



# CHINO BASIN WATERMASTER

January 27, 2005

9:00 a.m. – Annual Advisory Committee Meeting  
11:00 a.m. – Annual Watermaster Board Meeting

## AGENDA PACKAGE



**CHINO BASIN WATERMASTER  
ANNUAL MEETING  
ADVISORY COMMITTEE**

9:00 a.m. - January 27, 2005  
At The Offices Of  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

**ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2005 - Information**

<u>Ken Jeske</u>	Chair	(Appropriative Pool) – (Non-Ag waived)
<u>Nathan deBoom</u>	Vice-Chair	(Agricultural Pool)
<u>Bob Bowcock</u>	Second Vice-Chair	(Non-Agricultural Pool)
<u>Ken Manning</u>	Secretary/Treasurer	(Chief Executive Officer)

**AGENDA - ADDITIONS/REORDER**

**II. 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 of the Advisory Committee Meeting held November 18, 2004 *(Page 1)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of November 2004 *(Page 21)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through October 31, 2004 *(Page 25)*
3. Treasurer's Report of Financial Affairs for the Period October 1, 2004 through October 31, 2004 *(Page 27)*
4. Profit & Loss Budget vs. Actual July 2004 through October 2004 *(Page 29)*
5. Cash Disbursements for the month of December 2004 *(Page 31)*
6. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through November 30, 2004 *(Page 35)*
7. Treasurer's Report of Financial Affairs for the Period November 1, 2004 through November 30, 2004 *(Page 37)*
8. Profit & Loss Budget vs. Actual July 2004 through November 2004 *(Page 39)*

**C. INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR YEAR ENDED**

Consider Receiving and Filing the Annual Audited Financial Statements for Year Ended June 30, 2004 *(Page 41)*

**D. CHINO BASIN WATERMASTER INVESTMENT POLICY**

Resolution 05-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy *(Page 67)*

**E. LOCAL AGENCY INVESTMENT FUND**

Resolution 05-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) *(Page 69)*

**F. ASSESSMENTS**

Resolution 05-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2004-2005 *(Page 71)*

**G. NOTICE OF INTENT**

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield *(Page 75)*

**III. BUSINESS ITEMS**

**A. ESTABLISH TWO NEW POSITIONS**

Consider the Establishment of the Watermaster Positions for a GIS Specialist and Environmental Specialist *(Page 79)*

**B. SALE OF WATERMASTER TRUCKS TO WILDERMUTH ENVIRONMENTAL, INC.**

Consider the sale of Three Watermaster Trucks to Wildermuth Environmental, Inc. *(Page 91)*

**IV. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Attorney-Manager Meetings
2. Comments to Western/Muni EIR *(Page 97)*
3. Santa Ana Water Rights Application *(Page 99)*
4. North Gualala Decision *(Page 101)*
5. Santa Ana Sucker Critical Habitat Decision *(Page 113)*

**B. CEO/STAFF REPORT**

1. Storm Report 1 - 5
2. Information Regarding AB2733 Retro Act
3. Chief Executive Officer Goals and Objectives Report
4. Redesign of Chino Basin Watermaster Logo
5. Public Information Campaign Update
6. Revised Water Supply Plans for the OBMP
7. Status of the State of the Basin

**C. INLAND EMPIRE UTILITIES AGENCY**

1. Rialto Pipeline Shutdown Update – Richard Atwater
2. Proposition 50 Grant Funding Opportunities – Richard Atwater *(Page 119)*
3. MWD Status Report – Richard Atwater
4. Recycled Water Report – Tom Love *(Page 133)*
5. Water Resources Report (handout)
6. Chino Basin Facilities Improvement Project Report *(Page 137)*
7. State/Federal Legislation Reports *(Page 141)*
8. Public Relations Report *(Page 153)*

**D. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

**V. INFORMATION**

1. Newspaper Articles *(Page 155)*
2. Mapping the System – GIS Conversion Keeps Data Current *(Page 163)*
3. Replenishment Service Availability Update for Calendar Year 2005 *(Page 165)*

**VI. POOL MEMBER COMMENTS**

**VII. OTHER BUSINESS**

**VIII. FUTURE MEETINGS**

January 27, 2005	9:00 a.m.	Advisory Committee Annual Meeting
January 27, 2005	11:00 a.m.	Watermaster Board Annual Meeting
February 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
February 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 24, 2005	9:00 a.m.	Advisory Committee Meeting
February 24, 2005	11:00 a.m.	Watermaster Board Meeting

**Meeting Adjourn**

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ANNUAL MEETING  
WATERMASTER BOARD  
11:00 a.m. - January 27, 2005  
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**

**PUBLIC COMMENTS**

**INTRODUCTIONS - CALENDAR YEAR 2005 WATERMASTER BOARD MEMBERS**

Bob Bowcock	Non-Agricultural Pool (Vulcan Materials Company)
John Anderson	Inland Empire Utilities Agency
Paul Hofer	Agricultural Pool (Crops)
Bill Kruger	Appropriative Pool (City of Chino Hills)
Bob Kuhn	Three Valleys Municipal Water District
Robert Neufeld	Appropriative Pool (Fontana Union Water Company)
Paul Hamrick	Appropriative Pool (Jurupa Community Services)
Don Schroeder	Western Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)

**I. CALENDAR YEAR 2005 OFFICERS – Action**

**A. ELECTION OF OFFICERS**

1. Nominations will be heard for Watermaster Board Chair
2. Nominations will be heard for Watermaster Board Vice-Chair
3. Nominations will be heard for Watermaster Board Secretary/Treasurer

**RECOGNITION OF OUTGOING WATERMASTER BOARD MEMBERS**

1. Mr. Donald Schroeder
2. Terry Catlin
3. Ms. Paula Lantz

**II. CONSENT CALENDAR**

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2. Minutes of the Watermaster Closed Board Meeting held December 9, 2004 (*Page 19*)

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**VI. POOL MEMBER COMMENTS**

**VII. OTHER BUSINESS**

**VIII. 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.

**IX. FUTURE MEETINGS**

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**Meeting Adjourn**



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# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### A. MINUTES

1. Advisory Committee Meeting - November 18, 2004

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

November 18, 2004

The Joint Appropriative, Non-Agricultural Pool and Advisory Committee Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on November 18, 2004 at 9:00 a.m.

**APPROPRIATIVE POOL AND ADVISORY COMMITTEE MEMBERS PRESENT**

**Appropriative Pool**

Ken Jeske, Chair Advisory Committee	City of Ontario
Nathan deBoom	Milk Producers Council
Gerald Black	Fontana Union Water Company
Mark Kinsey	Monte Vista Water Company
Dave Crosley, Vice-Chair Appropriative Pool	City of Chino
Ray Wellington	San Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Jim Taylor	City of Pomona
Mike Maestas	City of Chino Hills

**Agricultural Pool**

Gene Koopman	Milk Producers Council
Pete Hettinga	Dairy
John Huitsing	Crops

**Non-Agricultural Pool**

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

Terry Catlin	Inland Empire Utilities Agency
Robert Neufeld	Fontana Union Water Company
Paul Hofer	Agricultural Pool, Crops

**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**

Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Dave Hill	Inland Empire Utilities Agency
Rick Rees	Geomatrix Consultants, Inc.
Rick Hansen	Three Valleys Municipal Water District
Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
Steven G. Lee	Ag Pool Legal Counsel
Josephine Johnson	Monte Vista Water District

Chair Jeske called the meeting to order for the Advisory Committee and Vice-Chair Crosley acknowledged the Appropriative Pool Meeting at 9:15 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to this agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held on October 14, 2004
2. Minutes of the Advisory Committee Meeting held on October 28, 2004

**B. FINANCIAL REPORTS**

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

**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

*Motion by Wellington, second by Kinsey, and by unanimous vote – Non-Ag concurred  
Moved to approve Consent Calendar Items A through D, as presented*

*Motion by Wellington, second by Black, and by unanimous vote  
Moved to approve Consent Calendar Items A through D, as presented*

**II. BUSINESS ITEMS**

**A. ANALYSIS OF MATERIAL PHYSICAL INJURY**

Mr. Manning stated that Mr. Wildermuth will address this item that is regarding the proposed application by Inland Empire Utilities Agency (IEUA) for the proposed Phase II for Recycled Water Program. Mr. Wildermuth referred to the staff letter and request written by IEUA starting on page 53 of the packet. IEUA is requesting Watermaster perform a material physical injury analysis on Phase II of their Recycled Water Recharge Program. A few years ago IEUA made a similar request and Watermaster approved a "conditional" approval depending upon IEUA being able to provide demonstration that they have completed the DHS process and they were able to secure a permit from the Regional Board. This is a similar request, only in this case, rather than having IEUA provide all the documentation for review, IEUA is requesting Watermaster to actually perform the technical work or at least a portion of the technical work to support that program since IEUA will be reimbursing Watermaster all costs incurred. There is no new cost to Watermaster to perform this task; Watermaster's consultant would do this based on their proposal using the data bases and modeling work that is already available. Mr. Wildermuth was requested to give an overview of the type of analysis that Wildermuth, Inc. will undertake to determine if there is any material physical injury. Mr. Wildermuth stated they would be investigating what is in the proposed Title 22 regulations, which is what DHS would use to come back with a finding that there is no harm, the other criteria that would be dealt with is in respect to Hydraulic Control, water quality impacts, and Basin Plan issues, which will all be examined. The question of what type of action is this request was presented. Counsel Fife noted there is no budget impact since IEUA is reimbursing Watermaster. Mr. Wildermuth

stated Wildermuth, Inc. would not just be reviewing other parties' work, that there is a pretty substantial chunk of work which needs to be conducted. Counsel Fife commented since this does involve Watermaster in IEUA's permitting process it would be helpful to obtain clear instruction from the Pools, Advisory Committee, and the Board directing staff to participate in this process. Chair Jeske stated that a motion for a budget change would have to be made because this item was not in the budget and Mr. Manning concurred that this item was not in the budget. Mr. Atwater gave a brief history regarding this process which began in June of 2002 noting Watermaster approved the Phase I of this project at that time. With the Basin Plan approved, the Regional Board will have on its consent calendar to approve the permit to do the recharge for Phase I. We need to maintain Watermaster's independence in reviewing IEUA's application whether on Phase I or now with Phase II with the remaining reports. Having Wildermuth, Inc. perform the work is the most cost effective way and still allows the independence in review that all parties are looking for. Phase I permit will be secured in the next few months and Phase II is anticipated to be complete by next summer. The question regarding processes was presented. Mr. Atwater confirmed that even though Phase I was approved the same process in requesting Phase II and a letter will be forthcoming requesting that process to start.

*Motion by Jeske, second by Wellington, and by unanimous vote – Non-Ag concurred*  
***Moved to approve analysis of material physical injury for IEUA's proposed Phase II Recycled Water Recharge Program and to direct Watermaster to set up a revenue and expense account for it, as presented***

*Motion by Wellington, second by Crosley, and by unanimous vote*  
***Moved to approve analysis of material physical injury for IEUA's proposed Phase II Recycled Water Recharge Program and to direct Watermaster to set up a revenue and expense account for it, as presented***

**B. FY 2004-2005 ASSESSMENT PACKAGE**

Chair Jeske noted there was an assessment package workshop last week which was chaired by Mr. Maestas; there were some recommendations that came out of that workshop. Mr. Manning confirmed that the workshop covered the assessment package in detail and reviewed some formatting changes; spoke about where Watermaster thinks the vision of the assessment package will be going. At that workshop there were some suggestions that we look into a few issues including look backs as well as the water rights assignment issue; those are just two of the issues that we will be looking at in the future. Those two issues are referenced in the handout letter written to Mark Kinsey on the back table; it summarizes some of the issues which were discussed at the workshop. Mr. Manning noted the assessment package looks very similar to the package which has been handed out for the past several years; however, there are some substantial differences in it. The staff has gone through the package and attempted to make it easier to read, and this is the first phase of some additional changes Watermaster will be making over the next year. Mr. Manning thanked Ms. Rojo for a wonderful job in putting together the package and her availability to answer questions. Ms. Rojo noted that most of the committee members present today were at the workshop and unless it was deemed necessary she would not review the entire package and just take questions. Ms. Rojo stated that at the workshop policy issues and assessment package issues were raised. Chair Jeske inquired to the committee member's pleasure and it was noted only questions would be needed at this time. Ms. Rojo commented before she would take any questions she wanted to inform the committee members there was a revised edition of the Assessment Package available on the back table. The question of whether this revised copy included the allocation of the 12,000 acre foot was presented. Ms. Rojo stated that it did not include that figure. Mr. Manning stated that if it was the wish of this body to include the 12,000 acre feet, what we will need is a finding by the group that in fact substantial completion of the recharge project was met and then the 12,000 acre feet would go into the Assessment Package. The question of which 12,000 acre feet staff's referring to was presented.

Mr. Manning stated this is the new yield resulting from the recharge facilities improvement project. Mr. Manning noted that staff is prepared to give a detailed description of construction progress as of June 30, 2004 which will also include the two recent storms from this past October. It was noted that the committee members wanted to hear the breakdown of completion. Mr. Manning stated Mr. Treweek has prepared a chart capturing said data and asked Mr. Treweek to review that chart at this time. Mr. Treweek referred to the hand out titled, "CBFIP Construction Status" which gives a detailed description of construction activities for the West Fontana, DeClez, San Sevaine, Day Creek, Deer Creek/Cucamonga, West Cucamonga, and San Antonio Basins. The handout was reviewed line by line in detail; examining the status of Excavation, Rubber Dam/Drop Inlet, SCADA/Sluice Gate, and MWDSC Turnouts for each basin. Chair Jeske added comment noting what was agreed to as far as substantial completion was if you look at the column titled, "Rubber Dam/Drop Inlet", to ascertain status. Chair Jeske inquired about Hickory East and West and Mr. Treweek verified those were not pertinent to storm water. Chair Jeske inquired about Victoria and Jurupa and Mr. Treweek verified those were not going to be completed until 2006. Mr. Manning stated that from an operational point of view, which will be part of the staff report which is being reported on later in the agenda, between the first two storms these facilities recharged about 3,000 acre feet of water. A discussion regarding capacity ensued. Chair Jeske reiterated the reason for today's discussion is to come to an agreement as to when to start applying storm water and not recycled water or imported water. Chair Jeske inquired if the committee felt there was "substantial completion" of the facilities to allow the facilities to take storm water in. Ms. Rojo noted that on page 57 of the package which references "Potential Source Water Recharge Capacities for the Chino Basin Recycled Water Groundwater Recharge Project" which outlines the ultimate potential for recharge by basin. Mr. Kinsey offered history on past discussions regarding making the decision to review this situation and come to a conclusion regarding the 12,000 acre feet which should be added to this assessment package. Mr. Manning recognized the representatives from the Agricultural Pool and noted this is not a regular occurrence. The appointed three member committee is prepared to approve any alterations that may be made to the assessment package or offer comment so that this may go to the Board this afternoon with all Pool and Advisory Committee recommendations. A discussion ensued regarding man power and operational capabilities. Mr. Manning stated there is a meeting scheduled at IEUA next week to discuss staffing in more detail. Mr. Koopman reviewed the discussion which took place during the recent Agricultural Pool meeting regarding the 5 year review average and a discussion ensued. Mr. Wildermuth noted the process which was adopted by Watermaster was to treat the recharge hydrology the "new hydrology" captured by the storms just like we treat all the other inflows to the Chino Basin that make up the safe yield; we do not change the yield every year based on how much it rains, we know in the long term the yield is about 40,000 acre feet. We looked at how our basins would perform as they were designed and took away some of the features because they were still undecided upon or some of them were not quite definable and those were left off. If we then find out the basins do not perform as we thought they would and the actual recharge was less, due to the perc rates or hydraulic capacity; after we get 5 years of data and rerun the hydrology with the different basin characteristics we can either add or delete and can then true up numbers. A discussion ensued regarding Mr. Wildermuth's comments. It was asked of Ms. Rojo to point out the adjustments and/or changes relative to the tables which were handed out at the workshop on the Assessment Package. Ms. Rojo noted those were handed out at the workshop and were not included in the package today, however copies were still available if needed. Ms. Rojo stated the adjustments were included in the figures presented in the packet and were reflected as adjustments of the water in storage and adjustment to the dollars assessed which is reflected on page 9 of the assessment package. Mr. Manning reiterated there were two items at the workshop left open, one was the assignments and the other was the period of time for adjustments for past reporting errors. In reviewing the presented documentations and discussions a motion was made to adopt the presented Assessment Package including the 12,000 acre feet, the assignment of storm water recharge, to refer the prior years of adjustments as they relate to the Jurupa discrepancy for further review, and make final

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substantial completion of the storm water facilities. Ms. Rojo added to the motion regarding a typographic error in the current package where the interest pro ration, numbers should be negatives (reducing assessments) not positive (adding to assessments).

*Motion by Jeske, second by Wellington, and by unanimous vote – Non-Ag concurred  
Moved to approve the FY 2004-2005 Assessment Package to include the 12,000 acre feet, refer the prior years of the Jurupa discrepancy for further review, make final substantial completion of storm water facilities, and make the changes to the positive numbers on page 9 to negative which will reduce the assessment numbers, as presented*

*Motion by Kinsey, second by Crosley, and by unanimous vote  
Moved to approve the FY 2004-2005 Assessment Package to include the 12,000 acre feet, refer the prior years of the Jurupa discrepancy for further review, make final substantial completion of storm water facilities, and make the changes to the positive numbers on page 9 to negative which will reduce the assessment numbers, as presented*

*Motion by Koopman, second by Huitsing, and by unanimous vote  
Moved to ratify the motion made by the Agricultural Pool on November 16, 2004 to the FY 2004-2005 Assessment Package to include the 12,000 acre feet, refer the prior years of the Jurupa discrepancy for further review, make final substantial completion of storm water facilities, and make the changes to the positive numbers on page 9 to negative which will reduce the assessment numbers, as presented*

Added Comment:

Mr. Manning added comment by informing the committee members that next years assessment process will be slightly different. As this year's assessment package process was undertaken, it was noted that there basically existed two different processes that were involved. The first related to the actual water transactions of the previous year, namely, production, transfers of rights, buy/sell transactions, etc. The other process was assigning a dollar value to the final water activity. To simplify the process next year, the water activity will be summarized and presented to the individual group members for approval prior to compiling the data and assigning dollar values to the transactions to avoid multiple versions of the assessment package with constantly changing dollar amounts as the water activity changes. This will help simplify the process and keep the water activity separate from the actual numbers. The second change with the adoption of protocols that are included within the assessment package; we have a computer program which is currently being implemented which will turn these numbers into a routine process that will be logical and easily followed on a year to year basis.

**C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET**

Mr. Wildermuth noted that this past May/June the cooperative agreement with IEUA was approved by the Pools, Advisory Committee, and Board. In that agreement was a vacancy purposely left in the agreement because we were unsure as to what the costs were going to be for the construction of wells and lysimeters needed to monitor recharge where recycled water was going to occur. Since that time the findings of fact have come out by DHS and IEUA wants to move forward in constructing wells and lysimeter nests to do the necessary monitoring for compliance purposes. Inland Empire would like to reimburse Watermaster to have Watermaster staff and Wildermuth, Inc. get the wells and lysimeters designed and installed. What is required is an amendment to the Annual Monitoring Plan.

*Motion by Wellington, second by Black, and by unanimous vote – Non-Ag concurred  
Moved to approve the revised Annual Monitoring Plan and Budget as contained in the staff report, as presented*

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

***Moved to approve the revised Annual Monitoring Plan and Budget as contained in the staff report, as presented***

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Santa Ana River

Counsel Fife stated there was only one item to report on, however, there has been an update on the Hydraulic Control Report which involved suspending the Attorney/Manager process while waiting for this report. It was reported the results from that report will be available in December; we are anticipating when all parties return from the holidays the Attorney/Manager meetings will begin meeting again and we will begin reviewing that report.

At the American Groundwater Trust conference which was held a few weeks ago a presentation on the Santa Ana River was given. It was noted that this process will be much more difficult than anybody had anticipated ten years ago when it started. Watermaster, as a part of our efforts with our application are pushing the parties to come together with their Environmental Impact Report (EIR) rather than doing it on their own we could do it as a group technical analysis and look at the whole process as a group instead of individually. The question regarding the two other entities who are working on their EIR's and if they have been contacted to participate in the "group" effort was presented. Counsel Fife noted that Watermaster has initiated the discussions with Western and with OCWD.

**B. STAFF REPORT**

1. Cyclic Account Update

Mr. Manning stated that while we did take in water in October that will not change our decision to take water out of the cyclic storage by the end of year; the end number has not been decided fully, however we are still anticipating it to be at least the 11,000 acre feet of carry over replenishment from the prior year. Watermaster will update the parties of the final number in January.

2. Stormwater Recharge Update

Mr. Manning stated instead of fully reviewing what was previously discussed to refer to the handout titled, "Chino Basin Groundwater Recharge FY 2004/2005 Storm Event 1". Mr. Manning reviewed the bottom line total which was approximately 1,500 of captured water. We are learning from every storm event exactly how to operate these basins more efficiently. There is a meeting scheduled next week to discuss staffing so that we can get 24 hour coverage with IEUA and others. As we move forward we will keep all parties informed on storm events. Mr. Manning noted Watermaster is creating a reporting process by which each storm event the Pools, Advisory Committee, and Board will receive information about the performance of the recharge to the basins.

3. College Heights Monitoring Update

Mr. Manning commented that the Watermaster Board approved going ahead with the two monitoring wells that were directly to the west and southwest of the Upland Basin. Those are moving forward; staff concurred with the Board's decision that the monitoring well to the northwest of the project directly west of College Heights was not needed. Watermaster has had discussions with the City of Upland and have encouraged them to speak with their developers to possibly install that monitoring well themselves because they would have more benefit from that than we would at this point in time.



4. Discuss holiday meeting schedules

Mr. Manning noted there were no meetings scheduled for the month of December and stated that the Watermaster staff is available and will accommodate the desires of any member if the need arises to schedule a meeting. There is an MZ1 meeting scheduled for December 8, 2004. Lunch will be served today and Mr. Manning encourages all to stay if their schedules allowed.

Added Question:

The question of whether all recharge basins are equipped with a suitable measuring device was presented. Mr. Manning stated all have methods computed to measure captured water, although, they are not what Watermaster wants down the line; once the SCADA system is complete we will have a much more accurate measuring system in place.

**C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT**

**1) INLAND EMPIRE UTILITIES AGENCY**

a. Rialto Pipeline Shutdown – Task Force Update – Rich Atwater

Mr. Atwater noted that last Tuesday Rick Hansen and he met with representatives at Metropolitan regarding work on the Rialto Pipeline. The issue is after the emergency shutdown last June, can we put in the isolation valves or blind flanges, so that we can isolate portions of the 30 miles of the Rialto Pipeline. Operations are looking at installing those items; there is a meeting in January to review the plans.

b. MWD Status Report – Rich Atwater

Mr. Atwater commented on the issue of the groundwater replenishment rates. In working with several agencies it is felt there is not going to be a great increase on the five dollars next year; it will be frozen and we are working on a case study in the main San Gabriel Basin to get rid of the MWD proposal and try and improve and enhance the existing replenishment program.

c. FY 2003/04 Water Production Report

No comment was made regarding this item.

d. Water Resources Report (handout)

No comment was made regarding this item.

e. Water Conservation Status Report

Mr. Atwater stated that others voted against staff's direction to continue the horizontal washing machine rebate.

f. Recycled Water Program

No comment was made regarding this item.

g. Chino Basin Facilities Improvement Project

No comment was made regarding this item.

h. State/Federal Legislation

No comment was made regarding this item.

i. Public Relations

Mr. Atwater commented on a recent meeting regarding the drought in trying to make sure that we get community based environmental messages out to the public. Mr. Atwater mentioned that in last Saturday's issue of Daily Bulletin there was a story printed about the new model homes and that each of the new models will have

outdoor California friendly landscape and indoor state of the art water appliances. IEUA is trying to connect with the public and make those messages known. This is a real positive effort.

Mr. Atwater noted the inland feeder is way behind schedule and over budget and the contractor just literally walked off the job.

Mr. Atwater reminded the committee members about the water workshop on November 16, 2004 from 7:30 a.m. to 11:00 a.m. which is being hosted by IEUA, Three Valleys Municipal Water District and the Metropolitan Water District. The event will feature information on how to conserve water and how people can earn rebates.

**2) THREE VALLEYS MUNICIPAL WATER DISTRICT**

**a. Relevant Activities – Rick Hansen (oral)**

Mr. Hansen thanked Watermaster for putting his item on the agenda; however he had nothing to report on at this time.

**IV. INFORMATION**

**1. Reminder That the Reorganization of Board, Advisory Committee, and Pools Take Place in January**

Chair Jeske noted this item was included to remind the various committee members there would be reorganization in January and to start planning now as to the rotation schedule. Mr. Manning stated a rotation schedule would be made available prior to the annual meetings.

**2. Newspaper Articles**

No comments were 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**

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

The Joint Appropriative, Non-Agricultural Pool and Advisory Committee Meeting Adjourned at 10:30 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### A. MINUTES

1. Watermaster Board Meeting – November 18, 2004
2. Watermaster Closed Board Meeting – December 9, 2004



***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**BOARD MEETING**  
*November 18, 2004*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on November 18, at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Robert Neufeld, Chair	Fontana Union Water Company
Paula Lantz	City of Pomona
Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
Don Schroeder	Western Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy

**Watermaster Staff Present**

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

**Watermaster Consultants Present**

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

**Others Present**

Jim Taylor	City of Pomona
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Mark Kinsey	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency
Tom Love	Inland Empire Utilities Agency
Justin Brokaw	Marygold Mutual Water Company
Bob Thompson	Senator Nell Soto Office

The Watermaster Board Meeting was called to order by Chair Neufeld at 11:02 a.m.

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

Due to the decision at the joint meeting, a revised Assessment Package which includes the 12,000 acre feet of new yield resulting from the recharge improvement project is being distributed and will be addressed on the agenda as scheduled.

**I. CONSENT CALENDAR**

**A. MINUTES**

- 1. Minutes of the Watermaster Board Meeting held on October 28, 2004

**B. FINANCIAL REPORTS**

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

**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

*Motion by Kruger, second by Bowcock, and by majority vote, with one abstention by Catlin  
Moved to approve Consent Calendar Items A through D, as presented*

**II. BUSINESS ITEMS**

**A. ANALYSIS OF MATERIAL PHYSICAL INJURY**

Mr. Wildermuth referred to the staff letter on page 53 in the packet which summarizes the issues being presented. Inland Empire Utilities Agency (IEUA) made a request to Watermaster to perform a review of material physical injury for their Phase II Recycled Water Recharge Program. By way of history, IEUA made a similar request back in 2002. Watermaster responded to IEUA's request by stating if IEUA comes back with an approval from DHS and the Regional Board, Watermaster will then review the request. What IEUA is requesting at this time is slightly different in that IEUA is asking Watermaster to perform the technical work on the material physical injury analysis directly; they in turn can use that work elsewhere. This is a substantial amount of work to undertake and IEUA will be reimbursing Watermaster for the work performed and allow Watermaster to operate independently so there will not be an influence in the work. This will allow Wildermuth to perform and to perform an impartial independent analysis. Chair Neufeld inquired if this was an item which needed to have action taken on it. Mr. Manning stated because of the scope of this activity staff is requesting the Board take action so we have record that the Board was made aware of this item and approved Watermaster to move ahead. This will be a pass through as far as costs and it is not a budgeted item.

*Motion by Vanden Heuvel, second by Catlin, and by unanimous vote  
Moved to approve analysis of material physical injury, as presented*

**B. FY 2004-2005 ASSESSMENT PACKAGE**

Mr. Manning stated the assessment package set before you may look similar to the assessment packages received in the past; however, there are some substantial changes to it. This is Sheri Rojo's first year putting together the assessment package and she has done an outstanding job in compiling and placing items in the assessment package in a logical approach. Mr. Manning noted staff is prepared to give a detailed review of the assessment package, review all changes, and answer any questions at this time. The handout assessment package is different from the one submitted in the agenda package in that the 12,000 acre feet of new yield resulting from the Recharge Improvement Project has been added due to the Pools and Advisory Committee authorization to do so after conclusion that substantial completion had been done to the recharge projects. After reviewing the calculations behind the assessment package it became clear that the administrative assessment and OBMP

assessments should be the same by pool per acre foot if you are going to bill on a percentage of what you have produced from the basin. During a review of the package, we figured out why it was not done that way in the past and came up with a couple items that should have been stripped out and included someplace else in the package; now everyone starts out on a level playing field. Ms. Rojo reviewed several lines of the first page of the assessment package and noted Watermaster is a budget driven organization. As the assessment package was being put together it also became obvious that appropriators, agricultural producers and non agricultural producers send Watermaster their production all throughout the year along with notices of water transactions, and land use conversions. Once data is gathered throughout the year Watermaster contacts each entity and confirms if the numbers sent throughout the year are correct, puts those confirmed numbers into the assessment package and then sends out the package.

In reviewing this process it became clear that creating the assessment package involves two separate courses of action 1) is the water activity that goes on in the basin, whether it is production, land use conversions, transfers, etc. and 2) is assigning dollar values to those water activities. Watermaster has been in the process of putting together a software program that in the future will calculate the assessment package on a given set of rules and protocols which we have been trying to establish. A couple of the protocols will need some clarification and resolve before this process can be put into place. The idea was to present to the appropriators a list of what we have gathered for their water activities and then let the appropriators review and confirm their water activity for the year, then dollar values will be assigned to form the assessment package. This will eliminate changing the figures over and over when water activity is modified. Ms. Rojo noted her goal for next year is to have the new software up and running, to have a list of protocols on a going forward basis providing a basis, describing where each of the numbers come from and how they are calculated, first on the water activity side and then on assigning a dollar value to said activity. The package includes changes, noting the majority of those changes are on page one of the assessment package. A couple of adjustments did come out of the workshop, one being an issue with one of the appropriators and the land use conversion rolling forward incorrectly for approximately nine years; now there is a policy issue as to how to adjust that figure. There was discussion of a one year look back only and there is a four year legal look back and several other options which need to be taken care of and set as protocol on a going forward basis. Mr. Manning reiterated the two policy issues which will need to be address that came out of the workshop; 1) one year look back issue as Sheri discussed, and 2) assignment issues in coming up with a policy on how we are going to deal with assignments. The question of whether or not the addressing of the Jurupa issue was addressed in this assessment package was presented. Mr. Manning stated there was a correction on the acres on a go forward basis and that Watermaster corrected this year and last years assessments but it did not address the entire magnitude of the problem. Ms. Rojo noted how with the GIS mapping system we can overlay the maps and see exactly what areas are being claimed and double claimed; on a going forward basis the total amount of overage for Jurupa over the last nine years has been corrected but every year for the last nine years Jurupa has received a benefit of that acreage. We adjusted the most recent year. A question regarding page two – land use conversion when the Peace Agreement changed, the amount of acres converted, did that go retroactive to all the land use conversions that had been before was presented. Ms. Rojo stated that did not and referred to page two where it notes conversion prior to and then post Peace Agreement, both at different rates. A question regarding the summary at the top of the page noting it states overproduction of over 9,500 acre feet was presented. Ms. Rojo stated she did not change a lot of the wording that was previously in the assessment package not wanting to make too many changes at once knowing this way of doing the package will be tossed out and we will start fresh with the new system by next year. Ms. Rojo commented the stated over/under production and represents what would have been over/under over allocated if everybody got everything they wanted i.e. the 32,800 early transfer and the land use conversions. The question of what didn't they get was presented. Ms. Rojo referred to page three, fifth column and what the appropriators were given which was the beginning balance of the 32,800 acre feet

and the full benefit of the land use conversion. What we come up with is a potential acre feet for reallocation, the actual allocation given to the appropriators is an amount prorated not to exceed the 82,000 acre feet allowed to the Agricultural Pool. The question of where the 12,000 acre foot shows up in the assessment package was presented. Ms. Rojo referred to page four, fifth column of the assessment package which adds in the new yield by producer based on their percentage of operating safe yield. Ms. Rojo referred to page five noting the net effect of adding that water per producer, which was added into the net water transaction and in column four it is actually increasing the appropriator's annual production rights. For those who over produced it has the effect offsetting the over production and those who are under produced, the additional right will go into their storage. The question if this change affects the assessment rates was presented. Ms. Rojo noted it does not affect the assessment rates for administrative and OBMP assessments, but rather it will affect the amount required to be paid by over producers to purchase replenishment water. The assessment rates on page one is based on production to the basin with the exception of the Agricultural Pools; the Ag Pool money is actually billed based on the net reallocation to the appropriator. Staff was asked to better describe where the decision of the physical impact of the 12,000 acre feet is either a benefit or a cost. Ms. Rojo referred to page five on the ninth, tenth, and eleventh columns of the assessment package noting after we add in the 12,000 acre feet the production remains the same but their production right changes; the net financial impact would be seen on page ten. The reduction in overproduction thereby reduces the replenishment assessment but not the Watermaster assessment on page one. The question in comparing the revised draft assessment which was handed out today and the one assessment which was in the agenda packets only difference is the 12,000 acre feet or were there other factors that caused changes was presented. Ms. Rojo noted there was one other factor on page nine the next to the last column where the appropriators received a credit for the interest that they have earned in the previous year; this was added instead of subtracted which was corrected in the revised package, the rest being the addition of the 12,000 acre feet. Ms. Rojo stated the 12,000 acre feet reduced the replenishment obligation by 4,000 acre feet times \$250 dollars which equals around a one million dollar reduction. It was noted in actuality 12,000 acre feet equals a three million dollar value. The remaining two million dollars was assigned to under producing, increasing their storage balances. The question was presented staff to identify where the bottom line numbers of the assessments are located. Ms. Rojo referred to page ten in the very last column of the assessment package is the main assessment number along with page nine, the very first two columns by themselves; this page is for the appropriators only. The appropriators will assess themselves for the 6,500 acre feet; they receive the sole benefit of the 6,500 acre foot allocation and the percentage of the benefit of the 6,500 is how it is billed back to them. The next column is the recharge improvement payment – that is our debt service contribution to IEUA. It was noted that a policy decision is being recommended by the Appropriative Pool to declare the recharge project substantially finished which would enable them to take credit for the 12,000 acre feet. With regards to the impact of the 12,000 acre feet staff was asked to provide a report as to justification in stating the recharge project is substantially complete. Chair Neufeld inquired if Ms. Lantz felt her question was sufficiently answered and it was stated there was still some confusion in getting the bottom line figure for Pomona. Ms. Rojo stated with the addition of the 12,000 acre feet, this changed Pomona into an under production category and not being assessed in an over production mode as the package was previously prepared while also noting a credit was given based on water transfers that Pomona had. The question of what process will be used to sort out the Jurupa and other issues was presented. Mr. Manning stated Watermaster is going to put together some thoughts on the assignment issue and the look back on Jurupa issues and then discuss with staff and attorneys in early January and put together a group of Board members and appropriators to try and review this issue and come up with a policy decision. Counsel Slater stated there are a few legal issues relative to the subject of pursuing a party for a back assessment or making some decisions on what you want to do perceptively as well as retroactively with regard to assessments. As a matter of law in redressing issues related to contract there is generally a statute of limitations that affects a party's ability to redress problems that come out of a contract and that statute of limitations is four years. There are

initially two limitations issues, 1) there is the responsibility of the party who receives the assessment to respond and object within 30 days if they believe it is incorrect and 2) there is a contractual bounding about four years if our Judgment is a contract as it typically is construed by others. There is however a discretionary part that Watermaster gets to play in this and this would arise where there may have been a mistake or an error in the preparation of the assessment package. Specifically Watermaster Rules and Regulations that were recently approved by the court included an assessment procedure in a basis where each party assumes a burden to properly report each of their issues and that would include production and other essential information that was required by Watermaster to complete the assessment package. If a party incorrectly submitted information, whether that was on purpose or through omission there is a failure under our Rules and Regulations, there is also 4.4 which provides you discretion on how you want to address errors. There is an expressed discretion that is reserved to the Watermaster and the Watermaster process in how to deal with errors and thus far from what we have heard, the issue with Jurupa was a mistake or an error, it was an error in the filing, an error on the part of parties in reviewing the packages, it was in error on Watermaster by relying on incorrect data which was resulted in the assessments. There is the retroactive piece, the prospective piece – do you correct the error on a go forward basis, and our reading of the Rules and Regulations is that Watermaster has discretion on how to address that. Any parties who do not agree with Watermasters decision can object/test that decision through the court process. The question of whether we need to create mechanisms to verify and go forward was presented. Counsel Slater stated from a legal perspective Watermaster would be wise to have clear rules and procedures that can be followed in the future. On a go forward basis Counsel Slater urged Watermaster to consider rules that are fair and capable of consistent application and that Watermaster should not be clouded in judgment by a single occurrence. Mr. Manning stated we are fairly certain with our new GIS capabilities that we will not have the same type of situation in the future. Mr. Manning acknowledged that Watermaster is an organization based on trust and we work with our producers to make sure the information we get is coming in on a consistent basis and is accurate as best as we can tell. The question that we now face is how much of a policing authority the Watermaster would really have to become and how much would it cost to police each agency and organizations to ensure we are receiving 100% accurate information. The way the Pools, Advisory Committee and Watermaster Board have been set up is in a way to allow policing of one self. What we need is a policy to address issues as they come up, and issues will still come up, however we must have a way of correcting them. Watermaster is anticipating being able to bring those new policies to the Pool, Advisory Committee, and Board in April/May 2005 for consideration so that it does not affect the timing of the water activity report and assessment package for next year. Chair Neufeld directed staff to return to Mr. Vanden Heuvel's point regarding the decision to adopt the 12,000 acre feet due to substantial completion of the recharge basins. Mr. Manning stated he was not present during the discussions regarding the 12,000 acre feet, although in reading the past minutes and actions taken during those discussions about the new yield it was not clear to me or others whether or not what the actual threshold was to substantiate actual completion. For that reason Watermaster asked that in order to put the 12,000 into the mix that some determination be made by involved parties to that regard. During the last meeting a discussion took place as to the discussions that took place in 2003 as to the new yield. Two charts were presented to the Pools and Advisory Committee which was put together by Gordon Treweek, first regarding the Improvement Project – Construction Status which is an analysis of the entire project included within the program as of June 30<sup>th</sup> and November 15<sup>th</sup> so that we could have some discussion as to where we were on June 30<sup>th</sup>, 2004. The second document was based upon the first storm event which occurred in October and an analysis of the performance of the recharge facilities based on our limited ability to operate them because of our manual operation and no operational plans that are yet approved by the county. During the first storm event we were able to capture almost 1,500 acre feet of water and the 2<sup>nd</sup> storm, which you do not have a copy of that report; we estimate we captured almost the same amount of water. Over those two storm events we are estimating almost 3,000 acre feet of captured water, which indicates to us that the performance of the basins what we thought they would be and we were very pleased with these initial numbers. This still leaves that fact that as of



June 30, 2004 we were unsure as to whether or not we had crossed the threshold into substantial completion so we asked the Pools and Advisory Committee to make that determination based on the discussions they had and the numbers presented. Mr. Jeske noted there is a third document that should have been added to today's viewing while the Board considers this recommendation which is on page 57 of the package; there is table which discusses potential recharge capabilities for all the basins. This page is pointed out because there was an extensive discussion on this issue. Mr. Jeske reviewed the five year average review process and noted this was done so we did not spike every year based on whether it rained or not in a given year. We did not plan on the 21,000 originally forecasted but reduced it to the 12,000 acre feet to allow us a conservative approach, we then looked at what each basin would produce when completed, looked at the tables which are before you on status of completion, and found that it was well in excess of 12,000 acre feet – based on that, all three Pools and the Advisory Committee unanimously recommended the finding of substantial completion and compliance with the facilities. Mr. Manning made note that the action we are taking today is not a question whether the 12,000 is an accurate number, that decision was made in 2003, the decision we are making today is whether or not the 12,000 would be included in this assessment package or held off until next years assessment package; 12,000 acre feet is the number that will be used based on the agreements that were reached. It was noted by Mr. Vanden Heuvel that the 12,000 acre feet is not a conservative number and is in fact is an aggressive number; however, that is the number that was decided upon and is not what is in question. Whether or not we find the work to be substantially completed is the question at hand. It was stated that as great as the two recent storms were, we realized that the SCADA system will be extremely beneficial because storms come 24 hours a day and not just during business hours. It was noted that until the SCADA system is in full operation the notion of gaining 12,000 acre feet is not probable. Mr. Vanden Heuvel strongly noted his opposition to believing the SCADA system would be fully operational and 12,000 acre feet of water would be captured this year and inquired that the minutes would reflect his views. Mr. Manning stated the minutes will state clearly what was discussed and offered a chart would be coming out after each storm event to notify committee members in terms of the performance of the basins. Chair Nuefeld commented that he was present at the prior meeting and at that meeting it was noted there were measuring devices in place to measure the amount of water captured. It was noted that being able to measure captured water was important; however, the most critical issue with the SCADA system will be the ability to open and close gates. Mr. Jeske stated he wanted to represent the City of Ontario regarding this issue and noted Ontario's position regarding the credit of the 12,000 is not entirely dependant on one years events. That 12,000 is to be re-evaluated on a five year period and readjusted based on actual findings from year to year if they differ from that amount; it may be adjusted up or it may be adjusted down. The question if there ever was a definition of what would involve substantial completion was presented. Mr. Manning stated there was no such definition recorded. The discussions in 2003 primarily focused on rubber dams and drop inlets specifically; and those are substantially complete. Mr. Vanden Heuvel gave a brief history on recharge and allocation and noted what was proposed in those 2003 discussions was to take the modeling studies done by Wildermuth and project what this series of improvements would yield in a model and then choose an annualized number based on the model and then begin to take credit for that right away. There were many heated discussions whether to take the credit then, even prior to excavations being started, or wait until substantial completion was found; the decided method was the later option. As of June 30, 2004 the core elements were complete and in early January 2005 the SCADA system will be operational. Mr. Hofer noted he shares Mr. Vanden Heuvel's concerns regarding substantial completion and the need to have the SCADA system up and running. Chair Neufeld stated the decision coming from the Advisory Committee that they felt there was substantial completion carries a significant amount of weight as it comes to this Board. Chair Neufeld acknowledged Mr. Vanden Heuvel and Mr. Hofer's objections and stated the Board now has before it the decision to approve or not to approve the presented 2004/2005 Assessment Package. The question regarding the 50 year history of what has happened in the basin was presented to Mr. Wildermuth. Mr. Wildermuth stated the 12,000 acre foot estimate came from looking at what the project would look like completed, looking at

current land use, and estimating the daily inflow into these basins on a 50 year historical rainfall. We did not include the entire facilities improvement project in this because we were unclear of a few of the features. Based on those reviews we came up with the 12,000 acre feet per year average; the concept in the proposal which was developed was that we would use the 12,000 figure, watch the basins and understand their performance characteristics, and note changes and/or departures from the assumed operations of those basins. With the modeling work being updated on a continual basis we can then project a new 50 year average number every 5 years. There are no costs or risks associated with this method if we self correct; the integrity of the Judgment is still preserved.

*Motion by Catlin, second by Kruger, and by majority vote, with one no vote by Vanden Heuvel and one no vote by Hofer*

***Moved to approve the revised Assessment Package which included the 12,000 acre feet, as presented***

**C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET**

Mr. Manning stated that in June 2004 Watermaster and IEUA approved the Cooperative Agreement that provided for the long term cooperation in the groundwater monitoring and surface monitoring process. Before us today is an amendment to that agreement based upon the use of reclaimed water. Mr. Wildermuth stated with the approval of the 2004 Cooperative Agreement is the Annual Monitoring Plan, which is prepared every year; we are asking the Board to review and approve a modification to that Monitoring Plan. In the original Annual Monitoring Plan we intentionally left a spot in there to be resolved later down the line, once the Department of Health Services produced its final findings of fact regarding the Phase I Recycled Water Recharge Project. What this amendment does is allows IEUA to get to Watermaster and Wildermuth staff to perform the design and engineering for the wells and some of the lysimeters (at no cost to Watermaster – this will be a pass through cost because IEUA will reimburse our expenses). Mr. Manning stated this is an action item due to it being an amendment to the original Annual Monitoring Agreement and it also came through the Pools and Advisory Committee for recommendation of approval.

*Motion by Vanden Heuvel, second by Catlin, and by unanimous vote, as presented*

***Moved to approve the amended 2004-2005 Annual Monitoring Plan and budget Agreement***

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

**1. Santa Ana River**

Counsel Slater stated the Peace Agreement II discussions are still held in abeyance while we try to pull together the necessary technical information to reengage in the deal making; projections of completion of information will take place in mid to late December and have action started in January 2005.

Counsel Slater noted this item could become more active regarding Santa Ana River matters. Counsel Slater stated there is a great amount of work that Wildermuth has prepared in connection with the Basin Plan Amendment; there will be added pressure for environmental studies. In hearing discussions and in reviewing overall information, consensus is, it is time for a coordinated program/effort to form conjunctionally.

**B. STAFF REPORT**

**1. Cyclic Account Update**

Mr. Manning noted it was mentioned last month we do have a carryover replenishment obligation from the prior year that is in excess of 11,000 acre feet currently. Nothing has changed that will effect that amount and Watermaster is planning on taking at lease that out of the cyclic storage by the end of the year. Watermaster is monitoring the amount of water we are currently recharging as it relates to our replenishment obligation this year.

The question will be whether to increase the 11,000 acre feet purchased out of our cyclic account based on the fact that the replenishment rate maybe going up \$5.00 dollars an acre foot and our replenishment obligation in the current year exceeds 30,000 acre feet.

2. Stormwater Recharge Update

Mr. Manning commented that Watermaster staff will continue to report on stormwater events. This will allow committee members to see at what level each recharge basin is performing and where we might be having problems. Mr. Manning noted Mr. Treweek is here and available to answer any questions regarding the two handouts which he prepared. In reviewing the data Watermaster staff feels the recharge basins performed well for the two recent storm events. There are still a few issues which need to be worked out with the County Flood Control District in terms of their confidence level of us being able to maintain and manage those basins. Our operation plans are in process and initial discussions have taken place with the County. Mr. Manning stated he felt very positive about working with the Flood Control District, Inland Empire Utilities Agency, and others to make sure we capture as much stormwater as projected in our exhibits presented here today. Chair Neufeld presented a question regarding the basins capabilities to perform at maximum levels due to the debris and silt from the recent fires. Chair Neufeld noted a formal plan has not been submitted regarding this issue and that such report would be extremely beneficial to be included to the new report regarding stormwater events/operating levels of basins. Mr. Manning noted Watermaster has engaged the services of a subcontractor to make repairs when Flood Control is not available or can't do the work which is necessary to keep the maintenance of these basins intact. This company works with several other agencies in doing those types of jobs and is currently working out at Etiwanda repairing the damage which occurred in storm event number two in taking out the debris which could potentially clog those basins. Mr. Manning stated he feels we have a good handle on those types of operations and Watermaster also has a meeting scheduled with IUEA next week to discuss the 24 hour staffing need including time, financing, and various other issues to tackle this matter. The question if whether or not the costs for debris removal are in our current budget. Mr. Manning stated Watermaster does have such monies in the budget and this item will be re-evaluated for the budget next year based upon this increased need. Watermaster is still unclear as to how much cost Flood Control will absorb and/or how much Watermaster will have to take on ourselves.

3. College Heights Monitoring Update

Mr. Manning commented that the Watermaster Board approved going ahead with the two monitoring wells that were directly to the west and southwest of the Upland Basin. Those are moving forward; staff concurred with the Board's decision that the monitoring well to the northwest of the project directly west of College Heights was not needed. Watermaster has had discussions with the City of Upland and have encouraged them to speak with their developers to possibly paying for that monitoring well themselves because they would have more benefit from that than we would at this point in time.

4. Discuss holiday meeting schedules

Mr. Manning noted there were no meetings scheduled for the month of December and stated that the Watermaster staff is available and will accommodate the desires of any member if the need arises to schedule a meeting. There is an MZ1 meeting scheduled for December 8, 2004. Lunch will be served today and Mr. Manning encourages all to stay if their schedules allow.

**IV. INFORMATION**

1. Reminder That the Reorganization of Board, Advisory Committee, and Pools Take Place in January

Chair Neufeld thanked Paula Lantz who is representing the City of Pomona and for her participation along with thanking the City of Pomona who will be going off rotation this next January. Chair Neufeld stated we look forward to welcoming Jurupa Community Services who will be joining the Board this January.

2. Newspaper Articles

It was stated to Board Member Hofer, the picture in the distributed newspaper articles was a good looking picture.

**V. BOARD MEMBER COMMENTS**

Mr. Schroeder commented this would be his last meeting after about twenty years of service. Mr. Schroeder noted that Don Galleono will take his place on the Water District's board and did not know who will be taking his place on the Watermaster board. Chair Neufeld stated Watermaster looks forward to working with whoever is sent to represent Western and that it has been a pleasure working with him for so many years on so many projects.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

No confidential session was called to order for the November 18, 2004 Board meeting.

**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**

The Watermaster Board Meeting Adjourned at 12:23 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

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***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**CLOSED BOARD MEETING**  
*December 9, 2004*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on December 9, at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Robert Neufeld, Chair	Fontana Union Water Company
Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
John Rossi	Western Municipal Water District

**WATERMASTER PERSONNEL MEMBERS PRESENT**

Ken Jeske	City of Ontario
Mike Maestas	City of Chino Hills

**Watermaster Staff Present**

Kenneth R. Manning	Chief Executive Officer
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**Watermaster Consultants Present**

Michael Fauver	Hatch & Parent
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The Watermaster Closed Board Meeting was called to order by Chair Neufeld at 11:13 a.m.

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to this agenda.

**I. 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.

a) Personnel Matters

**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

The Watermaster Closed Board Meeting Adjourned at 12:35 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### B. FINANCIAL REPORTS

1. Cash Disbursements November 2004
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Period July 1, 2004 through October 31, 2004
3. Treasurer's Report of Financial Affairs for August 1 through August 31, 2004
4. Profit & Loss Budget vs. Actual July 2004 through October 2004
5. Cash Disbursements December 2004
6. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Period July 1, 2004 through November 30, 2004
7. Treasurer's Report of Financial Affairs for November 1 through November 30, 2004
8. Profit & Loss Budget vs. Actual July 2004 through November 2004







# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** January 13, 2005  
January 18, 2005  
January 27, 2005

**TO:** Committee Members  
Watermaster Board Members

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

### SUMMARY

**Issue** – Record of cash disbursements for the month of November 2004.

**Recommendation** – Staff recommends the Cash Disbursements for November 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 November 2004 were \$677,529.09. The most significant expenditures during the month were Vineyard National Bank in the amount of \$400,000.00, Wildermuth Environmental Inc. in the amount of \$123,145.31, and Hatch and Parent in the amount of \$44,323.48.

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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**November 2004**

Type	Date	Num	Name	Amount
Nov 04				
General Journal	11/1/2004	04/11/8	PAYROLL	-5.69
Bill Pmt -Check	11/3/2004	9106	BOWCOCK, ROBERT	-730.40
Bill Pmt -Check	11/3/2004	9107	VERIZON	-444.08
Bill Pmt -Check	11/3/2004	9108	A & R TIRE	-11.00
Bill Pmt -Check	11/3/2004	9109	APPLIED COMPUTER TECHNOLOGIES	-3,103.75
Bill Pmt -Check	11/3/2004	9110	ARROWHEAD MOUNTAIN SPRING WATER	-33.16
Bill Pmt -Check	11/3/2004	9111	BOWCOCK, ROBERT	-375.00
Bill Pmt -Check	11/3/2004	9114	CATLIN, TERRY	-125.00
Bill Pmt -Check	11/3/2004	9112	DIRECTV	-71.98
Bill Pmt -Check	11/3/2004	9113	HOFFMAN VIDEO	-6,745.26
Bill Pmt -Check	11/3/2004	9115	HOME DEPOT	-310.00
Bill Pmt -Check	11/3/2004	9116	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	11/3/2004	9117	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	11/3/2004	9118	KUHN, BOB	-250.00
Bill Pmt -Check	11/3/2004	9119	MCCALL'S METER SALES & SERVICE	-761.53
Bill Pmt -Check	11/3/2004	9120	MEDIA JIM	-450.00
Bill Pmt -Check	11/3/2004	9121	NEUFELD, ROBERT	-500.00
Bill Pmt -Check	11/3/2004	9122	NEXTEL COMMUNICATIONS	-704.58
Bill Pmt -Check	11/3/2004	9123	OFFICE DEPOT	-1,364.67
Bill Pmt -Check	11/3/2004	9124	PATRAL CUSTOM CABINETS	-1,699.60
Bill Pmt -Check	11/3/2004	9125	PAYCHEX	-165.20
Bill Pmt -Check	11/3/2004	9126	POWERS ELECTRIC PRODUCTS CO.	-235.48
Bill Pmt -Check	11/3/2004	9127	PURCHASE POWER	-2,034.26
Bill Pmt -Check	11/3/2004	9128	SAVIN CORPORATION dba RICOH BUSINESS	-36.00
Bill Pmt -Check	11/3/2004	9129	STAPLES	-401.07
Bill Pmt -Check	11/3/2004	9130	STATE COMPENSATION INSURANCE FUND	-1,594.32
Bill Pmt -Check	11/3/2004	9131	UNION 76	-348.97
Bill Pmt -Check	11/3/2004	9132	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	11/3/2004	9133	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	11/3/2004	9134	VERIZON	-38.54
Bill Pmt -Check	11/3/2004	9135	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	11/3/2004	9136	PETTY CASH	-514.17
Bill Pmt -Check	11/5/2004	9137	VINEYARD NATIONAL BANK	-400,000.00
General Journal	11/6/2004	04/11/4	PAYROLL	-5,209.01
General Journal	11/6/2004	04/11/4	PAYROLL	-17,320.35
Bill Pmt -Check	11/9/2004	9138	CAFE CALATO	-202.03
Bill Pmt -Check	11/17/2004	9139	A & R TIRE	-915.15
Bill Pmt -Check	11/17/2004	9140	ACWA SERVICES CORPORATION	-160.80
Bill Pmt -Check	11/17/2004	9141	BANK OF AMERICA	-3,628.39
Bill Pmt -Check	11/17/2004	9142	CALCPA	-125.00
Bill Pmt -Check	11/17/2004	9143	CHEVRON	-128.45
Bill Pmt -Check	11/17/2004	9144	COPLAND CATERING	-256.98
Bill Pmt -Check	11/17/2004	9145	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	11/17/2004	9146	HATCH AND PARENT	-44,323.48
Bill Pmt -Check	11/17/2004	9147	IDEAL GRAPHICS	-84.05
Bill Pmt -Check	11/17/2004	9148	INLAND COUNTIES INSURANCE SERVICES, INC.	-216.77
Bill Pmt -Check	11/17/2004	9149	MCI	-900.15
Bill Pmt -Check	11/17/2004	9150	OFFICE DEPOT	-68.09
Bill Pmt -Check	11/17/2004	9151	PARK PLACE COMPUTER SOLUTIONS, INC.	-2,750.00
Bill Pmt -Check	11/17/2004	9152	QUILL	-1,301.51
Bill Pmt -Check	11/17/2004	9153	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,353.74
Bill Pmt -Check	11/17/2004	9154	RBM LOCK & KEY	-9.05
Bill Pmt -Check	11/17/2004	9155	REID & HELLYER	-5,888.00
Bill Pmt -Check	11/17/2004	9156	RETAIL SERVICES	-287.48
Bill Pmt -Check	11/17/2004	9157	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	11/17/2004	9158	STAULA, MARY L	-136.61
Bill Pmt -Check	11/17/2004	9159	UNITED PARCEL SERVICE	-409.39
Bill Pmt -Check	11/17/2004	9160	UNITEK TECHNOLOGY INC.	-767.19
Bill Pmt -Check	11/17/2004	9161	SAVIN CORPORATION dba RICOH BUSINESS	-493.55
Bill Pmt -Check	11/17/2004	9162	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,001.80
Bill Pmt -Check	11/17/2004	9163	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,001.80
Bill Pmt -Check	11/17/2004	9164	WILDERMUTH ENVIRONMENTAL INC	-123,145.31
General Journal	11/20/2004	04/11/6	PAYROLL	-5,348.89
General Journal	11/20/2004	04/11/6	PAYROLL	-18,010.07
Bill Pmt -Check	11/22/2004	9165	JUAN POLLO	-75.41
				<b>-677,529.09</b>

Nov 04

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	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
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>27,807</b>	<b>1,949</b>	<b>1,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,770</b>	<b>4,063,218</b>
Administrative & Project Expenditures										
Watermaster Administration	282,441								282,441	621,784
Watermaster Board-Advisory Committee	19,325								19,325	37,018
Pool Administration			4,633	26,870	876				32,379	91,153
Optimum Basin Mgmt Administration		450,730							450,730	1,019,183
OBMP Project Costs		915,274							915,274	3,733,694
Education Funds Use									-	375
Mutual Agency Project Costs	20,000								20,000	80,004
<b>Total Administrative/OBMP Expenses</b>	<b>321,766</b>	<b>1,366,004</b>	<b>4,633</b>	<b>26,870</b>	<b>876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,720,149</b>	<b>5,583,211</b>
Net Administrative/OBMP Income	(321,766)	(1,366,004)								
Allocate Net Admin Income To Pools	321,766		242,261	74,343	5,162				-	0
Allocate Net OBMP Income To Pools		1,366,004	1,028,481	315,609	21,914				-	0
Agricultural Expense Transfer			414,196	(414,196)					-	0
<b>Total Expenses</b>	<b>-</b>	<b>-</b>	<b>1,689,572</b>	<b>2,625</b>	<b>27,952</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,720,149</b>	<b>5,583,211</b>
Net Administrative Income			(1,661,765)	(676)	(26,938)				(1,689,379)	(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						(996,804)			(996,804)	0
Net Other Income						(996,804)			(996,804)	(99,000)
Net Transfers To/(From) Reserves			(1,661,765)	(676)	(26,938)	(996,804)			(2,686,183)	(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			1,809,464	462,379	146,801	3,136,257	158,251	2,195	5,715,347	
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%	

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

**DEPOSITORIES:**

Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits	\$	136,563	
Savings Deposits		9,635	
Zero Balance Account - Payroll		-	146,198
Local Agency Investment Fund - Sacramento			5,967,217
<b>TOTAL CASH IN BANKS AND ON HAND</b>	10/31/2004		<b>\$ 6,113,915</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	9/30/2004		<b>6,919,402</b>
<b>PERIOD INCREASE (DECREASE)</b>			<b><u>\$ (805,487)</u></b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable	\$	30,763
Assessments Receivable		-
Prepaid Expenses, Deposits & Other Current Assets		2,266
(Decrease)/Increase in Liabilities: Accounts Payable		(387,573)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		21,058
Transfer to/(from) Reserves		(472,001)
<b>PERIOD INCREASE (DECREASE)</b>		<b><u>\$ (805,487)</u></b>

<u>SUMMARY OF FINANCIAL TRANSACTIONS:</u>	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 9/30/2004	\$ 500	\$ (27,187)	\$ -	\$ 9,635	\$ 6,936,454	\$ 6,919,402
Deposits		-	-	-	30,763	30,763
Transfers		953,611	46,389	-	(1,000,000)	-
Withdrawals/Checks		(789,861)	(46,389)	-	-	(836,250)
<b>Balances as of 10/31/2004</b>	<b>\$ 500</b>	<b>\$ 136,563</b>	<b>\$ -</b>	<b>\$ 9,635</b>	<b>\$ 5,967,217</b>	<b>\$ 6,113,915</b>
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ 163,750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (969,237)</b>	<b>\$ (805,487)</b>

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
10/15/2004	Deposit	L.A.I.F.	\$ 30,763				
10/7/2004	Withdrawal	L.A.I.F.	(200,000)				
10/25/2004	Withdrawal	L.A.I.F.	(800,000)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ (969,237)</b>	<b>-</b>			

\* 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

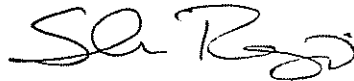
INVESTMENT STATUS  
October 31, 2004

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 5,967,217			
Time Certificates of Deposit	-			
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,967,217</b>			

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 October 2004

	<u>Jul - Oct 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0.00	132,000.00	-132,000.00	0.0%
4110 · Admin Asmnts-Approp Pool	0.00	3,755,236.00	-3,755,236.00	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0.00	97,652.00	-97,652.00	0.0%
4700 · Non Operating Revenues	30,769.53	78,330.00	-47,560.47	39.28%
<b>Total Income</b>	<u>30,769.53</u>	<u>4,063,218.00</u>	<u>-4,032,448.47</u>	<u>0.76%</u>
<b>Gross Profit</b>	30,769.53	4,063,218.00	-4,032,448.47	0.76%
Expense				
6010 · Salary Costs	124,667.40	401,704.00	-277,036.60	31.04%
6020 · Office Building Expense	38,057.28	100,800.00	-62,742.72	37.76%
6030 · Office Supplies & Equip.	21,501.40	45,500.00	-23,998.60	47.26%
6040 · Postage & Printing Costs	31,811.49	67,100.00	-35,288.51	47.41%
6050 · Information Services	48,603.15	105,076.00	-56,472.85	46.26%
6060 · Contract Services	91,775.35	106,000.00	-14,224.65	86.58%
6080 · Insurance	8,277.68	21,710.00	-13,432.32	38.13%
6110 · Dues and Subscriptions	2,151.00	16,600.00	-14,449.00	12.96%
6140 · Other WM Admin Expenses	1,056.22	2,500.00	-1,443.78	42.25%
6150 · Field Supplies	65.48	4,250.00	-4,184.52	1.54%
6170 · Travel & Transportation	4,101.01	24,650.00	-20,548.99	16.64%
6190 · Conferences & Seminars	5,549.20	16,000.00	-10,450.80	34.68%
6200 · Advisory Comm - WM Board	4,175.35	13,459.00	-9,283.65	31.02%
6300 · Watermaster Board Expenses	15,149.84	23,559.00	-8,409.16	64.31%
8300 · Appr PI-WM & Pool Admin	4,631.78	13,659.00	-9,027.22	33.91%
8400 · Agri Pool-WM & Pool Admin	5,660.35	16,417.00	-10,756.65	34.48%
8467 · Agri-Pool Legal Services	18,585.12	45,000.00	-26,414.88	41.3%
8470 · Ag Meeting Attend -Special	2,625.00	10,000.00	-7,375.00	26.25%
8500 · Non-Ag PI-WM & Pool Admin	875.52	6,077.00	-5,201.48	14.41%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	<u>-95,175.18</u>	<u>-290,106.00</u>	<u>194,930.82</u>	<u>32.81%</u>
<b>Subtotal G&amp;A Expenses</b>	334,144.44	750,330.00	-416,185.56	44.53%
6900 · Optimum Basin Mgmt Plan	412,117.05	933,566.00	-521,448.95	44.14%
6950 · Mutual Agency Projects	20,000.01	80,004.00	-60,003.99	25.0%
9501 · G&A Expenses Allocated-OBMP	<u>38,613.00</u>	<u>85,617.00</u>	<u>-47,004.00</u>	<u>45.1%</u>
	470,730.06	1,099,187.00	-628,456.94	42.83%
7101 · Production Monitoring	14,600.66	54,957.00	-40,356.34	26.57%
7102 · In-line Meter Installation	2,590.77	93,969.00	-91,378.23	2.76%
7103 · Grdwtr Quality Monitoring	55,188.01	148,792.00	-93,603.99	37.09%
7104 · Gdwtr Level Monitoring	29,083.00	135,072.00	-105,989.00	21.53%
7105 · Sur Wtr Qual Monitoring	24,843.07	282,220.00	-257,376.93	8.8%
7106 · Wtr Level Sensors Install	0.00	19,114.00	-19,114.00	0.0%
7107 · Ground Level Monitoring	63,464.68	433,720.00	-370,255.32	14.63%
7108 · Hydraulic Control Monitoring	86,461.94	437,987.00	-351,525.06	19.74%
7200 · PE2- Comp Recharge Pgm	237,926.32	413,177.00	-175,250.68	57.59%
7300 · PE3&5-Water Supply/Desalte	0.00	20,885.00	-20,885.00	0.0%
7400 · PE4- Mgmt Plan	36,816.60	795,099.00	-758,282.40	4.63%
7500 · PE6&7-CoopEfforts/SaltMgmt	11,815.28	251,343.00	-239,527.72	4.7%

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

	<u>Jul - Oct 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7600 · PE8&9-StorageMgmt/Conj Use	21,752.47	140,400.00	-118,647.53	15.49%
7690 · Recharge Improvement Debt Pymt	274,169.00	274,169.00	0.00	100.0%
7700 · Inactive Well Protection Prgm	0.00	28,302.00	-28,302.00	0.0%
9502 · G&A Expenses Allocated-Projects	56,562.16	204,488.00	-147,925.84	27.66%
	<u>915,273.96</u>	<u>3,733,694.00</u>	<u>-2,818,420.04</u>	<u>24.51%</u>
<b>Total Expense</b>	<u>1,720,148.46</u>	<u>5,583,211.00</u>	<u>-3,863,062.54</u>	<u>30.81%</u>
<b>Net Ordinary Income</b>	<u>-1,689,378.93</u>	<u>-1,519,993.00</u>	<u>-169,385.93</u>	<u>111.14%</u>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4231 · MZ1 Assigned Water Sales	0.00	600,000.00	-600,000.00	0.0%
4230 · MZ1 Sup Wtr Assessment	0.00	1,579,500.00	-1,579,500.00	0.0%
<b>Total Other Income</b>	<u>0.00</u>	<u>2,179,500.00</u>	<u>-2,179,500.00</u>	<u>0.0%</u>
<b>Other Expense</b>				
5010 · Groundwater Replenishment	996,804.20	2,278,500.00	-1,281,695.80	43.75%
9999 · To/(From) Reserves	-2,686,183.13	-1,618,993.00	-1,067,190.13	165.92%
<b>Total Other Expense</b>	<u>-1,689,378.93</u>	<u>659,507.00</u>	<u>-2,348,885.93</u>	<u>-256.16%</u>
<b>Net Other Income</b>	<u>1,689,378.93</u>	<u>1,519,993.00</u>	<u>169,385.93</u>	<u>111.14%</u>
<b>Net Income</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** January 13, 2005  
January 18, 2005  
January 27, 2005

**TO:** Committee Members  
Watermaster Board Members

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

### SUMMARY

**Issue** – Record of cash disbursements for the month of December 2004.

**Recommendation** – Staff recommends the Cash Disbursements for December 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 December 2004 were \$796,789.30. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$294,217.11, Wildermuth Environmental Inc. in the amount of \$207,617.80, Inland Empire Utilities Agency in the amount of \$130,620.11, and Hatch and Parent in the amount of \$34,636.75.

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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**December 2004**

Type	Date	Num	Name	Amount
Dec 04				
Bill Pmt -Check	12/1/2004	9166	VIP AUTO DETAILING	-719.90
General Journal	12/1/2004	04/12/3	PAYROLL	-1,240.38
General Journal	12/1/2004	04/12/3	PAYROLL	-10,999.23
Bill Pmt -Check	12/2/2004	9167	JAMES JOHNSTON	-990.00
Bill Pmt -Check	12/6/2004	9168	ARROWHEAD MOUNTAIN SPRING WATER	-58.66
Bill Pmt -Check	12/6/2004	9169	BLACK & VEATCH CORPORATION	-2,897.50
Bill Pmt -Check	12/6/2004	9170	CALPERS	-2,174.72
Bill Pmt -Check	12/6/2004	9171	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	12/6/2004	9172	ELLISON, SCHNEIDER & HARRIS, LLP	-6,964.14
Bill Pmt -Check	12/6/2004	9173	INLAND EMPIRE UTILITIES AGENCY	-130,620.11
Bill Pmt -Check	12/6/2004	9174	MWH MONTGOMERY WATSON HARZA	-6,704.99
Bill Pmt -Check	12/6/2004	9175	R&D PEST SERVICES	-85.00
Bill Pmt -Check	12/6/2004	9176	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,001.80
Bill Pmt -Check	12/6/2004	9177	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,001.80
Bill Pmt -Check	12/6/2004	9178	VERIZON	-377.76
Bill Pmt -Check	12/6/2004	9179	SAVIN CORPORATION dba RICOH BUSINESS	-36.00
Bill Pmt -Check	12/6/2004	9180	SAVIN CORPORATION dba RICOH BUSINESS	-639.50
Bill Pmt -Check	12/6/2004	9181	SAVIN CORPORATION dba RICOH BUSINESS	-79.68
Bill Pmt -Check	12/6/2004	9182	A & R TIRE	-132.38
Bill Pmt -Check	12/6/2004	9183	ADEX MEDICAL INC	-130.95
Bill Pmt -Check	12/6/2004	9184	CITISTREET	-2,800.00
Bill Pmt -Check	12/6/2004	9185	DIRECTV	-71.98
Bill Pmt -Check	12/6/2004	9186	HATCH AND PARENT	-34,636.75
Bill Pmt -Check	12/6/2004	9187	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	12/6/2004	9188	MATSON, JANET	-192.50
Bill Pmt -Check	12/6/2004	9189	MWH LABORATORIES	-7,515.00
Bill Pmt -Check	12/6/2004	9190	NEXTEL COMMUNICATIONS	-702.57
Bill Pmt -Check	12/6/2004	9191	OFFICE DEPOT	-972.79
Bill Pmt -Check	12/6/2004	9192	PAYCHEX	-158.20
Bill Pmt -Check	12/6/2004	9193	PETTY CASH	-405.99
Bill Pmt -Check	12/6/2004	9194	PURCHASE POWER	-16.27
Bill Pmt -Check	12/6/2004	9195	REID & HELLYER	-3,830.56
Bill Pmt -Check	12/6/2004	9196	RETAIL SERVICES	-272.35
Bill Pmt -Check	12/6/2004	9197	SOURCE 1 PRINTING, PACKAGING & MEDIA	-3,209.23
Bill Pmt -Check	12/6/2004	9198	STANDARD INSURANCE CO.	-457.85
Bill Pmt -Check	12/6/2004	9199	STANLEY STEAMER	-703.20
Bill Pmt -Check	12/6/2004	9200	STATE COMPENSATION INSURANCE FUND	-1,047.39
Bill Pmt -Check	12/6/2004	9201	UNION 76	-230.84
Bill Pmt -Check	12/6/2004	9202	UNITEK TECHNOLOGY INC.	-1,041.30
Bill Pmt -Check	12/6/2004	9203	VERIZON	-39.21
Bill Pmt -Check	12/6/2004	9204	WHEELER METER MAINTENANCE	-2,100.00
Bill Pmt -Check	12/6/2004	9206	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	12/9/2004	9207	NEUFELD, ROBERT	-250.00
Bill Pmt -Check	12/16/2004	9208	INLAND EMPIRE UTILITIES AGENCY	-294,217.11
Bill Pmt -Check	12/16/2004	9209	MWH LABORATORIES	-11,745.00
Bill Pmt -Check	12/16/2004	9210	WILDERMUTH ENVIRONMENTAL INC	-207,617.80
Bill Pmt -Check	12/16/2004	9211	APPLIED COMPUTER TECHNOLOGIES	-2,343.75
Bill Pmt -Check	12/16/2004	9212	BANK OF AMERICA	-533.62
Bill Pmt -Check	12/16/2004	9213	BLACK & VEATCH CORPORATION	-1,515.00
Bill Pmt -Check	12/16/2004	9214	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	12/16/2004	9215	CATLIN, TERRY	-250.00
Bill Pmt -Check	12/16/2004	9216	CHARLES MEISNER INC.	-150.00
Bill Pmt -Check	12/16/2004	9217	CHEVRON	-105.55
Bill Pmt -Check	12/16/2004	9218	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	12/16/2004	9219	GREENLEE, GAIL	-81.00
Bill Pmt -Check	12/16/2004	9220	HOFFMAN VIDEO	-210.11
Bill Pmt -Check	12/16/2004	9221	INLAND COUNTIES INSURANCE SERVICES, INC.	-216.77
Bill Pmt -Check	12/16/2004	9222	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	12/16/2004	9223	KUHN, BOB	-125.00
Bill Pmt -Check	12/16/2004	9224	LOS ANGELES TIMES	-42.00
Bill Pmt -Check	12/16/2004	9225	MARK IV COMMUNICATIONS, INC.	-1,171.22
Bill Pmt -Check	12/16/2004	9226	MCI	-900.15
Bill Pmt -Check	12/16/2004	9227	MWH MONTGOMERY WATSON HARZA	-3,226.31
Bill Pmt -Check	12/16/2004	9228	OFFICE DEPOT	-58.76
Bill Pmt -Check	12/16/2004	9229	RBM LOCK & KEY	-269.38
Bill Pmt -Check	12/16/2004	9230	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	12/16/2004	9231	SAVIN CORPORATION dba RICOH BUSINESS	-36.00
Bill Pmt -Check	12/16/2004	9232	STAULA, MARY L	-136.61

**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**December 2004**

Type	Date	Num	Name	Amount
Bill Pmt -Check	12/16/2004	9233	UNITED PARCEL SERVICE	-338.94
Bill Pmt -Check	12/16/2004	9234	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	12/16/2004	9235	VELASQUEZ JANITORIAL	-1,200.00
General Journal	12/20/2004	04/12/6	PAYROLL	-5,171.89
General Journal	12/20/2004	04/12/6	PAYROLL	-16,991.96
Bill Pmt -Check	12/22/2004	9236	ACWA SERVICES CORPORATION	-160.80
Bill Pmt -Check	12/22/2004	9237	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	12/22/2004	9238	CATLIN, TERRY	-125.00
Bill Pmt -Check	12/22/2004	9239	DE BOOM, NATHAN	-500.00
Bill Pmt -Check	12/22/2004	9240	DURRINGTON, GLEN	-250.00
Bill Pmt -Check	12/22/2004	9241	ELLISON, SCHNEIDER & HARRIS, LLP	-5,010.00
Bill Pmt -Check	12/22/2004	9242	FEENSTRA, BOB	-125.00
Bill Pmt -Check	12/22/2004	9243	Hettinga, Peter	-500.00
Bill Pmt -Check	12/22/2004	9244	HUITSING, JOHN	-500.00
Bill Pmt -Check	12/22/2004	9245	KOOPMAN, GENE	-250.00
Bill Pmt -Check	12/22/2004	9246	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	12/22/2004	9247	NEUFELD, ROBERT	-125.00
Bill Pmt -Check	12/22/2004		OFFICE DEPOT	-358.55
Bill Pmt -Check	12/22/2004	9248	STANDARD INSURANCE CO.	-457.85
Bill Pmt -Check	12/22/2004	9249	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	12/22/2004	9250	VIP AUTO DETAILING	-334.45
General Journal	12/23/2004	04/12/8	PAYROLL	-5,406.36
General Journal	12/23/2004	04/12/8	PAYROLL	18,209.00
Bill Pmt -Check	12/23/2004	9251	MWH LABORATORIES	-2,576.00
				<b>-796,789.30</b>

Dec 04

CHINO BASIN WATERMASTER  
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
 FOR THE  
 PERIOD JULY 1, 2004 THROUGH NOVEMBER 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
<b>Administrative Revenues</b>										
Administrative Assessments			4,807,004		74,241				4,881,245	\$3,984,888
Interest Revenue			27,807	2,596	1,014			-	31,417	78,330
Mutual Agency Project Revenue		-							-	0
Grant Income									-	0
Miscellaneous Income	-								-	0
<b>Total Revenues</b>	-	-	4,834,811	2,596	75,255	-	-	-	4,912,662	4,063,218
<b>Administrative &amp; Project Expenditures</b>										
Watermaster Administration	349,446								349,446	621,784
Watermaster Board-Advisory Committee	23,998								23,998	37,018
Pool Administration			4,801	32,895	945				38,641	91,153
Optimum Basin Mgmt Administration		550,490							550,490	1,019,183
OBMP Project Costs		1,109,662							1,109,662	3,733,694
Education Funds Use								-	-	375
Mutual Agency Project Costs	26,666								26,666	80,004
<b>Total Administrative/OBMP Expenses</b>	400,110	1,660,152	4,801	32,895	945			-	2,098,903	5,583,211
Net Administrative/OBMP Income	(400,110)	(1,660,152)								
Allocate Net Admin Income To Pools	400,110		301,248	92,444	6,419				-	0
Allocate Net OBMP Income To Pools		1,660,152	1,249,948	383,570	26,633				-	0
Agricultural Expense Transfer			506,284	(506,284)					-	0
<b>Total Expenses</b>			2,062,281	2,625	33,997	-	-	-	2,098,903	5,583,211
<b>Net Administrative Income</b>			2,772,530	(29)	41,258			-	2,813,759	(1,519,993)
<b>Other Income/(Expense)</b>										
Replenishment Water Purchases						8,097,107			8,097,107	0
MZ1 Supplemental Water Assessments						1,625,000			1,625,000	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(1,290,815)			(1,290,815)	0
<b>Net Other Income</b>						8,431,292			8,431,292	(99,000)
<b>Net Transfers To/(From) Reserves</b>			2,772,530	(29)	41,258	8,431,292			11,245,051	(1,618,993)
<b>Working Capital, July 1, 2004</b>			3,471,229	463,055	173,739	4,133,061	158,251	2,195	8,401,530	
<b>Working Capital, End Of Period</b>			6,243,759	463,026	214,997	12,564,353	158,251	2,195	19,646,581	
<b>03/04 Production</b>			136,795.139	41,978.182	2,914.774				181,688.095	
<b>03/04 Production Percentages</b>			75.291%	23.105%	1.604%				100.000%	

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

**DEPOSITORIES:**

Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	\$ 159,071	
Savings Deposits	9,635	
Zero Balance Account - Payroll	-	168,706
Vineyard Bank CD - Agricultural Pool		400,647
Local Agency Investment Fund - Sacramento		5,267,217
<b>TOTAL CASH IN BANKS AND ON HAND</b>	11/30/2004	<b>\$ 5,837,070</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	10/31/2004	<b>6,113,915</b>
<b>PERIOD INCREASE (DECREASE)</b>		<b><u>\$ (276,845)</u></b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets:		\$ -
Accounts Receivable		(14,603,354)
Assessments Receivable		2,069
Prepaid Expenses, Deposits & Other Current Assets		387,138
(Decrease)/Increase in Liabilities:		6,067
Accounts Payable		13,931,235
Accrued Payroll, Payroll Taxes & Other Current Liabilities		-
Transfer to/(from) Reserves		-
<b>PERIOD INCREASE (DECREASE)</b>		<b><u>\$ (276,845)</u></b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Savings	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 10/31/2004	\$ 500	\$ 136,563	\$ -	\$ 9,635	\$ -	\$ 5,967,217	\$ 6,113,915
Deposits		37	-	-	647	-	684
Transfers		254,106	45,894	-	400,000	(700,000)	-
Withdrawals/Checks		(231,635)	(45,894)	-	-	-	(277,529)
<b>Balances as of 11/30/2004</b>	<b>\$ 500</b>	<b>\$ 159,071</b>	<b>\$ -</b>	<b>\$ 9,635</b>	<b>\$ 400,647</b>	<b>\$ 5,267,217</b>	<b>\$ 5,837,070</b>
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ 22,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,647</b>	<b>\$ (700,000)</b>	<b>\$ (276,845)</b>

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

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
11/8/2004	Withdrawal	L.A.I.F.	(700,000)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ (700,000)</b>	<b>-</b>			

\* 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  
November 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	\$ 5,267,217			
Time Certificates of Deposit	-			
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,267,217</b>			

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

	<u>Jul - Nov 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	0.00	132,000.00	-132,000.00	0.0%
4110 · Admin Asmnts-Approp Pool	4,807,004.41	3,755,236.00	1,051,768.41	128.01%
4120 · Admin Asmnts-Non-Agri Pool	74,240.93	97,652.00	-23,411.07	76.03%
4700 · Non Operating Revenues	31,416.83	78,330.00	-46,913.17	40.11%
<b>Total Income</b>	<u>4,912,662.17</u>	<u>4,063,218.00</u>	<u>849,444.17</u>	<u>120.91%</u>
<b>Gross Profit</b>	4,912,662.17	4,063,218.00	849,444.17	120.91%
<b>Expense</b>				
6010 · Salary Costs	172,712.31	401,704.00	-228,991.69	43.0%
6020 · Office Building Expense	46,273.61	100,800.00	-54,526.39	45.91%
6030 · Office Supplies & Equip.	23,317.34	45,500.00	-22,182.66	51.25%
6040 · Postage & Printing Costs	36,549.19	67,100.00	-30,550.81	54.47%
6050 · Information Services	57,153.05	105,076.00	-47,922.95	54.39%
6060 · Contract Services	104,135.02	106,000.00	-1,864.98	98.24%
6080 · Insurance	10,347.10	21,710.00	-11,362.90	47.66%
6110 · Dues and Subscriptions	340.73	16,600.00	-16,259.27	2.05%
6140 · Other WM Admin Expenses	1,228.56	2,500.00	-1,271.44	49.14%
6150 · Field Supplies	196.43	4,250.00	-4,053.57	4.62%
6170 · Travel & Transportation	6,722.74	24,650.00	-17,927.26	27.27%
6190 · Conferences & Seminars	6,054.92	16,000.00	-9,945.08	37.84%
6200 · Advisory Comm - WM Board	5,122.40	13,459.00	-8,336.60	38.06%
6300 · Watermaster Board Expenses	18,875.35	23,559.00	-4,683.65	80.12%
8300 · Appr PI-WM & Pool Admin	4,800.60	13,659.00	-8,858.40	35.15%
8400 · Agri Pool-WM & Pool Admin	7,854.73	16,417.00	-8,562.27	47.85%
8467 · Agri-Pool Legal Services	22,415.68	45,000.00	-22,584.32	49.81%
8470 · Ag Meeting Attend -Special	2,625.00	10,000.00	-7,375.00	26.25%
8500 · Non-Ag PI-WM & Pool Admin	944.77	6,077.00	-5,132.23	15.55%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	-115,585.43	-290,106.00	174,520.57	39.84%
<b>Subtotal G&amp;A Expenses</b>	<u>412,084.10</u>	<u>750,330.00</u>	<u>-338,245.90</u>	<u>54.92%</u>
6900 · Optimum Basin Mgmt Plan	504,205.41	933,566.00	-429,360.59	54.01%
6950 · Mutual Agency Projects	26,666.68	80,004.00	-53,337.32	33.33%
9501 · G&A Expenses Allocated-OBMP	46,285.10	85,617.00	-39,331.90	54.06%
	<u>577,157.19</u>	<u>1,099,187.00</u>	<u>-522,029.81</u>	<u>52.51%</u>
7101 · Production Monitoring	14,663.16	54,957.00	-40,293.84	26.68%
7102 · In-line Meter Installation	4,690.77	93,969.00	-89,278.23	4.99%
7103 · Grdwtr Quality Monitoring	60,094.38	148,792.00	-88,697.62	40.39%
7104 · Gdwtr Level Monitoring	31,446.29	135,072.00	-103,625.71	23.28%
7105 · Sur Wtr Qual Monitoring	45,513.18	282,220.00	-236,706.82	16.13%
7106 · Wtr Level Sensors Install	0.00	19,114.00	-19,114.00	0.0%
7107 · Ground Level Monitoring	168,180.29	433,720.00	-265,539.71	38.78%
7108 · Hydraulic Control Monitoring	104,700.67	437,987.00	-333,286.33	23.91%
7200 · PE2- Comp Recharge Pgm	251,859.46	413,177.00	-161,317.54	60.96%
7300 · PE3&5-Water Supply/Desalte	0.00	20,885.00	-20,885.00	0.0%

	<u>Jul - Nov 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	48,398.38	795,099.00	-746,700.62	6.09%
7500 · PE6&7-CoopEfforts/SaltMgmt	13,240.28	251,343.00	-238,102.72	5.27%
7600 · PE8&9-StorageMgmt/Conj Use	23,405.83	140,400.00	-116,994.17	16.67%
7690 · Recharge Improvement Debt Pymt	274,169.00	274,169.00	0.00	100.0%
7700 · Inactive Well Protection Prgm	0.00	28,302.00	-28,302.00	0.0%
9502 · G&A Expenses Allocated-Projects	69,300.31	204,488.00	-135,187.69	33.89%
	<u>1,109,662.00</u>	<u>3,733,694.00</u>	<u>-2,624,032.00</u>	<u>29.72%</u>
<b>Total Expense</b>	<u>2,098,903.29</u>	<u>5,583,211.00</u>	<u>-3,484,307.71</u>	<u>37.59%</u>
<b>Net Ordinary Income</b>	2,813,758.88	-1,519,993.00	4,333,751.88	-185.12%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4231 · MZ1 Assigned Water Sales	0.00	600,000.00	-600,000.00	0.0%
4210 · Approp Pool-Replenishment	8,094,622.16			
4220 · Non-Ag Pool-Replenishment	2,485.40			
4230 · MZ1 Sup Wtr Assessment	1,625,000.25	1,579,500.00	45,500.25	102.88%
<b>Total Other Income</b>	<u>9,722,107.81</u>	<u>2,179,500.00</u>	<u>7,542,607.81</u>	<u>446.07%</u>
<b>Other Expense</b>				
5010 · Groundwater Replenishment	1,290,815.00	2,278,500.00	-987,685.00	56.65%
9999 · To/(From) Reserves	11,245,051.69	-1,618,993.00	12,864,044.69	-694.57%
<b>Total Other Expense</b>	<u>12,535,866.69</u>	<u>659,507.00</u>	<u>11,876,359.69</u>	<u>1,900.79%</u>
<b>Net Other Income</b>	<u>-2,813,758.88</u>	<u>1,519,993.00</u>	<u>-4,333,751.88</u>	<u>-185.12%</u>
<b>Net Income</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### C. INDEPENDENT AUDITOR'S REPORT ON FININCIAL STATEMENTS FOR YEAR ENDED 2004



CHINO BASIN WATERMASTER  
Basic Financial Statements and Supplemental Data  
Year ended June 30, 2004

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CHINO BASIN WATERMASTER  
Basic Financial Statements and Supplemental Data  
Year ended June 30, 2004

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Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Chino Basin Watermaster as of and for the year ended June 30, 2004, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Chino Basin Watermaster's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2004 and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed further in the notes to the basic financial statements, the accompanying financial statements reflect certain changes in the presentation of financial data required as a result of the implementation of GASB No. 34 for the year ended June 30, 2004.

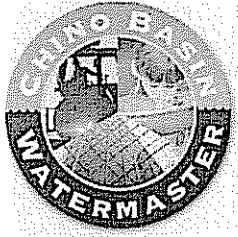
The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Board of Directors  
Chino Basin Watermaster  
Page Two

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis of the basic financial statements and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The scope of our audit did not include the statistical schedules listed in the table of contents and we do not express an opinion on them.

*Grant and Associates LLP*

September 1, 2004



# CHINO BASIN WATERMASTER

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BACKGROUND

The Chino Basin Watermaster (Watermaster) was established under a Judgment entered in the Superior Court of the State of California for the County of San Bernardino, entitled "Chino Basin Municipal Water District v. City of Chino, et al.," (originally Case No. SCV 164327, the file was transferred in August 1989 and assigned a new Case No. RCV 51010). The judgment prescribes Watermaster's authorities and specifies classes of water production assessments to be used to fund certain activities. Those assessment categories are: administration, OBMP, special project and replenishment. Each class of assessment has a prescribed purpose and water production base. Assessment revenue is Watermaster's principal source of income.

Watermaster's operating revenues include not only funds for administrative, OBMP, special project and replenishment expenses collected in accordance with the annual budget but also includes money collected by appropriators to help pay for improvements to the recharge basins within our boundaries, as approved through the budget process.

Included in the Unrestricted Net Asset amount listed on the Statement of Net Assets is the result of assessments on production of water in excess of production rights. These funds will be used to purchase replenishment water to mitigate annual overdraft.

### BASIC FINANCIAL STATEMENTS

To comply with new government accounting standards, all of Watermaster's assessment funds have been compiled into a single set of comprehensive interrelated financial statements. The financial statements that accompany this report include Statement of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, and Statements of Cash Flows. Also included are various notes providing additional explanation and detail relating to this financial information.

The Statement of Net Assets states Watermaster's total assets, its liabilities, and its net assets, or the amount of assets free of debt, as of June 30, 2004. The Statements of Revenues, Expenses and Changes in Net Assets lists Watermaster's income for the year compared to its expenses. Additionally, these statements identify the gain or loss in net assets for 2004. Finally, the Statements of Cash Flows indicate how cash was received and spent throughout the past year highlighting the net change in cash and investments for 2004.

### SUMMARY OF FINANCIAL INFORMATION

During the year ended June 30, 2004, Watermaster's Total Net Assets was \$8,491,708. This balance includes cash that will be required to purchase water to meet the replenishment obligation incurred during the previous fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

<b>Assets</b>		
Current		\$ 8,967,186
Capital		<u>106,641</u>
<b>Total Assets</b>		9,073,827
<b>Liabilities</b>		
Current		535,428
Non current		<u>46,691</u>
<b>Total Liabilities</b>		582,119
<b>Net Assets</b>		
Invested in capital assets		106,641
Unrestricted		<u>8,385,067</u>
<b>Total Net Assets</b>		<u>\$ 8,491,708</u>

### REVIEW OF REVENUES AND EXPENSES

Administrative assessment revenue increased from the prior year by 2.5%. Replenishment assessment revenue also increased due to significant production in excess of rights.

Operating expenses (excluding replenishment activities) decreased over the prior year from \$4.88 million to \$4.36 million due to the completion of the In Line Meter Installation Program in fiscal year 2002-2003 and a significant reduction in water level monitoring from the prior year. This reduction in expenses was partially offset by increased costs related to Hydraulic Control Monitoring.

Interest income represented Nonoperating Revenue of \$91,863 for the year ending June 30, 2004, and reflected a 2.2% decrease from the previous year due to a continued decline in interest rates.

The financial condition of the Watermaster improved as indicated by the increase in Net Assets from the prior year in the amount of \$4.52 million. Though Watermaster's FY 2003-04 administrative budget anticipated a deficit to take advantage of past cost savings, this shortfall was more than offset by a reduction in water purchases from the previous year, resulting in an increase in net assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended June 30, 2004

	<u>2004</u>
Operating Revenues	
Administrative assessments	\$ 4,736,516
Mutual agency project revenue	301,209
Replenishment water	4,135,998
MZ1 supplemental water assessments	<u>1,585,854</u>
 Total Operating Revenues	 <u>10,759,77</u>
 Operating Expenses	
Watermaster administration	755,442
Pool, Advisory and Board administration	311,099
Educational	375
Optimum Basin Management Plan	3,240,788
Mutual agency project costs	81,416
Groundwater replenishment	984,671
MZ1 imported water	<u>870,623</u>
 Total Operating Expenses	 <u>6,244,414</u>
 Income from operations	 <u>4,515,163</u>
 Non-Operating Revenues	
Interest	<u>91,863</u>
 Total Nonoperating Revenues	 <u>91,863</u>
 Change in net assets	4,607,026
Net assets at beginning of year, as restated	<u>3,884,682</u>
 Total net assets at end of year	 <u>\$ 8,491,708</u>

### **COMPARISON OF FY 2003-2004 ADMINISTRATION BUDGET TO ACTUAL REVENUES/EXPENSE**

The revenue exceeded budget primarily resulting from assessments related to replenishment obligations incurred.

Actual expenses fell short of the budget by \$1.04 million. This was due to a reduction in planned expenses in monitoring programs especially hydraulic control and ground level monitoring, as well as a substantial shortfall in expense related to operating and maintenance expenses for the recharge basins.

Administration recorded an operating income of \$769,270 (before replenishment activities) for the year ending June 30, 2004, compared to a budgeted loss \$1.27 million. This planned operating deficit was as a result of a desired usage of accumulated net assets.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2004

<u>Assets</u>	<u>2004</u>
Current assets:	
Cash and investments (note 2)	\$ 8,763,233
Accounts receivable	167,905
Prepaid expenses	<u>36,048</u>
Total current assets	<u>8,967,186</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation (note 3)	<u>106,641</u>
Total noncurrent assets	<u>106,641</u>
Total assets	<u>9,073,827</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	527,307
Accrued salaries and benefits	<u>8,121</u>
Total current liabilities	<u>535,428</u>
Noncurrent liabilities:	
Compensated absences (note 4)	<u>46,691</u>
Total noncurrent liabilities	<u>46,691</u>
Total liabilities	<u>582,119</u>
<u>Net Assets</u>	
Net assets:	
Invested in capital assets, net of related debt	106,641
Unrestricted	<u>8,385,067</u>
Total net assets	<u>\$ 8,491,708</u>

See accompanying notes to the basic financial statements.

# CHINO BASIN WATERMASTER

## Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2004

	<u>2004</u>
Operating revenues:	
Administrative assessments (note 1)	\$ 4,736,516
Mutual agency project revenue	301,209
Replenishment water	4,135,998
MZ1 supplemental water assessments	<u>1,585,854</u>
 Total operating revenues	 <u>10,759,577</u>
Operating expenses:	
Watermaster administration	755,442
Pool, advisory and Board administration	311,099
Educational	375
Optimum Basin Management Plan	3,240,788
Mutual agency project costs	81,416
Groundwater replenishment	984,671
MZ1 imported water	<u>870,623</u>
 Total operating expenses	 <u>6,244,414</u>
 Income (loss) from operations	 <u>4,515,163</u>
Nonoperating revenues (expenses):	
Interest	<u>91,863</u>
 Total nonoperating revenues	 <u>91,863</u>
 Change in net assets	 4,607,026
Net assets at beginning of year, as restated (note 3)	<u>3,884,682</u>
Total net assets at end of year	<u>\$ 8,491,708</u>

See accompanying notes to the basic financial statements.



# CHINO BASIN WATERMASTER

## Statement of Cash Flows

Year ended June 30, 2004

	<u>2004</u>
Cash flows from operating activities:	
Cash received from customers	\$ 4,603,399
Cash received from other agencies	301,209
Cash received from replenishment water	4,135,998
Cash received from M21 supplemental water assessments	1,585,854
Cash paid to employees for services	(923,760)
Cash paid to suppliers of goods and services	<u>(5,401,274)</u>
Net cash provided by (used for) operating activities	<u>4,301,426</u>
Cash flows from capital financing activities:	
Acquisition of capital assets	<u>(90,177)</u>
Net cash provided by (used for) capital financing activities	<u>(90,177)</u>
Cash flows from investing activities:	
Interest received	<u>91,863</u>
Net cash provided by (used for) investing activities	<u>91,863</u>
Net increase (decrease) in cash	4,303,112
Cash and investments at the beginning of year	<u>4,460,031</u>
Cash and investments at the end of year	<u>\$ 8,763,143</u>

(Continued)

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Cash Flows

Year ended June 30, 2004

	<u>2004</u>
Reconciliation of operating income to net cash used for operating activities:	
Operating income	\$ 648,605
Adjustment to reconcile operating income (loss) to net cash used for operating activities:	
Depreciation	28,804
Other revenue (expenses)	3,866,558
(Increase) decrease in accounts receivable	(133,117)
(Increase) decrease in prepaid expenses	(4,173)
Increase (decrease) in account payable	(77,796)
Increase (decrease) in accrued salaries and benefits	(14,595)
Increase (decrease) in compensated absences	<u>(12,770)</u>
Net cash used for operating activities	<u>\$ 4,301,516</u>

Noncash investing, capital and financing activities:

There were no noncash investing, capital or financing activities during the fiscal year ended June 30, 2004.

See accompanying notes to the basic financial statements.

# CHINO BASIN WATERMASTER

## Notes to the Basic Financial Statements

Year Ended June 30, 2004

### (1) Reporting Entity and Summary of Significant Accounting Policies

#### Description of Reporting Entity

The Chino Basin Watermaster ("Watermaster") was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled "Chino Basin Municipal Water District v. City of Chino, et al.", signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as "Watermaster". Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee".

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year's production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2003-04 expenses are based on the 2002-03 production volume.

	2002-03	
	<u>Acre Feet</u>	<u>%</u>
Appropriative Pool	121,586	74.185
Agricultural Pool	37,457	22.854
Non-Agricultural Pool	<u>4,853</u>	<u>2.961</u>
Total Production	<u>163,896</u>	<u>100.000</u>

# CHINO BASIN WATERMASTER

## Notes to the Basic Financial Statements

(Continued)

### (1) Reporting Entity and Summary of Significant Accounting Policies. (Continued)

The Agricultural Pool members ratified an agreement with the Appropriative Pool at their meeting of June 16, 1988, wherein the Appropriative Pool assumes Agricultural Pool administrative expenses and special project cost allocations in exchange for an accelerated transfer of unpumped agricultural water to the Appropriative Pool. In addition the Agricultural Pool transferred all pool administrative reserves at June 30, 1988 to the Appropriative Pool effective July 1, 1988.

In July of 2000, the principal parties in the Basin signed an agreement, known as the Peace Agreement, which among other things formalized the commitment of the Basin parties to implement an Optimum Basin Management Program. The Peace Agreement was signed by all of the parties, and the Court has approved the agreement and ordered the Watermaster to proceed in accordance with the terms of the agreement. The Court has approved revisions to the Chino Basin Watermaster Rules and Regulations.

#### Basis of Accounting

The Watermaster is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Watermaster utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

#### Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year.

Watermaster pools cash and investments of all fund balance reserves. Investment income earned by the pooled investments is allocated quarterly to the various reserves based on each reserve's average cash and investments balance.

#### Cash Equivalents

For the purposes of the Statements of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

# CHINO BASIN WATERMASTER

## Notes to the Basic Financial Statements

(Continued)

### (1) Reporting Entity and Summary of Significant Accounting Policies. (Continued)

#### Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The Watermaster capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Computer equipment and software	5 years
Office furniture and fixtures	7 years
Leasehold improvements	10 years
Automotive equipment	7 years

#### Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Appropriative Interest Revenue Allocation

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2002-03 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2003-04 assessments. Amount of administrative assessment received for the year ended June 30, 2004 was \$4,736,516.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments are classified in the accompanying Statements of Net Assets as follows:

	<u>2004</u>
Current assets:	
Cash	\$ 62,684
Investments	<u>8,700,549</u>
Total cash and investments	<u>\$8,763,233</u>

Cash and investments held by the Watermaster consisted of the following:

	<u>2004</u>
Petty cash	\$ 500
Deposits	62,184
Investments	<u>8,700,549</u>
	<u>\$8,763,233</u>

State statutes and the Watermaster's investment policy authorize the Watermaster to invest in certificates of deposit with financial institutions having an operating branch within the Watermaster's geographic area and the State of California Treasurer's Local Agency Investment Fund (LAIF).

Under the California Government Code, a financial institution is required to secure deposits made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Deposits of governmental agencies are classified in three categories to give an indication of the level of custodial risk assumed by the entity. Category 1 includes deposits that are insured or collateralized with securities held by the Watermaster or its agent in the Watermaster's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Watermaster's name. Category 2 also includes deposits collateralized by an interest in an undivided collateral pool held by an authorized agent or depository and subject to certain regulatory requirements under state law. Category 3 includes deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Watermaster's name. Category 3 also includes any uncollateralized deposits.

At June 30, 2004, deposits are categorized as follows:

<u>Form of Deposit</u>	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Demand deposits	<u>\$100,000</u>	<u>58,934</u>	<u>-</u>	<u>158,934</u>	<u>62,184</u>
	<u>\$100,000</u>	<u>58,934</u>	<u>-</u>	<u>158,934</u>	<u>62,184</u>

The bank balance reflects the amount credited by a financial institution to the Watermaster's account as opposed to the Watermaster's own ledger balance for the account. The carrying value reflects the ledger value, which includes checks written by the Watermaster, which have not cleared the bank as of June 30, 2004.

Investments of governmental agencies are classified into three categories to give an indication of the custodial risk assumed by the entity. Category 1 includes investments that are insured or registered or for which the securities are held by the Water Authority or the Watermaster's custodial agent (which must be a different institution other than the party through which the Watermaster purchased the securities) in the Watermaster's name. Investments held "in the Watermaster's name" include securities held in a separate custodial or fiduciary account and identified as owned by the Watermaster in the custodian's internal accounting records. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer's agent in the Watermaster's name (or by the trust department of the dealer if the dealer was a financial institution and another department of the institution purchased the security of the Watermaster). Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer's agent, but not in the Watermaster's name. Category 3 also includes all securities held by the broker-dealer agent of the Watermaster (the party that purchased the security of the Watermaster) regardless of whether or not the securities are being held in the Watermaster's name.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

At June 30, 2004, investments are categorized as follows:

<u>Form of Investment</u>	<u>Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Local Agency Investment Funds (LAIF)*	\$ -	-	-	<u>\$8,700,549</u>
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$8,700,549</u>

\* Monies pooled with the State Treasurer in the Local Agency Investment Fund (LAIF) are not subject to risk categorization.

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the investment accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.



CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(3) Capital Assets

Capital asset activity for the year ended June 30, 2004 is as follows:

	Balances at July 1, 2003 (as restated)*	Additions	Deletions	Balances at June 30, 2004
Computer equipment and software	\$32,468	17,300	-	49,768
Office furniture and fixtures	7,288	29,083	-	36,371
Leasehold improvements	-	23,443	-	23,443
Automotive equipment	<u>58,821</u>	<u>20,352</u>	<u>-</u>	<u>79,173</u>
Total costs of depreciable assets	<u>98,577</u>	<u>90,178</u>	<u>-</u>	<u>188,755</u>
Less accumulated depreciation:				
Computer equipment and software	(16,464)	(9,954)	-	(26,418)
Office furniture and fixtures	(1,041)	(5,196)	-	(6,237)
Leasehold improvements	-	(2,344)	-	(2,344)
Automotive equipment	<u>(35,805)</u>	<u>(11,310)</u>	<u>-</u>	<u>(47,115)</u>
Total accumulated depreciation	<u>(53,310)</u>	<u>(28,804)</u>	<u>-</u>	<u>(82,114)</u>
Net capital assets	<u>\$45,267</u>	<u>61,374</u>	<u>-</u>	<u>106,461</u>

\* Balances have been restated at July 1, 2003 as a result of the implementation of GASB No. 34.

(4) Compensated Absences

Permanent Watermaster employees earn from 10 to 20 days vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 100% of their rate of pay at termination, and all employees with continuous employment for a minimum of five (5) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation. The amount of compensated absences outstanding as of June 30, 2004 was \$46,691.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(5) Deferred Compensation Plan

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. Generally, the amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the lesser of \$12,000 or 33.33% of includible compensation, or 25% of gross compensation. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2004, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

(6) Operating Lease

The Watermaster entered into a new lease for rent of office space on September 1, 2003, expiring August 30, 2013. The monthly lease payment was \$4,900, and the lease will increase annually by a factor of the Consumer Price Index (CPI). The amount paid under this lease was \$44,100 for the year ended June 30, 2004. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2005	\$ 58,800
2006	58,800
2007	58,800
2008	58,800
2009	58,800
2010	58,800
2011	58,800
2012	58,800
2013	<u>58,800</u>
Total	<u>\$529,200</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(7) Defined Benefit Pension Plan (PERS)

The Chino Basin Watermaster contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contribution required by the employees on their behalf and for their account. The Watermaster is required to contribute at an actuarially determined rate. The current rate is 14.262% of annual covered payroll. The contribution requirements of plan members and the Watermaster are established and may be amended by PERS.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2003 to June 30, 2004 has been determined by an actuarial valuation of the plan as of June 30, 2001. The contribution rate indicated for the period is 14.262% of payroll for the Retirement Program. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2004, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2003 to June 30, 2004.

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2001
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	9 Years as of the Valuation Date
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	8.25% (net of administrative expenses)
Projected Salary Increases	3.75% to 14.20% depending on Age, Service, and type of employment
Inflation	3.50%
Payroll Growth	3.75%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.5% and an annual production growth of

0.25%.  
CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(7) Defined Benefit Pension Plan (PERS), (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

*Required Supplementary Information*

Retirement Program

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>*UAAL As a % of Payroll</u>
6/30/00	\$124,832	116,301	8,513	93.2%	333,316	2.6%
6/30/01	192,890	178,838	14,052	92.7%	291,502	(4.8%)
6/30/02	294,441	262,540	31,901	89.2%	517,200	(6.2%)

\* UAAL refers to unfunded actuarial accrued liability.

(8) Project Commitments

Under a financing agreement developed pursuant to the OBMP Recharge Master Plan, the Watermaster is obligated to pay for one-half of the fixed project costs for certain recharge facilities in the Chino Basin area that are being constructed to increase the recharge of imported water, storm water, and recycled water to the Chino Groundwater Basin. The recharge facilities being constructed will be owned by the Inland Empire Utilities Agency pursuant to a Recharge Operations Agreement. When complete, the recharge project will enable the Watermaster to increase annual recharge to the Chino Groundwater Basin. Fixed project costs include construction costs, debt service on the related bond financing and reserves for repair, replacement, improvement and debt service.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(9) Change in Accounting Principle

During the year ended June 30, 2004, the Watermaster implemented GASB Statement No. 34. GASB Statement No. 34 changed the financial reporting model of local government units. As a result of GASB Statement No. 34, fund financial statements are required to be presented with a focus on the major funds of that local government. Previously, financial reporting for the local governments had focused on reporting by fund type.

**SUPPLEMENTARY INFORMATION**

## CHINO BASIN WATERMASTER

Combining Schedule of Revenue, Expenses and Changes in Working Capital (by subfund)

For the Period July 1, 2003 through June 30, 2004

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2003-04
			APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS			
Administrative Revenues										
Administrative Assessments			4,614,056		122,460				4,736,516	\$3,940,516
Interest Revenue			81,090	7,111	3,624			38	91,863	112,025
Mutual Agency Project Revenue		301,209							301,209	0
Grant Income									-	0
Miscellaneous Income	-								-	0
Total Revenues	-	301,209	4,695,146	7,111	126,084	-	-	38	5,129,588	4,052,541
Administrative & Project Expenditures										
Watermaster Administration	816,818								816,818	617,732
Watermaster Board-Advisory Committee	47,569								47,569	43,442
Pool Administration			13,796	246,513	3,221				263,530	255,148
Optimum Basin Mgmt Administration		932,272							932,272	1,034,064
OBMP Project Costs		2,308,516							2,308,516	3,365,079
Education Funds Use								375	375	375
Mutual Agency Project Costs	81,416								81,416	85,004
Total Administrative/OBMP Expenses	945,803	3,240,788	13,796	246,513	3,221			375	4,450,496	5,400,844
Net Administrative/OBMP Income	(945,803)	(2,939,579)							-	0
Allocate Net Admin Income To Pools	945,803		701,641	216,156	28,007				-	0
Allocate Net OBMP Income To Pools		2,939,579	2,180,717	671,817	87,046				-	0
Agricultural Expense Transfer			1,124,360	(1,124,360)					-	0
Total Expenses			4,020,514	10,125	118,273	-	-	375	4,450,496	5,400,844
Net Administrative Income			674,632	(3,014)	7,811			(337)	679,092	(1,348,303)
Other Income/(Expense)										
Replenishment Water Purchases						4,135,998			4,135,998	0
MZ1 Supplemental Water Assessments						1,585,854			1,585,854	2,189,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,273,500)
Groundwater Replenishment						(1,855,294)			(1,855,294)	0
Net Other Income						3,866,558			3,866,558	(84,000)
Net Transfers To/(From) Reserves			674,632	(3,014)	7,811	3,866,558		(337)	4,545,650	(1,432,303)
Working Capital, July 1, 2003			2,780,770	466,069	165,291	266,503	158,251	2,532	3,839,416	
Working Capital, End Of Period			3,455,402	463,055	173,102	4,133,061	158,251	2,195	8,385,066	
02/03 Production			121,586,420	37,457,315	4,853,247				163,896,982	
02/03 Production Percentages			74.185%	22.854%	2.961%				100.000%	



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### D. CHINO BASIN WATERMASTER INVESTMENT POLICY





**RESOLUTION 05-01**

**RESOLUTION OF THE CHINO BASIN WATERMASTER,  
SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING  
A WATERMASTER INVESTMENT POLICY**

**WHEREAS**, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

**WHEREAS**, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

**WHEREAS**, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

**WHEREAS**, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster Finance Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

**WHEREAS**, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

**NOW, THEREFORE, BE IT RESOLVED**, by the Chino Basin Watermaster that:

Section 1. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Finance Manager subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

Section 2. This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.

\*\*Watermaster's Investment Policy originally adopted by the Advisory Committee on February 13, 1997 and the Watermaster Board on March 5, 1998.

**APPROVED** by the Advisory Committee this 27<sup>th</sup> day of January 2005.

**ADOPTED** by the Watermaster Board on this 27<sup>th</sup> day of January 2005.

By: \_\_\_\_\_

Chairman, Watermaster Board

APPROVED:

\_\_\_\_\_  
Chairman, Advisory Committee

ATTEST:

\_\_\_\_\_  
Secretary  
Chino Basin Watermaster

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, \_\_\_\_\_, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 05-01, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### E. LOCAL AGENCY INVESTMENT FUND



**RESOLUTION 05-02 OF CHINO BASIN WATERMASTER**

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730

PHONE: 909-484-3888

**AUTHORIZING INVESTMENT OF MONIES  
IN THE LOCAL AGENCY INVESTMENT FUND**

**WHEREAS**, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

**WHEREAS**, the Chino Basin Watermaster was appointed on January 27, 1978, under San Bernardino Superior Court Case No. WCV51010 (formerly Case No. SCV164327) entitled Chino Basin Municipal Water District V. City of Chino, et al., with powers to authorize the investment or deposit of surplus funds pursuant to the California Government Code, Section 53600; and

**WHEREAS**, upon filing of an appropriate resolution, local agencies are permitted to remit money to the State Treasurer for deposit in the fund for the purpose of investment; and pursuant to Section 16429.3 of said Government Code, such monies are not subject to impoundment of seizure by any state official or state agency.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record.

**BE IT FURTHER RESOLVED**, that the following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.

_____	<u>Chairman of the Board</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Vice-Chair</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Secretary/Treasurer</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Kenneth R. Manning</u>	<u>Chief Executive Officer/Secretary</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Sheri Rojo</u>	<u>Finance Manager</u>	_____
(NAME)	(TITLE)	(SIGNATURE)

**PASSED AND ADOPTED**, by the Board of Directors of Chino Basin Watermaster, San Bernardino County, State of California on January 27, 2005.

**Note:** Resolution must be adopted by the governing body. Please submit a certified copy of the resolution to LAIF. A certified copy is 1) a copy of the resolution affixed with the seal of the agency or 2) a copy of the resolution attested by the Board Secretary with his/her original signature.

ATTEST:

\_\_\_\_\_  
Secretary  
Chino Basin Watermaster

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, \_\_\_\_\_, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution of Chino Basin Watermaster, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Secretary

Date:



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### F. ASSESSMENTS



**RESOLUTION 05-03**

**A RESOLUTION OF THE CHINO BASIN WATERMASTER LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS FOR FISCAL YEAR 2004- 2005**

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under Case No. RCV 51010 (formerly case No. SCV 164327) entitled Chino Basin Municipal Water District v. City of Chino, et al., with powers to levy and collect administrative and replenishment assessments necessary to maintain water levels and to cover the cost of administering the Chino Basin Judgment; and

WHEREAS, the Watermaster Advisory Committee approved and the Watermaster Board adopted the Fiscal Year 2004-2005 Budget on May 27, 2004 to carry out the necessary Watermaster functions under the Judgment; and

WHEREAS, the parties named in this Judgment have pumped 32,388.421 acre-feet of water in excess of the operating safe yield, which is required to be replaced at the expense of the parties in accordance with the assessment formulas for the respective pools.

NOW, THEREFORE, BE IT RESOLVED that the Chino Basin Watermaster levies the respective assessments for each pool effective November 18, 2004 as shown on Exhibit "A" attached hereto.

BE IT FURTHER RESOLVED, that pursuant to the Judgment, each party has thirty-days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55 (c) of the Judgment.

THE FOREGOING RESOLUTION was

**APPROVED** by the Advisory Committee on the 27<sup>th</sup> day of January 2005.

**ADOPTED** by the Watermaster Board on the 27<sup>th</sup> day of January 2005.

By: \_\_\_\_\_  
Chairman, Watermaster Board

APPROVED:

\_\_\_\_\_  
Chairman, Advisory Committee

ATTEST:

\_\_\_\_\_  
Secretary, Watermaster Board

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Exhibit "A"  
Resolution 05-02

Summary  
of  
Assessments  
Fiscal Year 2004-2005  
Production Year 2003-2004

1. OVERLYING (NON-AGRICULTURAL) POOL

a.	2004-2005 Administrative Budget	\$ <u>5.49</u>	Per AF/Production Admin.
		\$ <u>19.94</u>	Per AF/Production OBMP
b.	Replenishment	\$ <u>250.00</u>	Per AF

2. APPROPRIATIVE POOL

a.	Administration		
	1. 2004-2005 Administrative Budget	\$ <u>5.49</u>	Per AF/Production Admin.
		\$ <u>19.942</u>	Per AF/Production OBMP
	2. 2003-2004 Ag Pool Unallocated Safe Yield Water Transfers	\$ <u>5.65</u>	Per AF Reallocated Admin.
		\$ <u>20.50</u>	Per AF Reallocated OBMP
b.	100% Net Replenishment	\$ <u>250.00</u>	Per AF
c.	15/85		
	Gross - 15%	\$ <u>9.94</u>	Per AF
	Net - 85%	\$ <u>212.50</u>	Per AF

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, \_\_\_\_\_, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 05-02 was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### G. NOTICE OF INTENT





# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

---

Kenneth R. Manning  
Chief Executive Officer

## STAFF REPORT

**DATE:** January 13, 2005  
January 18, 2005  
January 27, 2005

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

### Summary

**Issue** – Reservation of Right to Re-determine Safe Yield as per Chino Basin Watermaster Judgement.

**Recommendation** – Recommends the approval of the filing of Watermaster's "Notice of Intent to Change the Operating Safe Yield of the Chino Groundwater Basin".

**Fiscal Impact** - None

### Discussion

In an effort to comply with the Judgment requirement that a five-year notice of change be provided should a re-determination of the safe yield of the Chino Basin be made, Watermaster has approved its Notice of Intent in each year since 1982.

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# Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

**PLEASE TAKE NOTICE** that on this 13<sup>th</sup> day of January 2005, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

**Approved by  
CHINO BASIN WATERMASTER  
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER  
BOARD OF DIRECTORS**

By: \_\_\_\_\_  
Chair

By: \_\_\_\_\_  
Chair

**ATTEST:**

By: \_\_\_\_\_  
Secretary

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# CHINO BASIN WATERMASTER

## III. BUSINESS ITEM

### A. ESTABLISH TWO NEW POSITIONS







# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

---

KENNETH R. MANNING  
Chief Executive Officer

## STAFF REPORT

**DATE:** January 13, 2005  
January 18, 2005  
January 27, 2005

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Establishing positions of GIS Specialist and Environmental Specialist

### Summary

**Issue** – Compliance with IRS rules regarding the use of contract employees.

**Recommendation** – Approve the establishment of the positions, GIS Specialist and Environmental Specialist.

**Fiscal Impact** – The cost for bringing these two positions in-house versus their current contract status will exceed the current budget by approximately \$45,000, including salary & benefits.

### Background

Over the past few months Watermaster CEO has worked closely with legal counsel and our consultant, Wildermuth Environmental, Inc. (WEI) to bring both organizations into compliance with Internal Revenue Service rules regarding contract employees. This plan calls for Watermaster's current contract employees through WEI, be housed in a facility leased by WEI and under the direct supervision of WEI staff. Currently, all contract field staff employees are housed at Watermaster.

The downside to the implementation of the plan is the potential for Watermaster to lose continuity and inhibit its ability to respond quickly to daily issues. The solution would be to keep both the GIS Specialist and Environmental Specialist positions in house and under the direction of senior Watermaster staff. This would allow Watermaster to respond quickly to events and issues while being able to perform specific and ad-hoc duties without the need to coordinate with our consultant. It is anticipated that the changes will create the separation required to comply with the rules governing contract employees, and allow maximum flexibility for both WEI and Watermaster.

Staff recommends approval of the creation of the GIS Specialist and Environmental Specialist positions and authorization for the CEO to begin the hiring process.

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Chino Basin Watermaster  
Salary Matrix  
2004/2005

	Annual	Monthly	Bi-Weekly	Weekly	Hourly
W013					
Environmental Specialist					
Step A	46,428	3,869	1,785.69	892.85	22.32
Step B	48,749	4,062	1,874.98	937.49	23.44
Step C	51,187	4,266	1,968.73	984.36	24.61
Step D	53,746	4,479	2,067.16	1,033.58	25.84
Step E	56,434	4,703	2,170.52	1,085.26	27.13
W012					
GIS Specialist					
Step A	49,680	4,140	1,910.77	955.38	23.88
Step B	52,164	4,347	2,006.31	1,003.15	25.08
Step C	54,772	4,564	2,106.62	1,053.31	26.33
Step D	57,511	4,793	2,211.95	1,105.98	27.65
Step E	60,386	5,032	2,322.55	1,161.28	29.03

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# Environmental Specialist

**Supervisor:** Senior Engineer

**Status:** A

## GENERAL DESCRIPTION

Under supervision, the Environmental Specialist is responsible for assisting in monitoring, coordinating, conducting studies, and preparing reports relating to groundwater levels, groundwater quality, groundwater production, recharge basin spreading, surface water flows, and surface water quality.

## TYPICAL DUTIES

1. Performs various monitoring program tasks to support Watermaster projects including groundwater level, groundwater quality, recharge basin spreading, surface water flow measurement, surface water quality sampling, well inspection, and meter reading.
2. Collects data for and updates Watermaster databases, including Production and Water Level databases.
3. Performs quality control checking to maintain the integrity and accuracy of the databases.
4. Analyzes data and prepares reports related to ongoing monitoring and special projects.
5. Performs other duties and responsibilities as required.

## QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

### Certification:

- Must possess and maintain a valid California Driver License appropriate for the equipment to be operated and provide proof thereof and maintain a driving record acceptable to the District's automobile insurance carrier.

### Educational Background:

- A Bachelor's degree in environmental science, environmental engineering, chemistry, biology, microbiology or a related field.

### Field Experience:

- Related water resources and/or engineering experience are desirable.

### Knowledge and Special Skills:

- Knowledge of principles of groundwater and surface water hydrology basics. Skilled in the use of microcomputers including the use of a word processing program (MS Word), a spreadsheet program (MS Excel), and a database program (MS Access). Ability to work accurately and in cooperation with others; to communicate effectively both orally and in writing; and to establish and maintain cooperative working relationships.

### Physical Demands:

- See Attached Listing for Physical Demands.



## Environmental Specialist

### QUALIFICATIONS

#### Work Environment:

- The work environment characteristics described are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Primarily office environment; noise level usually quiet to moderate.

Some work is performed outdoors involving exposure to weather, temperature extreme, loud noise, dust, work safe hazards and encountering of various agricultural operations.

Work around construction equipment.

Exposure to some hazardous chemicals such as acids and bases, and chemical fumes.

May require working in some small, constricted spaces.

The physical demands are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Sustained periods of walking and/or standing, sitting and riding in or driving a vehicle.

Sustained posture in a seated position.

Hear and respond to traffic and warning noises while on the job site.

Ability to move, lift carry and transport field equipment, up to fifty pounds, to and from vehicle, all without assistance.

Some climbing, stooping and walking over uneven terrain near well sites.

While performing the duties of this job, the employee is regularly required to stand, walk, talk, and hear in a clear manner.

Normal dexterity of hands and fingers to handle or feel objects, tools or controls.

High use of computer terminal and keyboard.

High to moderate requirement for hand coordination, visual and cognitive abilities.

Reach with arms and hands.

Ability to bend, stoop, stretch and kneel.

Ability to hear clearly over other distraction.

Must tolerate moderate noise level and interruptions in outdoors environment.

While performing the duties of this job, the employee I regularly required to stand, walk, talk, and hear in a clear manner.

Moderate written communications.

High to moderate verbal communication. Ability to receive detailed information through verbal communication and to make fine discriminations in sound.

Must be able to convey detailed or important spoken instructions to other workers accurately and/or quickly.

High to moderate non-verbal communication.

Normal ability to see, distinguish color and hear.

Moderate time pressure of decision-making.

High to moderate complexity of decision-making.

Normal concentration/intensity.

Driving a vehicle and walking over uneven terrain near well sites. Ability to employ initiative, tact and discretion appropriate to the service performed.

Represents watermaster in a professional manner to clients and co-workers and supports company policy.

Punctuality and attendance are critical to the success of the team.

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# GIS Specialist

**Supervisor:** Senior Engineer

**Status:** A

## GENERAL DESCRIPTION

Under supervision, the GIS Specialist is responsible for the operation and maintenance of Watermaster's GIS program, developing and maintaining GIS databases, updating data, and developing and maintaining GIS applications. The GIS Specialist also assists in activities relating to groundwater levels, groundwater quality, groundwater production, recharge basin spreading, surface water flows, and surface water quality.

## TYPICAL DUTIES

1. Maintains and updates Watermaster's GIS databases.
2. Using GIS technologies, enters and manipulates system and attribute data from manual sources and digital source records.
3. Produces maps, charts, and other graphical data reports, as needed.
4. Operates equipment such as plotters and printers for output of maps and graphics.
5. Assists in the transfer of digital data to and from other agencies and consultants.
6. Performs quality control checking to maintain the integrity and accuracy of the databases.
7. Collects data for and updates the Groundwater Production Database.
8. Performs field duties, such as measuring groundwater levels, obtaining groundwater quality samples, or assisting in recharge basin spreading activities.
9. Performs other duties and responsibilities as required.

## QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

### Certification:

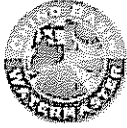
- Must possess and maintain a valid California Driver License appropriate for the equipment to be operated and provide proof thereof and maintain a driving record acceptable to the District's automobile insurance carrier.

### Educational Background:

- A Bachelor's degree in GIS, geography, computer sciences, or a related field.

### Field Experience:

- Two years of GIS work experience using ESRI software to include designing, creating, maintaining, and analyzing geospatial and tabular data, writing GIS script and/or application programs.



# GIS Specialist

## QUALIFICATIONS

### Knowledge and Special Skills:

- Knowledge of principles and practices of GIS theory, function, and data analysis; GIS programming languages, development tools, technologies and ESRI application software; and GIS data handling and conversion techniques. Skilled in the use of microcomputers including the use of a word processing program (MS Word), a spreadsheet program (MS Excel), and a database program (MS Access). Ability to work accurately and in cooperation with others; to communicate effectively both orally and in writing; and to establish and maintain cooperative working relationships.

### Physical Demands:

- See Attached Listing for Physical Demands.

### Work Environment:

- The work environment characteristics described are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Primarily office environment; noise level usually quiet to moderate.

Some work is performed outdoors involving exposure to weather, temperature extreme, loud noise, dust, work safe hazards and encountering of various agricultural operations.

Work around construction equipment.

Exposure to some hazardous chemicals such as acids and bases, and chemical fumes.

May require working in some small, constricted spaces.

The physical demands are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Sustained periods of walking and/or standing, sitting and riding in or driving a vehicle.

Sustained posture in a seated position.

Hear and respond to traffic and warning noises while on the job site.

Ability to move, lift carry and transport field equipment, up to fifty pounds, to and from vehicle, all without assistance.

Some climbing, stooping and walking over uneven terrain near well sites.

While performing the duties of this job, the employee is regularly required to stand, walk, talk, and hear in a clear manner.

Normal dexterity of hands and fingers to handle or feel objects, tools or controls.

High use of computer terminal and keyboard.

High to moderate requirement for hand coordination, visual and cognitive abilities.

Reach with arms and hands.

Ability to bend, stoop, stretch and kneel.

Ability to hear clearly over other distraction.

Must tolerate moderate noise level and interruptions in outdoors environment.

While performing the duties of this job, the employee I regularly required to stand, walk, talk, and hear in a clear manner.

Moderate written communications.

High to moderate verbal communication. Ability to receive detailed information through verbal communication and to make fine discriminations in sound.

Must be able to convey detailed or important spoken instructions to other workers accurately and/or quickly.

High to moderate non-verbal communication.

Normal ability to see, distinguish color and hear.

Moderate time pressure of decision-making.

High to moderate complexity of decision-making.

Normal concentration/intensity.

Driving a vehicle and walking over uneven terrain near well sites. Ability to employ initiative, tact and discretion appropriate to the service performed.

Represents watermaster in a professional manner to clients and co-workers and supports company policy.

Punctuality and attendance are critical to the success of the team.

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# CHINO BASIN WATERMASTER

## III. BUSINESS ITEM

- B. SALE OF WATERMASTER TRUCKS  
TO WILDERMUTH ENVIRONMENTAL,  
INC.





# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** January 13, 2005  
January 18, 2005  
January 27, 2005

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Sale of Vehicles to Wildermuth Environmental, Inc.

### Summary

**Issue** – Compliance with IRS rules regarding the use of contract employees.

**Recommendation** – Approve the sale of 3 vehicles (1992 Ford F150, 1998 Ford Ranger and 2001 Dodge Dakota) to Wildermuth Environmental, Inc. at Kelly Blue Book Trade-in Value.

**Fiscal Impact** – The net effect of the sale will result in a one time increase in cash on hand in the amount of approximately \$ 15,250. Actual value to be set at the time of sale.

### Background

In an effort to bring Watermaster into compliance with IRS rules regarding contract employees, it is recommended that field staff employed by Wildermuth Environmental, Inc. (WEI), drive vehicles owned by WEI. Currently, those same employees are driving trucks owned and maintained by Watermaster.

Mark Wildermuth understands and agrees with the need to establish a clear separation between the organizations and has offered to purchase most of our fleet to ensure continuity. The sale price will be based upon Kelly Blue Book Trade-in Value with WEI assuming all costs associated with ownership including maintenance and insurance. The Watermaster logo will be maintained on the vehicles along with the addition of a WEI logo strip.

It is recommended that the Board approve the sale of three (3) of the Watermaster vehicles to Wildermuth Environmental, Inc. at Kelly Blue Book Trade-in Value and authorize the CEO to execute the transaction.

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# CHINO BASIN WATERMASTER

## III. BUSINESS ITEM

### C. PARTICIPATION IN THE CHINO BASIN PUBLIC OUTREACH CAMPAIGN







# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** January 18, 2005  
**TO:** Agricultural Pool Committee Members  
**SUBJECT:** Participation with the Chino Basin Public Outreach Campaign

### Summary

**Issue** – Informing the public about water issues facing the agricultural community and show how the industry is responding.

**Recommendation** – Approve the expenditure of \$10,000 from the Agricultural Pool funds for participation in the joint Chino Basin Public Outreach Campaign.

**Fiscal Impact** – This item is not a budgeted expense and would require authorization to transfer \$10,000 from the Agricultural Pool Fund of approximately \$ 463,000.00.

### Background

Watermaster CEO, in cooperation with Inland Empire Utilities Agency and other agencies within the basin has developed a Public Outreach Campaign that utilizes the Inland Valley Daily Bulletin to deliver the message. The campaign will be designed to provide a positive message about the water agencies and agricultural industries and how they are working together to provide clean and abundant water to the residents of this basin.

Currently, the water industry and the stakeholders within the basin, including agriculture, are being ignored by the press. The reason for the lack of coverage is that by its own design, is difficult to understand. In addition, the stakeholders are now in a cooperative posture and are not creating news through controversy. These dynamics are not a bad thing, but they help to create a vacuum for positive public information that could help the industry if it is ever necessary to rally community support for large scale public projects or to stave off criticism when decisions are necessary.

The campaign will cost a total of \$100,000 with IEUA contributing half of the dollars needed. The remainder is being contributed by a variety of public agency partners including Three Valley's MWD, Western MWD, Chino Basin Conservation District and Watermaster. IEUA will coordinate the campaign with representatives from the other contributing agencies providing input. The first publication will appear in late January or early February and it will be an eight page section devoted to the agencies with a general message of cooperation.

It is recommended that the Agricultural Pool approve participation in the Chino Basin Public Outreach Campaign and authorize the expenditure of \$10,000 from its Watermaster account.

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**Chino Basin Water Master  
Public Outreach Proposal 2005**

<i><u>Publication</u></i>	<i><u>Cost</u></i>	<i><u>Value</u></i>	<i><u>Publication Date</u></i>
Civic Leadership IVDB-two pages	\$6,311	\$15,641	February 2005
Earth Day IVDB/two-pages	\$6,311	\$15,641	April 2005
Water Awareness Month IVDB/two-pages	\$6,311	\$15,641	May 2005
Living Here Magazine IVDB/four-pages	\$12,156	\$12,156	May 2005
Safety Awareness Month IVDB/two-pages	\$6,311	\$15,641	July 2005
Think Environment Week IVDB/two-pages	\$6,311	\$15,641	September 2005
LA County Fair IVDB/one-page	\$4,120	\$4,120	September 2005
Literacy/Education Month IVDB/two-pages	\$6,311	\$15,641	October 2005
Health Beat Magazine IVDB/one-page	\$3,559	\$3,559	December 2005
Four (4) Full-page (b&w) Rop Ads IVDB	\$20,000	\$31,280.88	Date of your choice
Eight-Page Section (Tab.) IVDB	\$22,883	\$31,280.88	Date of your choice
Six (6) quarter-page (b&w) ads Or Twelve (12) eighth-of-a-page (b&w) ads IVDB	\$0.00	\$9,572.40	Date of your choice
<b>Grand Total</b>	<b>\$100,584</b>	<b>\$185,815.16</b>	

All prices include design, process color, printing and distribution unless otherwise noted--  
(b&w) refers to black and white ads.

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# CHINO BASIN WATERMASTER

## IV. REPORTS/UPDATES

### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

2. Comments to Western/Muni EIR



21 East Carrillo Street  
Santa Barbara, CA 93101  
Telephone: (805) 963-7000  
Fax: (805) 965-4333



Michael T. Fife  
Direct Dial: (805) 882-1453  
MFife@HatchParent.com

December 20, 2004

Robert L. Reiter  
General Manager and Chief Engineer  
San Bernardino Valley Municipal Water District  
1350 South 'E' Street  
P.O. Box 5906  
San Bernardino, CA 92412-5906

John V. Rossi  
General Manager  
Western Municipal Water District  
450 Alessandro Boulevard  
Riverside, CA 92508

Re: **Chino Basin Watermaster's Comments to Muni/Western Draft  
Environmental Impact Report on the Santa Ana River Water Right  
Applications for Supplemental Water Supply**

Dear Mr. Reiter and Mr. Rossi:

The Chino Basin Watermaster has reviewed the San Bernardino Valley Municipal Water District ("Muni") and Western Municipal Water District of Riverside County's ("Western") Draft Environmental Impact Report on the Santa Ana River Water Right Applications for Supplemental Water Supply (State Clearinghouse Number 2002071062) ("Draft EIR") and submits the following comments.

The Chino Basin Watermaster supports Muni and Western's efforts to increase your water supply reliability by reducing dependence on imported water; by developing and delivering a new, local, high quality water supply; and to expand your operational flexibility by adding infrastructure and varying sources of water. These are the same goals that motivate the Chino Basin Watermaster's project that is the subject of its Application 31369.

We believe that the projects which are intended to accomplish Muni and Western's goals are fully within Muni and Western's rights guaranteed by the Santa Ana River adjudication judgment, *Orange County Water District v. City of Chino et al.*, Superior Court of Orange County, Case No. 117628 (April 17, 1969) ("1969 Judgment").

SB 365947 v1:008350.0001

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Robert L Reiter  
John Rossi  
December 20, 2004  
Page 2

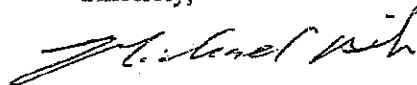
Similar to the Muni/Western Applications, the Chino Basin Watermaster's Application describes a project which will allow for the diversion of as much as 97,000 acre-feet of stormwater to be recharged into the Chino Groundwater Basin. We believe that this project is fully within our rights as guaranteed under the 1969 Judgment.

The State Water Resources Control Board ("SWRCB") has clearly indicated a desire to process all of the pending applications in a coordinated manner. However, thus far, none of the parties to these proceedings have performed environmental analyses which fully consider the cumulative impacts their project may have on the Santa Ana Watershed when considered in a coordinated manner with all of the other applications that are currently before the SWRCB. These include not only the Western/Muni Draft EIR, but also the Orange County Water District's ("OCWD") Draft EIR dated May 2004, and the San Bernardino Water Conservation District's ("Conservation District") Draft EIR dated June 29, 2004 (SCH # 2003071003).

The projects that are the subject of the applications before the SWRCB are specific in scope and therefore amendable to concrete analysis. In fact, the projects that are the subject of the applications by OCWD, the Conservation District, and Chino Basin Watermaster are all existing projects currently in implementation. However, except for brief and passing references, none of the environmental analyses to date consider how these various projects may impact the ability of the other parties to implement their own projects, or how the implementation of all of these projects may impact the Santa Ana River. For example, the diversion of stormwater upstream may impact the water quality of the River in such a way as to limit the diversion of stormwater in other places in the system by other parties. Similarly, upstream stormwater diversion may have ancillary consequences such as the alteration of stream-bed composition which alters the ability of other entities to perform essential recharge operations. These types of impacts do not appear to have been considered in the Muni/Western Draft EIR.

We are very concerned that the current manner of proceeding with the environmental analyses for all of the applications will not provide the SWRCB with the information that it will need in order to process the applications in a coordinated manner. It is our hope that the Santa Ana River parties can soon begin to work together in order to comprehensively address the needs of all stakeholders in the watershed.

Sincerely,



Michael T. Fife  
For HATCH & PARENT  
Counsel For  
CHINO BASIN WATERMASTER

MXF:kac



# CHINO BASIN WATERMASTER

## IV. REPORTS/UPDATES

### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

3. Santa Ana Water Rights Application





DRAFT

Steven M. Kennedy, Esq. [Bar No. 141061]

EAST VALLEY WATER DISTRICT

STATE WATER RESOURCES CONTROL BOARD

DIVISION OF WATER RIGHTS

In the Matter of:	)	Application No. 31369
	)	
PETITIONS TO REVISE DECLARATION OF	)	STIPULATION TO DISMISS
FULLY APPROPRIATED STREAMS TO	)	PROTEST BY EAST VALLEY
ALLOW PROCESSING OF SPECIFIED	)	WATER DISTRICT TO NOTICE OF
APPLICATIONS TO APPROPRIATE WATER	)	APPLICATION TO APPROPRIATE
FROM THE SANTA ANA RIVER	)	WATER BY PERMIT
	)	

IT IS HEREBY STIPULATED by and between EAST VALLEY WATER DISTRICT (hereinafter "EVWD") and CHINO BASIN WATERMASTER (hereinafter "CBWM") as follows:

RECITALS

A. On or about November 4, 2002, CBWM filed Application No. 31369 with the State Water Resources Control Board (hereinafter "SWRCB") to divert to underground storage 97,000 acre-feet of water that flows within the watershed of the Chino Basin for the purposes of industrial, irrigation, stockwatering (dairy use), and municipal use.

B. On or about April 1, 2003, EVWD filed a protest to Application No. 31369 with the SWRCB.

C. CBWM and EVWD wish to resolve their dispute with respect to Application No. 31369 before the SWRCB in the manner set forth herein.

COVENANTS

In consideration for EVWD's agreement to dismiss its protest to Application No. 31369 before the SWRCB, CBWM agrees as follows:

1. None of the points of diversion within the scope of Application No. 31369 before the SWRCB will result in the appropriation, extraction, or withdrawal of water from the Santa Ana River; and
2. Application No. 31369 before the SWRCB shall not be construed to seek any water rights as against EVWD or otherwise to claim that the water rights held by EVWD are not valid and/or have been diminished, lost, or abandoned.

Dated: \_\_\_\_\_

CHINO BASIN WATERMASTER

**DRAFT**

By: \_\_\_\_\_

[Name]

President, Board of Directors

Dated: \_\_\_\_\_

EAST VALLEY WATER DISTRICT

**DRAFT**

By: \_\_\_\_\_

[Name]

President, Board of Directors



# CHINO BASIN WATERMASTER

## IV. REPORTS/UPDATES

### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

4. North Gualala Decision



**FILED**

NOV 9 - 2004

CLERK OF MENDOCINO COUNTY  
SUPERIOR COURT OF CALIFORNIA

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF MENDOCINO

NORTH GUALALA WATER COMPANY,	)	Case No. SCUKCVG 01861
	)	
Petitioner,	)	(Consolidated with North Gualala
	)	Water Company v. State Water
vs.	)	Resources Control Board, Case
	)	No. SCUK CV PT 0390347)
STATE WATER RESOURCES	)	
CONTROL BOARD,	)	
	)	MINUTE ORDER
Respondent.	)	
	)	

This is a petition for a writ of mandate in these consolidated cases. The record shows that North Gualala Water Company, hereinafter referred to as "Petitioner", is a small semi-rural water company. It has historically drawn water to serve its customers from the North Fork of the Gualala River. At some point in the past, it drew water directly from the North Fork of the Gualala River pursuant to a permit. Petitioner drew water from the river going back to at least 1965. In order to resolve a protest by the Department of Fish & Game (DFG), Petitioner agreed to permit term limitations which limited their right to divert water when necessary to maintain in-stream flows for fish life. Sometime later in 1978, in response to a petition for change in the place of use dating back to 1974, Petitioner agreed to a change in the terms of Permit No. 14853. The change in question was Term 9, which states as follows:

MINUTE ORDER

- 1 -

RECORDED 445 17 2004

"For the protection of fish and wildlife, permittee shall during the period:

(a) from November 15<sup>th</sup> through February 29<sup>th</sup>,  
bypass a minimum of 40 cfs;

(b) from March 1<sup>st</sup> through May 31<sup>st</sup> bypass a  
minimum of 20 cfs;

(c) from June 1<sup>st</sup> through November 14<sup>th</sup> bypass a  
minimum of 4 cfs.

The total stream flow shall be bypassed whenever it is less than the designated amount for that period."

In 1989, Petitioner developed production well No. 4 and later in 1996, production well No. 5. Petitioner believed that production well No. 4 was not drawing from the river. One of their reasons for taking water from the wells rather than directly from the river was to improve the quality of the water and reduce water treatment costs. This was partially in response to activity by the Department of Health Services enforcing water quality to the customers of the Petitioner. Both wells are located in Elk Prairie in the alluvium a few miles inland from the mouth of the Gualala River and just upstream from the confluence of the Little North Fork of the North Gualala River. Well No. 4 appears to be about 180 feet from the river itself. Well No. 5 is also within 200 feet of the river.

Again in 1992, a group of Protestants alleged that the production wells were in fact drawing water from the river because they contended the water was coming from the subterranean stream, which is connected to the river itself. In 1993, Petitioner, while disagreeing with the contentions of the Protestants, applied for a permit to include well No. 4 in the diversion permit, reserving their right to challenge the ground water classification at a later date. A similar action was taken with respect to well No. 5 in 1994.

MINUTE ORDER

- 2 -

The basis of Petitioner's belief was in part a report from Luhdorff & Scalmanini, Engineers, which concluded that the ground water under Elk Prairie is not recharged from the North Fork of the Gualala River but is rather a subsurface flow from an adjacent Franciscan formation. Respondent did not agree with that and took the position that a permit subject to Term 9 was necessary to operate wells No. 4 and well No. 5.

The conditions allowing Petitioner to pump water through its wells under the limitations of Term 9 eventually became the subject of a petition for a writ of mandate, which was filed in the Superior Court in July of 2001. Eventually that action was stayed by Judge Richard Freeborn to allow the Petitioner to petition the State Board for a ground water classification hearing. Subsequently a ground water classification hearing was held before the Respondent Board in June 2002. In February 2003, the Board issued Order No. 2003-0004, which ruled that the water from which Petitioner was drawing to its wells was part of a subterranean stream and subject to a water rights permit with terms and limitations as set forth therein. A petition for reconsideration was denied.

In this petition for writ of mandate, the Petitioner seeks to have the Court overturn the Respondent's determination that the water is part of a subterranean stream. Essentially, the Petitioner's position is that water they are drawing is percolating ground water. If in fact the water that the Petitioner is drawing from is percolating ground water, then the parties concede that the Respondent Board would not have jurisdiction over it and, therefore, there would be no right of regulation or control by the Respondent Board in the activities of the Petitioner with respect to Wells 4 and 5 and presumably, any other wells they may drill in the adjacent area. (See AR 1495:14, 15 re proposed wells No. 6 and No. 7)

## I. THE STANDARD OF REVIEW

In reviewing the decision of an administrative agency, the question is whether the Court is to apply the independent judgment test or the substantial evidence test. See *Bixby v. Pierno* (1971) 4 Cal.3d 130 (the independent judgment test); *Topanga Assoc. for a Scenic Community v. County of Los Angeles* (1974) 11 Cal. 3d 506 (the substantial evidence test). In the latter test, the Court must review the record to see if there is a reasonable factual basis for the Board's action. It can only overturn the Board's action when, after review of the entire record, no reasonable person would have made a decision or reach the conclusion made by the agency. See *Young v. Gannon* (2002) 97 Cal.App.4<sup>th</sup> 209, 225; *Newman v. State Personnel Board* (1992) 10 Cal.App.4<sup>th</sup> 41. The Court, after reviewing Water Code Section 1126, CCP Section 1094.5, and cases cited thereunder concludes that the standard to be applied to this case is the substantial evidence case. See *Bank of America v. State Water Resources Control Board* (1974) 42 Cal.App.3d 198, 207.

Not only does the substantial evidence test seem to be supported by case law, but it makes more sense when the nature of the inquiry is considered. This type of case is heavily dependent on scientific data. It requires knowledge of geologic and hydrologic principles that is particularly suited to a Board that hears these matters on a consistent basis. Moreover, the Respondent Board has available to it expert staff not generally available to a trial court. In summary, it deals with a highly specialized subject matter where the Board's experience and expertise should be given great deference. Thus, the conclusion that the substantial evidence test is herein appropriate.

II. THE ORDER DETERMINING THE GROUND WATER CLASSIFICATION AND THE RESULTANT LIMITATIONS ON THE PERMIT MUST BE UPHELD

This case is determined by whether or not the ground water being pumped by the Petitioner in its wells was properly classified. Proper classification determines both the jurisdiction of the Respondent Board and their resulting right to regulate the taking of water pursuant to its statutory authority. Likewise if the Respondent Board has jurisdiction, not only must it consider the rights of the Petitioner, but the rights of any protesting parties and the broader public interest, including environmental and recreational considerations under the Public Trust doctrine. (*National Audubon Society vs. Superior Court of Alpine County* (1983) 33 Cal.3d 419, 433.

**Whether Respondent Board Has Jurisdiction.**

California Water Code Section 1200 provides:

“Whenever the terms stream, lake or other body of water, or water occurs in relation to applications to appropriate water or permits or licenses issued pursuant to such applications, such term refers only to surface water, and to subterranean streams flowing through known and definite channels.”

This section defines water that is subject to appropriation and thus subject to Respondent's authority. Ground water which is not part of this definition of Section 1200 of the Water Code is referred to as “percolating ground water”. The early case of *Los Angeles v. Pomeroy* (1899) 124 Cal. 597 (which preceded the adoption of Water Code Section 1200) established definitions for percolating ground waters and other water sources. To define the type of water is to define whether or not the Respondent Board has jurisdiction over the water. It is clearly settled that percolating ground water is not subject to this Water Code Section and is not subject to the control of Respondent Board. This emanates from both the statute and the earlier case of *Los Angeles v. Pomeroy*,



supra, at p. 632. Percolating ground water has been defined as ground waters that are not in a subterranean stream (*Los Angeles v. Pomeroy, supra*, at p. 628). Percolating ground waters are generally in the common sense of the term ... "vagrant wandering drops moving by gravity in any and all directions". See *A Treatise on the Law of Irrigation and Water Rights* by Clesson S. Kinney, 2<sup>nd</sup> Ed. Vol. 1 Section 1193, p.2162. In *Katz v. Walkinshaw* (1903 ) 141 Cal. 116. A new type of percolating waters was recognized, i.e. percolating waters supplying the flow of a stream as opposed to the vagrant wandering type. Presumably, this latter type of sub-surface water is percolating water that feeds a stream but is not strictly a sub-surface stream. All agree that under the historic standard set forth in *Los Angeles v. Pomeroy, supra*, that the following conditions have to exist for a body of water to be a sub-surface stream:

1. A sub-surface channel must be present.
2. The channel must have relatively impermeable bed and banks.
3. The course of the channel must be known or capable of being determined by reasonable inference.
4. The ground water must be flowing in the channel.

The law presumes that ground water is percolating ground water unless the contrary is shown. *Los Angeles v. Pomeroy, supra*, p.626. <sup>1</sup>

1. Is there is a channel? There is support in the record that the sub-surface flow is in a channel. First of all, the evidence discloses that alluvium is filling the bottom of the canyon to a depth of 170 feet. AR4-0629. Beneath the alluvium is Franciscan bed rock AR7-1037-1041. The topography is such that the alluvium is surrounded by hills

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<sup>1</sup> The trial court must accept this as binding on it since it comes from the Supreme Court. One has to wonder, however if a factual distinction can be made between the facts in *Pomeroy* and this case where the ground water in question at the point of extraction is less than 200 feet from the river and clearly within the alluvial plain of the river.

and logic suggests that water, which everyone concurs is flowing generally to the southwest, has to be in the plain. See AR4-0627 (geologic cross-section).

2. Is there an impermeable bed and banks? The test is not whether the bed and banks are completely impermeable but relatively impermeable. The administrative record is replete with references that the overlying alluvium is 2.5 to 3 times higher than the surrounding bed rock. AR7-1042, AR8-1292.

3. Is the course of the channel known or capable of being ascertained by reasonable inference? Again the answer is yes. See AR7-1049, AR8-1294.

The Administrative Record supports this. AR7-1042, lines 5-13.

4. Is ground water flowing in the channel? Yes, this is not seriously in dispute. Petitioner's main contention is that the flow of subterranean water is to the southwest and that it is largely from the Franciscan bedrock, not that groundwater is not flowing in the channel. (See Petitioner's brief filed before Respondent Board. AR 1480, 1496-1497)

There is both evidence that militates against these conclusions and items of evidence that supports and corroborates these conclusions. For example, Petitioner's expert conceded that Franciscan bedrock has to be fractured to have any permeability. AR8-1260. Also, there is some general evidence that Franciscan bedrock contains aquifers, but no specific evidence that in that area there is an aquifer. AR8-1264. Moreover, aquifers are rare in Franciscan bedrock. AR8-1265. Petitioner's expert testified that the predominant flow of ground water is perpendicular and not parallel to the river but conceded that it goes in a general southwest direction into the stream; and after that, he doesn't know where it goes. AR8-1279. Also, there are no other wells in Franciscan bedrock in the Elk Prairie area. AR8-1282. There is also testimony that the source of recharge is in dispute. Some say from the alluvial prairie upstream (AR8-

1294), others from the bedrock, but that amount from the bedrock is a minor amount AR8-1320. In any event, no one seems to be able to quantify the amount of water allegedly coming from the bedrock as opposed to other sources. Mr. Scalmanini states that the ground water flows toward the river and there is no inducement of infiltration from the surface flow by pumping of the production wells AR4-0598. Other persons have testified that pumping effects the surface flows. AR8-1361. One witness reported a drop of 8 inches in the surface flow which was characterized as a "demonstrable hydraulic response" after a pumping test. AR7-1050, lines 7-22.

Petitioner also makes much of the fact that the river has a "gaining reach". That is, at a certain location between two points in the river, the downstream surface flow is more than 1.5 cfs than the area upstream. AR4-0608.

An increase in the water flow downstream does not necessarily negate the proposition that the water is flowing in an underground channel. It simply means that water from one or more sources is moving downstream in response to changes in the gradient and is greater at that location than it is upstream. This is consistent with the ground water flowing in a southwesterly direction. AR8-1366. Petitioner acknowledges partial discharges into the channel from a combination of bedrock source and the alluvium. AR 0595, 0598.

Petitioner makes much of the fact that there is no "contracted" channel at the point where the water is being drawn. This is not persuasive. Water code §1200 does not speak of a "contracted" channel. *Pomeroy*, supra, does, but it should be noted that the *Pomeroy* case was decided a decade or more before Water Code §1200 or its predecessor was enacted. The Court believes that when the Supreme Court used the language referring to "contracted" and "bounded" it was making the point that this was in

connection with whether the flow was "defined" as opposed to "meandering". (See *Los Angeles vs. Pomeroy, supra*, p. 633) Moreover, the topographical evidence submitted to the Board clearly shows the alluvium as bounded on all sides by hills that are incrementally increasing in height, as one would expect in an alluvial river valley.

The Court is not persuaded that the Petitioners have failed to exhaust their administrative remedies. The Court also does not find any estoppel on the part of Petitioner to challenge term 9 since they clearly complied under protest and reserved their right to contest the groundwater classification. With respect to the dispute over the applicability of term 9 of the permit; the Court finds that the interpretation adopted by the Board is consistent with their right to regulate and thus is a valid condition that must be complied with.

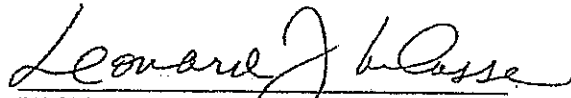
#### CONCLUSION

The test here is whether the operation of production wells No. 4 and No. 5 have an impact on the North Fork of the Gualala River. The evidence discloses that it does. The Supreme Court says that pumping in a well close to a stream impacts the stream, however slight. (See *Larsen v. Appolonis* (1936) 5 Cal.2d 440, 444). Common sense suggests this is the case. The only question is the degree of the impact. Once the fact of the impact is established, then the Respondent Board has jurisdiction over the matter. It must then exercise its jurisdiction pursuant to the statutory mandate and decisional law, including the factors delineated in *Audubon, supra* concerning matters of the public trust. To find no jurisdiction in the Board in this case would be to close the door to regulation even if the number of production wells subsequently increased tenfold. This would obviously result in the diminution or even the total destruction of the fish and wildlife,

which are dependent on a minimum flow in the river. This is a result no one would want and the legislature never intended.

Accordingly, the petition for writ of mandate is denied. Respondent shall have cost of suit. Counsel for Respondent shall prepare any findings and a form of judgment not inconsistent with this opinion.

Dated: November 8, 2004.

  
LEONARD J. LaCASSE  
Judge of the Superior Court

PROOF OF SERVICE BY MAIL

I, Dan Garcia, declare:

I am employed in the County of Mendocino, State of California; I am over the age of eighteen years and not a party to the within action. My business address is P. O. Box 996, Ukiah, California 95482.

I am familiar with the County of Mendocino's practice whereby each document is placed in an envelope, the envelope is sealed and placed in the office mail receptacle. Each day's mail is collected and appropriate postage affixed thereto and deposited in a U.S. mailbox at or before the close of each day's business.

On the date of this declaration, I served copies of the attached document on the below listed persons by placing a true copy thereof, in the United States mail, addressed as follows:

**Alan B Lily, Esq**  
**1011 Twenty Second Street**  
**Sacramento, Ca 95816-4907**

**Mark W Poole, Esq**  
**455 Golden Gate Ave, Suite 11000**  
**San Francisco, Ca 94102**

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed this 10 day of November 2004 at Ukiah, California.



Dan Garcia

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# CHINO BASIN WATERMASTER

## IV. REPORTS/UPDATES

### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

5. Santa Ana Sucker Critical Habitat Decision







# Federal Register

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Tuesday,  
January 4, 2005

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## Part II

### Department of the Interior

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Fish and Wildlife Service

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50 CFR Part 17

Endangered and Threatened Wildlife and  
Plants; Final Rule To Designate Critical  
Habitat for the Santa Ana Sucker  
(*Catostomus santaanae*); Final Rule

## DEPARTMENT OF THE INTERIOR

## Fish and Wildlife Service

## 50 CFR Part 17

RIN 1018-AT57

**Endangered and Threatened Wildlife and Plants; Final Rule To Designate Critical Habitat for the Santa Ana Sucker (*Catostomus santaanae*)**

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Final rule.

**SUMMARY:** We, the U.S. Fish and Wildlife Service (Service), designate critical habitat for the threatened Santa Ana sucker (*Catostomus santaanae*) pursuant to the Endangered Species Act of 1973, as amended (Act). This species is now restricted to three noncontiguous populations in three different stream systems in southern California: The lower and middle Santa Ana River in San Bernardino, Riverside, and Orange counties; the East, West, and North Forks of the San Gabriel River in Los Angeles County; and lower Big Tujunga Creek, a tributary of the Los Angeles River in Los Angeles County. We have identified 23,719 acres (ac) (9,599 hectares (ha)) of aquatic and riparian habitats essential to the conservation of the Santa Ana sucker. We are designating two areas in Los Angeles County, one along the San Gabriel River (Unit 2) and the other along the Big Tujunga Creek (Unit 3) as critical habitat for Santa Ana sucker. These units encompass approximately 8,305 ac (3,361 ha) of essential habitat for the Santa Ana sucker within Los Angeles County. Essential habitat for the Santa Ana sucker in Orange, Riverside, and San Bernardino counties has been excluded from the final critical habitat designation, because we have concluded that the benefits of excluding these lands from critical habitat designation outweigh the benefits of their inclusion pursuant to section 4(b)(2) of the Act.

**DATES:** This rule becomes effective on February 3, 2005.

**ADDRESSES:** Comments and materials received, as well as supporting information used in this rulemaking, are available for inspection, by appointment, during normal business hours at the U.S. Fish and Wildlife Service, Carlsbad Fish and Wildlife Office, 6010 Hidden Valley Road, Carlsbad, California 92009. You may obtain copies of the final rule and the economic analysis from the field office address above or by calling (760) 431-9440, or from our Internet site at <http://carlsbad.fws.gov>.

If you would like copies of the regulations on listed wildlife or have questions about prohibitions and permits, please contact the Carlsbad Fish and Wildlife Office (see ADDRESSES above).

**FOR FURTHER INFORMATION CONTACT:** Mr. Jim Bartel, Field Supervisor, Carlsbad Fish and Wildlife Office, at the address and phone number listed above.

**SUPPLEMENTARY INFORMATION:****Designation of Critical Habitat Provides Little Additional Protection to Species**

In 30 years of implementing the Act, the Service has found that the designation of statutory critical habitat provides little additional protection to most listed species, while consuming significant amounts of available conservation resources. The Service's present system for designating critical habitat has evolved since its original statutory prescription into a process that provides little real conservation benefit, is driven by litigation and the courts rather than biology, limits our ability to fully evaluate the science involved, and consumes enormous agency resources, and imposes huge social and economic costs. The Service believes that additional agency discretion would allow our focus to return to those actions that provide the greatest benefit to the species most in need of protection.

**Role of Critical Habitat in Actual Practice of Administering and Implementing the Act**

While attention to and protection of habitat is paramount to successful conservation actions, we have consistently found that, in most circumstances, the designation of critical habitat is of little additional value for most listed species, yet it consumes large amounts of conservation resources. Sidle (1987) stated, "Because the Act can protect species with and without critical habitat designation, critical habitat designation may be redundant to the other consultation requirements of section 7." Currently, only 445 species or 36 percent of the 1,244 listed species in the U.S. under the jurisdiction of the Service have designated critical habitat. We address the habitat needs of all 1,244 listed species through conservation mechanisms such as listing, section 7 consultations, the Section 4 recovery planning process, the Section 9 protective prohibitions of unauthorized take, Section 6 funding to the States, and the Section 10 incidental take permit process. The Service believes that it is these measures that may make

the difference between extinction and survival for many species.

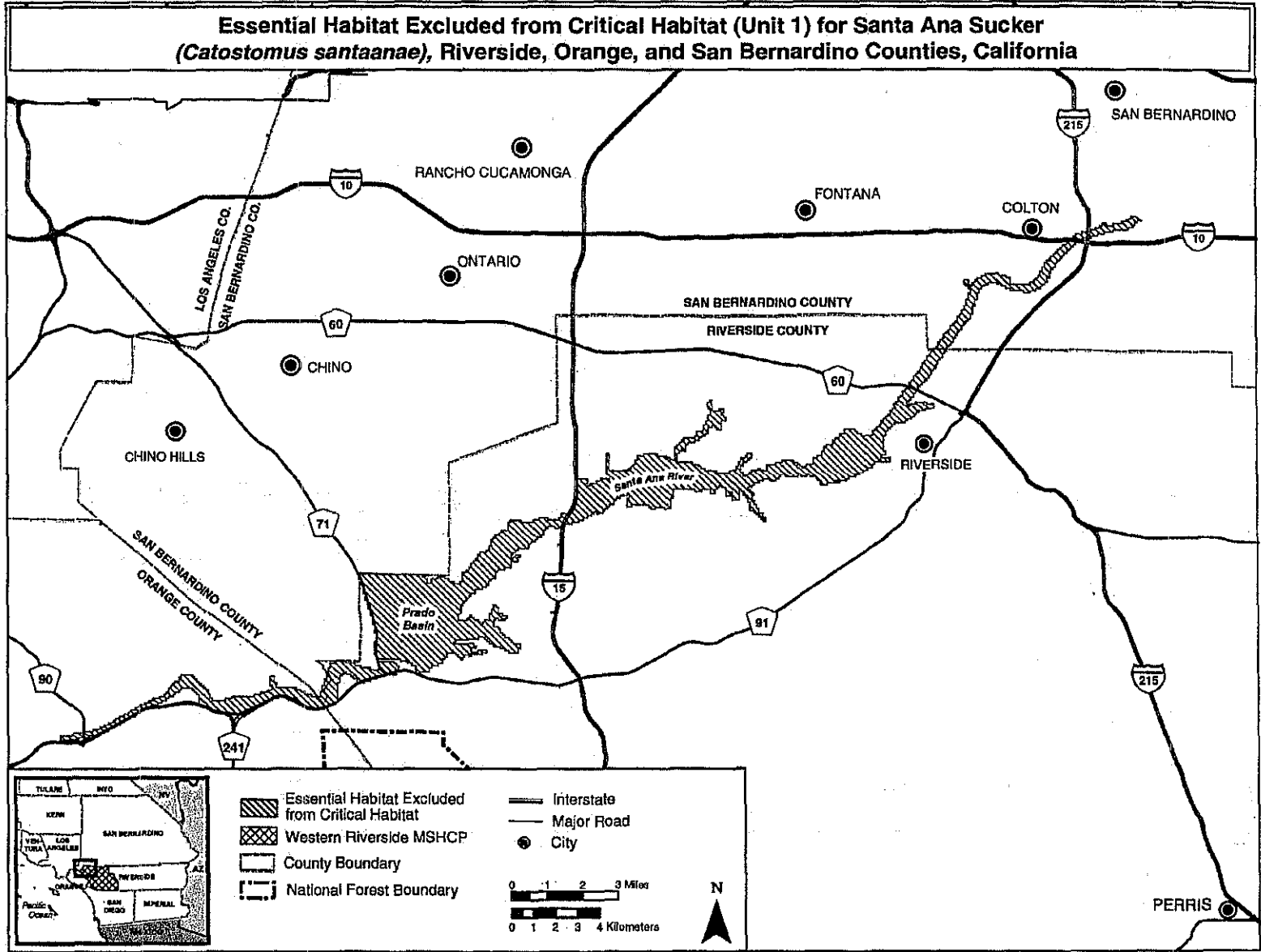
We note, however, that a recent 9th Circuit judicial opinion, *Gifford Pinchot Task Force v. United States Fish and Wildlife Service*, has invalidated the Service's regulation defining destruction or adverse modification of critical habitat. We are currently reviewing the decision to determine what effect it may have on the outcome of consultations pursuant to Section 7 of the Act.

**Procedural and Resource Difficulties in Designating Critical Habitat**

We have been inundated with lawsuits for our failure to designate critical habitat, and we face a growing number of lawsuits challenging critical habitat determinations once they are made. These lawsuits have subjected the Service to an ever-increasing series of court orders and court-approved settlement agreements, compliance with which now consumes nearly the entire listing program budget. This leaves the Service with little ability to prioritize its activities to direct scarce listing resources to the listing program actions with the most biologically urgent species conservation needs.

The consequence of the critical habitat litigation activity is that limited listing funds are used to defend active lawsuits, to respond to Notices of Intent (NOIs) to sue relative to critical habitat, and to comply with the growing number of adverse court orders. As a result, listing petition responses, the Service's own proposals to list critically imperiled species, and final listing determinations on existing proposals are all significantly delayed. The accelerated schedules of court ordered designations have left the Service with almost no ability to provide for adequate public participation or to ensure a defect-free rulemaking process before making decisions on listing and critical habitat proposals due to the risks associated with noncompliance with judicially-imposed deadlines. This in turn fosters a second round of litigation in which those who fear adverse impacts from critical habitat designations challenge those designations. The cycle of litigation appears endless, is very expensive, and in the final analysis provides relatively little additional protection to listed species.

The costs resulting from the designation include legal costs, the cost of preparation and publication of the designation, the analysis of the economic effects, the cost of requesting and responding to public comment, and in some cases the costs of compliance with the National Environmental Policy



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# CHINO BASIN WATERMASTER

## IV. REPORTS/UPDATES

### C. INLAND EMPIRE UTILITIES AGENCY WATER MANAGERS REPORT

2. Proposition 50
4. Recycled Water Program
5. Water Resource Report
6. Chino Basin Facilities Improvement Project
7. State/Federal Legislation
8. Public Relations



**CHINO BASIN WATERMASTER  
ADVISORY COMMITTEE  
January 27, 2005**

**AGENDA**

**INTER-AGENCY WATER MANAGERS' REP ORT**

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

**20 – 30 Minutes**

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**Discussion Items:**

- Rialto Pipeline Shutdown Update – Richard Atwater
- Proposition 50 Grant Funding Opportunities – Richard Atwater
- MWD Status Report – Richard Atwater
- Recycled Water Report – Tom Love

**Written Monthly Updates:**

- Water Resources Report (handout)
- Recycled Water Program Report
- Chino Basin Facilities Improvement Project Report
- State/Federal Legislation Reports
- Public Relations Report

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# PROPOSITION 50

GRANT PROGRAM	ELIGIBLE APPLICANTS	PROJECT ELIGIBILITY*	FUNDING AVAILABLE	DEADLINES
<p><b>Chapter 3: Water Security</b></p> <p>Administered by: Department of Water Resources</p>	<p>Public Water Systems</p>	<p>1. These funds may be used for projects designed to prevent damage to water treatment, distribution, and supply facilities, to prevent disruption of drinking water deliveries, and to protect drinking water supplies from intentional contamination.</p> <p>2. Eligible projects include: monitoring early warning systems, fencing, protective structures, contamination treatment facilities, emergency interties, and communications systems.</p> <p>3. Grants cannot be used to supplant funding for the routine responsibilities or for projects previously required by a DHS compliance order, permit condition or regulation.</p> <p>For more information: <a href="http://www.dhs.ca.gov/ps/ddwem/Prop50/default.htm">http://www.dhs.ca.gov/ps/ddwem/Prop50/default.htm</a></p>	<p>Approximate Total=\$50,000,000</p> <p>1st cycle-\$10 million 2nd cycle-\$10 million 3rd cycle-\$10 million 4th cycle-\$10 million</p> <p>Minimum Grant=\$50,000 Maximum Grant=\$10,000,000</p> <p>1-to-1 match of nonstate funds required. 25% of funds set aside for disadvantaged communities. No match required for disadvantaged communities or small water systems.</p>	<p>1st cycle-CLOSED (12/1/2004)</p> <p>2nd cycle Pre-aps: 10/1/2005 Pre-aps due: 12/1/2005</p>
<p><b>Chapter 4b: Southern California Projects to Reduce Demand on Colorado River</b></p> <p>Administered by: Department of Health Services</p>	<p>Public Water Systems with service area entirely or partly within Southern California counties: San Diego, Imperial, Riverside, Orange, Los Angeles, San Bernardino, Santa Barbara, or Ventura.</p>	<p>Eligible projects must assist grantee in meeting drinking water standards and in meeting the state's commitment to reduce Colorado River water use to 4.4 million acre-feet (MAF) per year.</p> <p>Criterion 1- Projects will be ranked by Prop 50/AB 1747 categories, and by water system population (from highest to lowest) within a category.</p> <p>Criterion 2- Projects will be ranked by reduction of annual volume of Colorado River water demand.</p> <p>Criterion 3- Projects will be ranked based on the cost per volume of demand reduced.</p> <p>Southern California Agencies not eligible for Chapter 4a2,3,4, or 5. Cost to start up treatment plant are eligible.</p> <p>For more information: <a href="http://www.dhs.ca.gov/ps/ddwem/Prop50/Coloradoriver/default.htm">www.dhs.ca.gov/ps/ddwem/Prop50/Coloradoriver/default.htm</a></p>	<p>Approximate Total =\$261,000,000</p> <p>4 year program with annual distributions.</p> <p>Minimum Grant = \$50,000 Maximum Grant = \$20,000,000 25% of funds set aside for disadvantaged communities. Match 1-1. No match required for disadvantaged communities or small water systems.</p> <p>\$26.4 mill. Available from Prop. 40, 50, and CWA Sec.319</p>	<p>1st cycle-CLOSED (12/1/2004)</p> <p>Invitations for full aps. Out June '05</p> <p>2nd cycle Pre-aps: 10/1/2005 Pre-aps due: 12/1/2005</p>



GRANT PROGRAM	ELIGIBLE APPLICANTS	PROJECT ELIGIBILITY*	FUNDING AVAILABLE	DEADLINES
<b>Chapter 5: Clean Water &amp; Water Quality, SWRCB</b>  Administered by: State Water Resources Control Board	Public Water Systems	<p>Eligible projects include a. water pollution prevention, b. water reclamation, c. water quality improvement, d. water quality blending and exchange projects, e. drinking water source protection projects, f. projects to mitigate pathogen risk from recreational uses at drinking water storage facilities. Water population prevention, reclamation, water quality improvements (\$100 mill.). Restoration and protection of coastal waters, estuaries, bays, and near-shore waters and groundwater (\$80 mill.)</p> <p>Agricultural Water Quality Grants- Prop 40 and 50 funding of \$20.9 for project planning/monitoring or implementation projects.</p> <p>Fed CWA Sec. 319 funding of \$5.5 mill. For TMDL Non-point source projects.</p> <p>For more information: <a href="http://www.swrcb.ca.gov/funding/awqgp/index.html">www.swrcb.ca.gov/funding/awqgp/index.html</a></p>	<p>Approximate Total=\$370,000,000</p> <p>\$500,000 max for planning and CWA implementation projects.</p> <p>\$1,000,000 max for state bond funded implementation projects.</p>	<p>1st cycle-CLOSED (10/04)</p> <p>Ongoing Grant competitive</p> <p>2nd cycle Pre-aps: 10/1/2005 Pre-aps due: 12/1/2005</p>
<b>Chapter 6a: Water Desalination</b>  Administered by: Department of Water Resources	Cities, Counties, Joint power authorities, Public water districts, Tribes, Non-profit organizations, watershed management groups, State and Fed. Agencies	<p>Eligible projects include brackish water and seawater desalination construction projects for the development of local potable water supplies as well as research and development, feasibility studies, pilots and demonstration projects. According to Bill 1747, this includes construction, planning, engineering, design, environmental assessments, or related work necessary for the construction of a desalination facility, or the construction of a pilot or demonstration facility.</p> <p>For more information: <a href="http://www.owue.water.ca.gov/recycle/DesalPSP/Notice_PublicWorkshops.doc">www.owue.water.ca.gov/recycle/DesalPSP/Notice_PublicWorkshops.doc</a></p>	<p>Approximate Total=\$50,000,000</p> <p>2 cycles, 1st \$25,000,000 grant paid for Fiscal year 04/05</p> <p>Feasibility studies=\$250,000 per project Research and Development=\$1,000,000 per project Pilots or Demonstration=\$2,500,000 per project Water Desalination Construction Projects=\$5,000,000 per project</p>	<p>1st cycle- Jan. 18, 2005</p> <p>2nd cycle Pre-aps: 10/1/2005 Pre-aps due: 12/1/2005</p>

GRANT PROGRAM	ELIGIBLE APPLICANTS	PROJECT ELIGIBILITY*	FUNDING AVAILABLE	DEADLINES
<b>Chapter 6b: Contaminant Removal</b>  Administered by: Department of Health Services	Public Water Systems and Public Entities	<p>1. Grants for contaminant treatment or removal technology pilot and demonstration studies for the following categories of contaminants:</p> <ul style="list-style-type: none"> <li>a. Petroleum products, such as MTBE and BTEX</li> <li>b. NDMA</li> <li>c. Perchlorate</li> <li>d. Radionuclides</li> <li>e. Pesticides and herbicides</li> <li>f. Heavy metals, such as arsenic, mercury, and chromium</li> <li>g. Pharmaceuticals and endocrine disrupters</li> </ul> <p>2. The project must address an existing problem in California. DHS will use a peer review panel to determine the projects that will be invited for funding. No more than 30% of the funds within this subsection will be awarded to address a single contaminant category.</p> <p>For more information: <a href="http://www.dhs.ca.gov/ps/ddwem/Prop50/default.htm">http://www.dhs.ca.gov/ps/ddwem/Prop50/default.htm</a></p>	<p>Approximate Total =\$23,000,000</p> <p>\$23,000,000 over 4 years.</p> <p>Minimum Grant = \$50,000 Maximum Grant = \$5,000,000</p> <p>1-to-1 match of nonstate funds required. No match required for disadvantaged communities or small water systems.</p>	<p>1st cycle-CLOSED (12/1/2004)</p> <p>Invitations for full aps. out June '05.</p> <p>2nd cycle Pre-aps: 10/1/2005 Pre-aps due: 12/1/2005</p>
<b>Chapter 6c: UV and Ozone Disinfection</b>  Administered by: Department of Health Services	Public Water Systems	<p>1. Grants for projects using UV or ozone disinfection of drinking water</p> <p>2. Projects must address an MCL compliance violation, surface water treatment microbial requirements, or other mandatory disinfection required by DHS or local primary agency county.</p> <p>3. The water system must demonstrate that it can operate and maintain the treatment facilities.</p> <p>4. Ozone treatment projects shall be designed and operated to minimize residual disinfection byproduct formation from the ozone treatment.</p> <p>UV projects have a higher priority than those projects using ozone. Ozone projects will not be funded until all eligible UV projects have been offered funds.</p> <p>For more information: <a href="http://www.dhs.ca.gov/ps/ddwem/Prop50/default.htm">http://www.dhs.ca.gov/ps/ddwem/Prop50/default.htm</a></p>	<p>Approximate Total =\$23,000,000</p> <p>\$23,000,000 over 4 years.</p> <p>Minimum Grant = \$50,000 Maximum Grant = \$5,000,000</p> <p>1-to-1 match of nonstate funds required. 25% of funds set aside for disadvantaged communities. No match required for disadvantaged communities or small water systems.</p>	<p>1st cycle- Jan. 18, 2005</p> <p>2nd cycle Pre-aps: 10/1/2005 Pre-aps due: 12/1/2005</p>

GRANT PROGRAM	ELIGIBLE APPLICANTS	PROJECT ELIGIBILITY*	FUNDING AVAILABLE	DEADLINES
<p><b>Chapter 7: Bay-Delta Program, Ag/Urban Water Use Efficiency Grant</b></p> <p>Section A Administered by: Department of Water Resources</p> <p>Section B Administered by: State Water Resources Control Board</p>	<p>Cities, Counties, Joint power authorities, Public/private water districts, Tribes, Nonprofit organizations, watershed management groups, Section B only: Universities, State and Fed. Agencies</p>	<p>CALFED Bay-Delta Program</p> <p>Section A) Agricultural/Urban Water Conservation</p> <p>For more information : <a href="http://www.owue.water.ca.gov/finance/index.cfm">www.owue.water.ca.gov/finance/index.cfm</a></p> <p>Section B) Water Recycling Must offset SWP water use and benefit Delta.</p> <p>For more information: <a href="mailto:WRFP@swrcb.ca.gov">WRFP@swrcb.ca.gov</a></p>	<p>Section A) Approximate Total=\$120,000,000</p> <p>3 year program with \$34,000,000 for 1st cycle</p> <p>50/50% split between agricultural and urban with 75% of grants going to Implementation Projects and 25% to Support Projects.</p> <p>Section B) Approximate Total=\$50,000,000</p> <p>Facilities planning grant of up to \$75,000 Construction grants limited to 25% of eligible costs or \$5,000,000.</p> <p>Continuous applications: Projects must be on SWRCB's priority list of projects to qualify for funding. Combines Prop 50, SRF Loan, and Prop 13 money.</p>	<p>1st cycle- Jan. 11, 2005</p> <p>2nd cycle- Pre-aps: 10/1/2005 Pre-aps due: 12/1/2005</p>

GRANT PROGRAM	ELIGIBLE APPLICANTS	PROJECT ELIGIBILITY*	FUNDING AVAILABLE	DEADLINES
<p><b>Chapter 8: Integrated Regional Water Management Program (IRWM)</b></p> <p>Grants and administration split between Department of Water Resources and State Water Resources Control Board</p>	<p>Public Agencies &amp; non profit organizations</p>	<p>Grants will be provided to develop Integrated Regional Water Management Program (IRWM) Plans and to implement projects that meet the requirements of the approved Integrated Regional Water Management Plans. Preference/priority will be given to proposals/projects that contribute largely to long-term water quality management standards, eliminate or significantly reduce pollution in impaired waters and sensitive habitat areas, projects that reduce conflict of water rights issues, implement Total Maximum Daily Loads that are established or under development, implement Regional Water Quality Control Board Watershed Management Initiative plans, implement SWRCB's Non-point Source Pollution Plan, assist in meeting Delta Water Quality Objectives, implement floodplain management, desalination, and recycling task forces, or state species recovery plan, address environmental justice concerns, and assist in achieving goals of the CALFED Bay-Delta Program. See website for full discussion of what needs to be included in an approved Integrated Regional Water Management Plan.</p> <p>For more information:  <a href="http://www.grantsloans.water.ca.gov/grants/integrio.cfm">http://www.grantsloans.water.ca.gov/grants/integrio.cfm</a>  <a href="http://www.swrcb.ca.gov/funding/irwmgp/index">http://www.swrcb.ca.gov/funding/irwmgp/index</a></p>	<p>Approximate total=\$380,000,000</p> <p>Two funding cycles of two years each.  1st cycle-\$160,000,000  2nd cycle-\$220,000,000</p> <p>Maximum Grant =  Planning-\$500,000; Implementation-\$50,000,000  Minimum Grant=Planning-25% or total proposal costs  Implementation-10% of total proposal costs</p>	<p>DWR/SWRCB currently holding workshops (January-February) to receive public comment on draft grant guidelines. Applications are expected to be due in mid-April.</p>

\*Additional criteria applies for each chapter's eligibility.

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# Proposition 50

## Grant Funding Opportunities

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January, 2005

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# Proposition 50 Summary

- \$3.44 billion bond initiative approved 11/5/2002

- **Water Quality**

- Water Security \$50 million
- Safe Drinking Water \$435 million
- Clean Water and Water Quality \$370 million
- Contaminant and Salt Removal Technologies \$100 million

- **CALFED Bay Delta** \$825 million

- **Regional Projects**

- Integrated Regional Water Management \$380 million
- Colorado River \$70 million



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## Proposition 50 Implementation Process

- Grant funds are administered by Department of Water Resources, Department of Health Services and State Water Resources Control Board
  - Grant guidelines have been developed for each program specifying eligibility, funding criteria, and grant cycles. Most programs will have at least two grant cycles.
  - Detailed information on the grant guidelines is available on the agency web sites.
-

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# Overarching Proposition 50 Guidance:

- Encourage multiple benefit projects.
  - Preference given to funding safe drinking water and water quality projects that serve disadvantaged communities.
  - Support projects that improve local and regional water supply reliability.
  - Southern California agencies that qualify for Chapter 4b (Southern California Projects to Reduce Demand on Colorado River) do not qualify for other Chapter 4 programs.
  - Grant program funds reduced via North-South-statewide allocation split, funding of drought/groundwater programs and program administration costs.
-

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# Current Grant Funding Opportunities

- Water Desalination (Chapter 6a) – Due 1/18/05
    - Purpose:
      - Brackish and seawater desalination construction projects
      - Pilot and demonstration projects for the treatment or removal of specified contaminants
      - Feasibility studies
    - Request:

\$5 million request to support construction of Chino Basin II Desalter submitted by IEUA with support of Chino Basin Watermaster, Western Municipal Water District and Orange County Water District.
-

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# Current Funding Opportunities

- Integrated Regional Water Management Program  
(Chapter 8) – Due 4/05
  - Purpose:
    - Development and implementation of regional plans and projects communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water.
  - Request:

\$50 million request for Santa Ana Watershed being prepared by SAWPA, \$10 million to be available to each Agency for implementation of projects included in the updated SAWPA Integrated Watershed Plan.

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## Proposition 50 – Second Cycle

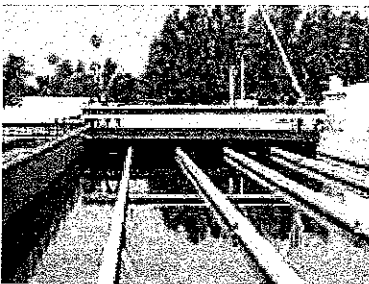
- First Cycle of Most Prop 50 Grant Programs Closed.
  - Next Cycle: Pre-applications available 10/01/05 and applications due 12/01/05
    - Water Security (Chapter 3), @\$10 million
    - Southern California Projects to Reduce Demand on Colorado River (Chapter 4b), @\$140 million
    - Clean Water and Water Quality (Chapter 5)
    - Water Desalination (Chapter 6a), @\$25 million
    - Contaminant Removal (Chapter 6b)
    - UV and Ozone Disinfection (Chapter 6c)
    - Water Use Efficiency (Chapter 7), @\$ 22 million
-

DECEMBER 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) COMPLETE
- 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) COMPLETE
- Whittram Pipeline (Budget \$3,620,000) COMPLETE  
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 Declez Basins.
- RP-4 West Branch Phase I (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 CWD. 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:

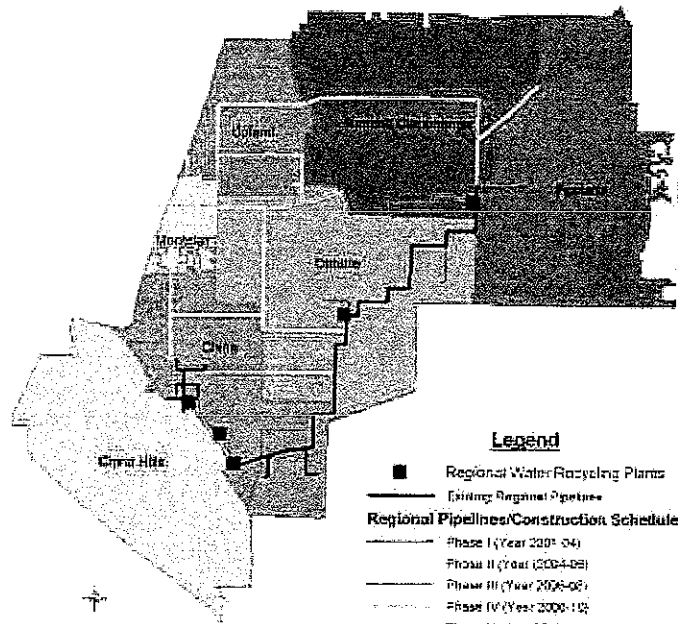
1. Recycled Water Master Plan Update (2005);
2. RP-4 Area 2 MG Regional Recycled Water Reservoir, Pipeline and Pump Station;
3. North Etiwanda Regional Water Pipeline and Pump Station;
4. Etiwanda Avenue 3 MG Regional Recycled Water Reservoir;
5. RP-1 South Regional Recycled Water Pump Station; and
6. 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 finalize the hydraulic model to plan for the optimized recycled water distribution system based on the updated 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 COWRF 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																							
					03 Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar			
1	RP-1/ RP-4 Pump Station	\$7,747,999	\$7,848,739	(\$100,740)	[Gantt bars]																							
2	RP-1 Chlorination Tank	\$4,817,200	\$4,628,427	\$188,773	[Gantt bars]																							
3	Pine Avenue Intertie	\$1,066,000	\$1,036,632	\$29,368	[Gantt bars]																							
4	Wineville Pipeline	\$2,307,200	\$1,306,433	\$1,000,767	[Gantt bars]																							
5	Reliant Pipeline	\$1,115,476	\$1,115,476	\$0	[Gantt bars]																							
6	Philadelphia Pipeline	\$3,591,400	\$2,360,360	\$1,231,040	[Gantt bars]																							
7	Whittram Pipeline	\$3,621,000	\$2,160,673	\$1,460,327	[Gantt bars]																							
8	RP-4 West Branch Phase I	\$9,688,086	\$712,374	\$8,975,722	[Gantt bars]																							

### 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	Aug									
1	RP-4 Recycled Water Reservoir	\$3,200,000	[Gantt bars]																																			
2	North Etiwanda Pipeline & Pump Station	\$8,000,000	[Gantt bars]																																			
3	Etiwanda Recycled Water Reservoir	\$4,400,000	[Gantt bars]																																			
4	RP-1 South Pump Station	\$4,500,000	[Gantt bars]																																			
5	San Antonio Channel Pipeline	\$8,000,000	[Gantt bars]																																			
6	Edison Pipeline (Phase III)	\$9,150,000	[Gantt bars]																																			
7	Archibald Pipeline (Phase II)	\$2,850,000	[Gantt bars]																																			

### 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**

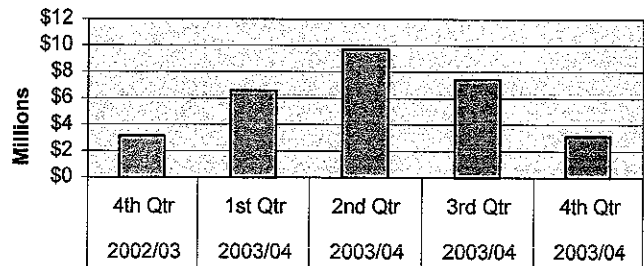
- Regional Capital Fund \$2 Million
- SWRCB Recycling Grant\* \$5 Million
- SWRCB Loan\* \$11 Million
- USBR Grant \$7 Million

\*SWRCB Funding application submitted in September 2003 and funding expected in July 2005.

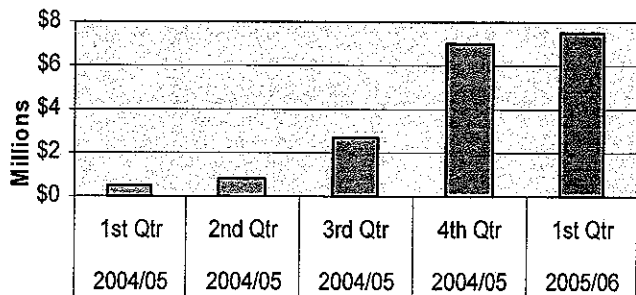
**Funding Phase III**

- 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



## Customer Development

- Agricultural customers along the TP-1 Outfall line  
 RP-1 chlorine contact basin is complete. Anywhere along the Outfall line could be tapped for serving the farmers now. Murai Farm with over 140 acres of farming land has started to use recycled water for their crops in November 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.



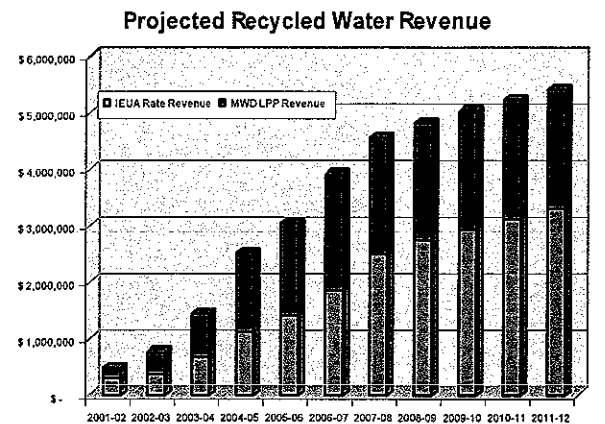
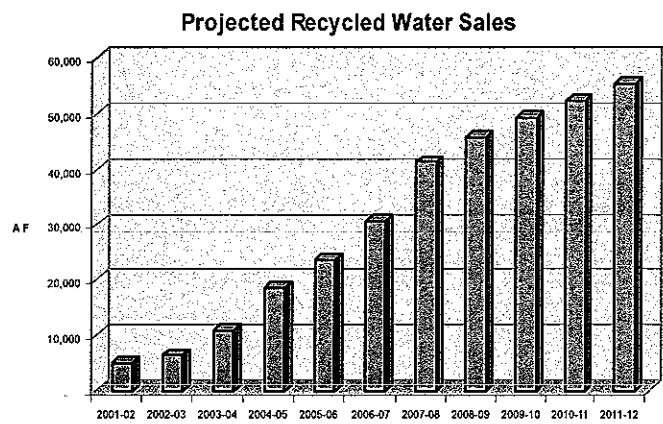
Paradise Textile in Chino

- 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
<b>Running Total—New Customers</b>	<b>9,410 AFY</b>

- 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



## Regulatory/Permits

- CEQA—PEIR Certified June, 2002
- CBWM Article X Permit — Approved May, 2002
- SARWQCB Basin Plan “Maximum Benefit” — Approved January, 2004
- DHS Title 22 Report (Recharge) June, 2004
- SARWQCB Discharge Permit January 2005



CW Farm II in Chino Airport



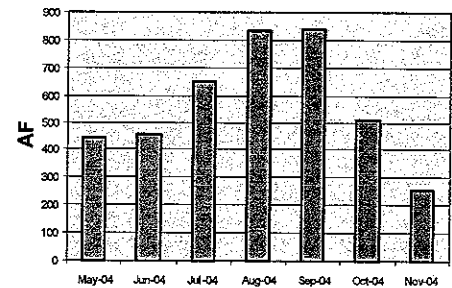
# Activity Summary

## 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
<b>Total</b>	<b>2,420</b>

## 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. DHS approved the engineer's report. The City staff is working with the schools to finalize the connection.
- 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  
Started to use recycled water in November.
- Mission Linen  
The retrofit concept has been presented to Mission Linen in October. Waiting for Mission Linen to make the decision on their conversion 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.
- CW Farm II  
CW Farm II located within Chino Airport started to use recycled water in December.

Delivery Period	FY 2003-04	FY 2004-05
November	286	258
Year to Date	4,770	5,177
<b>FY Total</b>	<b>3,059</b>	<b>3,105</b>
<b>Budget</b>		<b>8,290</b>

## Operation & Planning

- IEUA is in design phase to construct 11 recycled water hydrants along the existing recycled water system to deliver recycled water for construction water.
- RP-1/RP-4 Pump Station was commissioned successfully in November. The pumps will remain on standby until more recycled water customers are connected.

## 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.

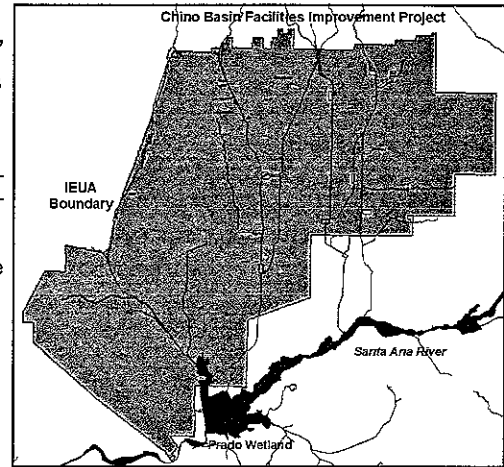


Cottonwood Dairy in Chino

# DECEMBER 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 with five rubber dams and three drop inlets diversion structures in the flood control channels to divert the water to the 18 groundwater recharge sites. The 18 sites have 38 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 is 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, recycled 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: Declerz Basin, Ely Basins 1, 2, & 3, and 8<sup>th</sup> Street Basins; four rubber dams: College Heights (San Antonio Channel), Lower day Basin (Day Creek Channel), RP-3 Basins (Declerz 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:**

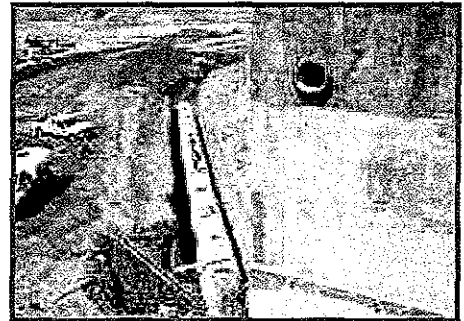
- Tettermar & Associates (Design Consultant)
- Black & Veatch/IEUA (Program & Construction Management)
- URS/Twining-Govil-Ryan (Geotechnical Consultant)

**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 linear 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 Decluz 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. Construction is behind schedule by 30 days
- Substantially complete date: January 30, 2004; an extension of 26 days has been granted for rain delays.



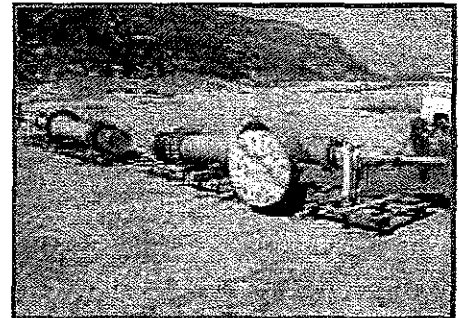
Grading at Hickory Basin



Jurupa Pump Station Inlet Pipe

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

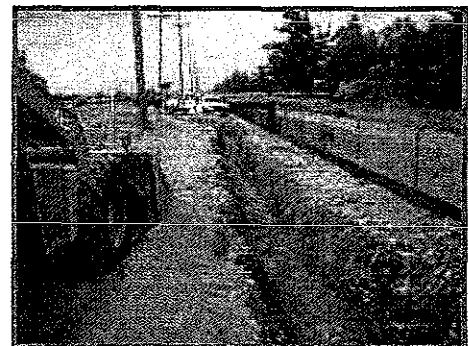
- Bid Package No. 5 includes the SCADA system consisting of radio controls to monitor and govern water levels in all the basins, control the drop inlets and rubber dams. Four monitoring sites will be established at the CBWM, CBWCD and SBCFCD offices with the master controls located at RWRP-1. The SBCFCD 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 the sites and is installing appurtenances for all locations. Eleven sites are energized and SCADA communication established.
- The construction period is 242 calendar days. Estimate work is 90% complete.
- Substantially complete date: December 30, 2004; an extension of 22 day awarded due to rain delays.



Sleeve Valves for MWD Turnouts

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

- Bid Package No. 6 includes the MWD CB Turnouts No. CB-11, CB-15 and a new connection on the Etiwanda Intertie @ Station 211 + 47 now designed as CB-18.
- 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-11 was tested October 7, 2004 at flow of 40 cfs; the turnout functioned perfectly.



Montclair Basin Trenching for SCADA

(Continued from page 2)

- Eilar & Associates completed the acoustical survey for noise level investigation of sleeve valves.
- The construction period is 193 calendar days. Estimate work is 95% complete.
- Substantially complete date: December 15, 2004. Rain delays on other contracts have extended this bid package 45 days.

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### 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. Rain delays have extended the project 40 days.
- Substantially complete date: January 31, 2004

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### 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. Skip Loader, 1 ea.	\$75,000
3. Safety grates for gate opening	\$7,500
Subtotal	\$182,500

- 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.	\$22,455
Subtotal	\$1,172,815
Total—Recommended Projects & Equipment	\$1,355,375

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### Cost Savings Achieved

#### RP-3 Site

- Dispatch Trucking has removed the 400,000 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 \$2,400,000 (\$6.00/cu.yd. X 400,000 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 \$600,000 (\$6.00/cu.yd. X 100,000 cu.yd.)

Total Estimate savings: \$3,075,000

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### 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.

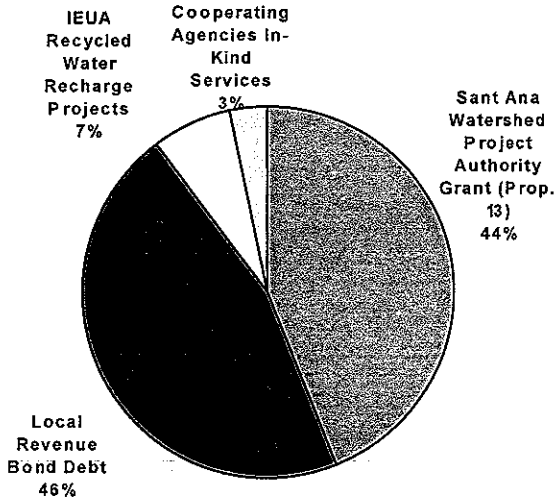
### CBFIP Active Projects Construction Schedule

ID	Project Name	2004																	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
1	Bid Package No. 1	█																	
2	Bid Package No. 2	█																	
3	Bid Package No. 3	█																	
4	Bid Package No. 4		█																
5	Bid Package No. 5		█																
6	Bid Package No. 6		█																
7	Bid Package No. 7							█											

### 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

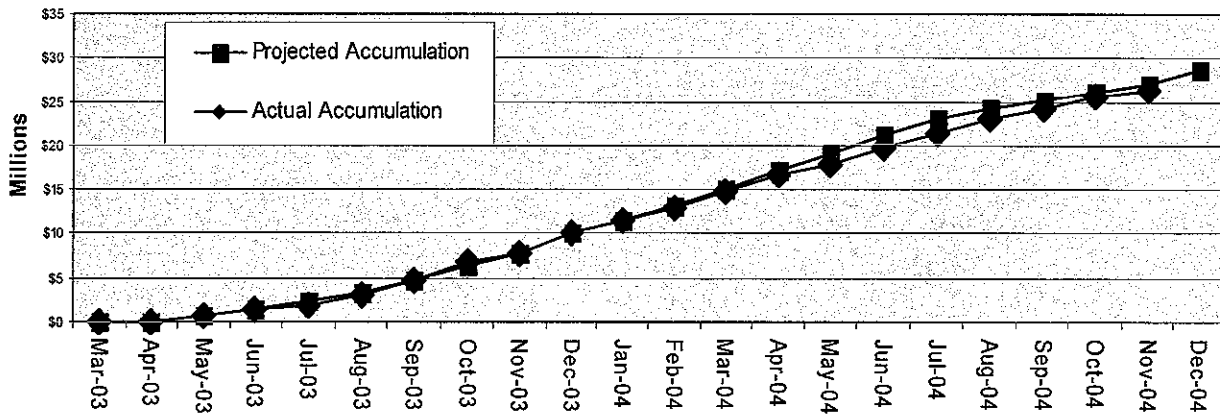
### Project Summary



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	\$3,810,000	\$4,000,000
Bid Package No. 6	\$1,460,000	\$1,450,000
Bid Package No. 7	\$3,060,000	\$3,000,000
Non-Construction Cost*	\$9,280,000	\$9,000,000
<b>Total Budget**</b>	<b>\$38,810,000</b>	<b>\$38,820,000</b>
Expenditure To Date	(\$33,400,000)	

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

### Projected vs. Actual Costs



# *Agricultural Resources*

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

December 22, 2004

## Legislative Report

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

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

**SU:** Legislative Report, December 2004

**Highlights:**

- House and Senate Adjourn, 108<sup>th</sup> Congress Closes
- Congress to Organize for 109<sup>th</sup>
- IEUA Planning Sessions for 109<sup>th</sup>
- Early Legislative Priorities
- IEUA Working Partners

*House and Senate Adjourn – 108<sup>th</sup> Session of Congress Finally Closes.* Congress finally goes home.

*Congress to Organize for the 109<sup>th</sup> Congress.* The House and Senate met in caucus to organize for the 109<sup>th</sup> Congress. Major decisions to be made in January include committee chairmanships (House Approps, will Rep. Jerry Lewis become Chair), Subcommittee chairs (in House, who gets the Water Subcommittee) and other assignments (who gets on Ag, Resources, and Approps).

*IEUA Planning for Next Congress Underway.* During December, by conference call,

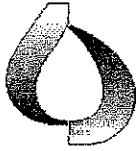
meetings occurred with IEUA's senior management and separately, with Cucamonga Valley Water District focusing on IEUA and CVWD water recycling program. A work plan for issues and priorities was established. It will begin with meetings in Washington during the first week of January.

***Legislative Actions Pending For New Congress include..***

- (1) Rep. Gary Miller to reintroduce water recycling bill, ask for early consideration.
- (2) Rep. David Dreier to reintroduce water recycling bill, ask the same.
- (3) Rep. Joe Baca to reintroduce the Southern California Perchlorate Cleanup bill.
- (4) Senator Feinstein to complete work on her perchlorate bill and introduce early in the Session.

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

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



**Inland Empire**  
UTILITIES AGENCY

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Date: January 19, 2005

To: Honorable Board of Directors

Through: Public, Legislative Affairs & Water Resources Committee  
(1/12/05)

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

Submitted by: Martha Davis  
Executive Manager of Policy Development

Subject: December 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.



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# Chino Basin / OBMP Coalition

## Status Report – December 2004

### ENERGY/REGULATORY

#### *Community Choice Aggregation*

The California Public Utilities Commission unanimously approved the draft decision resolving Phase I issues in this proceeding at the December 17, 2004 meeting.

The utilities will now file draft CCA tariffs at the Commission by mid-January for review by intervenors. Phase II of this proceeding, regarding the implementation details, will begin following the filing of the draft tariff schedules.

A ruling from the Administrative Law Judge setting the schedule for Phase II will likely be issued in the coming weeks.

DGI will analyze the draft tariffs from the utilities as well as the Phase II ruling as they are issued and present the findings to IEUA.

#### *Water District Self-Generation (Implementation of SB 1755)*

This proceeding has remained stalled since a pre-hearing conference held in January 2004. No rulings have yet been issued despite assurances from the Administrative Law Judge that this proceeding would renew activity in November.

DGI continues to monitor this proceeding, and will develop appropriate responses in concert with IEUA staff.

#### *Biogas Net Metering*

The working group coordinated by DGI with representatives of the dairy industry, IEUA and Sustainable Conservation is completing work on a draft "White Paper" regarding the expansion and improvement of the Biogas Net Metering Program. The draft is now in its fourth version.

The working group will be meeting in early January 2005 to complete revision of the paper as well as to identify a political strategy for introducing legislation in the 2005-06 Legislative Session.

### *Schwarzenegger Names CPUC Appointments*

Governor Schwarzenegger has named his two appointees to the California Public Utilities Commission, replacing the two most ardent opponents of his energy plan. The six-year terms of Commissioners Loretta Lynch and Carl Wood will expire at the end of the year. Lynch and Wood were appointees of Governor Davis.

Schwarzenegger announced the appointments of Dian Grueneich and Steve Poizner on December 16, 2004.

Grueneich, a registered Democrat, has been involved in energy and environmental issues for over 25 years, and has been extensively involved with the CPUC. She currently heads up Grueneich Resource Advocates in San Francisco, an energy-consulting firm. Her clients include the University of California and she is a former chairwoman of the California Planning and Conservation League.

DGI has a long established relationship with Grueneich, and has previously worked with her on a variety of issues. DGI actively supported her appointment with the Schwarzenegger Administration.

Steve Poizner, a registered Republican, recently lost a bid for a heavily-Democratic Assembly seat in the Silicon Valley, spending millions of his own money. After launching and selling a wireless technology company, he served as a White House Fellow, and more recently as a volunteer High School civics teacher.

### **2005-06 LEGISLATIVE SESSION BEGINS**

On December 6, thirty-four new members of the California Legislature were sworn in, amidst numerous leadership and committee changes. 21 of those members are "true freshmen" in the Assembly, with three returning from prior service. In the Senate, all 10 newly elected Senators have previously served in the Assembly.

In the Senate, Don Perata (D-Oakland) takes over for termed-out Senate President Pro Tem John Burton. Perata was elected to the post by a narrow 1-vote margin at a closed-door Democratic caucus in August. He is currently under investigation by the FBI for possible political and business ethics violations.

Perhaps the biggest change made by Perata thus far was removing water policy from the Agriculture Committee, assigning that duty to the renamed Natural Resources and Water Committee, chaired by Sheila Kuehl (D-Santa Monica).

Perata also named Martha Escutia (D- Whittier) to chair the Senate Energy, Utilities and Communications Committee replacing Debra Bowen. Assemblyman Lloyd Levine (D-Van Nuys) will take over the Assembly Utilities and Commerce Committee. Energy issues are expected to be a hot topic in 2005, as the CPUC and policy makers grapple with what could be a difficult summer for electric reliability, particularly in Southern California.

Christine Kehoe (D-San Diego) was appointed to chair the Senate Local Government Committee, and Simon Salinas (D-Salinas) will return as chair of the Assembly Local Government Committee.

Throughout December and January, both Perata and Assembly Speaker Fabian Nuñez (D-Los Angeles) will make final committee assignments for all legislators.

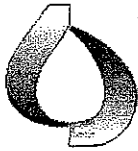
### **LOCAL GOVERNMENT/BUDGET 2005-2006**

The State Controller's Office has released the estimates for local property tax shifts to implement the 2005-06 State Budget. These property shift requirements have been forwarded to County Governments for implementation.

The Governor is expected to release his Budget Proposal in early January 2005. The state is facing an ongoing budget deficit of \$8-10 billion over each of the next two years. While revenues are expected to increase by 11% over this period, expenditures are expected to rise by 22% unless cuts are made.

The Legislative Analyst's Office will issue an analysis of the budget shortly after it is released.

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Inland Empire  
UTILITIES AGENCY

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Date: January 19, 2005

To: Honorable Board of Directors

Through: Public, Legislative Affairs & Water Resources Committee  
(1/12/05)

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

Submitted by: Martha Davis  
Executive Manager of Policy Development

Subject: December Legislative Report from Geyer and Associates

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### **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\2005\05011 December Leg Report from Geyer

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## MEMORANDUM

TO: Rich Atwater and Martha Davis  
FROM: Jennifer West  
DATE: December 30, 2004  
RE: December Legislative Report

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### **Property Tax Shifts From Special Districts**

IEUA's property tax shift was not as large as initially expected due in part to the amount the agency had dedicated to debt service. Still, IEUA remains active in the ad hoc coalition to find some property tax shift reforms as part of the 2005-06 budget. These budget "fixes" may include allowing corrections in the 2001 Special Districts Annual Report by the State Controller, or it may include broader reform that will reallocate some of the \$350 million. For any change in the budget formula, the language in Proposition 1A requires a two-thirds vote.

Statewide there has been considerable attention in the press to the disproportional hit on enterprise special districts. There may be an informational hearing on the subject in January or early February.

This month IEUA organized a meeting with the president of the California Building Industry Association to ask for the builders' help in stopping future raids on water district funding. We are particularly concerned that the Legislature may go after enterprise special district "reserves" in the 2005-06 budget or the LAIF funds. In this case we will need other allies that can speak to the need for the protection of water infrastructure funding. We have also been talking to other builders in the region, asking for their help if future raids are attempted.

### **Special District Reform**

Senator Debra Ortiz (D-Sacramento) has not yet introduced her anticipated follow-up to SB 1272 of 2004 that would have implemented draconian reforms for California's special districts. SB 1272 failed in the Senate Appropriations Committee last year on a 4-5 vote. A bill similar to SB 1272 is expected to be introduced some time in January.

Recently, the chair of the Assembly Local Government Committee, Simon Salinas (D-Salinas), said that he also wants to introduce legislation on special district "reform" but



wants the bill to also apply to cities and counties. As reported by the California Special Districts Association lobbyist, Salinas' bill may include the following provisions:

- Local agencies may issue a stipend to members of the legislative body for attendance at specific statutorily listed types of meetings and conferences.
- Requires the adoption of a written policy for occasions when a member of a legislative body receives a stipend for other types of meetings.
- Requires each legislative body to create a detailed expense reporting form. All forms would be subject to the California Public Records Act. There would be penalties for falsifying expenses that would include prosecution for misuse of public resources.
- Members of the legislative body would have to use the IRS publication 1542 rates for reimbursement of travel and per diem.

### **Wetlands /Recycled Water**

RLC and IEUA, in conjunction with WaterReuse and CASA, have also been working on recycled water legislation that would create an incentive for using recycled water for wetlands creation, enhancement and restoration. We are currently seeking feedback on this "semi spot bill." The idea behind the bill is to provide statutory assurances that the net environmental benefits of wetlands creation, restoration and enhancement will be taken into consideration when the RWQCBs set effluent limitation for recycled water discharges. This is already done in some regions, but there is nothing in California code that requires this balancing test.

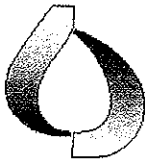
#### **Draft language**

##### **Water Code**

It is the intent of the Legislature to facilitate the creation, restoration and enhancement of wetlands by public agencies using recycled water, while providing protection for water quality and wildlife.

The SWRCB and the RWQCBs shall take into consideration the net environmental benefits and flood control benefits of wetlands creation, restoration and enhancement when establishing the effluent limitations and permit conditions for discharges of recycled water.

If there is no objection from other RLC members, including MWD, SAWPA and IEUA, we will seek the introduction of this legislation in January. So far we have received some feedback that the bill should be expanded to cover other environmental projects where recycled water can be used, such as in stream flow. We would also like to include language to make these types of projects specifically eligible for future bond funding.



Date: January 19, 2005  
To: The Honorable Board of Directors  
Through: Public and Legislative Affairs Committee (1-12-05)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Sondra Elrod  
Public Information Officer  
Subject: Public Outreach and Communications

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### **RECOMMENDATION**

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

### **BACKGROUND**

#### **Outreach/Tours**

- December 8, 2004, Chino Valley Independent Fire District toured IEUA's HQ.
- December 8, 2004, Fontana Unified School District, Garden in Every School presentation.
- December 14, 2004, Chino Basin Green tree planting at Moreno Elementary School in Montclair.
- December 16, 2004, Lewis Operating Corp. presentation on the Chino Preserve.
- January 17, 2005, Cal State San Bernardino tour of IEUA facilities at 9 a.m.
- January 22, 2005, MWD's Leadership Tomorrow Inspection Tour/IEUA HQ.

#### **Calendar of Upcoming Events**

- January 6, 2005, Chino Valley Unified School District, Garden in Every School presentation at 7 p.m.
- January 19, 2005, IEUA sponsored blood drive from 9 a.m. to 2 p.m.
- January 20, 2005, IEUA/CBWM hosted legislative reception at IEUA HQ's from 5:30 p.m. to 7 p.m.
- February 10, 2005, Lewis Operating Corp., opens The Preserve in Chino.
- "T" February 25, 2005, Dedication of the Garden in Every School at Alta Loma Elementary School.

- March 19, 2005, Fontana Earth/Arbor Day at Mary Vagel Museum from 10 a.m. to 2 p.m.
- March, 21, 2005, IEUA sponsored Special District Dinner at the Panda Inn in Ontario.
- April 23 and 24, 2005, Upland Lemon Festival
- April 23, 2005, Cal State San Bernardino Environmental Expo
- April 15, 16 & 17, 2005, MWD AG Inspection Trip.
- May 14, 2005, Cucamonga Valley Water District Water Awareness Day from 11 a.m. to 2 p.m.
- June 4, 2005, Chino Dairy Festival from 9 a.m. to 4 p.m.

**PRIOR BOARD ACTION**

None

**IMPACT ON BUDGET**

None



# CHINO BASIN WATERMASTER

## V. INFORMATION

1. Newspaper Articles



Dec 3, 2004

# Water agency lends a hand

## Pipeline will be part of regional treatment system

By MASON STOCKSTILL  
STAFF WRITER

CHINO — The city is getting a nearly half-million-dollar windfall from the regional water agency for building a new groundwater treatment plant.

The Inland Empire Utilities Agency has purchased a wastewater pipeline that is part of the city-funded project so it can be used for future groundwater treatment.

IEUA is constructing several "brine" lines throughout the Inland Valley, and decided the Chino pipeline could someday be used for regional purposes.

"To be consistent with what we are funding elsewhere in the basin, we said this ought to be a brine line that we own and pay for," said Tom Love, IEUA's executive manager of engineering.

IEUA paid \$468,318 for the brine pipeline, which will be

used to transport wastewater with a high salt content out of the new treatment plant. Eventually, the brine travels to Orange County and is deposited in the ocean.

Besides the pipeline's potential for regional use in the future, Love said IEUA purchased it as an incentive to encourage other cities to build their own water treatment plants.

Much of the groundwater in the region has high levels of nitrates, making it unsuitable for household use. The technology for removing nitrates is rather simple, Love said, but many cities have opted not to build treatment facilities.

"As long as they have other wells and can avoid it ... that might be a lower-cost solution for them," he said. "But that doesn't solve the existing contamination problem."

Should other cities decide to build new treatment plants, there's a chance IEUA would cover some of the cost by buying their brine pipelines as well, Love said.

The money that IEUA paid to Chino for the pipeline had not been anticipated in the budget for the \$4.7 million project.

Once it is completed in February, the groundwater treatment facility will ease the city's reliance on expensive imported water from the Colorado River and other sources, said Jim Hill, Chino's assistant public works director.

Removing nitrates and perchlorate from the local groundwater basin should ensure a reliable supply of drinking water for all cities that use the basin, Hill said.

"The treatment plant is very expensive. It's also very beneficial," he said. "The other agencies will benefit because we're cleaning up the groundwater basin."

*Mason Stockstill can be reached by e-mail at [mason.stockstill@dailybulletin.com](mailto:mason.stockstill@dailybulletin.com) or by phone at (909) 483-4643.*

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# INLAND VALLEY



SPECIAL EVENT

School presents 'Cinderella'

Chaffey High-School Performing Arts presents "Cinderella" at 7 tonight at Gardiner W. Spring auditorium, 1245 N. Euclid Ave., Ontario. Tickets are \$7, \$6 with an ASB card. Information: (909) 988-5560, Ext. 2245 or 2316.

Friday, December 3, 2004

★★★★ A

## Aerojet's cleanup tested

### State asks for proof that methods used are working

By **BLANCA E. SANCHEZ**  
STAFF WRITER

CHINO HILLS — Skeptical about the way explosives have been cleared from the former Aerojet munitions facility, the state has asked that the site's cleanup technology be put to the test.

As a result, Aerojet had to come up with a plan to show the state Department of Toxic Substances Control that the equipment it is using to remove explosive materials is working properly on the closed site in the hills south of Woodview Road.

The plan involves taking the equipment to several sites, planting material and seeing how well

the equipment detects it under varying conditions.

"We want to be sure that the work being done is being done using the best technologies," said Tim Murphy, spokesman for Aerojet. "This is technology that is used by the industry for this type of work. There might be areas where they may want us to go back and revisit."

The state demanded that Aerojet test the technology after the firm brought in a new contractor to reclean the portion of the site where open burning and detonation took place. The first contractor didn't clean the site to Aerojet's satisfaction.

Redoing the cleanup in that area caused the Department of Toxic Substances Control officials to want to see how well the technologies being used are cleaning the site.

The site is 80 percent cleaned, Murphy said.

To test the technology, officials planted military materials at different locations of the 800-acre site in August to later detect them with different types of magnetometer equipment. Some of the magnetometers are towed on a sled, others on trailers and some are hand-held, Murphy said.

The materials were placed at different level fields, some in areas with little vegetation, others in steep hill areas and others at rugged hill sides, Murphy said.

"It will confirm the work that we are doing out there," he said.

DTSC officials are reviewing

results of the testing.

State agency officials may ask Aerojet officials to retest some of their cleaned areas, based on the analysis of the tests done at the site, Murphy said.

Eventually the goal is to clean the site to later use it for residential development. However, Aerojet officials have told city officials those plans will be put on hold until the site is properly cleaned and certified by the state agency.

"We want to meet the goals for that kind of use," Murphy said. "We are excavating all the test areas to the bedrock, and the soils are being screened."

Although encouraged by the testing of Aerojet's technology, Councilwoman Gwenn Norton-Perry said she is still skeptical of the cleanup and the state's certification of the site, if they deem it suitable for development.

"This site is not suitable for residential nor development, Norton-Perry said. "I don't know if it will ever be."

Areas where military explosives were tested have been excavated and filled with 10 feet of clean soil, Murphy said.

Cleanup at the site has been taking place for about several years. A completion date has not been set.

The Aerojet Ordinance Facility was in operation from 195 to 1995. The cleanup measure for the open burn/open detonation area began in 1994. Cleanup of the entire site began in 199 after the state agency approved it, Aerojet officials have said.

*Blanca Sanchez can be reached by e-mail at [blanca.sanchez@dalybulletin.com](mailto:blanca.sanchez@dalybulletin.com) or by phone at (909) 483-4644.*

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# Water from Pomona wells ready to flow again

## Dedication set for Monday

By **MONICA RODRIGUEZ**  
STAFF WRITER

POMONA — Groundwater from wells that have sat dormant for years can now be used with the completion of a water treatment system, which city leaders will dedicate Monday.

The unveiling and dedication of the Pomona Water Treatment Facility and Water Reservoir, located in the area of the 10 Freeway and Towne Avenue, is set for 10 a.m. Monday.

"This is our main complex for the water system" in the city, said Jim Taylor, the city's water/wastewater operations manager.

The water treatment equipment — known as air strippers — cost a total of \$1.5 million and will transport water from two wells and clean out contaminants after the water is drawn to the surface. Once processed, the water can be used for drinking, Taylor said.

This new water source will allow the city to reduce its reliance on expensive water from Northern California and the Colorado River, Taylor said. That, in turn, will allow the city to keep water rates low.

The two wells were closed seven years ago. Volatile organic compounds had been found in the wells at levels higher than state standards, state water official Jeff O'Keefe said in a May 2002 Daily Bulletin story.

At the time, O'Keefe was associate sanitary engineer with the state Department of Health Services' Drinking Water Program.

Water from these wells can be used for drinking as long as contaminants don't exceed federal levels. The maximum level of nitrates is 45 parts per million, but the two wells had levels in the 50- to 60-ppm range, O'Keefe said at the time.

Volatile organic compounds, such as trichloroethylene, a common solvent, were found in the wells at twice the 5 parts per billion allowable level, O'Keefe said then.

The treatment the equipment provides will remove the contaminants, O'Keefe added at the time.

With the treatment equipment, the city will produce about 7 percent more water a day — about 2 million gallons — for the city, which on average uses about 29 million gallons of water daily, Taylor said.

Use of the wells will also cut down on the natural pressurization of groundwater, which in the past has resulted in artesian wells appearing in areas around Pomona Valley Hospital Medical Center and Lincoln Park, Taylor said.

"We need to pump that water and have it go for a beneficial use," Taylor said. Having water "draining down the street benefits no one."

A 10 million gallon reservoir that mixes local and imported water is the third located on the complex and carries a total price tag of more than \$7 million, Taylor said.

From there, water is distributed to most of the city.

The reservoir will be particularly helpful for fighting fires and for any unforeseen declines in water supply, he said.

The facilities could also allow the city to sell its water to other municipalities as a revenue generator, Mayor Eddie Cortez said.

"There are a lot of communities that never had the foresight of our city fathers," he said.

*Monica Rodriguez can be reached by e-mail at [m\\_rodriguez@dailybulletin.com](mailto:m_rodriguez@dailybulletin.com) or by phone at (909) 483-9336.*

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# State asked to test site

## Health issues worry those near Wyle

By SUE DOYLE  
STAFF WRITER

NORCO — Allergies, asthma and thyroid problems on Raquel Road have pushed some residents to ask for state testing in their neighborhood for chemical contamination from the nearby Wyle site.

"We live on a sickly kind of street and have questions that we want answered," said Gloria Austin, Raquel Road resident for 11 years. "We want testing to make sure we're safe here."

The families wonder if the illnesses are normal for a neighborhood with a similar demographic or if they could be the result of chemicals that migrated from Wyle Laboratories, which tested rocket motors and electronics on its 425-acre test site in Norco. Wyle Laboratories is under a state consent order to clean up the contamination.

Residents haven't been given a definite yes or no about testing on their street, which is on the southwest side of Wyle. But the state Department of Toxic Substances Control is looking

A6 Wednesday, December 15, 2004

## WYLE

• FROM A1

into testing on Raquel Road, said Jeanne Garcia, public information officer for the state agency.

Austin, who has asthma and thyroid problems, was motivated to find answers after her diagnosis, and she became more curious after attending community meetings about Wyle and hearing about residents with similar illnesses.

After knocking on doors along her street, the 47-year-old found that at least 10 other families were wondering the same things. Some had similar diagnoses.

Austin received a visit in November from Marilyn Underwood, staff toxicologist from the Department of Health Service's environmental health investigations branch. Austin is waiting to see what happens next.

"I want to know why so many people have thyroid problems in this area. It seems suspicious," Austin said. "I'm getting stressed out wondering about breathing the air in my house."

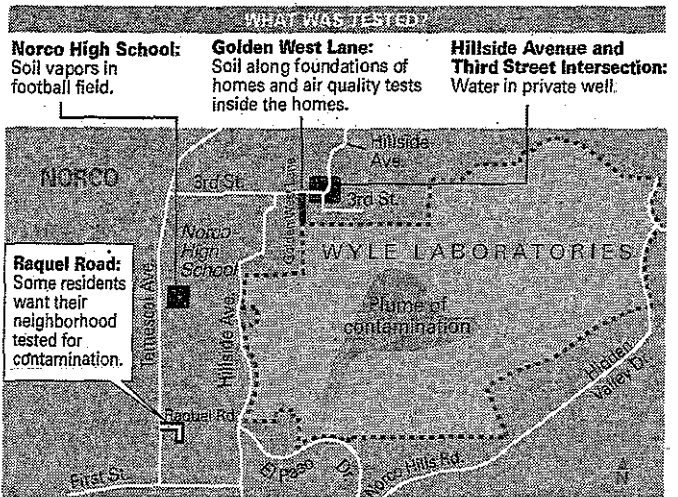
Wyle Laboratories installed a new ventilation system by order of the state inside a house in the 2200 block of Golden West Lane after an air quality test detected traces of benzene and trichloroethylene, a cancer-causing industrial solvent that the state believes migrated from the test site.

The new system began operating before Thanksgiving and will stay on 24 hours a day until a clean-up plan begins near Wyle Laboratories northwest boundary. The purpose of the new system is to mix air inside the home with the outside, breaking up the concentration of chemicals.

Preliminary results of air samples taken inside the Delgado home since the installation did not detect benzene and TCE, according to a

## Wyle Laboratories investigation

The high-tech and engineering company is under a state order to clean up contamination from hazardous chemicals that spread through the soil. The Norco testing site qualifies as a Superfund site.



RICHARD HASELRIG • STAFF ARTIST

DTSC report.

Meanwhile, Wyle Laboratories has agreed to pay the family's electric and gas bills until the system stops running, said Norma Delgado.

"I can't wait for this to be over," said Norma Delgado. "I still don't feel safe because I know it's in my surroundings."

Air samples were taken after TCE was found in very low levels along the foundation of some homes on Golden West Lane. The Delgado's home was the only one found with contamination outside and inside.

DTSC sent 700 surveys out the past week to residents living within one-half mile of Wyle Laboratories' boundaries in a search of private wells to sample.

Three responses have indicated private wells out of 120 received so far by DTSC.

The need to test private wells arose after traces of TCE and per-

## HISTORY OF WYLE LABORATORIES

Wyle Laboratories, Inc. is an El Segundo-based high-tech testing and engineering company that used its 425-acre Norco site since the 1950s to test rock motors and electronics for the military and aerospace industries. It's under a state consent order to clean up contamination. The Norco site qualifies for listing as a Superfund site. The property was sold in November 2002 to the St. Clair Company, a Newport Beach-based real estate development business.

chlorate, a chemical used in solid rocket fuels, were found in a water sample from a private well at Hillside Avenue and Third Street in October.

The well was used for irrigation and livestock.

ONLINE  
EXTRA

Related stories

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# CHINO BASIN WATERMASTER

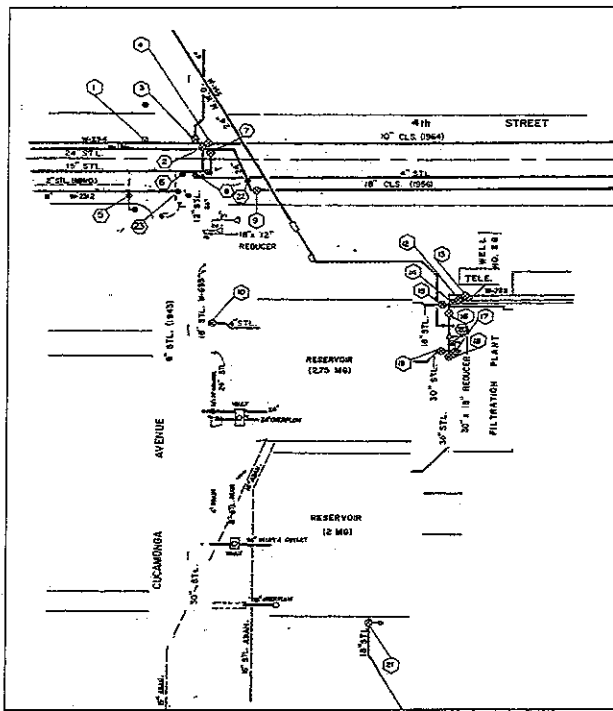
## V. INFORMATION

### 2. Mapping the System



# Mapping the System GIS Conversion Keeps Data Current

by Ron Young



Up-to-date geographic information for water and sewer lines is crucial for organizing and implementing a water or wastewater utility's distribution system maintenance activities and creating and updating hydraulic modeling. For example, operations personnel must track how many feet of pipe to flush, how many gate valves to exercise, and how many fire hydrants to repaint within certain time frames. Statistical information is also required for governmental regulatory agency surveys and questionnaires.

The hand-drawn atlas maps had minimal detail and no color.

The Ontario, Calif., Utilities Department, along with other city departments, uses a geographic information system (GIS) for water and sewer system engineering, capital improvement project planning, maintenance, repairs, and day-to-day operations. Other city departments often use the information for land development and planning.

Two years ago, Ontario used a collection of hand-drawn water and sewer atlas maps and other water and sewer data that lacked detailed information. The city's electronic files of digitally scanned water and sewer system improvement construction plans, or record drawings, constituted the primary source of information for maintaining the atlas maps and the GIS data. But the city's rapid growth during the past two decades made it hard to keep the maps and GIS data current because of outdated hand-drafting techniques. In addition, the GIS and printed-map data lacked a common link to reference the record drawings.

## Converting the Data

To find a solution to these problems, the utility outlined a scope of work and drafted a request for proposal (RFP) package. The scope of work called for two things: converting all applicable water and sewer data from the electronic record-drawing file to GIS and creating a program that would generate atlas maps from the GIS data (collectively referred to as "the project"). Additionally, the existing atlas maps would be

used as a secondary data source, especially in cases where record drawings did not exist.

The RFP was submitted to several firms specializing in utility GIS data conversion. The firm selected to perform the work had a broad understanding of the scope of work to be performed, expertise in water and sewer GIS data conversion, and offered its services at a reasonable cost.

As data was converted, the company submitted to the city hard copies of each atlas grid, totaling about 500 sheets each for the water and sewer systems. Over the next six months, the city's Utilities Engineering Section reviewed each atlas plot and returned only those that required additional data or revision. From there, the company and city staff worked together and created a new atlas grid system on smaller 11-in. x 17-in. paper, with 1 in. equal to 200 ft, for a total of about 200 sheets each for water and sewer.

## Distinctive Features Added

As the project progressed, distinctive features were added to the atlas maps, including color coding of three things: all pipes within or connected to each of the city's existing four pressure zones, sewer gravity mains separately from the sewer force mains, and manholes by type (e.g., drop manholes, regional manholes connected to other agencies). Pressure zone color codes on each pipe have resolved the previous challenge of determining which mains were in certain pressure zones, especially since many streets within the city

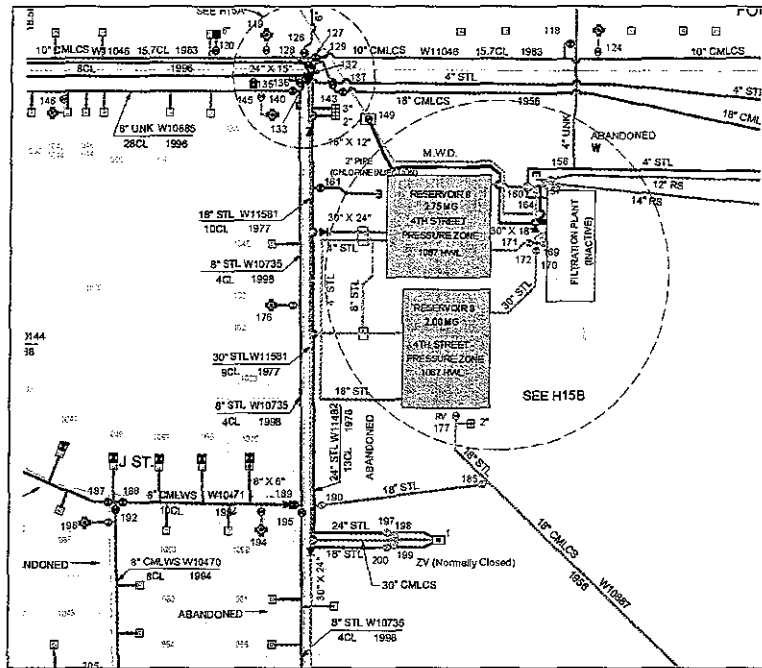
*Ron Young is an assistant engineer for the City of Ontario, Calif., Public Works Agency/Utilities Department.*

contain two or more pipes within as many pressure zones.

A data sheet is printed on the backside of each preceding atlas sheet. The water data sheets show gate valve location information. The sewer data sheets show pipe slope, the year pipe was installed, and manhole location information.

### Updating and the Future

The city is now using the new generation atlas maps and upgraded water and sewer GIS data. The data will be kept up-to-date to be no more than 30 days behind the last water and sewer system addition. From the most current data, atlas maps will be reprinted on a semiannual basis. The city is currently exploring electronic means of viewing the atlas sheets because printing 50 to 60 atlas books, at almost \$300 each, twice per year, can be costly. Options being explored include laptops and handheld devices



After converting the maps to a GIS system, key aspects of the distribution system were coded in color and more detail was added.

for operations crews in the field.

The project was completed for \$334,000 and is now both an engineering and operational tool. The accurate, up-to-date water and sewer

information is more readily available, faster, and easier to obtain than the old, large, and heavy as-built and record drawings, and, therefore, is used more often.

## AWWA Teleconference

# WATER RESOURCE ALTERNATIVES: The Future of Sustainable Utility Practices

Thursday, November 4, 2004  
12 Noon-3:30 p.m. EST

You can explore the increasingly critical issue of water resource sustainability at this all-new AWWA Satellite Teleconference. You'll get insight on how to balance increased demand with shrinking resources, how to do more with less, the role of life-cycle thinking, overall building of systems, and sustaining vital cities.

### Take Advantage of These Outstanding Opportunities

- Earn valuable continuing education credits
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For information on available sites and costs, visit [www.awwa.org](http://www.awwa.org) or call 800.926.7337 ext. 3436 and mention code Op.



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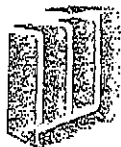
# CHINO BASIN WATERMASTER

## V. INFORMATION

3. Replenishment Service Availability  
Update for Calendar Year 2005





**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

December 28, 2004

Mr. Richard W. Atwater  
Chief Executive Officer/General Manager  
Inland Empire Utilities Agency  
6075 Kimball Avenue  
Building A  
Chino, CA 91710

Dear Mr. Atwater:

Replenishment Service Availability Update for Calendar Year 2005

This letter provides an update on the availability of Metropolitan Water District of Southern California's (Metropolitan's) Replenishment Service for calendar year (CY) 2005, and is part of Metropolitan's continuing effort to keep you informed on the status of supply and delivery conditions.

Please note that Metropolitan's staff previously contacted your agency in early December so that the appropriate operational adjustments and/or plans for your system could be made, based on the outlook for Replenishment Service discussed in this letter.

As of December 31, 2004, all Replenishment Service deliveries will be unavailable due to a number of significant shutdowns. These shutdowns include the Lake Mathews Forebay, which requires all Weymouth and Diemer deliveries to consist of 100 percent State project water (SPW), as well as the Colorado River Aqueduct and San Diego Canal shutdowns, beginning in early January 2005.

We anticipate that SPW Direct and In-Lieu Replenishment Service deliveries may be available on a limited basis beginning in mid-January 2005. Additionally, Replenishment Service will be limited during the shutdown of the Rialto and Etiwanda Pipelines from February 7 through February 13, 2005, as well as between February 22 and March 3, 2005, for the Jensen Plant shutdown.

Blended and Colorado River water (CRW) Replenishment Service will most likely not be available in early 2005 due to continued low CRW supplies.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Mr. Richard W. Atwater  
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As a result, periods during early 2005 in which Metropolitan does not expect to deliver Replenishment Service or deliver it on a limited basis are summarized as follows:

Source Water	Replenishment Service Type	Periods of Expected Unavailability	Explanation
SPW	Direct	12/31/04 through mid-January 2005	Unavailable due to Lake Mathews Forebay, Colorado River Aqueduct, and San Diego Canal shutdown
		02/07/05 through 02/13/05	Availability limited due to Rialto & Etiwanda Pipeline shutdowns
		02/22/05 through 03/03/05	Availability limited due to Jensen Plant shutdown
	In-lieu	12/31/04 through mid-January 2005	Unavailable due to Lake Mathews Forebay, Colorado River Aqueduct, and San Diego Canal shutdowns
		02/07/05 through 02/13/05	Availability limited due to Rialto & Etiwanda Pipeline shutdowns
		02/22/05 through 03/03/05	Availability limited due to Jensen Plant shutdown
CRW	Direct	From 12/31/04 until further notice	Unavailable due to continued low Colorado River supply
	In-lieu	From 12/31/04 until further notice	Unavailable due to continued low Colorado River supply
Blended water	Direct	From 12/31/04 until further notice	Unavailable due to continued low Colorado River supply
	In-lieu	From 12/31/04 until further notice	Unavailable due to continued low Colorado River supply

\*Please note that Replenishment Service can also be affected by other factors not shown, such as system constraints and SPW supply variability.

Metropolitan will continue to evaluate the availability of Replenishment Service and provide you with updates as supply and operating conditions change. In the meantime, Metropolitan will make its best efforts, working cooperatively with its member agencies, to ensure Replenishment Service orders are filled.

*THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA*

Mr. Richard W. Atwater

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If you have any questions, please contact Brent Yamasaki at (213) 217-7146 or Mike Morel at (213) 217-6592.

Very truly yours,

*Mike Morel*

Foe

Jill T. Wicke

Manager, Water System Operations

JTW:BAW:sm

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