

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Tuesday, November 16, 2004

9:00 a.m. –Agricultural Pool Meeting

*AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES
6075 Kimball Ave. Bldg. A Board Room
Chino, CA 91710
(909) 993-1600*

Thursday, November 18, 2004

9:00 a.m. – Appropriative, Non-Ag Pool and Advisory Meeting
11:00 a.m. – Watermaster Board Meeting

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



CHINO BASIN WATERMASTER

November 16, 2004

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

November 18, 2004

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

11:00 a.m. - Watermaster Board Meeting

*** Thanksgiving Lunch Will Be Served ***

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – November 16, 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 on October 19, 2004 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2004 *(Page 31)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through September 30, 2004 *(Page 35)*
3. Treasurer's Report of Financial Affairs for the Period September 1 through September 30, 2004 *(Page 37)*
4. Profit & Loss Budget vs. Actual July through September 2004 *(Page 39)*

C. TWENTY-SIXTH ANNUAL REPORT

II. BUSINESS ITEMS

A. ANALYSIS OF MATERIAL PHYSICAL INJURY

Consider Request for an Analysis of Material Physical Injury for IEUA's Proposed Phase II Recycled Water Recharge Program *(Page 53)*

B. FY 2004-2005 ASSESSMENT PACKAGE

Consider Approval of FY 04-05 Assessment Package *(Page 59)*

C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET

Consider Approval of 2004-2005 Annual Monitoring Plan and Budget *(Page 93)*

D. ATTENDANCE OF THE NOVEMBER ADVISORY COMMITTEE MEETING

Authorize a 3 Member Sub-Committee to Attend the November Advisory Committee Meeting For the Approval of Any Changes Made To the 2004-2005 Assessment Package

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River

B. STAFF REPORT

1. Cyclic Account Update
2. Stormwater Recharge Update
3. College Heights Monitoring Update
4. Discuss holiday meeting schedules

IV. INFORMATION

1. Reminder That the Reorganization of Board, Advisory Committee, and Pools Take Place in January
2. Newspaper Articles (*Page 161*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

January 13, 2005	9:00 a.m.	Annual Appropriative Pool Meeting
January 13, 2005	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 18, 2005	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 27, 2005	9:00 a.m.	Annual Advisory Committee Meeting
January 27, 2005	11:00 a.m.	Annual Watermaster Board Meeting

No meetings are currently planned for the month of December 2004

Meeting Adjourn

**CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL
POOL, AND ADVISORY COMMITTEE MEETING**

9:00 a.m. – November 18, 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 & Non-Agricultural Pool Meeting held on October 14, 2004 *(Page 9)*
2. Minutes of the Advisory Committee Meeting held on October 28, 2004 *(Page 15)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2004 *(Page 31)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through September 30, 2004 *(Page 35)*
3. Treasurer's Report of Financial Affairs for the Period September 1 through September 30, 2004 *(Page 37)*
4. Profit & Loss Budget vs. Actual July through September 2004 *(Page 39)*

C. TWENTY-SIXTH ANNUAL REPORT

D. WATER TRANSACTION – (FOR ADVISORY COMMITTEE MOTION ONLY)

1. Consider Approval for Transaction of Notice of Sale or Transfer from City of Pomona to Monte Vista Water District in the amount of 2,500 acre-feet; Date of Application: September 1, 2004 *(Page 41)*

II. BUSINESS ITEMS

A. ANALYSIS OF MATERIAL PHYSICAL INJURY

Consider Request for an Analysis of Material Physical Injury for IEUA's Proposed Phase II Recycled Water Recharge Program *(Page 53)*

B. FY 2004-2005 ASSESSMENT PACKAGE

Consider Approval of FY 04-05 Assessment Package *(Page 59)*

C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET

Consider Approval of 2004-2005 Annual Monitoring Plan and Budget *(Page 93)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River

B. STAFF REPORT

1. Cyclic Account Update
2. Stormwater Recharge Update
3. College Heights Monitoring Update
4. Discuss holiday meeting schedules

C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT

1) INLAND EMPIRE UTILITIES AGENCY

- a. Rialto Pipeline Shutdown – Task Force Update – Rich Atwater
- b. MWD Status Report – Rich Atwater
- c. FY 2003/04 Water Production Report (*Page 109*)
- d. Water Resources Report (handout)
- e. Water Conservation Status Report (*Page 133*)
- f. Recycled Water Program (*Page 135*)
- g. Chino Basin Facilities Improvement Project (*Page 139*)
- h. State/Federal Legislation (*Page 143*)
- i. Public Relations (*Page 159*)

2) THREE VALLEYS MUNICIPAL WATER DISTRICT

- a. Relevant Activities – Rick Hansen (oral)

IV. INFORMATION

1. Reminder That the Reorganization of Board, Advisory Committee, and Pools Take Place in January
2. Newspaper Articles (*Page 161*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

January 13, 2005	9:00 a.m.	Annual Appropriative Pool Meeting
January 13, 2005	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 18, 2005	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 27, 2005	9:00 a.m.	Annual Advisory Committee Meeting
January 27, 2005	11:00 a.m.	Annual Watermaster Board Meeting

No meetings are currently planned for the month of December 2004

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

11:00 a.m. – November 18, 2004
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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 Watermaster Board Meeting held on October 28, 2004 *(Page 23)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2004 *(Page 31)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through September 30, 2004 *(Page 35)*
3. Treasurer's Report of Financial Affairs for the Period September 1 through September 30, 2004 *(Page 37)*
4. Profit & Loss Budget vs. Actual July through September 2004 *(Page 39)*

C. TWENTY-SIXTH ANNUAL REPORT

D. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer from City of Pomona to Monte Vista Water District in the amount of 2,500 acre-feet; Date of Application: September 1, 2004 *(Page 41)*

II. BUSINESS ITEMS

A. ANALYSIS OF MATERIAL PHYSICAL INJURY

Consider Request for an Analysis of Material Physical Injury for IEUA's Proposed Phase II Recycled Water Recharge Program *(Page 53)*

B. FY 2004-2005 ASSESSMENT PACKAGE

Consider Approval of FY 04-05 Assessment Package *(Page 59)*

C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET

Consider Approval of 2004-2005 Annual Monitoring Plan and Budget *(Page 93)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Santa Ana River

B. STAFF REPORT

- 1. Cyclic Account Update
- 2. Stormwater Recharge Update
- 3. College Heights Monitoring Update
- 4. Discuss holiday meeting schedules

IV. INFORMATION

- 1. Reminder That the Reorganization of Board, Advisory Committee, and Pools Take Place in January
- 2. Newspaper Articles (*Page 161*)

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

January 13, 2005	9:00 a.m.	Annual Appropriative Pool Meeting
January 13, 2005	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 18, 2005	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 27, 2005	9:00 a.m.	Annual Advisory Committee Meeting
January 27, 2005	11:00 a.m.	Annual Watermaster Board Meeting

No meetings are currently planned for the month of December 2004

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool – October 19, 2004



Draft Minutes
**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

October 19, 2004

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on October 19, 2004 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, Chair	Milk Producers Council
Bob Feenstra	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Robert Nobles	State of California, California Institute for Men

Watermaster Board Member Present

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

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
--------------	----------------

Others Present

Steve Lee	Reid & Hellyer
Rich Rees	Geomatrix for CIM
Tom Love	Inland Empire Utilities Agency
John Dunlap	Inland Empire Utilities Agency

Chair deBoom called the Agricultural Pool meeting to order at 9:08 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to this agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held on September 21, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of 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 the Period August 1 through August 31, 2004
4. Profit & Loss Budget vs. Actual July through August 2004

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from City of Pomona to Monte Vista Water District in the amount of 2,500 acre-feet; Date of Application: September 1, 2004

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

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

II. BUSINESS ITEMS**A. URS PROPOSAL REGARDING COLLEGE HEIGHTS**

Mr. Manning introduced Mr. Treweek from the Chino Basin Watermaster offices to review the URS proposal regarding College Heights and the background leading up to the new proposal. Mr. Treweek reviewed the studies which were conducted by URS which consisted of the installation of four new monitoring wells to supplement the two existing wells located immediately downgradient of the College Heights East Basin. Mr. Treweek evaluated a large map which was on a stand and pointed out new construction and various working sites for recharge. Mr. Treweek commented that the recommendation was to approve the additional geotechnical services proposed by URS in their revised cost proposal dated September 28, 2004. Mr. Treweek stated that after careful review it was decided to scale back work and noted the proposal includes the drilling of three additional borings downgradient of the College Heights Basins; installing monitoring wells of 100 and 140 ft 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. Mr. Treweek stated that monitoring will take place over the next several years on what will occur when the City of Upland puts water into the Basin. The question of what is a transducer and what is the depth of these new wells was presented. Mr. Treweek stated that a transducer measures pressure and the borings will go down 200 ft and the purpose is to log the soil profile especially below a 100 ft where we start seeing the clay layer; we are hoping to not find clay. A brief discussion ensued regarding clay strata.

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

Moved to approve the URS proposal for and additional scope of work for monitoring, as presented

B. AG POOL FUNDS BANKING TRANSFER PRESENTATION

Mr. Manning stated that several months ago the Pool had suggested there might be additional options for investing the money that the Ag Pool has with the Watermaster. Several members of the Ag Pool have met with Sheri Rojo and have directed Ms. Rojo regarding a solution that would net additional funds for the Ag Pool. Ms. Rojo noted that she was directed to look into placing funds with Vineyard Bank; the concern would be to make sure we get collateralized deposits to secure against the Ag Pool's money. LAIF is currently paying a 1.43% interest and after discussing this issue with the banks staff, they were offering to give a one year CD at 2.71%, an increase over the 2.0% quoted in the staff report. For that they would want to lock up the money for one year. Mr. Huitsing and Chair DeBoom wanted feedback from the Pool regarding what amount of money the Ag Pool would be interested in putting into the CD account. Ms. Rojo noted that Vineyard Bank does have assets to collateralize the deposit at this point in time. A discussion ensued with regard to the amount of money to place into this account. It was decided by the Pool to hold out 10% of the total funds available for funding various projects. Ms. Rojo discussed the Ag Pool's interest earned and how monies applied to payment of compensations and it was decided to keep forty or fifty thousand dollars separate which would be a very good idea; this would hold the Pool through to the end of the year. It was decided by the Pool that instead of placing the money in one \$400,000 CD to obtain four

\$100,000 CD's with different maturity dates. It was asked what other projects could come up for the use of the monies and Mr. Manning answered there were other items such as the composting idea being presented next.

Motion by Huitsing, second by Hettinga, and by unanimous vote

Moved to approve purchasing four separate CD's at different maturity dates at \$100,000 each and holding out the remainder of the monies for compensation and various projects, as presented

A brief discussion took place regarding compensation and how it was paid out and who paid for it. It was decided that Watermaster has the authorization and direction from the Ag Pool to invest the money and if there are any problems Ms. Rojo will contact Chair deBoom.

C. FUNDING REQUEST FOR PILOT PROJECT FOR COMPOSTING AND OTHER RELATED STUDIES

Chair deBoom noted that last month a discussion took place regarding this item and it was decided at that time more information would need to be provided in order to move forward on this project. Mr. Dunlap from Inland Empire Utilities Agency (IEUA) was asked to give a presentation on this project. Mr. Dunlap stated this is a project IEUA is really excited about because we have a partner on board, the South Coast Air Quality Management District (AQMD), who has really been working pro-actively with many of the stakeholders. What we are trying to do at this point in time is to take advantage of that in respects to the arrangements that we already have and the cooperative work between IEUA and the dairies on dealing with manure. There is a composting facility just a few miles from IEUA; that property has been sold to Lewis and in a couple years we will be closing that facility down. This closure presents quite a problem for the region as it limits the opportunity to keep dairy manure and agricultural in general working on composting as an option for recycling organics, which is very important. The AQMD is recognizing that there is a real impact to industry and in what they are trying to do as far as controlling emissions in the areas. In recognizing it is not just discharges coming from the Agricultural area but the discharge's precursors that are joining with other pollutants; they really wanted to work with us in trying to promote composting projects. The agency has joined in partnership with the LA County Sanitation Districts on enclosed composters to meet the airborne rules on composting. We will actually be exceeding those rules and one of the challenges that we face is to make sure as we go through the permitting of that facility that they recognize we are exceeding the rules. Mr. Dunlap noted that when you look at other ideas other than composting such as the Ag Bags and Natures Wear and Gore; we need to take a look at some of these new technologies and ask ourselves if they can be used in lieu of building huge indoor facilities that are going to cost \$60 or \$70 million dollars. If we can make a small investment and work closely together as stakeholders now and evaluate the possibilities; the AQMD is on board with this and will be giving services as well as cash toward this project. IEUA had funded TetraTech and Charles Nicholas to come up with some protocols, however, to move forward with this project we do need additional funding. A discussion ensued with regard to the Agricultural Pool providing funds for this project along with the possibility of others coming on board for this well needed endeavor. It was noted there is an account open for piloting demonstration projects for receiving funds.

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

Moved to approve funding \$10,000 dollars towards composting efforts and other related studies by the Agricultural Pool, as presented

Added Discussion:

A discussion regarding salts and the recent storm took place.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. First Amendment to Peace Agreement

Counsel Fife noted the Agricultural Pool approved the First Amendment last month and last week it was filed with the court. The hearing date for that is set for December 2, 2004. A hearing on the salt credit motion was last Thursday and that was also moved to the December 2nd date so both will be taken care of at the same time. The First Amendment was designed to dispose of Monte Vista's salt credit motion so both will be considered by the court on that date.

2. Attorney/Manager Meetings

Counsel Fife stated we have had a break in the progress of the meetings because while we were meeting a concept that Mr. Wildermuth was working on through the model he developed for the Dry Year Yield Program and through the work that was done for the Basin Plan Amendment, which is the concept for Hydraulic Control, was added to the topics of discussion. It was inserted into the Attorney/Managers process as we were going along and this was a new item that was not completely understood; a break was taken to ask Mr. Wildermuth to come up with a more technical explanation and evaluation of what Hydraulic Control is, what we will need to do, what he wants to do, and what the implications of that are going to be. The compilation of the technical data was more complicated than anticipated which left us canceling a few of the Attorney/Manager meetings and waiting for the data to come in. The technical data should be in and ready to present in approximately 30 days. Counsel Fife commented that Mr. Wildermuth has a comprehensible idea of how the basin could be re-operated more efficiently, more effectively, and with greater benefits for everybody and it would be change in practice on how we have done things in the past. This is something the Agricultural Pool will be interested in and will be hearing much more on in the future.

3. Basin Plan Amendment Approval

Counsel Fife noted the Basin Plan Amendment is being processed through the Regional Board and the State Board over the past couple years; it has now been approved by the State Board on September 30, 2004 and it will now go onto the Office of Administrative Law and the Environmental Protection Agency for final approvals. This could all take place in the December/January time frame.

4. Litigation updatesa. South El Monte Operable Unit CERCLA litigation

Counsel Fife noted this item is in the San Gabriel Basin and some very interesting claims are being made; this is Perchlorate litigation. The reason it is of interest to us is that the responsible parties in that case discovered that Colorado River water contained Perchlorate and that it is being used for recharge purposes in the San Gabriel Basin. They filed a cross complaint against both Metropolitan Water District and against the San Gabriel Watermaster as potentially responsible parties because they had placed Perchlorate in the basin. When the first presentation was given, it was just after the cross complaint had been filed against the Watermaster. Since then there have been a number of pleadings going back and forth; the Watermaster has asserted judicial immunity. Aerojet has responded that the Watermaster can't assert judicial immunity because the court doesn't have the power to be a Watermaster. Aerojet claims judicial immunity does not apply and if it does then the court has exceeded its authority in creating a Watermaster. This would have a lot of implications for the rest of the Watermasters' around the state. The Watermaster has now responded that courts do have the power to create Watermasters and have asked for sanctions against Aerojet for making such an outrageous claim. Mr. Manning added comment that within the last few weeks the court has appointed a "Special Master" to try and bring some conclusion and settlement on the issue. The

motions that are to be considered are to be heard on November 1, 2004. A discussion regarding new Perchlorate laws and Perchlorate in general was discussed.

b. Castaic UWMP decision

Counsel Fife noted there is a copy of the Urban Water Management Plan (UWMP) decision; this is an appellate decision that came out September 22, 2004. This was a long standing dispute with the Castaic Lake Water Agency in that they had an UWMP that was challenged a couple years ago by a local environmental group. It was supported by the lower court; however, the environmental group took to the decision to the appellate court claiming that it was invalid because it didn't properly discuss their use of contaminating ground water. The appellate court overturned the trial court meaning it invalidated the UWMP. Counsel Fife described the UWMP in detail and with that the court identified the time frame to prepare treatments for pumps and noted there was a gap in time between when you find out you need the treatment to when you can actually use the pumps once they have been set up for treatment. The case is looking at a very specific scenario in an UWMP where they did not describe the timing properly; it does not say you can not use contaminated water as a back up solution it just states you must get the timing right for treatment.

Added discussion:

A discussion regarding the work Mr. Wildermuth is doing and the time frame for the completion of that work took place. It was noted a meeting with Mr. Wildermuth and Black & Veatch will be taking place tomorrow and there is only one more piece of information for an appropriator that Mr. Wildermuth is waiting on and this should conclude the delay.

B. STAFF REPORT

1. Replenishment/Cyclic Account

a. Summary of Replenishment Deliveries

Mr. Manning reviewed the replenishments obligations and noted we were unable to meet our obligations in 2002/2003. Water will need to be taken out of the cyclic account to meet some of these past obligations and will keep the committee members apprised of the decisions made regarding this issue.

2. November/December Meeting Schedules

Mr. Manning noted there is no conflict of schedule for the November Agricultural Pool meeting which is set for November, 16, 2004; however, this does mean that the Ag Pool will meet prior to the Appropriator and Non-Agricultural Pool which is a bit unusual because their meeting was scheduled for Veteran's day and has been pushed out to meet at the same time as the Advisory meeting. The Advisory and Board meetings were set for Thanksgiving Day and those two meetings have been moved to November 18, 2004, which would give a combined Advisory meeting comprising of the Appropriative, Non-Agricultural Pool, and Advisory Committee at 9:00 a.m. and the Board at 11:00 a.m. A discussion ensued and it was decided on the Agricultural Pool an item would be placed on the agenda to form a sub-committee to attend the Advisory Committee meeting to hear and/or vote on any changes made to the Assessment Package due to no meetings taking place in December.

3. Status on Cal-Trans Transfer

Mr. Manning noted that Mr. Koopman had inquired in the past and at the last Ag Pool meeting regarding the status on Cal-Trans transfers. Mr. Koopman at that time has inquired if there had been a formal request made to the Watermaster for transfers. Mr. Manning stated he had done some investigation on this matter and come to the

understanding that no formal request came to the Watermaster; there was an inquiry made to Traci Stewart several years ago and that was a verbal denial for those transfer requests from Cal-Trans. In speaking with Ken Jeske, he seems to think that within then next few months we will be looking at this issue again, however, the transfer will come into the Watermaster in the proper formal manner.

Added Comment:

Mr. Manning noted that a few weeks ago Hatch & Parent, Mark Wildermuth, and he attended a meeting in Sacramento with Anne Schneider and Joe LeClaire; it was a great meeting and went very well. Ms. Schneider mentioned at that meeting that she was questioning whether or not it was still necessary for Watermaster to continue with quarterly status reports and suggested we might replace that schedule with semi-annual reporting, which is all that was required by the Court. It was felt that was an excellent idea and it shows us that the court and special referee are more conformable with how the Watermaster is performing and the quality of reports they are receiving. Mr. Manning noted we will adopt a semi-annual reporting schedule will start after the first of the year, however offered in those off quarters we will send a one page update just incase there are things happening in that period of time that need to be reported on.

Mr. Manning noted that several of the people which were present at the meeting today were also present at the Turner Basin dedication last Friday; that was very timely since we did get rain over the weekend and we were collecting rainfall in some of the basins. We were able to coordinate with Flood Control and those operations will continue on for the rest of the week as long as we receive rain we are going to capture as much water as we can. There was a great deal of debris that came down through the channels and we are trying to deal with that as well.

Mr. Manning stated that because the Assessment Package in draft form will be coming out at the end of the month and that the appropriators have asked a special workshop on the package to be held on November 10, 2004 at 9:00 a.m. at the Chino Basin Watermaster office. This will give people an opportunity to review questions or concerns prior to the meetings on November 18, 2004.

The question of whether or not people where planning on attending the American Ground Water Trust event on November 5, 2004 was presented. Counsel Fife noted it will be a very good program and should be very informative.

IV. INFORMATION

1. Inland Empire Landmark Water Supply Program Named "Outstanding Project of the Year"
No comment was made regarding this item.
2. Newspaper Articles
No comment was made regarding this item.
3. American Groundwater Trust Conference -- November 5, 2004
No comment was made regarding this item.
4. Notice of Attendance of Special Referee's Technical Assistant at MZ1 Meeting
No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Chair deBoom noted the Regional Board propose a new draft permit for the dairies in the Chino Basin that will go in front of the Board in December for final approval in January. Including in that in the Chino Basin is another prohibition for manure spreading; we faced this five years ago with the Chino Basin. Chair deBoom with work with Mr. Brommenschenkel on seeing what we can do continue the proper applications of manure solids in the Chino Basin.

VI. OTHER BUSINESS

Mr. Feenstra presented an idea to Mr. Manning and reminded him and the Committee members that Mr. Ken Calvert and has received a lot of recognition for his work for water, although who in Mr. Feenstra's opinion has been greatly unrecognized is Congressmen Gary Miller. If anyone has put forth a real effort on water projects, funding, direction from agencies in the government it is Congressmen Miller. Maybe in the near future we can do something special for Gary and Mr. Manning stated he had some thoughts on that and would be happy to meet with Mr. Feenstra to discuss those ideas.

VII. FUTURE MEETINGS

October 14, 2004	9:00 a.m.	Joint 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 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

The Agricultural Pool Meeting Adjourned at 10:15 a.m.

Secretary: _____

Minutes Approved: _____

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative & Non-Agricultural Pool
– October 14, 2004



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL
POOL MEETING
October 14, 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 October 14, 2004 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Mike Maestas, Chair	City of Chino Hills
Dave Crosley	City of Chino
Ray Wellington	San Antonio Water Company
Raul Garibay	City of Pomona
Mohamed El-Amamy	City of Ontario
Mike Maestas	City of Chino Hills
Rita Kurth	Cucamonga Valley Water District
James Bryson	Fontana Water Company
Mark Kinsey	Monte Vista Water District
J. Arnold Rodriguez	Santa Ana River Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Justin M. Scott-Coe	Vulcan Materials Company (Calmat Division)
---------------------	--

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
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Henry Pepper	City of Pomona
--------------	----------------

Chair Maestas called the meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning referenced the staff report on page 37 and noted that a sentence regarding the clay layer for College Heights was cut off in the packet and a revised copy of that status report is available at the back table and inquired if it should be read now or wait for when it is presented under Business Items. Chair Maestas stated that Mr. Manning could read the sentence at the appropriate time when the College Heights item is addressed on the agenda under Business Items.

Motion by El-Amamy, second by Garibay, and by unanimous vote
Moved to approve reading the missing sentence at the time Business Items are
presented on the agenda

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held on September 9, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of 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 the Period August 1 through August 31, 2004
4. Profit & Loss Budget vs. Actual July through August 2004

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer from City of Pomona to Monte Vista Water District in the amount of 2,500 acre-feet; Date of Application: September 1, 2004

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

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

II. BUSINESS ITEMS**A. URS PROPOSAL REGARDING COLLEGE HEIGHTS**

Chair Maestas noted that Mr. Manning will read the omitted sentence and that there is a copy of the revised status report on the back table. Mr. Manning read the omitted sentence which stated, "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". Mr. Manning invited Mr. Treweek to give his update on the College Heights Basin. Mr. Treweek reviewed the studies which were conducted by URS which consisted of the installation of four new monitoring wells to supplement the two existing wells located immediately downgradient of the College Heights East Basin. Mr. Treweek evaluated a large map which was on a stand and pointed out new construction and various working sites for recharge. Mr. Treweek commented that the recommendation was to approve the additional geotechnical services proposed by URS in their revised cost proposal dated September 28, 2004. Mr. Treweek stated that after careful review it was decided to scale back work and noted the proposal includes the drilling of three additional borings downgradient of the College Heights Basins; installing monitoring wells of 100 and 140 ft 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. Mr. Treweek stated that monitoring will take place over the next several years on what will occur when the City of Upland puts water into the Basin. It was asked if there was any water traveling to the East of that Basin. Mr. Treweek stated that the primary direction of the flow is to the South. The question of water quality due to water moving from one basin to another was presented. Mr. Treweek stated it is not a water quality problem; the problem is how much recharge we can continuously put into the College Heights Basin without causing this piping scenario. The question of whether this cost was for Geotechnical services only for URS was presented. Mr. Treweek confirmed that statement was correct. Mr. Wellington noted he was pleased the study was cut back to really monitor what is going to happen due to the clay layer extending considerably to the North as well as the South and it is important that we monitor and figure out our reasonable rate of percolation because it is going to move horizontally and every direction it can because of that clay later.

Motion by Crosley, second by Wellington, concurrence by Non-Ag, and by unanimous vote

Moved to approve additional scope of work for monitoring by URS in the amount of \$70,403 and an additional \$14,000 for Watermaster to provide pressure transducers and data loggers, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. First Amendment to Peace Agreement

Counsel Fife noted approximately one half of the entities have approved the First Amendment to the Peace Agreement, the rest have it agendized for the month of October; all the approvals should be in hand by the end of this month. The continued hearing on Monte Vista's motion is scheduled for this afternoon; a further continuance will be requested at that time. The First Amendment was filed with the court with a pleading asking for approval and a hearing was scheduled for December 2, 2004 on that. Today's hearing on Monte Vista's motion will also be asked to be moved to December 2, 2004. Status Report No. 11 was also filed yesterday and a clean up pleading was also submitted with that to update the court on previous status reports which have not had hearings held on them yet. On December 2, 2004 the court will be receiving and filing Status Reports 9, 10, 11, the Twenty-Fifth Annual Report, and a few other documents which were filed over the past several months. Counsel Fife noted this is a very good sign that we do not have enough hearings any longer to do these types of things on a regular basis since we usually combine "receive and file" hearings with hearings on other matters.

2. Attorney/Manager Meetings

Counsel Fife noted there is a scheduled Attorney/Manager meeting for next Wednesday; this is the meeting which technical work on Hydraulic Control was to be discussed. Counsel Fife stated that technical work is still a few weeks out from being completed so to expect that meeting to be moved out three or four weeks; a notice will go out shortly to verify the cancellation of that meeting.

3. Basin Plan Amendment Approval

Counsel Fife commented that on September 30, 2004 the State Water Resources Control Board approved the Basin Plan Amendment; it was on their consent calendar. It will now go to the Office of Administrative Law and the Environmental Protection Agency for their approval.

4. Litigation updates

a. South El Monte Operable Unit CERCLA litigation

Counsel Fife noted that Steve Hoch had given a presentation to the Advisory and Watermaster Board approximately three months prior and commented this litigation involves Perchlorate. The reason it is of interest to us is that the responsible parties in the case discovered that Colorado River water was being used for recharge purposes in the San Gabriel Basin. They filed a cross complaint against both Metropolitan Water District and against the San Gabriel Watermaster as potentially responsible parties. When the first presentation was given, it was just after the cross complaint had been filed against the Watermaster. Since then there have been a number of pleadings going back and forth; the Watermaster has asserted judicial immunity. Aerojet has responded that the Watermaster can't declare judicial immunity because the court doesn't have the power to be a Watermaster. Aerojet claims judicial immunity does not apply and if it does then the court has exceeded its authority in creating a Watermaster. This would have a lot of implications for the rest of the Watermasters' around the state. The Watermaster has now responded that courts do have the power to create Watermasters and have asked for sanctions against Aerojet for making such an outrageous claim. Mr. Manning added comment that within the last few weeks the court has appointed a "Special Master" to try and bring some conclusion and settlement on the issue. The motions that are to be considered are to be heard on November 1, 2004.

b. Castaic UWMP decision

Counsel Fife noted there is a copy of the Urban Water Management Plan (UWMP) decision; this is an appellate decision that came out September 22, 2004. This was a long standing dispute with the Castaic Lake Water Agency in that they had an UWMP that was challenged a couple years ago by a local environmental group. It was supported by the lower court; however, the environmental group took to the decision to the appellate court claiming that it was invalid because it didn't properly discuss their use of contaminated ground water. The appellate court overturned the trial court meaning it invalidated the UWMP. Counsel Fife described the UWMP in detail and with that the court identified the time frame to prepare treatments for pumps and noted there was a gap in time between when you find out you need the treatment to when you can actually use the pumps once they have been set up for treatment. The case is looking at a very specific scenario in an UWMP where they did not describe the timing properly; it does not say you can not use contaminated water as a back up supply it just states you must get the timing right for treatment.

Added Comment:

The question regarding the signing of the First Amendment to the Peace Agreement and the affect of that to reallocate some of the storm water recharge and if that is going to be applied to this fiscal year once everyone has signed was presented. Counsel Fife stated that is an issue that will be addressed in the assessment package process and the decision on whether to put it in this assessment package or wait. Mr. Manning stated that the assessment package will be ready by the end of October and available for review in the November package.

B. STAFF REPORT

1. Replenishment/Cyclic Account

a. Summary of Replenishment Deliveries

Mr. Manning noted on page 47 of the package is a summary of the replenishment deliveries. Mr. Manning reviewed the staff report in detail. It was asked if a motion would be needed for this item. Mr. Manning stated not at this time and this item will be brought back in November when we have more detail on it. The committee was reminded of MET's rate increase come January and that will play into the exact amount we purchase from our cyclic account. Ms. Rojo noted we charge for the replenishment obligation through the assessment package, it is just a timing issue of when we buy it; the only thing that would come into play with the assessment package is the dollar cost per acre-foot. All of our replenishment water after January will be at the higher rate and that will be in the new assessment package as well. It was asked if we had considered pre-purchasing some of the water in storage against our future drawdown. Mr. Manning stated that we were considering that option along with others.

2. November/December Meeting Schedules

Mr. Manning noted that the next meeting of the Joint Appropriators and Non-Agricultural Pools was to meet on Veteran's Day and that meeting will need to be rescheduled. An option would be to meet the day before which would be November 10, 2004 or combine your meeting with the Agricultural Pool meeting which is scheduled for November 16, 2004. Ms. Rojo suggested that because the Advisory and Board meetings are scheduled for Thanksgiving Day and could be moved up one week this Pool could meet in conjunction with the Advisory meeting on November 18, 2004. It was decided to combine the Appropriative and Non-Agricultural Pool with the Advisory Committee meeting on Thursday, November 18, 2004 at 9:00 a.m. This is the meeting where on the assessment package will be presented. The question was presented on how much time will be allotted to review the assessment package prior to the meeting. Mr. Crosley suggested an informal

workshop be scheduled to review the assessment package prior to the meeting and noted it would be beneficial. A brief discussion ensued with regards to a timely manner given for the review of the assessment package. It was decided to hold the workshop on Wednesday, November 10, 2004 at 9:00 a.m. for the review of the assessment package.

Added Comment:

Mr. Manning noted there were a couple items he wanted to mention that were not in the package. Mr. Manning stated he had recently attended a meeting in Sacramento with Anne Schneider, our special referee, and they talked about the quarterly status reports and noted that she had requested that we consider going from quarterly status reports to semi-annual reports. This is a good sign that they are requesting fewer reports and they feel comfortable with the information that they are receiving from us. We will be changing from a quarterly report to a semi-annual as she has requested.

Mr. Manning reminded the Committee members that the dedication ceremony for the Turner Basin is tomorrow at 10:00 a.m. and hoped everyone could attend.

Mr. Manning stated that he had spoken with the E.O.C. group and with that meeting came up with the decision to modify the meeting room slightly because important key staff that should be available for questions and comments are not able to sit up front because of the limited space. It was decided to have an additional table added for Sheri Rojo, Gordon Treweek, and Danni Maurizio to make them more available for questions and comments.

IV. INFORMATION

1. Inland Empire Landmark Water Supply Program Named "Outstanding Project of the Year"
Mr. Manning called attention to an award which was presented to the Watermaster along with the Chino Basin Water Conservation District and the Inland Empire Utilities Agency (IEUA); this is the Outstanding Project of the Year award for the Recharge Basins. We will house the award in our facility for a time and then it will go to IEUA for display.
2. Newspaper Articles
No comment was made regarding this item.
3. American Groundwater Trust Conference -- November 5, 2004
No comment was made regarding this item.
4. Notice of Attendance of Special Referee's Technical Assistant at MZ1 Meeting
No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

October 14, 2004	9:00 a.m.	Joint 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 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

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 9:45 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee – October 28, 2004



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

October 28, 2004

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on October 28, 2004 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Nathan deBoom	Milk Producers Council
Mark Kinsey	Monte Vista Water Company
Dave Crosley	City of Chino
Mike McGraw	Fontana Water Company
Gerald Black	Fontana Union Water Company
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

John Huitsing	Crops
Pete Hettinga	Dairy

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
-------------	--

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Rick Rees	Geomatrix Consultants, Inc.
John Rossi	Western Municipal Water District
Rich Atwater	Inland Empire Utilities Agency
Josephine Johnson	Monte Vista Water Company
Rick Hansen	Three Valleys Municipal Water District

The Advisory Committee meeting was called to order by Chair Jeske at 9:14 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held on September 30, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of 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 the Period August 1 through August 31, 2004
4. Profit & Loss Budget vs. Actual July through August 2004

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
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

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

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

II. BUSINESS ITEMS**A. URS PROPOSAL REGARDING COLLEGE HEIGHTS**

Mr. Manning introduced Mr. Treweek to review the URS proposal regarding College Heights and the background leading up to the new proposal. Mr. Treweek reviewed the studies which were conducted by URS which consisted of the installation of four new monitoring wells to supplement the two existing wells located immediately downgradient of the College Heights East Basin. Mr. Treweek pointed out new construction and various working sites for recharge on an aerial map. Mr. Treweek commented that the recommendation was to approve the additional geotechnical services proposed by URS in their revised cost proposal dated September 28, 2004. Mr. Treweek stated that after careful review of the proposal by the GRCC it was decided to scale back work and noted the proposal includes the drilling of three additional borings downgradient of the College Heights Basins; installing monitoring wells with depths of 100 and 140 ft in the two deeper borings, and a single monitoring well with a 50 ft boring; and installing pressure transducers and data loggers, provided by Watermaster, in 11 new and existing monitoring wells. The question regarding a time frame for monitoring these wells was presented. Mr. Treweek stated that monitoring will take place over the next several years on what will occur when the City of Upland puts storm water into the Basin. The question of the cost of the wells was presented. Mr. Treweek noted these wells will be \$70,000 and Chino Basin Watermaster will put in the transducers in the existing wells for another \$14,000. Mr. Treweek stated we can meet our recharge obligations using the other two basins, leaving the College Heights Basin open for study. The question of whether we will use this Basin at a 20% capacity during the study period was presented. Mr. Treweek stated we are not proposing to use this basin at all other than for study during this period. A lengthy discussion ensued with regard to the use of the Upland and College Heights Basins. Chair Jeske suggested we discuss with Upland the possibility of obtaining an annual report that would give us the amount of storm water that went into Upland and how much water we are anticipating to get from it. The concern regarding additional monitoring wells was presented to the Committee members and staff. Mr. Wildermuth stated the concern is being able to track the mound of recharged water as it moves out from the basin. Mr. Wildermuth gave a detailed description of what was needed in order to capture enough data to make a sound decision for potential operations of the College Heights Basin in the future. A discussion ensued regarding recharging the basins and the damage that could be caused at or near Arrow Highway. Mr. Treweek stated it was several inches/feet that would cause a concern and not a few inches of rain water. Mr. Wildermuth presented a technical description of how the Upland Basin with the new modifications will be capable of holding recharge water and explained how there will

not be geological malfunctions because of those modifications. Mr. Manning stated we are anticipating using the College Heights Basins in the future; we feel we need to acquire more data before we are comfortable about when and how we can use those two basins. Chair Jeske reiterated what staff's recommendation was for this item and noted this is included in this years' budget. Mr. Bowcock inquired regarding obtaining a "Master Plan" of what is intended to be done regarding these basins. A discussion ensued with regards to Mr. Bowcock's statement. Mr. Hansen stated that he is in full support of the motion to approve the URS proposal for an additional scope of work and welcomes as much technical data as possible. Ms. Rojo gave some insight to the costs with monies coming from the recharge program grant. Chair Jeske inquired to the timing of installing the new wells. Mr. Treweek stated the plan for URS is to have their driller on site in November and data from this storm season would be added to the collection of data and could be very beneficial. It was noted that data which could be very valuable to us could be missed if the motion was not passed and work was not started immediately by URS. Chair Jeske asked staff to bring this item back in November with an update of progress and operating plan and any recommendations as to where and how that could improved between the City of Upland, Chino Basin Watermaster, and Inland Empire Utilities Agency.

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

Moved to approve the URS proposal for and additional scope of work for monitoring, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. First Amendment to Peace Agreement

Counsel Fife stated that everyone has now obtained approval to sign the First Amendment or has already signed and forwarded their signature page to Watermaster except for the State of California who has their own process; we are confident we will have their signature prior to the new hearing date of December 2, 2004 at 2:30 p.m.

2. Attorney/Manager Meetings

Counsel Fife reminded the Committee members that we are waiting for technical work on the Hydraulic Control; Mr. Wildermuth now has that needed information concerning the water supply plans and will begin doing the model runs and we are hoping for a product in about three weeks. Once that is complete we will schedule the technical meeting to go over that work product and back on schedule with the Attorney/Manager meetings.

3. Basin Plan Amendment Approval

Counsel Fife noted the Basin Plan Amendment Approval was approved by the State Water Resources Control Board on September 30, 2004 and it now goes to the office of Administrative Law and the Environmental Protection Agency. We do not have any official schedule for that, however anecdotal indications indicate it could be by the end of this year.

4. Litigation updates

a. South El Monte Operable Unit CERCLA litigation

Counsel Fife noted this item is in the San Gabriel Basin and some very interesting claims are being made; this litigation pertains to Perchlorate contamination. The reason it is of interest to us is that the responsible parties in that case discovered that Colorado River water contained Perchlorate and that it was being used for recharge purposes in the San Gabriel Basin. They filed a cross complaint against both Metropolitan Water District and against the San Gabriel Watermaster as potentially responsible parties because they may have placed Perchlorate in the basin. When the first presentation was given, it was just after the cross complaint had been filed against the Watermaster. Since then there have been a number of pleadings going back and forth; the Watermaster has asserted judicial immunity. Aerojet has

responded that the Watermaster can't assert judicial immunity because the court doesn't have the power to be a Watermaster. Aerojet claims judicial immunity does not apply and if it does then the court has exceeded its authority in creating a Watermaster. This would have a lot of implications for the rest of the Watermasters' around the state. The Watermaster has now responded that courts do have the power to create Watermasters and have asked for sanctions against Aerojet for making such an outrageous claim. Mr. Manning added comment that within the last few weeks the court has appointed a "Special Master" to try and bring some conclusion and settlement on the issue. The motions that are to be considered are to be heard on November 1, 2004.

b. Castaic UWMP decision

Counsel Fife noted there is a copy of the Urban Water Management Plan (UWMP) decision; this is an appellate decision that came out September 22, 2004. This was a long standing dispute with the Castaic Lake Water Agency in that they had an UWMP that was challenged a couple years ago by a local environmental group. It was supported by the lower court; however, the environmental group took to the decision to the appellate court claiming that it was invalid because it didn't properly discuss their use of contaminated ground water. The appellate court overturned the trial court meaning it invalidated the UWMP. Counsel Fife described the UWMP in detail and with that the court identified the time frame to prepare treatments for pumps and noted there was a gap in time between when you find out you need the treatment to when you can actually use the pumps once they have been set up for treatment. The case is looking at a very specific scenario in an UWMP where they did not describe the timing properly; it does not say you can not use contaminated water as a back up supply it just states you must get the timing right for treatment.

Added Comment/Question:

The question of whether or not any new information on the Santa Ana River applications was presented. Counsel Fife stated there has been a lot of action occurring on this; Western MUNI has put out their draft Environmental Impact Report (EIR) last week. There has also been a feasibility study for the raising of Prado Dam that came out in the July/August time frame; that is an OCWD Army Corp project. Activities are going forward on the Santa Ana sucker. San Bernardino Water Conservation District has put out their draft EIR on their application. OCWD also has put out their draft EIR. There is a lot going on and we will see shortly some movement on the process going forward. Counsel Fife stated that our application will be greatly helped by the work Mr. Wildermuth is doing on Hydraulic Control because that is where our nexus with the Santa Ana River is.

The question regarding the legal classification for the groundwater issue that was handed back to the Board was presented. Counsel Fife reviewed the issue that Mr. Wellington was referring to and gave a brief update on the status.

B. STAFF REPORT

1. Replenishment/Cyclic Account

a. Summary of Replenishment Deliveries

Mr. Manning reviewed the replenishment obligations and noted we were unable to meet our obligations with wet water for 2002/2003. Water will need to be taken out of the cyclic account to meet some of these past obligations and will keep the committee members apprised of the decisions made regarding this issue. Mr. Kinsey noted there has been no feedback from MET in terms of availability of replenishment deliveries. Mr. Atwater stated we will maximize as much wet water replenishment that we can.

2. November/December Meeting Schedules

Mr. Manning pointed out that the normally scheduled November Advisory Committee Meeting falls on Thanksgiving Day and taking into consideration that information thought it best to move the meeting to the week prior unless there were any objections. Mr. Manning noted during the last Appropriative and Non-Agricultural Pool meeting it was decided they would join the Advisory Committee meeting on November 18, 2004 due to the date their meeting was to take place was also a holiday day. The Agricultural Pool will remain meeting on their scheduled day of November 16, 2004, however, at that meeting will appoint a 3 person sub-committee to join joint meeting due to any changes that may or may not be made to the proposed 2004-2005 Assessment Package.

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

Mr. Manning called attention to an award on display (in the Lobby) which was presented to the Watermaster along with the Chino Basin Water Conservation District and the Inland Empire Utilities Agency (IEUA); this is the Outstanding Project of the Year award for the Recharge Basins. We will house the award in our facility for a time and then it will go to IEUA for display.

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

Mr. Manning noted that on page 57 of the packet is notice that Mr. Scalmanini was to be attending the November 17, 2004 MZ1 meeting and will also be taking a field trip to look at some facilities once the meeting concludes – however, it now appears that he will not be able to attend the meeting on that date and will need to reschedule his attendance.

5. Update on Status Reports

Mr. Manning stated he had recently attended a meeting in Sacramento with Anne Schneider, our special referee, and they talked about the quarterly status reports and noted that she had requested that we consider going from quarterly status reports to semi-annual reports. This is a good sign that they are requesting fewer reports and they feel comfortable with the information that they are receiving from us. We will be changing from a quarterly report to a semi-annual as she has requested.

6. Assessment Package Workshop – November 10, 2004

Mr. Manning stated that the draft Assessment Package is available on the back table today and that the appropriators have asked a special workshop on the package to be held on November 10, 2004 at 9:00 a.m. at the Chino Basin Watermaster office. This will give people an opportunity to review questions or concerns prior to the meetings on November 18, 2004.

Added Comment:

Mr. Manning stated we have been able to recapture some of the recent storm water; storm number one captured approximately 1,000 acre-feet of planned recharge and 1,500 acre-feet of incidental recharge into the basins the second storms numbers are not in but will report back as soon as those numbers are available.

C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT

1) INLAND EMPIRE UTILITIES AGENCY

a. Rialto Pipeline Shutdown – Task Force Update – Rich Atwater (oral)

Mr. Atwater commented there were several items for Inland Empire Utilities Agency, most of which were written and made available in the packet and since Mr. Love nor Ms. Davis were unable to attend today's meeting he will comment briefly on his items. Mr. Atwater commented on the Rialto Pipeline shutdown noting that he and several other people met the MET staff this past Monday and felt it was a productive meeting;

there is a follow up meeting scheduled on November 16, 2004. In working with the MET staff they are looking at isolation valves, which is not very expensive, so that from Devils Canyon to Live Oak Reservoir we don't have to shut down all thirty miles of pipe. That part of the conversation went very well, however, the more complicated part was in getting the MET staff to be more comfortable in working with Foothill, Upper District, Three Valleys and IEUA on various tasks.

Mr. Atwater commented on the two highest priorities at this moment in time being the \$110 horizontal washing machine rebate and then the issue of replenishment rates; there is a workshop on that scheduled tomorrow at 10:00 a.m. at MET. One of the issues that we face on replenishment rates is if we lower the replenishment rate some people perceive that is causing the tier I and tier II rates to go up and we are trying to work through that issue.

Mr. Atwater noted that the DHS prop 59 for chapter 4 and 6, IEUA's staff is more than willing to help you regarding the pre-application, which is available on the back table, must be filled out and sent in by December 1, 2004. There will be a workshop at IEUA for this in the near future with DHS.

Mr. Atwater stated that SAWPA and the other agencies have agreed to have SAWPA make one application. The idea behind that is to have SAWPA apply for the maximum amount of \$50 million dollars and then split five ways; that is not due until March 2005.

- b. MWD Status Report – Rich Atwater (oral)
No comment was made regarding this item.
- c. College Heights Project Status Report – Tom Love (oral)
No comment was made regarding this item.
- d. Southern California Water Quality Planning Project – Martha Davis (oral)
No comment was made regarding this item.
- e. Proposition 50 Grant Funding Status Report – Rich Atwater (oral)
No comment was made regarding this item.
- 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
No comment was made regarding this item.
- k. Public Relations
No comment was made regarding this item.

2) WESTERN MUNICIPAL WATER DISTRICT**a. Report on Western Municipal Water District Activities Associated with the Chino Groundwater Basin (oral)**

Mr. Rossi commented on Western's integrated resource plan (IRP) and noted Western's Board took action on that last week; the concept of that plan is to get all of the wholesalers on the same page. Mr. Rossi discussed Western's plans which are in line with MET's programs and also noted discussions have been opened up with Jurupa because they have asked formally for a connection to Mills. Mr. Rossi commented on a second source of MET water to this basin that will be explored through the IRP process at Western in two phases; 1) Looking at what are some of the sources and opportunities in groundwater storage, and 2) Doing an economic analysis of what these options look like. The draft EIR which was put out by Western MUNI was a good effort. The State Board has had some heavy duty comments on the Conservation District in San Bernardino and Orange County so we are waiting to hear how we do as well. There have been some positive meetings recently and have signed a one year agreement with the State Board trying to get a demonstration together that we can work on. Mr. Rossi reviewed the issues with property taxes. Mr. Rossi discussed plume issue up in the City of San Bernardino; they have been working with the EPA and the DTSC and noted that through an ordinance that would be required by the judge to be issued by the City of San Bernardino to require the City of San Bernardino to authorize and permit all wells and extraction of recharge. Western is working with staff to come up with an alternative plan, the difficulty is that the judge is retiring in the fall; if there is no agreement at the local level we may talk with other basin managers.

3) THREE VALLEYS MUNICIPAL WATER DISTRICT**a. Relevant Activities – Rick Hansen (oral)**

Mr. Hansen noted a few things that are going on in his area; Three Valleys has received grant monies from the Department of Water Resources for doing two different types of studies. We are looking at the feasibility of developing a spreading connection and pipelines into the San Antonio spreading grounds and also working on another study, when we do spread water, where down stream historically there has been a high groundwater problem, we are looking at ways to mitigate rising groundwater problems that could arise. In working with the City of Pomona on the MWD LRP grant program we are looking at November/December for CEQA approval. Through the Dry Year Yield Program the City of Pomona's ION Exchange Plant that is in the Chino Basin is moving forward and we are looking at operation plans as well. Mr. Hansen discussed historical issues with the Rialto feeder. Chair Jeske gave his comments on proposition 1A and 65 that are coming forth next week and Mr. Hansen added his comments.

IV. INFORMATION**1. Newspaper Articles**

No comment was made regarding this item.

2. American Groundwater Trust Conference -- November 5, 2004

Counsel Fife commented this will be an excellent conference and that all should attend if at all possible. Hatch & Parent is very involved with American Groundwater Trust and doing most of the organizing for this conference.

V. COMMITTEE MEMBER COMMENTS

Counsel Fife mentioned that there will be a confidential session added to the at the Board agenda for the Watermaster Board meeting which will meet at 11:00 a.m. today and is concerning the patent issue and if anyone has any questions regarding this issue to please contact him. A brief discussion ensued regarding this item.

VI. OTHER BUSINESS

Ms. Rojo noted the draft 2004-2005 Assessment Package was available on the back table and that there is a workshop scheduled for November 10, 2004 for all interested parties, however, prior to that workshop if has questions to please call her.

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

The Advisory Committee Meeting Adjourned at 10:22 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board – October 28, 2004



Draft Minutes
CHINO BASIN WATERMASTER
BOARD MEETING

October 28, 2004

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on October 28, at 11:06 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Paula Lantz	City of Pomona
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
Don Schroeder	Western Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Mike Maestas	City of Chino Hills
Henry Pepper	City of Pomona
John Rossi	Western Municipal Water District
Mark Kinsey	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

A motion was made to add a closed session.

Motion by Kuhn, second by Kruger, and by unanimous vote
Moved to approve adding a Board closed session, as presented

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held on September 30, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of 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 the Period August 1 through August 31, 2004
4. Profit & Loss Budget vs. Actual July through August 2004

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
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

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

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

II. BUSINESS ITEMS**A. URS PROPOSAL REGARDING COLLEGE HEIGHTS**

Mr. Manning introduced Mr. Treweek to review the URS proposal providing an additional scope of work regarding the College Heights Basins and the background leading up to the new proposal. Mr. Manning stated the proposal being presented today is a modification from the original proposal decreasing both the scope of work and related cost. Mr. Treweek reviewed the studies which were conducted by URS which consisted of the installation of four new monitoring wells to supplement the two existing wells located immediately downgradient of the College Heights East Basin. Mr. Treweek pointed out new construction and various working sites for recharge on an aerial map. Mr. Treweek commented that the recommendation was to approve the additional geotechnical services proposed by URS in their revised cost proposal dated September 28, 2004. Mr. Treweek stated that after careful review of the proposal by the GRCC it was decided to scale back work and noted the proposal includes the drilling of three additional borings near of the College Heights Basins; installing monitoring wells with depths of 100 and 140 ft in the two deeper borings, and a single monitoring well with a 50 ft boring; and installing pressure transducers and data loggers, provided by Watermaster, in 11 new and existing monitoring wells. The question of how those additional three monitoring wells are going to provide any benefit was presented. Mr. Wildermuth stated the concern is being able to track the mound of recharged water as it moves out from the basin. Mr. Wildermuth gave a detailed description of what was needed in order to capture enough data to make a sound decision for potential operations of the College Heights Basin in the future. The question of whether or not it was felt that water is going to percolate up gradient was presented. Mr. Wildermuth stated what they do not know is what is happening after the water percolates below the surface of the ground. Mr. Wildermuth commented that one of the concerns they are looking at is if we do pile a lot of water up and we do not have any relief through the clay layer that we could come dangerously close to causing a problem at the rail road crossing. A discussion ensued regarding recharging the basins and the damage that could be caused at or near Arrow Highway. Mr. Treweek stated the concern involves several inches/feet that would cause a concern and not a few inches of incidental rain water. Mr. Wildermuth presented a technical description of how the Upland Basin with the new modifications will be capable of holding recharge water and explained how there will not be geological malfunctions because of those modifications. Mr. Manning stated that the data that will be obtained by putting in the

three wells will be of value and we think this project will provide worthwhile information. Mr. Manning informed the Board members that this recommendation was coming by way of unanimous vote from the Pools and Advisory Committee. Chair Neufeld understood that those committee members had listened to the same presentation and voted in favor of the motion, however, felt on the same line as Mr. Vanden Heuvel regarding his thoughts referring to the one monitoring well up gradient of the basins and seeing no purpose of it, at this time, unless we are going to try and use the College Heights basins for recharge which is not what was understood. Chair Neufeld asked Counsel Slater to restate the options that were available to the board. Counsel Slater commented on what Mr. Jeske stated in that the Board would approve the Advisory Committee's action, in part, as it relates to the two lower wells. The Board could withhold approval on the elements related to the upper well contingent upon two things being 1) further description of the need for that specific well and then what Mr. Vanden Heuvel referenced, 2) the adequacy of the plan as it relates to a further explanation of the cost benefit of how the integrated plan will work and why it made sense or not.

*Motion by Kuhn, second by Bowcock, by majority vote, and one nay vote by Vanden Heuvel
Moved to approve to proceed with the two wells sequentially deferring proceeding
on the third well until referral item comes back from the Advisory Committee, as
presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. First Amendment to Peace Agreement

Counsel Slater stated the court hearing for the First Amendment to the Peace Agreement is set for December 2, 2004; the Watermaster draft pleading was circulated to the parties of the Judgment, we received comments, and filed the pleading with the court. We are still in the process of securing signatures, there is no party that has filed an objection, and we would expect to have this complete on December 2nd.

2. Attorney/Manager Meetings

Counsel Slater stated there has been a difficulty in securing information so that Mr. Wildermuth could perform the necessary analysis. Mr. Wildermuth has only now received all the necessary information and estimates 3-4 weeks are now required to run the model to secure the results. We are looking at re-convening the group sometime in early to mid December.

3. Basin Plan Amendment Approval

Counsel Slater noted the State Board has approved the Basin Plan Amendment and that is moving forward.

4. Litigation updates

a. South El Monte Operable Unit CERCLA litigation

Counsel Slater noted that both the South El Monte Operable Unit CERCLA litigation and the Castaic UWMP decision has been on watch status. The South El Monte case has become particularly interesting it that there are cross complaints by the responsible parties back against the San Gabriel Valley Watermaster and there is a relatively novel issue that is capable of being litigated in Superior Court and that is the question of whether or not Watermaster had judicial immunity. Counsel Slater noted that this Watermaster operates as an extension of the court and as an extension of the judge and not as a public entity. The present status is the case has been deferred into negotiations/mediation with the hope the complaints and cross claims will be resolved.

Counsel Slater noted that in the packet today there is mention for the American Groundwater Trust Conference next Friday, in which this issue and counsel for some of the responsible parties will be there describing their positions in that case.

b. Castaic UWMP decision

Counsel Slater noted this item is another one of the decisions affecting the I-5 corridor in the New Hall area and specifically the Castaic Lake Water Agency, who is a perspective partner with us in a future storage and recovery project. The case is of note because the court of appeals in an unpublished decision invalidated an Urban Water Management Plan; it did so on the basis that the water supply involved groundwater contaminated with Perchlorate. Because it was contaminated with Perchlorate it was encumbered with a factor of unreliability and that the plan itself needed to take into account the measures and the timing associated with how that groundwater contaminated supply was going to be redressed. This case law is affecting how water purveyors and constituents are doing business on a daily basis.

Added question/comment:

The question regarding an update on the Orange County / Santa Ana River filing is preceding was presented. Counsel Slater noted that next week Virginia Grebbien will be discussing the progress of her organization in trying to deal with that issue; she is also on the panel at the trust program. The various parties have filed comments on their environmental document; their position is tenuous. Counsel Slater stated there is likely to be, within our own house, a revising of the strategy as it relates to the Santa Ana River system and something should be coming back to you in the form of what are coordinated position is going to be.

B. STAFF REPORT

1. Replenishment/Cyclic Account

a. Summary of Replenishment Deliveries

Mr. Manning reviewed the replenishment obligations and noted we were unable to meet our replenishment obligations with wet water deliveries for 2002/2003. Water will need to be taken out of the cyclic account to meet some of these past obligations and will keep the committee members apprised of the decisions made regarding this issue. The question of whether or not we meet the 6,500 acre-feet obligation in MZ1 was presented. Mr. Manning stated that we did not. A discussion ensued with regard to the 5 year obligation. Mr. Manning noted that the OBMP calls for us to continue until we meet the obligation of 32,500 acre-feet, with 6,500 acre-feet being a target amount per year but we are obligated to carry forward this obligation until wet water is actually recharged into MZ1.

2. November/December Meeting Schedules

Mr. Manning commented on the upcoming holidays falling on meeting dates and noted the Appropriative and Non-Agricultural Pool has opted to meet jointly with the Advisory Committee on November 18, 2004. Staff is recommending that the Watermaster Board also move their November meeting which would fall on Thanksgiving Day to November 18, 2004. There was concurrence by those present to hold Novembers Board meeting on the 18th at 11:00 a.m.

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

Mr. Manning called attention to an award on display (in the Lobby) which was presented to the Watermaster along with the Chino Basin Water Conservation District and the Inland Empire Utilities Agency (IEUA); this is the Outstanding Project of the Year award for the Recharge Basins. We will house the award in our facility for a time and then it will go to IEUA for display.

4. Notice of Attendance of Special Referee's Technical Assistant at MZ1 Meeting
Mr. Manning noted that on page 57 of the packet is notice that Mr. Scalmanini was to be attending the November 17, 2004 MZ1 meeting and will also be taking a field trip to look at some facilities once the meeting concludes – however, it now appears that he will not be able to attend the meeting on that date and will need to reschedule his attendance.
5. Update on Status Reports
Mr. Manning stated he had recently attended a meeting in Sacramento with Anne Schneider, our special referee, and they talked about the quarterly status reports and noted that she had requested that we consider going from quarterly status reports to semi-annual reports. This is a good sign that they are requesting fewer reports and they feel comfortable with the information that they are receiving from us. We will be changing from a quarterly report to a semi-annual as she has requested.
6. Assessment Package Workshop – November 10, 2004
Mr. Manning stated that the draft Assessment Package is available on the back table today and that the appropriators have asked a special workshop on the package to be held on November 10, 2004 at 9:00 a.m. at the Chino Basin Watermaster office. This will give people an opportunity to review questions or concerns prior to the meetings on November 18, 2004.
7. Conversion of Executive Oversight Committee (EOC)
Mr. Manning addressed the formation of the Executive Oversight Committee (EOC) which was formed in the period of time the Watermaster was absent a Chief Executive Officer (CEO). It was noted at the last EOC meeting the appropriateness of continued meetings was discussed by the committee and the chairman had some suggestions. Chair Neufeld stated that based on discussions with the members of the Executive Oversight Committee, a recommendation is being brought back today to convert the EOC, which was formed for the reasons Mr. Manning stated, into an Executive Committee. Discussions centered on whether there was a need to keep that particular committee with that title. The personnel committee would remain the same with no change in that area. Mr. Vanden Heuvel questioned the function of the new Executive Committee. Chair Neufeld stated this committee will be assisting the CEO and to provide guidance in those duties that are necessary. Mr. Vanden Heuvel voiced his disapproval to empower an Executive Committee beyond the Board meeting every month because the new CEO has been selected and is set in place. Mr. Kuhn stated that the inclusion of the committee chairs on this Executive Committee is showing the intent that we want it to be inclusive not exclusive. Mr. Kuhn noted that he felt it would help the new CEO in this transition period and the ability to bounce off ideas prior to the Board meetings; all decisions will still need to be made by the Board members. Chair Neufeld offered his final comments on the continuance of meeting with the CEO on a regular basis to ensure a smooth transition. Mr. Manning stated there was value to him in meeting with these members to brainstorm and would give him a better opportunity to serve the Board and this Basin. Mr. Jeske commented that the Personnel Committee was called together to assist in the hiring process and the Executive Oversight Committee was formed to assist in the interim Chief of Watermaster with the daily operations and there was a difference in the committee members for those two groups. Mr. Jeske affirmed his reservations in having an Executive Committee meet with the CEO on a regular basis without the other chairs present. Ms. Lantz stated that she was new to our meeting process, however, stated her confusion in that this item was not in the packet that as a proposal for an item of discussion. If the duties of a committee has changed or a new committee is needed to be formed, this type of change needs to be in writing so that those who are going to support or oppose it will have the necessary information so that they may vote on it. Mr. Kuhn noted we are not asking for an approval, this was a suggestion that was to be given and if the consensus was no, then the item would be dropped. Chair Neufeld mentioned to the group that as

the Chair, it was his prerogative to form and disband subcommittees and according, he is hereby disbanding the Executive Oversight Committee and stated we are now back to the point where we have a Personnel Committee and an Executive Committee of the Board. Mr. Manning stated he will continue to get direction and comments from as many people as he can as to keep an open mind and an open ear to all parties for his decision making processes.

IV. INFORMATION

1. Newspaper Articles
No comments were made regarding this item.

2. American Groundwater Trust Conference -- November 5, 2004
No comments were made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Vanden Heuvel inquired as to the cost of the special referee. Counsel Slater stated the issue of the special referee's cost has been noted; it was an element of discussion when the Watermaster's group went up to meet with the referee and her assistant and it is one we hope that one of the reasons we are moving from a four times a year reporting period to two. There is still work to be done and Counsel Slater noted, at this point in time, there is nothing further to report. Mr. Manning stated this was the first opportunity to meet Anne and Joe and that he also had an opportunity to meet the judge and there appears to be a lot more confidence that the Watermaster is moving in the right direction.

Chair Neufeld commented that last Friday he was in Sacramento for the monthly Cal-Fed Drinking Water Quality Committee meeting, at that meeting they were presented with a report from a group of water agencies and environmentalists in the northern part of the state that were opposed to the construction of projects that could be beneficial to parties in the southern part of the state. The impact of the report was to suggest there was no beneficial use for any project in the State of California unless it provided a substantial support of environmental endeavors. At the response of the committee a letter has been drafted that has gone out in opposition to their position. Chair Neufeld gave a detailed description of some of the wording in the environmentalist report. This will become a very tricky issue in the next several weeks and Chair Neufeld recommended all interested parties keep apprised of this issue.

VI. OTHER BUSINESS

Chair Neufeld stated that he had a prior family commitment and would not be able to attend the closed Board session and gave Secretary Kuhn the authority to convene as Chair for the remainder of the meeting in the absence of the Vice-Chair Catlin.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

The confidential session was called into session at 12:35 p.m. by Secretary Kuhn

Secretary Kuhn called the open Board meeting back to order at 12:44 p.m.

Secretary Kuhn stated there was nothing to report on from the confidential session.

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

The Watermaster Board Meeting Adjourned at 12:45 p.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 October 2004
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Period September 1, 2004 through September 30, 2004
3. Treasurer's Report of Financial Affairs for September 1 through September 30, 2004
4. Profit & Loss Budget vs. Actual July 1, 2004 through September 30, 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: November 16, 2004
November 18, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – October 2004

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for October 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 October 2004 were \$836,250.20. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$573,044.31, Wildermuth Environmental Inc. in the amount of \$88,226.44, and Hatch and Parent in the amount of \$48,653.69.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
October 2004

Type	Date	Num	Name	Amount
Oct 04				
Bill Pmt -Check	10/7/2004	9049	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,433.26
Bill Pmt -Check	10/7/2004	9050	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,915.99
Bill Pmt -Check	10/7/2004	9051	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,001.80
Bill Pmt -Check	10/7/2004	9052	VERIZON	-39.54
Bill Pmt -Check	10/7/2004	9053	Diehl, Evans & Co, LLP	-175.00
Bill Pmt -Check	10/7/2004	9054	HOLIDAY EXPRESSIONS BY RAPIDFORMS	-253.95
Bill Pmt -Check	10/7/2004	9055	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	10/7/2004	9056	OFFICE DEPOT	-746.72
Bill Pmt -Check	10/7/2004	9058	PAYCHEX	-242.90
Bill Pmt -Check	10/7/2004	9057	R&D PEST SERVICES	0.00
Bill Pmt -Check	10/7/2004	9059	REID & HELLYER	0.00
Bill Pmt -Check	10/7/2004	9060	RETAIL SERVICES	-1,005.46
Bill Pmt -Check	10/7/2004	9061	SAVIN CORPORATION dba RICOH BUSINESS	-639.50
Bill Pmt -Check	10/7/2004	9062	VERIZON	-401.48
Bill Pmt -Check	10/7/2004	9063	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	10/7/2004	9064	NEUFELD, ROBERT	-1,000.00
Bill Pmt -Check	10/7/2004	9037	CATLIN, TERRY	-250.00
Bill Pmt -Check	10/7/2004	9038	DE BOOM, NATHAN	-1,000.00
Bill Pmt -Check	10/7/2004	9039	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	10/7/2004	9040	FEENSTRA, BOB	-250.00
Bill Pmt -Check	10/7/2004	9041	HUITSING, JOHN	-750.00
Bill Pmt -Check	10/7/2004	9042	KOOPMAN, GENE	-250.00
Bill Pmt -Check	10/7/2004	9043	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	10/7/2004	9044	KUHN, BOB	-250.00
Bill Pmt -Check	10/7/2004	9045	PIERSON, JEFFREY	-250.00
Bill Pmt -Check	10/7/2004	9046	STATE COMPENSATION INSURANCE FUND	-942.40
Bill Pmt -Check	10/7/2004	9047	UNITEK TECHNOLOGY INC.	-1,091.51
Bill Pmt -Check	10/7/2004	9048	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	10/7/2004	9065	R&D PEST SERVICES	-85.00
Bill Pmt -Check	10/7/2004	9066	REID & HELLYER	-6,595.71
Bill Pmt -Check	10/7/2004	9067	PETTY CASH	-480.80
Bill Pmt -Check	10/7/2004	9068	BLACK & VEATCH CORPORATION	-6,252.50
Bill Pmt -Check	10/7/2004	9069	PARK PLACE COMPUTER SOLUTIONS, INC.	-2,090.00
Bill Pmt -Check	10/7/2004	9070	UNITED PARCEL SERVICE	-196.12
Bill Pmt -Check	10/7/2004	9071	BOWCOCK, ROBERT	-625.00
Bill Pmt -Check	10/7/2004	9072	INLAND COUNTIES INSURANCE SERVICES, INC.	-216.77
Bill Pmt -Check	10/7/2004	9073	PARK PLACE COMPUTER SOLUTIONS, INC.	-2,420.00
Bill Pmt -Check	10/13/2004	9074	AIRPHOTO USA	-2,857.00
General Journal	10/14/2004	04/10/3	PAYROLL	-5,445.39
General Journal	10/14/2004	04/10/3	PAYROLL	-18,008.87
Bill Pmt -Check	10/15/2004	9075	TOGO'S	-190.50
Bill Pmt -Check	10/19/2004	9076	A & R TIRE	-44.28
Bill Pmt -Check	10/19/2004	9077	ADEX MEDICAL INC	-65.48
Bill Pmt -Check	10/19/2004	9078	APPLIED COMPUTER TECHNOLOGIES	-1,982.10
Bill Pmt -Check	10/19/2004	9079	BANK OF AMERICA	-4,329.97
Bill Pmt -Check	10/19/2004	9080	CHEVRON	-34.90
Bill Pmt -Check	10/19/2004	9081	DELUXE BUSINESS FORMS & SUPPLIES	-58.13
Bill Pmt -Check	10/19/2004	9082	ELLISON, SCHNEIDER & HARRIS, LLP	-2,468.90
Bill Pmt -Check	10/19/2004	9083	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	10/19/2004	9084	HATCH AND PARENT	-48,653.69
Bill Pmt -Check	10/19/2004	9085	LOS ANGELES TIMES	-42.00
Bill Pmt -Check	10/19/2004	9086	MCI	-900.15
Bill Pmt -Check	10/19/2004	9087	NEUFELD, ROBERT	-948.92
Bill Pmt -Check	10/19/2004	9090	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	10/19/2004	9095	SOUTHERN CALIFORNIA WATER COMMITTEE	-750.00
Bill Pmt -Check	10/19/2004	9096	STAULA, MARY L	-136.61
Bill Pmt -Check	10/19/2004	9097	UNITEK TECHNOLOGY INC.	-2,171.16
Bill Pmt -Check	10/19/2004	9098	WILDERMUTH ENVIRONMENTAL INC	-88,226.44
Bill Pmt -Check	10/19/2004	9099	ACWA SERVICES CORPORATION	-66.72
Bill Pmt -Check	10/19/2004	9088	RBM LOCK & KEY	-255.64
Bill Pmt -Check	10/19/2004	9089	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	10/22/2004	9091	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	10/22/2004	9092	INLAND EMPIRE UTILITIES AGENCY	-573,044.31
Bill Pmt -Check	10/22/2004	9093	MARK IV COMMUNICATIONS, INC.	-675.00
Bill Pmt -Check	10/22/2004	9094	MWH MONTGOMERY WATSON HARZA	-1,644.00
Bill Pmt -Check	10/22/2004	9100	PITNEY BOWES CREDIT CORPORATION	-52.97
Bill Pmt -Check	10/22/2004	9101	SAVIN CORPORATION dba RICOH BUSINESS	-155.16
Bill Pmt -Check	10/22/2004	9102	CALPERS	-2,174.72

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
October 2004

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	10/22/2004	9103	STANDARD INSURANCE CO.	-341.86
General Journal	10/25/2004	04/10/5	PAYROLL	-5,229.78
General Journal	10/25/2004	04/10/5	PAYROLL	-17,704.55
Bill Pmt -Check	10/26/2004	9104	CAFE CALATO	-61.96
Bill Pmt -Check	10/27/2004	9105	ROUTE 66 SUBS	-102.03
				<hr/>
Oct 04				-836,250.20
				<hr/> <hr/>

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2004 THROUGH SEPTEMBER 30, 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			27,807	1,949	1,014				30,770	78,330
Mutual Agency Project Revenue		-							-	0
Grant Income									-	0
Miscellaneous Income	-								-	0
Total Revenues	-	-	27,807	1,949	1,014	-	-	-	30,770	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	211,888								211,888	621,784
Watermaster Board-Advisory Committee	13,001								13,001	37,018
Pool Administration			3,184	16,658	579				20,421	91,153
Optimum Basin Mgmt Administration		343,836							343,836	1,019,183
OBMP Project Costs		776,083							776,083	3,733,694
Education Funds Use								-	-	375
Mutual Agency Project Costs	13,333								13,333	80,004
Total Administrative/OBMP Expenses	238,222	1,119,919	3,184	16,658	579	-	-	-	1,378,562	5,583,211
Net Administrative/OBMP Income	(238,222)	(1,119,919)								
Allocate Net Admin Income To Pools	238,222		179,360	55,040	3,822				-	0
Allocate Net OBMP Income To Pools		1,119,919	843,200	258,752	17,967				-	0
Agricultural Expense Transfer			330,350	(330,350)					-	0
Total Expenses	1,356,095		1,356,095	100	22,367	-	-	-	1,378,562	5,583,211
Net Administrative Income			(1,328,288)	1,849	(21,353)	-	-	-	(1,347,792)	(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						(866,390)			(866,390)	0
Net Other Income			-	-	-	(866,390)	-	-	(866,390)	(99,000)
Net Transfers To/(From) Reserves			(1,328,288)	1,849	(21,353)	(866,390)	-	-	(2,214,182)	(1,618,993)
Working Capital, July 1, 2004			3,471,229	463,055	173,739	4,133,061	158,251	2,195	8,401,530	
Working Capital, End Of Period			2,142,941	464,904	152,386	3,266,671	158,251	2,195	6,187,348	
03/04 Production			136,795.139	41,978.182	2,914.774				181,688.095	
03/04 Production Percentages			75.291%	23.105%	1.604%				100.000%	

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

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

DEPOSITORIES:

Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits	\$	(27,187)	
Savings Deposits		9,635	
Zero Balance Account - Payroll		-	(17,552)
Local Agency Investment Fund - Sacramento			6,936,454
TOTAL CASH IN BANKS AND ON HAND	9/30/2004		\$ 6,919,402
TOTAL CASH IN BANKS AND ON HAND	8/31/2004		7,290,502
PERIOD INCREASE (DECREASE)			\$ (371,100)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	\$	101,237
Assessments Receivable		-
Prepaid Expenses, Deposits & Other Current Assets		2,163
(Decrease)/Increase in Liabilities: Accounts Payable		351,223
Accrued Payroll, Payroll Taxes & Other Current Liabilities		(27,868)
Transfer to/(from) Reserves		(797,855)
PERIOD INCREASE (DECREASE)	\$	(371,100)

SUMMARY OF FINANCIAL TRANSACTIONS:	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 8/31/2004	\$ 500	\$ 343,919	\$ -	\$ 9,629	\$ 6,936,454	\$ 7,290,502
Deposits		132,020	-	6	-	132,026
Transfers		(60,225)	60,225	-	-	-
Withdrawals/Checks		(442,901)	(60,225)	-	-	(503,126)
Balances as of 9/30/2004	\$ 500	\$ (27,187)	\$ -	\$ 9,635	\$ 6,936,454	\$ 6,919,402
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (371,106)	\$ -	\$ 6	\$ -	\$ (371,100)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
-------------------	-------------	------------	----------	----------	---------------------	---------------------	-------------------

There were no investment transactions during this accounting period.

TOTAL INVESTMENT TRANSACTIONS \$ - -

* The earnings rate for L.A.I.F. is a daily variable rate; 1.67% was the effective yield rate at the Quarter ended September 30, 2004

**INVESTMENT STATUS
September 30, 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	<u><u>\$ 6,936,454</u></u>			

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 September 2004

	<u>Jul - Sep 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	132,000	-132,000	0.0%
4110 · Admin Asmnts-Approp Pool	0	3,755,236	-3,755,236	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0	97,652	-97,652	0.0%
4700 · Non Operating Revenues	30,770	78,330	-47,560	39.28%
Total Income	<u>30,770</u>	<u>4,063,218</u>	<u>-4,032,448</u>	<u>0.76%</u>
Gross Profit	30,770	4,063,218	-4,032,448	0.76%
Expense				
6010 · Salary Costs	84,944	401,704	-316,760	21.15%
6020 · Office Building Expense	28,698	100,800	-72,102	28.47%
6030 · Office Supplles & Equip.	10,516	45,500	-34,984	23.11%
6040 · Postage & Printing Costs	21,215	67,100	-45,885	31.62%
6050 · Information Services	34,917	105,076	-70,159	33.23%
6060 · Contract Services	81,641	106,000	-24,359	77.02%
6080 · Insurance	6,208	21,710	-15,502	28.6%
6110 · Dues and Subscriptions	1,359	16,600	-15,241	8.19%
6140 · Other WM Admin Expenses	680	2,500	-1,820	27.22%
6150 · Field Supplies	0	4,250	-4,250	0.0%
6170 · Travel & Transportation	3,059	24,650	-21,591	12.41%
6190 · Conferences & Seminars	4,576	16,000	-11,424	28.6%
6200 · Advisory Comm - WM Board	2,427	13,459	-11,032	18.03%
6300 · Watermaster Board Expenses	10,572	23,559	-12,987	44.88%
8300 · Appr PI-WM & Pool Admin	3,184	13,659	-10,475	23.31%
8400 · Agri Pool-WM & Pool Admin	3,861	16,417	-12,556	23.52%
8467 · Agri-Pool Legal Services	12,697	45,000	-32,303	28.22%
8470 · Ag Meeting Attend -Special	100	10,000	-9,900	1.0%
8500 · Non-Ag PI-WM & Pool Admin	579	6,077	-5,498	9.53%
6500 · Education Funds Use Expens	0	375	-375	0.0%
9500 · Allocated G&A Expenditures	-65,924	-290,106	224,182	22.72%
Subtotal G&A Expenses	<u>245,309</u>	<u>750,330</u>	<u>-505,021</u>	<u>32.69%</u>
6900 · Optimum Basin Mgmt Plan	314,018	933,566	-619,548	33.64%
6950 · Mutual Agency Projects	13,333	80,004	-66,671	16.67%
9501 · G&A Expenses Allocated-OBMP	29,818	85,617	-55,799	34.83%
Subtotal OBMP Expenses	<u>357,169</u>	<u>1,099,187</u>	<u>-742,018</u>	<u>32.49%</u>
7101 · Production Monitoring	7,274	54,957	-47,683	13.24%
7102 · In-line Meter Installation	1,481	93,969	-92,488	1.58%
7103 · Grdwtr Quality Monitoring	45,995	148,792	-102,797	30.91%
7104 · Gdwtr Level Monitoring	16,163	135,072	-118,909	11.97%
7105 · Sur Wtr Qual Monitoring	16,339	282,220	-265,881	5.79%
7106 · Wtr Level Sensors Install	0	19,114	-19,114	0.0%
7107 · Ground Level Monitoring	50,228	433,720	-383,492	11.58%
7108 · Hydraulic Control Monitoring	58,480	437,987	-379,507	13.35%
7200 · PE2- Comp Recharge Pgm	214,257	413,177	-198,920	51.86%
7300 · PE3&5-Water Supply/Desalte	0	20,885	-20,885	0.0%

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

	<u>Jul - Sep 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	30,016	795,099	-765,083	3.78%
7500 · PE6&7-CoopEfforts/SaltMgmt	7,357	251,343	-243,986	2.93%
7600 · PE8&9-StorageMgmt/Conj Use	18,219	140,400	-122,181	12.98%
7690 · Recharge Improvement Debt Pymt	274,169	274,169	0	100.0%
7700 · Inactive Well Protection Prgm	0	28,302	-28,302	0.0%
9502 · G&A Expenses Allocated-Projects	36,106	204,488	-168,382	17.66%
Subtotal G&A Expenses	<u>776,083</u>	<u>3,733,694</u>	<u>-2,957,611</u>	<u>20.79%</u>
Total Expense	<u>1,378,561</u>	<u>5,583,211</u>	<u>-4,204,650</u>	<u>24.69%</u>
Net Ordinary Income	-1,347,792	-1,519,993	172,201	88.67%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0	600,000	-600,000	0.0%
4230 · MZ1 Sup Wtr Assessment	0	1,579,500	-1,579,500	0.0%
Total Other Income	<u>0</u>	<u>2,179,500</u>	<u>-2,179,500</u>	<u>0.0%</u>
Other Expense				
5010 · Groundwater Replenishment	866,390	2,278,500	-1,412,110	38.03%
9999 · To/(From) Reserves	-2,214,182	-1,618,993	-595,189	136.76%
Total Other Expense	<u>-1,347,792</u>	<u>659,507</u>	<u>-2,007,299</u>	<u>-204.36%</u>
Net Other Income	<u>1,347,792</u>	<u>1,519,993</u>	<u>-172,201</u>	<u>88.67%</u>
Net Income	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0.0%</u></u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

1. Transaction of Notice of Sale or Transfer from City of Pomona to Monte Vista Water District in the Amount of 2,500 acre-feet



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

October 1, 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: **September 1, 2004** Date of this notice: **October 1, 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 City of Pomona water in storage in the amount of 2,500 acre-feet.

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

Appropriative Pool:	October 14, 2004
Non-Agricultural Pool:	October 14, 2004
Agricultural Pool:	October 19, 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

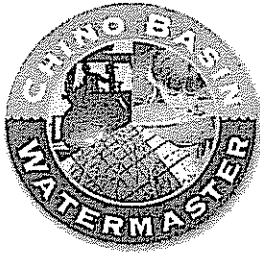
Tel: (909) 484-3888
Fax: (909) 484-3890

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: October 1, 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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: October 1, 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 the City of Pomona water in storage in the amount of 2,500 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 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 the City of Pomona water in storage in the amount of 2,500 acre-feet.

Notice of the water transaction identified above was mailed on October 1, 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.

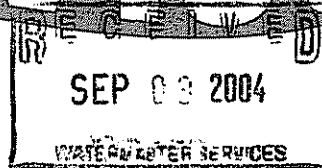
Because Monte Vista Water District did not submit a Form 4, Application or Amendment to Application to Recapture Water in Storage, it is assumed that it does not have any current plans to recapture the water. If Monte Vista Water District later decides it wishes to recapture the water from storage, it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

Monte Vista

Dedicated to Quality,

Service and Innovation

September 1, 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

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 City of Pomona a portion of the City's water in storage in the amount of 2,500 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: Henry Pepper, City of Pomona

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 47

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

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

Transfer from Local Storage Agreement: **15, 15.1, 15.2
15.3, 15.4**

Date Requested: **September 1, 2004**

Transferring Party: **City of Pomona**

Date Approved:

Address: **505 South Garey Avenue
Box 660
Pomona, California 91769**

Amount Requested (AF): **2,500**

Telephone: **(909) 620-2283**

Amount Approved (AF):

Fax: **(909) 620-2030**


Applicant: **Henry Pepper, Utilities Services Director**

Attach Recapture Form 4

Receiving Party: **Monte Vista Water District**

Address: **10575 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

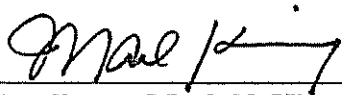
Material Physical Injury:

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



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:

MONTE VISTA WATER DISTRICT

Recapture Plan

This recapture plan pertains to the transfer of an estimated 2,500 acre-feet of Fiscal Year 2004-05 City of Pomona 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.

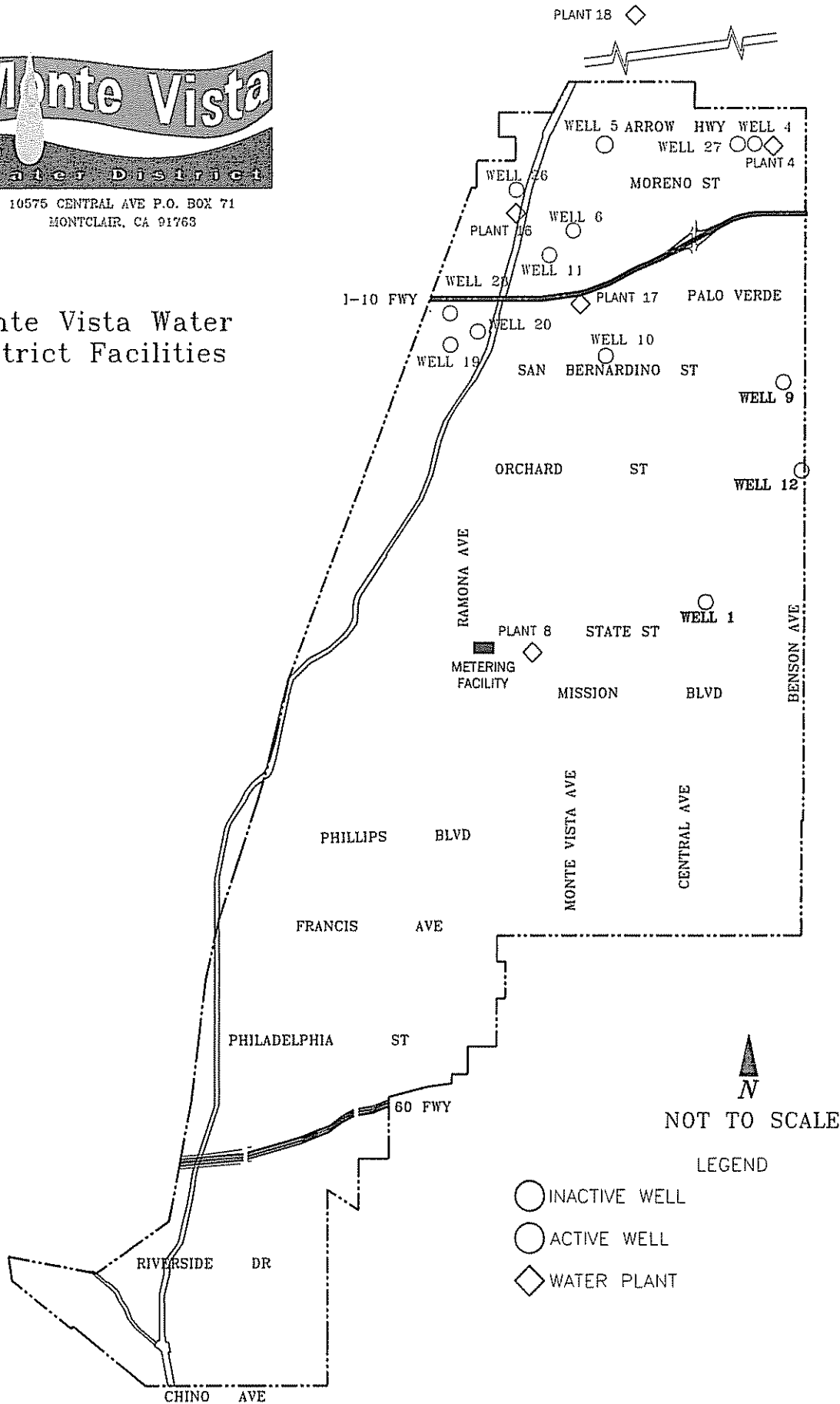
<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
11	2.7
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
<hr/>	
Daily Total	65.2

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



10575 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. ANALYSIS OF MATERIAL PHYSICAL INJURY

Consider Request for an Analysis of Material Physical Injury for IEUA's Proposed Phase II Recycled Water Recharge Program





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: November 16, 2004
November 18, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Request for Analysis of Material Physical Injury for IEUA Proposed Phase II Recycled Water Recharge Program

SUMMARY

Issue – On November 2, 2004, Inland Empire Utilities Agency (IEUA) sent a letter to Watermaster (copy attached herein) requesting an analysis of Material Physical Injury, pursuant to the Peace Agreement and Watermaster's Rules and Regulations, for IEUA's proposed Phase II recycled water recharge program.

Recommendation – Watermaster staff complete the analysis of Material Physical Injury using the Department of Health Services (DHS) proposed regulations for planned recharge projects, requirements listed in the Peace Agreement, balance of recharge and discharge in every area and subarea, maintenance of hydraulic control, and other criteria that may become appropriate to Watermaster. The cost of this analysis will be paid for by IEUA. Watermaster will withhold its final findings regarding material physical injury pending acceptance by DHS and the Regional Water Quality Control Board, and Watermaster's subsequent review and approval of their findings.

BACKGROUND

IEUA proposes to implement Phase II of the Chino Basin Recycled Water Groundwater Recharge Project (Phase II Recharge Project). The Chino Basin Recycled Water Groundwater Recharge Program is a comprehensive water supply enhancement project that will be implemented in two phases.

The Phase I Recharge Project is expected to begin operation in early 2005. The Phase II Recharge Project will: (1) add 11 more recharge basins, and (2) expand the conveyance system to increase the recharge capacity up to about 164,000 acre-ft/yr. The blended supply will consist of approximately 22,000 acre-ft/yr of recycled water, 22,000 acre-ft/yr of storm water, and 120,000 acre-ft/yr of imported water.

Facilities' planning for the Phase II Recharge Project has been completed. The next steps involve analysis of Material Physical Injury per Article X of the Watermaster's Rules and Regulations, permitting and regulatory compliance. Preparation of the Title 22 Engineering Report for project approval by the DHS and permitting has begun.

IEUA requests that Watermaster staff complete an analysis of Material Physical Injury pursuant to Article X of Watermaster's Rules and Regulations. Specifically IEUA requests that Watermaster consider, at a minimum the application of the same criteria that Watermaster required in June 2002 that included:

- o IEUA Certification of Program Environmental Report for the Wastewater Facilities Master Plan, Recycled Water Master Plan, Organics Management Master Plan SCH No. 200211116; and
- o The preparation of the detailed engineering reports as described in the proposed DHS regulations for planned recharge projects, acceptance of those reports by the DHS and Regional Board and Watermaster's independent review and acceptance of the reports.

The first criterion has been satisfied for the recharge program. IEUA requests that Watermaster staff conduct its own independent analysis for Phase II using the proposed requirements described in the proposed DHS regulations for planned recharge projects.

DISCUSSION

Article 10 of Watermaster Rules and Regulations (paragraph 10.10) requires that:

"...Watermaster prepare a written summary and analysis (which will include an analysis of the potential for material physical injury) of the Application and provide the Parties with a copy of the written summary and advanced notice of the date of Watermaster's scheduled consideration and possible action on any pending Applications."

Per the Peace Agreement, material physical injury is defined as:

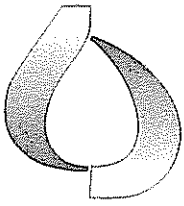
"material injury that is attributable to Recharge, Transfer, storage and recovery, management, movement or Production of water or implementation of the OBMP, including, but not limited to, degradation of water quality, liquefaction, land subsidence, increases in pump lift and adverse impacts associated with rising groundwater." (Peace Agreement, page 8)

IEUA completed the hydrogeology part of the DHS engineering report for the Phase I basins using substantially the work of Watermaster staff that was completed for the Program Environmental Impact Report for the OBMP. This work used the hydrogeologic interpretations and groundwater modeling work completed by Wildermuth Environmental, Inc. (WEI) in 2000 and updated in 2001.

IEUA would like to use the new hydrogeologic information and improved models of the Chino Basin that WEI developed for the 2003 engineering investigations of the *Dry-Year Yield Program* and that are currently being refined by WEI and Watermaster staff for use in the Peace II process.

IEUA would like Watermaster staff to complete the analysis of Material Physical Injury as recommended by Watermaster staff in its June 2002 staff report with Watermaster staff conducting the hydrogeologic analyses that are required in the proposed DHS regulations for planned recharge projects.

Watermaster staff can complete an independent, arms-length analysis of Material Physical Injury as requested by IEUA using the criteria suggested by IEUA and other appropriate criteria. These additional criteria include the minimum set listed in the Peace Agreement cited above, the Peace Agreement requirement to balance recharge and discharge in every area and subarea, maintenance of hydraulic control, and other criteria that may become appropriate. There are no new costs to Watermaster as IEUA will reimburse Watermaster for costs associated with the analysis of material physical injury.



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

November 2, 2004

Chino Basin Watermaster
Attention: Kenneth Manning, Chief Executive Officer
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Subject: Request for an analysis of Material Physical Injury for IEUA's proposed Phase II Recycled Water Recharge Program

Dear Mr. Manning:

Inland Empire Utilities Agency (IEUA) proposes to implement Phase II of the Chino Basin Recycled Water Groundwater Recharge Project (Phase II Recharge Project). The Chino Basin Recycled Water Groundwater Recharge Program is a comprehensive water supply enhancement project that will be implemented in two phases to reduce dependence on imported water that may not be available in the future and provide a local drought-proof supply of new water.

The Phase I Recharge Project is expected to begin operation in early 2005. This initial project consists of three major components: (1) wastewater treatment and water recycling facilities; (2) seven recharge basins; and (3) conveyance systems to deliver the various water supplies from their sources to the recharge basins. Phase I will provide approximately 10,000 acre-feet per year (afy) of recycled water, 10,000 afy of storm water and 31,000 afy of imported water for a total blend of about 50,000 afy to replenish the Chino Groundwater Basin. The Phase I Recharge Project was approved by the State Department of Health Services with conditions on July 28, 2004. It is anticipated that the California Regional Water Quality Control Board (RWQCB) will approve the discharge permit for the Phase I Recharge Project in December, 2004. The *Operation, Maintenance and Monitoring Plan* is currently being developed in compliance with the permit.

The Phase II Recharge Project will: (1) add 10 more recharge basins, and (2) expand the conveyance system to increase the recharge capacity up to about 161,000 afy. The blended supply will consist of approximately 22,000 afy of recycled water, 22,000 afy of storm water, and 117,000 afy of imported water.

Recycled water will be produced by IEUA's Regional Plant Nos. 1 and 4 (RP-1 and RP-4) for both phases of the Recharge Program. Thus, the recycled water quality for the Phase II Recharge Project will be the same as that supplied for the Phase I Recharge Project. Recycled water will be delivered to the recharge basins via IEUA's Regional Recycled Water Distribution System pump stations and pipelines. Storm water will be diverted from drainage channels to the recharge basins. Imported water will be delivered to the recharge basins via pipelines and flow control structures. The attached Table 1 summarizes the water sources, volumes, and recharge basins under each phase.

The Chino Basin Recharge Program offers multiple benefits to all stakeholders in the Chino Groundwater Basin in accordance with the Chino Basin Peace Agreement. The Program complies with the Optimum Basin Management Plan (OBMP) and Chino Basin Recharge Master Plan, both of which were developed by the Watermaster to manage the Basin and identify and prioritize opportunities for groundwater recharge. As the lead agency for the Chino Basin Recharge Program, IEUA completed a Recycled Water Feasibility Study to integrate its recycled water program into the Watermaster's goals and objectives. The Phase I Recharge Project was the first step. Implementation of the Phase II Recharge Project will complete the Program and fully realize the benefits of a new, drought-proof water supply and improved water quality for all users of the Chino Groundwater Basin.

Facilities' planning for the Phase II Recharge Project has been completed. The next steps involve analysis of *Material Physical Injury* per Article X of the Watermaster's Rules and Regulations, permitting and regulatory compliance. Preparation of the Title 22 Engineering Report for project approval by the State Department of Health Services and permitting has begun.

IEUA requests that Watermaster staff complete an analysis of Material Physical Injury pursuant to Article X of Watermaster's Rules and Regulations. Specifically IEUA requests that Watermaster consider, at a minimum the application of the same criteria that Watermaster required in June 2002 that included:

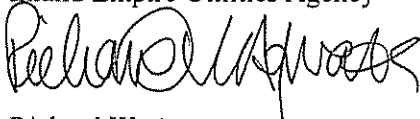
- o IEUA Certification of Program Environmental Report for the Wastewater Facilities Master Plan, Recycled Water Master Plan, Organics Management Master Plan SCH No. 200211116; and
- o The preparation of the detailed engineering reports as described in the proposed DHS regulations for planned recharge projects, acceptance of those reports by the DHS and Regional Board and Watermaster's independent review and acceptance of the reports.

The first criterion has been satisfied for the recharge program. The second criterion is almost complete for the Phase I basins. IEUA requests that Watermaster staff conduct its own independent analysis for the Phase II basins using, among other things, the proposed requirements described in the proposed DHS regulations for planned recharge projects. IEUA will accept the results of Watermaster's independent work and will reimburse Watermaster for the cost of Watermaster's staff investigation.

Please call me if you have any questions.

Very truly yours,

Inland Empire Utilities Agency



Richard W. Atwater
Chief Executive Officer
General Manager

Enclosure
RWA:GEH:tc

G:\PP\GARY\Letter to Watermaster - Request for an Analysis of Material Physical Injury.doc

TABLE 1
Potential Source Water Recharge Capacities for the
Chino Basin Recycled Water Groundwater Recharge Project

Basin Name	Potential Basin Recharge Capacity (afy)			Total Recharge Capacity (afy)
	Storm Water	Imported Water	Recycled Water	
Existing Recharge Basins				
Ely Basins	2,300	2,300	2,300	6,900
Phase I Recharge Project Basins				
Banana Basin	800	3,600	800	5,200
Declez Basin	300	1,800	300	2,400
Etiwanda Conservation Ponds	1,100	5,800	1,100	8,000
Hickory Basin	900	4,600	900	6,400
Jurupa Basin ¹	0	0	0	0
RP-3 Basins	1,700	8,600	1,700	12,000
Turner Basin No. 1	900	900	900	2,700
Turner Basin Nos. 2, 3 & 4	1,800	3,400	1,800	7,000
Subtotal Phase I and Existing Basins:	9,800	31,000	9,800	50,000
Phase II Recharge Project Basins				
7 th & 8 th Street Basins	1,600	2,100	1,600	5,300
Brooks Street Basin	1,800	100	5,000	6,900
College Heights Basins	100	8,000	0	8,100
Etiwanda Spreading Basins	1,700	8,600	1,700	12,000
Lower Day Basin	500	4,200	500	5,200
Montclair Basins	2,100	17,400	0	19,500
San Sevine Nos. 1 through 3	1,700	22,700	1,700	26,100
San Sevine Nos. 4 & 5	500	8,100	500	9,100
Upland Basin	1,000	9,700	0	10,700
Victoria Basin	1,000	5,100	1,000	7,100
Subtotal Phase II Basins:	12,000	86,000	12,000	110,000
Total All Program Basins:	21,800	117,000	21,800	160,600

1. The Jurupa Basin through geotechnical testing, is believed to have minimal percolation benefits. As such, the Jurupa Basin will be used as a holding basin for water sources pumped to the RP-3 Basins for groundwater recharge.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

B. FY 2004-2005 ASSESSMENT PACKAGE

Consider Approval of FY 04-05 Assessment Package





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: November 16, 2004
November 18, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: FY 2004-2005 Assessment Package

SUMMARY

Issue – FY 2004-2005 Assessment Package

Recommendations – Staff recommends approval of the assessments and adoption of the resolution levying the assessments as presented.

BACKGROUND

Staff has been engaged in developing the FY 2004-2005 assessment utilizing cash on hand over a two-year period as approved with the 2002-2003 assessment package. During approval of the bond funding for the Recharge Facilities Improvement Project, the Appropriative Pool took action to be assessed for the annual payment based on share of operating safe yield rather than percent of total production and the filing for this is listed separately on page 9. The estimated annual bond payment included in the approved FY 2004-2005 budget was \$274,169. The actual bond payment for this fiscal year is the same. The assessment amounts being billed for the 2004-2005 year represent amounts approved in the 2004-2005 budget package, including a reserve amount as established in the 2002-2003 year.

At the request of several appropriators, page 12 of the package has been included. It now represents the net appropriative pool assessment per acre-foot of production, by appropriator. For appropriators with no production, the \$/AF production is not applicable, which is reflected as such in the last column.

From the first page of the package, the major changes include crediting back funds on hand based on % of production by pool – creating the same assessment per acre foot by pool.

RECOMMENDATION

Approval of the assessments and adoption of resolution levying the assessments as presented.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



ASSESSMENT

PACKAGE

FISCAL YEAR 2004/2005

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

FY 04-05 Working Draft

MEMO ONLY 2004/2005 BUDGET TOTALS	ASSESSMENT TOTALS (Acre-Feet)	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AGRICULTURAL POOL		
		Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	
2002-03 Production & Exchanges in Acre-Feet	163,896.982	120,556.820	73.556%	38,486.914	23.482%	4,853.248	2.961%	
2003-04 Production & Exchanges in Acre-Feet	181,688.095	136,795.139	75.292%	41,978.182	23.105%	2,914.774	1.604%	
BUDGET								
		General Administration	OBMP	General Administration	OBMP	General Administration	OBMP	
Administration, Advisory Committee & Watermaster Board (1)	\$669,177	\$669,178	\$503,831	\$154,613		\$10,734		
OBMP (1) #6900 & #7000 series	4,558,712	4,558,712		\$3,432,300		\$1,053,290	\$73,122	
Pool Administration #8300, #8400, #8500	81,153	81,153	61,101		18,750		1,302	
Expenses funded by General Admin & OBMP Assessments**	5,309,042	5,309,043	564,932	3,432,300	173,363	1,053,290	12,036	
Set-Aside for Reserves - General Administration 33.00%		247,610	186,428		57,210		3,972	
Set-Aside for Reserves - OBMP 15.00%		683,807		514,845		157,994	10,968	
TOTAL 04-05 BUDGET & OPERATING RESERVE		6,240,460	751,360	3,947,145	230,573	1,211,284	16,008	
Plus or (Minus)								
03-04 Appropriative Pool Interest Revenue	0	0	0	0				
CASH DEMAND for FY 2004-2005	5,309,042	6,240,460	751,360	3,947,145	230,573	1,211,284	16,008	
84,090								
Less: Funds on hand (3)	1,618,990	(1,618,990)		(1,218,954)		(374,068)	(25,969)	
FUNDS TO BE ASSESSED FY 04-05	(\$4,621,470)	\$4,621,470	\$751,360	\$2,728,191	\$230,573	\$837,217	\$16,008	
\$58,121								
2004-05 Proposed Assessments								
General Administration Assessments		Per Acre-Foot	\$5.49	\$19.94	\$5.49	\$19.94	\$5.49	
							\$19.94	
2003-2004 Assessments (For Information Only)		Per Acre-Foot	\$2.93	\$16.17	\$11.49	\$27.33	\$5.37	
							\$23.03	

Footnotes:

- (1) Total Costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment, MZI or Replenishment water purchases.
- (2) Cash on Hand for is prior year June 30 fund balances less funds required for water purchases, SB 22 funds, Education Funds & Agricultural Pool Funds.
- (3) Funds on hand include Interest Income and anticipated Contributions from outside agencies.

The Recharge Debt Service payment in the amount of \$274,169 is to be assessed based on safe yield pursuant to Appropriative Pool action on 5/22/02

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS
REALLOCATION OF AGRICULTURAL POOL SAFE YIELD

2003-04 Production Year

Agricultural Pool	Acre Feet
Agricultural Pool Annual Safe Yield	82,800.000
2003-04 Less Agricultural Pool Producti	(41,978.182)
2003-04 Less Early Transfer:	(32,800.000)
2003-04 Less Land Use Conversions:	(17,523.368)
Under(Over) Production:	(9,501.550)

Land Use Conversion Summary

Producers	Prior Converted (AF)	Acres Converted @ (Acres)	1.3 af/ac (Acre-Feet)	Total Prior to Peace Agrmt Converted(AF)	Post Peace Agreement Acres Converted @ (Acres)	2.0af/ac (Acre-Feet)	Total Land Use Conversions (AF)
Chino	196.235	1,454.750	1,891.175	2,087.410	1,281.090	2,562.180	4,649.590
Chino Hills		670.266	871.346	871.346	58.000	116.000	987.346
Fontana Water Co		0.000	0.000	0.000	417.000	834.000	834.000
Cucamonga Valley WD		460.280	598.364	598.364	0.000	0.000	598.364
Jurupa CSD*		2,756.920	3,583.996	3,583.996	2,911.640	5,823.280	9,407.276
Monte Vista WD		28.150	36.595	36.595	9.240	18.480	55.075
Ontario	209.400	527.044	685.157	894.557	48.580	97.160	991.717
Totals	405.635	5,897.410	7,666.633	8,072.268	4,725.550	9,451.100	17,523.368

*After duplication of conversion areas were identified, Jurupa's PrePeace Agreement acres were adjusted (337.58), and Post Peace Agreement acres were adjusted (846.4) for a total reduction in Land Use Conversion AF of 2,131.65.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

REALLOCATION OF AGRICULTURAL POOL SAFE YIELD

Appropriative Pool Party	Share of Operating Safe Yield (Percent)	32,800 AF Annual Early Transfer	Total Land Use Conversions	Total Required Reallocation	Diff. Btwn. Total Req. & Total Avail. (Acre-Feet)	Total Available for Reallocation (Acre-Feet)	% of Reallocation	Administration \$230,573.40	OBMP \$837,216.77	Total \$
		(1)	(2)	(3)=(1)+(2)				5.65	20.51	
Arrowhead Mountain Spring Water	0.000%	0.000	0.000	0.000	0.000	0.000	0.00%	50.00	50.00	50.00
Chino, City of	7.357%	2,413.096	4,649.590	7,062.686	-699.029	6,363.657	15.59%	35,943.77	130,512.57	166,456.34
Chino Hills, City of	3.851%	1,263.128	987.346	2,250.474	-365.905	1,884.569	4.62%	10,644.59	38,650.73	49,295.32
Cucamonga Valley Water District (1)	6.601%	2,165.128	598.364	2,763.492	-627.197	2,136.295	5.23%	12,066.41	43,813.38	55,879.79
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.00%	0.00	0.00	50.00
Fontana Union Water Company	11.657%	3,823.496	0.000	3,823.496	-1,107.596	2,715.900	6.65%	15,340.19	55,700.54	71,040.73
Fontana Water Company	0.002%	0.656	834.000	834.656	-0.190	834.466	2.04%	4,713.30	17,114.11	21,827.41
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000	0.00%	0.00	0.00	50.00
Jurupa Community Services District	3.759%	1,232.952	9,407.276	10,640.228	-357.163	10,283.065	25.19%	58,081.72	210,895.90	268,977.62
Los Serranos Country Club	0.000%	0.000	0.000	0.000	0.000	0.000	0.00%	0.00	0.00	50.00
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	-113.544	278.416	0.68%	1,572.58	5,710.06	7,282.63
Metropolitan Water Dist of So Calif	0.000%	0.000	0.000	0.000	0.000	0.000	0.00%	0.00	0.00	50.00
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	-117.249	287.503	0.70%	1,623.90	5,896.41	7,520.31
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	-835.851	2,104.640	5.16%	11,887.61	43,164.16	55,051.77
Niagara Bottling Company, LLC	0.000%	0.000	0.000	0.000	0.000	0.000	0.00%	0.00	0.00	0.00
Nicholson Trust	0.007%	2.296	0.000	2.296	-0.665	1.631	0.00%	9.21	33.45	42.66
Norco, City of	0.368%	120.704	0.000	120.704	-34.966	85.738	0.21%	484.27	1,758.41	2,242.69
Ontario, City of	20.742%	6,803.376	991.717	7,795.093	-1,970.812	5,824.281	14.27%	32,897.22	119,450.49	152,347.71
Pomona, City of	20.454%	6,708.912	0.000	6,708.912	-1,943.447	4,765.465	11.67%	26,916.72	97,735.17	124,651.89
Santa Ana River Water Company	2.373%	778.344	0.000	778.344	-225.472	552.872	1.35%	3,122.78	11,338.88	14,461.67
San Antonio Water Company	2.748%	901.344	0.000	901.344	-261.103	640.241	1.57%	3,616.27	13,130.74	16,747.01
San Bernardino County (Shooting Park)	0.000%	0.000	0.000	0.000	0.000	0.000	0.00%	0.00	0.00	0.00
Southern California Water Company	0.750%	246.000	0.000	246.000	-71.262	174.738	0.43%	986.97	3,583.72	4,570.69
Upland, City of	5.202%	1,706.256	0.000	1,706.256	-494.271	1,211.985	2.97%	6,845.64	24,856.67	31,702.31
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	-164.187	402.597	0.99%	2,273.99	8,256.89	10,530.87
West Valley Water District (2)	1.175%	385.400	0.000	385.400	-111.643	273.757	0.67%	1,546.26	5,614.49	7,160.75
TOTALS	100.000%	32,800.000	17,523.368	50,323.368	-9,501.550	40,821.818	1.000	\$230,573.40	\$837,216.77	\$1,067,790.17
	check	32,800.000		50,323.368	-9,501.550					

(1) Cucamonga County Water District changed their name to Cucamonga Valley Water District
(2) West San Bernardino County Water District changed their name to West Valley Water District

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

2003-04 APPROPRIATIVE POOL WATER TRANSACTION ACTIVITY

PRODUCER	Transfer To/(From)	Recycled Water	Recap Lease/Assign Rts To/(From)	Transfers From Storage	New Yield	Net Water Transactions	MWD Cyclic/ DYY
Arrowhead Mountain Spring Water	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino, City of	(5,600.000)	5.000	0.000	5,600.000	0.000	5.000	3,264.900
Chino Hills, City of	0.000	4.600	0.000	0.000	0.000	4.600	1,500.000
Cucamonga Valley Water District	(4,500.000)	10.700	6,391.736	5,000.000	0.000	6,902.436	0.000
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	0.000	(6,391.736)	0.000	0.000	(6,391.736)	0.000
Fontana Water Company	8,006.475	0.000	0.000	0.000	0.000	8,006.475	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	(2,000.000)	0.000	0.000	3,000.000	0.000	1,000.000	0.000
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Metropolitan Water Dist of So Calif	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	(1,040.000)	0.000	0.000	12.893	0.000	(1,027.107)	0.000
Monte Vista Water District **	4,190.000	2.300	0.000	(650.000)	0.000	3,542.300	4,215.000
Niagara Bottling Company, LLC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	(6.475)	0.000	0.000	0.000	0.000	(6.475)	0.000
Norco, City of	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ontario, City of	8,600.000	20.600	0.000	0.000	0.000	8,620.600	7,118.400
Pomona, City of	(3,000.000)	0.000	0.000	2,594.765	0.000	(405.235)	0.000
Santa Ana River Water Company	(1,000.000)	0.000	0.000	0.000	0.000	(1,000.000)	0.000
San Antonio Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
San Bernardino County (Shooting Park)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Southern California Water Company	(2,000.000)	0.000	0.000	2,000.000	0.000	0.000	0.000
Upland, City of	0.000	5.200	0.000	0.000	0.000	5.200	0.000
West End Consolidated Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
West Valley Water District	(1,650.000)	0.000	0.000	1,650.000	0.000	0.000	0.000
TOTALS	0.000	48.400	0.000	19,207.658	0.000	19,256.058	16,098.300

* See Appropriative Pool Summary of Water Transactions on page 6.

** Water Transaction Activity for MVWD includes a reduction of 650af for water transferred to storage instead of production right, see note on Water Transaction Summary Sheet

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

2003-04 APPROPRIATIVE POOL PRODUCTION

PRODUCER	Carry-Over From 2002-03 Production	Prior Year* Adjustments To Storage Accounts	Assigned Share of Safe Yield	Water Transaction Activity	Ag Pool Safe Yield Reallocation	Annual Production Right	2003-04 Production	MWD** Exchanges	Net Over-Production		Under Production Balances -----Applications-----		
									15%/85%	100%	2003-04 Total Under- Produced	Carry-Over To 2004-05 Production	Excess Carryover
Arrowhead Mountain Spring Water	0.000	0.000	0.000	0.000	0.000	0.000	54.998	0.000	0.000	54.998	0.000	0.000	0.000
Chino, City of	4,033.857	1,110.680	4,034.137	5.000	6,363.657	15,547.331	3,587.561	3,264.900	0.000	0.000	8,694.870	4,034.137	-4,660.733
Chino Hills, City of	1,875.950	42.440	2,111.657	4.600	1,884.569	5,919.217	1,985.415	1,500.000	0.000	0.000	2,433.802	2,111.657	322.144
Cucamonga Valley Water District	3,619.454	72.746	3,619.592	6,902.436	4,852.195	19,066.423	11,139.498	0.000	0.000	0.000	7,926.925	3,619.592	4,307.333
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000	10,605.039	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	128.466	6,391.999	(6,391.736)	0.000	128.729	0.000	0.000	0.000	0.000	128.729	128.729	0.000
Fontana Water Company	0.000	0.022	1.097	8,006.475	834.466	8,842.060	25,827.795	0.000	16,985.735	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	2.152	0.000	2.152	0.000	0.000	0.000	0.000
Jurupa Community Services District	2,061.118	(2,090.224)	2,061.210	1,000.000	10,283.065	13,315.169	16,556.137	0.000	3,240.968	0.000	0.000	0.000	0.000
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	655.317	13.169	655.266	0.000	278.416	1,602.169	182.746	0.000	0.000	0.000	1,419.423	655.266	764.156
Metropolitan Water Dist of So Calif	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	46.438	13.599	676.652	(1,027.107)	287.503	-2.916	0.000	0.000	2.916	0.000	0.000	0.000	0.000
Monte Vista Water District ***	0.000	96.947	4,823.747	3,542.300	2,104.640	10,567.634	12,666.005	4,215.000	6,313.371	0.000	0.000	0.000	0.000
Niagara Bottling Company, LLC	0.000	0.000	0.000	0.000	0.000	0.000	521.546	0.000	0.000	521.546	0.000	0.000	0.000
Nicholson Trust	1.546	0.077	3.838	(6.475)	1.631	0.617	0.000	0.000	0.000	0.000	0.617	0.617	0.000
Norco, City of	0.000	4.056	201.789	0.000	85.738	291.583	396.512	0.000	104.929	0.000	0.000	0.000	0.000
Ontario, City of	0.000	228.587	11,373.668	8,620.600	5,824.281	26,047.137	28,115.276	7,118.400	9,186.539	0.000	0.000	0.000	0.000
Pomona, City of	0.000	225.413	11,215.746	(405.235)	4,765.465	15,801.389	16,110.509	0.000	0.000	534.533	0.000	0.000	0.000
Santa Ana River Water Company	0.000	26.152	1,301.211	(1,000.000)	552.872	880.235	567.183	0.000	0.000	0.000	313.052	313.052	0.000
San Antonio Water Company	1,506.888	30.284	1,506.838	0.000	640.241	3,684.252	869.728	0.000	0.000	0.000	2,814.524	1,506.838	1,307.685
San Bernardino County (Shooting Park)	0.000	0.000	0.000	0.000	0.000	0.000	12.770	0.000	12.770	0.000	0.000	0.000	0.000
Southern California Water Company	411.476	8.265	411.255	0.000	174.738	1,005.734	170.801	0.000	0.000	0.000	834.933	411.255	423.678
Upland, City of	2,852.401	57.329	2,852.465	5.200	1,211.985	6,979.380	1,929.207	0.000	0.000	0.000	5,050.173	2,852.465	2,197.708
West End Consolidated Water Company	947.714	19.043	947.532	0.000	402.597	2,316.886	0.000	0.000	0.000	0.000	2,316.886	947.532	1,369.354
West Valley Water District	644.317	12.949	644.300	0.000	273.757	1,575.322	0.000	0.000	0.000	0.000	1,575.322	644.300	931.023
TOTAL PRODUCTION AND EXCHANGES	18,656.476	0.000	54,834.000	19,256.058	40,821.818	133,568.352	131,301.878	16,098.300	35,849.380	1,111.077	33,509.257	17,225.441	16,283.816
Add MWD Exchanges							16,098.300						
Subtotal Production							147,400.178						
Less Desalter							(10,605.039)						
TOTAL ASSESSABLE PRODUCTION AND EXCHANGES							136,795.139						

*Prior Year Adjustments to Storage Accounts reflect production reporting errors, some of which include more than just the past fiscal year, per Watermaster past practice, only the past year was considered for adjustment.

** MWDSC Trust Acct bal of 7,738.3 af at June 30, 2003 to DYY acct. (less 3,000 af forbearance transferred to cyclic)

*** Water Transaction Activity for MVWD includes a reduction of 650af for water transferred to storage instead of production right, see note on Water Transaction Summary Sheet

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

FY 03-04 Production

Appropriative Pool Summary of Water Transactions

To	From	Quantity	Date of Watermaster Approved	\$/AF	Total \$	Financial Impact on 85%/15% Producers		Watermaster Pays 15% To
						85%	15%	
Ontario	Chino	5,600.000	7/22/04	210.00	1,176,000.00	999,600.00	176,400.00	Chino
	JCSD	3,000.000	7/22/04	201.00	603,000.00	512,550.00	90,450.00	JCSD
(1) MVWD	WVWD	650.000	5/27/04	N/A				
	Pomona	2,500.000	1/29/04	210.00	525,000.00	446,250.00	78,750.00	Pomona
	MVIC	1,040.000	1/29/04	218.00	226,720.00	192,712.00	34,008.00	MVIC
Fontana Water Co	Pomona	500.000	5/27/04	210.00	105,000.00	89,250.00	15,750.00	Pomona
	CVWD	5,000.000	7/22/04	216.90	1,084,500.00	921,825.00	162,675.00	CVWD
	SCWC	2,000.000	5/27/04	216.00	432,000.00	367,200.00	64,800.00	SCWC
	Nicholson Trust	6.475	7/22/04	216.90	1,404.43	1,193.76	210.66	FWC
	WVWD	500.000	8/26/04	210.00	105,000.00	89,250.00	15,750.00	FWC
CVWD	WVWD	500.000	3/1/04	N/A				
JCSD	Santa Ana	1,000.000	7/22/04	233.00	233,000.00	198,050.00	34,950.00	SARWC
Total		22,296.475			\$4,491,624.43	\$3,817,880.76	\$673,743.66	

(1) The 85/15 Rule does not apply to this transaction, as the water was purchased for storage and not to offset overproduction. The 650af transferred is to be put in MVWD's storage account pending approval of recapture plan.

ASSIGNMENTS (A)

Norco	JCSD	286.387	N/A					
Santa Ana		567.183	N/A					
Space Center		241.534	N/A					
Swan Lake		392.746	N/A					
Praxair	FWC (B)	145.257	85.00	18,445.29	15,678.49	2,766.79	FWC	
Sunkist	Ontario	25.303	200.00	5,060.60	4,301.51	759.09	Ontario	
Ag Pool Assign		183.900	N/A					
San Antonio WC		858.416						
Chino Airport	Chino	52.690	N/A					
Ag Pool Assign		1,201.301	N/A					
El Prado Golf		472.058	N/A					
El Prado Park		1,029.605	N/A					
Ag Pool Assign	MVWD	390.140	N/A					
Higgins Ranch	Chino Hills	9.851						
Boys Republic		163.118						
Los Serranos		257.255	N/A					
Total Assignments		6,276.744		\$23,505.89	\$19,980.00	3,525.883		

(A) Assignment of equivalent production based on metered service in net production shown by entity/pool. Reflected here for assessment adjustment page. **Subtotal Credits \$677,269.55**

(B) FWC also paid prior year assessments for Praxair of: \$3,825.26 573.79

Total Credits \$677,843.34

OTHER NOTES

Acre Feet
-10,605.039 Desalter Account reduced acre feet of production and increased rising water capture by 50%
5,302.520 of new yield from desalter operations.
79,090 Stringfellow/DTSC 1/10/86 Court Order - Up to 300,000 acre feet per year is exempt from assessment. Included in Ag Pool Production
Some water transferred from storage to eliminate a potential replenishment obligation due to water transactions & supplemental water designations.

73

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

2003-04 APPROPRIATIVE POOL LOCAL STORAGE ACTIVITY

PRODUCER	Excess Carry Over Water Activity					Local Supplemental Water Activity (A)			
	Amount In Storage From June 30, 2003	Eligible for Storage In 2003-04	Transfer To/(From)	From Suppl Water	Excess CO Yr End 2003-04	Local Suppl Water July 1, 2003	MZI (B) Eligible for Storage In 2003-04	To Excess Carry Over	Local Suppl Yr End 2003-04
Arrowhead Mountain Spring Water	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Chino, City of	4,833.082	4,660.733	(5,600.000)	0.000	3,893.815	2,741.084	261.762		3,002.846
Chino Hills, City of	0.000	322.144	0.000	0.000	322.144	7,954.315	137.019		8,091.334
Cucamonga Valley Water District	343.003	4,307.333	(5,000.000)	633.345	283.681	13,681.996	234.864	(633.345)	13,283.515
Desalter Authority	22,678.288	0.000	(5,302.520)	0.000	17,375.768	0.000	0.000		0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	757.635	414.756		1,172.391
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.249	0.071		0.320
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Jurupa Community Services District	8,847.112	0.000	(3,000.000)	0.000	5,847.112	732.982	133.745		866.727
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Marygold Mutual Water Company	604.048	764.156	0.000	0.000	1,368.204	2,129.539	42.518		2,172.057
Metropolitan Water Dist of So Calif	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Monte Vista Irrigation Company	233.703	0.000	(12.893)	0.000	220.810	7,255.936	43.906		7,299.842
Monte Vista Water District	0.000	0.000	650.000	0.000	650.000	5,682.721	312.997		5,995.718
Niagara Bottling Company, LLC	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.929	0.249		1.178
Norco, City of	319.407	0.000	0.000	0.000	319.407	71.758	13.093		84.851
Ontario, City of	0.000	0.000	0.000	0.000	0.000	13,268.424	738.000		14,006.424
Pomona, City of	0.000	0.000	(2,594.765)	2,594.765	0.000	15,422.187	727.753	(2,594.765)	13,555.175
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	288.361	84.431		372.792
San Antonio Water Company	8,967.941	1,307.685	0.000	0.000	10,275.626	535.844	97.774		633.618
San Bernardino County (Shooting Park)	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Southern California Water Company	1,029.996	423.678	(2,000.000)	546.326	0.000	2,245.071	26.685	(546.326)	1,725.430
Upland, City of	2,592.267	2,197.708	0.000	0.000	4,789.975	7,844.711	185.087		8,029.798
West End Consolidated Water Company	14,832.971	1,369.354	0.000	0.000	16,202.325	336.950	61.482		398.432
West Valley Water District	6,046.777	931.023	(1,650.000)	0.000	5,327.800	229.118	41.807		270.925
TOTALS	71,328.595	16,283.816	(24,510.178)	3,774.436	66,876.669	81,179.810	3,558.000	(3,774.436)	80,963.374

* see corresponding notes on Page 6.

(A) 93,862.143 af quantified as supplemental water on 5/24/01 pursuant to Peace Agreement & Watermaster Rules & Regulations.

(B) 3,558 af of supplemental water purchased and recharged in MZI pursuant to Peace Agreement & Watermaster Rules & Regulations.

(C) See individual accounts for balances

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS
2003-04 PRODUCTION REPLENISHMENT

WATER REPLENISHMENT OBLIGATIONS -
PRODUCTION IN EXCESS OF SAFE YIELD:

Appropriative Pool Replenishment Obligation	36,960.457
Non-Agricultural Pool Replenishment Obligation	9.942
TOTAL ACRE FEET TO BE REPLENISHED 03/04	<u>36,970.398</u>
Acres Feet of Makeup Repl water to be purchased in FY 2004/2005	12,561.024
Total to Purchase FY 04-05	<u>49,531.422</u>

COST OF REPLENISHMENT WATER PER ACRE FOOT:

Metropolitan Water District Replenishment Water Rate	\$238.00
Projected Water Spreading Cost	12.00
(\$8 IEUA, \$2 OCWD, \$2 Maint)	
Total	<u>\$250.00</u>

APPROPRIATIVE POOL			
15%-85% GROUP PRODUCTION		100%	TOTAL
15%	85%	GROSS	REPLENISHMENT
GROSS	GROSS	PRODUCTION	PRODUCTION

Non-Agricultural Pool Gross Production			9.942	
Total Appropriative Pool Production in Acre-Feet	147,400.178			
Acres Feet Produced in Excess of Safe Yield		35,849.380		
Less Production by 100% Net Producers				
Arrowhead	54.998		0.000	
Desalter	10,605.039		0.000	
Marygold Mutual Water Company	182.746		0.000	
MWDSC	1.000		0.000	
Niagara Bottling LLC	521.546		0.000	
Pomona, City of	16,110.509		0.000	
15%-85% Group Production	<u>119,924.340</u>	<u>35,849.380</u>		
Less Prepaid Gross Assessments	0.000	0.000		
Acres Feet to be Assessed	<u>119,924.340</u>	<u>35,849.380</u>	<u>9.942</u>	<u>35,859.322</u>

	Gross	Net	100%	TOTAL
	15%	85%	GROSS	REPLENISHMENT
	ASSESSMENTS	ASSESSMENTS	ASSESSMENTS	ASSESSMENTS
REPLENISHMENT ASSESSMENTS:				
15%-85% Group Assessments				
35,849.380 @ \$250.00 per Acre-Foot	\$1,344,351.75	\$7,617,993.25		\$8,962,345.00
Less Prepaid 15% Gross Assessments	0.00	0.00		0.00
100% Gross Assessments				
9.942 @ \$250.00 per Acre Foot			\$2,485.40	2,485.40
Total Assessments	<u>\$1,344,351.75</u>	<u>\$7,617,993.25</u>	<u>\$2,485.40</u>	<u>\$8,964,830.40</u>
ASSESSMENTS PER ACRE FOOT	\$11.2100	\$212.5000	\$250.0000	

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

**CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS**

**APPROPRIATIVE POOL
ASSESSMENT ADJUSTMENTS TO POOL MEMBERS**

PRODUCER	OBMP/Peace Agreement	
	6,500 AF MZI Supplemental* Water Assmt \$	Recharge Impr Pynt* 274,169.00
Arrowhead Mountain Spring Water	0.00	0.00
Chino, City of	119,551.25	20,170.61
Chino Hills, City of	62,578.75	10,558.25
Cucamonga Valley Water District	107,266.25	18,097.90
Desalter Authority	0.00	0.00
Fontana Union Water Company	189,426.25	31,959.88
Fontana Water Company	32.50	5.48
Inland Empire Utilities Agency	0.00	0.00
Jurupa Community Services District	61,083.75	10,306.01
Los Serranos Country Club	0.00	0.00
Marygold Mutual Water Company	19,418.75	3,276.32
Metropolitan Water Dist of So Calif	0.00	0.00
Monte Vista Irrigation Company	20,052.50	3,383.25
Monte Vista Water District	142,951.25	24,118.65
Niagara Bottling Company, LLC	0.00	0.00
Nicholson Trust	113.75	19.19
Norco, City of	5,980.00	1,008.94
Ontario, City of	337,057.00	56,868.13
Pomona, City of	332,377.50	56,078.53
Santa Ana River Water Company	38,561.25	6,506.03
San Antonio Water Company	-44,655.00	7,534.16
San Bernardino County (Shooting Park)	0.00	0.00
Southern California Water Company	12,187.50	2,056.27
Upland, City of	84,532.50	14,262.27
West End Consolidated Water Company	28,080.00	4,737.64
West Valley Water District	19,094.50	3,221.49
Assessments Paid/Interest Earned	\$1,625,000.25	274,169.00

* Invoiced Separately (not in total adjustment) - See Page 11

** Prior Year paid assessments = Appropriative & Agricultural Pool Admin & OBMP assessments.

Pomona Credit \$66,667	Cost of Credits Prorated	85%/15% Water Activity Adjustments			Prior Year Assessment Adjustment	Prior Year Interest Revenue Paid** Assessments	Interest Proration	Total Adjustments
		AF Production & MWD Exchange	Producer 15% Credits	Prorated 15% Debits				
	50.00	0.000	50.00	50.00	(10.42)	30,717.40	\$296.01	\$285.59
	4,904.69	6,852.461	(176,400.00)	38,731.88	(12,833.26)	232,072.55	\$2,236.39	(\$143,360.30)
	2,567.35	3,485.415	0.00	19,700.47	4,887.30	99,241.64	\$956.35	\$28,111.46
	4,400.69	11,139.498	(162,675.00)	62,963.32	5,934.78	189,101.45	\$1,822.29	(\$87,553.92)
	0.00	0.000	0.00	0.00	-	5.00	\$0.05	\$0.05
	7,771.37	0.000	0.00	0.00	10,584.23	120,363.79	\$1,159.90	\$19,515.50
	1.33	25,827.795	(19,301.25)	145,985.37	(329.66)	1,956,035.29	\$18,849.51	\$145,205.31
	0.00	2.152	0.00	12.16	(0.39)	1,055.51	\$10.17	\$21.94
	2,506.01	16,556.137	(90,450.00)	93,579.56	(62,684.15)	802,211.04	\$7,730.58	(\$49,318.00)
	0.00	0.000	0.00	0.00	-	5.00	\$0.05	\$0.05
	796.67	0.000	0.00	0.00	1,085.00	12,531.58	\$120.76	\$2,002.43
	0.00	0.000	0.00	0.00	(0.07)	28.54	\$0.28	\$0.20
	822.67	0.000	(34,008.00)	0.00	67,787.43	(85,535.44)	\$0.00	\$34,602.10
	5,864.70	16,881.005	0.00	95,415.80	6,924.07	909,528.69	\$8,764.76	\$116,969.32
	0.00	0.000	0.00	0.00	(1,974.39)	30,337.95	\$292.35	(\$1,682.04)
	4.67	0.000	0.00	0.00	6.36	78.35	\$0.76	\$11.79
	245.33	396.512	0.00	2,241.19	285.82	22,735.84	\$219.10	\$2,991.44
	13,828.07	35,233.676	(759.09)	199,149.84	17,527.42	3,268,272.11	\$31,495.00	\$261,241.24
	13,636.07	0.000	(94,500.00)	0.00	16,995.40	466,457.29	\$4,495.06	(\$126,040.48)
	1,582.01	567.183	(34,950.00)	3,205.86	2,113.71	40,259.75	\$387.97	(\$27,660.45)
	1,832.01	869.728	0.00	4,915.93	2,399.95	66,386.72	\$639.74	\$9,787.63
	0.00	12.770	0.00	72.18	(1.13)	2,974.74	\$28.67	\$99.72
	500.00	170.801	(64,800.00)	965.41	657.68	16,852.34	\$162.40	(\$62,514.51)
	3,468.02	1,929.207	0.00	10,904.38	4,563.36	117,566.37	\$1,132.94	\$20,068.69
	1,152.01	0.000	0.00	0.00	1,568.98	17,846.58	\$171.98	\$2,892.96
	783.34	0.000	0.00	0.00	1,066.85	12,136.84	\$116.96	\$1,967.15
(\$66,667.00)	\$66,667.00	119,924.340	(\$677,843.34)	\$677,843.35	\$66,554.88	\$8,329,266.92	\$81,090.00	\$147,644.89

Water activity adjustments:

Prepurchase adjustments	0.00
85/15 adjustment	677,843.34
Total activity adjustments	\$677,843.34
85%/15% Group AF Pred	119,924.340
Adjustment per acre foot	55.6523

Interest proration should be zero if received a credit for the prior year assessment

Pool Interest to be allocated:	
Total Interest Earned	
including SB222 Portion	<u>\$81,090.00</u>
Total interest adjustment	<u>\$81,090.00</u>

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

APPROPRIATIVE POOL ASSESSMENTS

Producer	ADMINISTRATIVE ASSESSMENTS					REPLENISHMENT ASSESSMENTS							Fiscal Year FY 04-05 Assessments
	2003-04 Production & Exchange	Assessed per Acre-Foot		Ag Pool Safe Yield Reallocation		15% Gross Assessments		85% Net Assessments		100% Net Assessments			
		Gross Admin. \$5.4926	OBMP \$19.9436	Administration \$5.6483	OBMP \$20.5691	Acre-Feet	Assessment \$11.2100	Acre-Feet	Assessment \$212.50	Acre-Feet	Assessment \$250.00	Assessment Adjustments	
Arrowhead Mountain Spring Water	54,998	\$302.08	\$1,096.86	\$0.00	\$0.00	0.000	\$0.00	0.000	\$0.00	54,998	\$13,749.50	\$285.59	\$15,434.03
Chino, City of	6,852,461	37,637.83	136,662.74	35,943.77	130,512.57	6,852,461	76,816.09	0.000	0.00	0.000	0.00	(143,360.30)	274,212.70
Chino Hills, City of	3,485,415	19,143.99	69,511.72	10,644.59	38,650.73	3,485,415	39,071.50	0.000	0.00	0.000	0.00	28,111.46	205,133.99
Cucamonga Valley Water District	11,139,498	61,184.81	222,161.69	12,066.41	43,813.38	11,139,498	124,873.77	0.000	0.00	0.000	0.00	(87,553.92)	376,546.14
Desalter Authority	0.000	5.00	0.00	0.00	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.05	5.05
Fontana Union Water Company	0.000	5.00	0.00	15,340.19	55,700.54	0.000	0.00	0.000	0.00	0.000	0.00	19,515.50	90,561.23
Fontana Water Company	25,827,795	141,861.75	515,099.21	4,713.30	17,114.11	25,827,795	289,529.58	16,985,735	3,609,468.69	0.000	0.00	145,205.31	4,722,991.95
Inland Empire Utilities Agency	2,152	11.82	42.92	0.00	0.00	2,152	24.12	2,152	457.30	0.000	0.00	21.94	558.10
Jurupa Community Services District	16,556,137	90,936.24	330,188.97	58,081.72	210,895.90	16,556,137	185,594.30	3,240,968	688,705.70	0.000	0.00	(49,318.00)	1,515,084.83
Los Serranos Country Club	0.000	5.00	0.00	0.00	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.05	5.05
Marygold Mutual Water Company	182,746	1,003.75	3,644.61	1,572.58	5,710.06	0.000	0.00	0.000	0.00	0.000	0.00	2,002.43	13,933.42
Metropolitan Water Dist of So Calif	1,000	5.49	19.94	0.00	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.20	25.63
Monte Vista Irrigation Company	0.000	5.00	0.00	1,623.90	5,896.41	0.000	0.00	2,916	619.65	0.000	0.00	34,602.10	42,747.06
Monte Vista Water District	16,881,005	92,720.61	336,668.01	11,887.61	43,164.16	16,881,005	189,236.07	6,313,371	1,341,591.34	0.000	0.00	116,969.32	2,132,237.13
Niagara Bottling Company, LLC	521,546	2,864.64	10,401.50	0.00	0.00	0.000	0.00	0.000	0.00	521,546	130,386.50	(1,682.04)	141,970.60
Nicholson Trust	0.000	5.00	0.00	9.21	33.45	0.000	0.00	0.000	0.00	0.000	0.00	11.79	59.45
Norco, City of	396,512	2,177.88	7,907.88	484.27	1,758.41	396,512	4,444.90	104,929	22,297.41	0.000	0.00	2,991.44	42,062.20
Ontario, City of	35,233,676	193,524.49	702,686.34	32,897.22	119,450.49	35,233,676	394,969.51	9,186,539	1,952,139.54	0.000	0.00	261,241.24	3,656,908.83
Pomona, City of	16,110,509	88,488.58	321,301.55	26,916.72	97,735.17	0.000	0.00	0.000	0.00	534,533	133,633.17	(126,040.48)	542,034.71
Santa Ana River Water Company	567,183	3,115.31	11,311.67	3,122.78	11,338.88	567,183	6,358.12	0.000	0.00	0.000	0.00	(27,660.45)	7,586.31
San Antonio Water Company	869,728	4,777.07	17,345.51	3,616.27	13,130.74	869,728	9,749.65	0.000	0.00	0.000	0.00	9,787.63	58,406.87
San Bernardino County (Shooting Park)	12,770	70.14	254.68	0.00	0.00	12,770	143.15	12,770	2,713.63	0.000	0.00	99.72	3,281.32
Southern California Water Company	170,801	938.14	3,406.39	986.97	3,583.72	170,801	1,914.68	0.000	0.00	0.000	0.00	(62,514.51)	(51,684.60)
Upland, City of	1,929,207	10,596.36	38,475.33	6,845.64	24,856.67	1,929,207	21,626.41	0.000	0.00	0.000	0.00	20,068.69	122,469.11
West End Consolidated Water Company	0.000	5.00	0.00	2,273.99	8,256.89	0.000	0.00	0.000	0.00	0.000	0.00	2,892.96	13,428.84
West Valley Water District	0.000	5.00	0.00	1,546.26	5,614.49	0.000	0.00	0.000	0.00	0.000	0.00	1,967.15	9,132.90
Total Acre-Feet	136,795,139					119,924,340		35,849,380		1,111,077			
Total Assessments		\$751,395.98	\$2,728,187.52	\$230,573.40	\$837,216.77		\$1,344,351.85		\$7,617,993.26		\$277,769.17	\$147,644.89	\$13,935,132.84

(A) 13,935,132.84

(1) Under the "Mini Conjunctive Use Agreement", MWD agreed to pay administrative assessments on water produced from its account.

(A) The assessment shown here does not include the supplemental water or the recharge payment assessments shown in the first two columns on page 9.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

APPROPRIATIVE POOL
MANAGEMENT ZONE 1 SUPPLEMENTAL WATER ASSESSMENTS

Producer	Assigned Share of Safe Yield	Share of Operating Safe Yield (Percent)	Share of 6,500.0 Mgmt Zone 1 Supplemental Water	Supplemental Water Assmt Per Acre Foot \$250.00
Arrowhead Mountain Spring Water	0.000	0.000%	0.000	\$0.00
Chino, City of	4,034.137	7.357%	478.205	119,551.25
Chino Hills, City of	2,111.657	3.851%	250.315	62,578.75
Cucamonga Valley Water District	3,619.592	6.601%	429.065	107,266.25
Desalter Authority	0.000	0.000%	0.000	0.00
Fontana Union Water Company	6,391.999	11.657%	757.705	189,426.25
Fontana Water Company	1.097	0.002%	0.130	32.50
Inland Empire Utilities Agency	0.000	0.000%	0.000	0.00
Jurupa Community Services District	2,061.210	3.759%	244.335	61,083.75
Los Serranos Country Club	0.000	0.000%	0.000	0.00
Marygold Mutual Water Company	655.266	1.195%	77.675	19,418.75
Metropolitan Water Dist of So Calif	0.000	0.000%	0.000	0.00
Monte Vista Irrigation Company	676.652	1.234%	80.210	20,052.50
Monte Vista Water District	4,823.747	8.797%	571.805	142,951.25
Niagara Bottling Company, LLC	0.000	0.000%	0.000	0.00
Nicholson Trust	3.838	0.007%	0.455	113.75
Norco, City of	201.789	0.368%	23.920	5,980.00
Ontario, City of	11,373.668	20.742%	1,348.228	337,057.00
Pomona, City of	11,215.746	20.454%	1,329.510	332,377.50
Santa Ana River Water Company	1,301.211	2.373%	154.245	38,561.25
San Antonio Water Company	1,506.838	2.748%	178.620	44,655.00
San Bernardino County (Shooting Park)	0.000	0.000%	0.000	0.00
Southern California Water Company	411.255	0.750%	48.750	12,187.50
Upland, City of	2,852.465	5.202%	338.130	84,532.50
West End Consolidated Water Company	947.532	1.728%	112.320	28,080.00
West Valley Water District	644.300	1.175%	76.378	19,094.50
Total Acre-Foot/Percentages	54,834.000	100.000%	6,500.001	
Total Assessments				\$1,625,000.25

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

**CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS**

NET APPROPRIATIVE POOL ASSESSMENTS PER ACRE-FOOT BASED ON PRODUCTION

Producer	2003-04	Assessed per Acre-Foot		Ag Pool Safe Yield Reallocation		Replenishment Assessments			Assessment Adjustments	TOTAL	S/AF Production
	Production AF Assessed	Gross Admin. \$5.4926	OBMP \$19.9436	Administration \$5.6483	OBMP \$20.5091	15%Gross \$11.2100	85% Net \$212.5000	100% Net \$250.0000		2004-05 Assessments	
Arrowhead Mountain Spring Water	54.998	\$302.08	\$1,096.86	\$0.00	\$0.00	50.00	50.00	\$13,749.50	\$285.59	\$15,434.03	\$280.63
Chino, City of	6,852.461	37,637.83	136,662.74	35,943.77	130,512.57	76,816.09	0.00	0.00	-143,360.30	274,212.70	\$40.02
Chino Hills, City of	3,485.415	19,143.99	69,511.72	10,644.59	38,650.73	39,071.50	0.00	0.00	28,111.46	205,133.99	\$58.85
Cucamonga Valley Water District	11,139.498	61,184.81	222,161.69	12,066.41	43,813.38	124,873.77	0.00	0.00	-87,553.92	376,546.14	\$33.80
Desalter Authority	0.000	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	5.05	\$0.00
Fontana Union Water Company	0.000	5.00	0.00	15,340.19	55,700.54	0.00	0.00	0.00	19,515.50	90,561.23	\$0.00
Fontana Water Company	25,827.795	141,861.75	515,099.21	4,713.30	17,114.11	289,529.58	3,609,468.69	0.00	145,205.31	4,722,991.95	\$182.86
Inland Empire Utilities Agency	2.152	11.82	42.92	0.00	0.00	24.12	457.30	0.00	21.94	558.10	\$259.34
Jurupa Community Services District	16,556.137	90,936.24	330,188.97	58,081.72	210,895.90	185,594.30	688,705.70	0.00	-49,318.00	1,515,084.83	\$91.51
Los Serranos Country Club	0.000	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	5.05	\$0.00
Marygold Mutual Water Company	182.746	1,003.75	3,644.61	1,572.58	5,710.06	0.00	0.00	0.00	2,002.43	13,933.42	\$76.24
Metropolitan Water Dist of So Calif	1.000	5.49	19.94	0.00	0.00	0.00	0.00	0.00	0.20	25.63	\$25.63
Monte Vista Irrigation Company	0.000	5.00	0.00	1,623.90	5,896.41	0.00	619.65	0.00	34,602.10	42,747.06	\$0.00
Monte Vista Water District	16,881.005	92,720.61	336,668.01	11,887.61	43,164.16	189,236.07	1,341,591.34	0.00	116,969.32	2,132,237.13	\$126.31
Niagara Bottling Company, LLC	521.546	2,864.64	10,401.50	0.00	0.00	0.00	0.00	130,386.50	-1,682.04	141,970.60	\$272.21
Nicholson Trust	0.000	5.00	0.00	9.21	33.45	0.00	0.00	0.00	11.79	59.45	\$0.00
Norco, City of	396.512	2,177.88	7,907.88	484.27	1,758.41	4,444.90	22,297.41	0.00	2,991.44	42,062.20	\$106.08
Ontario, City of	35,233.676	193,524.49	702,686.34	32,897.22	119,450.49	394,969.51	1,952,139.54	0.00	261,241.24	3,656,908.83	\$103.79
Pomona, City of	16,110.509	88,488.58	321,301.55	26,916.72	97,735.17	0.00	0.00	133,633.17	-126,040.48	542,034.71	\$33.64
Santa Ana River Water Company	567.183	3,115.31	11,311.67	3,122.78	11,338.88	6,358.12	0.00	0.00	-27,660.45	7,586.31	\$13.38
San Antonio Water Company	869.728	4,777.07	17,345.51	3,616.27	13,130.74	9,749.65	0.00	0.00	9,787.63	58,406.87	\$67.16
San Bernardino County (Shooting Park)	12.770	70.14	254.68	0.00	0.00	143.15	2,713.63	0.00	99.72	3,281.32	\$256.96
Southern California Water Company	170.801	938.14	3,406.39	986.97	3,583.72	1,914.68	0.00	0.00	-62,514.51	(51,684.60)	(\$302.60)
Upland, City of	1,929.207	10,596.36	38,475.33	6,845.64	24,856.67	21,626.41	0.00	0.00	20,068.69	122,469.11	\$63.48
West End Consolidated Water Company	0.000	5.00	0.00	2,273.99	8,256.89	0.00	0.00	0.00	2,892.96	13,428.84	\$0.00
West Valley Water District	0.000	5.00	0.00	1,546.26	5,614.49	0.00	0.00	0.00	1,967.15	9,132.90	\$0.00
Total Assessments	136,795.139	\$751,395.98	\$2,728,187.52	\$230,573.40	\$837,216.77	\$1,344,351.85	\$7,617,993.26	\$277,769.17	\$147,644.89	\$13,935,132.84	

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

FY 04-05 OVERLYING (NON-AGRICULTURAL) POOL

PRODUCER	NOTES	Carry-Over From 2002-03	Share of Operating Safe Yield	Transfers	2003-04 Production & Exchange	Net Over Production	Carry-Over To FY 04-05	Eligible for Local Storage	Amount In Storage From 2002-03	Storage Transfer	Local Storage At Yr End 2003-04
Ameron Steel		97.858	97.858	0.000	0.000	0.000	97.858	97.858	1,658.137	0.000	1,755.995
Angelica Rental Service	2, 11	0.000	18.789	0.000	28.124	9.335	0.000	0.000	0.000	0.000	0.000
California Speedway	9, 11	789.543	1,000.000	0.000	551.622	0.000	1,000.000	237.921	0.000	0.000	237.921
California Steel Industries (CSI)	3, 6, 11	1,300.000	1,300.000	0.000	0.000	0.000	1,300.000	1,300.000	0.000	0.000	1,300.000
CCG Ontario LLC	6, 9, 10, 11	630.274	630.274	0.000	0.000	0.000	630.274	630.274	6,962.866	0.000	7,593.140
Edison Company	11	27.959	27.959	0.000	0.000	0.000	27.959	27.959	111.836	0.000	139.795
General Electric - Geomatrix	5, 11	0.000	0.000	0.000	20.220	0.607	0.000	0.000	0.000	0.000	0.000
Praxair Inc.	3, 11	427.446	427.446	0.000	145.257	0.000	427.446	282.189	3,530.304	0.000	3,812.493
Reliant Energy, Etiwanda	11	691.544	954.540	0.000	741.835	0.000	904.249	0.000	5,566.943	0.000	5,566.943
S. B. County, Chino Airport	8, 11	123.180	133.870	0.000	52.691	0.000	133.870	70.489	0.000	0.000	70.489
Space Center-Mira Loma	4, 11	0.000	104.121	137.413	241.534	0.000	0.000	0.000	341.543	-137.413	204.130
Sunkist	7, 11	1,873.402	1,873.402	0.000	736.143	0.000	1,873.402	1,137.259	8,804.730	0.000	9,941.989
Swan Lake	11	464.240	464.240	0.000	392.745	0.000	464.240	71.495	1,993.859	0.000	2,065.354
Vulcan Materials Co.(Calmat)	1, 11	317.844	317.844	0.000	4.603	0.000	317.844	313.241	7,879.804	0.000	8,193.045
West Venture Development	11		0.000								
TOTALS		6,743.290	7,350.343	137.413	2,914.774	9.942	7,177.142	4,168.685	36,850.022	(137.413)	40,881.294

FOOTNOTES:

- (1) Calmat Properties, formerly Conrock, became Vulcan Materials in 99-00.
- (2) Southern Service Company became Angelica Rental Service in FY 94-95.
- (3) Union Carbide Corp. became Praxair Inc. in FY 94-95. Fontana Water Company entered into two agency agreements with Praxair & CSI in calendar year 1996. Praxair assigned 151.599 af. CSI did not assign water to FWC for service it provided to them in this FY.
- (4) JCSD assigned 232.656 af of production to Space Center. Assignmtns over S.Y. will reduce storage until Space Center has no water in storage, then assignmtns will be limited by S.Y. per Michael Thies 9/9/03.
- (5) GE pumped and recharged after treatment, 1028.620 af. By agreement, they are assessed 3% losses due to spreading.
- (6) Kaiser/CSI received court approval on settlement Dec 20, 1995. CSI was assigned 1300.000 af permanent right as of July 1, 1995, Kaiser 1000 af & 630.274 af of Joint Water Rights per Water Rights Agreement and Water Rights Acknowledgement dated in October 1995. The agreement allows for removal of water from storage to satisfy the assignment.
- (7) Sunkist and Ontario entered into an Agency Agreement for the assignment of water provided by Ontario to Sunkist, which was only 55.041 af of their production in this FY.
- (8) San Bernardino County Department of Airports production has been increased by 76.2 af from the City of Chino, whose production was decreased the same, under an Agency agreement approved by Watermaster.
- (9) Kaiser/SDC entered into a Water Rights agreement similar to Kaiser/CSI's on November 21, 1995. The agreement provides for 475 af to be held as "tenants in common", with SDC having the first priority for use of the rights, but no carryover or storage rights for unused water. CCG Ontario LLP transferred an additional 525 af to SDC effective 8/16/00.
- (10) Kaiser Ventures sold its last property holdings & all water rights to CCG Ontario LLP on August 16, 2000. [(CCG - 630.274) + (Calif Speedway - 1000) + (CSI - 1300) = (Original Kaiser - 2,930.274 af)]
- (11) West Venture dissolved and their Non Ag rights of 15.657 af/yr were divided up between other Non Ag producers based on their % share of safe yield for purposes of the volume vote calculation.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS

FY 04-05 OVERLYING (NON-AGRICULTURAL) POOL

PRODUCER	NOTES*	GROSS ADMINISTRATIVE ASSESSMENTS			NET REPLENISHMENT ASSESSMENTS		Assessment Adjustments	Total Assessments
		2003-04 Production	Assessed per Acre-Foot		Acre-Feet Exceeding Safe Yield	Assessment Per Acre-Foot \$250.00		
			Administration \$5.4919	OBMP \$19.9402				
Ameron Steel		0.000	0.00	50.00	0.000	\$0.00	\$0.00	\$0.00
Angelica Rental Service	2, 11	28.124	154.45	560.80	9.335	2,333.75	\$0.80	3,049.80
California Speedway	9, 11	551.622	3,029.45	10,999.45	0.000	0.00	\$14.64	14,043.54
California Steel Industries (CSI)	3, 6, 11	0.000	0.00	0.00	0.000	0.00	\$0.00	0.00
CCG Ontario LLC	6, 9, 10, 11	0.000	0.00	0.00	0.000	0.00	\$0.00	0.00
General Electric - Geomatrix	11	20.220	111.05	403.19	0.607	151.65	\$23.77	689.66
Praxair Inc.	5, 11	145.257	797.74	2,896.45	0.000	0.00	\$3.50	3,697.69
Reliant Energy, Etiwanda	3, 11	741.835	4,074.08	14,792.34	0.000	0.00	\$28.12	18,894.54
S. B. County, Chino Airport	11	52.691	289.37	1,050.67	0.000	0.00	\$1.76	1,341.80
Edison Company	8, 11	0.000	0.00	0.00	0.000	0.00	\$0.00	0.00
Space Center-Mira Loma	4, 11	241.534	1,326.48	4,816.24	0.000	0.00	\$5.36	6,148.08
Sunkist	7, 11	736.143	4,042.82	14,678.84	0.000	0.00	\$25.75	18,747.41
Swan Lake	11	392.745	2,156.92	7,831.41	0.000	0.00	\$8.31	9,996.64
Vulcan Materials Co.(Calmat)	1, 11	4.603	25.28	91.78	0.000	0.00	\$0.11	117.17
West Venture Development	11	0.000	0.00	0.00	0.000	0.00	\$0.00	0.00
TOTALS		2,914.774	\$16,007.64	\$58,121.17	9.942	\$2,485.40	\$112.12	\$76,726.33

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

**CHINO BASIN WATERMASTER
2004/2005 ASSESSMENTS**

**OVERLYING (NON-AGRICULTURAL) POOL
ASSESSMENT ADJUSTMENTS**

PRODUCER	2003-04 Production	Prior Year Assessment \$	Adjusted Prior Year Assessment \$	Prior Year Assessment Adjustment \$
Ameron Steel	0.000	\$0.00	\$0.00	\$0.00
Angelica Rental Service	35.824	4,622.07	4,622.87	0.80
California Speedway	591.475	16,013.48	16,028.12	14.64
California Steel Industries (CSI)	0.000	0.00	0.00	0.00
CCG Ontario LLC	0.000	0.00	0.00	0.00
General Electric - Geomatrix	0.000	33,563.69	33,587.46	23.77
Praxair Inc.	602.570	3,825.26	3,828.76	3.50
Reliant Energy, Etiwanda	173.255	30,598.74	30,626.86	28.12
S. B. County, Chino Airport	2,280.367	1,916.40	1,918.16	1.76
Edison Company	132.900	0.00	0.00	0.00
Space Center-Mira Loma	183.340	5,881.98	5,887.34	5.36
Sunkist	1,169.851	28,134.70	28,160.45	25.75
Swan Lake	372.385	9,080.45	9,088.76	8.31
Vulcan Materials Co.(Calmat)	6.514	111.98	112.09	0.11
West Venture Development	0.000	0.00	0.00	0.00
TOTALS	5,548.481	\$133,748.75	\$133,860.87	\$112.12

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET

Consider Approval of 2004-2005 Annual Monitoring Plan
and Budget





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: November 16, 2004
November 18, 2004

TO: Committee Members
Watermaster Board Members

SUBJECT: Modification of the *Memorandum of Agreement*
2004-2005 Annual Monitoring Plan and Budget

SUMMARY

Issue – In June 2004, Watermaster and Inland Empire Utilities Agency (IEUA) approved the cooperative agreement that provides for long-term cooperation regarding groundwater and surface water monitoring and the *Memorandum of Agreement, 2004-2005 Annual Monitoring Plan and Budget (AMP)*. IEUA requests that the AMP be modified to include the installation of monitoring wells and lysimeters to monitor the fate of recycled and other waters at recharge basins that will receive recycled water. The proposed modified AMP is attached to this staff letter. There are no new costs to the Watermaster.

Recommendation – Watermaster approve the revised AMP.

BACKGROUND

IEUA proposes to implement Phase I of the Chino Basin Recycled Water Groundwater Recharge Project (Phase II Recharge Project). The Chino Basin Recycled Water Groundwater Recharge Program is a comprehensive water supply enhancement project that will be implemented in two phases.

The Phase I Recharge Project is expected to begin operation in early 2005. Phase II is currently under development. When completed, the recharge capacity could reach 164,000 acre-ft/yr. The blended supply will consist of approximately 22,000 acre-ft/yr of recycled water, 22,000 acre-ft/yr of storm water, and 120,000 acre-ft/yr of imported water.

IEUA requests Wildermuth Environmental, Inc. (WEI) extend their well monitoring well siting and design work that was recently completed for the first nine HCMP wells to the areas near the Phase I basins. WEI completed the siting and design for the HCMP wells for the Watermaster with IEUA paying half the cost. The proposed revision to the AMP provides that WEI will site, design and observe construction of monitoring wells and lysimeters at the Phase I basins, and that IEUA will reimburse Watermaster for all WEI's cost for this effort. The approximate location of the wells and construction details are described in the Department of Health Services (DHS) findings of fact that were recently finalized for the Phase I basins.

DISCUSSION

The text of the AMP that is being added is shown below as *shaded*:

Table 3 contains several activities that are not part of Watermaster monitoring activities including the construction of monitoring wells near the recharge basins that recharge recycled water, construction of lysimeters, tracer tests, compliance analyses, and reporting to the Regional Board and DHS. These activities will be funded by IEUA. These activities listed in Table 3 as "work done by consultants" will be done by Wildermuth Environmental, Inc through their existing business arrangement with Watermaster and will be reimbursed by IEUA. The activities listed in Table 3 as "work done by construction contractors" will be contracted directly by IEUA.

Other provisions of the Cooperative Agreement and related AMP provide that Watermaster staff will do the monitoring of the wells and lysimeters with most of the laboratory work done by IEUA. All of the data developed by the monitoring of the new monitoring wells and lysimeters will be put into Watermaster's relational database and will be available to the pumpers in the basin, CBWCD and IEUA.

The proposed change in the AMP is an outgrowth of the existing cooperative relationship between Watermaster and IEUA. Watermaster staff and IEUA believe that if the proposed AMP modification is approved, the wells and lysimeters will be constructed in a timelier and less expensive manor than if IEUA contracted for these services on their own.

**MEMORANDUM OF AGREEMENT
2004-2005 ANNUAL MONITORING PLAN AND BUDGET**

Introduction

This Annual Monitoring Plan (AMP) and Budget, was developed jointly by Chino Basin Watermaster (Watermaster) and the Inland Empire Utilities Agency (IEUA) pursuant to the *Agreement for Cooperative Efforts, Common Monitoring Programs* dated May 27, 2004. This Agreement created an Operating Committee whose purpose is the development, execution, and management of the monitoring programs conducted by Watermaster and IEUA.

Table 1 summarizes the work to be done during the 2004-2005 AMP and the share of cost between Watermaster and IEUA. These efforts and cost are described below.

Hydraulic Control Monitoring Program (HCMP)

Watermaster and IEUA will perform the first year's work for the HCMP per the HCMP Work Plan and as described in the Agreement. Table 1 is a line item cost estimate that summarizes the HCMP monitoring tasks and the related costs for the 2004-2005 AMP.

Groundwater Quality Monitoring Program and Basin Plan Groundwater Monitoring Exclusive of HCMP (GWQMP)

Table 1 summarizes the work to be done for the OBMP and Basin Plan Monitoring exclusive of the HCMP, the cost of this monitoring, and the share of cost between Watermaster and IEUA. Watermaster will conduct groundwater quality monitoring pursuant to the requirements of the Basin Plan amendment approved by the Santa Ana Regional Water Quality Control Board in 2004. Watermaster will perform its customary QA/QC procedures and maintain this information in its relational database. Watermaster will provide this information for use in subsequent Basin Planning efforts.

Recharge Basin Water Quality Monitoring Program (RBWQMP)

Table 1 summarizes the work to be done for the Recharge Basin Water Quality Monitoring Program, the cost of this monitoring, and the share of cost between Watermaster and IEUA. Table 2 contains the detailed cost breakdown and assumptions regarding the frequency of sampling. The scope of this effort is pursuant to the OBMP, Basin Plan exclusive of the HCMP, and the new requirements that will be included in the IEUA permit for the recharge of recycled water. Watermaster will obtain water quality samples from spreading basins in the Chino Basin. IEUA will analyze these samples for general minerals, general physical, ammonia, nitrate, nitrate, TKN, and TOC pursuant to Basin Plan requirements and for other constituents required in IEUA's permit for the



Inland Empire
UTILITIES AGENCY

recharge of recycled water.

Title 22 Requirements for Recycled Water Recharge

The level of effort for IEUA's monitoring program for compliance with the proposed Title 22 regulations for the recharge of recycled water and other requirements as described in the 4/14/04 draft version of the *Findings of Fact* are described in Table 3. The work in Table 3 is for the period July 1, 2004 through June 30, 2005. The water quality monitoring for diluent water in the recharge basins that is described in Table 3 is already embedded in the recharge basin monitoring program shown in Tables 1 and 2. Watermaster and IEUA would share this cost equally as it is required for the compliance with the Maximum Benefit provisions of the amended Basin Plan and for recycled water recharge. The well and lysimeter monitoring are specific to IEUA recycled water recharge program and therefore the cost of this monitoring will be paid by IEUA.

Table 3 contains several activities that are not part of Watermaster monitoring activities including the construction of monitoring wells near the recharge basins that recharge recycled water, construction of lysimeters, tracer tests, compliance analyses, and reporting to the Regional Board and DHS. These activities will be funded by IEUA. These activities listed in Table 3 as "work done by consultants" will be done by Wildermuth Environmental, Inc through their existing business arrangement with Watermaster and will be reimbursed by IEUA. The activities listed in Table 3 as "work done by construction contractors" will be contracted directly by IEUA.

Operating Committee and Tracking Cost

The Operating Committee will meet at least quarterly to review the activities conducted under the AMP. Watermaster and IEUA will keep records of their expenditures and provide copies to each other at the end of each calendar quarter. Watermaster and IEUA will review and approve these records. Watermaster and IEUA will each be responsible for their share of costs identified in Table 1. Based on the total cost incurred by each party and the cost sharing percentages identified in Table 1, Watermaster and IEUA will make financial arrangements to ensure that the cost sharing stated in Table 1 is achieved.

(signatures and next page)



Inland Empire
WATERMASTER

The term of this first AMP will run from April 1, 2004 through June 30, 2005.

Approved:

CHINO BASIN WATERMASTER

Dated: _____ By: _____

Title: _____

INLAND EMPIRE UTILITY AGENCY

Dated: _____ By: _____

Title: _____



Inland Empire
WATERMASTER

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

AKB04001
AGREEMENT FOR COOPERATIVE EFFORTS
COMMON MONITORING PROGRAMS

BETWEEN
CHINO BASIN WATERMASTER
AND THE
INLAND EMPIRE UTILITIES AGENCY

This agreement (Agreement), dated May 27, 2004, is executed by the Chino Basin Watermaster (Watermaster) and the Inland Empire Utilities Agency (IEUA) (collectively, the Parties), to set forth the Parties' obligations and commitments for implementation of monitoring programs that are necessary and beneficial to both Parties, including:

- a. The Hydraulic Control Monitoring Program (HCMP);
- b. Storm water monitoring in spreading basins;
- c. Basin Plan requirements related to the Maximum-Benefit water quality objectives; and,
- d. Title 22 monitoring requirements for recycled water recharge.

RECITALS

A. The Chino Basin Watermaster, pursuant to a February 19, 1999 court order, completed scientific and engineering investigations to develop an Optimum Basin Management Program (OBMP) for the Chino groundwater basin in August 1999. The OBMP describes basin management goals and a series of initiatives referred to in the OBMP as Program Elements that, if implemented, would enable Watermaster to achieve the OBMP goals. One of the goals of the OBMP is to enhance basin water supplies. One of the ways to enhance basin water supplies that was identified in the OBMP is to reduce groundwater outflow to the Santa Ana River. Increasing Chino Basin groundwater production near the Santa Ana River will increase the streambed percolation of the Santa Ana River into the groundwater basin, and reduce groundwater outflow from the Basin and thereby increase the supply of groundwater in the Basin. Reducing groundwater outflow from the Chino Basin to the Santa Ana River has the added benefit of protecting the Santa Ana River water quality. The OBMP included the construction of groundwater treatment facilities in the lower Chino Basin that enable the production and treatment of poor quality groundwater for subsequent use by municipal water users. One of the purposes of these groundwater treatment facilities is to maximize the yield of the Chino Basin by reducing groundwater outflow to the Santa Ana River. The total groundwater production for these groundwater treatment facilities could exceed 50,000 acre-feet per year (acre-ft/yr).

B. IEUA completed its Recycled Water Master Plan (RWMP) in August 2002. One



6/5/2004



of the elements of the RWMP is recycled water recharge. Recycled water recharge can be used to satisfy replenishment obligations of pumpers in the Chino Basin and as a source of supplemental water for groundwater storage programs. IEUA is interested in ensuring that any recycled water recharged into the Chino Basin does not eventually discharge into the Santa Ana River or contribute to other Chino Basin groundwater discharging to the Santa Ana River. IEUA made a commitment in the environmental documents for the RWMP, to ensure that recycled water recharged in the Chino Basin would not discharge into the Santa Ana River.

C. In December 2002, Watermaster and IEUA jointly proposed to the Santa Ana Regional Water Quality Control Board (RWQCB) to increase the total dissolved solids (TDS) and nitrogen objectives to values that would promote the maximum beneficial use of waters available to water users in the Basin. Watermaster and IEUA made facility and operating commitments to back up their Maximum Benefit Proposal. One of these commitments was to establish and maintain a state of hydraulic isolation or control in the lower Chino Basin such that groundwater in the northern portions of the basin would not be allowed to discharge to the Santa Ana River. The RWQCB has accepted the Watermaster and IEUA proposal, subject to the establishment and maintenance of such hydraulic control. The RWQCB will revise the Santa Ana River Watershed Water Quality Control Plan (Basin Plan) in 2004. The updated Basin Plan will include the Watermaster and IEUA proposed TDS and nitrogen water quality objectives. Associated with these new water quality objectives, the RWQCB has included specific monitoring and reporting requirements for Watermaster and IEUA.

D. Technical staff from the Watermaster, IEUA, RWQCB, and the Orange County Water District (OCWD) have been meeting periodically since June 2002 to develop a monitoring program to determine if hydraulic control is occurring. This monitoring program is described in a draft work plan, entitled *Optimum Basin Management Program Hydraulic Control Monitoring Program, Draft Work Plan* (November 2003). Watermaster, IEUA, and OCWD staff have developed an exhibit that shows the approximate locations of nine new monitoring wells that, along with several other existing wells, are the minimum set of wells that will be required to determine the state of hydraulic control. This map is attached herein as Exhibit A.

E. Watermaster and IEUA have committed to working cooperatively to implement the HCMP. These cooperative efforts include development of the HCMP, construction of new monitoring wells, groundwater monitoring, surface water monitoring, monitoring required for recycled water recharge, analysis of monitoring data, and preparation of reports.

TERMS OF AGREEMENT

Definitions



1. As used in this Agreement, these terms – including any grammatical variations thereof – shall have the following meanings:
 - a. Annual Monitoring Plan – shall mean the jointly developed annual plan of monitoring, pursuant to the HCMP and to other monitoring activities that Watermaster and IEUA wish to jointly pursue.
 - b. Cooperating Entities – cooperating entities shall mean those entities other than Watermaster and IEUA that will provide monitoring data to Watermaster that will be incorporated into the HCMP.
 - c. Effective Date – the Effective Date shall mean the effective date of this Agreement, which shall be MAY 27, 2004.
 - d. Exhibit A – shall mean the attached Exhibit A that shows the Investigation Area, the wells, and surface water monitoring stations used in the HCMP.
 - e. Exhibit B – shall mean the attached Exhibit B that shows the Chino Basin management zones as delineated in the Watermaster and IEUA Maximum Benefit Proposal; and which is being incorporated in the 2004 Basin Plan update.
 - f. Investigation Area – the Investigation area includes the area in which groundwater and surface area monitoring will occur for the HCMP, as shown in Exhibit A.
 - g. Hydraulic Control – shall mean the condition where groundwater in the Chino North management zone is intercepted before discharging to the Santa Ana River such that any discharge that does occur to the Santa Ana River has *de minimus* impact on the discharge and water quality of the Santa Ana River. The Chino North management zone is shown in Exhibit B.
 - h. HCMP Work Plan – shall mean the work plan developed by Watermaster and IEUA and its subsequent revisions starting in November 2003.
 - i. Maximum Benefit Proposal – shall mean the Watermaster and IEUA's joint proposal to the RWQCB to modify the management zone boundaries in the Chino Basin and to increase the TDS and nitrogen objectives, pursuant to Water Code Section 13241, to promote the maximum beneficial use of waters of the State.
 - j. Multi-depth Monitoring Well – shall mean a either a single borehole with two or more piezometers completed in the borehole; or two or more separate piezometers completed in individual boreholes.
 - k. Party or Parties – Party shall mean either Watermaster or IEUA; Parties shall mean Watermaster and IEUA.
 - l. Recycled Water Recharge monitoring shall include monitoring wells and water quality monitoring which include specific recycled water recharge monitoring requirements not included in other basin monitoring programs.
 - m. Surface Water Quality Monitoring Program (SWQMP) Work Plan – shall mean the work plan developed by Watermaster and IEUA in _____ and its subsequent revisions.



HCMP Project Description

2. Nine new multi-depth monitoring wells will be constructed. The approximate locations of these monitoring wells are shown in Exhibit A. These nine wells will be constructed over 18 to 24 months. Groundwater monitoring at these new nine wells and other wells in the Investigation Area will occur as described in the HCMP Work Plan. Surface water monitoring will occur as described in the HCMP Work Plan. Additional monitoring wells for basin groundwater quality or recycled water recharge may be included under this agreement by mutual agreement.

Funding for the Monitoring Wells

3. Funding for the nine new monitoring wells shall be obtained from the following four sources:

- a. Grant from the US Bureau of Reclamation (Bureau) obtained through IEUA
- b. Local Groundwater Assistance Grant (AB303) from the Department of Water Resources (DWR) through Watermaster and IEUA.
- c. Budgeted funds from Watermaster and IEUA.
- d. Budgeted funds from IEUA.

4. Exclusive of the outside funding sources listed in 3a and 3b above, Watermaster and IEUA shall equally share in the cost of the construction and maintenance of the nine new monitoring wells. An annual budget shall be established by the IEUA and approved by Watermaster for the costs associated with the nine monitoring wells. Watermaster and IEUA will coordinate and use best efforts to obtain outside funding for additional monitoring wells if they are required for the HCMP. Watermaster and IEUA shall equally share in the cost of additional monitoring wells, unless specifically developed for one of the Party's exclusive use. The Party developing wells for their exclusive use shall bear the sole cost of those wells, including construction, maintenance, and any analysis cost.

Monitoring Well Construction

5. Watermaster will perform well site engineering investigations to identify alternative sites at each of the locations shown on Exhibit A. These investigations will identify property owners, and desired construction and permanent easements. Title searches will be done where appropriate. The results of these investigations will be provided to IEUA for their use in procuring easements and permits from the property owners of each site (see Section 6 below).

6. IEUA will review the site engineering investigations provided by Watermaster and provide comments and guidance. IEUA will acquire construction and permanent easements for each monitoring well.



7. Watermaster will provide IEUA eighty-percent technical specifications for the monitoring wells. IEUA will be responsible for completion of the plans and specifications for these wells. IEUA will provide Watermaster with a copy of these plans and specifications for Watermaster review.
8. Watermaster will provide an on-site State-certified hydrogeologist to: interpret and record drill cuttings, interpret geophysical and other down-hole logs, finalize the location of the screened intervals, monitor the construction of the piezometers and well head, and to confer with IEUA's contract administrator.
9. Phase I wells will be developed by the Bureau, to include bidding and contracting with drillers and other contractors, with oversight by IEUA and Watermaster. IEUA will administer the Phase II, construction. This includes bidding, and contracting with drillers and other contractors, and construction management and maintenance services. IEUA will maintain the wells in accordance with the Annual Monitoring Plan and Budget. Prior to the Bureau entering into a construction contract for the construction of the Phase I wells, IEUA and Watermaster shall deposit with the Bureau an amount equal to the difference of the contract price minus the grant funds (IEUA/WM cost share).
10. Once constructed, IEUA shall hold title and ownership of the wells.

Groundwater and Surface Water Monitoring

11. Watermaster will conduct groundwater and surface water monitoring for the HCMP as described in the HCMP Work Plan. Watermaster will revise the HCMP Work Plan, as necessary, in response to requirements of the RWQCB, changed conditions in the Investigation Area, and other considerations.
12. Watermaster will collect and manage data from other cooperating entities including the City of Corona, OCWD, City of Riverside, County of Riverside, RWQCB, County of San Bernardino, United States Geological Survey, and the Western Riverside Joint Powers Authority.
13. IEUA will conduct surface water monitoring at its recycled water discharge points and nearby receiving water locations as described in IEUA's NPDES Permit and the HCMP Work Plan.
14. IEUA will, at the request of Watermaster, use their State-certified laboratory to analyze water quality samples obtained by Watermaster as part of the HCMP Work Plan. IEUA will provide the analytical results to Watermaster in hardcopy and digital formats. Watermaster and IEUA will each pay one-half the cost of water quality analyses.



Annual Monitoring Plan

15. An operating committee will be formed by the Watermaster and IEUA for the purposes of planning the monitoring efforts for each year, the development of an annual monitoring plan (AMP), and to monitor the progress of the AMP. Watermaster and IEUA will jointly develop and approve the AMP pursuant to the HCMP and for other monitoring activities that Watermaster and IEUA wish to jointly pursue.

16. The term of the first AMP will run from April 1, 2004 through June 30, 2005, and subsequent AMPs will run from July 1 through June 30. Cost sharing for the monitoring activities in the AMP will be per the terms described in this Agreement unless stipulated otherwise in the AMP. The types of activities contemplated in the AMP will include, but not be limited to, monitoring and reporting for:

- a. The HCMP
- b. Storm water monitoring in spreading basins
- c. Basin Plan requirements related to the Maximum-Benefit water quality objectives
- d. Title 22 requirements for recycled water recharge.

Analysis and Reporting

17. Watermaster will analyze monitoring program data and prepare the periodic monitoring reports and other submittals to the RWQCB as required in the Basin Plan update and the HCMP Work Plan. Each report will be prepared as follows:

- a. Watermaster will prepare a draft report for review by IEUA thirty (30) calendar days prior to the RWQCB-specified due date.
- b. IEUA will provide review comments to Watermaster fifteen (15) calendar days prior to the RWQCB specified due date.
- c. Watermaster will respond to IEUA comments and submit the final report to the RWQCB as a joint Watermaster and IEUA report on or before the due date.

Responsibility for the analysis and reporting for other monitoring work done in each AMP will be done pursuant to the AMP.

Annual Reconciliation of Program Costs

18. IEUA will conduct an annual reconciliation of the Project expenditures, grant funds received, and Project costs at the end of each fiscal year. Each Party to this Agreement will submit their project costs quarterly to IEUA for tracking purposes. If the reconciliation reveals that the actual amount of funds expended is in excess of the Project budget established through the AMP, for the fiscal year, then the budget shall be updated for the next fiscal year's budget to accurately reflect the Project budget.



Term of this Agreement

19. This Agreement shall become effective starting on the Effective Date and will expire and thereupon terminate on June 30th of the tenth (10) fiscal year starting on July 1st of the first fiscal year following the Effective Date.

Miscellaneous Provisions

20. By entering into this Agreement, the Parties are expressing the terms and conditions upon which each is willing to proceed to complete the transactions described in this Agreement. To the extent that any action contained herein requires formal approvals or actions, such agreements shall not be binding unless and until such approvals or actions occur in accordance with applicable law, and then only in accordance with such approvals and actions.

21. The Parties hereto each acknowledge that each Party will, in reliance upon the execution of this Agreement, undertake substantial effort and expenditure of funds to achieve consummation of the transactions described herein. Therefore, each Party agrees to perform in good faith regarding this Agreement and without unreasonable delay.

22. Each Party executing this Agreement represents to the other Party that he or she has the authority necessary to execute this Agreement, and that no other consent or approvals are required or necessary for this Agreement to be binding.

23. The Parties agree to execute any other documents and to take such other and further action as may be reasonably necessary to implement the Agreement set forth herein.

24. Any notice may be served upon either Party by delivering it in person, or by depositing it in a United States Mail deposit box with postage thereon fully prepaid, and addressed to the Party at the address set forth below:

IEUA: Mr. Richard W. Atwater
Chief Executive Officer/General Manager
6075 Kimball Avenue
Chino, California 91710

WATERMASTER: Mr. John Rossi, Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Any notice given hereunder shall be deemed effective in the case of personal delivery,



upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

25. Both Parties agree that any such claim, dispute, and matter of controversy arising out of or in relation to this Agreement, shall be considered in good faith by each Party. Each Party shall *meet and confer* with the other Party in a timely matter to resolve any such dispute. Should negotiations between the Parties fail to produce settlement of the subject claim, dispute, or matter of controversy, each Party shall be entitled to exercise all available remedies as prescribed by law in the State of California, San Bernardino County Superior Court, for resolution.

26. The Parties may execute duplicate originals of this Agreement or any other documents that they are required to sign or furnish pursuant to this Agreement.

27. The Parties may deliver signatures via facsimile as if an original signature.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective on the day and year first above written.

CHINO BASIN WATERMASTER

Dated: 6/29/04 By: R. Rob Murdock

Title: BOARD CHAIRMAN

INLAND EMPIRE UTILITY AGENCY

Dated: 5/19/04 By: Richard A. Watt

Title: GENERAL MANAGER





CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

C. INLAND EMPIRE UTILITIES AGENCY WATER MANAGERS REPORT

1. FY 2003/04 Water Production Report
2. Water Resource Report
3. Water Conservation Status Report
4. Recycled Water Program
5. Chino Basin Facilities Improvement Project
6. State/Federal Legislation
7. Public Relations

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
November 18, 2004**

AGENDA

INTER-AGENCY WATER MANAGERS' REP ORT

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

20 – 30 Minutes

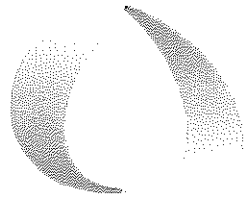
Discussion Items:

- Rialto Pipeline Shutdown Task Force Update – Richard Atwater
- MWD Status Report – Richard Atwater

Written Monthly Updates:

- FY 2003/04 Water Production Report
- Water Resources Report (handout)
- Water Conservation Status Report
- Recycled Water Program
- Chino Basin Facilities Improvement Project
- State/Federal Legislation
- Public Relations

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Inland Empire
UTILITIES AGENCY

Annual Water Production Summary
Report for IEUA Service Area

FY 2003-04
Retail Agency
Monthly Water Production and
Five-Year History

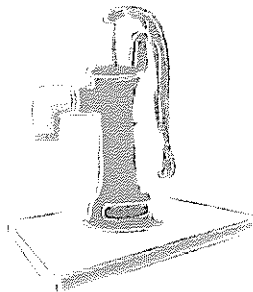


Table of Contents

Preface.....	i-ii
Total IEUA Service Area Water Production by Agency for FY 2003-04.....	1
City of Chino Historic Annual and FY 2002-03 Monthly Water Use.....	2 - 3
City of Chino Hills Historic Annual and FY 2002-03 Monthly Water Use.....	4 - 5
City of Ontario Historic Annual and FY 2002-03 Monthly Water Use.....	6 - 7
City of Upland Historic Annual and FY 2002-03 Monthly Water Use.....	8 - 9
Cucamonga Valley Water District Historic Annual and FY 2002-03 Monthly Water Use.....	10 - 11
Fontana Water Company Historic Annual and FY 2002-03 Monthly Water Use.....	12 - 13
Monte Vista Water District Historic Annual and FY 2002-03 Monthly Water Use.....	14 - 15
San Antonio Water Company Historic Annual and FY 2002-03 Monthly Water Use.....	16 - 17
IEUA Service Area 10 - Year Historical Water Production.....	18
Definition.....	19

Preface

Background

Over the years of water supply development, Californians have traditionally relied on large federal and state controlled projects to provide sufficient water to supplement regional and local groundwater production to meet increasing demands. Although this "centrally planned" method of meeting demand through increased supply worked well for most of the 20th Century, it is unlikely to work well in the future. There are far too many new demands on the Colorado River and the California State Water Project to continue to refer to these projects as "reliable" for local needs. The onus has now shifted to locally constructed and managed projects that not only result in new supplies of water, but also focus on protection of existing sources.

Water Supply Goal

This shift in water supply management strategy creates a need for information. Water agencies, particularly in high growth areas such as the Inland Empire Utilities Agency (IEUA) service area, need to understand the structure of the local water supply and demand picture. Once this is understood, IEUA and the cities and retail water agencies can then better plan and manage new projects to make our water supply resources as secure as possible thus supporting the agencies goal of providing reliable, high quality water at a reasonable cost.

Layout of the Document

The purpose of this document is to collect and present the total water resource "mix" that the cities and water agencies depend upon to meet their needs for commercial, industrial, and residential water service demands. This in turn helps local agencies determine the most cost-effective approaches to meet their future water production needs.

This document presents water production data for all retail water agencies in the IEUA service area. Individually, we present each agency's percentage of water production, the 5-year historical production record, the FY 2003-04 monthly water production summaries, and for reference purposes, a ten year historical record of production.

Results

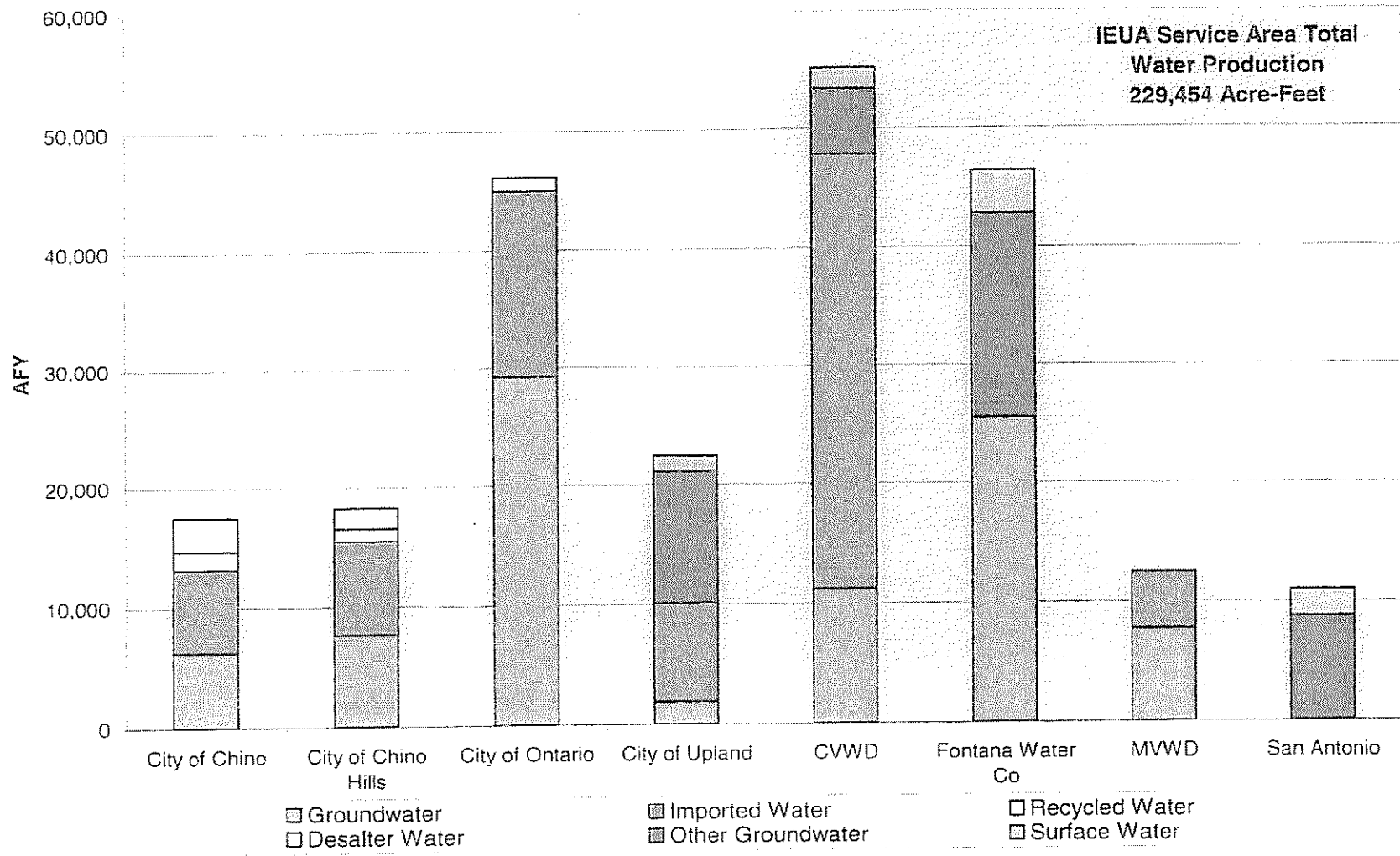
For the IEUA service area, water production has increased over the last several years to keep up with demand. Water production over the last ten years has been up and down slightly due to changing local hydrologic conditions, but over all, the trend line in production is steadily increasing. FY 2003-04 was the highest production year in IEUA service area history. For all classes of water, total production was 229,454 acre-feet. This is due mainly to the fact that the Chino Basin region remains one of the highest growth areas in the country. Over the last 10 years, most of this growth has occurred in the Cities of Chino Hills, Fontana and Rancho Cucamonga. Areas set for similar growth over the next several years are the Cities of Chino and Ontario. The Cities of Upland and Montclair are mostly "built-out" and have seen relatively minor increases in demand.

Acknowledgement

This document reflects the records currently held at the Chino Basin Watermaster (CBWM), IEUA, and the local cities and retail water agencies. IEUA staff would like to express its appreciation for the effort by the water agencies within the IEUA service area and the CBWM in compiling this data. However, this summary may not have identified and captured all of the different "streams" of water supply flowing into the IEUA service area. In particular, we need to properly show the in-flow of water "imported" from suppliers other than the Metropolitan Water District of Southern California (i.e., storm water capture, other basin sources, and transfers).

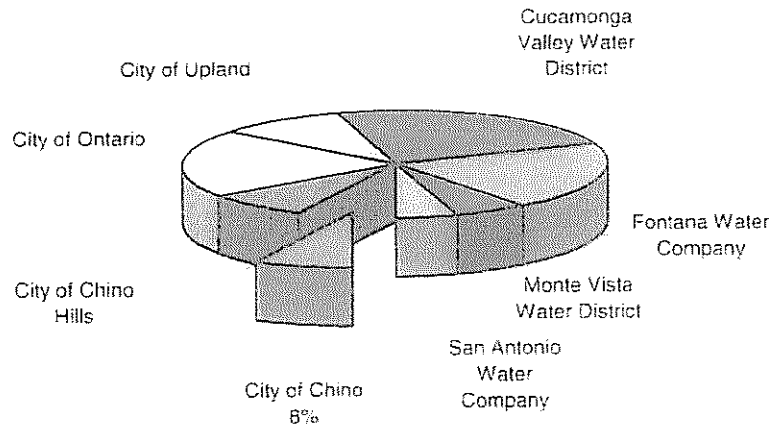
IEUA staff will continue to work with all agencies to provide as clear a picture as possible of the water resources available within the service area.

**Total IEUA Service Area
Water Production By Agency for FY 2003-04**



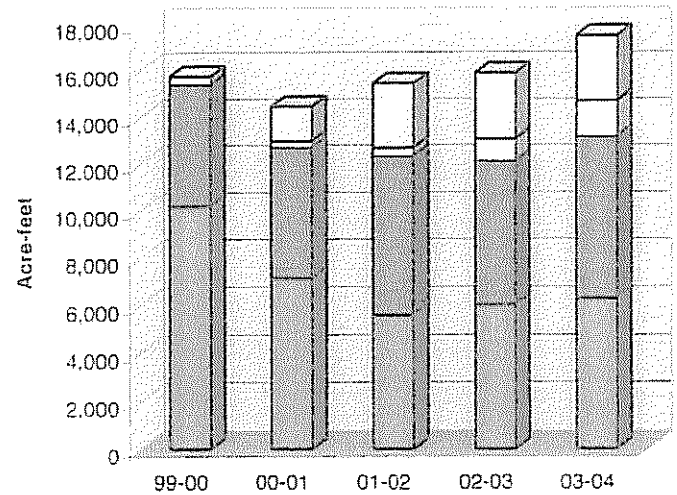
City of Chino FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**



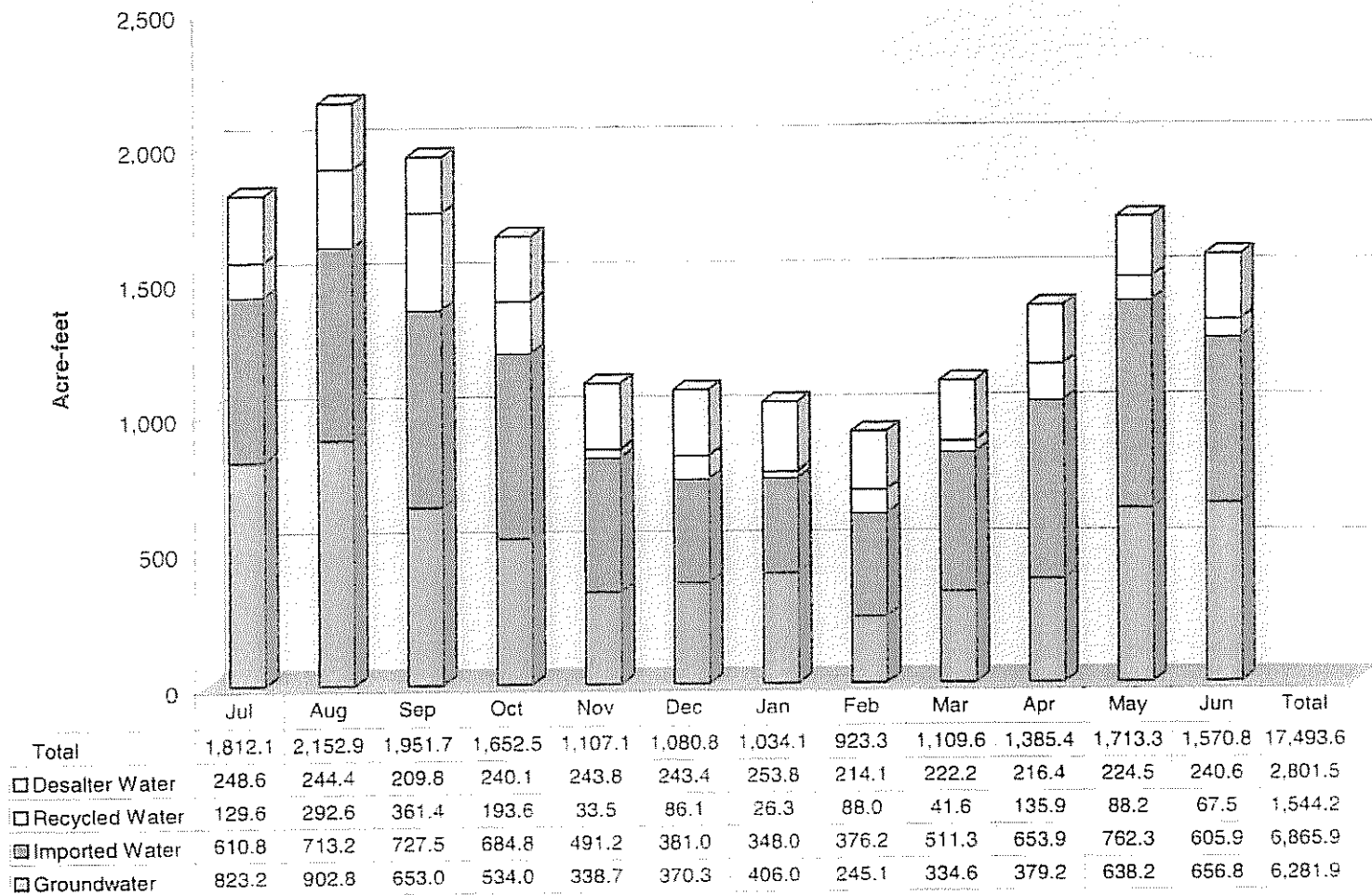
The City of Chino is 8 percent (17,493 acre-feet) out of a total production of 229,454 acre-feet in the IEUA service area.

5-Year Water Production



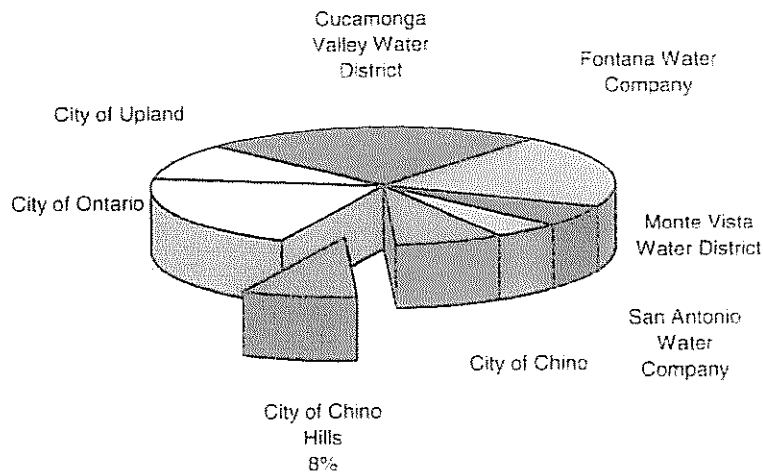
Groundwater
 Imported Water
 Recycled Water
 Desalter

City of Chino FY 2003-04 Monthly Water Production Report



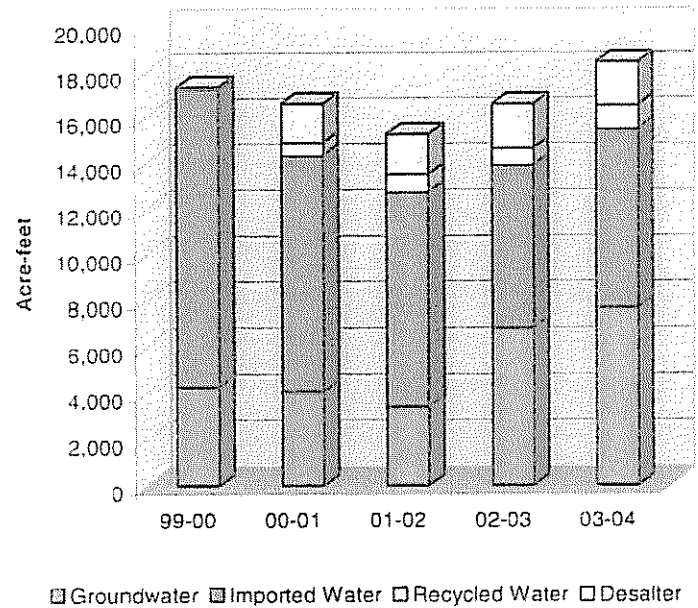
City of Chino Hills FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**

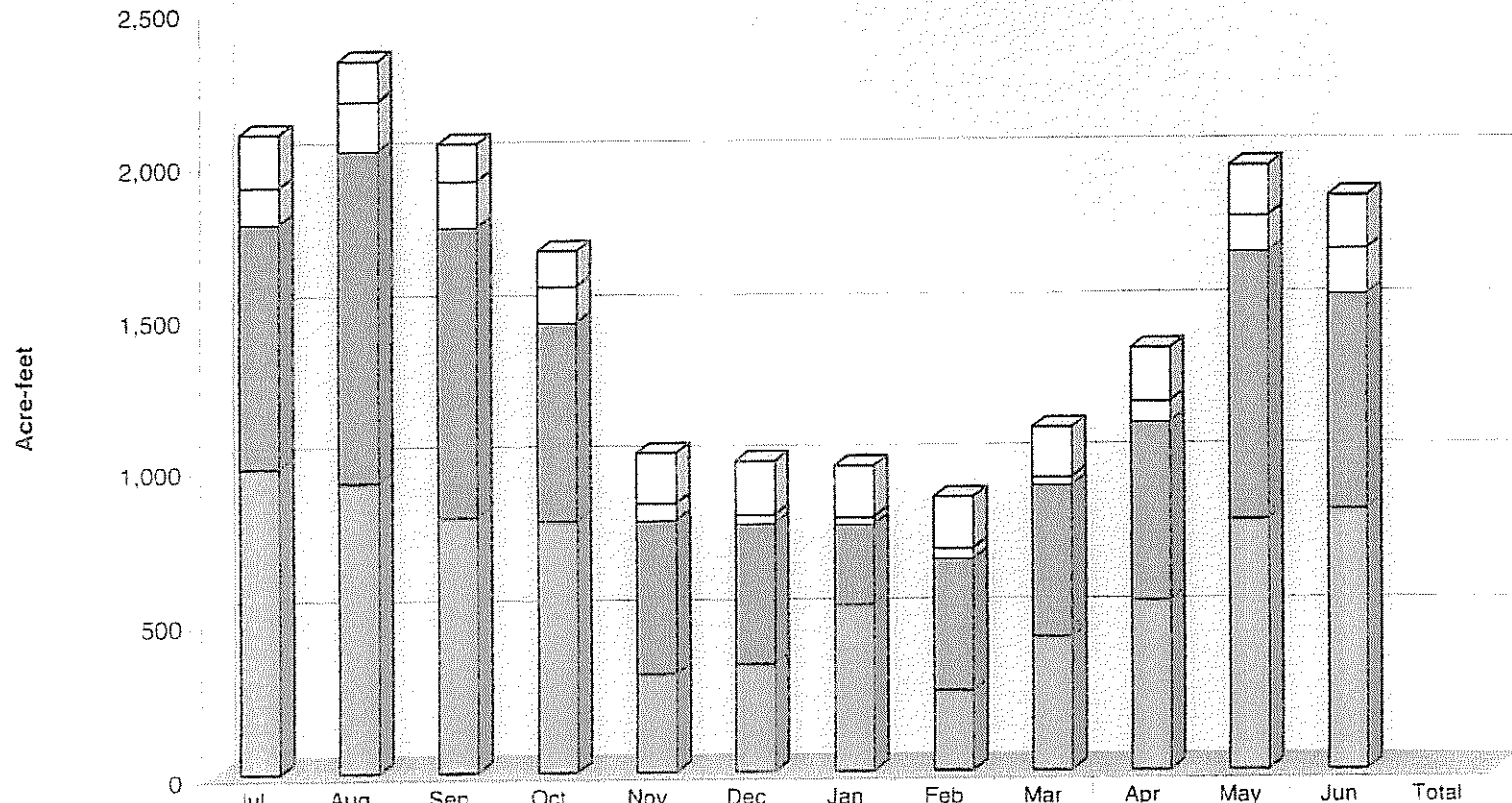


**The City of Chino Hills is 8 percent
(18,402 acre-feet) out of a total
production of 229,454 acre-feet in the
IEUA service area.**

5-Year Water Production



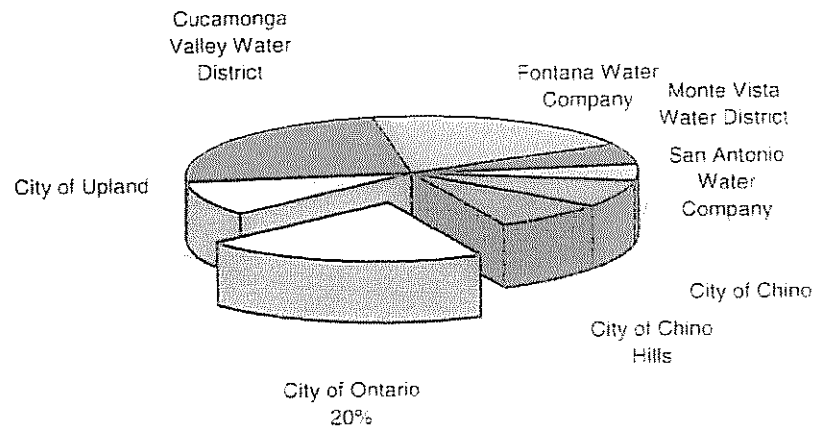
City of Chino Hills FY 2003-04 Monthly Water Production Report



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Total	2,089.0	2,326.3	2,052.3	1,702.9	1,034.5	1,005.1	988.4	886.6	1,111.7	1,371.3	1,966.2	1,867.2	18,401.5
Desalter Water	173.8	132.3	120.7	118.5	165.2	175.9	167.9	165.4	163.2	175.7	163.3	172.7	1,894.6
Recycled Water	120.1	163.7	152.1	118.2	54.8	28.0	23.0	35.9	26.6	69.2	117.4	149.0	1,057.8
Imported Water	804.1	1,089.2	952.7	652.9	496.4	452.5	257.5	425.8	488.5	577.2	876.0	705.3	7,778.1
Groundwater	991.0	941.2	826.8	813.4	318.1	348.8	539.9	259.5	433.3	549.2	809.6	840.3	7,671.0

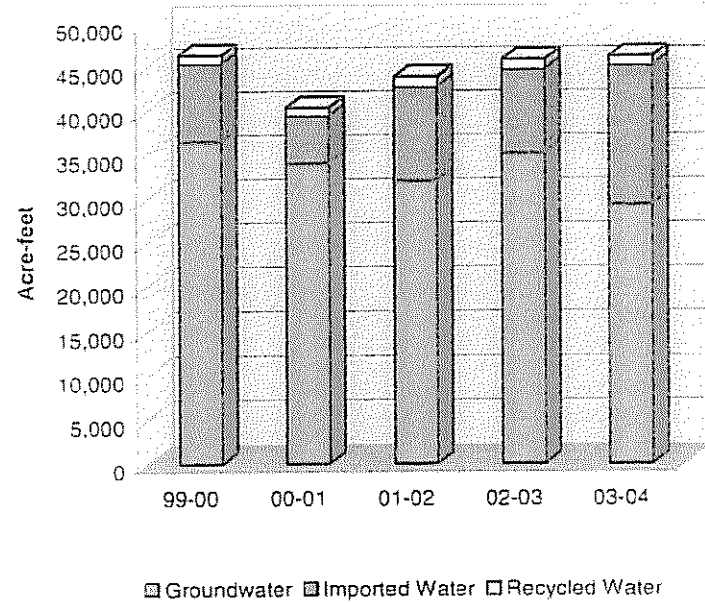
City of Ontario FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**

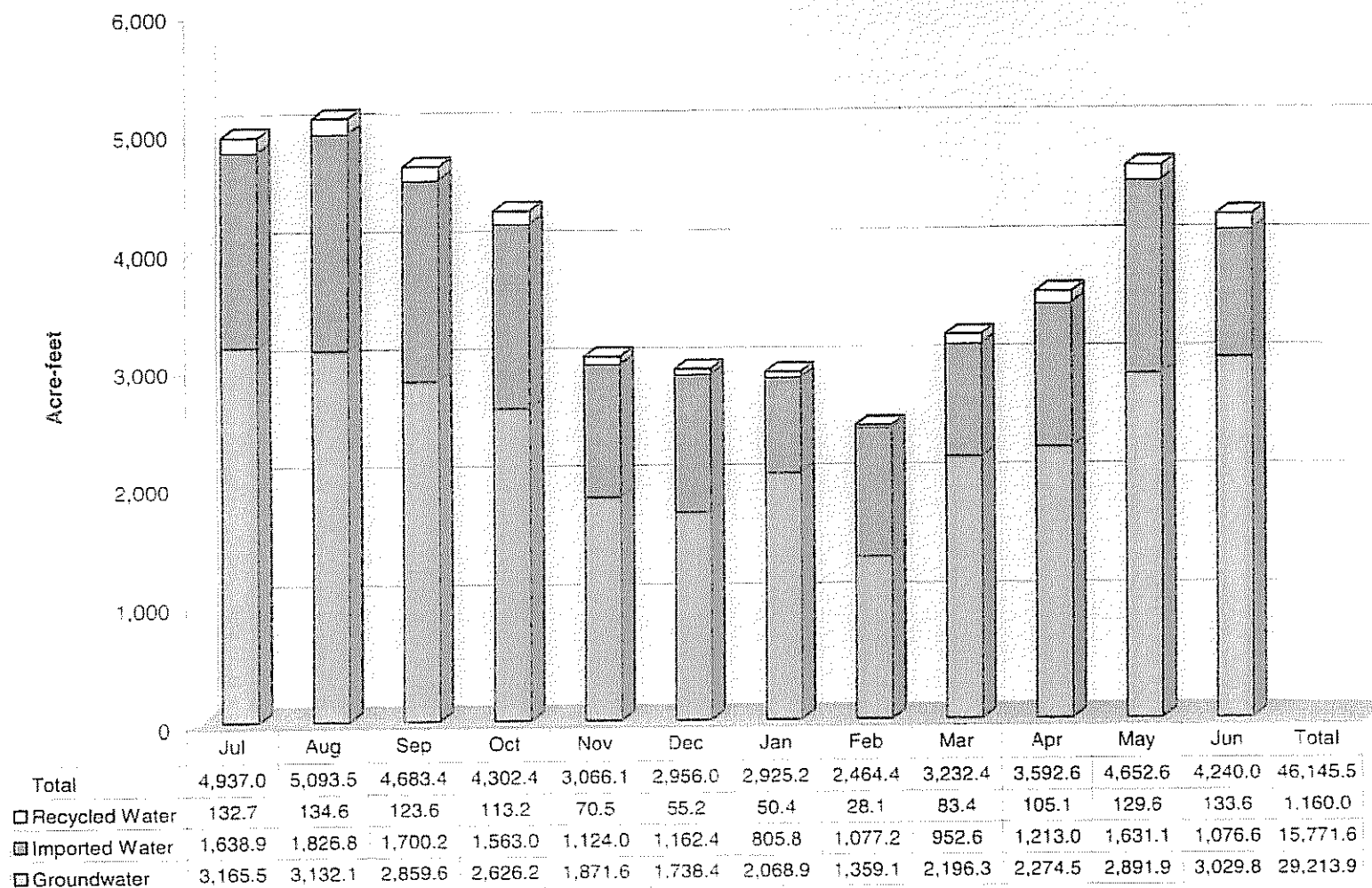


The City of Ontario is 20 percent (46,146 acre-feet) out of a total production of 229,454 acre-feet in the IEUA service area.

5-Year Water Production

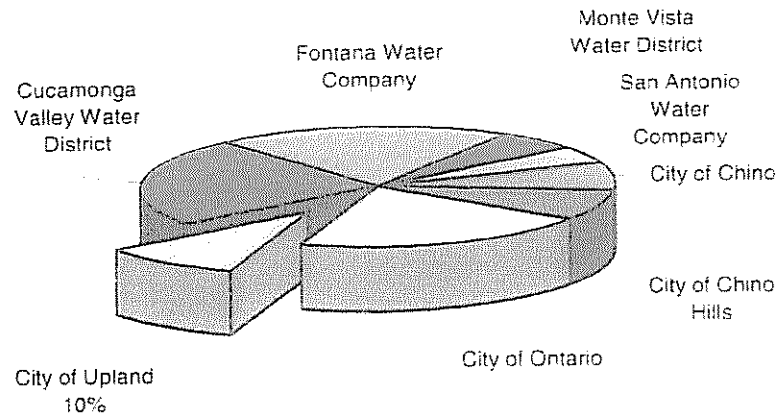


City of Ontario FY 2003-04 Monthly Water Production Report



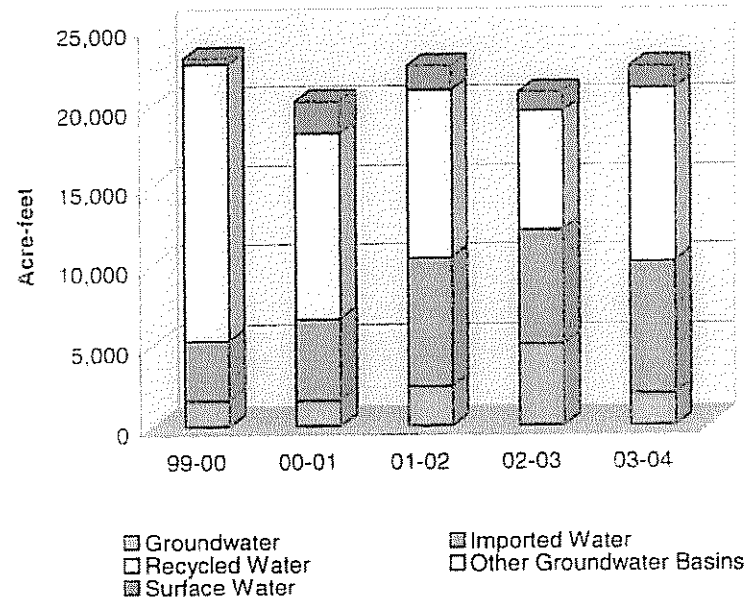
City of Upland FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**

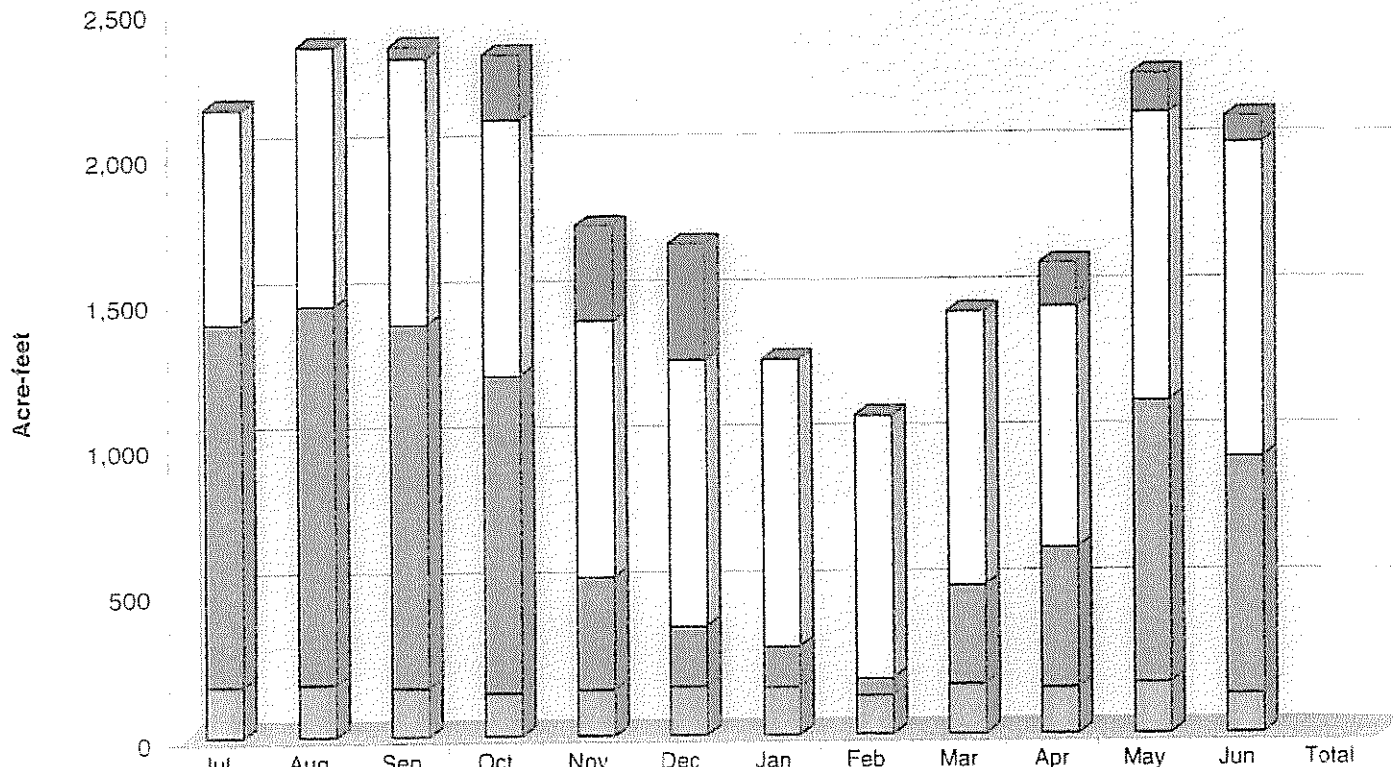


The City of Chino is 10 percent (22,426 acre-feet) out of a total production of 229,454 acre-feet in the IEUA service area.

5-Year Water Production



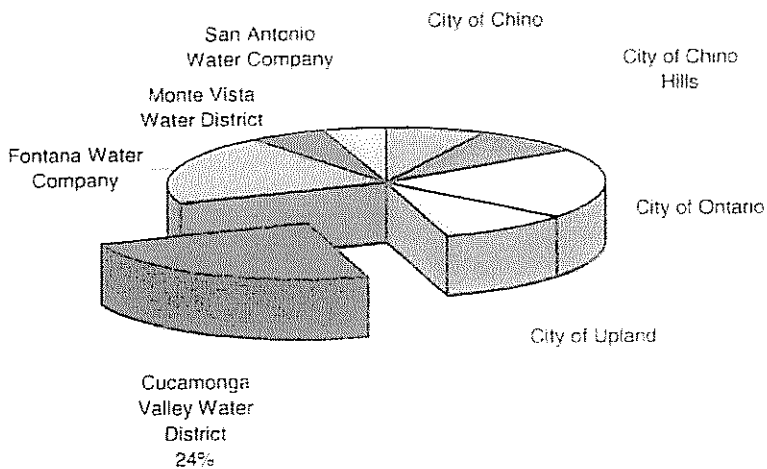
City of Upland FY 2003-04 Monthly Water Production Report



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Total	2,156.0	2,367.1	2,364.9	2,336.0	1,747.2	1,682.3	1,281.1	1,084.8	1,440.8	1,606.4	2,253.9	2,105.6	22,426.1
■ Surface Water	2.8	0.0	38.8	225.2	328.5	401.5	0.0	0.0	0.0	149.0	131.9	86.7	1,354.4
□ Other Groundwater	738.0	892.4	918.4	880.8	879.6	912.0	982.7	895.0	935.0	824.9	989.8	1,081.1	10,929.7
□ Recycled Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
■ Imported Water	1,240.7	1,295.0	1,242.1	1,081.8	381.3	202.4	135.7	57.3	334.7	473.5	958.4	803.5	8,206.4
■ Groundwater	174.5	179.7	165.6	148.2	157.8	166.4	162.7	132.5	171.1	159.0	173.8	134.3	1,925.6

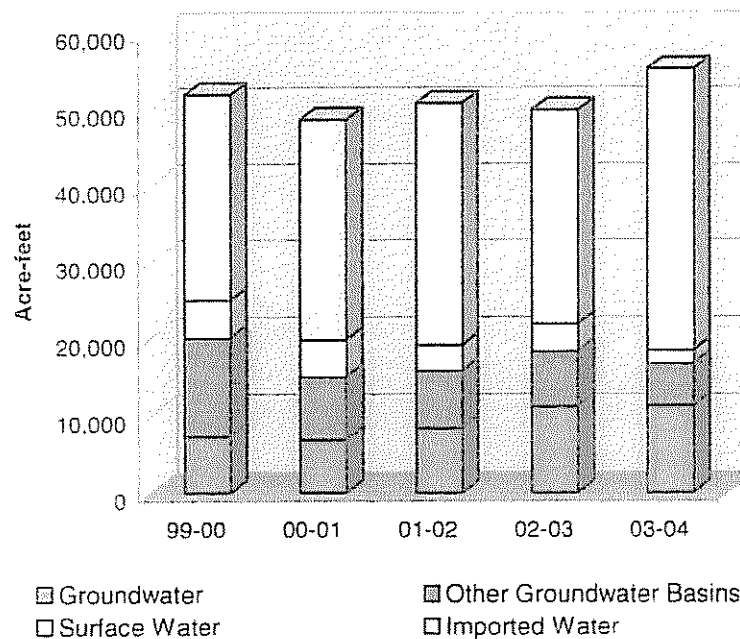
Cucamonga Valley Water District FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**

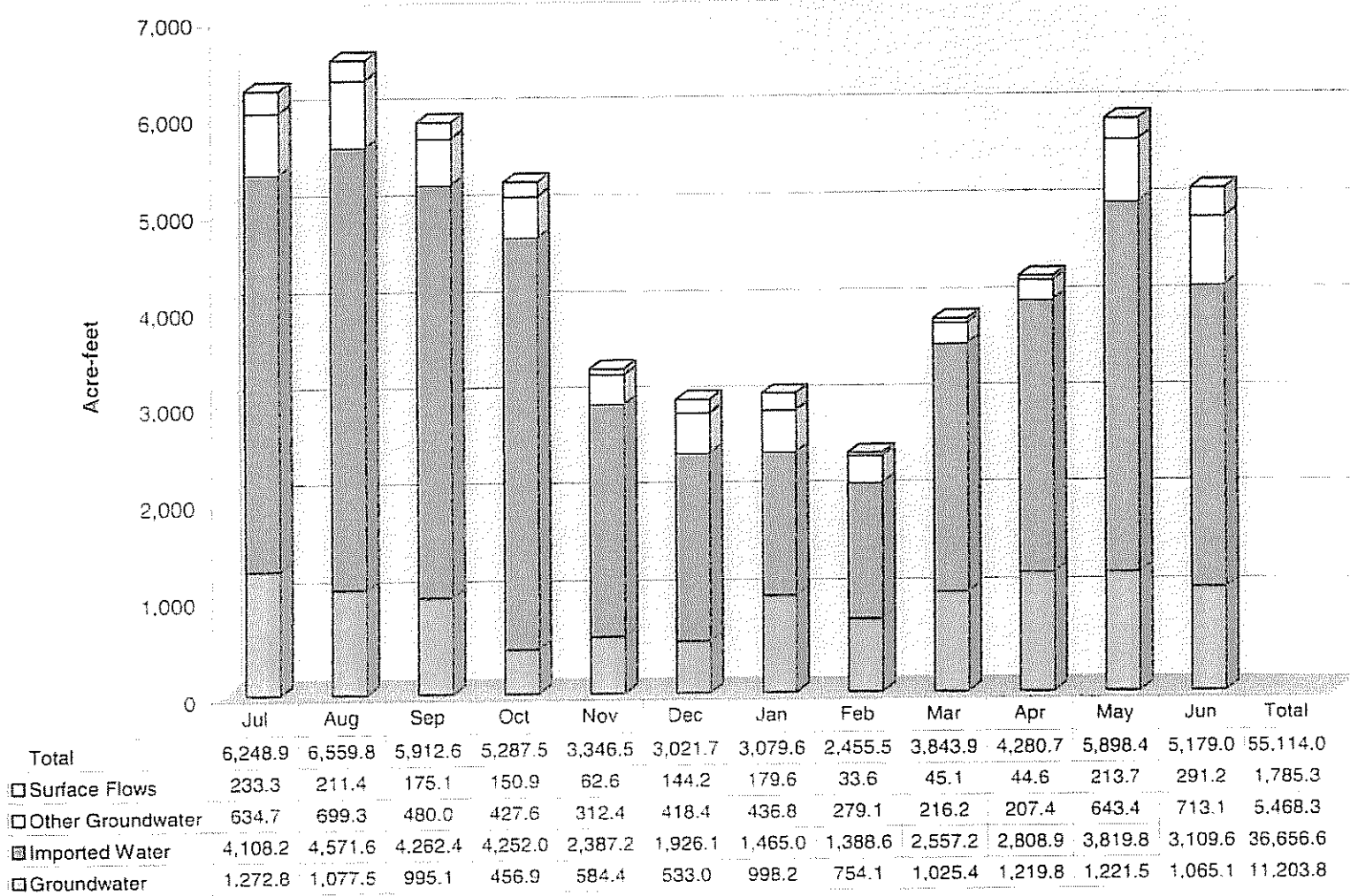


The Cucamonga Valley Water District is 24 percent (55,114 acre-feet) out of a total production of 229,454 acre-feet in the IEUA service area.

5-Year Water Production

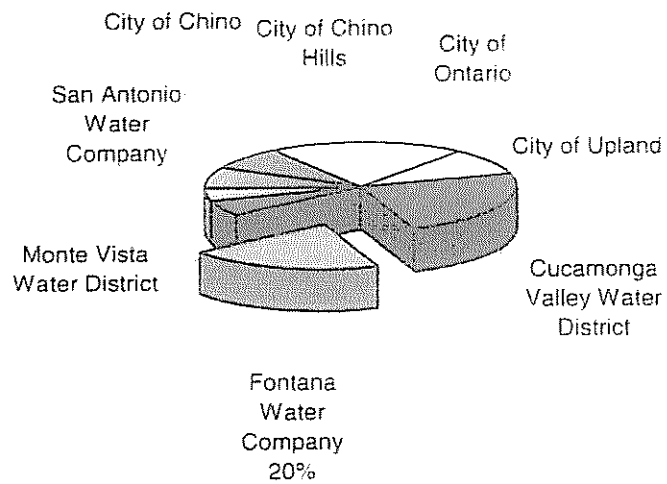


Cucamonga Valley Water District FY 2003-04 Monthly Water Production Report



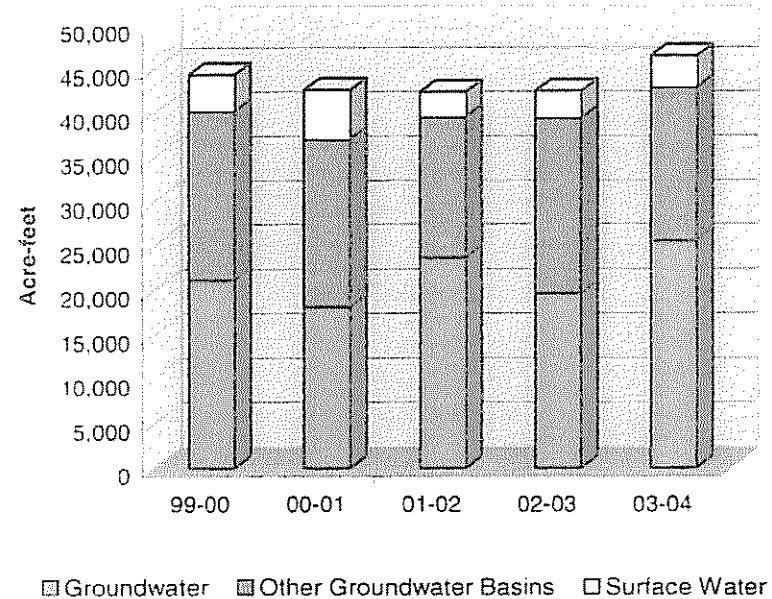
Fontana Water Company FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**

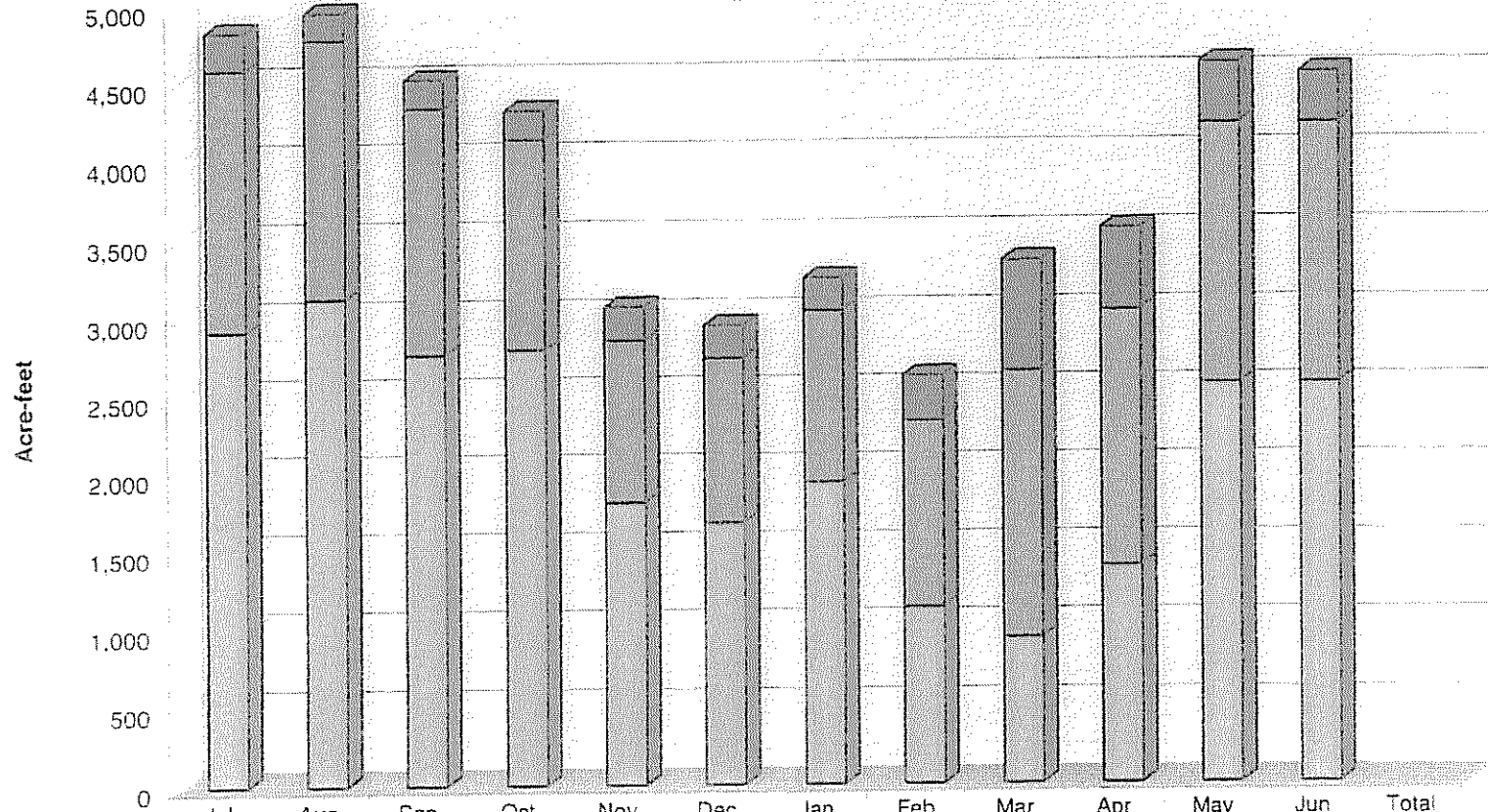


The Fontana Water Company is 20 percent (46,436 acre-feet) out of a total production of 229,454 acre-feet in the IEUA service area.

5 Year Water Production



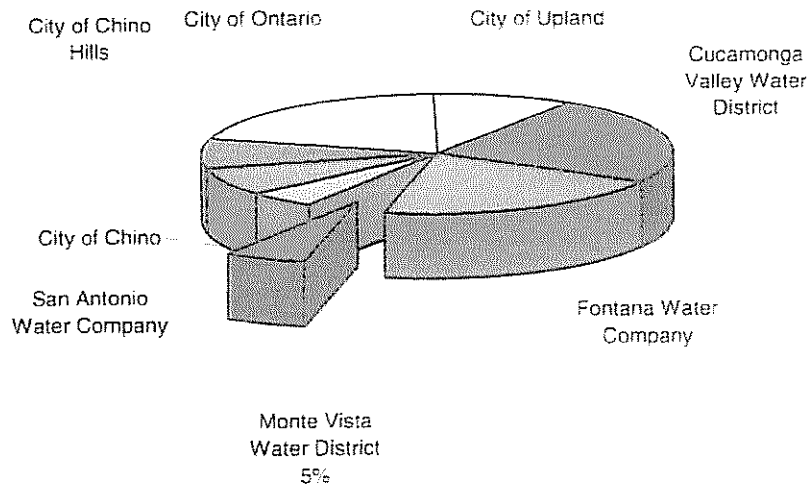
Fontana Water Company FY 2003-04 Monthly Water Production Report



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Total	4,828.0	4,948.6	4,517.2	4,313.6	3,057.2	2,936.0	3,234.2	2,603.3	3,341.4	3,540.9	4,590.1	4,525.6	46,436.1
Surface Water	241.6	170.4	187.5	187.9	211.0	208.6	206.3	290.0	711.1	520.8	385.9	321.4	3,642.2
Other Groundwater	1,666.5	1,654.0	1,571.6	1,337.4	1,044.4	1,055.6	1,098.6	1,189.2	1,701.2	1,635.4	1,656.5	1,656.5	17,266.9
Groundwater	2,919.9	3,124.2	2,758.1	2,788.3	1,801.8	1,671.8	1,929.3	1,124.1	929.1	1,384.8	2,547.8	2,547.8	25,527.0

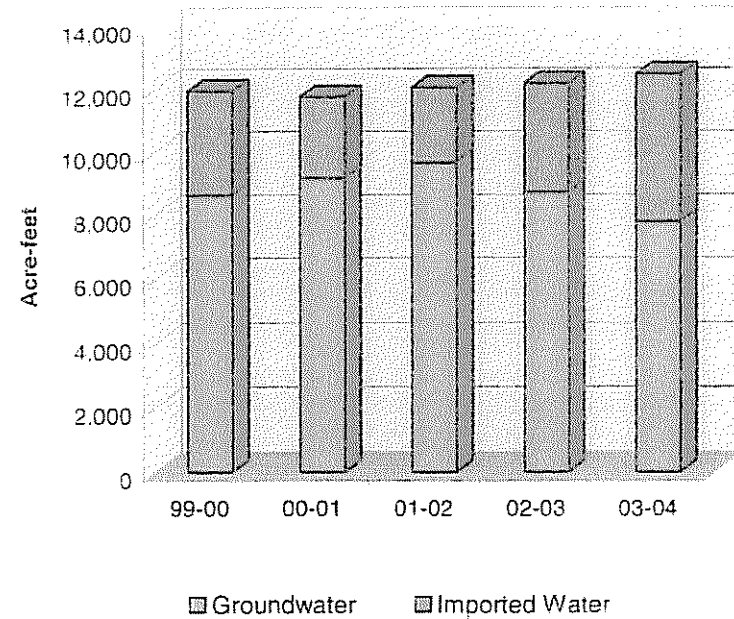
Monte Vista Water District FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**

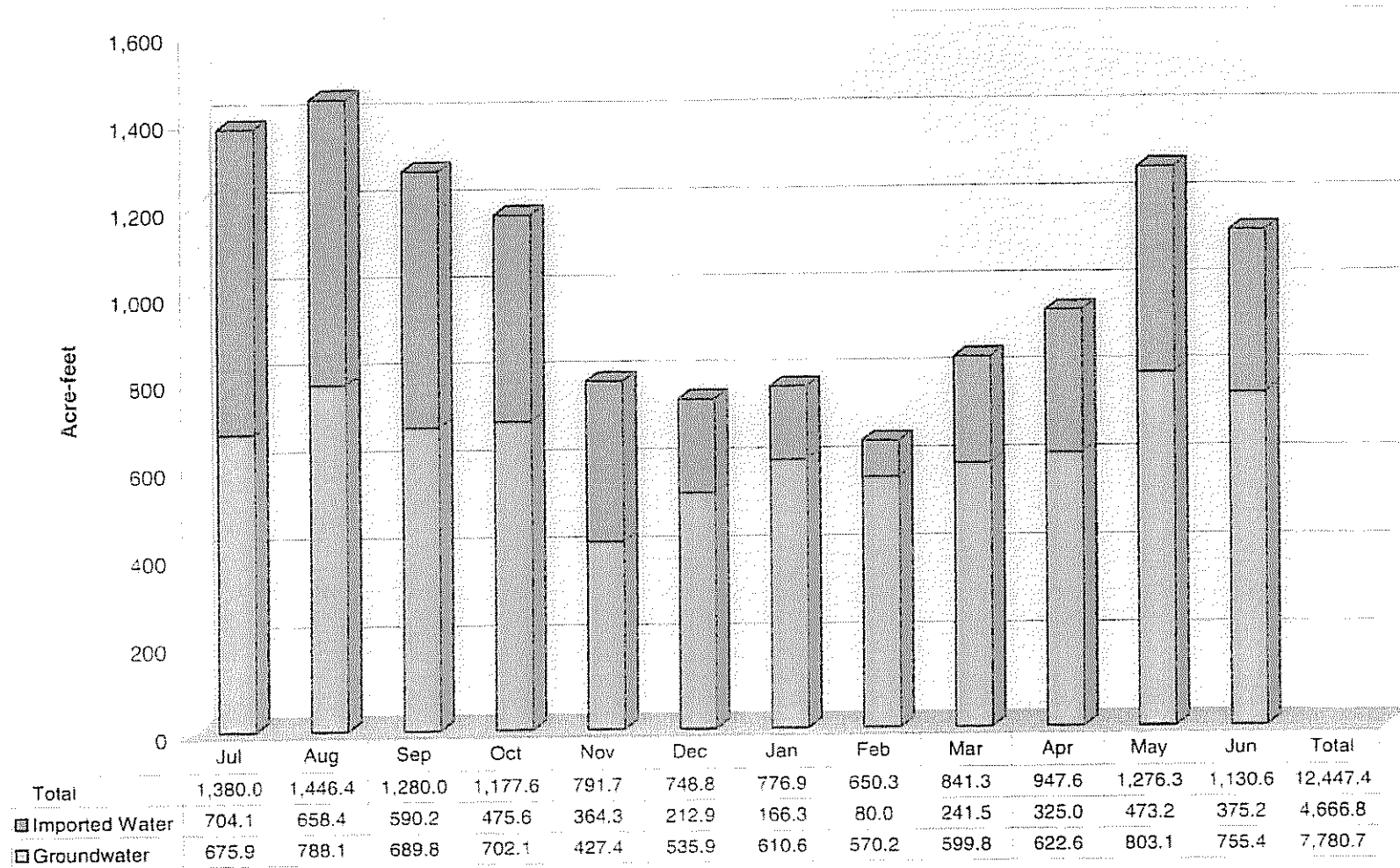


The Monte Vista Water District is 5 percent (12,448 acre-feet) out of a total production of 229,454 acre-feet in the IEUA service area.

5-Year Water Production

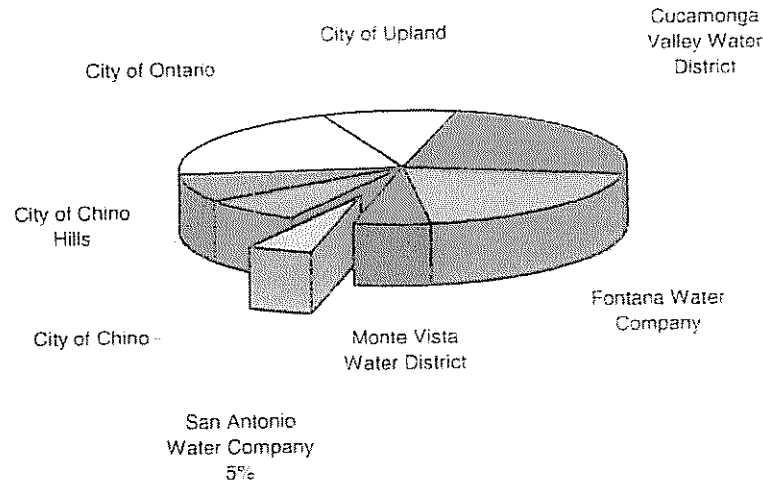


Monte Vista Water District FY 2003-04 Monthly Water Production Report



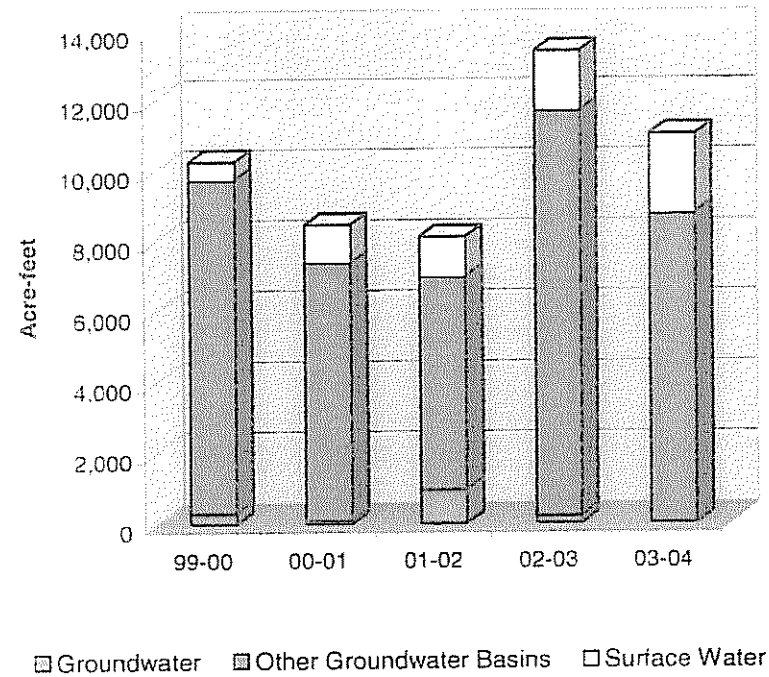
San Antonio Water Company FY 2003-04 Water Production Report

**FY 2003-04
Total Water Production**

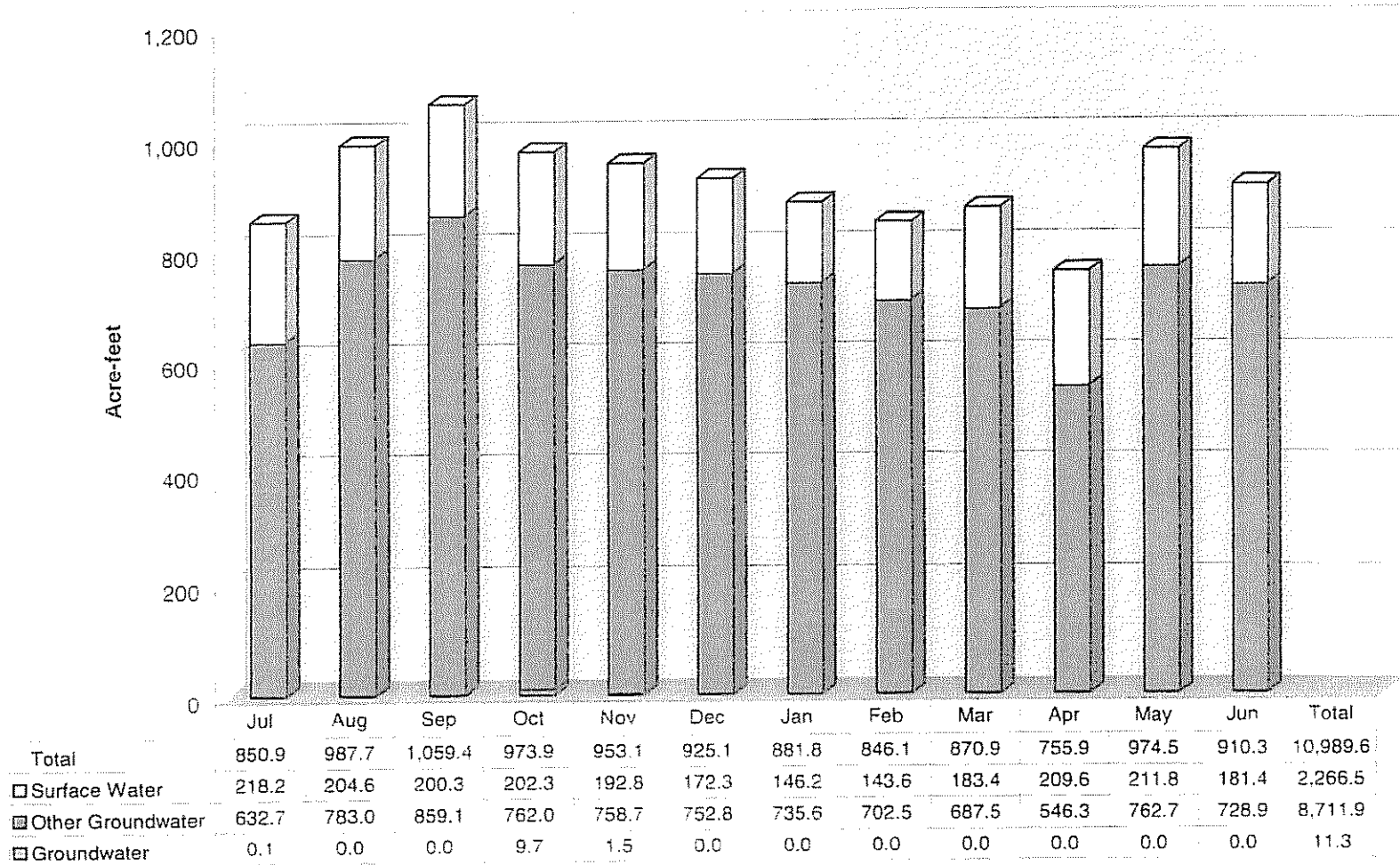


The San Antonio Water Company is 5 percent (10,990 acre-feet) out of a total production of 229,454 acre-feet in the IEUA service area.

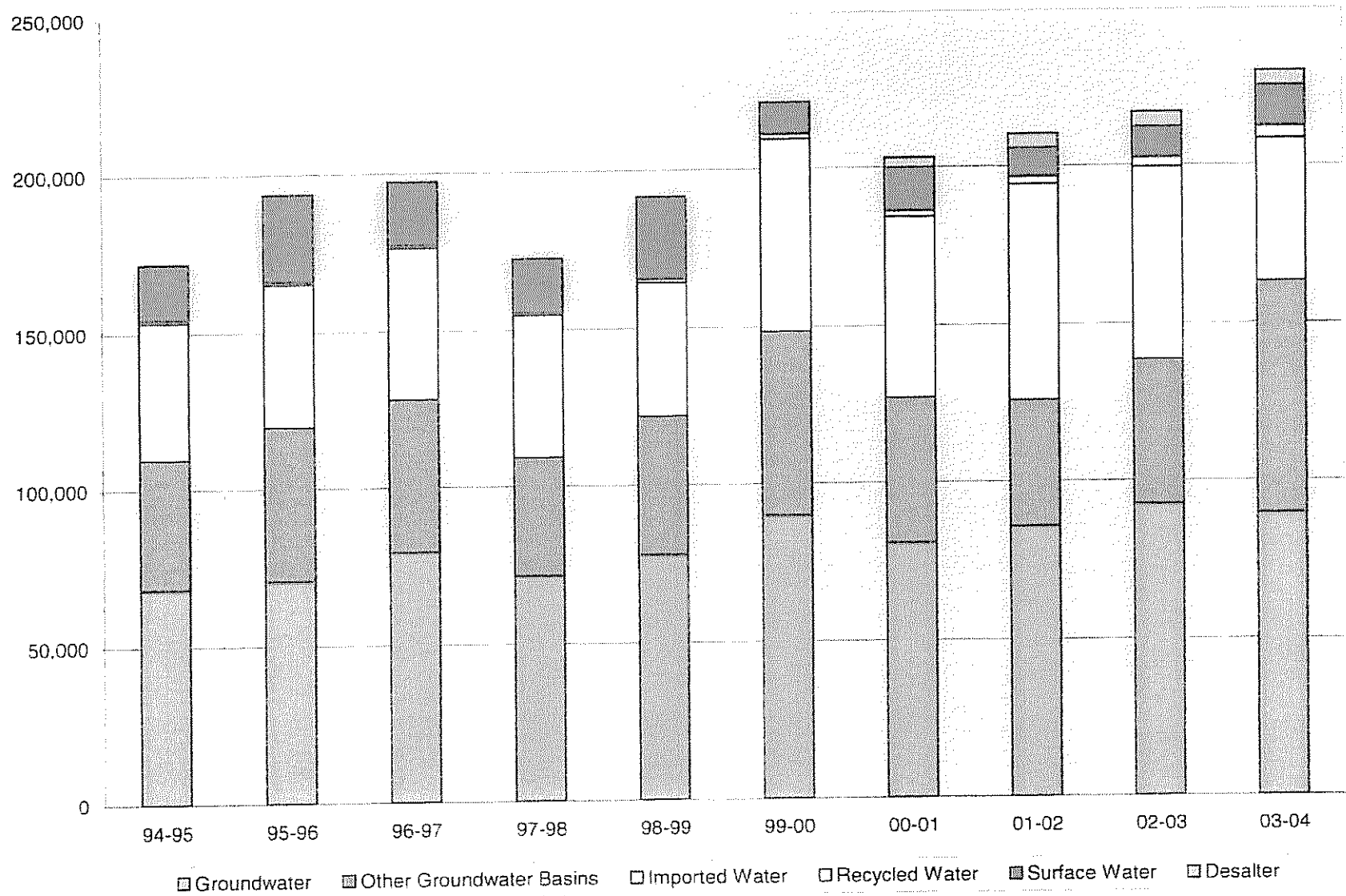
5-Year Water Production



San Antonio Water Company FY 2003-04 Monthly Water Production Report



IEUA Service Area 10-Year Historical Water Production



Definitions

Desalter Water – Means product water from the Chino Desalter 1. Groundwater, with high levels of TDS, is treated and distributed to several retail water agencies within the Inland Empire Water Agency (IEUA) service area for potable uses.

Groundwater – Means water pumped from the Chino Basin aquifer and treated by retail water agencies for all potable uses within the IEUA service area.

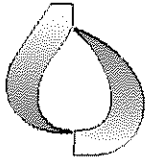
Imported Water – Means water from the Colorado River or Northern California and supplied by the Metropolitan Water District of Southern California (MWD), and water transferred from other groundwater basins to retail water agencies operating within the IEUA service area.

Recycled Water – Means highly treated wastewater (meeting Title 22 standards) produced by IEUA for distribution through separate pipelines to retail water agency customers for all non-potable uses.

Surface Water – Means water collected by retail water agencies from mountain runoff and storm flows, which is collected and treated for potable use.

Water From Other Basins – Means water transferred from other groundwater basins to retail water agencies operating within the IEUA service area. In this report, “water from other basins” is shown within the category of monthly “other groundwater.”

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Date: November 18, 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 October, a total of 84 rebates were issued, which brings the total to 272 rebates for the current fiscal year. This brings the total number of rebates to 1,989 since the rebate program began.

HECW (CLOTHES WASHER) REBATE PROGRAM

A total of 134 rebates were issued in the month of October, bringing the total for the current fiscal year to 796 rebates. A total of 4,220 rebates have been issued since the program began.

ULFT REGIONAL TOILET DISTRIBUTION & EXCHANGE

The Regional ULFT distribution occurred on October 23rd at the California Steel Industries (CSI) in Fontana. Out of 800 ULF toilets available, 326 toilets were distributed to residents. Residents are required to bring their old toilets for recycling to the same location on November 6th.

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 residential and commercial site irrigation system audits began on October 1st

SWIMMING POOL COVER SURVEY PROGRAM

In the month of October, a total of 25 rebates were processed. This brings the total to 83 rebates issued for the current fiscal year. 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

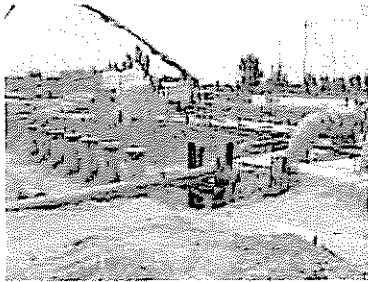
“A Garden in Every School” program will provide a native landscape garden at up to seven schools in the service area. The seven schools (and their water agencies) have been identified and are now at various stages of developing their gardens, including site selection, determining irrigation system requirements, and conducting a school irrigation system audit. In conjunction with the retail water agencies, IEUA will be making presentations to the appropriate school boards to get their approval and support for the grant and the garden projects. The seven schools and their associated retail water agencies 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)
- Grant Elementary (Fontana Water Company)
- Euclid Elementary (City of Ontario)

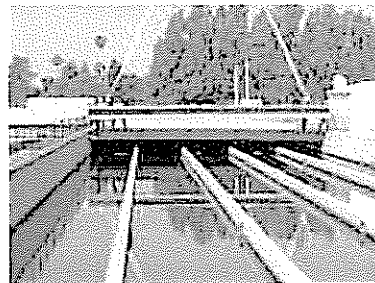


NOVEMBER 2004 RECYCLED WATER SUMMARY

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) COMPLETE
- 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:

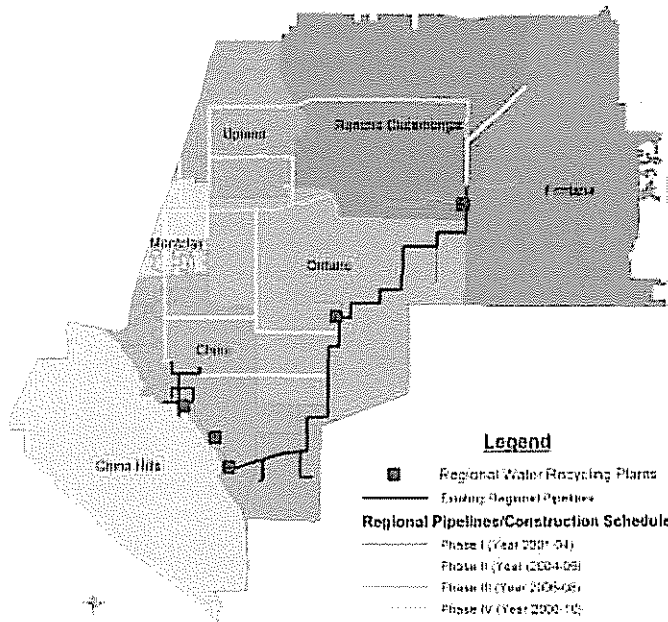
1. Recycled Water Master Plan Update (2005);
2. RP-4 Area 2 MG Regional Recycled Water Reservoir, Pipeline and Pump Station;
3. North Etiwanda Regional Water Pipeline and Pump Station;
4. Etiwanda Avenue 3 MG Regional Recycled Water Reservoir;
5. RP-1 South Regional Recycled Water Pump Station; and
6.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

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

Phase I Implementation Plan

ID	Task Name	Budget	Actual	Remaining	2004																	
					Q3	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1	RP-1/RRP-4 Pump Station	\$7,747,999	\$7,204,431	\$543,568	[Gantt bar]																	
2	RP-1 Chlorination Tank	\$4,817,200	\$4,373,981	\$443,219	[Gantt bar]																	
3	Pine Avenue Intertie	\$1,066,000	\$1,031,141	\$34,859	[Gantt bar]																	
4	Wrenville Pipeline	\$2,307,200	\$1,266,051	\$1,041,150	[Gantt bar]																	
5	Reliant Pipeline	\$1,115,476	\$1,115,476	\$0	[Gantt bar]																	
6	Philadelphia Pipeline	\$3,591,400	\$1,681,371	\$1,910,030	[Gantt bar]																	
7	Whittram Pipeline	\$3,621,000	\$843,391	\$2,777,609	[Gantt bar]																	
8	RP-4 West Branch	\$9,688,000	\$680,771	\$9,007,230	[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 Elivanda Pipeline & Pump Station	\$8,000,000	[Gantt bar]																									
3	Elivanda Recycled Water Reservoir	\$4,400,000	[Gantt bar]																									
4	RP-1 South Pump Station	\$4,500,000	[Gantt bar]																									
5	San Antonio Channel Pipeline	\$8,000,000	[Gantt bar]																									
6	Edison Pipeline (Phase III)	\$9,150,000	[Gantt bar]																									
7	Archibald Pipeline (Phase III)	\$2,850,000	[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

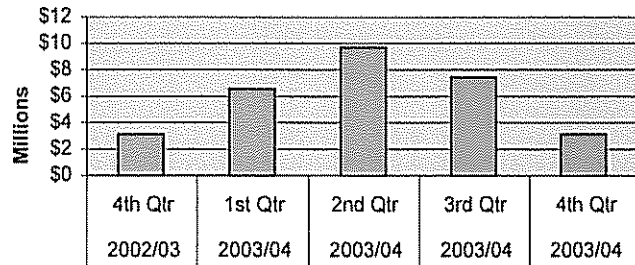
- Regional Capital Fund \$2 Million
- SWRCB Recycling Grant* \$5 Million
- SWRCB Loan* \$11 Million
- USBR Grant \$7 Million

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

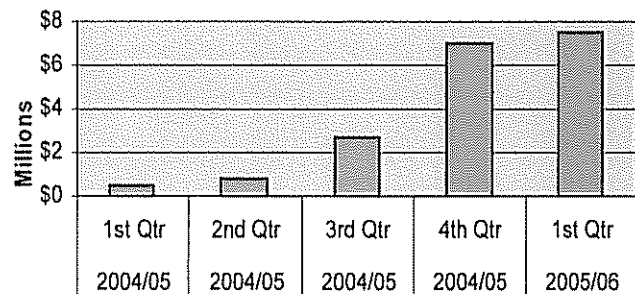
Funding Phase III

- 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



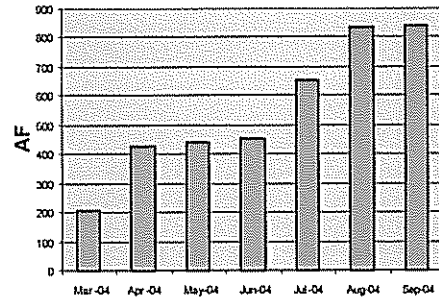
Activity Summary

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

Recycled Water Sales



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**
DHS approved the use of recycled water. Inland Paper Board requires an extensive on-site retrofit and is waiting for the approval on the funding from the headquarters.
- Kaiser Hospital**
DHS approved the engineer's report for irrigation of landscape. The second engineer's report is being prepared for recycled water use for the cooling tower.
- Murai Farm**
The engineer's report has been approved by DHS. IEUA provided a tap at the existing booster pump station. Ontario needs to provide a meter prior to the delivery of recycled water.
- Mission Linen**
The retrofit concept has been presented to Mission Linen in October. Waiting for Mission Linen to make a decision on the concept.
- Cotton Wood Dairy**
Started to use recycled water in October
- 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.

Delivery Period	FY 2003-04	FY 2004-05
October	615	513
Year to Date	4,484	4,919
FY Total	2,773	2,846
Budget		8,290

Operation & Planning

- RP-1 Chlorine Tank is nearing completion for delivery of Title 22 recycled water through TP-1 Outfall line. This would allow other customers along the TP-1 Outfall line to receive recycled water.
- IEUA plans to construct 11 recycled water hydrants along the existing recycled water system to deliver recycled water for constructions.
- TP-1 Outfall was shutdown on Tuesday, October 5 to provide a connection for Murai Farm.

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.



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 late 2004—early 2005

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

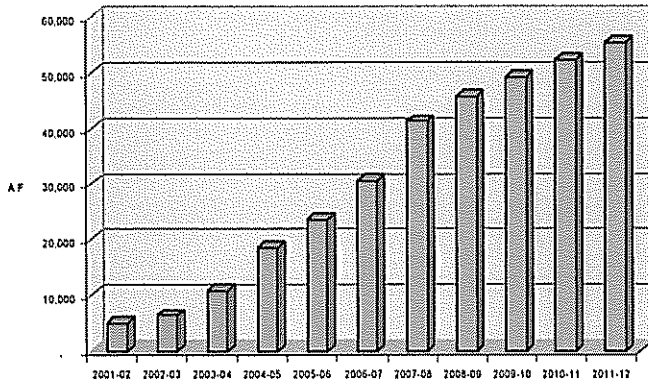


Paradise Textile in Chino

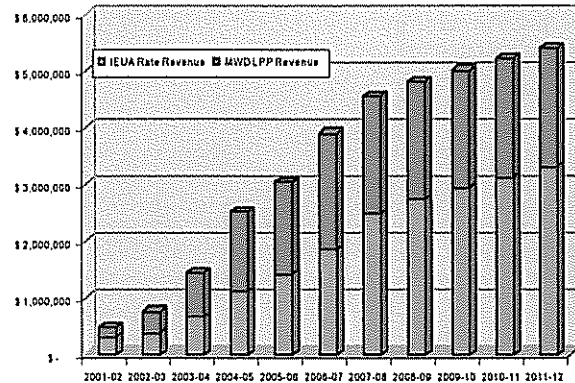
■ Paradise Textile signed the letter of commitment to use recycled water on October 18, 2004. Once the recycled water conversion is completed, Paradise Textile will be the first in the nation to fully utilize the recycled water for 100% of the process.

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

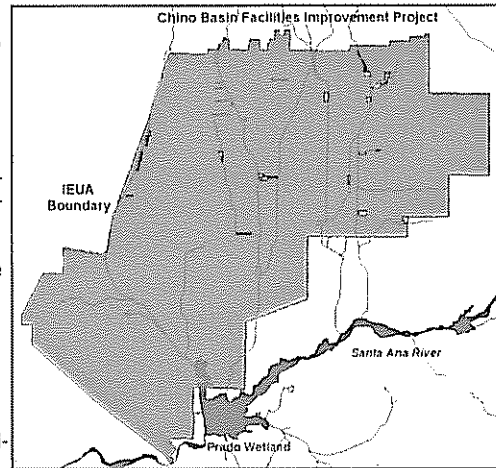


Mission Linen in Chino

NOVEMBER 2004 CHINO BASIN FACILITIES IMPROVEMENT PROJECT SUMMARY

Program Description

The American Society of Civil Engineers (ASCE) award winning 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 Inter-tie; 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.

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

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)

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 99% complete. A punch list of items is being completed to finish the project

■ The construction period is 367 calendar days.

■ Substantially complete Date: November 30, 2004

Project Participant:

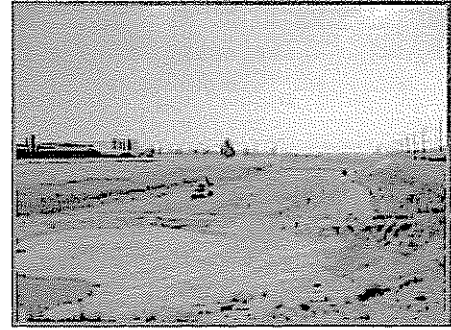
- Inland Empire Utilities Agency (Lead, Contracting Agency)
- Chino Basin Watermaster
- San Bernardino County Flood Control District
- Chino Basin Water Conservation District
- SAWPA

Design and Construction Management Team:

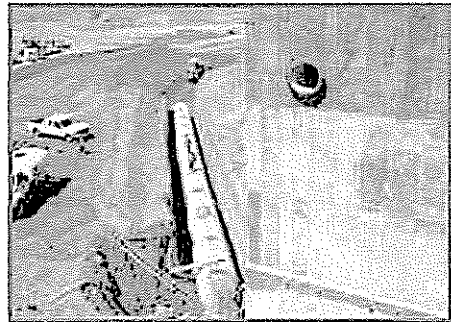
- Tettermer & Associates (Design Consultant)
- Black & Veatch/IEUA (Program & Construction Management)
- URS/Twining-Govil-Ryan (Geotechnical Consultant)

Bid Package No. 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 wet well is complete. Work on the canal from the Jurupa turnout to the pump station is complete; the pump house building and piping are underway; 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: December 4, 2004



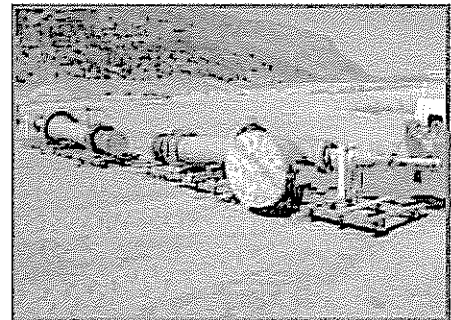
Grading at Hickory Basin



Jurupa Pump Station Inlet Pipe

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

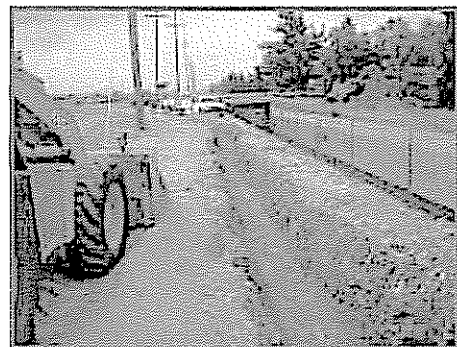
- Bid Package No. 5 includes the SCADA system consisting of radio controls to monitor and govern water levels in all the basins, control the drop inlets and rubber dams. Four monitoring sites will be established at the CBWM, CBWCD and SBCFCD offices with the master controls located at RWRP-1. The SBCFCD 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, installed the antenna poles 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. CB-11TB, CB-15T and a new connection on the Etiwanda Intertie @ Station 211 + 47 now designed as CB-18T.
- The Bid for redevelopment of the two existing MWD turnouts and development of a new turnout from the Etiwanda Intertie CB-18T@ 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.
- CB-11TB was tested October 7, 2004 at flow of 40 cfs; the turnout functioned perfectly.
- Eilar & Associates is completing the acoustical survey for noise level investigation of sleeve valves.



Montclair Basin Trenching for SCADA

(Continued from page 2)

- The construction period is 193 calendar days. Estimate work is 95% complete.
- Substantially complete date: November 15, 2004

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. Construction is well underway.
- 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. Grader, 1 ea.	\$150,000
3. Safety grates for gate opening	\$7,500
Subtotal	\$257,500

- 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
3. Pickup, 1 ea.	\$24,000
Subtotal	\$1,174,420
Total—Recommended Projects & Equipment	\$1,431,920

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

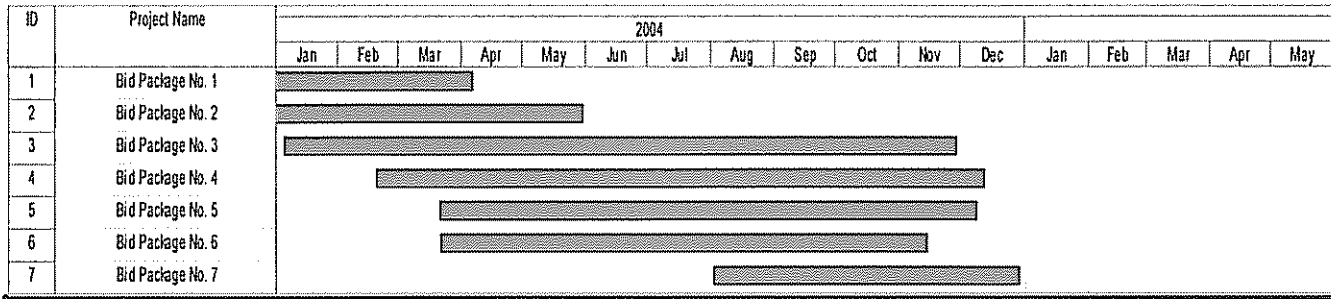
- Dispatch Trucking has excavated the 100,000 cubic yards. of soil from the floor of the Victoria Basin which will ultimately save \$855,000 (\$8.55/cu.yd. X 100,000 cu.yd.)

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.

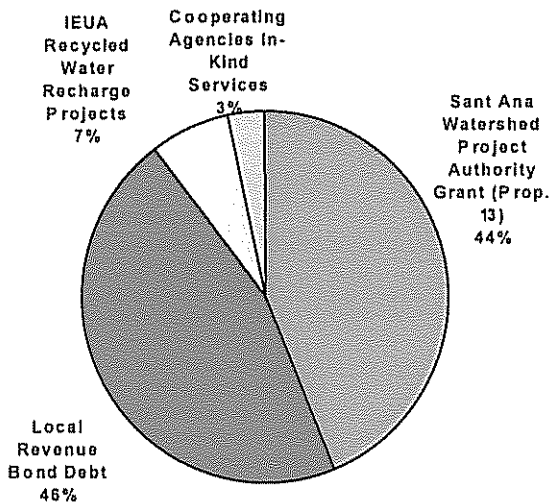
CBFIP Active Projects Construction Schedule



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

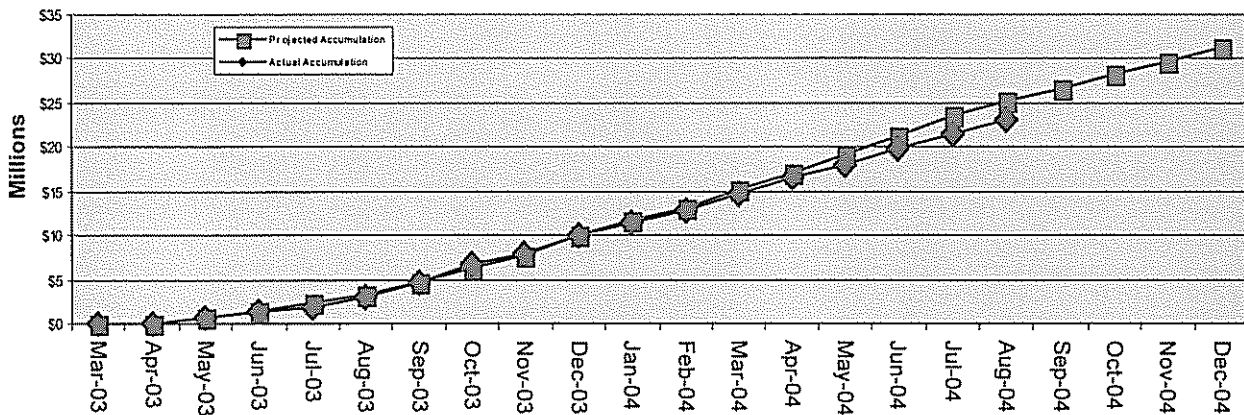
Project Summary

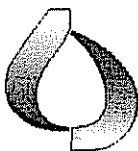


Construction Phase	Estimated Cost	Budget
Bid Package No. 1	\$8,250,000	\$8,250,000
Bid Package No. 2	\$7,020,000	\$7,020,000
Bid Package No. 3	\$3,700,000	\$3,800,000
Bid Package No. 4	\$2,230,000	\$2,300,000
Bid Package No. 5	\$3,820,000	\$4,000,000
Bid Package No. 6	\$1,400,000	\$1,450,000
Bid Package No. 7	\$3,060,000	\$3,000,000
Non-Construction Cost*	\$9,415,000	\$9,000,000
Total Budget**	\$38,895,000	\$38,820,000
Expenditure To Date	(\$30,135,000)	

*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: November 17, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (11/10/04)
From: Richard W. Atwater *RWAtwater*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: October 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\04522 October Leg Report from Geyer

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West

DATE: October 27, 2004

RE: Legislative Report

Property Tax Shift Likely to be Much Greater Than Expected

While IEUA still does not have final numbers from the State Controller's Office, the agency has been told by Controller's staff that the property tax shift imposed under the late-July budget compromise will be substantially larger than anticipated.

This portion of the budget agreement negotiated by the California Special District's Association, the California Association of Sanitation Agencies (CASA) and the Association of California Water Agencies (ACWA), emphasized the expectation that enterprise special districts would contribute about 40 % of their property tax receipts, over two years, into state coffers to help the State address the budget crisis. Now it is probable that many enterprise special districts, including IEUA, could lose 100% of its property taxes or 10% of its "total revenue" as reported in the 01/01 State Controller's Special District Report. ACWA and CASA have recently notified their members to be prepared for a much larger budget hit than anticipated.

How Did This Happen?

The initial tenants of the deal called for all special districts to contribute \$350 million per year for two years toward the budget solution. To reach that total, enterprise special districts were to contribute \$225 million and non-enterprise special districts were to contribute \$125 million respectively. However, late in July non-enterprise special districts capped their contribution to 10% of property tax revenues. Also, mosquito abatement, fire, hospital, library and veteran's memorial districts were completely exempted. Transit districts were capped at only 3%. Then the legislation specified that if there was a shortfall in reaching \$350 million, enterprise special districts had to come up with the remainder – beyond the previous 40% limit. At the time, IEUA, SAWPA and other enterprise special districts were very concerned about the financial implications of the legislation, but continued to be assured that the hit would be 40 to 50 % of property tax revenues.

The news from the Controller's office that many enterprise special districts could lose 100 % of their property tax revenues seems to be a surprise to everyone, including ACWA and CASA and the Governor's staff. Simply put, no one negotiating the deal ran the numbers.

What Can Be Done?

Throughout the month of October, IEUA, SAWPA, and other SAWPA member agencies met with key staff at the Controller's Office to try to assess what can be done in the short-term and for 2005.

IEUA's short-term strategy is to encourage the Controller's Office and the Governor's Office to use what flexibility exists in the law to correct and adjust the definition of "total revenues" in its 01/02 Special District Report. The law requires that the property tax shift not exceed 10% of "total revenues" as reported in this document. For IEUA, it is now clear that the Controller's report includes items as part of "total revenues" that are incorrect and over reported. IEUA has since refiled its 01/02 revenues information with the State Controller's Office and is waiting to hear whether the changes will be incorporated for the first year of property tax shifts.

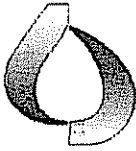
For 2005, IEUA and SAWPA are considering a variety of changes to the law that will more equitably divide up the \$350 million special district contribution. Part of this might be to require the Controller to correct and revise its 01/02 report, since an accurate report should be the basis for future property tax shifts. ACWA has put out a member's advisory explaining that they will work with us on this.

Potential Legislation for 2005

There is likely to be a number of bills introduced next year that will impact Chino's dairy industry. They include:

- Senator Dean Florez's proposal to increase the number of dairy inspectors to ensure the protection of air and water quality. New dairy fees would presumably pay this for.
- Require tighter rules on dairy loans and change the composition of the California Pollution Control Financing Authority (CPCFA), which has issued \$70 million in subsidized loans to dairies.

Unfortunately, the controversy swirling around the CPCFA loans has the potential to damage the excellent image of the Chino methane digester/desalter. Compounding this problem, the Sierra Club recently released a policy paper opposing public subsidies for methane digesters to be used for CAFOs. IEUA needs to reinforce the documented environmental benefits of the Chino digester/desalter with legislators and the Administration.



Inland Empire
UTILITIES AGENCY

Date: November 17, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (11/10/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: October 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.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

October 28, 2004

Legislative Report

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

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

SU: Legislative Report, October 2004

Highlights:

- Congress Out for Elections, Lame Duck Pending
- CALFED Passes House, Enacted
- Water Recycling Bills – Pending in Senate
- Perchlorate – Baca and Pombo Cleanup Bills Pending in Senate
- Perchlorate – New DOD, State of California, New Detection Policy Questioned
- Perchlorate – Feinstein Legislation Being Drafted – To Be Introduced at Top of 109th Congress
- Drought
- The Election – No Matter Who Wins What – Expect Major Changes
- IEUA Working Partners

House and Senate Adjourn for Election – Lame Duck Pending. Congress adjourned in mid-October for the national election. Little was accomplished in early October. Most major bills are pending. Few funding bills are finalized. The new fiscal year is now underway and most of the Federal Government is operating on a Continuing Resolution (last year's funding

carried forward). A short-term CR was passed that will expire on November 20. Both the House and Senate are scheduled to return on November 16. How long the Lame Duck session will last is unknown. So, no matter what, a post-election, lame duck session, will occur.

CALFED Passes House, Enacted. After considerable deliberation, the House of Representatives accepted the CALFED bill passed by the Senate, sending the bill to the White House, where it was signed into law two days ago. As previously reported, the CALFED bill contains a section on water recycling helpful to IEUA and other SAWPA projects.

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. Senators Boxer and Feinstein have asked the Energy Committee to discharge the bills and clear them for Senate passage (if the Senate passes, the bills go straight to the White House for final approval). Senator Bingaman, the ranking Energy Committee Democrat is pushing for consideration and approval. Meetings with Chairman Domenici and his staff are cautiously encouraging. The Interior Department testified against the bills and continues to oppose them.

Perchlorate – Baca Bill – Southern California Perchlorate Remediation – Moves Through House. As reported last month, 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. \$50 million is authorized for this program. Resources Committee Chairman Pombo introduced and successfully moved a nearly identical bill for the Santa Clara Valley. Both the Baca and Pombo bills are now pending in the Senate Energy Committee. Senators Boxer and Feinstein have asked that they be approved as well.

DOD/State of California, New Perchlorate Policy Pending. DOD and the State of California announced a new policy to characterize and prioritize drinking water contaminated by perchlorate, in California. Senator Feinstein immediately sent a letter to DOD questioning elements of the new policy. As reported previously, the new policy has one major flaw. That is, DOD and the State have agreed to look at perchlorate at "facilities" and "installations" which excludes the half-century of water deliveries to Southern California, especially the Inland Empire from the Colorado River, which carried significant amounts of perchlorate.

Perchlorate and Senator Feinstein. Senator Feinstein and her staff are continuing to work on drafts of a perchlorate policy and cleanup bill to be introduced at the beginning of the 109th Congress. IEUA and MWD have been asked to assist and continue to work on the proposed legislation. IEUA is working with Senator Feinstein's office in the preparation of this legislation, and the justification for it.

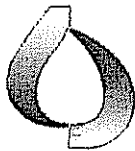
Drought. Drought continues to dominate the news throughout the West. All 17 of the Western States are experiencing some level of drought. More than half are experiencing "extreme" or "exceptional," the two most severe categories of drought. The Interior Department and Bureau of Reclamation are still 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.

A Word About the Election, Next Congress. No matter what happens on election day, anticipate significant change. Obviously, if Kerry wins, the Administration changes, top to bottom. If Bush wins, also anticipate change. For instance, at Interior, Assistant Secretary Raley is returning to Colorado after the election. Cabinet and subcabinet members generally have a two-year tenure. Same at USDA, EPA, and other resource agencies. In Congress, control of the Senate is very much in play. If the Democrats retake control of the Senate, both Boxer and Feinstein would get significant chairmanships. Assuming the Republicans retain control of the House, it is all but a certainty that Mr. Calvert will give up the chairmanship of the Water Subcommittee.

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

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

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Inland Empire
UTILITIES AGENCY

Date: November 17, 2004
To: Honorable Board of Directors
Through: Public and Legislative Affairs Committee (11/10/04)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: October Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

Chino Basin / OBMP Coalition

Status Report – October 2004

ENERGY/REGULATORY

Community Choice Aggregation

The Administrative Law Judge in this proceeding is expected to release a draft decision in the coming weeks. This draft decision will rule on Phase I issues, mainly the level and application of “exit fees” for Community Choice Aggregators. DGI will issue an analysis of the draft decision after its release.

After the exit fees issues are resolved, Phase II will begin to address administrative and operational issues. In this Phase, complex transaction issues will be debated, such as the rules for how IOUs should release confidential customer information.

Water District Self-Generation (Implementation of SB 1755)

The presiding Administrative Law Judge reported to DGI that this proceeding is expected to continue in November. The ALJ is likely to issue a ruling soliciting additional input from intervenors.

DGI continues to monitor this proceeding, and will develop additional testimony with IEUA staff as appropriate.

Biogas Net Metering

On Wednesday, October 27th, DGI met with representatives of the dairy industry, IEUA and Sustainable Conservation to identify priorities and issues for possible legislation to expand and extend the Biogas Net Metering Program.

The group identified areas for improvement and refinement of the net metering program as follows:

1. Definition of Aggregation

The code must be amended to allow aggregation on “contiguous”, not “continuous” property. Additionally, the language may need to be refined to further specify the types of customer load that should be eligible for aggregation under same ownership. Extension of the aggregation program through the expansion of eligible loads from the same customer will also be explored.

2. Interconnection Issues & Fees

The law should reflect a similar 30 day response requirement on the utilities similar to solar and wind net metering interconnection requests. The waiving of all fees and studies should be explored as well.

3. Sunset Provision

The sunset provision should be eliminated. Furthermore, the law should specify that the utilities are required to provide net metering for a set period (i.e. 10 years) to allow customer certainty in making capitol investments in customer generation technology.

4. MW Limitations

The MW limitations for each net metering customer should be raised from the current 1 MW cap to 5 MW. In a recent CPUC draft decision, the CPUC proposes to raise the maximum MW size for customer generation eligible for the Self Generation Incentive Program grants from 1.5 MW to 5 MW, providing precedent for increasing the cap. Elimination of the statewide and utility service territory caps will also be explored.

5. Enhanced Financial Incentives

- A. The net metering customer should be credited the full retail value of the energy consumption avoided through customer generation, similar to the benefit extended to solar and wind net metering customers.
- B. For energy produced in excess of consumption (net exporter over the 12 month period), compensation for that power supplied to the grid should be explored.
- C. In concert with ongoing efforts to establish a renewables energy credit trading system, allow customers to market their renewable generation and sell credits to the utilities.

To support these proposals, the group will be creating a "White Paper" to describe the status of biogas projects in the state and the issues and concerns with the current biogas net metering program. Finally, the White Paper will outline the above proposals for expanding and improving the program.

DGI will also be working to identify potential legislative authors. Significant changes are expected in both the Senate and Assemble energy policy committee assignments, including the Chair positions.

The working group will also be meeting with the utilities in the coming weeks to discuss the specifics of the proposed legislation. Additionally, the group will work to identify environmental and industry support for the legislation.

Energy Market Restructuring

As expected, Governor Schwarzenegger has issued additional energy policy goals following the adjournment of the Legislative Session. Schwarzenegger has outlined his major electricity goals, and indicated that he will utilize the California Public Utilities Commission to achieve those objectives.

The Governor outlined his policies in an October 8th editorial in the San Diego Union Tribune, where ratepayers suffer from the highest retail electricity prices in California. Specifically, the Governor outlined the following goals:

- Accelerate the mandatory reserve requirement for utilities during the peak summer demand period to 15% by 2006. The CPUC is currently deliberating a draft proposal to move this requirement up from the current summer 2008 obligation.
- Work with the CPUC to develop an open and competitive procurement process for utilities. This will govern how utilities add new power generation, either through utility-owned power plants or contracts with third-party generators. AB 2006 would have prescribed much of the details of this process, but due to the Governor's veto, the CPUC will now be able to formulate the process.
- Support the acceleration of the Renewables Portfolio Standard to 20% by 2010, which has already been adopted by the CPUC.
- Support his "Million Solar Roofs" initiative to promote efficiency and conservation through the installation of residential and commercial solar panels.
- Encourage "real-time metering" to let consumers make more informed decisions about electricity prices and incent conservation.

Interestingly, the Governor did not mention direct access or other retail choice programs in the editorial. The Governor has previously supported allowing businesses to utilize retail choice to shop for lower electricity commodity prices.

In January 2005, Governor Schwarzenegger will appoint two new commissioners to the five-member panel at the CPUC, removing the two most vocal critics of his proposed energy plans, Commissioners Loretta Lynch and Carl Wood. Lynch and Wood were appointed by former Governor Gray Davis.

Southern California Edison General Rate Case

DGI is currently concluding settlement negotiations with SCE regarding their General Rate Case. These negotiations include the rate changes and rate design issues for all SCE customers for the next few years.

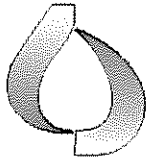
An all-party settlement is expected to be filed with the CPUC by early November. In a tentative agreement of parties, agricultural and water pumping rates will decrease an average of 0.05%. Industrial and commercial rates will see decreases 1.2% and 3.5%, respectively.

LOCAL GOVERNMENT/BUDGET 2003-2004

As required in AB 2115 (on page 25 of 34), the Oct. 25 deadline has been met for the Controller to provide the Department of Finance with the correct numbers to establish the dollar amounts to be shifted from enterprise and non-enterprise special districts. Districts are expected to be notified by their county on or before November 12.

The Controller's office is not providing those numbers to the public, claiming that the numbers are "preliminary". This was in fact refuted by the Controller office staff which stated that the numbers are final, except that in their memo to DOF, they stated that some adjustments may or may not be necessary. A legislator is working on behalf of the Dolphin Group to make a formal request for the list of numbers, which should legally be made public.

Based on information supplied by the Controller's office, it is apparent that reaching the \$350 million shift from special districts will require far more than 40% of enterprise special district property tax revenue.



Date: November 17, 2004

To: The Honorable Board of Directors

Through: Public and Legislative Affairs Committee (11/10/04)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

BACKGROUND

Cerrell and Associates

- Finalized Carbon Canyon Water Recycling Facility brochure
- Continued preparing LEED web site material, Landscape and Stormwater Brochure, IEUA Fact Sheet, water recycling brochure
- Provided assistance with Regional Composting groundbreaking and Chino Basin Recharge dedication.
- Provided general media relation support.
- Met with Chino Basin Watermaster to discuss upcoming projects and public relation activities

Outreach/Tours

- 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
- November 17, 2004, India Delegation to tour IEUA's LEED HQ

Calendar of Upcoming Events

- April 15, 16 & 17, 2005, MWD AG Inspection Trip

PRIOR BOARD ACTION

None

IMPACT ON BUDGET

None



CHINO BASIN WATERMASTER

IV. INFORMATION

2. Newspaper Articles





<http://www.latimes.com/news/local/la-me-mwd27oct27,1,6866221.story?coll=la-headlines-california>

MWD Chief Gastelum to Step Down

By Tony Perry and Jason Felch
Times Staff Writers

October 27, 2004

Ronald Gastelum announced Tuesday that he plans to retire as president and chief executive of the Metropolitan Water District of Southern California after five years of guiding the agency through controversy, cutbacks and an ambitious search for water to accommodate the region's growing needs.

Gastelum, 58, said he would leave his \$297,000 a year post Dec. 31. He said he had no specific plans for the future.

"It's been a good run, and now it's time to move on," Gastelum said.

MWD board Chairman Phillip Pace praised Gastelum for helping the Los Angeles-based agency face "more factors of uncertainty" than during any time in its 76-year history.

Among those factors are a devastating drought in the Western states and a decision by the federal government to bow to demands from other states to reduce California's overreliance on the Colorado River.

Under Gastelum, the MWD was a party to a historic agreement divvying up Colorado River water. The agency also enhanced conservation and recycling efforts, launched desalination and storage programs, and tried to make peace with its largest and unhappiest member agency, the San Diego County Water Authority.

Water officials from Washington to El Centro said Gastelum brought a civility to the bitter arena of California water disputes. As water wholesaler to local agencies serving 17 million people in six counties, the MWD is central in nearly any discussion of water in California.

Bennett Raley, the top official in the Bush administration on Western water matters, said Gastelum would be remembered for helping prepare Southern California for a cutback in water from the Colorado River and helping Nevada and California end their decades of squabbling.

Steve Hall, executive director of the Assn. of California Water Agencies, said Gastelum's temperament was different in the high-stakes world of water where feuds are common and interagency grudges are slow to die.

"He didn't have any ideology," Hall said. "He just wanted to find practical solutions."

But Tom Graff, regional director of the California branch of Environmental Defense, said many environmentalists were alarmed that under Gastelum, the MWD had increased its water purchases from

Northern California.

"As a person, he was a competent and cagey leader," Graff said. "He did tilt to the L.A. view of things instead of the Orange County-San Diego view of things." Graff defined the latter view as a preference for local water projects rather than seeking water from Northern California.

If you want other stories on this topic, search the Archives at latimes.com/archives.

TMSReprints

Article licensing and reprint options

Copyright 2004 Los Angeles Times

INLAND VALLEY

Tuesday, November 2, 2004

**** A3

Water Co. defends secrecy

Utility denies access to records, claims security concerns

By **EDWARD BARRERA**
STAFF WRITER

SAN ANTONIO HEIGHTS — A man seeking information about a water-rate increase is taking the battle to the state attorney general after he was denied information on security and privacy grounds.

Ken McNeil, a former member of the San Antonio Water Co. board of directors, asked for the state's assistance after he was rebuffed in obtaining detailed water production and delivery records from the nonprofit company.

Prompted by an April 2003 rate increase, McNeil wants to review documents on which the change was based.

"If we had more of a detailed record, we can evaluate if the rate is fair," said the San Antonio Heights resident.

Water company general manager Ray Wellington said the denial of the records was due to concerns about residents' confidentiality as well as security, especially the potential risks of releasing specific facility information.

Wellington said the increase was due to the continuing drought and was implemented in Upland and Ontario as well.

"The rate (change) was an urgent matter, because of conservation and the drought in the region, regarding the delivery of water (due to) the excessive demand by some of the users on the system," he said.

In a Sept. 27 letter to the attorney general, McNeil said as a shareholder of the company he has every right to the documents.

Saying that the requested records do not

reveal exact locations of water facilities or pose a security risk, McNeil points out he already knows the location of the company's production and distribution facilities.

McNeil also wants a copy of a water study that the company is now working on that details the fees and charges used for all of its clients.

According to Wellington, the company will release a summary and allow residents to review a master copy held at the firm's office. Officials have not decided if they will issue additional copies, he said.

A spokesman for the attorney general said while he could not comment on specific complaints, he said typical investigations can take up to several months to complete.

San Antonio Water Co. is involved in

litigation over a separate open-records issue with the California First Amendment Coalition, an open government advocacy group, and Richard McKee, a local open-government activist.

Filed in May 2002, the suit charges that since the city of Upland has a majority interest in the company and appoints members to the board, San Antonio Water should be treated as a public agency, including holding public meetings, posting agendas and allowing public comment.

The coalition's lawyer, Dennis Winston, said the state appellate court is now reviewing a lower court's rejection of the group's argument. The decision is expected within days, he said.

Edward Barrera can be reached by e-mail at edward.barrera@dailybulletin.com or by phone at (909) 483-9356.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Firms delay request for replaced water

PERCHLORATE: The companies are seeking untainted supplies from San Bernardino County.

12:53 AM PST on Thursday, November 4, 2004

By K. FRANKE SANTOS / The Press-Enterprise

Two water companies that say the county's landfill is responsible for their tainted wells postponed a request that the county replace the perchlorate-contaminated water.

Fontana Water Co. and West Valley Water District asked the Santa Ana Regional Water Quality Control board to order San Bernardino County to replace their water in September.

The two water companies allege that the contamination that threatens a high-production well in Rialto also affects their wells and that the county should pay by replacing the water.

But the companies need more time and data to prepare their case, said Rick Ruiz, spokesman for the two water companies.

The request will not be brought up at the water board's next meeting Dec. 17, he said. It may come up early next year, he said.

Last week, the county took samples from its 28 functioning monitoring wells that surround the Mid-Valley Sanitary Landfill in northern Rialto.

The companies are waiting for that data, which should be available in about two weeks, said Kurt Berchtold, the water board's assistant executive officer.

A perchlorate plume in the city's aquifer is believed to originate from land adjacent to the county's landfill property.

The board would have heard the water companies' request on Friday during its regular meeting, but in an Oct. 22 letter, attorneys for the companies asked for more time.

The burden should be on the county to prove that it didn't contaminate Fontana and West Valley's wells, instead of vice versa, Ruiz said.

"We know (the county) contaminated some portion of the groundwater basin ... so it's time for them to step up," said Anthony "Butch" Araiza, general manager of West Valley Water District.

The county is cleaning up other contaminants that are frequently, but not always, found along with perchlorate contamination.

"We've been probably the most proactive agency out there, really trying to get a better understanding of

what's going on," said Rex Richardson of the county's Solid Waste Management Division.

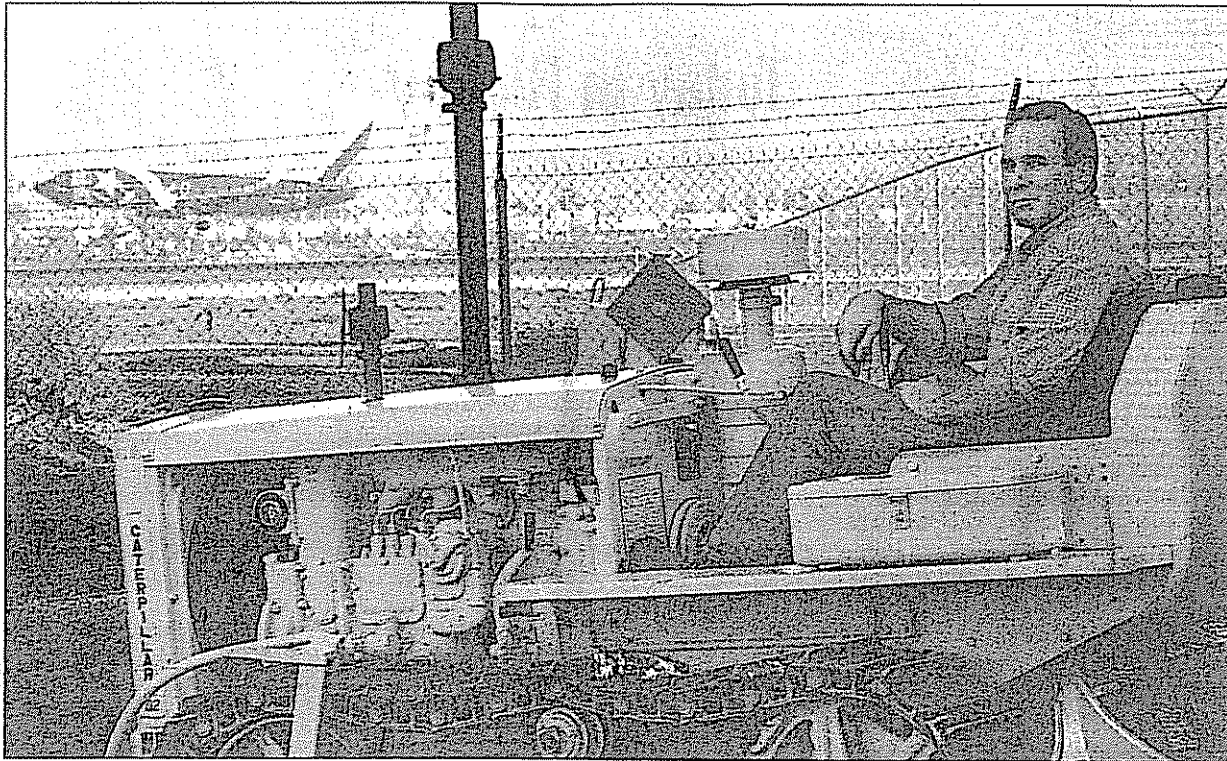
Richardson said that according to a presentation given by a hydrologist, the contamination coming from the county's site could not be the same as the contamination in Fontana's wells because of a fault line.

Ruiz disagreed, saying water can flow over a fault line.

Reach K. Franke Santos at (909) 806-3065 or fsantos@pe.com

Online at: http://www.pe.com/localnews/sanbernardino/stories/PE_News_Local_bwater04.a1364.html

Waiting for his shipping to come in



WILL LESTER • STAFF PHOTOGRAPHER

Paul Hofer III sits on a tractor on property that his family has owned since the 1880s just south of Ontario International Airport. Los Angeles World Airports has announced that ONT expansion plans could include a terminal on his property, and say they do not plan to allow him runway access if his planned 105-acre air cargo project is built.

ONT, rancher at odds over proposed facilities

Both courting DHL business

By **BRENDA GAZZAR**
STAFF WRITER

ONTARIO — Paul Hofer III and his family's vineyards have long found ways to co-exist with the growth of Ontario International Airport just north of his property.

But now, the 56-year-old farmer and ONT each have their own plans for air cargo facilities, pitting the two against

each other as potential competitors for the first time.

Los Angeles World Airports announced this summer, much to Hofer's surprise, that ONT expansion plans might include an airport terminal on his property. And LAWA officials say they have no intention of affording Hofer runway access for his planned 105-acre air cargo project.

INSIDE

A lawsuit filed Friday could thwart plans for a DHL hub at March Air Rescue Base.

PAGE A7

"David and Goliath," Hofer said recently at an Ontario coffee house, characterizing his relationship with the airport's owner and operator. "And

HOFER continues on **A7**

HOFER

• FROM A1

guess who won that one?"

Airport officials say they have been a good neighbor to Hofer, even attending a recent gathering on his property, but of course, they say, business comes first.

"LAWA is not a big monolithic monster that wants to squash small competition," said ONT spokeswoman, Maria Tesoro-Fermin. "It is solely interested in its own business interests and protecting its assets."

Los Angeles World Airports announced in summer 2002 that it had selected the Maryland-based developer, Aeroterm, to build a 110-acre international air cargo facility valued at about \$140 million on the northwest side of the airport.

Hofer announced later that year that he was partnering with a Dallas-based real estate development firm, Hillwood, to build

industrial and cargo-related facilities on 105 acres of his property.

Both have said they are very much interested in having the shipping company DHL on their site. DHL is considering several California airports for a West Coast distribution facility, including San Bernardino International Airport and the former March Air Force Base. They expect to make an announcement within the month.

LAWA officials have said they do not plan on affording Hofer runway access for his project.

"Why would he have runway access, why should he?" Tesoro-Fermin said Thursday. "Why would LAWLA give him runway access when we have a cargo complex already in the pipeline? We have the right to decide what is best for our interests, just like he has the right to express his grievances."

Steven R. Forrer, an executive vice president of Aeroterm, said

"LAWA is not a big monolithic monster that wants to squash small competition. ... It is solely interested in its own business interests and protecting its assets."

MARIA TESORO-FERMIN, ONT SPOKESWOMAN

he does not consider Hofer to be a direct competitor since the Aeroterm project has an existing aircraft parking area for planes to load and unload cargo, while Hofer's land does not.

Hofer says he believes his project with Hillwood, which would be built with private dollars, is something that would benefit the entire community, including the airport. Just as UPS, which has a West Coast hub in Ontario, has access to the airport's runway, Hofer says they would like to have the same.

There is enough air cargo demand to satisfy both projects, he

said.

In addition, Hofer says that LAWLA's option to build a south-side terminal on his property - though considered unlikely by Ontario officials - could be a tactic to interfere with his plans to secure tenants, he said.

"There would be a hell of a lot of (other) options that you could come up with," Hofer said. "Los Angeles World Airports is a big entity with a big budget, and they put this damn thing (on his property), that's something you take seriously ... It's an incredible stalling tactic."

Airport officials - who have ac-

knowledged it makes less sense to have a south-side terminal - said they are required by federal law to consider other options for airport expansion.

Although they acknowledge that the airport has enough land of its own for a south-side terminal, they say they are relying on expert planners they have hired to come up with the best possible plans and alternatives for expansion, Tesoro-Fermin said.

"There's a lot of things involved with master planning," she said. "We are not doing this on purpose. We are not trying to push him out. It's unfortunate that he's now deciding on a cargo facility on his site. He's there perhaps at the wrong time ... What Hofer has in mind isn't beneficial to LAWLA. It competes with LAWLA's interests."

Hofer's family has long been at odds with the airport over the years, he says, dating back to the 1950s, when the airport, owned

by the city of Ontario at the time, condemned a couple hundred acres of his property. His family was in court for seven years to fight over the price, he said, and ultimately prevailed.

"We planted (palm) trees to the north of my grandmother's house so she wouldn't have to look at the airplanes driving across our land," Hofer said.

Meanwhile, Hofer - whose family settled on the land in the 1880s - said he and his developer are moving forward with their plans for an air cargo project by securing entitlements.

"Everything we are doing is to enable our family to keep that land, and build something that will take care of them for the next generation," Hofer said. "That is our goal."

Brenda Gazzar can be reached by e-mail at brenda.gazzar@daillybulletin.com or by phone at (909) 483-9355.