60.46%
7102 · In-line Meter Installation	48,428.68	131,380.00	-82,951.32	36.86%
7103 · Grdwtr Quality Monitoring	275,540.15	274,613.00	927.15	100.34%
7104 · Gdwtr Level Monitoring	97,657.97	157,852.00	-60,194.03	61.87%
7105 · Sur Wtr Qual Monitoring	61,053.82	133,595.00	-72,541.18	45.7%
7106 · Wtr Level Sensors Install	0.00	26,835.00	-26,835.00	0.0%
7107 · Ground Level Monitoring	89,293.75	202,283.00	-112,989.25	44.14%
7108 · Hydraulic Control Monitoring	298,763.10	718,227.00	-419,463.90	41.6%
7200 · PE2- Comp Recharge Pgm	142,485.86	531,434.00	-388,948.14	26.81%
7300 · PE3&5-Water Supply/Desalte	2,336.69	47,499.00	-45,162.31	4.92%
7400 · PE4- Mgmt Plan	234,501.31	187,308.00	47,193.31	125.2%

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

	<u>Jul '03 - May 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7500 · PE6&7-CoopEfforts/SaltMgmt	54,962.25	51,820.00	3,142.25	106.06%
7600 · PE8&9-StorageMgmt/Conj Use	106,170.72	146,179.00	-40,008.28	72.63%
7690 · Recharge Improvement Debt Pymt	376,169.00	429,250.00	-53,081.00	87.63%
7700 · Inactive Well Protection Prgm	62.45	30,447.00	-30,384.55	0.21%
9502 · G&A Expenses Allocated-Projects	185,832.38	217,074.00	-31,241.62	85.61%
Subtotal Special Project Expenditures	2,021,189.34	3,365,079.00	-1,343,889.66	60.06%
Total Expense	3,914,465.82	5,400,844.00	-1,486,378.18	72.48%
Net Ordinary Income	1,235,324.64	-1,268,923.00	2,504,247.64	-97.35%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.0%
4210 · Approp Pool-Replenishment	4,124,710.02	0.00	4,124,710.02	100.0%
4220 · Non-Ag Pool-Replenishment	11,288.32	0.00	11,288.32	100.0%
4230 · MZ1 Sup Wtr Assessment	1,585,853.60	1,574,500.00	11,353.60	100.72%
Total Other Income	5,721,851.94	2,189,500.00	3,532,351.94	261.33%
Other Expense				
5010 · Groundwater Replenishment	1,617,841.85	2,273,500.00	-655,658.15	71.16%
9999 · To/(From) Reserves	5,339,334.73	-1,352,923.00	6,692,257.73	-394.65%
Total Other Expense	6,957,176.58	920,577.00	6,036,599.58	755.74%
Net Other Income	-1,235,324.64	1,268,923.00	-2,504,247.64	-97.35%
Net Income	0.00	0.00	0.00	0.0%



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

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



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 8, 2004

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

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: May 27, 2004

Date of this notice: June 8, 2004

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

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

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

Appropriative Pool: July 8, 2004

Non-Agricultural Pool: July 8, 2004

Agricultural Pool: July 20, 2004

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: June 8, 2004

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



CHINO BASIN WATERMASTER

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

DATE: June 8, 2004

TO: Watermaster Interested Parties

SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

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

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

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

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

DISCUSSION

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


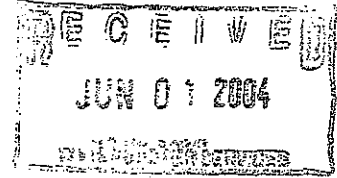


FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

8440 NUEVO AVENUE • P.O. BOX 987, FONTANA, CALIFORNIA 92334 • (909) 822-2201


May 27, 2004



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

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

Dear John:

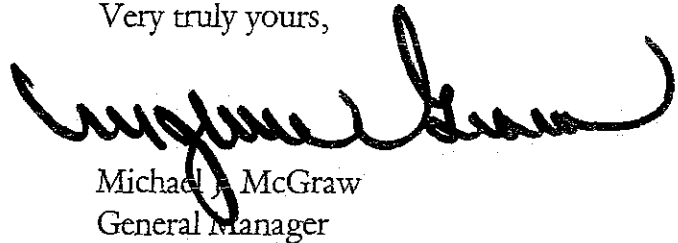


Please take notice that Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2003/2004.

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

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

Very truly yours,



Michael J. McGraw
General Manager

MJM:bf
Enclosures

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

Form 3

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

West Valley Water District
Name of Party

May 27, 2004
Date Requested

Date Approved

855 West Baseline Avenue
Street Address

500 Acre-feet
Amount Requested

500 Acre-feet
Amount Approved

Rialto CA 92377
City State Zip Code

Telephone: (909) 875-1804

Facsimile: (909) 875-7284


Anthony W. Araiza, General Manager
West Valley Water District

TRANSFER TO:

Fontana Water Company
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue
Street Address

Fontana CA 92334
City State Zip Code

Telephone: (909) 822-2201

Facsimile: (909) 823-5046

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

WATER QUALITY AND WATER LEVELS

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

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

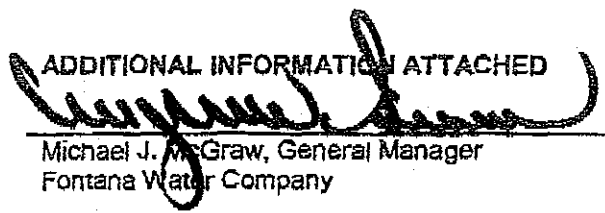
MATERIAL PHYSICAL INJURY

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

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

N/A

Form 3 (cont.)

ADDITIONAL INFORMATION ATTACHED


Yes [] No [X]

Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE

APPLICANT

Fontana Water Company Name of Party, 8440 Nuevo Avenue Street Address, Fontana CA 92335 City State Zip Code, Telephone: (909) 822-2201, Date Requested: May 27, 2004, Amount Requested: 500 Acre-feet, Facsimile: (909) 823-5046

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

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

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Fontana Water Company's Service Area

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

N/A

WATER QUALITY AND WATER LEVELS

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

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

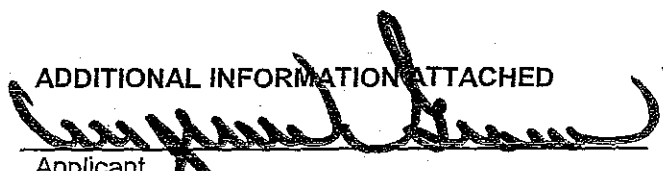
MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

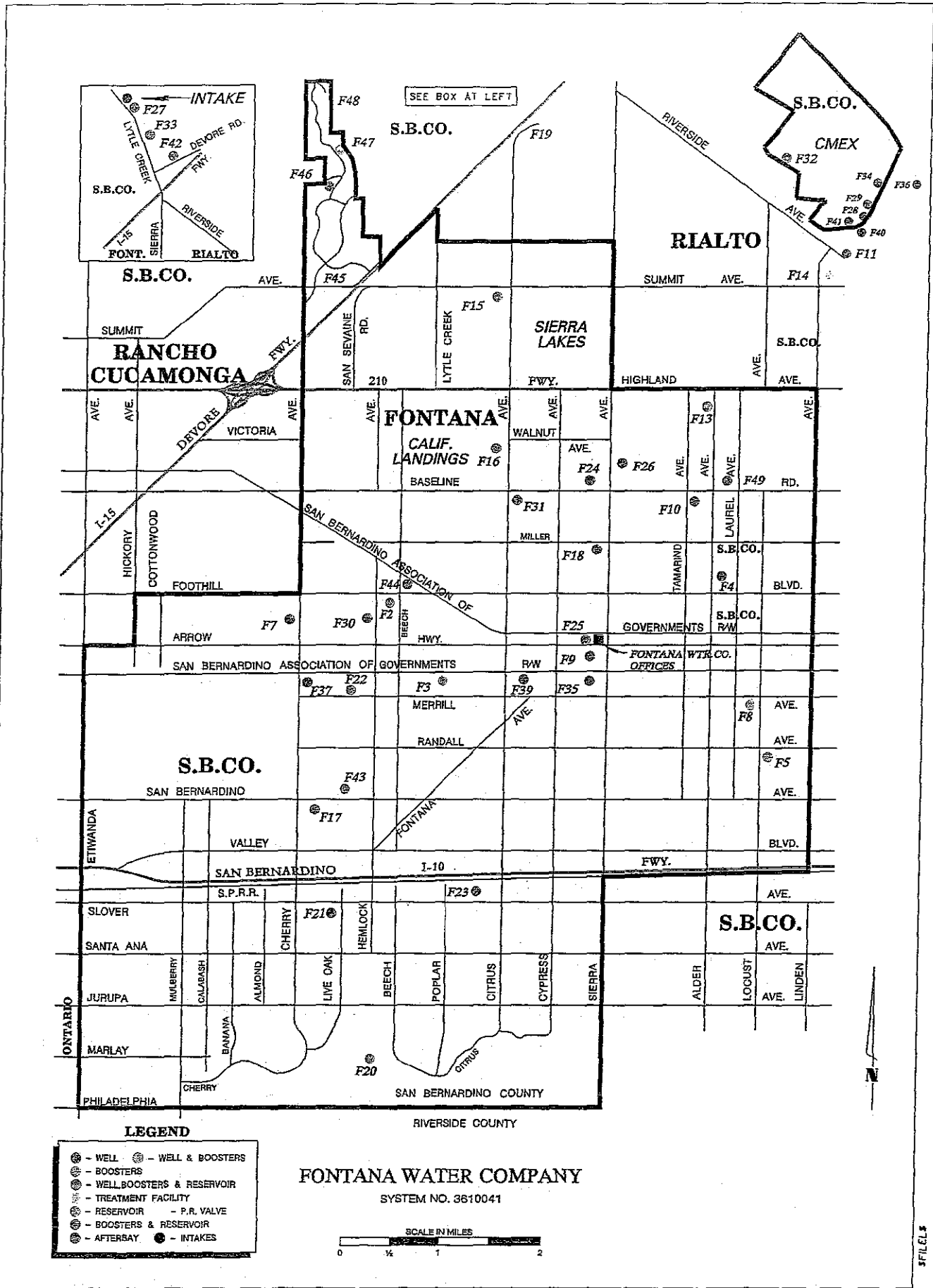
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

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

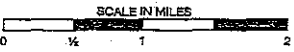
<u>Well</u>	<u>Production</u> <u>Acre-Feet/Day</u>
F23A	10.6
F21A	5.7
F37A	5.7
F7A	11.0
F22A	8.2
F24A	8.4
F26A	8.6
F31A	7.3
F2A	10.6
F30A	5.1
F44A	11.0
F44B	10.6
F44C	10.6
F17B	5.7
F17C	7.1
Daily Total	<u>126.2</u>

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



- LEGEND**
- ⊙ - WELL
 - ⊕ - WELL & BOOSTERS
 - ⊗ - BOOSTERS
 - ⊖ - WELL BOOSTERS & RESERVOIR
 - ⊘ - TREATMENT FACILITY
 - ⊙ - RESERVOIR
 - ⊖ - P.R. VALVE
 - ⊕ - BOOSTERS & RESERVOIR
 - ⊖ - AFTERBAY
 - ⊙ - INTAKES

FONTANA WATER COMPANY
SYSTEM NO. 3610041





CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

- A. CONSIDER DRAFT DYY
OPERATING PLAN FOR
FISCAL YEAR 04/05





CHINO BASIN WATERMASTER

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

STAFF REPORT

DATE: July 8, 2004
July 20, 2004
July 22, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Dry Year Yield Operating Plan For Fiscal 2004/2005

SUMMARY

Issue - Approve Initial Operating Plan for Chino Basin MWD Conjunctive Use Program

Recommendation - Staff recommends that the Pools forward a recommendation to the Advisory Committee to approve the Initial Operating Plan for Chino Basin MWD Conjunctive Use Program

Fiscal Impact - Approval of Operating plan has no impact on the Watermaster budget.

BACKGROUND

As part of the new MWD Groundwater Storage Program, Dry Year Yield Project, Watermaster must submit on to MWD annually the Annual Operating Plan. The plan is to outline proposed deliveries for fiscal 2004/2005. The attached draft operating plan details deliveries by connection for the MZ1 6,500 acre-foot program, the in-lieu deliveries for the Dry Year Yield Program, and estimated deliveries for the replenishment obligation for last year.

MWD will have State Project water available throughout the year which will allow for wet water replenishment. The approval of the operating plan will allow for in-lieu deliveries into MWD's storage account. The Advisory Committee and the Watermaster Board will be considering final approval of the related storage account at this months meeting. Staff would like to have the operating plan approval considered concurrently in order that those agencies wishing to begin in-lieu deliveries will be able to proceed.

The initial plan is subject to change as water is available and agency needs change. Staff is currently analyzing the replenishment capabilities as the recharge improvement project proceeds, as well as how this recharge will meet our replenishment obligation. A final draft plan will be handed out at the meetings.

Agencies are not obligated to take these deliveries, but amounts are estimated based on the percentage of shift performance obligations as previously determined by the participating agencies. Final deliveries are expected to differ.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

Annual Operating Plan

Agency Name Inland Empire Utilities Agency

CHINO BASIN WATERMASTER

Annual Operating Plan

Acre-Feet

Fiscal Year 04-05

Estimated

July Aug Sep Oct Nov Dec Jan Feb Mar Apr May June Total

Dry Year Yield Operating Plan - Storage

Planned Storage

Direct

Service Connections

CB-13T

CB-14T

OC-59

-	400	-	-	-	-	-	-	-	-	-	-	-	400
300	400	-	-	-	-	-	-	-	-	-	-	-	700
-	-	-	-	-	-	-	-	-	-	-	-	-	0
300	800	0	0	0	0	0	0	0	0	0	0	0	1,100

In-Lieu

Service Connections

CB-12

CB-16

400	400	400	1,400	1,614	1,542	400	1,000	1,000	1,450	1,800	1,000	12,406
-	-	-	-	-	-	-	-	-	-	-	-	-
400	400	400	1,400	1,614	1,542	400	1,000	1,000	1,450	1,800	1,000	12,406

Subtotal Storage

700	1,200	400	1,400	1,614	1,542	400	1,000	1,000	1,450	1,800	1,000	13,506
-----	-------	-----	-------	-------	-------	-----	-------	-------	-------	-------	-------	--------

Replenishment Deliveries

Replenishment (Including 6500 Acre-Feet to MZ-1)

Direct

Service Connections

CB-13T

CB-14T

OC-59

CB-11T (Deer Creek)

CB-15T (Day Creek)

CB 247+11 (Etiwanda Inter-lie)

0	0	0	0	0	0	0	0	0	0	0	0	0
400	400	400	400	400	400	200	200	200	400	400	400	4,200
1,500	1,500	1,500	1,500	1,500	900	700	700	700	1,500	1,500	1,500	15,000
0	0	0	0	0	0	0	0	300	300	300	300	1,200
0	0	0	0	0	0	0	0	250	250	250	250	1,000
0	0	0	0	0	0	0	0	1,350	1,350	1,350	1,350	5,400
1900	1900	1900	1900	1900	1300	900	900	900	1900	1900	1900	26,800

In-Lieu

Service Connections

CB-12

CB-16

-	-	-	-	-	-	-	-	-	-	-	-	-
0	0	0	0	0	0	0	0	0	0	0	0	0

Cyclic Account

Subtotal Replenishment

1,900	1,900	1,900	1,900	1,900	1,300	900	900	900	1,900	1,900	1,900	26,800
-------	-------	-------	-------	-------	-------	-----	-----	-----	-------	-------	-------	--------

Total All Deliveries

2,600	3,100	2,300	3,300	3,514	2,842	1,300	1,900	1,900	3,350	3,700	2,900	40,306
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	--------

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



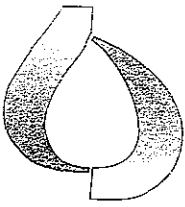
CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

B. STAFF REPORT

3. IUEA Partnership Funding Request





Inland Empire
UTILITIES AGENCY *

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

June 22, 2004

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

Subject - National Academy of Sciences

Dear Chairman ~~Neufeld~~ ^{Bob}:

IEUA and Watermaster through John Rossi and Mark Wildermuth, had been working with the Water Science Technology Board of the National Academies/National Research Council regarding an exciting opportunity on groundwater conjunctive use research proposal. Please find attached a copy of the research proposal prepared by the Water Science Technology Board (WSTB).

The IEUA Board of Directors has agreed to fund \$25,000 to the WSTB for the "Potential and Pitfalls for Sustainable Underground Storage of Recoverable Water". I am seeking a matching \$25,000 contribution from Watermaster given the importance of this research to the OBMP implementation.

At your convenience I would be pleased to discuss with you this item.

Sincerely,
INLAND EMPIRE UTILITIES AGENCY

Richard W. Atwater
Chief Executive Officer/
General Manager

Enc.

c.c. Sheri Rojo
Mark Wildermuth

Richard Atwater

From: Logan, William [wlogan@nas.edu]
Sent: Thursday, May 13, 2004 1:34 PM
To: Richard Atwater
Cc: Parker, Stephen; James Crook
Subject: NRC study of sustainable underground storage of recoverable water



SUS_proposal_ieua
_5-13-04.doc ...

Dear Rich - I was delighted to hear first from Jim Crook and now from Steve Parker of your potential interest in providing partial support for the WSTB's proposed study of sustainable underground storage of recoverable water. We're making great progress in the fundraising, and with a few more participants such as IEUA, we'll be ready to begin work. It has the potential to be a wonderful project, and we are really looking forward to starting on it.

Steve asked me to send along a draft proposal, which I have attached below. I've written it for \$50,000, based on your emails and conversations with Steve and Jim. A formal proposal (fancy signatures, itemized budget, blessings by lawyers, etc.) can follow later at a time of your choosing.

Please do not hesitate to call if you have any further questions about the project.

Kind regards - Will Logan

+====+====+====+====+
William S. Logan, Ph.D.
Senior Staff Officer
Water Science and Technology Board/Keck 652
The National Academies
500 5th Street, N.W.
Washington, D.C. 20001
(202) 334-3393: phone
(202) 334-1961: fax
wlogan@nas.edu

<<SUS_proposal_ieua_5-13-04.doc>>

DRAFT, May 13, 2004

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

Proposal No. nn-DELS-nnn-nn

Potential and Pitfalls for
Sustainable Underground Storage of Recoverable Water

SUMMARY

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

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

BACKGROUND

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

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

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

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

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

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

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

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

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

PROPOSED PLAN OF ACTION

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

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

- What research needs to be done to develop predictors of performance for underground storage projects based on hydrogeology, major ion geochemistry of the source water and the aquifer, well characteristics, and the character of the recharge water in terms of contaminants, disinfectants, and microbes?
- What are the long-term impacts of underground storage on aquifer use—hydraulic, geotechnical, geochemical, adsorptive capacity of contaminants—at wellhead and regional scales, and can these impacts be ameliorated?
- What physical, chemical, and geological factors associated with underground storage of water may increase or decrease human and environmental health risks concerning microbes, inorganic contaminants such as nitrite, disinfectant by-products, endocrine disruptors, personal care products, pharmaceuticals, and other trace organic compounds?
- Are there any chemical markers or surrogates that can be used to help assure regulators and the public of the safety of water for groundwater recharge? What should we monitor and at what spatial and temporal scales?
- What are the challenges and potential for incorporating sustainable underground storage projects into current systems approaches to water management for solving public and environmental water needs?

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

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

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

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

ANTICIPATED RESULTS AND BROADER IMPACTS

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

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

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

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

PUBLIC INFORMATION ABOUT THE PROJECT

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

FEDERAL ADVISORY COMMITTEE ACT

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

ESTIMATE OF DURATION AND COSTS

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

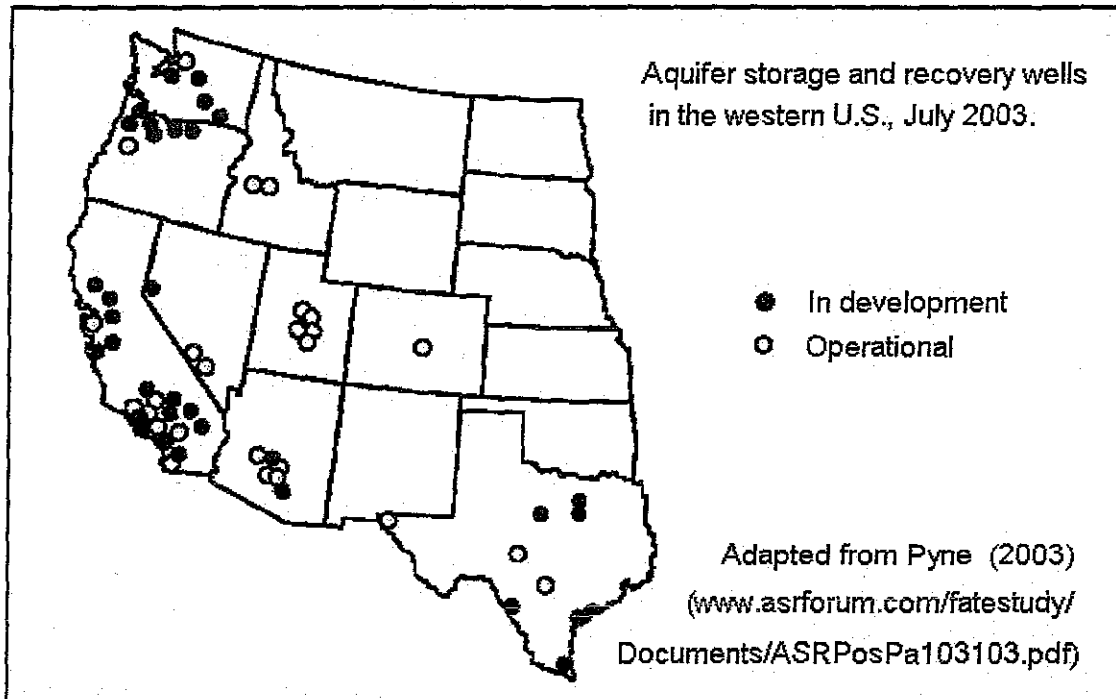
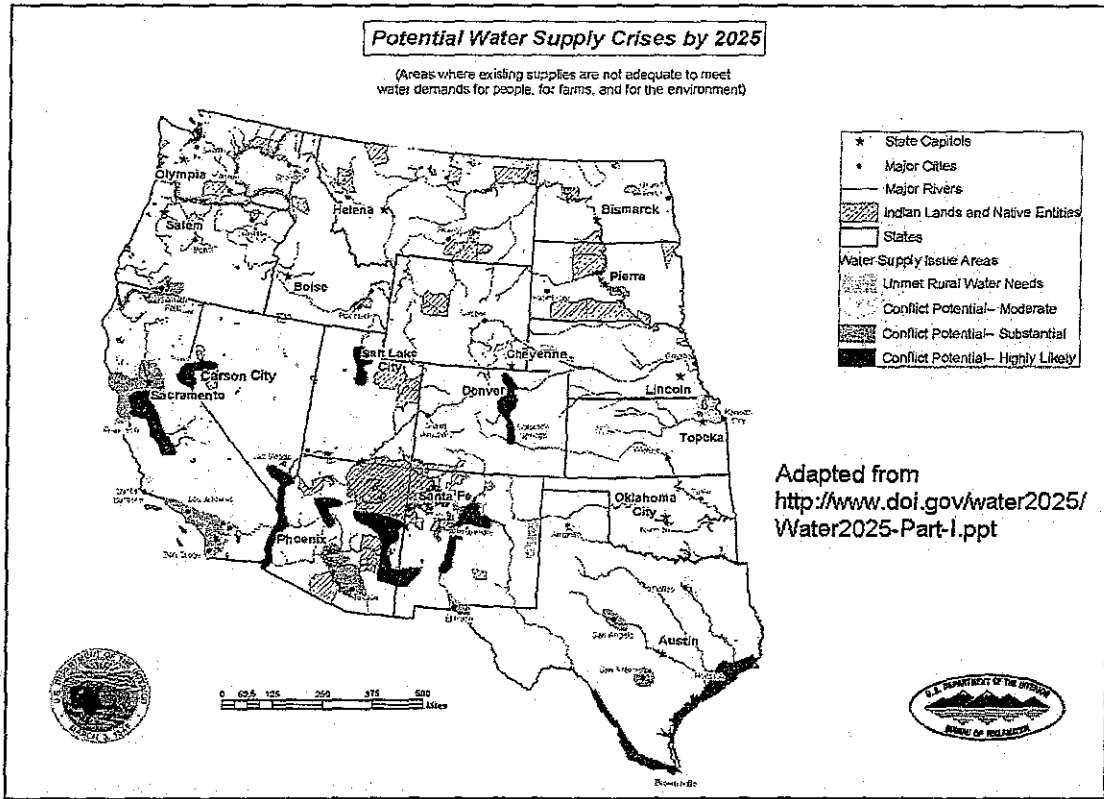


Figure 1. Comparison of ASR sites with high conflict potential sites according to Water 2025.



CHINO BASIN WATERMASTER

IV. INFORMATION

1. San Diego County Water
Authority Letter of Interest
Regarding Water in Storage





San Diego County Water Authority
 4677 Overland Avenue • San Diego, California 92123-4233
 (858) 522-6600 FAX (858) 522-6568
 www.sdcwa.org

RECEIVED
 JUN 21 2004

June 18, 2004

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

Dear Sherri:

Letter of Interest in Purchasing Up to 20,000 Acre-feet
 from Local Storage Accounts within Chino Basin

The San Diego County Water Authority (Water Authority) understands that Chino Basin now has about 100,000 acre-feet stored in local storage accounts which is available for purchase by interested parties. The Water Authority is interested in exploring the purchase of up to 20,000 acre-feet in the basin that can be withdrawn or exchanged with other parties at the Water Authority's discretion primarily during dry-years when the Water Authority's water supplies from other sources may be partially curtailed.

The Water Authority is interested in discussing with Watermaster the price, term, and conditions of an agreement for the purchase of such water. Terms and conditions of agreement would be subject to approval by the Water Authority's Board of Directors before execution.

We look forward to talking with you the Water Authority's purchase of this water. Bob Campbell from our staff will contact you regarding arranging a meeting for further discussions.

Sincerely,

Maureen A. Stapleton
 General Manager

MAS:mjs

MEMBER AGENCIES

- CITIES**
 • Del Mar • Escondido • National City
 • Oceanside • Poway • San Diego

- IRRIGATION DISTRICTS**
 • Santa Fe • South Bay
 • Vista

- WATER DISTRICTS**
 • Helix • Otay
 • San Dieguito
 • Vallecitos

- MUNICIPAL WATER DISTRICTS**
 • Carlsbad • Ramona
 • Olivenhain • Rincon del Diablo
 • Podre Dam • Valley Center
 • Rainbow • Yuima

COUNTY
 • San Diego
 (see affiliation)

PUBLIC UTILITY DISTRICT
 • Fallbrook

FEDERAL AGENCY
 • Pendleton Military Reservation