

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, June 23, 2005

9:00 a.m. – Advisory Committee Meeting

And

11:00 a.m. – Watermaster Board Meeting

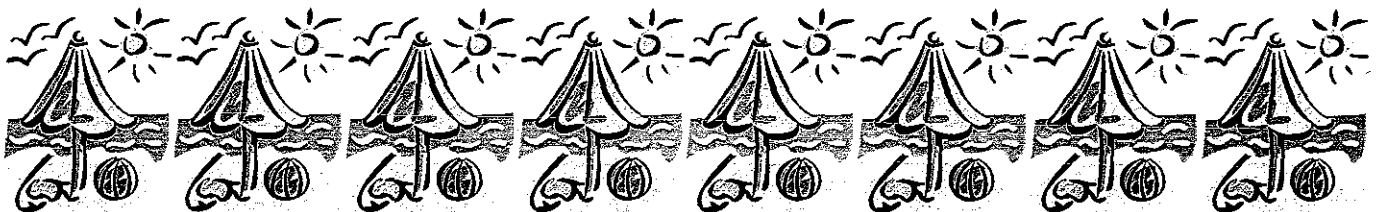
(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

(909) 484-3888





CHINO BASIN WATERMASTER

June 23, 2005

9:00 a.m. – Advisory Committee Meeting

And

11:00 a.m. – Watermaster Board Meeting

(Lunch Will Be Served)

AGENDA PACKAGE

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – June 23, 2005

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

1. Minutes of the Advisory Committee Meeting held May 26, 2005 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2005 *(Page 17)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through April 30, 2005 *(Page 21)*
3. Treasurer's Report of Financial Affairs for the Period April 1, 2005 through April 30 2005 *(Page 23)*
4. Profit & Loss Budget vs. Actual July 2004 through April 2005 *(Page 25)*

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – Santa Ana River Water Company Leases and Assigned Jurupa Community Services District the Quality of 1,600 acre-feet of Corresponding Safe Yield; Date of Application: January 18, 2005 *(Page 27)*

D. COST OF LIVING ADJUSTMENT (COLA)

Authorize 3.8% COLA to be applied to the salary schedule as approved in the FY 2005-06 Budget, beginning July 1, 2005

E. TWENTY-SEVENTH ANNUAL REPORT

Chino Basin Watermaster Twenty-Seventh Annual Report – Fiscal Year 2003-04 *(Page 43)*

II. BUSINESS ITEMS

A. SAN ANTONIO CHANNEL UPLAND BASIN INTERCONNECT

Authorize Construction of the San Antonio Channel Upland Basin Interconnect *(Page 109)*

B. RESOLUTION IN SUPPORT OF PROPOSITION 50 GRANT APPLICATION

Authorize Support for a Cooperative Proposition 50 Grant Application For Development of an Integrated Regional Water Management Plan *(Page 111)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Process
2. MZ1 Workshop Special Referee Report

B. CEO/STAFF REPORT

1. Assessment Package Workshop
2. Recharge Activity Update
3. Ontario Clean Up & Abatement Orders
4. Cooperative Meetings with County Flood Control
5. MWD System Overview

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Status Report – Richard Atwater
2. Recycled Water Report – Tom Love
3. UWMP 2005-2010 Water Conservation Strategy – Martha Davis
4. Water Resources Report (*Page 117*)
5. State/Federal Legislation Reports (*Page 133*)
6. Community Outreach/Public Relations Report (*Page 161*)

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

1. Newspaper Articles (*Page 163*)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

June 23, 2005	9:00 a.m.	Advisory Committee Meeting
June 23, 2005	11:00 a.m.	Watermaster Board Meeting
July 14, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 18, 2005	1:00 p.m.	AGWA Meeting
July 19, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 28, 2005	9:00 a.m.	Advisory Committee Meeting
July 28, 2005	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – June 23, 2005

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Attorney-Manager Process
- 2. MZ1 Workshop Special Referee Report

B. CEO/STAFF REPORT

- 1. Assessment Package Workshop
- 2. Recharge Activity Update
- 3. Ontario Clean Up & Abatement Orders
- 4. Cooperative Meetings with County Flood Control
- 5. MWD System Overview

IV. INFORMATION

- 1. Newspaper Articles (*Page 163*)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VIII. FUTURE MEETINGS

June 23, 2005	9:00 a.m.	Advisory Committee Meeting
June 23, 2005	11:00 a.m.	Watermaster Board Meeting
July 14, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 18, 2005	1:00 p.m.	AGWA Meeting
July 19, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 28, 2005	9:00 a.m.	Advisory Committee Meeting
July 28, 2005	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting –
May 26, 2005

Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
May 26, 2005

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on May 26, 2005 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Mark Kinsey	Monte Vista Water Company
Rita Kurth	Cucamonga Valley Water District
J. Arnold Rodriguez	Santa Ana River Water Company
Raul Garibay	City of Pomona
Rich Atwater	Inland Empire Utilities Agency
Bill Stafford	Marygold Mutual Water Company
Mike Maestas	City of Chino Hills

Agricultural Pool

Glen Durrington	Crops
Pete Hettinga	Dairy

Non-Agricultural Pool

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

John Anderson	Inland Empire Utilities Agency
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Watermaster Staff Present

Sheri Rojo	Finance Manager
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Rick Hansen	Three Valleys Municipal Water District
Steven Lee	Ag Pool Legal Representative
Craig Parker	Inland Empire Utilities Agency

The Advisory Committee meeting was called to order by Chair Jeske at 9:10 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held April 28, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through March 31, 2005
3. Treasurer's Report of Financial Affairs for the Period March 1, 2005 through March 31, 2005
4. Profit & Loss Budget vs. Actual July 2004 through March 2005

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

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

II. BUSINESS ITEMS**A. AKB05020 MEMORANDUM OF AGREEMENT – CHINO BASIN DATA EXCHANGE SYSTEM DEVELOPMENT**

Chair Jeske stated that this item is for the Memorandum of Agreement between Chino Basin Watermaster and Inland Empire Utilities Agency and a presentation on this item was given at the Pool Committee meetings. Mr. Kinsey noted that he hopes there is long term cost benefits by entering into this agreement. Chair Jeske asked if there were any other comments or questions.

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

Moved to approve AKB05020 Memorandum of Agreement for the Chino Basin Data Exchange System Development between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. 2005/2006 WATERMASTER BUDGET

Chair Jeske stated this item is for the approval of the 2005/2006 Watermaster Budget and noted a presentation was given at the Appropriative and Non-Agricultural Pool meeting. Chair Jeske inquired if the Committee Members wanted to see the presentation at this meeting; there were Agricultural Pool members present and the presentation was not given at the Agricultural Pool meeting. It was noted that the Committee Members wanted to view the presentation at this meeting. Ms. Rojo stated there was a budget workshop held recently which went very well. Ms. Rojo reviewed the prior vs. current year increases and decreases. The budget is broken down into three sections; Administration, OBMP, and Implementation Projects. Administration costs are down slightly, the OBMP costs are up slightly – mostly due to the DataX Program, and the Implementation Project section has gone up substantially. In the Implementation Projects section there has been a cost reduction in Groundwater Quality, Basin Water Quality, and Storage & Conjunctive Use. Cost increases have been attributed to Ground Level Monitoring, Hydraulic Control (water quality & level - recharge/well monitoring), Recharge Monitoring, and MZ1 Monitoring. A brief discussion ensued with regard to debt service. Ms. Rojo stated that Mr. Treweek will be giving a detailed presentation on the Recharge Program. The question regarding security issues was presented. Ms. Rojo noted that the majority of the security issues are regarding putting up new non-climbable fences around the SCADA equipment and other expensive equipment along with increasing the distance of posted signs. The question regarding making security enhancements at basins that are owned by other entities was presented. Mr. Treweek noted that Watermaster is responsible for security at a facility during periods that we are recharging water along with the responsibility that the facilities are safe, have lockable gates, and are posted with signs at 150 foot intervals as opposed to the 300 foot intervals they are at present. There has been vandalism and theft over this past year as construction has gone on; hardening of the security of high value items will be put in place which will be in the form of non-climbable chain link fencing. The question of who is responsible for flood control purposes was presented. Mr. Treweek stated that the Flood Control District is responsible for flood control purposes; however, at any time that Watermaster is recharging water, whether imported water or recycled water, then Watermaster is responsible. The

question regarding a share of cost was presented. Mr. Treweek stated that the Flood Control has been cooperative in absorbing maintenance costs to date. A brief discussion regarding the types of locks used at the basins ensued. Ms. Rojo stated that the recharge program maintenance costs, which is the O&M on an annual basis, does not include the damage related from the recent storms. Management Zone 1 (MZ1) was budgeted to begin a development of the long term management plan and the piezometer replacement, which were the largest cost increases for the MZ1 area. Mr. Kinsey offered some comments regarding the special referee workshop held recently regarding MZ1 costs and if those costs were included in this presented budget. Mr. Wildermuth noted that the costs that are included in the budget are for the central area and include a new piezometer. Chair Jeske stated that because there is money allotted in the budget for a particular item it does not mean it has to be done; if there is a disagreement with one of the items it was requested that item and cost decisions be taken through the Watermaster process for MZ1. Mr. Kinsey offered comment regarding the costs and the influence those costs reflect on the assessments. Counsel Fife stated that it was felt that one of the recommendations that will come out of the special referee's workshop is a recommendation that the MZ1 Committee be more organized in its future plans. The comment that attending the budget workshop made it much easier to understand the budget process was noted. Ms. Kurth asked to go on record with the comments that were made by Mr. DeLoach at the Appropriative meeting on May 12, 2005 regarding the money being contributed by Inland Empire Utilities Agency (IEUA) to the Watermaster budget in the amount of \$520,000 dollars and that there is an equity issue there which there is no cost sharing for by other MET member agencies. Ms. Rojo stated that in meeting with IEUA this past week it was noted that they are actually contributing \$1.4 million dollars towards various projects and programs.

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

Moved to approve the 2005/2006 Watermaster budget, as presented

C. STIPULATION WITH CUCAMONGA VALLEY WATER DISTRICT FOR WITHDRAWAL OF PROTEST AGAINST APPLICATION

Counsel Fife stated this is a fairly short stipulation and was discussed at length at the pool meetings; there is no further update since that meeting. This stipulation states Watermaster is not in any way infringing on Cucamonga's pre-1914 surface water rights up in the northern part of the basin

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

Moved to approve the stipulation with Cucamonga Valley Water District for withdrawal of their protest against the Watermaster application, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife stated that the next meeting will be held today at 1:00 p.m. at the offices of Cucamonga Valley Water District. Materials have been previously distributed via email; additional copies are available.

2. Santa Ana River Application Process

Counsel Fife stated that the only new information to update the committee members on is the stipulation, which was just approved. The only protest left on the application is from the Department of Fish and Game and discussions will continue with them. In general, this process was started because Orange County Water District and Western Municipal Water District indicated they were going to come out with final copies of their EIR's and move forward with a hearing on their applications. To date nothing has been reported on as to when that might take place.

3. North Gualala Litigation
Counsel Fife stated that ACWA is going to be filing an amicus brief on this case, Tom Bunn will be writing that brief. The case is on appeal and briefs had not been filed yet and counsel is not yet recommending that Watermaster file an amicus brief; we are waiting to see how the arguments develop. Watermaster on behalf of adjudicated basins, in general, would have a particular perspective in this litigation and might want to have a say in any appellate court decision that comes out. It appears very highly likely that counsel will recommend that Watermaster file an amicus brief.
4. MZ1 Special Referee Workshop Update
Counsel Fife noted there was a special referee workshop held yesterday and the workshop went very well. Very good discussions took place at the workshop and the purpose of the workshop was to assess where Watermaster is in implementing the MZ1 Interim Plan. Counsel Fife noted that at the end of the workshop the Ms. Schneider and Mr. Scalmanini were both comfortable that in fact Watermaster has been making progress and are doing what was intended to get done. There was a sense from Ms. Schneider and agreed upon by the attending parties that a lot of data has been collected and it is time to move on to a long term plan.

B. CEO/STAFF REPORT

1. ACWA Update
Ms. Rojo commented that Mr. Manning attended the ACWA conference and on the back table there is a handout regarding legislative updates, which were passed out at the conference. Ms. Rojo noted that Mr. Manning gave a detailed update at the pool meetings on this handout.
2. MWD System Overview Study Update
Ms. Rojo stated that an update was given by a member of the Metropolitan Water District for the long term shutdown plans at the Appropriative and Non-Agricultural pool meeting and were on the agenda to give that update at this meeting; however, they are not currently present.
3. Assessment Package Update
Ms. Rojo stated that a few people have volunteered to help on reviewing the assessment package as it relates to last year's assessment package using the new program that Watermaster developed and put together. It was noted that parties have requested a workshop on the assessment package take place and that has been scheduled for Wednesday, June 15, 2005. Notices for that meeting will be sent out shortly. Ms. Rojo stated that a copy of last years assessment package will accompany the notice and felt it would be helpful before we rolled out this current year's package especially because staff wanted to try and split the process into two categories. One would be the water activity and once the water activity is summarized then staff can go ahead and relate the dollars based on the water activity.
4. Legislative Update
Ms. Rojo stated that Mr. Atwater and Ms. Davis will cover this item in the Inland Empire Utilities Agency section.
5. Recharge Basin Repair Update
Ms. Rojo stated that Mr. Treweek will be giving an update on where Watermaster is on the recharge basin project and on storm damage. Mr. Treweek noted that on the back table is a handout provided on the summary of the storm water recharge to date. It was felt that this storm season is now over and that 15,642 acre-feet of captured storm water has recorded at the Deer Creek Measuring Station. Mr. Treweek noted that this basin was very fortunate in receiving 50 inches of rainfall which is about three times an average year.

There are two major areas that are going to be worked on this summer; the first one will be Basin Availability and the second is Basin Capacity. IEUA and Watermaster have developed a wish list of needed improvements to be made to the basins, this list was made available at a prior meeting; this list consists of about \$10 million dollars worth of grant funded items from prop 13 and DWR. The more difficult challenge deals with basin capacity and Mr. Treweek drew a diagram to clearly show why this is such a challenge. A discussion ensued with regard to flood control policy and the retention of water in regards to dam safety regulations. Ms. Rojo noted that Mr. Atwater and Mr. Manning have met with Pat Mead from Flood Control recently and stated there are more meetings set for the future. Mr. Atwater stated that things are going to work out with Flood Control. Chair Jeske noted that the snow pack will melt within the next 60 days and encouraged staff to work with Flood Control to work something out for this year as well as for long term. A brief discussion ensued with regard to habitats forming in the basins.

6. Chino I and Chino II Desalter Projects Ground Water Draft Monitoring and Mitigation Plan Update

Ms. Rojo stated this item is regarding the Chino I and Chino II Desalter projects; this item was moved from the potential action section of the agenda to the reports and updates because it was decided that Watermaster needs only to receive and file the submitted Monitoring and Mitigation Plan. It was noted that staff has been working a lot with the CDA on the issues of this plan and there is resolve. A question regarding the staff report and negotiations regarding duplicate monitoring was presented. Ms. Rojo stated that it has been decided the monitoring issue between the CDA and Watermaster is going to be discussed further to determine whether cost sharing would be justified and whether or not a cooperative agreement needs to be formed.

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Status Report – Richard Atwater

Mr. Atwater stated that at the last Appropriative & Non-Agricultural Pool meeting a presentation was given on the system overview study and since that meeting IEUA staff has met with Metropolitan Water District's senior management and engineering staff on the isolation valves at the Rialto Pipeline and it appears that shutdown will not take place in January.

2. Recycled Water Report – Tom Love

Mr. Atwater stated that IEUA will start spreading recycled water in Hickory & Banana Basins within the next month or so after the permit is approved

Added Comment:

Mr. Atwater commented on the recent Leadership Breakfast held at IEUA and stated that he could provide copies of the new budget. Mr. Atwater stated that Ms. Davis will be giving a presentation on the Regional Water Conservation Budget today. It was noted that there were no rate increases either on sewer or on imported water.

3. Chino Basin Facilities Improvement Report – Tom Love
No comment was made regarding this item.

4. FY 05/06 Water Conservation Budget – Martha Davis

Ms. Davis stated that imported water purchases in calendar year 2004 stayed within Tier I through conservation, increased use of recycled water, groundwater pumping and record rainfall in November and December. It was noted that future water demands are increasing due to the region's record rate of growth. The IEUA service are will likely stay within Tier I in calendar year 2005 as a result of the wet spring in combination with continued water conservation, and increasing use of recycled water and groundwater supplies. MWD has

increased its rate for Tier II untreated water by \$15, effective January 2006 (from \$412/af to \$427/af). Ms. Davis stated that conservation is a very cost-effective way to meet future growth needs. IEUA, working in collaboration with its retail agencies, is developing new supplies through water efficiency programs that will help residential, retail and commercial customers and save money. Ms. Davis reviewed the FY 2005-2006 conservation program revenues and noted that there are no changes in rates or budgeted revenues. Ms. Davis assessed the regional conservation programs offered through IEUA and retail agencies which included, Residential Programs, Commercial/Industrial/Institutional Programs, Public Education Programs, and Retail Agency Support Programs. The conservation program priorities will build upon current conservation initiatives; expand on outdoor conservation programs and increase marketing, and outreach and rebate incentives. IEUA will expand on collaboration with MWD, Chino Basin Watermaster, Chino Basin Water Conservation District, local Agencies and SAWPA to enhance programs and coordinate conservation messages.

5. Water Resources Report (handout)
No comment was made regarding this item.
6. Quarterly Recycled Water Report (handout)
A question regarding the initial blending requirements for the recycled water program was presented. Mr. Atwater noted that the permit states a 20% blend. A discussion ensued with regards to blending at the point of recharge. A question regarding in lieu deliveries was presented. Mr. Atwater stated that the economics issue needs to be worked out and will be encouraged once that has been accomplished. A discussion ensued with regards to in lieu deliveries. Ms. Rojo stated that Brooks and Montclair Basins are now full and that imported water is now being taken in at the San Sevaine Basin. Mr. Atwater stated that today will be a first time ever that state project water will be put into Hickory Basin.
7. Quarterly Chino Basin Facilities Report (handout)
No comment was made regarding this item.
8. State/Federal Legislation Reports
 - a. Daily Bulletin Article on House Approval of HR 802
Regional Recycled Water Initiative
No comment was made regarding this item.
9. Public Relations Report
No comment was made regarding this item.
10. Presentation on the Conservation Program
Ms. Davis showed samples of the "Garden in Every School Program" which has gained a lot of press. The schools are seeking IEUA to continue this educational program.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen stated that his first item to present is an information item regarding Mr. Bowcock who is heading up a group that has expanded from the main San Gabriel basin to include Three Valleys and IEUA. Mr. Bowcock has encouraged the parties to think outside the box with a regional planning effort and to take a look at the Rialto Feeder and what MWD has as far as capabilities in moving water. The group is looking at putting MWD water into the San Gabriel Pipeline; keeping water flowing 365 days a year. This announcement was sent out via email and if any party is interested in participating please contact Mr. Hansen. The second item concerns an item that needs to be watched closely with the MET, with the million acre feet that MET is looking for in surplus water and looking at storing that water in the San Joaquin Valley. Mr. Hansen relayed what took place at a recent meeting with Wes Bannister in his discussions regarding the water storage. Mr. Bowcock stated that the next meeting regarding this issue is for

the WFA Technical Advisory Committee and will be held at Monte Vista Water District at 8:30 a.m. on June 16, 2005.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

May 24, 2005	9:00 a.m.	Water Quality Meeting
May 24, 2005	9:00 a.m.	GRCC Meeting @ IEUA
May 25, 2005	10:30 a.m.	MZ1 Special Referee Workshop
May 26, 2005	9:00 a.m.	Advisory Committee Meeting
May 26, 2005	11:00 a.m.	Watermaster Board Meeting
May 26, 2005	1:00 p.m.	Attorney-Manager Meeting @ CVWD
June 9, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 21, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 23, 2005	9:00 a.m.	Advisory Committee Meeting
June 23, 2005	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 10:20 a.m.

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting –
May 26, 2005

Draft Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
May 26, 2005

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on May 26, 2005 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
John Anderson	Inland Empire Utilities Agency
Paul Hamrick	Jurupa Community Services District
John Rossi	Western Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Sheri Rojo	Finance Manager
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Terry Catlin	Inland Empire Utilities Agency
Rita Kurth	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
Martha Davis	Inland Empire Utilities Agency
Dave Crosley	City of Ontario
Raul Garibay	City of Pomona

The Watermaster Board Meeting was called to order by Chair Neufeld at 11:10 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held April 28, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2005

2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through March 31, 2005
3. Treasurer's Report of Financial Affairs for the Period March 1, 2005 through March 31, 2005
4. Profit & Loss Budget vs. Actual July 2004 through March 2005

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

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

II. BUSINESS ITEMS

A. AKB05020 MEMORANDUM OF AGREEMENT – CHINO BASIN DATA EXCHANGE SYSTEM DEVELOPMENT

Ms. Rojo commented that this item is Danielle Maurizio's project, who is out on maternity leave, she recently gave birth to a baby boy; both mother and baby are doing well. A full presentation has been previously given on this shared database program between Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA). The name for this program has finally been decided upon and chosen as the Chino Basin Data Exchange System Development (DataX); this item represents the agreement to go forward on this project. The question if all the information for this program will be funneled through and stored at Wildermuth Environmental (WE) was presented. Ms. Rojo stated that WE is developing the software program, however, portions of the data will be housed at IEUA and CBWM. A brief discussion ensued with regard to gathering the data from the correct facilities and the confidentiality of the gathered data. Counsel Slater stated that the Watermaster, as a whole, is not a public entity and is an extension of the court; the Public Records Act does not apply directly to Watermaster. Confidentially arrangements have been placed on certain sensitive data and Watermaster can be compelled by the court to release certain information. However, IEUA is a producer and has different statutory requirements and counsel expresses no opinion if IEUA would have to disclose information on the Public Records Act. Ms. Rojo stated that information placed into the database will be segregated, where only certain people will be allowed access to retrieve certain information by password, noting that agricultural wells and water quality data will be protected with limited access.

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

Moved to approve AKB05020 Memorandum of Agreement for the Chino Basin Data Exchange System Development between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. 2005/2006 WATERMASTER BUDGET

Ms. Rojo noted there was a budget workshop held several weeks ago and was attended by several appropriators; the presentation being given at today's meeting is a summary for the 2005/2006 budget. Ms. Rojo reviewed the prior vs. current year increases and decreases. The budget is broken down into three sections; Administration, OBMP, and Implementation Projects. Administration costs are down slightly, the OBMP costs are up slightly – mostly due to the DataX Program, and the Implementation Project section has gone up substantially. In the Implementation Projects section there has been a cost reduction in Groundwater Quality, Basin Water Quality, and Storage & Conjunctive Use. Cost increases have been attributed to Ground Level Monitoring, Hydraulic Control (water quality & level - recharge/well monitoring), Recharge Monitoring, and MZ1 Monitoring. A brief discussion ensued with regard to debt service. Ms. Rojo stated that Mr. Treweek will be giving a detailed presentation on the Recharge Program. Ms. Rojo noted that the majority of the security issues are regarding putting up new non-climbable fences around the SCADA equipment and other expensive equipment along with increasing the distance of posted signs to be put up every 150 feet. The question regarding making security enhancements at basins that are owned by other entities was presented. There has been vandalism and theft over this past year as construction has gone on; hardening of the

security of high value items will be put in place which will be in the form of non-climbable chain link fencing. Ms. Rojo stated that the recharge program maintenance costs, which is the O&M on an annual basis, and does not include the damage related from the recent storms. Management Zone 1 (MZ1) was budgeted to begin a development of the long term management plan and the piezometer replacement, which were the largest cost increases for the MZ1 area. Ms. Rojo stated that at the Advisory Committee meeting today, as a result of the Special Referee meeting yesterday appropriators want to keep close tabs on the expenses that will be incurred in MZ1. Most of the costs and contracts related to MZ1 will be brought back through the Watermaster process. The question if the costs for the MZ1 are identifiable was presented. Ms. Rojo commented that was a really good point and counsel has not been addressed on this issue. When counsel was working on the recharge project, those legal costs were put into the recharge expenses; however the MZ1 legal expenses have not been broken down in that manner. Ms. Rojo stated that is something can be done and will be examined further so those numbers will be more accurately represented. It was noted that an accurate depiction of expenses would be very beneficial. A discussion ensued with regards to the Attorney-Manager process and costs related to that process.

Motion by Rossi, second by DeJesus, and by unanimous vote

Moved to approve the 2005/2006 Watermaster budget, as presented

C. STIPULATION WITH CUCAMONGA VALLEY WATER DISTRICT FOR WITHDRAWAL OF PROTEST AGAINST APPLICATION

Ms. Rojo stated this item goes hand in hand with the Santa Ana River Application Process that Counsel Slater will be reporting on in the Legal section of the agenda; Ms Rojo asked Counsel Slater to speak on this item. Counsel Slater stated this will be the full and complete report for this item and for the Santa Ana River Application Process item. Counsel Slater stated that counsel has been actively prosecuting the Santa Ana River Application for some time and there is a statutory requirement that once the application is noticed parties are entitled to protest. There is a good faith obligation on the part of the applicant to meet with the protestors in an effort to resolve issues without resorting to litigation in front of the Board. This is another step forward in resolving a potential opposition to Watermaster's petition in a benign way. Counsel recommends this stipulation to the Board for execution which reflects Cucamonga Valley Water District's prior vested rights to continue doing what they are already doing with regard to their diversions. There is no impact on the project by making this stipulation recognition. Counsel Slater noted that the Pool and Advisory Committees have approved the presented stipulation.

Motion by Vanden Heuvel, second by Hamrick, and by majority vote – with one abstention by Chair Neufeld

Moved to approve the stipulation with Cucamonga Valley Water District for withdrawal of their protest against the Watermaster application, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Slater stated that Watermaster is actively re-engaged in the Attorney-Manager process; active engagement in that meetings are taking place every other week with the various stakeholders in an effort to reach a resolution to the five or six contractual issues that were left open from the original Peace Agreement. All of the issues have been brought forward by the parties for resolution and the next meeting is scheduled for today at which all the remaining discussion items will be fully disclosed. Counsel Slater noted that technical information has been received, reviewed, digested, and, in the opinion of the facilitator it is time to make a deal. If there is a deal to be made between the parties there is an anticipated time frame of July for that to take place; there is no need to continue beyond that point. Counsel Slater stated there is still a discussion that was not appropriate to

introduce at the Attorney-Manager's meeting, which is the fate of the nine member board. Once the parties are able to come to a conclusion and statements and documents are drawn up by way of resolutions and amendments to the Peace Agreement, it is hopeful this will be done in September well in advance of the hearing date on the nine member board.

2. Santa Ana River Application Process

This item was discussed under Business Item, No. C. No further comment was received on this item.

3. North Gualala Litigation

Counsel Slater stated the North Gualala item is the incident in Napa Valley where there was a judge reviewing groundwater production and whether it is subject to State Board jurisdiction; this judge was going to adopt an impacts test. This test would state that if it impacts a surface supply, it is jurisdictional. This case is now in appeal; the Association of California Water Agencies is gathering to file an amicus brief. Counsel Slater stated that an update will be given as soon as the pleading schedules have been set requesting the Watermaster to weigh in into that process as a friend of the court and also request that the Board members consider other agencies that might be useful in this regard. This is an important case to watch; we would not want an appellate court decision to come out which would impact the operations in our basin.

4. MZ1 Special Referee Workshop Update

Counsel Slater commented that 24-36 months ago the City of Chino and City of Chino Hills were actively engaged in litigation over the questions of who was responsible for, if anyone, for causing subsidence in the Management Zone 1 (MZ1) area. There was a collaborative process that was begun in lieu of prosecuting a case and it resulted in MZ1 efforts to historically track the causes of subsidence and develop an interim for a Long Term Plan. The interim plan has been underway for some time, which was to gather more reliable information about what the perspective causes were. Wildermuth Environmental Inc. has been actively engaged in that effort along with technical representatives from each of the producers. In 2003, a date for a hearing was set up wherein the court could get to what the underlying issues were. At that time it was decided there was not the requisite amount of information to conduct the workshop, it was put forward, and the actual hearing was held May 25, 2005. By all accounts the workshop was a success in the form of a great presentation that was done by Andy Malone from Wildermuth Environmental. The parties participated in the hearing with the special referee and the special referee's assistant; this workshop lasted approximately five hours and all parties commented in a non-confrontational environment. The result of that workshop is that the parties believe now, in given the nature of the information, which we can sit down and begin to develop a Long Term Plan for MZ1. This plan will be designed to do two things, 1) make sure that purveyor needs are met, and 2) make sure that long term hydrological balances is achieved within the zone; most importantly is to not cause subsidence.

B. CEO/STAFF REPORT

1. ACWA Update

Ms. Rojo noted that Mr. Manning attended the recent ACWA conference and that this item ties into the Legislative Update. Mr. Manning wanted to put together a legislative update of all the activity that is going on and at the ACWA conference obtained a copy of the handout "Hot Issues – ACWA State Legislative Department Update" which is provided at the back table. Chair Neufeld wanted to bring to the attention of the board members which ties directly to the ACWA update and to the legislative update. One of the speakers at the ACWA conference was State Senator Machado who gave a presentation on the Definition of Beneficiary/Beneficiary Pays. Chair Neufeld gave comments regarding Senator Machado's presentation. Ms. Davis offered comment on Beneficiary Pays and the theory that surrounds that concept. This item has been a point of considerable contention within Cal Fed and has not been able to be resolved internally which as a result has spilled out

into legislature. There are two ways in which Cal Fed is being potentially impacted by this legislation, 1) Senator Machado through SB113 attempting to put an imposing definition on Beneficiary Pays, and 2) Cal Fed itself, who has been forced to be taken down to a bare bones budget for the coming year. Chair Neufeld encouraged the members present to participate in the hearing process on SB113. Mr. Rossi stated that it was announced yesterday by DWR that Joe Grindstaff is now the acting director of Cal Fed, which is an interesting development. Mr. Vanden Heuvel stated that it needs to be recognized that the interest of the users of water is absolutely intricately linked with the interests of the environment in the Delta. A discussion ensued with regards to Beneficiary Pays and water quality in general.

2. MWD System Overview Study Update

Ms. Rojo stated that an update was given by a member of the Metropolitan Water District for the long term shutdown plans at the Appropriative and Non-Agricultural pool meeting and they were on the agenda to give that update at this meeting; however, they are not currently present.

3. Assessment Package Update

Ms. Rojo noted that after several years of Mr. Rossi's work on the Assessment Package and in taking over that role for the new software development, it is now ready to be unveiled. A few of the appropriators volunteered to review the assessment package as test cases using a parallel system from last year's assessment package in this new format. A workshop has been scheduled for June 15, 2005 to go over last year's assessment package and what that will do is set the foundation for next year. As the production year ends the appropriators are going to have their assessments divided into two categories. One would be the water activity and once the water activity is summarized then staff can go ahead and relate the dollars based on the water activity. The new format will be introduced on June 15, based on last year's information, and then when it is seen in the new format next year it will probably require another workshop, however, people will be more familiar with the new format.

Added Comment:

Counsel Slater stated that there is another issue which is related to this item that needs to be brought to the committee member's attention. The issue is the role in which Watermaster is the keeper of information and the recipient of data and Watermaster's willingness and ability to go out and verify data that is submitted by the parties. There have been one or two instances in the past where data submitted has turned out to not be accurate and as a result of the inaccurate data, had correct data been applied financial consequences to the parties would be considerably different than as reported. This has come up on a number of contexts, in most recently the Attorney-Manger meetings, and there was strong unanimous support for Watermaster developing a policy or a rule regarding peoples' duty to review information that is collected and transmitted by Watermaster and having a statute of limitations so that if errors are discovered they are addressed in a reasonable period of time. The view is it is trust and verification to extent Watermaster can, however, a recommendation to put in place a policy to end the debate after some period in the event that a discrepancy is discovered.

Ms. Rojo noted that in putting together the assessment package that it is a very complicated compilation of data and dollars and how certain numbers were formulated was not readily available to the reader of the document. What was done in the development of this new process is each column/category has a sheet that explains what the formula is for coming up with each number in that column/category. It will be an interesting first workshop to get all the questions as to how the numbers were gathered previously and the new go forward process.

4. Legislative Update
This item was discussed under the ACWA Update.
5. Recharge Basin Repair Update
Ms. Rojo stated that Mr. Treweek will be giving an update on where Watermaster is at on the recharge basin project and on storm damage. Mr. Treweek noted that on the back table is a handout provided on the summary of the storm water recharge to date. It was felt that this storm season is now over and that 15,642 acre-feet of captured storm water has recorded at the Deer Creek Measuring Station. Mr. Treweek noted that this basin was very fortunate in receiving 50 inches of rainfall and that is about three times what was expected in an average year. There are two major areas that are going to be worked on this summer; the first one will be Basin Availability and the second is Basin Capacity. IEUA and Watermaster have developed a wish list of needed improvements to be made to the basins, this list was made available at a prior meeting; this list consists of about \$10 million dollars worth of grant funded items from prop 13 and DWR. The more difficult challenge deals with basin capacity and Mr. Treweek drew a diagram to clearly show why this is such a challenge. A discussion ensued with regard to flood control water and the detaining of water in regards to dam safety regulations. Ms. Rojo noted that Mr. Atwater and Mr. Manning have met with Pat Mead from Flood Control recently and stated there are more meetings set for the future.
6. Chino I and Chino II Desalter Projects Ground Water Draft Monitoring and Mitigation Plan Update
Ms. Rojo noted that Craig Parker from the CDA is in attendance and is available for questions. This item references the Monitoring and Mitigation Plan for the Chino I and Chino II Desalter Projects which should be coming in line shortly. This plan was originally presented through the Pool process, it was listed as a potential action item, it was determined that it did not need to be an action item; Watermaster does not need to approve the CDA's Mitigation Plan. It was decided that the CDA's monitoring can mirror Watermasters to the extent that they will need additional monitoring there will be some type of agreement in the future where there is a cost sharing component involved. This is an information item only at this point; the plan is in the package and it has gone through the Pool process and there was a presentation given at the Agricultural Pool meeting regarding this plan. Mr. Vanden Heuvel stated that he knows Mr. Brommenschenkel has made some comments regarding this submitted plan, however, does not know if he has related those comments directly to the CDA. Mr. Parker stated that he has not received anything from Mr. Brommenschenkel personally, although the Agricultural Pool had some very good comments at their meeting and that the CDA is working on those comments presently. Mr. Parker noted that this is a living document and can be changed.
4. Presentation on the Conservation Program
Ms. Davis stated that imported water purchases in calendar year 2004 stayed within Tier I through conservation increased recycled water, groundwater pumping and record rainfall in November and December. It was noted that future water demands are increasing due to the region's record rate of growth. The IEUA service area will likely stay within Tier I in calendar year 2005, as a result of the wet spring, in combination with continued water conservation, and increasing use of recycled water and groundwater supplies. MWD has increased its rate for Tier II untreated water by \$15, effective January 2006 (from \$412/af to \$427/af). Ms. Davis stated that conservation is a very cost-effective way to meet future growth needs. IEUA, working in collaboration with its retail agencies, is developing new supplies through water efficiency programs that will help residential, retail and commercial customers and save money. Ms. Davis reviewed the FY 2005-2006 conservation program revenues and noted that there are no changes in rates or budgeted revenues. Ms. Davis assessed the regional conservation programs offered through Inland Empire Utilities Agency and retail agencies which included, Residential Programs, Commercial/Industrial/Institutional Programs, Public Education Programs, and Retail

Agency Support Programs. The conservation program priorities will build upon current conservation initiatives; expand on outdoor conservation programs and increase marketing, and outreach and rebate incentives. IEUA will expand on collaboration with MWD, Chino Basin Watermaster, Chino Basin Water Conservation District, local Agencies and SAWPA to enhance programs and coordinate conservation messages.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Anderson stated there was a breakfast meeting held yesterday in which Mr. Manning and Mr. Atwater gave an excellent update on the development of conservation and its future. Mr. Rossi noted Western is working with Congressmen Calvert and Congressmen Lewis on HR1008 which has recently merged with other legislative issues and became HR543 which did pass out of the house last week. Chair Neufeld stated that at the Cal Fed Drinking Water Sub Committee, in which he has a seat, had a presentation regarding some of the proposed projects that would be utilized in seeking funding. Chair Neufeld offered comments on that presentation and meeting noting support is needed for the voice of Southern California. Chair Neufeld stated that the next item that he wishes to present to the Board members that he believes needs a considerable amount of attention through Watermaster regarding the storage capacity in the Chino Basin. In reviewing the statements and comments regarding storage capacity it appears that this endeavor will benefit somebody else, not the people who use the water in this basin. Chair Neufeld encouraged staff and the Board to support the process taking a real hard look at who will really benefit from a storage program. We need to take a look at bringing water into this area to meet the demands of this area; conservation has done a great job in keeping water levels, however, with the growth level that the Chino Basin is facing is that going to continue to work? Other options need to be looked at for obtaining, keeping, and storing water. Chair Neufeld stated that he has engaged in several conversations about the completion of the Baseline Feeder and was thinking that there might be something that the Chino Basin Watermaster can do to help and encourage to make that happen. That would certainly give us the opportunity to move outside the MET service territory and bring water into this area. This project has been worked on for nearly ten years and needs to be looked at seriously and look at those issues that are going to be beneficial to those of us who work in this area.

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.

VIII. FUTURE MEETINGS

May 24, 2005	9:00 a.m.	Water Quality Meeting
May 24, 2005	9:00 a.m.	GRCC Meeting @ IEUA
May 25, 2005	10:30 a.m.	MZ1 Special Referee Workshop
May 26, 2005	9:00 a.m.	Advisory Committee Meeting
May 26, 2005	11:00 a.m.	Watermaster Board Meeting
May 26, 2005	1:00 p.m.	Attorney-Manager Meeting @ CVWD

June 9, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 21, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 23, 2005	9:00 a.m.	Advisory Committee Meeting
June 23, 2005	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 12:25 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements May 2005
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Period July 1, 2004 through April 30, 2005
3. Treasurer's Report of Financial Affairs for April 1 through April 30, 2005
4. Profit & Loss Budget vs. Actual July 2004 through April 2005



CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 9, 2005
June 21, 2005
June 23, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – May 2005

SUMMARY

Issue – Record of cash disbursements for the month of May 2005.

Recommendation – Staff recommends the Cash Disbursements for May 2005 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 May 2005 were \$950,458.79. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$425,067.92, Inland Empire Utilities Agency in the amount of \$319,525.65, and Hatch and Parent in the amount of \$47,508.59.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2005

Type	Date	Num	Name	Amount
May 05				
Bill Pmt -Check	5/2/2005	9540	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-9,429.48
Bill Pmt -Check	5/4/2005	9541	MEDIA JIM	-840.00
Bill Pmt -Check	5/4/2005	9542	VIP AUTO DETAILING	-474.25
Bill Pmt -Check	5/9/2005	9543	ANDERSON, JOHN	-250.00
Bill Pmt -Check	5/9/2005	9544	APPLIED COMPUTER TECHNOLOGIES	-2,068.45
Bill Pmt -Check	5/9/2005	9545	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	5/9/2005	9546	COMPUSA, INC.	-1,987.60
Bill Pmt -Check	5/9/2005	9547	DAILY BULLETIN	-172.80
Bill Pmt -Check	5/9/2005	9548	DIRECTV	-74.98
Bill Pmt -Check	5/9/2005	9549	GRAINGER	-30.47
Bill Pmt -Check	5/9/2005	9550	HAMRICK, PAUL	-125.00
Bill Pmt -Check	5/9/2005	9551	HOME DEPOT	-570.00
Bill Pmt -Check	5/9/2005	9552	HOME DEPOT	0.00
Bill Pmt -Check	5/9/2005	9553	HSBC BUSINESS SOLUTIONS	-294.66
Bill Pmt -Check	5/9/2005	9554	IDEAL GRAPHICS	-1,781.67
Bill Pmt -Check	5/9/2005	9555	INLAND EMPIRE UTILITIES AGENCY	-9,255.00
Bill Pmt -Check	5/9/2005	9556	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	5/9/2005	9557	KUHN, BOB	-250.00
Bill Pmt -Check	5/9/2005	9558	NEUFELD, ROBERT	-750.00
Bill Pmt -Check	5/9/2005	9559	OFFICE DEPOT	-166.05
Bill Pmt -Check	5/9/2005	9560	PAYCHEX	-173.20
Bill Pmt -Check	5/9/2005	9561	PETTY CASH	-506.75
Bill Pmt -Check	5/9/2005	9562	REID & HELLYER	-5,892.57
Bill Pmt -Check	5/9/2005	9563	RICOH BUSINESS SYSTEMS-Maintenance	-705.50
Bill Pmt -Check	5/9/2005	9564	RICOH BUSINESS SYSTEMS-Maintenance	-36.00
Bill Pmt -Check	5/9/2005	9565	STATE COMPENSATION INSURANCE FUND	-137.05
Bill Pmt -Check	5/9/2005	9566	STATE OF CA - DEPT OF CONSUMER AFFAIRS	-150.00
Bill Pmt -Check	5/9/2005	9567	STAULA, MARY L	-409.83
Bill Pmt -Check	5/9/2005	9568	THEIRL, JIM	-190.40
Bill Pmt -Check	5/9/2005	9569	UNITED STATES PLASTIC CORP	-50.43
Bill Pmt -Check	5/9/2005	9570	UNITEK TECHNOLOGY INC.	-257.52
Bill Pmt -Check	5/9/2005	9571	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	5/9/2005	9572	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	5/9/2005	9573	VERIZON	-407.67
Bill Pmt -Check	5/9/2005	9574	WATER EDUCATION FOUNDATION	-45.00
Bill Pmt -Check	5/9/2005	9575	WILDERMUTH ENVIRONMENTAL INC	-24,820.00
Bill Pmt -Check	5/9/2005	9576	CITISTREET	-4,600.00
Bill Pmt -Check	5/9/2005	9577	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	5/9/2005	9578	ENVIRONETICS	-3,879.00
General Journal	5/12/2005	05/05/4	PAYROLL	-5,231.33
General Journal	5/12/2005	05/05/4	PAYROLL	-18,129.69
Bill Pmt -Check	5/13/2005	9579	HOME DEPOT	-570.00
Bill Pmt -Check	5/19/2005	9580	A & R TIRE	-50.28
Bill Pmt -Check	5/19/2005	9581	ACWA SERVICES CORPORATION	-223.08
Bill Pmt -Check	5/19/2005	9582	BANK OF AMERICA	-1,440.12
Bill Pmt -Check	5/19/2005	9583	CHEVRON	-111.55
Bill Pmt -Check	5/19/2005	9585	CITIZENS CONFERENCING	-82.16
Bill Pmt -Check	5/19/2005	9584	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	5/19/2005	9586	HATCH AND PARENT	-47,508.59
Bill Pmt -Check	5/19/2005	9595	INLAND EMPIRE UTILITIES AGENCY	-40.00
Bill Pmt -Check	5/19/2005	9587	MCI	-900.15
Bill Pmt -Check	5/19/2005	9588	OFFICE DEPOT	-406.78
Bill Pmt -Check	5/19/2005	9589	PUMP CHECK	-6,389.25
Bill Pmt -Check	5/19/2005	9590	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	5/19/2005	9591	STAULA, MARY L	-136.61
Bill Pmt -Check	5/19/2005	9592	UNITED PARCEL SERVICE	-345.57
Bill Pmt -Check	5/19/2005	9593	WHEELER METER MAINTENANCE	-1,050.00
Bill Pmt -Check	5/19/2005	9594	WILDERMUTH ENVIRONMENTAL INC	-319,525.65
Bill Pmt -Check	5/19/2005	9596	INLAND EMPIRE UTILITIES AGENCY	-425,067.92
Bill Pmt -Check	5/19/2005	9597	VIP AUTO DETAILING	-444.30
Bill Pmt -Check	5/25/2005	9598	ROUTE 66 SUBS	-251.77
Bill Pmt -Check	5/25/2005	9599	EL TORITO	-258.52
Bill Pmt -Check	5/26/2005	9600	ARGENT COMMUNICATIONS GROUP	-470.25
Bill Pmt -Check	5/26/2005	9601	ARROWHEAD MOUNTAIN SPRING WATER	-76.24
Bill Pmt -Check	5/26/2005	9602	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	5/26/2005	9603	ELLISON, SCHNEIDER & HARRIS, LLP	-7,644.06
Bill Pmt -Check	5/26/2005	9604	JOBS AVAILABLE INC	-29.95
Bill Pmt -Check	5/26/2005	9605	LAB SAFETY SUPPLY, INC.	-199.60

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2005

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	5/26/2005	9606	PETTY CASH	-530.09
Bill Pmt -Check	5/26/2005	9607	PRE-PAID LEGAL SERVICES, INC.	-129.50
Bill Pmt -Check	5/26/2005	9608	PUMP CHECK	-3,080.00
Bill Pmt -Check	5/26/2005	9609	R&D PEST SERVICES	-85.00
Bill Pmt -Check	5/26/2005	9610	STANDARD INSURANCE CO.	-539.35
Bill Pmt -Check	5/26/2005	9611	STATE COMPENSATION INSURANCE FUND	-1,620.93
Bill Pmt -Check	5/26/2005	9612	UNITEK TECHNOLOGY INC.	-718.70
Bill Pmt -Check	5/26/2005	9613	CALPERS	-2,431.68
General Journal	5/31/2005	05/05/6	PAYROLL	-5,292.74
General Journal	5/31/2005	05/05/6	PAYROLL	-18,225.84
May 05				-950,458.79

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2004 THROUGH APRIL 30, 2005

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL AGRICULTURAL POOL NON-AGRIC. POOL			GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
Administrative Revenues										
Administrative Assessments			4,807,004		74,241				4,881,245	\$3,984,888
Interest Revenue			127,984	8,681	4,339			27	141,031	78,330
Mutual Agency Project Revenue		161,556							161,556	0
Grant Income									-	0
Miscellaneous Income									-	0
Total Revenues	-	161,556	4,934,988	8,681	78,580	-	-	27	5,183,832	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	588,702								588,702	621,784
Watermaster Board-Advisory Committee	39,820								39,820	37,018
Pool Administration			10,984	60,221	2,611				73,816	91,153
Optimum Basin Mgmt Administration		1,177,684							1,177,684	1,019,183
OBMP Project Costs		2,143,890							2,143,890	3,733,694
Education Funds Use									-	375
Mutual Agency Project Costs	39,885								39,885	80,004
Total Administrative/OBMP Expenses	668,407	3,321,574	10,984	60,221	2,611			-	4,063,797	5,583,211
Net Administrative/OBMP Income	(668,407)	(3,160,018)								
Allocate Net Admin Income To Pools	668,407		503,252	154,432	10,723				-	0
Allocate Net OBMP Income To Pools		3,160,018	2,379,215	730,107	50,695				-	0
Agricultural Expense Transfer			937,811	(937,811)					-	0
Total Expenses			3,831,262	6,950	64,029	-	-	-	4,063,797	5,583,211
Net Administrative Income			1,103,726	1,731	14,551			27	1,120,035	(1,519,993)
Other Income/(Expense)										
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						(9,327,447)			(9,327,447)	0
Net Other Income						394,660			394,660	(99,000)
Net Transfers To/(From) Reserves			1,103,726	1,731	14,551	394,660		27	1,514,695	(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			4,574,955	464,786	188,290	4,527,721	158,251	2,222	9,916,225	
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
APRIL 1 THROUGH APRIL 30, 2005**

DEPOSITORIES:

Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	\$ 155,199	
Savings Deposits	9,648	
Zero Balance Account - Payroll	-	164,847
Vineyard Bank CD - Agricultural Pool		404,951
Local Agency Investment Fund - Sacramento		<u>10,122,267</u>
TOTAL CASH IN BANKS AND ON HAND	4/30/2005	\$ 10,692,565
TOTAL CASH IN BANKS AND ON HAND	3/31/2005	11,096,700
PERIOD INCREASE (DECREASE)		<u>\$ (404,135)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$ 74,788
Assessments Receivable		(35,947)
Prepaid Expenses, Deposits & Other Current Assets		2,077
(Decrease)/Increase in Liabilities: Accounts Payable		514,002
Accrued Payroll, Payroll Taxes & Other Current Liabilities		3,326
Transfer to/(from) Reserves		<u>(962,381)</u>
PERIOD INCREASE (DECREASE)		<u>\$ (404,135)</u>

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 3/31/2005	\$ 500	\$ 635,016	\$ -	\$ 9,648	\$ 404,057	\$ 10,047,479	\$ 11,096,700
Deposits	-	16,439	-	-	894	74,788	92,121
Transfers	-	(50,813)	50,813	-	-	-	-
Withdrawals/Checks	-	(445,443)	(50,813)	-	-	-	(496,256)
Balances as of 4/30/2005	<u>\$ 500</u>	<u>\$ 155,199</u>	<u>\$ -</u>	<u>\$ 9,648</u>	<u>\$ 404,951</u>	<u>\$ 10,122,267</u>	<u>\$ 10,692,565</u>
PERIOD INCREASE OR (DECREASE)	<u>\$ -</u>	<u>\$ (479,817)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 894</u>	<u>\$ 74,788</u>	<u>\$ (404,135)</u>

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
APRIL 1 THROUGH APRIL 30, 2005**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
4/15/2005	Interest	L.A.I.F.	74,788				
TOTAL INVESTMENT TRANSACTIONS			\$ 74,788	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 2.48% was the effective yield rate at the Quarter ended March 31, 2005.

**INVESTMENT STATUS
April 30, 2005**

<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	\$ 10,122,267			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	\$ 10,122,267			

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 2004 through April 2005

	<u>Jul '04 - Apr 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	161,556.04	132,000.00	29,556.04	122.39%
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	74,240.87	97,652.00	-23,411.13	76.03%
4700 · Non Operating Revenues	141,030.70	78,330.00	62,700.70	180.05%
Total Income	<u>5,183,832.02</u>	<u>4,063,218.00</u>	<u>1,120,614.02</u>	<u>127.58%</u>
Gross Profit	5,183,832.02	4,063,218.00	1,120,614.02	127.58%
Expense				
6010 · Salary Costs	340,843.11	401,704.00	-60,860.89	84.85%
6020 · Office Building Expense	89,153.02	100,800.00	-11,646.98	88.45%
6030 · Office Supplies & Equip.	35,244.25	45,500.00	-10,255.75	77.46%
6040 · Postage & Printing Costs	64,817.40	67,100.00	-2,282.60	96.6%
6050 · Information Services	90,952.60	105,076.00	-14,123.40	86.56%
6060 · Contract Services	149,550.44	106,000.00	43,550.44	141.09%
6080 · Insurance	20,694.20	21,710.00	-1,015.80	95.32%
6110 · Dues and Subscriptions	14,866.29	16,600.00	-1,733.71	89.56%
6140 · WM Admin Expenses	2,983.56	2,500.00	483.56	119.34%
6150 · Field Supplies	2,566.25	4,250.00	-1,683.75	60.38%
6170 · Travel & Transportation	15,791.72	24,650.00	-8,858.28	64.06%
6190 · Conferences & Seminars	14,284.78	16,000.00	-1,715.22	89.28%
6200 · Advisory Comm - WM Board	9,919.71	13,459.00	-3,539.29	73.7%
6300 · Watermaster Board Expenses	29,900.53	23,559.00	6,341.53	126.92%
8300 · Appr PI-WM & Pool Admin	10,983.94	13,659.00	-2,675.06	80.42%
8400 · Agri Pool-WM & Pool Admin	15,178.79	16,417.00	-1,238.21	92.46%
8467 · Agri-Pool Legal Services	38,091.54	45,000.00	-6,908.46	84.65%
8470 · Ag Meeting Attend -Special	6,950.00	10,000.00	-3,050.00	69.5%
8500 · Non-Ag PI-WM & Pool Admin	2,610.93	6,077.00	-3,466.07	42.96%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	-253,045.59	-290,106.00	37,060.41	87.23%
Subtotal G&A Expenditures	<u>702,337.47</u>	<u>750,330.00</u>	<u>-47,992.53</u>	<u>93.6%</u>
6900 · Optimum Basin Mgmt Plan	1,084,278.49	933,566.00	150,712.49	116.14%
6950 · Mutual Agency Projects	39,885.43	80,004.00	-40,118.57	49.85%
9501 · G&A Expenses Allocated-OBMP	93,405.77	85,617.00	7,788.77	109.1%
Subtotal OBMP Expenditures	<u>1,217,569.69</u>	<u>1,099,187.00</u>	<u>118,382.69</u>	<u>110.77%</u>
7101 · Production Monitoring	32,578.74	54,957.00	-22,378.26	59.28%
7102 · In-line Meter Installation	15,880.63	93,969.00	-78,088.37	16.9%
7103 · Grdwtr Quality Monitoring	97,519.03	148,792.00	-51,272.97	65.54%
7104 · Gdwtr Level Monitoring	76,430.20	135,072.00	-58,641.80	56.59%
7105 · Sur Wtr Qual Monitoring	251,466.69	282,220.00	-30,753.31	89.1%
7106 · Wtr Level Sensors Install	0.00	19,114.00	-19,114.00	0.0%
7107 · Ground Level Monitoring	290,191.30	433,720.00	-143,528.70	66.91%
7108 · Hydraulic Control Monitoring	324,726.00	437,987.00	-113,261.00	74.14%
7200 · PE2- Comp Recharge Pgm	364,407.20	413,177.00	-48,769.80	88.2%
7300 · PE3&5-Water Supply/Desalte	225.95	20,885.00	-20,659.05	1.08%
7400 · PE4- Mgmt Plan	168,394.96	795,099.00	-626,704.04	21.18%
7500 · PE6&7-CoopEfforts/SaltMgmt	26,100.32	251,343.00	-225,242.68	10.38%

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2004 through April 2005

	<u>Jul '04 - Apr 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7600 · PE&&9-StorageMgmt/Conj Use	61,590.98	140,400.00	-78,809.02	43.87%
7690 · Recharge Improvement Debt Pymt	274,169.00	274,169.00	0.00	100.0%
7700 · Inactive Well Protection Prgm	569.25	28,302.00	-27,732.75	2.01%
9502 · G&A Expenses Allocated-Projects	159,639.82	204,488.00	-44,848.18	78.07%
	<u>2,143,890.07</u>	<u>3,733,694.00</u>	<u>-1,589,803.93</u>	<u>57.42%</u>
Total Expense	<u>4,063,797.23</u>	<u>5,583,211.00</u>	<u>-1,519,413.77</u>	<u>72.79%</u>
Net Ordinary Income	1,120,034.79	-1,519,993.00	2,640,027.79	-73.69%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	600,000.00	-600,000.00	0.0%
4210 · Approp Pool-Replenishment	8,094,622.16	0.00	8,094,622.16	100.0%
4220 · Non-Ag Pool-Replenishment	2,485.40	0.00	2,485.40	100.0%
4230 · MZ1 Sup Wtr Assessment	1,625,000.25	1,579,500.00	45,500.25	102.88%
Total Other Income	<u>9,722,107.81</u>	<u>2,179,500.00</u>	<u>7,542,607.81</u>	<u>446.07%</u>
Other Expense				
5010 · Groundwater Replenishment	9,327,446.70	2,278,500.00	7,048,946.70	409.37%
9999 · To/(From) Reserves	1,514,695.90	-1,618,993.00	3,133,688.90	-93.56%
Total Other Expense	<u>10,842,142.60</u>	<u>659,507.00</u>	<u>10,182,635.60</u>	<u>1,643.98%</u>
Net Other Income	<u>-1,120,034.79</u>	<u>1,519,993.00</u>	<u>-2,640,027.79</u>	<u>-73.69%</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

1. Transaction of Notice of Sale or Transfer
Santa Ana River Water Company lease
and assigned Jurupa Community
Services District the quantity of 1,600
acre-feet of corresponding Safe Yield

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 25, 2005

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

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NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **January 18, 2005**

Date of this notice: **April 25, 2005**

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

- A. Notice of Sale or Transfer – Santa Ana River Water Company lease and assigned Jurupa Community Services District the quantity of 1,600 acre-feet of corresponding Safe Yield.

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

Appropriative Pool: May 12, 2005

Non-Agricultural Pool: May 12, 2005

Agricultural Pool: May 17, 2005

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 25, 2005

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



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 25, 2005
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – Santa Ana River Water Company leased and assigned Jurupa Community Services District the quantity of 1,600 acre-feet of corresponding Safe Yield.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Santa Ana River Water Company leased and assigned Jurupa Community Services District the quantity of 1,600 acre-feet of corresponding Safe Yield.

Notice of the water transaction identified above was mailed on April 25, 2005 along with the materials submitted by the requestors.

DISCUSSION

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

Form 3

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

Santa Ana River Water Company
Name of Party

1/18/05

Date Requested

_____ Date Approved

10530 54th Street
Street Address

1600 Acre-feet

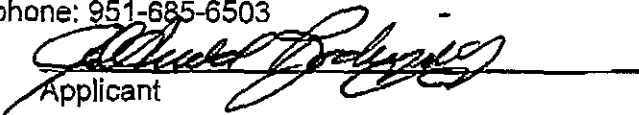
Amount Requested

_____ Acre-feet
Amount Approved

Mira Loma Ca 91752
City State Zip Code

Telephone: 951-685-6503

Facsimile: (951)685-1978 _____


Applicant

J Arnold Rodriguez General Manager

**TRANSFER TO:
Jurupa Community Services District**

Recapture Plan Attached

Name of Party
11201 Harrel Street

Street Address

Mira Loma CA 91752
City State Zip Code

Telephone: 951-685-7434

Facsimile: 951-685-1153

Have any other transfers been approved by
Watermaster between these parties covering the same
fiscal year?

Yes [] No [x]

WATER QUALITY AND WATER LEVELS

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

These wells do not exceed the MCL for nitrates and are used to blend with other wells within the Districts service area that do exceed the MCL for nitrates . All wells are perforated to a depth of between 300 - 400 feet

MATERIAL PHYSICAL INJURY

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

Form 3 (cont.)

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

ADDITIONAL INFORMATION ATTACHED Yes [] No [] On file

Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

JURUPA COMMUNITY SERVICES DISTRICT

RECAPTURE PLAN

The subject water is a lease of 1600 acre-feet of water rights from the Santa Ana River Water Company to the Jurupa Community Services District. Santa Ana River Water Company is located within Management Zone 4 and 5 and the Jurupa Community Services District is located within Management Zones 3, 4 and 5 of the Chino Groundwater Basin. Production of the water will be accomplished as follows:

JCSD WELL #	15	19	20
February	110	110	110
March	110	110	110
April	110	110	110
May	110	110	110
June	95	95	90

The attached map shows the location of these wells within the District's Service area. These wells do not exceed the MCL for nitrates and are perforated to a depth of between 300 – 400 feet.

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**APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD**

Fiscal Year 2004 - 2005

Commencing on July 1, 2004 and terminating on June 30, 2005, SARWC ("Transferor") hereby transfers to JCSD ("Transferee") the quantity of 1,600 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

These wells do not exceed the MCL for nitrates and are used to blend with other wells within the Districts service area that do exceed the MCL for nitrates. All five wells are perforated to a depth of between 300 - 400 feet

MATERIAL PHYSICAL INJURY

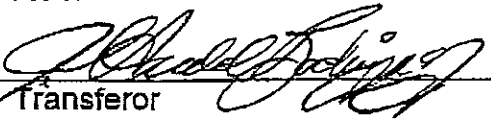
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application?
Yes [] No X


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

Form 5 (cont.)

ADDITIONAL INFORMATION
ATTACHED

Yes [] No []


Transferor


Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

AGREEMENT FOR SALE AND PURCHASE OF WATER

This Agreement is entered into as of this 28 day of December, 2004, by and between **JURUPA COMMUNITY SERVICES DISTRICT**, a public agency ("District") and **SANTA ANA RIVER WATER COMPANY**, a California corporation ("Company").

RECITALS

A. Company is a mutual water company pursuant to Sections 330.24 through 331 of the Civil Code. District is a shareholder of Company.

B. Both Company and District have appropriative rights in the Chino Groundwater Basin pursuant to the Judgment in the action 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., Action no. 164325 (the "Judgment"). Company desires to lease and assign to District a portion of its Share of Operating Safe Yield (as defined in the Judgment) for the fiscal year 2004-2005, and District desires to purchase such portion of Company's Share of Operating Safe Yield. Company has previously assigned and sold to District, and District has previously purchased from Company, portions of its Share of Operating Safe Yield for past fiscal years.

C. District has requested of Company that District be permitted to pay the purchase price for the subject portion of Company's Share of Operating Safe Yield for the 2004-2005 fiscal year through the Watermaster of the Chino Basin which will enable District to realize a savings in the purchase price for such water and will further increase the net amount which Company will receive for the assignment and sale of the subject portion of its Share of Operating Safe Yield which District will purchase.

NOW, THEREFORE, the parties agree as follows:

Section 1. Sale. Company hereby sells and assigns to District and District hereby purchases from Company 1600 acre feet of Company's Share of Operating Safe Yield for the 2004-2005 fiscal year (the Assigned Portion"). District shall notify the Watermaster of the assignment and sale of the Assigned Portion and take appropriate steps pursuant to the procedures of the Watermaster to transfer the Assigned Portion to District. Company shall cooperate with District in accomplishing such transfer and shall sign such documents as may be required by the Watermaster to accomplish the transfer.


Section 2. Purchase Price. The Purchase Price for the Assigned Portion shall be \$198.05 per acre foot (\$316,880.), plus a credit which the Watermaster will give to Company as discussed below. Notwithstanding the preceding sentence, District shall pay the Company for water produced by District was a result of its purchase of the Assigned Portion based on a rate per acre foot which is 85% of the rate of the Metropolitan Water District of Southern California for replenishment water purchased by the Watermaster (\$233.00 per acre foot) (the "MWD Rate") or \$198.05 per acre foot. Pursuant to paragraph 7 of Exhibit "H" to the Judgment, in October or November of 2005, the Watermaster will pay to Company or give Company credit against its assessment in an amount equal to 15% of the MWD Rate (\$34.95 per acre foot) for each acre foot of the assigned portion or a total of \$55,920. When Company receives such reimbursement or credit in the amount, it will pay to District an amount determined by multiplying the Assigned Portion by \$30.00 per acre foot or \$48,000. The effect of this payment arrangement is that Company will receive payment for the Assigned Portion in the amount of \$203.00 per acre foot.

Section 3. Entire Agreement. This agreement contains the entire agreement between the parties with respect to the matters herein provided for, and may only be amended by a subsequent written agreement signed on behalf of both parties.

Section 4. Term. This agreement relates only to the 2004-2005 fiscal year and shall cease to be effective on December 31, 2005.

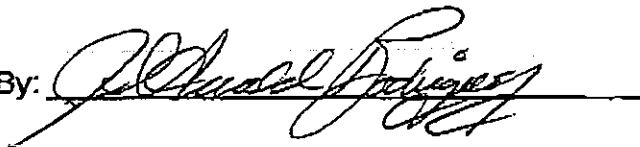
IN WITNESS WHEREOF the parties have caused the Agreement to be executed as of the date first above written.

JURUPA COMMUNITY SERVICES DISTRICT

By: 

Carole A. McGreevy
General Manager

SANTA ANA RIVER WATER COMPANY

By: 

J. Arnold Rodriguez
General Manager

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

E. TWENTY-SEVENTH ANNUAL REPORT



Chino Basin Watermaster Twenty-Seventh Annual Report

Fiscal Year 2003-04

Working Together to Maximize the Benefits of Chino Basin

The Optimum Basin Management Program is the roadmap that Watermaster follows in carrying out its mission:

"To manage the Chino Groundwater Basin in the most beneficial manner, and to equitably administer and enforce the provisions of the Chino Basin Watermaster Judgment."

Case No. RCV 51010
(formerly Case No. SCV 164327)

During 2003-04, Watermaster underwent some key changes while making major progress in its transition from planning to implementation of the Optimum Basin Management Program.

John Rossi, who had been CEO of Watermaster, left toward the end of the fiscal year. Sheri Rojo, Watermaster's Finance Manager, stepped in as Chief of Watermaster from May through September 2004, supported by the Watermaster Board's Executive Oversight Committee, and with extra support by staff. I was appointed in September, 2004.

Meanwhile, during the year, Watermaster moved ahead on a wide front:

- *Monitoring programs were reorganized to better support Watermaster's many water supply and water quality programs, including a greatly expanded use of key wells to provide better information, faster and at less cost.*
- *A two-year, \$50 million project to improve and expand 20 recharge basins was initiated.*
- *A Dry Year Yield Storage Agreement with MWD for 100,000 acre-feet of storage was implemented.*
- *In what is expected to be a model agreement throughout California, the Regional Water Quality Control Board recognized Watermaster's accomplishments in managing the Basin by approving a Basin Plan Amendment. This agreement gives Watermaster wider latitude in meeting supplemental water objectives using reclaimed and imported water, in a manner that is expected to save tens of millions of dollars over the long run.*
- *Numerous cooperative programs were advanced, including the use of flood control basins for recharge and the development of regional water quality and supply databases.*
- *Watermaster began developing a better database to manage its voluminous data and updated its sophisticated computer model used to analyze the Basin.*

These advances in Watermaster's programs, in addition to continuation of others, made 2003-04 a year of major progress for Watermaster. The progress reflected an enhanced spirit of cooperation among stakeholders, who worked together to maximize the benefits of the Basin. We look forward to continued success and progress in the years ahead.

*Kenneth R. Manning,
CEO, Chino Basin Watermaster*

Watermaster's Five Key Responsibilities

Watermaster's fundamental role is to manage the Chino Basin Groundwater Basin, thereby protecting and improving its water supply and water quality.

Basin management activities are guided by a detailed Optimum Basin Management Program. In managing the basin, Watermaster brings together the diverse Chino Basin stakeholders—literally hundreds of public and private water suppliers, cities, businesses, dairies, farmers and other entities that pump, treat, use, buy, sell and deliver water in the Basin.

Watermaster has been vested with five key responsibilities:

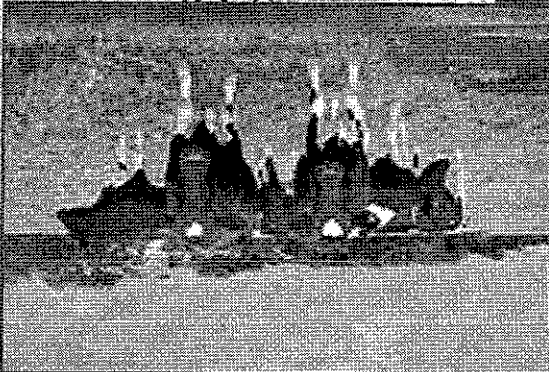
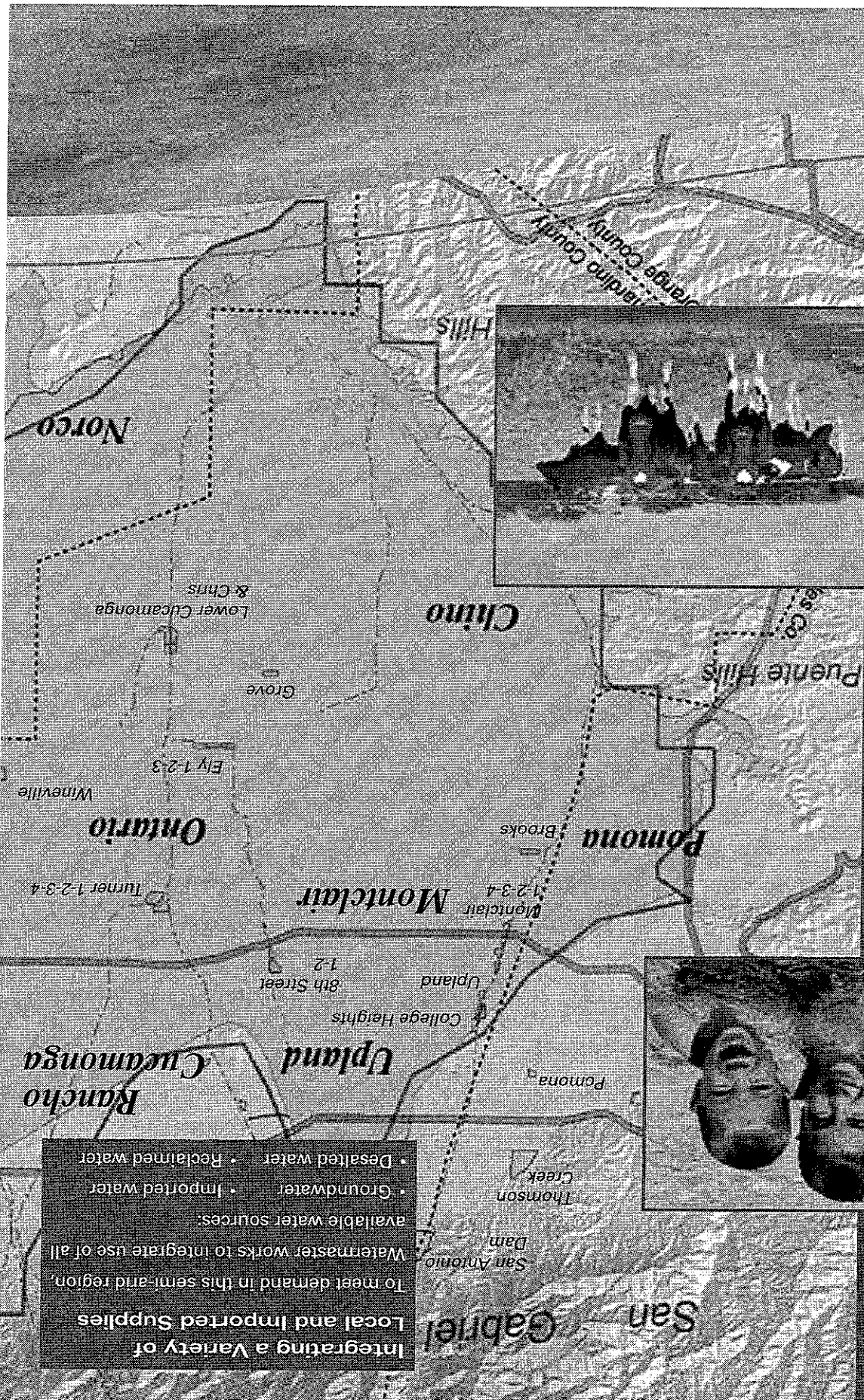
Maintaining and increasing the water supply by acquiring and spreading replenishment water, and facilitating the storage of supplemental water in the Basin.

Ensuring a fair division of the water by determining the amount of groundwater each producer is entitled to extract without incurring a replenishment obligation.

Providing cooperative leadership by developing consensus plans regarding management of the Basin.

Monitoring and increasing the understanding of the Basin by collecting information on water production, water quality, water level and other relevant data from producers.

Maintaining and improving water quality by coordinating and actively participating in local efforts to restore and preserve the quality of groundwater in the Basin.



Integrating a Variety of Local and Imported Supplies

To meet demand in this semi-arid region, Watermaster works to integrate use of all available water sources:

- Desalted water
- Reclaimed water
- Groundwater
- Imported water

Serving 750,000 People, Thousands of Businesses and Agriculture

Because of the strategic location of the Chino Basin, Watermaster is able to exchange water via the Metropolitan Water District system, and cooperates with many water agencies throughout the region.

Two Trillion Gallons, 800 Wells

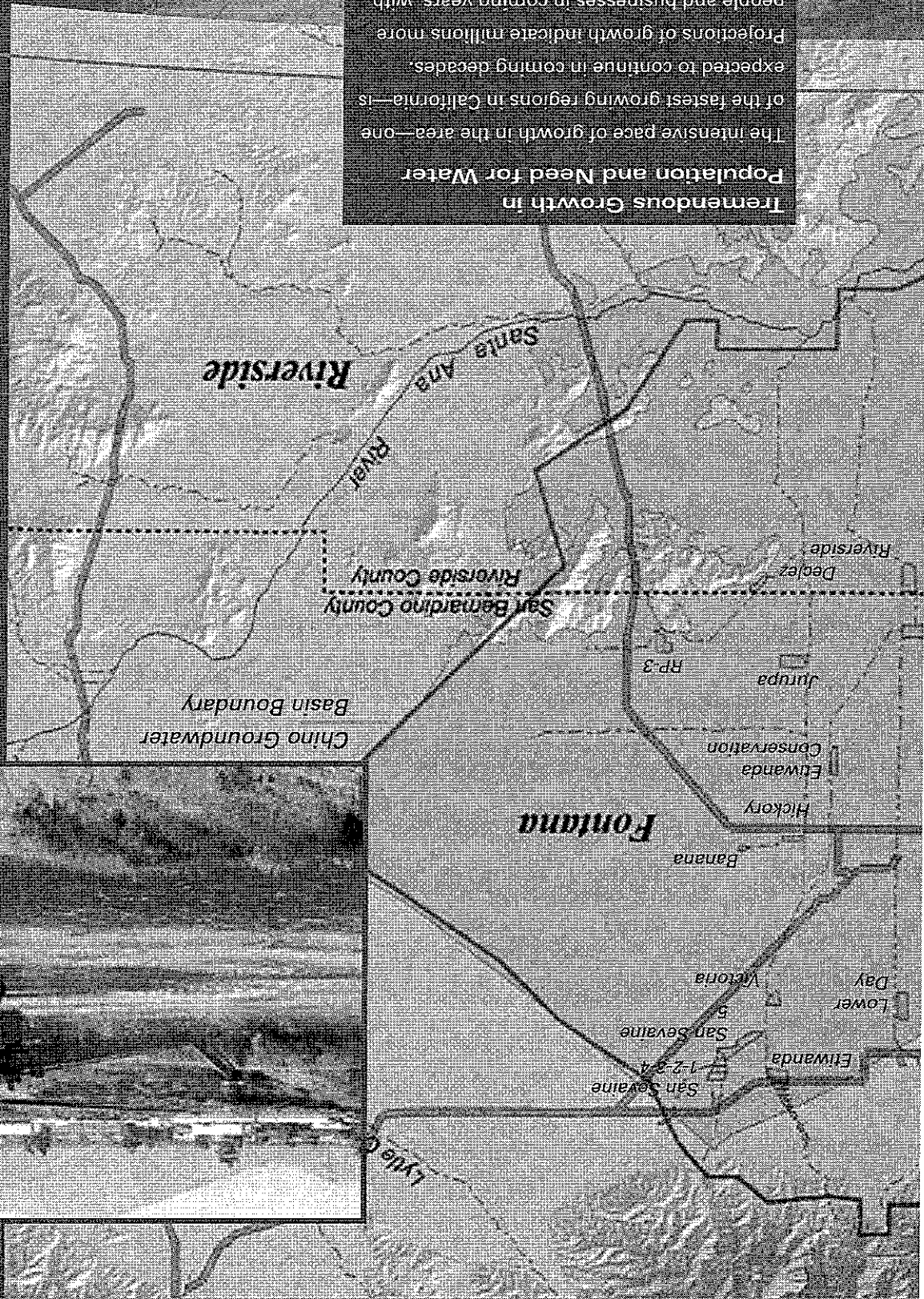
Each year, over 800 wells pump more than 140,000 acre-feet of groundwater from the Basin, which has a storage capacity estimated between 5 and 7 million acre-feet, or about two trillion gallons. Besides being one of the fastest growing regions in California, the Chino Basin area also is home to a thriving agricultural industry, including some of the most intensive dairy farming in the state.

Chino Basin: Our Underground Water Supply

Chino Basin comprises 220 square miles beneath portions of San Bernardino

Fire and Flood
 During October 2003, serious fires raged in parts of the basin and many members of Watermaster used their water resources to help fight the fires, as exemplified by this fire fighting helicopter scooping water from a recharge basin. Heavy rains later in the year caused destruction throughout the region and sent tremendous amounts of silt, soot and ash down the canyons and into water recharge basins, clogging them and stopping percolation. The Basins have nearly all been cleaned since then.

Tremendous Growth in Population and Need for Water
 The intensive pace of growth in the area—one of the fastest growing regions in California—is expected to continue in coming decades. Projections of growth indicate millions more people and businesses in coming years, with corresponding increases in water use.



Riverside and Los Angeles Counties

Optimum Basin Management Program: Recipe for a Healthy Basin

The actions and solutions outlined in the OBMP provide the following benefits:

- Providing additional water supplies to meet growth in the Basin
- Improving water quality
- "Drought proofing" the region
- Enhancing economic development, and
- Improving environmental quality.

Protecting and Improving Water Supply and Quality

The Optimum Basin Management Program (OBMP) is a detailed action plan with hundreds of specific projects that are identified, prioritized, budgeted and scheduled for implementation over two decades. Despite its immense detail, it is flexible enough to meet the changing needs of the Basin and its many stakeholders.

The OPMB is composed of nine separate but related program elements:

1. **Comprehensive monitoring of the Basin**, including groundwater levels and water quality, to gather data for more effective water management.
2. **Comprehensive recharge** of imported, reclaimed and stormwater to maintain and improve groundwater levels, making more water available to producers.
3. **Water supply plan for impaired areas**, focusing on the shift of production in the southern basin away from agricultural uses toward increased urban uses in order to avoid higher water levels and uncontrolled groundwater losses.
4. **Management Zone 1 strategies** to reduce unacceptable land subsidence and fissuring.
5. **Regional supplemental water program** to improve water quality and increase use of treated, desalted water.
6. **Cooperative programs** with the Regional Water Quality Control Board and other agencies to improve Basin quality and management.
7. **Salt management programs** to develop a more detailed understanding of salt loads in groundwater, develop objectives and define the benefits of salt removal.
8. **Groundwater storage management** to allow for large increases in groundwater storage by local and outside agencies.
9. **Conjunctive use programs** to store excess water available in wet years for use in dry years.



Groundwater Monitoring: Our Underground "Eyes and Ears"

Development of a key well program during 2003-04 was a major step forward in groundwater monitoring that was coupled with increased groundwater recharge and continued implementation of the groundwater Dry Year Yield and Storage and Recovery programs.

These measures are aimed at increasing available water supplies to meet current and future demands in a fast-growing region, and to ultimately "drought proof" the Basin, which is subjected to weather cycle extremes ranging from years of below average rainfall to near-record rains.

The Chino Groundwater Basin is essentially a giant underground water reservoir hidden under portions of three counties. In order to manage, protect and improve water supply and water quality, Watermaster undertakes a substantial monitoring program that allows it to understand what is happening in the underground basin through hundreds of tests and monitoring wells.

Watermaster has three active groundwater-level monitoring programs in the Chino Basin:

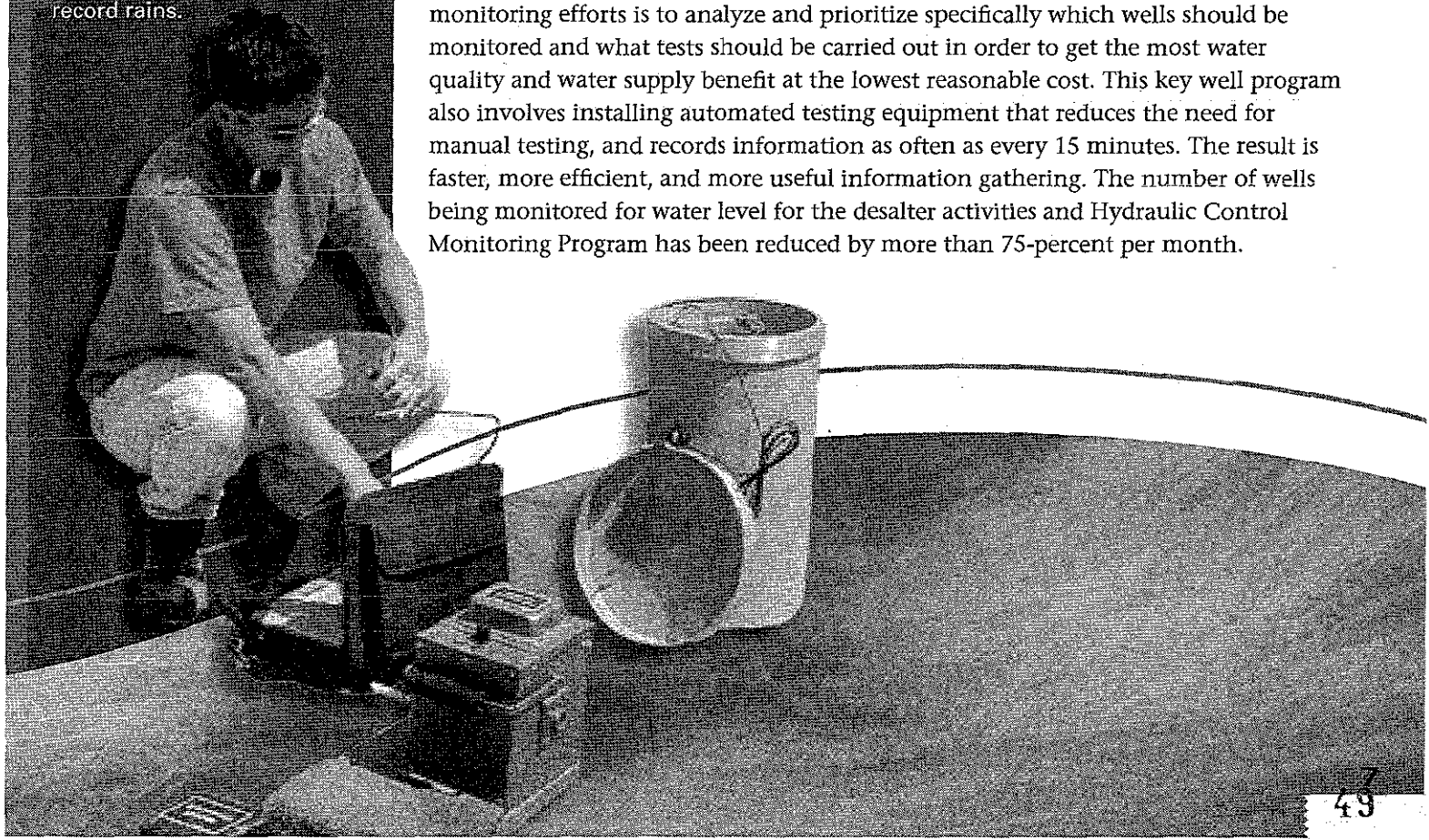
- A semiannual Basin-wide program.
- An intensive key well monitoring program associated with the effects of desalter activities and the Hydraulic Control Monitoring Program.
- An intensive piezometric monitoring program associated with land subsidence and ground fissuring in Management Zone 1.

Basin-Wide Groundwater-Level Monitoring Program

Watermaster manually measures water levels in about 340 agricultural wells twice each year to determine the effects of water production on groundwater levels.

Development of Key Well Program Will Improve Efficiency and Lower Costs

Hundreds of groundwater wells are spread throughout the Basin, and Watermaster has historically monitored many of them. A current focus of Watermaster's monitoring efforts is to analyze and prioritize specifically which wells should be monitored and what tests should be carried out in order to get the most water quality and water supply benefit at the lowest reasonable cost. This key well program also involves installing automated testing equipment that reduces the need for manual testing, and records information as often as every 15 minutes. The result is faster, more efficient, and more useful information gathering. The number of wells being monitored for water level for the desalter activities and Hydraulic Control Monitoring Program has been reduced by more than 75-percent per month.



Groundwater Monitoring Our Underground "Eyes and Ears" (continued)

Watermaster has developed a comprehensive groundwater quality monitoring program that includes collecting data and checking water quality from its own samples as well as samples provided by Appropriators, the Department of Health Services, Department of Toxic Substance Control, and Regional Water Quality Control Board.

In addition, Watermaster undertakes special testing such as for volatile organic compounds, including 1,2,3 TCP in areas where they are suspected, as well as for perchlorate in all wells.

MZ-1 Monitoring Program to Prevent Subsidence

Watermaster collects groundwater level data at 35 wells in the southern portion of Management Zone 1 with the purpose of understanding and preventing any ground subsidence due to changes in groundwater levels. Related to this are Cooperative Aquifer Stress Tests that measure water production versus groundwater levels and are done in cooperation with the cities of Chino and Chino Hills.

Hydraulic Control to Prevent Loss of Groundwater to the Santa Ana River

Hydraulic Control is a means of protecting water quality and supply by controlling the flow of water between the Chino Groundwater Basin and the Santa Ana River. Watermaster, Inland Empire Utilities Agency, Orange County Water District and the Santa Ana Regional Water Quality Control Board agreed in 2003-04 to construct nine new monitoring wells as part of the Hydraulic Control Monitoring Program.

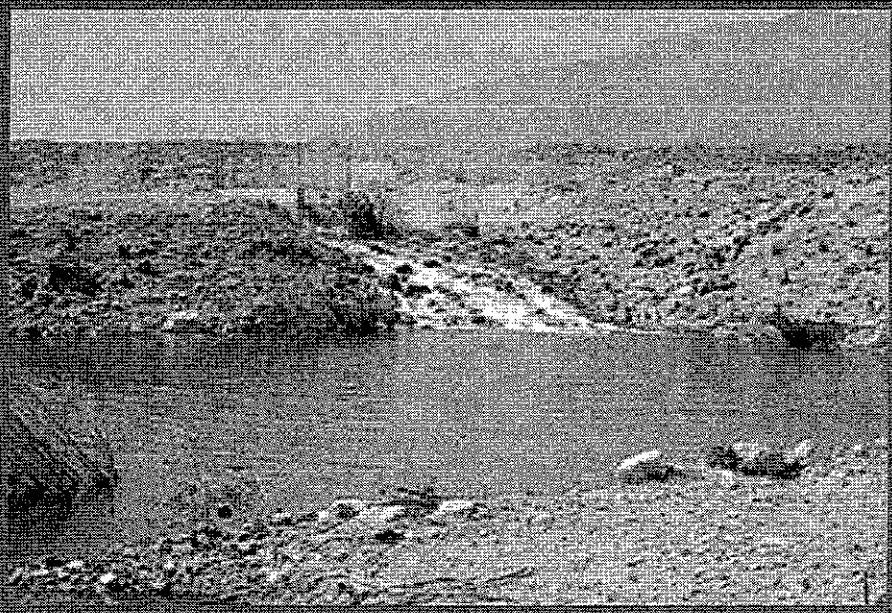
These monitoring wells are needed because existing well locations and well construction are not sufficient to measure the extent of hydraulic control occurring and because of the loss of monitoring by agricultural wells that are being gradually destroyed in the conversion of the land from agriculture to urban uses.

Monitoring VOC Plumes

As part of its enhanced and more proactive water quality programs, Watermaster is monitoring wells within or near the two volatile organic compound (VOC) plumes south of the Ontario and Chino Airports. In addition Watermaster is tracking the general mineral content and general physical parameters of the water in the plumes.

Surface-Water Monitoring of Groundwater Recharge Basins

Currently, Watermaster monitors the water quality in 20 recharge basins. Each is sampled three to five times a year, including immediately after storms. The sampling rate is scheduled to increase during 2004-05 for basins that will receive reclaimed water.



Increasing Water Supplies: A Key Watermaster Responsibility

\$50 Million Recharge Chino Basin Facilities Improvement Project Advances

The two-year project to improve and expand 20 recharge basins got underway in 2003-04 and the first construction projects were completed during the fiscal year. About half the cost will be paid by Proposition 13 funds.

Recharge of groundwater is a key ingredient of the OBMP. By storing excess water during wet years and reclaimed water year-round, the overall water supply in the Basin is increased.

Watermaster does not own recharge basins. To develop recharge plans, Watermaster cooperated with three agencies, including Inland Empire Utilities Agency, San Bernardino County Flood Control District and the Chino Basin Water Conservation District.

Progress on Reclaimed Water Project for Recharge

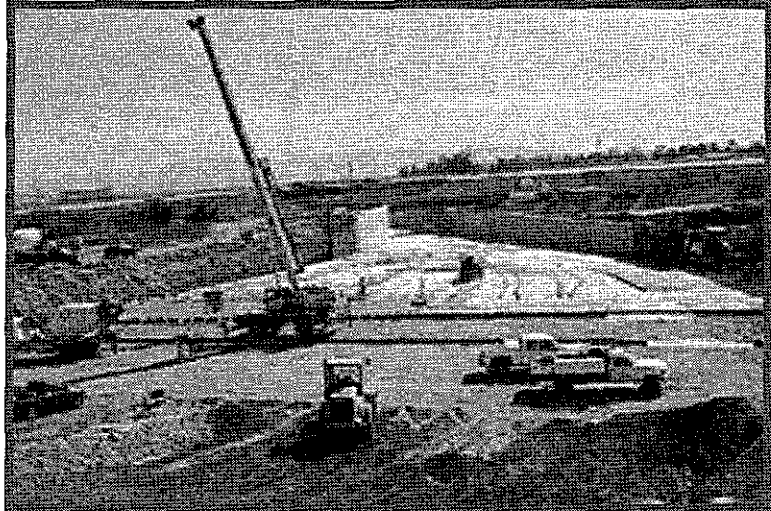
As stated above, reclaimed water plays a part in the recharge effort. Inland Empire Utilities Agency is developing a large-scale reclaimed water project that ultimately will produce 22,000 acre-feet of water for recharge.

Desalters to Treat Water

Water with high dissolved solids and high nitrate levels will be treated by new desalters, in quantities up to 20 million gallons a day.

Groundwater Storage Management Moves Towards Implementation

The Dry Year Yield (DYY) storage program is continuing to evolve, moving from the planning to the implementation stage during 2003-04, and is expected to advance more rapidly in the coming year. The program will initially involve 100,000 acre-feet of storage in cooperation with Metropolitan Water District (MWD). In total, the Storage and Recovery program has an ultimate goal of 500,000 acre-feet.



Watermaster has made considerable progress in recharge, moving from policy to implementation.

With advances in the Dry Year Yield Program underway, Watermaster is continuing to explore additional future storage and recovery programs.

Protecting and Maintaining Water Quality: Another Core Watermaster Responsibility

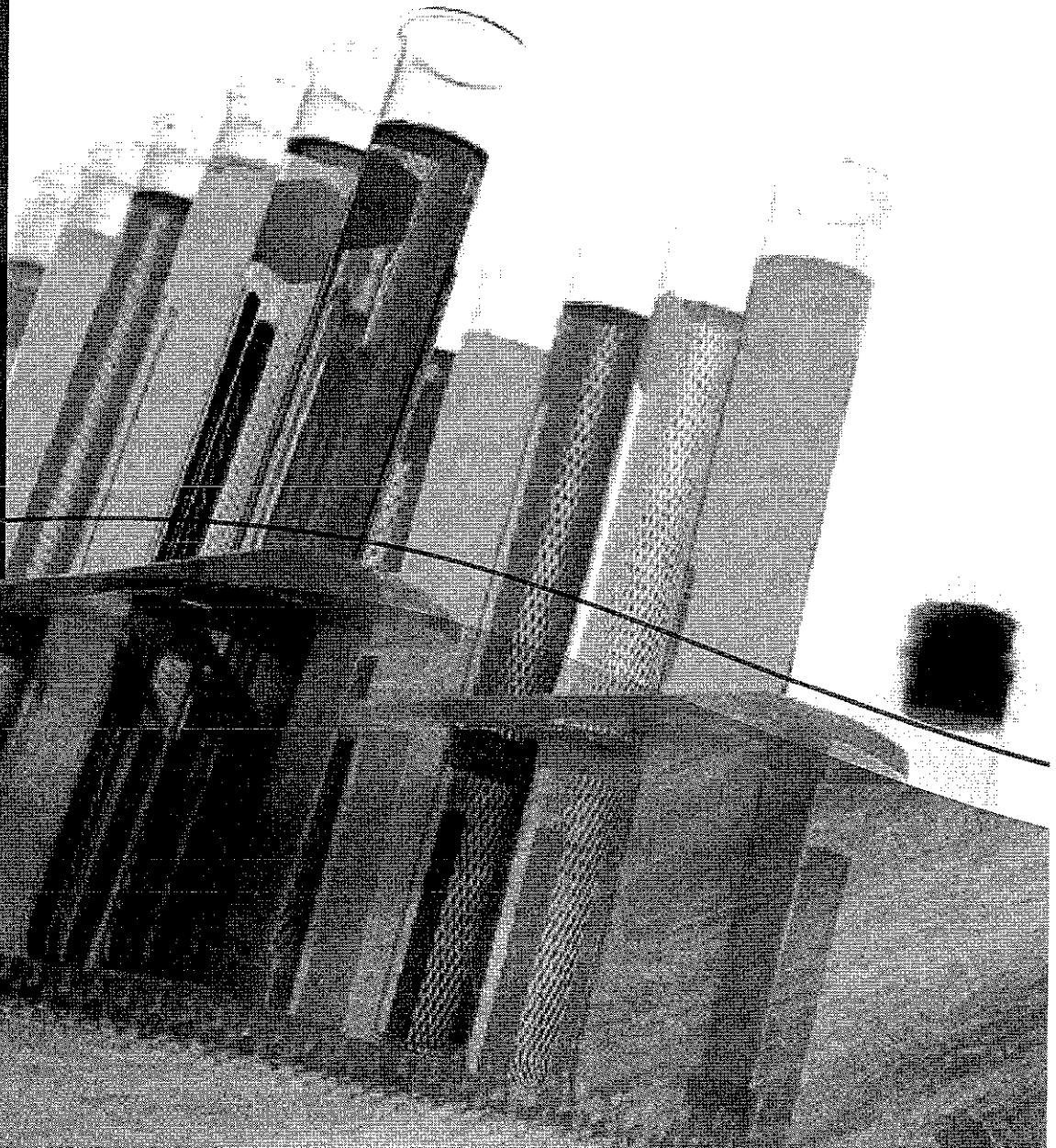
Watermaster continues to update its understanding of water quality and improve its water quality management, in particular targeting monitoring and treatment activities for maximum benefit and cost efficiency.

Basin Plan Amendment Approved by Regional Board

Recognizing the accomplishments of Watermaster in managing the Basin, the Regional Water Quality Control Board during 2003-04 approved the Basin Plan Amendment. This action allows Watermaster to meet supplemental water objectives using reclaimed and imported water in the Basin without costly and unproductive mitigation measures.

Changes to the nitrate and salt objectives, approved by the Regional Board, promote maximum beneficial use of waters in the Basin, ultimately saving many tens of millions of dollars in water quality and water supply costs.

Watermaster also worked with the Regional Water Quality Control Board and the Department of Toxic Substances Control to track perchlorate contamination.



Water Quality Committee

An ad hoc Water Quality Committee continued to meet during 2003-04. The committee was formed the prior year to bring additional Board-level focus and oversight to water quality issues. The Committee has facilitated many Basin water supply improvements. Through the efforts of the Committee and new technical efforts, Watermaster is taking a more proactive approach in identifying water quality challenges, seeking to develop solutions before they become crises.

Mitigation Activities

Watermaster has refined its water quality efforts to focus on the following key areas: 1) identify and characterize water quality anomalies in areas such as Chino Airport and Ontario International Airport; 2) remain active in the process of developing the Total Maximum Daily Loads (TMDLs) used to determine revisions to water quality regulations for the Santa Ana River and other bodies of water in the Lower Chino Basin; and 3) assist the Regional Water Quality Control Board—which has been impacted by State budget cuts—with research, monitoring, and the crafting of Investigative Orders and Cleanup and Abatement Orders for potential dischargers involved with the anomaly near Ontario International Airport.



Success Through Good Management, Cooperation and Technology

Watermaster moved into larger offices with several meeting rooms that make it easier to arrange and efficiently conduct the numerous meetings that are required for both staff and Watermaster's many stakeholders.

Cooperation Replaces Old Turf Wars

Notable in 2003-04 was Watermaster's continued success in mobilizing stakeholders to work together to obtain even greater joint benefits by approaching challenges and opportunities in a more entrepreneurial and cooperative fashion.

For example, during an important testing phase of the Chino Basin Facilities Improvement Project, when Watermaster was unable to obtain imported water from its normal sources, Orange County Water District allowed Watermaster to divert flow into a recharge basin. Similarly, San Bernardino County Flood Control District has allowed Watermaster unprecedented access to flood control basins to serve as recharge basins. Such cooperative actions will provide increasing benefits and cost savings for all involved.

Regional Database to be Created

Taking Basin wide cooperation to a new level, efforts began during 2003-04 to develop a regional database, currently called DOGS (Data Organizational Group and Subgroups), to share data among agencies in the Basin, and streamline data collection and analysis while eliminating duplication of effort.

During 2003-04, the project was in the development stage and is scheduled to be implemented in multiple phases over subsequent fiscal years. The shared databases will incorporate extensive information and data, including: water production, water quality, water level, and deliveries of imported and reclaimed water.

Watermaster Improves Use of Technology

There are many other examples of how Watermaster uses advanced technology to improve the way it operates. For example: during 2003-04, Watermaster completely redesigned and rebuilt its website, adding a public calendar and many other new features; the production database was upgraded with new tools that make it much easier to develop useful reports, including a rolodex that sends out automatic requests for updated information from the many producers that supply data to Watermaster, and; staff worked systematically to scan and archive older paper documents.



A History of Struggle and Success

HISTORY

Confronted with a multitude of water issues—a falling groundwater table, land subsidence, reduction in groundwater quality, and others—concerned water producers conducted studies in the early 1970s that led to a Memorandum of Agreement for the Chino Basin.

The State Legislature then dedicated \$2 per each acre-foot pumped from the Basin to finance development of a Basin management plan and an agreement on the allocation of water rights among producers.

To complete the framework, Chino Basin Watermaster was established in 1977 under a Judgment by the Superior Court in San Bernardino County. Watermaster was charged with administering adjudicated water rights and managing groundwater resources within the Chino Groundwater Basin.

Watermaster and Basin Stakeholders Build on Past Successes

Chino Basin Watermaster is at its core a consensus-based organization that facilitates the enhancement and beneficial use of the Chino Groundwater Basin for its many stakeholders: cities, water districts, water companies, agricultural, commercial and other interests.

Watermaster is actively implementing the Basin's Optimum Basin Management Program, a 20-year water quality and supply plan that incorporates extensive monitoring, development of recharge capabilities, storage and recovery projects, managing salt loads, and developing new supplies such as the use of reclaimed water and stormwater recharge, while continuing to work with other agencies and entities to enhance this significant natural resource.

Over the years, Watermaster and the basin stakeholders have successfully moved through many stages of progress: first learning to settle differences and work together, then to develop initial technical plans; next to raise local and grant funding, and most recently to begin rapidly implementing numerous water supply and quality projects. Looking to the future, Watermaster will be focusing on obtaining even broader benefits through greater cooperation and by finding new efficiencies and tighter focus on those projects that provide the most benefit for the investment.



Watermaster Governance and Membership

Watermaster is Structured to Accommodate All Stakeholders

To draw together in a single organization all the diverse interests in the Basin, three groups or producer Pools were formed to represent the majority of producer interests:

- Agricultural Pool to represent dairymen, farmers, and State interests.
- Non-Agricultural Pool to represent commercial and industrial producers.
- Appropriative Pool to represent cities, water districts and water companies.
- An Advisory Committee and Watermaster Board, each representing all stakeholder groups.

Watermaster Board

Calendar Year 2004

Agricultural Pool Representatives

MEMBER	REPRESENTING
Paul Hofer	Crops
Geoffrey Vanden Heuvel	Dairy

Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Bob Bowcock	Vulcan Materials Company (Calmat Division)

Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Robert Neufeld, Chair Alternate: Michael Whitehead	Fontana Union Water Company
Dan Rodriguez/Paula Lantz	Pomona, City of
W.C. "Bill" Kruger	Chino Hills, City of

Municipal Water District Representatives

REPRESENTATIVE	MEMBER ENTITY
Terry Catlin, Vice Chair Alternate: John L. Anderson	Inland Empire Utilities Agency
Bob Kuhn, Secretary Alternate: David DeJesus	Three Valleys Municipal Water District
Donald Schroeder Alternate: Donald Harriger	Western Municipal Water District

Advisory Committee

Calendar Year 2004

Agricultural Pool Representatives

REGULAR MEMBERS	REPRESENTING
Nathan deBoom, Vice-Chair	Dairy
Robert Feenstra	Dairy
Joe Delgado	State
Glen Durrington	Crops
Pete Hall	State
Gene Koopman	Dairy
Peter Hettinga	Dairy
Wayne Davidson	State
Barbara Swanson	State
Jeff Pierson	Crops
John Huitsing	Crops

Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Mike Thies	Space Center Mira Loma
Bob Bowcock	Vulcan Materials Company (Calmat Division)

Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Dave Crosley	Chino, City of
Mike Maestas	Chino Hills, City of
Ken Jeske, Chair	Ontario, City of
Henry Pepper	Pomona, City of
Rob Turner	Upland, City of
Robert DeLoach	Cucamonga Valley Water District
Gerald Black	Fontana Union Water Company
Jim Bryson	Fontana Water Company
Carole McGreevy	Jurupa Community Services District
Mark Kinsey	Monte Vista Water District
Ray Wellington	San Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company

Agricultural Pool

Calendar Year 2004

Committee

REGULAR MEMBERS

Nathan deBoom, Chair

Gene Koopman, Vice-Chair

Robert Feenstra

Pete Hall

Glen Durnington

Wayne Davidson

Barbara Swanson

Joe Deigado

Jeff Pierson

Peter Hettiga

John Huitsing

ALTERNATES

Don Galleano

Syp Vander Dussen

Duffy Bian

REPRESENTING

Dairy

Dairy

State of California - CDM

State of California - CDM

Crops

State of California - CIM

State of California - CIM

Boys Republic

Crops

Crops

Dairy

Dairy

REPRESENTING

Crops

Crops

Dairy

Dairy

Boys Republic

Non-Agricultural Pool

Calendar Year 2004

Committee

REPRESENTATIVE

Mark Ward

Eric Vaughn

Les Richter

Steve Arbelvide

Mike Del Santo

Mark Gage/Lisa Hamilton

David Starnes

R.E. Thrash III

Vic Barron, Vice-Chair

James Jenkins

Michael Thies

David Cooper

Bob Bowcock, Chair

MEMBER ENTITY

Ameron Products

Angelie Rental Service

California Speedway

California Steel Industries (CSI)

CCG Ontario, LLC (Catalus)

General Electric Company

Mobile Community Management

(Swan Lake Mobile Home Park)

Praxair

Reliant Energy, Eriwanda LLC

San Bernardino County

Department of Airports

Space Center Mira Loma

Sunkist Growers Incorporated

Vulcan Materials Company

(Calmat Division)

REPRESENTATIVE

Patrick Bauer

Arrowhead Mountain Spring Water

Mike Maestas, Chair

Dave Crosley, Vice-Chair

Robert Deloach

Gerald Black

Mike McGraw

Curtis Aaron

Rich Atwater

Carole McGreavy

Kevin Sullivan

Bill Stafford

Mark Kinsey

Mark Kinsey

Joe Schenk

Ken Jeske

Henry Pepper

Ray Wellington

Phil Krause

J. Arnold Rodriguez

Kyle Snay

Rob Turner

Jim Moody

A.W. "Butch" Araiza

MEMBER ENTITY

Chmo Hills, City of

Chino, City of

Cuacamonga Valley Water District

Fontana Union Water Company

Fontana Water Company

Fontana, City of

Inland Empire Utilities Agency

Jurupa Community Services District

Los Serranos Country Club

Marygold Mutual Water Company

Monte Vista Irrigation Company

Monte Vista Water District

Norco, City of

Ontario, City of

Pomona, City of

San Antonio Water Company

San Bernardino, County of

(Prado Shooting Park)

Santa Ana River Water Company

Southern California Water Company

Upland, City of

West End Consolidated Water District

West Valley Water District

Appropriative Pool

Calendar Year 2004

Committee

Calendar Year 2004

Staff

Jim Theirl

Water Resource Engineer

Sherril Lynne Molino

Executive Assistant

Janine Wilson

Secretary

Paula Molter

Secretary

Justin Nakano

Intern

John V. Rossi

(January - June)

Chief Executive Officer

Kenneth R. Manning

(September - December)

Chief Executive Officer

Sheri Rojo, CPA

Finance Manager

Gordon Treweek, PE, PhD

Project Engineer

Danielle Maurzio, PE

Senior Engineer

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Appendices

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**COURT HEARINGS AND ORDERS
FISCAL YEAR 2003-2004**

During the fiscal year 2003-04, several hearings were held relating to implementation of the Optimum Basin Management Program (OBMP). Hearings were held as follows with the Honorable Judge J. Michael Gunn presiding:

Hearing Date	Primary Subject Matter
July 16, 2003	<ul style="list-style-type: none"> • Notice of Ex Parte Motion and Motion for an Order Shortening Time for filing of Motion for Continuance of July 17, 2003 Workshop Re: MZ1 Interim Subsidence Plan • Special Referee's Comments Regarding CBWM Motion to Continue the Workshop Re: MZ1 Interim Subsidence Plan • Order Granting Motion to Continue July 17, 2003 Workshop MZ1 Interim Subsidence Plan
September 4, 2003	<ul style="list-style-type: none"> • Notice of Motion for Approval of Seventh Amendment to Cyclic Storage Agreement • Order Approving Seventh Amendment to Cyclic Storage Agreement
September 5, 2003	<ul style="list-style-type: none"> • Notice Regarding Participation in MZ1 Interim Plan Forbearance
October 24, 2003	<ul style="list-style-type: none"> • Transmittal of OBMP Status Report Nos. 7 and 8
March 8, 2004	<ul style="list-style-type: none"> • Transmittal of Annual Reports 25th and 26th; OBMP Status Report No.9; Production Reports; Technical Memorandum
April 22, 2004	<ul style="list-style-type: none"> • Joint Request Order to Continue Hearing on MVWD Motion to Compel Watermaster to Establish a Program to Equitably Allocate Benefits from Water Quality Mitigation Measures under the Physical Solution to June 24, 2004 • Notice of Motion for an Order Directing Watermaster to Proceed in Accordance with the Peace Agreement as Amended by the First Amendment to the Peace Agreement
June 24, 2004	<ul style="list-style-type: none"> • Notice of Motion and Motion of Defendant MVWD for Order Compelling Watermaster to establish a Program to Equitably Allocate Benefits from Water Quality Mitigation Measures Under the Physical Solution; Declaration of Mark Kinsey; Memo of Points and Authorities • Joint Request Order to Continue for a Second Time the MVWD Motion to Compel Watermaster to Establish a Program to Equitably Allocate Benefits from Water Quality Mitigation Measures under the Physical Solution to June 24, 2004 (Continue new hearing to Sept 2, 2004) • Order Approving Storage and Recovery Program on Storage Agreement Re: Implementation of Dry Year Yield Storage Project • Transmittal of OBMP Status Report No. 10

**RESOLUTIONS
FISCAL YEAR 2003-2004**

Resolution	Adopted	Summary of Resolution
04-01	January 29, 2004	<p><i>Establishing a Watermaster Investment Policy</i></p> <ul style="list-style-type: none"> • The authority to invest and reinvest funds of Watermaster is 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. • This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.
04-02	January 29, 2004	<p><i>Electing to Raise and Fix the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act at an Amount at or Greater than that Prescribed by Section 22825 of the Government Code</i></p> <ul style="list-style-type: none"> • The executive body appoints and directs, and it does appoint and direct, the Chief Executive Officer of the Watermaster to file with the Board of Administration of the Public Employee's Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration. • Beginning January 1, 2004, the employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of \$32.20 per month, plus administrative fees and Contingency Reserve Fund assessments. • The employer's contribution for each employee or annuitant shall increase according to the schedule as provided by Section 22825. • The employer's contributions and maximums enunciated shall not serve to amend, prohibit, or limit any pre-existing settlements or agreements already in place to which the Public Agency is a signatory, except as required by law.
04-03	September 30, 2004	<p><i>To Proceed in Accordance with the Peace Agreement as Amended</i></p> <ul style="list-style-type: none"> • The goals and plans in the Phase I Report and their implementation as provided in and consistent with the Implementation Plan and the Peace Agreement as amended by the First Amendment are in furtherance of the physical solution set forth in the Judgment and Article X, Section 2 of the California Constitution. • Although not a signatory, the Chino Basin Watermaster Board supports and approves the Peace Agreement negotiated by the parties thereto and as amended by the First Amendment to the Peace Agreement. • Subject to the unanimous approval of the First Amendment to the Peace Agreement by the Parties, Watermaster will proceed in accordance with the OBMP Implementation Plan and the Peace Agreement as amended. • The Watermaster Board will transmit a request to the Court to issue an Order authorizing and directing Watermaster to proceed in accordance with this Resolution.

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT

Fiscal Year	Appropriative	Non-Agricultural	Agricultural
03-04			
02-03	Niagara Bottling Company		
01-02	Nicholson Trust		
00-01		Loving Savior of the Hills Lutheran Church CCG Ontario, LLC (Catellus Commercial Group)	
99-00			
98-99			
97-98		Mountain Vista Power Generation Company, LLC	Louis Badders Paul Russavage
96-97		California Speedway Corporation	Ambrosia Farms, Chin T. Lee
95-96	City of Fontana	General Electric Company	Elizabeth H. Rohrs Richard Van Loon S. N. S. Dairy Wineside 45 Frank Lizzaraga
94-95			
93-94			
92-93			
91-92	Arrowhead Mountain Springs Water Co.	California Steel Industries, Inc.	
90-91			
89-90	Fontana Water Company		Gary Teed
88-89			
87-88			Que Fullmer
86-87		American Diversified Capital Corporation	Robert Barth Richard Lambeth Jim Nace Lemon D. and Louise Thrall Whispering Lakes Community Church
85-86			Carlos Palacio Jay Park Andy Sytsma Fred Scane Bob DeJager Chino Valley Investment John Vander Poel
84-85			Eric Daale James Idsinga
83-84			Marvin H. Belville Los Serranos Golf Club, Inc. Rick and Debbie Mouw Geoffrey Vanden Heuvel
82-83			Manuel Moreno Ronald C. and Kristine Pietersma Francisco Islas Gene and Geneva Burbridge Dick Bosma Richard Lorenz

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT CONT.

Fiscal Year	Appropriative	Non-Agricultural	Agricultural
81-82		Anaheim Citrus Products	Joe Heim Louis Struikman George Noble Everett/Charles, Inc. Abel Villalpando Ontario Planned Residential Joint Venture
80-81			Pete Boersma David Chez Judith Collins Sharon Schact Andy Dyt J.D. Smith Charlie Tadema Maynard Troost Ralph D. Wenger Walter W. Wurster Jeannette Wurster Theodore Zwicker
79-80			Ray Albers Intex Corporation Dutchmen Properties Frank Jacques Mobile Home Partners of California Alfred B. and Sandra Tourigny Leon Weaver
78-79			Jim and Linda Carroll Richard Haagsma John R. and Claudell Moore Jack Pinheiro A.C. Pinheiro Mary Pinheiro August Vandenberg Andrew W. Vandenberg Ben Vandenberg Tom Key Associates, Inc. Albert Levinson, Tomlev, Inc. R.C. Land Company Frans and Cornelia Aardema Sylvester and Ariene Vander Tuig
77-78			Mira Loma Thoroughbred Farm Sky Country Development Co., Magnolia Farms George Yamamoto Carol A. Larsen and Mary L. Rawitser Tex L. and Phyllis T. Rexius Paul C. and Linda E. Sackin Chino Grain and Mill, Inc. Amil and Helen Steiner Anthony H. and Darlene Olive Osterkamp Pete Borba and Sons

**WATERMASTER'S "NOTICE OF INTENT" TO
CHANGE THE OPERATING SAFE YIELD OF THE
CHINO GROUNDWATER BASIN**

PLEASE TAKE NOTICE that on this 29th day of January 2004, 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: /s/ Ken Jeske
Ken Jeske
Chairman, Advisory Committee

By: /s/ Robert Neufeld
Robert Neufeld
Chairman, Watermaster Board

ATTEST:

By: /s/ Bob Kuhn
Bob Kuhn
Secretary, Watermaster Board

**APPROPRIATIVE RIGHTS
(ORIGINAL PER JUDGMENT)**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino	5,271.70	3,670.07	6.69
City of Norco	289.50	201.55	0.37
City of Ontario	16,337.40	11,373.82	20.74
City of Pomona	16,110.50	11,215.85	20.45
City of Upland	4,097.20	2,852.40	5.20
Cucamonga County Water District	4,431.00	3,084.79	5.63
Jurupa Community Services District	1,104.10	768.66	1.40
Monte Vista County Water District	5,958.70	4,148.34	7.57
West San Bernardino County Water District	925.50	644.32	1.18
Etiwanda Water Company	768.00	534.67	0.98
Feldspar Gardens Mutual Water Company	68.30	47.55	0.09
Fontana Union Water Company	9,188.30	6,396.74	11.67
Marygold Mutual Water Company	941.30	655.32	1.20
Mira Loma Water Company	1,116.00	776.94	1.42
Monte Vista Irrigation Company	972.10	676.76	1.23
Mutual Water Company of Glen Avon Heights	672.20	467.97	0.85
Park Water Company	236.10	164.37	0.30
Pomona Valley Water Company	3,106.30	2,162.55	3.94
San Antonio Water Company	2,164.50	1,506.89	2.75
Santa Ana River Water Company	1,869.30	1,301.37	2.37
Southern California Water Company	1,774.50	1,235.38	2.25
West End Consolidated Water Company	1,361.30	947.71	1.73
Total	<u>78,763.80</u>	<u>54,834.00</u>	<u>100.00</u>

**APPROPRIATIVE RIGHTS
(AS OF JUNE 30, 2004)**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino ^A	5,794.60	4,034.14	7.36
City of Chino Hills ^B	3,033.20	2,111.66	3.85
City of Norco	289.50	201.79	0.37
City of Ontario	16,337.40	11,373.67	20.74
City of Pomona	16,110.50	11,215.75	20.45
City of Upland	4,097.20	2,852.47	5.20
Cucamonga Valley Water District ^C	5,199.20	3,619.59	6.60
Jurupa Community Services District ^D	2,960.70	2,061.21	3.76
Monte Vista County Water District ^E	6,928.80	4,823.75	8.80
West Valley Water District ^F	925.50	644.30	1.18
Fontana Union Water Company ^G	9,188.30	6,392.00	11.66
Fontana Water Company ^H	-	1.97	0.00
Los Serranos County Club ^I	-	-	-
Marygold Mutual Water Company	941.30	655.27	1.20
Monte Vista Irrigation Company	972.10	676.65	1.23
Niagara Bottling Company ^J	-	-	-
Nicholson Trust ^K	-	4.00	0.01
San Antonio Water Company	2,164.50	1,506.84	2.75
Santa Ana River Water Company	1,869.30	1,301.21	2.37
Southern California Water Company ^L	590.70	411.26	0.75
West End Consolidated Water Company	1,361.30	947.53	1.73
San Bernardino County (Shooting Park) ^M	-	-	-
Arrowhead Mountain Springs Water Company ^N	-	-	-
City of Fontana ^O	-	-	-
Total	78,764.10	54,835.03	100.00

^A In 1990, Chino received a portion of San Bernardino County Water Works #8 (WW#8) OSY (363.790 AF) as a result of a permanent transfer.

^B City of Chino Hills incorporated in 1991 and assumed the responsibility for providing the public services formerly provided by WW#8.

WW#8 acquired a portion of the rights of Park and Pomona Valley Water Companies in 1983.

^C CVWD acquired the rights to Etiwanda Water Company (upon dissolution in 1986). CCWD changed their name to CVWD in 2004.

^D JCSD acquired the rights of Mira Loma Water Company (776.940 AF), Feldspar Gardens (47.549 AF) and Mutual Water Company of Glen Avon Heights (467.974 AF).

^E In 1990, MVWD received 675.610 AF of WW#8 OSY as a result of a permanent transfer.

^F WSBCWD changed their name to WWWD in 2003.

^G In FY 2001-02 5.00 AF of Safe Yield was reassigned, 1.00 AF to FWC and 4.00 AF to the Nicholson Trust.

^H FWC intervened in FY 91-92 and was assigned 1.00 AF of OSY as a result of a permanent transfer of water rights from FUWC.

^I Los Serranos intervened in FY 83-84.

^J Niagara Bottling Company intervened in FY 02-03.

^K Nicholson Trust intervened in FY 01-02.

^L SCWC permanently transferred 823.900 AF of OSY to Park Water Company in 1980. Park Water Co was acquired by WW#8, which was subsequently acquired by the City of Chino Hills

^M San Bernardino County Prado Tiro (now known as Prado Shooting Park) was involuntarily reassigned to the Appropriative Pool from the Ag Pool in 1985.

^N Arrowhead intervened in FY 92-93

^O Fontana intervened in FY 98-99.

**OVERLYING NON-AGRICULTURAL RIGHTS
(ORIGINAL PER JUDGMENT)**

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield Acre-Feet</u>
Ameron Steel Producers, Inc.	125.00	97.86
County of San Bernardino (Airport)	171.00	133.87
Conrock Company	406.00	317.84
Kaiser Steel Corporation	3,743.00	2,930.27
Red Star Fertilizer	20.00	15.66
Southern California Edison Co.	1,255.00	982.50
Space Center, Mira Loma	133.00	104.12
Southern Service Co. dba Blue Seal Linen	24.00	18.79
Sunkist Growers, Inc.	2,393.00	1,873.40
Carlsberg Mobile Home Properties, Ltd '73	593.00	464.24
Union Carbide Corporation	546.00	427.45
Quaker Chemical Co.	-	-
Total	9,409.00	7,366.00

**OVERLYING NON-AGRICULTURAL RIGHTS
(AS OF JUNE 30, 2004)**

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield Acre-Feet</u>
Ameron Steel Producers, Inc.	125.00	97.86
County of San Bernardino (Airport)	171.00	133.87
Vulcan Materials Company ^A	406.00	317.84
CCG Ontario LLC ^B	805.00	630.27
West Venture Development Co. ^C	-	-
Southern California Edison Co. ^D	37.00	27.96
Reliant Energy, Etiwanda ^E	1,219.00	954.54
Space Center, Mira Loma	133.00	104.12
Angelica Rental Service ^F	24.00	18.79
Sunkist Growers, Inc.	2,393.00	1,873.40
Swan Lake Mobile Home Park ^G	593.00	464.24
California Steel Industries ^H	1,660.00	1,300.00
Praxair ^I	546.00	427.45
General Electric Company ^J	-	-
California Speedway ^K	1,277.00	1,000.00
Loving Savior of the Hills Lutheran Church ^L	-	-
Total	9,389.00	7,350.34

^A Conrock became Calmat and in FY 99-00 became Vulcan Materials Co.

^B Kaiser Steel Corporation became Kaiser Resources and then Kaiser Venture, Inc. Kaiser sold portions of its property to CSI & Speedway, its last property holdings and all its remaining water rights to CCG Ontario LLP on 8-16-00.

^C Anaheim Citrus became Red Star Fertilizer, West Venture Development. West Venture went out of business in 91-92.

^D A portion of SCE was sold in FY 98-99. SCE retained 27.959 AF OSY.

^E Mountain Vista Power Generating Company (MVPG) purchased the Etiwanda Generating Facility owned by SCE in FY 98-99. MVPG became Reliant Energy, Etiwanda with 954.540 AF OSY.

^F Southern Service Company became Angelica Rental Service.

^G Carlsberg Mobile Home Properties became Mobile Community Management and is known as Swan Lake Mobile Home Park.

^H California Steel Industries (CSI) intervened in FY 91-92 after purchasing land from Kaiser.

^I Union Carbide Corp. became Praxair, Inc.

^J General Electric Company intervened in FY 95-96.

^K California Speedway intervened in FY 96-97 after purchasing land from Kaiser. On August 16, 2000, Cateilus permanently transferred 525 AF OSY to Speedway.

^L Loving Savior of the Hills Lutheran Church intervened in FY 00-01.

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL (ACRE-FEET)

Fiscal Year	Appropriative	Agricultural	Non-Agricultural	Total
74-75	70,312	96,567	8,878	175,757
75-76	79,312	95,349	6,356	181,017
76-77	72,707	91,450	9,198	173,355
77-78	60,659	83,934	10,082	154,675
78-79	60,597	73,688	7,127	141,412
79-80	63,834	69,369	7,363	140,566
80-81	70,726	68,040	5,650	144,416
81-82	66,731	65,117	5,684	137,532
82-83	63,481	56,759	2,395	122,635
83-84	70,558	59,033	3,208	132,799
84-85	76,912	55,543	2,415	134,870
85-86	80,859	52,061	3,193	136,113
86-87	84,662	59,847	2,559	147,068
87-88	91,579 ²	57,865	2,958	152,402
88-89	93,617 ³	46,762	3,619	143,998
89-90	101,344 ⁴	48,420	4,856	154,620
90-91	86,658 ⁵	48,085	5,407	140,150
91-92	91,982 ⁶	44,682	5,240	141,904
92-93	86,367 ⁷	44,092	5,464	135,923
93-94	80,798 ⁸	44,298	4,586	129,682
94-95	93,419 ⁹	55,022	4,327	152,768
95-96	101,606 ^{10,11}	43,639	5,424	150,669
96-97	110,163 ¹¹	44,809	6,309	161,281
97-98	97,435 ¹²	43,345	4,955 ¹³	145,735
98-99	107,723	47,538	7,006	162,267
99-00	126,645	44,401	7,774	178,820
00-01	113,437 ^{11,14}	39,954	8,084	161,475
01-02	121,489 ^{11,15}	39,494	5,548	166,531
02-03	120,557 ^{11,16}	38,487 ¹¹	4,853	163,897
03-04	136,834 ¹⁷	41,978	2,915	181,727

¹ Includes 3,945 AF of mined water pumped by Edison as agent for IEUA.

² Does not include 7,674.3 AF exchanged with MWDSC.

³ Does not include 6,423.6 AF exchanged with MWDSC.

⁴ Does not include 16,377.1 AF exchanged with MWDSC.

⁵ Does not include 14,929.1 AF exchanged with MWDSC.

⁶ Does not include 12,202.4 AF exchanged with MWDSC.

⁷ Does not include 13,657.3 AF exchanged with MWDSC.

⁸ Does not include 20,194.7 AF exchanged with MWDSC.

⁹ Does not include 4,221.9 AF exchanged with MWDSC.

¹⁰ Does not include 6,167.2 AF exchanged with MWDSC.

¹¹ Reflects corrected production after reporting errors were accounted for.

¹² Does not include 4,275.4 AF exchanged with MWDSC.

¹³ Does not include 216.5 AF exchanged with MWDSC.

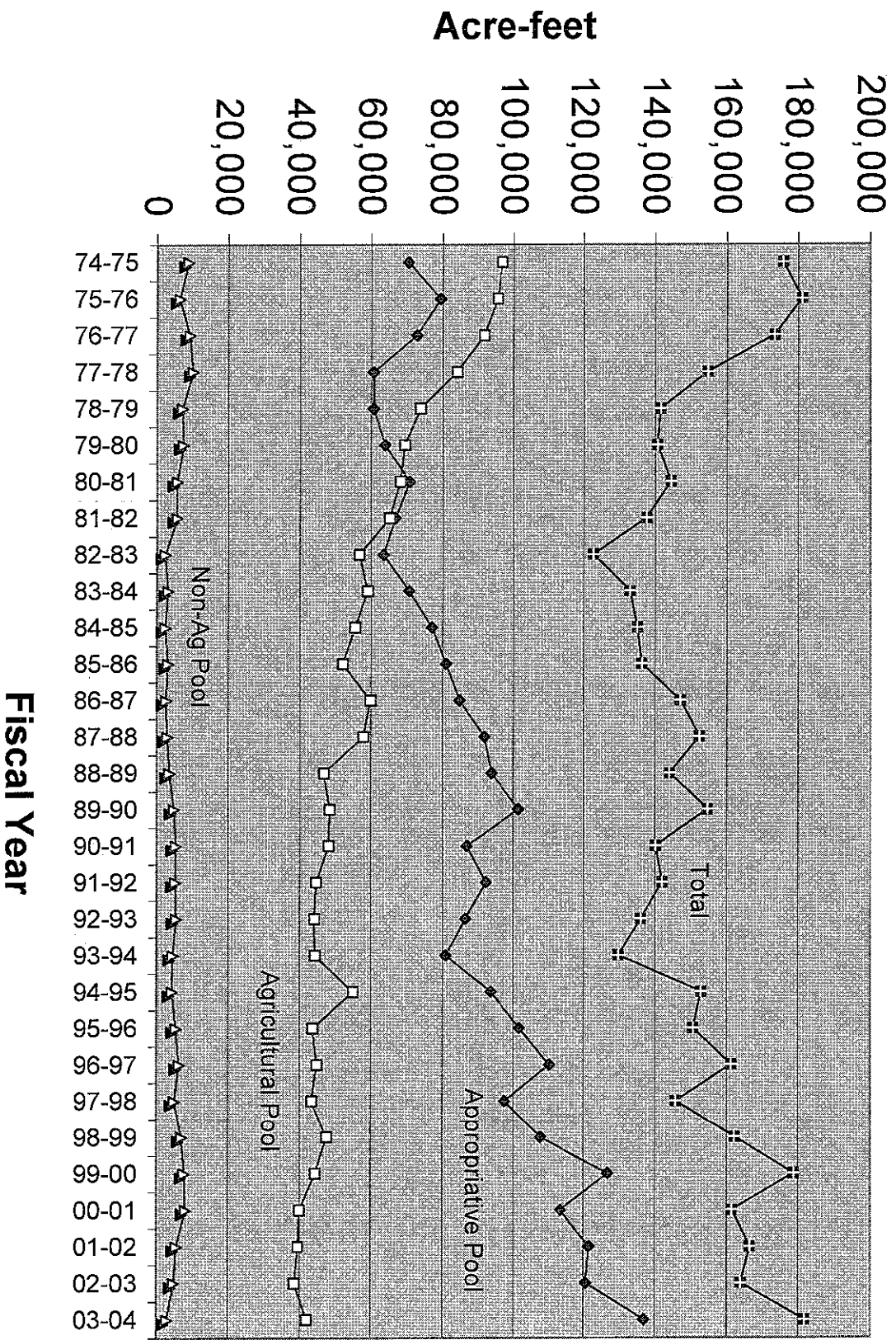
¹⁴ Does not include 7,989 AF Desalter production or 99.8 AF Dept. of Toxic Substances Control (DTSC) production.

¹⁵ Does not include 9,458 AF Desalter production.

¹⁶ Does not include 10,439 AF Desalter production or 79.1 AF Dept. of Toxic Substances Control (DTSC) production.

¹⁷ Does not include 10,605 AF Desalter production or 79.1 AF Dept. of Toxic Substances Control (DTSC) production.

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL



**HISTORY OF REALLOCATION OF UNPRODUCED
AGRICULTURAL POOL SAFE YIELD¹
(ACRE-FEET)**

Fiscal Year	Land Use Conversions	Remaining 50% Allocated	Balance Available	Total Ag Pool Reallocated to Appropriators
74-75				
75-76				
76-77				
77-78				
78-79				
79-80				
80-81				
81-82				
82-83				
83-84	297	297	25,762	26,355 ²
84-85	297	297	18,543	19,136
85-86	406	406	21,091	21,902
86-87	406	406	36,348	37,159
87-88	2,028	2,028	74,433	78,489 ³
88-89	406	406	24,124	24,935
89-90	406	406	35,227	36,038
90-91	406	406	33,569	34,380
91-92	406	406	33,904	34,715
92-93	406	406	37,307	38,118
93-94	406	406	37,897	38,708
94-95	3,246	406	34,850	38,502
95-96	5,855	5,855	16,067	27,778
96-97	6,310	6,310	26,541	39,161
97-98	7,213	7,213	23,565	37,991
98-99	8,511	8,511	22,433	39,455
99-00	10,471	N/A	63,191	73,662 ⁴
00-01	13,920	N/A	28,926	42,846
01-02	14,133	N/A	29,173	43,306
02-03	16,480	N/A	27,833	44,313
03-04	17,510 ⁵	N/A	23,312	40,822

¹ Source: Watermaster Annual Reports and Assessment Packages.

² First year reallocation occurred under the Judgment.

³ Appropriators agree to pay Ag Pool assessments. Reallocation procedure changed by agreement.

⁴ Peace Agreement signed. Appropriators agree to pay Ag Pool assessments for life of Peace Agreement. Procedure changed by agreement. Ag Pool Annual Safe Yield is 82,800 AF.

⁵ After duplication of conversion areas were identified, Jurupa's Pre-Peace Agreement acres were adjusted (337.6), and Post-Peace Agreement acres were adjusted (846.4).

**SUMMARY OF REPLENISHMENT, SUPPLEMENTAL AND CYCLIC ACTIVITIES
FISCAL YEAR 2003-2004
(ACRE-FEET)**

Month	Replenishment Water Purchased from Cyclic	Supplemental Water Deliveries	Total
July	-	-	-
August	-	-	-
September	-	-	-
October	-	1,611.0	1,611.0
November	-	1,616.8	1,616.8
December	-	1,425.2	1,425.2
January	-	496.9	496.9
February	-	362.6	362.6
March	-	280.5	280.5
April	-	805.4	805.4
May	-	525.5	525.5
June	-	458.4	458.4
Total	0.0	7,582.3	7,582.3

**SUMMARY OF MWDSC DELIVERIES
FISCAL YEAR 2003-2004
(ACRE-FEET)**

Month	Water Facilities Authority - CB-12					
	Upland	MVWD	Ontario	Chino	Chino Hills	Total
July	1,346	1,508	1,639	613	-	5,106
August	1,329	1,720	1,827	713	28	5,616
September	1,240	1,543	1,700	726	-	5,209
October	1,082	1,130	1,563	685	-	4,460
November	382	861	1,124	492	-	2,859
December	202	666	1,162	381	-	2,412
January	136	423	806	366	-	1,730
February	57	506	1,077	382	-	2,023
March	335	730	953	531	-	2,548
April	474	902	1,213	667	-	3,255
May	958	1,351	1,631	765	-	4,705
June	804	1,081	1,077	632	-	3,593
Total	8,343	12,420	15,772	6,953	28	43,516

Month	Reliant	Cucamonga Valley Water District			Pomona	Total
	CB-01	CB-07	CB-16	Sub-Total		
July	0.2	248	3,857	4,105	384	9,595
August	-	324	4,242	4,566	538	10,721
September	-	329	3,975	4,305	412	9,925
October	-	354	3,892	4,246	324	9,030
November	-	376	2,011	2,387	151	5,397
December	-	205	1,723	1,928	70	4,409
January	-	108	1,359	1,467	336	3,532
February	-	9	1,379	1,388	72	3,483
March	-	-	2,556	2,556	120	5,224
April	-	3	2,807	2,809	172	6,236
May	-	-	3,779	3,779	375	8,860
June	-	31	3,095	3,126	442	7,161
Total	0.2	1,986	34,676	36,662	3,396	83,574

**SUMMARY OF SUPPLEMENTAL SUPPLIES
FISCAL YEAR 2003-2004
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	SBVMWD MWDSC Imported Deliveries	Recycled Water	Total
Chino, City of	-	-	-	1,549.2	1,549.2
Chino Hills, City of	-	-	-	1,061.8	1,061.8
Cucamonga Valley Water District ¹	5,468.7	1,785.3	-	10.7	7,264.7
Inland Empire Utilities Agency ²	-	-	-	144.4	144.4
Fontana Water Company ³	16,452.3	1,968.3	1,657.9	-	20,078.5
Marygold Mutual Water Company ⁴	1,228.7	-	-	-	1,228.7
MWDSC ⁵	-	-	80,177.9	-	80,177.9
Monte Vista Water District	-	-	-	2.3	2.3
Ontario, City of	-	-	-	1,171.8	1,171.8
Pomona, City of ⁶	2,467.7	1,481.9	3,395.9	-	7,345.5
San Antonio Water Company ⁷	7,155.2	1,076.3	-	-	8,231.5
San Bernardino, County of	-	-	-	1,501.7	1,501.7
State of California, CIM ⁸	-	-	-	934.6	934.6
Upland, City of ⁹	3,351.8	718.4	-	14.3	4,084.5
West End Consolidated Water Company	1,950.8	-	-	-	1,950.8
West Valley Water District ¹⁰	7,260.6	-	-	-	7,260.6
Total	45,335.8	7,030.2	85,231.7	6,390.8	143,988.5

¹ Includes groundwater produced from Cucamonga Basin and surface water from Lloyd Michaels, Royer-Nesbit, and Arthur H. Bridge WTPs, and Deer Canyon.

² IEUA provided 5,407.5 AF of recycled water as follows: 1,501.7 AF to San Bernardino County; 1,160.0 AF to Ontario; 1,544.2 AF to the City of Chino, and 1,057.2 AF to the City of Chino Hills. Ely Basin Groundwater Recharge in the amount of 37.3 AF is shown as allocated to the individual participants.

³ Imported groundwater produced from Colton/Rialto and "unnamed" basin. Surface water deliveries are from Lytle Creek.

⁴ Imported groundwater produced from wells located in the Rialto Basin.

⁵ MWDSC/SBVMWD deliveries (See Appendix E-1 for individual agencies breakdown).

⁶ Includes 1518.4 AF of groundwater from Six Basins and 949.3 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

⁷ An amount of 1,076.318 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 1,014.184 AF from San Antonio Tunnel, 5,059.72 AF from Cucamonga Basin and 1,081.3 AF from Six Basins.

⁸ Recycled wastewater that was applied to fields, including water held in storage ponds.

⁹ Includes 1590.417 AF from Cucamonga Basin. Surface water deliveries are from the San Antonio Canyon WTP. Recycled water includes water from the Upland Hills Country Club Sewage Treatment Plant.

¹⁰ Listed amount was delivered to "meter book" service area.

TOTAL WATER CONSUMPTION WITHIN THE CHINO BASIN¹
(ACRE-FEET)

Fiscal Year	Chino Basin Extractions ²	Other Imported Supplies ³	Total
1974-75	175,757	49,383	225,140
1975-76	181,017	57,686	238,703
1976-77	173,355	55,765	229,120
1977-78	154,675	61,567	216,242
1978-79	142,412 ⁴	75,864	218,276
1979-80	140,566	70,727	211,293
1980-81	144,416	77,765	222,181
1981-82	137,532	67,491	205,023
1982-83	122,635	76,000	198,635
1983-84	132,799	99,257	232,056
1984-85	134,870	92,952	227,822
1985-86	136,113	114,624	250,737
1986-87	147,068	126,493	273,561
1987-88	152,402	116,175	268,577
1988-89	143,998	128,167	272,165
1989-90	154,620	139,004	293,624
1990-91	140,151	116,493	256,644
1991-92	141,904	104,480	246,384
1992-93	135,923	117,205	253,128
1993-94	129,682	136,038	265,720
1994-95	152,768	116,797	269,565
1995-96	150,669 ⁴	130,494	281,163
1996-97	161,281 ⁴	115,031	276,312
1997-98	145,735	106,360	252,095
1998-99	162,267	113,040	275,307
1999-00	178,820	129,208	308,028
2000-01	161,475 ⁴	128,596	290,071
2001-02	165,898	140,907	306,805
2002-03	163,897	134,154 ⁴	298,051
2003-04	181,727	143,989	325,716

¹ Total includes water used over Cucamonga Basin.

² See Appendix B.

³ Total does not include cyclic deliveries, water delivered by exchange, or water from direct spreading that was used for replenishment.

⁴ Reflects corrected value.

**APPROPRIATIVE POOL LOCAL STORAGE ACTIVITY
FISCAL YEAR 2003-2004**

Producer	Excess Carry Over Water Activity					Local Supplemental Water Activity (1)			
	Amount In Storage From June 30, 2003	Eligible for Storage In 2003-04	Transfer To/(From)	From Supply Water	Excess CO Yr End 2003-04	Local Supply Water July 1, 2003	MZ1 (2) Eligible for Storage In 2003-04	To Excess Carry Over	Local Supply Yr End 2003-04
Arrowhead Mountain Spring Water	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Chino, City of	4,833.082	5,531.548	(5,600.000)	0.000	4,764.630	2,741.084	261.762		3,002.846
Chino Hills, City of	0.000	784.764	0.000	0.000	784.764	7,954.315	137.019		8,091.334
Cucamonga Valley Water District	343.003	5,101.823	(5,000.000)	633.345	1,078.171	13,681.996	234.864	(633.345)	13,283.515
Desalter Authority	22,678.288	0.000	(5,302.520)	0.000	17,375.768	0.000	0.000		0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	757.635	414.758		1,172.391
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.249	0.071		0.320
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Jurupa Community Services District	8,847.112	0.000	(3,000.000)	0.000	5,847.112	732.982	133.745		866.727
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Marygold Mutual Water Company	604.048	907.712	0.000	0.000	1,511.760	2,129.539	42.518		2,172.057
Metropolitan Water Dist of So Cal	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Monte Vista Irrigation Company	233.703	0.000	(12.893)	0.000	220.810	7,255.936	43.906		7,299.842
Monte Vista Water District	0.000	0.000	650.000	0.000	650.000	5,682.721	312.997		5,995.718
Niagara Bottling Company, LLC	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.929	0.249		1.178
Norco, City of	319.407	0.000	0.000	0.000	319.407	71.758	13.093		84.851
Ontario, City of	0.000	0.000	0.000	0.000	0.000	13,268.424	738.000		14,006.424
Pomona, City of	0.000	0.000	(2,594.765)	2,594.765	0.000	15,422.187	727.753	(2,594.765)	13,555.175
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	288.361	84.431		372.792
San Antonio Water Company	8,967.941	1,599.259	0.000	0.000	10,567.200	535.844	97.774		633.618
San Bernardino County (Shooting Park)	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Southern California Water Company	1,029.996	513.776	(2,000.000)	546.326	90.098	2,245.071	26.685	(546.326)	1,725.430
Upland, City of	2,592.267	2,822.624	0.000	0.000	5,414.891	7,844.711	185.087		8,029.798
West End Consolidated Water Company	14,832.971	1,576.939	0.000	0.000	16,409.910	336.950	61.482		398.432
West Valley Water District	6,046.777	1,072.175	(1,650.000)	0.000	5,468.952	229.118	41.807		270.925
Totals	71,328.595	19,910.619	(24,510.178)	3,774.436	70,503.472	81,179.810	3,558.000	(3,774.436)	80,963.374

(1) 93,862.143 AF quantified as supplemental water on 5/24/01 pursuant to Peace Agreement and Watermaster Rules and Regulations.

(2) 3,558 AF of supplemental water purchased and recharged in MZ1 pursuant to Peace Agreement and Watermaster Rules and Regulations.

**OVERLYING (NON-AGRICULTURAL) POOL PRODUCTION
FISCAL YEAR 2003-2004**

Producer	Notes	Carry-Over From 2002-03	Share of Operating Safe Yield	Transfers	2003-04 Production & Exchange	Net Over Production	Carry-Over To 2004-05	Eligible for Local Storage	Amount In Storage From 2002-03	Storage Transfer	Local Storage At Yr End 2003-04
Ameron Steel		97,858	97,858	0.000	0.000	0.000	97,858	97,858	1,658,137	0.000	1,755,995
Angelica Rental Service	2, 11	0.000	18,789	0.000	28,124	9,335	0.000	0.000	0.000	0.000	0.000
California Speedway	9, 11	789,543	1,000,000	0.000	551,622	0.000	1,000,000	237,921	0.000	0.000	237,921
California Steel Industries (CSI)	3, 6, 11	1,300,000	1,300,000	0.000	0.000	0.000	1,300,000	1,300,000	0.000	0.000	1,300,000
CCG Ontario LLC	6, 9, 10, 11	630,274	630,274	0.000	0.000	0.000	630,274	630,274	6,962,866	0.000	7,593,140
Edison Company	11	27,959	27,959	0.000	0.000	0.000	27,959	27,959	111,836	0.000	139,795
General Electric -- Geomatrix	5, 11	0.000	0.000	0.000	20,220	0.607	0.000	0.000	0.000	0.000	0.000
Praxair Inc.	3, 11	427,446	427,446	0.000	145,257	0.000	427,446	282,189	3,530,304	0.000	3,812,493
Reliant Energy, Etiwanda	11	691,544	954,540	0.000	741,835	0.000	904,249	0.000	5,566,943	0.000	5,566,943
S. B. County Chino Airport	8, 11	123,180	133,870	0.000	52,691	0.000	133,870	70,489	0.000	0.000	70,489
Space Center -- Mira Loma	4, 11	0.000	104,121	137,413	241,534	0.000	0.000	0.000	341,543	(137,413)	204,130
Sunkist	7, 11	1,873,402	1,873,402	0.000	736,143	0.000	1,873,402	1,137,259	8,804,730	0.000	9,941,989
Swan Lake	11	464,240	464,240	0.000	392,745	0.000	464,240	71,495	1,993,859	0.000	2,065,354
Vulcan Materials Co. (Calmat)	1, 11	317,844	317,844	0.000	4,603	0.000	317,844	313,241	7,879,804	0.000	8,193,045
West Venture Development	11		0.000								
Totals		6,743,290	7,350,343	137,413	2,914,774	9.942	7,177,142	4,168,685	36,850,022	(137,413)	40,881,294

- (1) Calmat Properties, formerly Conrock, became Vulcan Materials in 99-00.
- (2) Southern Service Company became Angelica Rental Service in FY 94-95.
- (3) Union Carbide Corp. became Praxair Inc. in FY 94-95. Fontana Water Company entered into two agency agreements with Praxair & CSI in calendar year 1996. Praxair assigned 151,599 af. CSI did not assign water to FWC for service it provided to them in this FY.
- (4) JCSD assigned 232,656 AF of production to Space Center. Assignments over SY will reduce storage until Space Center has no water in storage, then assignments will be limited by SY per Michael Thies 9/9/03.
- (5) GE pumped and recharged after treatment, 1028,620 AF. By agreement, they are assessed 3% losses due to spreading.
- (6) Kaiser/CSI received court approval on settlement Dec 20, 1995. CSI was assigned 1,300,000 AF permanent right as of July 1, 1995, Kaiser 1000 AF & 630,274 AF of Joint Water Rights per Water Rights Agreement and Water Rights Acknowledgement dated in October 1995. The agreement allows for removal of water from storage to satisfy the assignment.
- (7) Sunkist and Ontario entered into an Agency Agreement for the assignment of water provided by Ontario to Sunkist, which was only 55,041 AF of their production in this FY.
- (8) San Bernardino County Department of Airports production has been increased by 76.2 AF from the City of Chino, whose production was decreased the same, under an Agency agreement approved by Watermaster.
- (9) Kaiser/SDC entered into a Water Rights agreement similar to Kaiser/CSI's on November 21, 1995. The agreement provides for 475 AF to be held as "tenants in common," with SDC having the first priority for use of the rights, but no carryover or storage rights for unused water. CCG Ontario LLP transferred an additional 525 AF to SDC effective August 16, 2000.
- (10) Kaiser Ventures sold its last property holdings and all water rights to CCG Ontario LLP on August 16, 2000. [(CCG-630,274) + (Calif Speedway-1000) + (CSI-1300) = (Original Kaiser-2,930,274 AF)]
- (11) West Venture dissolved and their Non Ag rights of 15,657 AF/yr were divided up between other Non Ag producers based on their percent share of safe yield for purposes of the volume vote calculation.

WATER TRANSACTIONS - RECAPTURE/SALES/TRANSFERS REPORTED FISCAL YEAR 2003-04

On January 29, 2004, the Watermaster Board approved the following water transactions:

- Lease and/or purchase of Water Production Right from the City of Pomona to the Monte Vista Water District in the amount of 2,500 acre-feet.
- Transfer of 1,040 acre-feet of Monte Vista Irrigation Company's Fiscal Year 2003-2004 Annual Production Right to Monte Vista Water District.

On March 1, 2004, the Watermaster Board approved the following water transaction:

- Purchase of Right to Produce Water in Storage from the West Valley Water District to the Cucamonga Valley Water District in the amount of 500 acre-feet.

On May 27, 2004, the Watermaster Board approved the following water transactions:

- Purchase of Water in Storage from the West Valley Water District to the Monte Vista Water District in the amount of 650 acre-feet. Water purchased through this transaction was placed in Monte Vista Water District's Local Storage Account.
- Purchase of Right to Produce Water in Storage and/or Water Production Right from the City of Pomona to the Fontana Water Company in the amount of 500 acre-feet.
- Purchase of Right to Produce Water in Storage from the Southern California Water Company to the Fontana Water Company in the amount of 2,000 acre-feet.

On July 22, 2004, the Watermaster Board approved the following water transactions:

- Purchase of Right to Produce Water in Storage and Annual Production Right from the Nicholson Trust to the Fontana Water Company in the amount of 6.475 acre-feet.
- Purchase of Right to Produce Water in Storage from the Cucamonga Valley Water District to the Fontana Water Company in the amount of 2,500 acre-feet.
- Purchase of Right to Produce Water in Storage from the City of Chino to the City of Ontario in the amount of 5,600 acre-feet.
- Purchase of Right to Produce Water in Storage from the Cucamonga Valley Water District to the Fontana Water Company in the amount of 2,500 acre-feet.
- Lease of Water Production Right from the Santa Ana River Water Company to the Jurupa Community Services District in the amount of 1,000 acre-feet.
- Purchase of Right to Produce Water in Storage from the Jurupa Community Services District to the City of Ontario in the amount of 3,000 acre-feet.

On August 26, 2004, the Watermaster Board approved the following water transaction:

- Purchase of Right to Produce Water in Storage from the West Valley Water District to the Fontana Water Company in the amount of 500 acre-feet.

SUMMARY OF WATER TRANSACTIONS FISCAL YEAR 2003-04

To	From	Quantity	Date Watermaster Approved	\$/AF	Total (\$)	Financial Impact on		Watermaster Pays 15% To
						85%/15% Producers 85%	15%	
Ontario	Chino	5,600.000	7/22/04	210.00	1,176,000.00	999,600.00	176,400.00	Chino
	JCSD	3,000.000	7/22/04	201.00	603,000.00	512,550.00	90,450.00	JCSD
MVWD	WVWD	650.000 (1)	5/27/04	N/A				
	Pomona	2,500.000	1/29/04	210.00	525,000.00	446,250.00	78,750.00	Pomona
	MVIC	1,040.000	1/29/04	218.00	226,720.00	192,712.00	34,008.00	MVIC
Fontana Water Co	Pomona	500.000	5/27/04	210.00	105,000.00	89,250.00	15,750.00	Pomona
	CVWD	5,000.000	7/22/04	216.90	1,084,500.00	921,825.00	162,675.00	CVWD
	SCWC	2,000.000	5/27/04	216.00	432,000.00	367,200.00	64,800.00	SCWC
	Nicholson Trust	6.475	7/22/04	216.90	1,404.43	1,193.76	210.66	FWC
	WVWD	500.000	8/26/04	210.00	105,000.00	89,250.00	15,750.00	FWC
CVWD	WVWD	500.000	3/1/04	N/A				
JCSD	Santa Ana	1,000.000	7/22/04	233.00	233,000.00	198,050.00	34,950.00	SARWC
Total		22,296.475			\$4,491,624.43	\$3,817,860.76	\$673,743.66	

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

ASSIGNMENTS (2)

Norco	JCSD	286.387		N/A				
Santa Ana		567.183		N/A				
Space Center		241.534		N/A				
Swan Lake		392.746		N/A				
Praxair	FWC	145.257 (3)		85.00	18,445.29	15,678.49	2,766.79	FWC
Sunkist	Ontario	25.303		200.00	5,060.60	4,301.51	759.09	Ontario
Ag Pool Assign		183.900		N/A				
San Antonio WC		858.416						
Chino Airport	Chino	52.690		N/A				
Ag Pool Assign		1,201.301		N/A				
El Prado Golf		472.058		N/A				
El Prado Park		1,029.605		N/A				
Ag Pool Assign	MVWD	390.140		N/A				
Higgins Ranch	Chino Hills	9.851						
Boys Republic		163.118						
Los Serranos		257.255		N/A				
Total Assignments		6,276.744			\$23,505.89	\$19,980.00	3,525.88	

(2) Assignment of equivalent production based on metered service in net production shown by entity/pool. Reflected here for assessment adjustment page.

Subtotal Credits \$677,269.55

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

\$ 573.79

Total Credits \$677,843.34

Acre Feet

-10,605.039 Desalter Account reduced acre feet of production and increased rising water capture by 50%

5,302.520 of new yield from desalter operations.

79,090 Stringfellow/DTSC 1/10/88 Court Order - Up to 300,000 acre feet per year is exempt from assessment. Included in Ag Pool Production

Some water transferred from storage to eliminate a potential replenishment obligation due to water transactions & supplemental water designations.

**SUMMARY OF ASSESSMENTS PER ACRE-FOOT
FISCAL YEAR 2003-2004
PRODUCTION YEAR 2002-2003**

1) Non-Agricultural Pool

Assessments based on Production

Administrative Budget	<u>\$ 5.37</u>	Per AF Production
OBMP & Special Project Budget	<u>\$ 20.02</u>	Per AF Production
	<u>\$ 5.00</u>	Minimum

Replenishment Rates

100% Net Replenishment	<u>\$ 244.00</u>	Per AF
------------------------	------------------	--------

2) Appropriative Pool

Assessments based on Production

Administrative Budget	<u>\$ 2.95</u>	Per AF Production
OBMP & Special Project Budget	<u>\$ 19.95</u>	Per AF Production
	<u>\$ 5.00</u>	Minimum

Reallocated Ag Pool Right

Administrative Budget	<u>\$ 10.60</u>	Per AF Reallocated
OBMP & Special Project Budget	<u>\$ 23.50</u>	Per AF Reallocated

Replenishment Rates

100% Net Replenishment	<u>\$ 244.00</u>	Per AF
Gross - 15%	<u>\$ 5.91</u>	Per AF
Net - 85%	<u>\$ 207.40</u>	Per AF

HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION

Fiscal Year	Agricultural Pool ¹ (\$/AF)	Non-Ag Pool (\$/AF)	Appropriative Pool ² (\$/AF)	Gross Replenishment ¹ Water Rate (\$/AF)
1977-78	0.29	0.32	0.42	
1978-79	0.65	1.29	0.77	51.00
1979-80	0.54	0.20	0.51	56.20
1980-81	0.32	0.00	0.00	62.51
1981-82	0.10	0.00	0.00	63.78
1982-83	0.10	0.00	0.00	81.46
1983-84	0.10	0.00	0.00	102.18
1984-85	0.10	0.00	0.10	154.00
1985-86	0.10	0.00	0.45	149.39
1986-87	0.10	0.00	0.41	155.10
1987-88	0.10	0.00	0.25	155.42
1988-89	0.09	0.00	0.67	155.33
1989-90	3.27	0.00	0.48	115.00
1990-91	2.31	0.00	0.43	117.55
1991-92	3.53	0.12	0.11	132.55
1992-93	7.03	4.07	3.41	169.89
1993-94	12.37	6.67	2.51	210.69
1994-95	9.86	3.24	2.06	222.00
1995-96	11.68	3.43	1.57	233.15
1996-97	19.70	7.55	3.69	233.15
1997-98	15.19	6.56	2.73	237.15
1998-99	19.04	9.85	7.77	243.00
1999-00	26.30	14.12	11.75	243.00
2000-01	18.15	25.79	24.74	242.00
2001-02	34.37	29.93	25.42	243.00
2002-03	35.69	26.72	21.35	244.00
2003-04	34.10	25.39	22.90	244.00

¹ \$/AF of water reallocated to the Appropriative Pool.

² Excludes amounts related to the debt service of the Recharge Improvement Project and supplemental and replenishment water purchases.

SUMMARY BUDGET FISCAL YEAR 2002-2003

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
Ordinary Income/Expense					
4000 Mutual Agency Revenue	\$85,125	\$26,629	\$20,000	\$0	-\$20,000
4110 Admin Asmnts-Approp Pool	4,241,553	4,470,785	3,580,590	3,931,695	351,105
4120 Admin Asmnts-Non-Agri Pool	241,961	149,042	196,982	88,201	-108,781
4730 Prorated Interest Income	118,608	38,095	132,890	112,025	-20,865
Total Income	4,687,290	4,684,551	3,930,462	4,131,921	201,459
Administrative Expenses					
6010 Salary Costs	428,397	198,285	414,173	385,900	-28,273
6020 Office Building Expense	70,561	40,491	123,845	108,995	-14,850
6030 Office Supplies & Equip.	30,082	14,814	29,800	41,000	11,200
6040 Postage & Printing Costs	63,155	28,726	72,450	66,400	-6,050
6050 Information Services	95,905	43,348	101,800	105,750	3,950
6060 WM Special Contract Services	184,646	53,569	227,600	121,000	-106,600
6080 Insurance Expense	10,689	7,128	11,210	16,710	5,500
6110 Dues and Subscriptions	12,619	11,217	13,500	14,500	1,000
6150 Field Supplies & Equipment	4,258	1,907	3,950	4,250	300
6170 Vehicle Maintenance Costs	24,656	9,816	25,500	46,300	20,800
6190 Conferences & Seminars	11,682	10,952	14,500	16,000	1,500
6200 Advisory Committee Expenses	20,256	7,311	17,870	15,071	-2,799
6300 Watermaster Board Expenses	42,198	13,818	42,522	28,371	-14,151
6500 Education Fund Expenditures	375	0	375	375	0
8300 Appropriative Pool Administration	15,236	6,746	16,310	14,471	-1,839
8400 Agricultural Pool Administration	120,221	33,821	119,010	233,979	114,969
8500 Non-Agricultural Pool Administration	6,666	2,380	4,462	6,698	2,236
9500 Allocated G&A Expenditures	0	-119,852	-286,120	-309,073	-22,953
Total Administrative Expenses	1,141,602	364,479	952,757	916,697	-36,060
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	806,676	443,070	810,777	942,065	131,288
6950 Cooperative Efforts	103,504	38,156	2,500	85,004	82,504
9501 Allocated G&A Expenditures	0	33,419	80,857	91,999	11,142
Total General OBMP Expenditures	910,180	514,645	894,134	1,119,068	224,934
7000 OBMP Implementation Projects					
7101 Production Monitoring	28,488	14,174	61,062	79,283	18,221
7102 In-Line Meter Installation/Maintenance	222,973	187,302	439,399	131,380	-308,019
7103 Groundwater Quality Monitoring	194,891	101,120	321,829	274,613	-47,216
7104 Groundwater Level Monitoring	182,501	51,492	205,916	157,852	-48,064
7105 Surface Water Quality Monitoring	23,727	17,028	85,161	133,595	48,434
7106 Water Level Sensors Install	20,969	16,596	34,501	26,835	-7,666
7107 Ground Level Monitoring	51,302	367,981	801,070	202,283	-598,787
7108 Hydraulic Control Monitoring Program	0	0	0	718,227	718,227
7200 OBMP Pgm Element 2 - Comp Recharge Program	286,856	114,523	184,168	89,575	-94,593
7300 OBMP Program Element 3 & 5 - Water Supply Plan - Desalter	133,099	5,300	123,587	47,499	-76,088
7400 OBMP Pgm Element 4 - Mgmt Zone Mgmt Strategies	98,523	98,803	81,172	187,308	106,136
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	37,889	87,942	58,299	51,820	-6,479
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	157,334	26,656	102,830	146,179	43,349
7700 Inactive Well Protection Program	0	0	0	30,447	30,447
7206 Comp Recharge - Basin Program O&M	0	0	0	441,859	441,859
7690 Recharge Improvement Debt Payment	0	429,250	620,000	429,250	-190,750
9502 Allocated G&A Expenditures	0	86,433	205,263	217,074	11,811
Total OBMP Implementation Projects	1,438,552	1,604,600	3,324,257	3,365,079	40,822
Total Expenses	3,490,334	2,483,725	5,171,148	5,400,844	229,696
Net Ordinary Income	1,196,956	2,200,826	-1,240,686	-1,268,923	-28,237
Other Income					
4210 Approp Pool-Replenishment	38,946	1,424,041	0	0	0
4220 Non-Ag Pool-Replenishment	9,329	8,567	0	0	0
4230 Groundwater Recharge Activity	1,579,500	1,586,000	2,285,049	2,189,500	-95,549
Total Other Income	1,627,776	3,018,609	2,285,049	2,189,500	-95,549
Other Expense					
5010 Groundwater Recharge	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
5050 SB222 Cyclic Storage Program	0	0	0	0	0
Total Other Expense	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
Net Other Income	60,252	1,685,541	0	-84,000	-84,000
9800 From / (To) Reserves	-1,257,208	-3,886,368	1,240,686	1,352,923	112,237
Net Income	\$0	\$0	\$0	\$0	\$0

**CHINO BASIN WATERMASTER
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED JUNE 30, 2004**

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

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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

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

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.

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)*	\$ -	-	-	\$8,700,549
	<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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS
			APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS		
Administrative Revenues									
Administrative Assessments			4,614,056		122,460				4,736,516
Interest Revenue			81,090	7,111	3,624			38	91,863
Mutual Agency Project Revenue		301,209							301,209
Grant Income									-
Miscellaneous Income	-								-
Total Revenues	-	301,209	4,695,146	7,111	126,084	-	-	38	5,129,588
Administrative & Project Expenditures									
Watermaster Administration	816,818								816,818
Watermaster Board-Advisory Committee	47,569								47,569
Pool Administration			13,796	246,513	3,221				263,530
Optimum Basin Mgmt Administration		932,272							932,272
OBMP Project Costs		2,308,516							2,308,516
Education Funds Use								375	375
Mutual Agency Project Costs	81,416								81,416
Total Administrative/OBMP Expenses	945,803	3,240,788	13,796	246,513	3,221			375	4,450,496
Net Administrative/OBMP Income	(945,803)	(2,939,579)							-
Allocate Net Admin Income To Pools	945,803		701,641	216,156	28,007				-
Allocate Net OBMP Income To Pools		2,939,579	2,180,717	671,817	87,046				-
Agricultural Expense Transfer			1,124,360	(1,124,360)					-
Total Expenses			4,020,514	10,125	118,273	-	-	375	4,450,496
Net Administrative Income			674,632	(3,014)	7,811			(337)	679,092
Other Income/(Expense)									
Replenishment Water Purchases						4,135,998			4,135,998
MZ1 Supplemental Water Assessments						1,585,854			1,585,854
Water Purchases									-
MZ1 Imported Water Purchase									-
Groundwater Replenishment						(1,855,294)			(1,855,294)
Net Other Income			-	-	-	3,866,558	-	-	3,866,558
Net Transfers To/(From) Reserves			674,632	(3,014)	7,811	3,866,558	-	(337)	4,545,650
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
**Twenty-Seventh
Annual Report**

Fiscal Year 2003-04

9641 San Bernardino Road • Rancho Cucamonga, CA 91730

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. SAN ANTONIO CHANNEL - UPLAND BASIN INTERCONNECT



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 9, 2005
June 21, 2005
June 23, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: San Antonio Channel – Upland Basin Interconnect

Summary

Issue – Authorization of the Construction of a Connector Pipeline between the College Heights Junction Structure and the Upland Basin Storm Drain

Recommendation – Approve the construction of 600 feet of 48" RCP between the stub out at the College Heights Junction Structure and the stub out in the 102" Foothill Storm Drain in accordance with the City of Upland Pipe Procurement Bid 2005-02(P). The City of Upland will issue a change order to Bonidaman-McCain (installation contractor) and Rialto Concrete Products (pipe supplier) in an amount NTE \$150,000 to purchase and install the pipeline.

Fiscal Impact – Pursuant to the City of Upland Agreement with the Chino Basin Watermaster and the Inland Empire Utilities Agency, the City will be reimbursed a flat sum of \$150,000 for the installation of the pipeline. Chino Basin Watermaster and IEUA will seek reimbursement under the DWR Grant.

Background

An agreement for financial assistance between the City of Upland, the Chino Basin Watermaster (CBWM), and the Inland Empire Utilities Agency (IEUA) provided \$750,000 for construction of Phase I of the Upland Groundwater Recharge Basin. Of that amount, \$530,000 has been remitted to the City for their construction efforts in FY 2004/2005; and \$70,000 has been paid to URS Corporation for their installation of two monitoring wells at the Upland Basin. Limited monitoring of these wells in April and May 2005 indicates successful recharge of nearly 1000 AF of stormwater during the period from October 16, 2004 through May 25, 2005. Based on this successful stormwater recharge, the investment of \$150,000 to install the connector pipeline between the College Heights Junction Structure and the existing Upland Basin Storm Drain will enable the use of the reconfigured Upland Basin for imported water recharge during the remainder of the year.

The existing facilities (OC-59, San Antonio Channel, and the College Heights rubber dam and junction structure) provide for the delivery of 30 cfs (60 AFD) of MWDSC imported water, which can be diverted into the Upland Basin upon construction of this pipeline. Based on a 150 day "season" for imported water, this results in an additional 9000 AFY of recharged water in MZ1, and valuable redundancy when either the Montclair or Brooks basins must be removed from service. Some additional capacity is also provided for those instances in which surplus water is released from the San Antonio Dam following storm events. Operation of the Upland Basin under controlled conditions will provide valuable new data for making an eventual decision on the role of the College Heights Basins in recharging imported water.



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. PROPOSITION 50 GRANT APPLICATION



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

Staff Report

DATE: June 9, 2005
June 21, 2005
June 23, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Proposition 50 Grant Application

SUMMARY

Issue – Support for a cooperative Proposition 50 grant application for development of an Integrated Regional Water Management Plan.

Recommendation – Approve Resolution No. 05-04, supporting a cooperative grant agreement and application under Chapter 8 of Proposition 50 for the development of an integrated regional management plan.

Fiscal Impact – No fiscal Impact

BACKGROUND

The San Gabriel Valley Municipal Water District is authorized as the lead agency to execute, gather and provide any and all documents necessary to further the award of the "Proposition 50" grant application on behalf of Inland Empire Utilities Agency, Three Valley's Municipal Water District, Foothill Municipal Water District and the Main San Gabriel Basin Watermaster (collectively known as the "participating agencies"). These agencies are making a cooperative Proposition 50 Planning grant application for the purpose of funding the creation of an Integrated Regional Water Management Plan. Besides creating a plan for water resource management, recycling and conservation for the main San Gabriel Basin, it will include water supply reliability for the IEUA and Three Valley's service areas via emergency interconnections to the San Gabriel (Azusa) pipeline.

It has been requested by the two member agencies that the Chino Basin Watermaster take a support position for the grant application.

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RESOLUTION NO. 05-04

RESOLUTION OF THE CHINO BASIN WATERMASTER SUPPORTING A COOPERATIVE GRANT AGREEMENT UNDER CHAPTER 8 OF PROPOSITION 50 FOR THE DEVELOPMENT OF AN INTEGRATED REGIONAL MANAGEMENT PLAN

WHEREAS, Inland Empire Utilities Agency, in cooperation with the San Gabriel Valley Municipal Water District, the Foothill Municipal Water District, the Three Valleys Municipal Water and the Main San Gabriel Basin Watermaster (collectively known as the "participating agencies") wish to make a cooperative "Proposition 50 Planning" grant application for the purposes of funding the creating of a plan for water resource management, development, recycling and conservation; and

WHEREAS, the San Gabriel Valley Municipal Water District is authorized as the lead agency to execute, gather and provide any and all documents necessary to further the award of the Proposition 50 grant application on behalf of Inland Empire Utilities Agency as one of the participating Agencies; and

WHEREAS, the San Gabriel Valley Regional Management Plan will benefit the Chino Basin by including imported water supply reliability for the IEUA service area via emergency interconnections to the San Gabriel (Azusa) pipeline; and

WHEREAS, the Chino Basin Watermaster supports the submission of a joint Proposition 50 grant application by the San Gabriel Valley Municipal Water District.

NOW THEREFORE the Chino Basin Watermaster's Board hereby commits its support for the cooperative effort necessary for the development of an integrated regional water management plan as described as the "Proposition 50" grant application.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Secretary, Watermaster Board

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CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

C. INLAND EMPIRE UTILITIES AGENCY WATER MANAGERS REPORT

4. Water Resources Report
5. State/Federal Legislation Reports
6. Public Relations Report

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
June 23, 2005**

AGENDA

INTER-AGENCY WATER MANAGERS' REPORT

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

20 – 30 Minutes

Discussion Items:

- MWD Status Report – Richard Atwater
- Recycled Water Report – Tom Love
- UWMP 2005-2010 Water Conservation Strategy – Martha Davis

Written Monthly Updates:

- Water Resources Report
- State/Federal Legislation Reports
- Community Outreach/Public Relations Report

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Water Resources Report

June 2005

Highlights

- **Metropolitan Water District of Southern California (MWD)**

Due to the wet winter, state water project supplies are projected to meet 90% of the State's contract deliveries. Replenishment water should be available throughout the year. For the current calendar year, Tier 1 water sales are at 92%, which is slightly behind last year's (2004) sales.

MWD released its draft regional Urban Water Management Plan in June and is holding workshops to receive comments on the plan. The final plan will be adopted by the Board in December 2005.

MWD initiated a review of its conservation incentive program in June and will bring recommendations to the Board for modifications of the program by December 2005. Currently MWD provides \$154 per acre-foot for qualifying conservation activities (eg., rebates for low-flow toilets and high efficiency clothes washers). The conservation incentive has been offered at the same level for fifteen years.

- **Department of Water Resources (DWR)**

DWR released the draft State Water Plan (B160) for public review in April. The Department is holding 11 public input workshops on the plan. The Los Angeles workshop will be held on June 22nd, from 1-5 p.m., at MWD. The deadline for DWR to receive all comments is July 22, 2005.

DWR awarded \$28 million in Agricultural and Urban Water Use (proposition 50) Grants. IEUA received \$1.65 million to support the installation of 22,000 low flow toilets in multi-family housing within the Chino Basin over a three year period. The total estimated water savings from this project is 1,100 acre-feet annually.

DWR also awarded \$25 million in Desalination (proposition 50) grants in May. IEUA received \$2.8 million to support the construction of the Chino II Desalter expansion.

- **Santa Ana Watershed Project Authority (SAWPA)**

SAWPA approved the update of its Santa Ana Integrated Watershed Plan in June. This documents the projects and funding needs that would improve water supplies, reliability, water quality, and environment within the watershed. The plan provides the basis for an application for the Proposition 50, Chapter 8 implementation grant funds in July.

- **Southern California Regional Drinking Water Quality Management Plan**

The Southern California Water Dialogue and the Southern California Drinking Water Quality Strategy Group completed the development of a proto-type regional drinking water quality assessment tool to assist agencies in understanding regional needs and how state and regional actions can be coordinated to achieve the CALFED Drinking Water Quality Program goal of an equivalent level of public health

protection (ELPH). The planning effort built upon six representative water agency case studies, including Cucamonga Valley Water District/IEUA.

- **California Bay Delta Authority (CALFED)**

The CALFED program is facing significant challenges. By mid-spring, the CALFED monitoring program confirmed that the delta fish populations were in dramatic decline and the CALFED ten year finance plan that had been adopted by the Authority in late December was resoundingly rejected by stakeholders within the process. In response, the Legislature approved a constrained "fundamentals" budget for CALFED 2005-2006 fiscal year, with the direction that CALFED develop a comprehensive finance plan that will address program priorities and funding sources over the next ten years. In the May revise, the Schwarzenegger administration added a requirement for an independent review of the CALFED program to be completed as part of the development of this plan. Due to health concerns, the CALFED program director, Patrick Wright, resigned and DWR's Deputy Director Joe Grindstaff has been assigned to be the interim director for the CALFED program. At the June meeting, CALFED announced the resignation of the lead staff scientist, and several other staffing changes. The focus of the CALFED program in the coming months will be to complete the comprehensive review of the CALFED program and develop a down-sized program and budget that will be acceptable to the stakeholders, Governor and the Legislature.

Water Quality Issues/Activities

- **Salinity Management**

IEUA in partnership with the National Water Research Institute, Southern California Salinity Coalition, Claremont College and the Water Quality Association/Pacific Water Quality Association is completing the first phase of the Salinity Reduction Study that addresses water softener use within the Chino Basin. The project will develop and evaluate strategies for educating homeowners about problem salt poses for the groundwater basin and to encourage water softener owners to take actions (tune up existing water softeners; upgrade to more efficient softeners or exchange canisters; and/or reduce hookups to hot water only) to reduce the amount of salt released into the wastewater treatment system. The study is scheduled to be completed by September, 2005.

- **Perchlorate**

Senator Dianne Feinstein is considering introducing legislation to authorize federal funding to support the clean up of perchlorate contaminated sites in California. Earlier in June, Senator Feinstein raised questions about the process used by the Environmental Protection Agency to establish the perchlorate reference dose of 24.5 parts per billion. The EPA had recommended in 2002 that the reference dose be 1 ppb. California's public health goal for perchlorate, established in 2004, is 6 parts per billion.

Water Conservation Programs

- **IEUA Regional Urban Water Management Plan**

IEUA staff is preparing the 2005 update of the Regional Urban Water Management Plan. A draft will be circulated in mid-June for review by retail water agencies, Chino Basin Watermaster, Chino Basin Water

Conservation District, Chino Desalting Authority and all land use planning agencies within IEUA's service area. The draft Regional Urban Water Management Plan will be available on IEUA's web page at www.ieua.org.

- **IEUA Conservation Budget**

The IEUA Board approved the Agency's budget for 2005-2006 on June 15th. The full budget is available on the web page. The conservation program budget is \$1.3 million, with no changes in rates or budgeted revenues. The program budget will increase by \$1.65 million when the DWR grant contract for the multi-family low flow toilet installation program is completed.

- **Residential Conservation Programs**

IEUA offers rebates for the installation of low flow toilets, high efficiency clothes washers and pool covers. To date, 3,232 toilets have been installed with another 2,100 awaiting installation through the multi-family program. In addition, 1,658 high efficiency clothes washers and 195 pool covers have been put into residential homes. On July 1, the \$100 rebate for the high efficiency washing machines will be available for more efficient machines (those with a water factor of 6.0 or less).

- **Commercial, Industrial, Institutional Conservation Programs.**

IEUA is sponsoring a "Save A Buck" conservation workshop on June 27th at the Hilton Ontario Airport from 9:30 a.m. – 11:30 a.m. to provide information on industrial water conservation programs and rebates available through MWD to achieve water savings. The Program will feature information on cooling tower conservation opportunities and will include

In partnership with the California Urban Water Conservation Council, MWD and the California Public Utilities Commission, IEUA is sponsoring a program to distribute water/energy saving spray nozzles to restaurants within the Chino Basin. As part of the program, IEUA will print and distribute a "Fats, Oil and Grease" magnetic poster to provide a reminder on the proper disposal of these materials.

In June, IEUA will complete the distribution of water conserving water brooms to 300 restaurants identified by the retail agencies to receive these brooms.

The X-Ray film processing rebate grant program will close at the end of June. DWR provided \$230,000 for the installation of up to 50 X-ray film processors.

- **Landscape Conservation Programs**

IEUA will complete a pilot landscape audit program in June. 22 audits have been completed at a mix of residential and industrial sites that had been identified by the retail agencies. Several properties have qualified for and will receive an irrigation controller rebate through the MWD program. Currently 1 controller has been installed as a result of the audits.

- **Conservation Education Programs**

Each month, IEUA prints a conservation tip with information on conservation program rebates in the Daily Bulletin.

The pilot Garden in Every School Program will be completed by the end of June. Seven native plant and vegetable gardens have been created. Garden dedications were held at six of the schools. The program

has received significant publicity through local press articles. A two page feature article in the daily bulletin will be published in late June.

National Theatre for Children completed over 50 presentations to schools within IEUA's services area. A final report will be completed on the program in June.

A groundwater model is being developed and will be completed by July 31st.

A Shocking Water Noncrisis

Having enough water has been a California obsession for nearly a century, pushing the state to build dams, reservoirs and canal systems. Massive quantities of water were shifted from one part of the state to another — primarily from north to south.

But you can't keep building dams forever; eventually you run out of good places to put them, which happened some time ago in California. Built-from-scratch reservoirs that can hold surplus water in wet years for use during dry years are costly and hard to site.

The state's chief water agency is now looking elsewhere for answers, and happily predicts that it can provide for the future with less dependence on new reservoirs, canals and dams.

The proposed California Water Plan, the subject of extensive hearings throughout the state, calls for renewed emphasis on urban and farm conservation, more storage in groundwater basins, recycling of urban water and desalination of runoff from farms (which is a lot easier than desalinating saltier seawater).

The plan sees a fundamental shift away from grand statewide plans toward more efficient regional management of water supplies, more water trading and restoration of depleted groundwater basins.

That doesn't mean coasting along with the state's current supply and usage. The plan notes, "By wringing every bit of utility from every drop of water, Californians can stretch water supplies and help ensure continued economic, social and environmental health." Translation: It's not cheap, and it won't come without sacrifice.

The plan emphasizes maintenance of the

aging water delivery system, including the canals and pumps of the State Water Project and the federal Central Valley Project, both of which pump supplies from the Sacramento-San Joaquin Delta to cities and farms to the south. This includes strengthening hundreds of miles of aging earthen levees that corral the delta water and prevent it from spreading across miles of farmland. A massive delta levee collapse, possibly from an earthquake, could cut off a major source of Southern California's water supply.

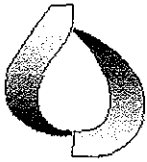
The newfound ability to stretch existing supplies stems in part from sophisticated farm water systems, such as drip irrigation, that reduce loss through evaporation and runoff. Some farm regions also are lining dirt canals to cut seepage. Other savings come from underground storage, which also prevents evaporation loss. In the San Joaquin Valley, suburban sprawl is converting crops to housing tracts that consume far less water.

Water district managers are still seeking more surface reservoirs, but the emphasis now is on making sure that the beneficiaries, whether urban districts or farm regions, pay the cost.

A proposal to increase the capacity of delta pumps by about 25% so more water can be exported to the south remains part of a "delta improvements package." But there has been a sudden plunge in fish life in the delta, possibly linked to heavy pumping over the last three years. Pumping should not be expanded until more is known about the reasons for this crisis.

It would be too much to expect a problem-free future when it comes to water in this thirsty state. But for a change, most of the news is encouraging.

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Date: June 7, 2005

To: Regional Conservation Workgroup

From: Martha Davis
Gary Hackney
David Hill

Subject: Distribution of May 15, Internal Draft and Proposed Timeline for
Urban Water Management Plan Preparation

Thursday, March 31, 2005

1. Rough Draft – Submitted for first Internal Review.

Monday, May 16, 2005

1. Clean Draft – Submitted for second Internal Review.
2. Review DWR checklist to ensure we have complied with all requirements.

Friday June 3, 2005

1. Receive all internal comments to May 15, Draft

June 9, 2005

1. Metropolitan Water District Regional UWMP Workshop @ Three Valleys (Jointly held with IEUA, Three Valleys MWD, San Marino, Upper San Gabriel Valley MWD, and Foothill MWD)

June 15, 2005

1. Circulate Draft UWMP to local water agencies for review and comments including Chino Basin Watermaster and CDA
2. Send copy to all land use planning agencies in our area (cities, SB County, and SANBAG) consistent with Water Code requirements
3. Request comments by July 29, 2005/

September, hold public hearing in October 2005

1. UWMP Presented to the IEUA Board of Directors for comment and 30 Day Public Review.
2. Revise the draft 2005 UWMP based upon comments received from public review.

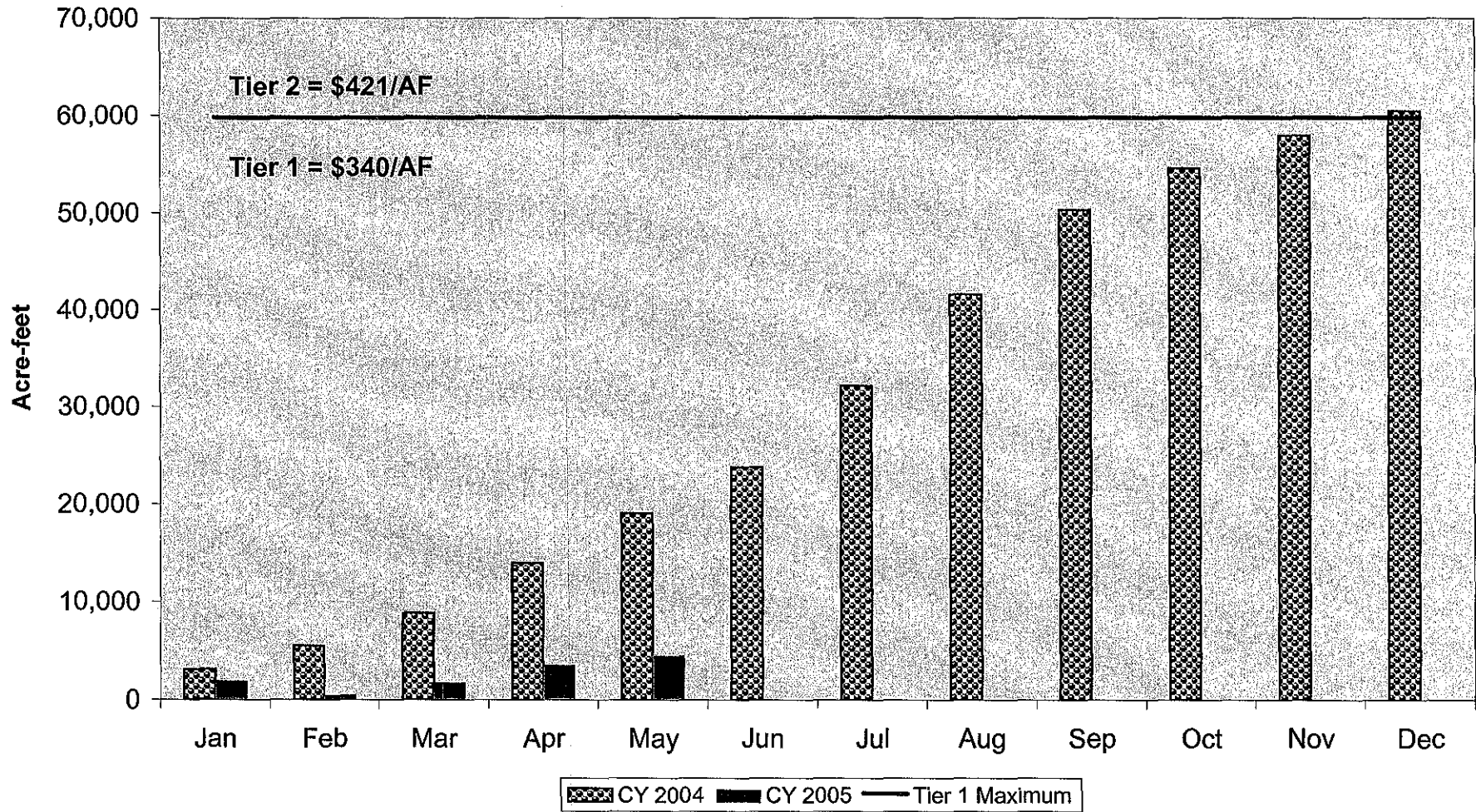
November 2005

1. Formal adoption by the IEUA Board of Directors.

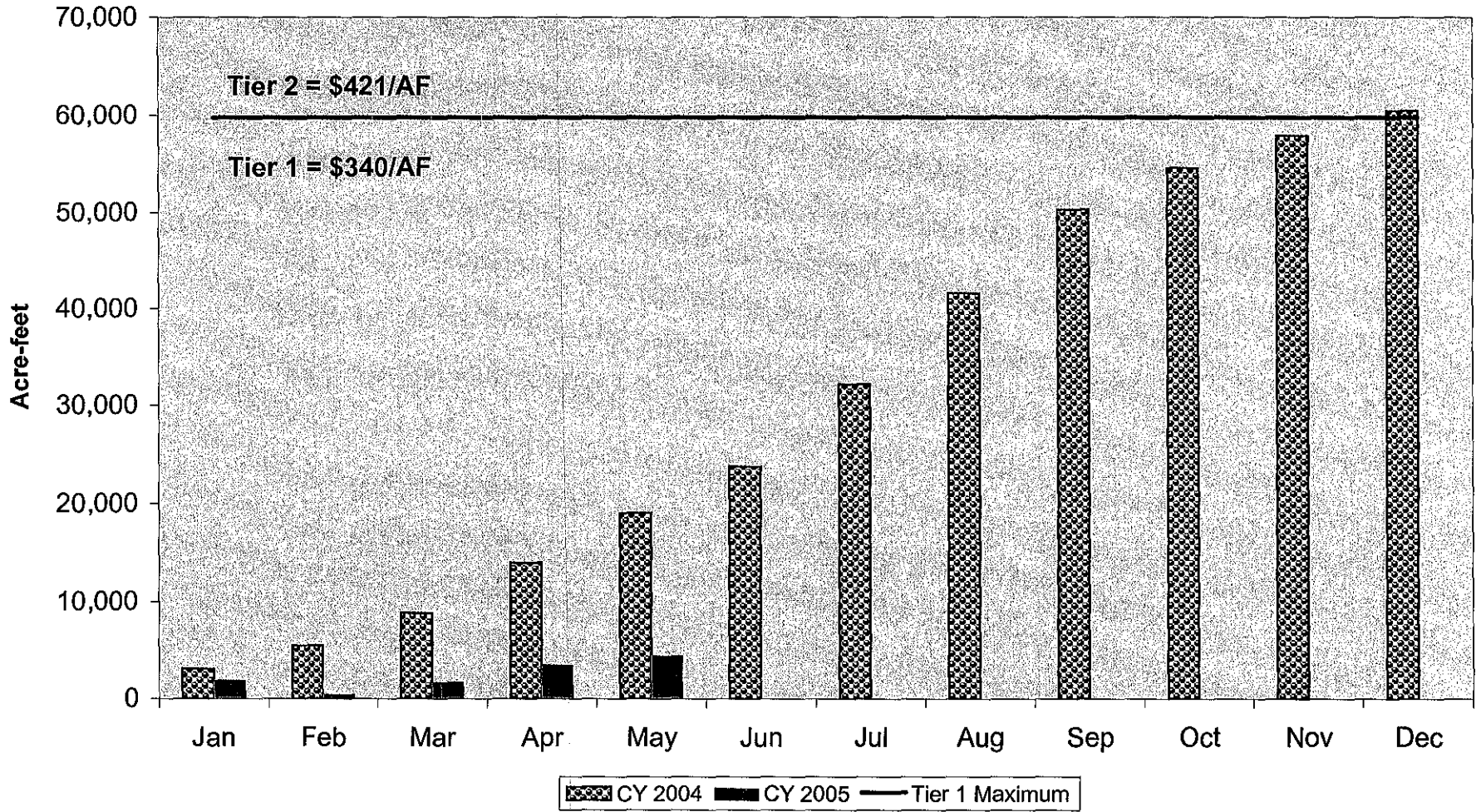
December 2005

1. Submit to the California Department of Water Resources.

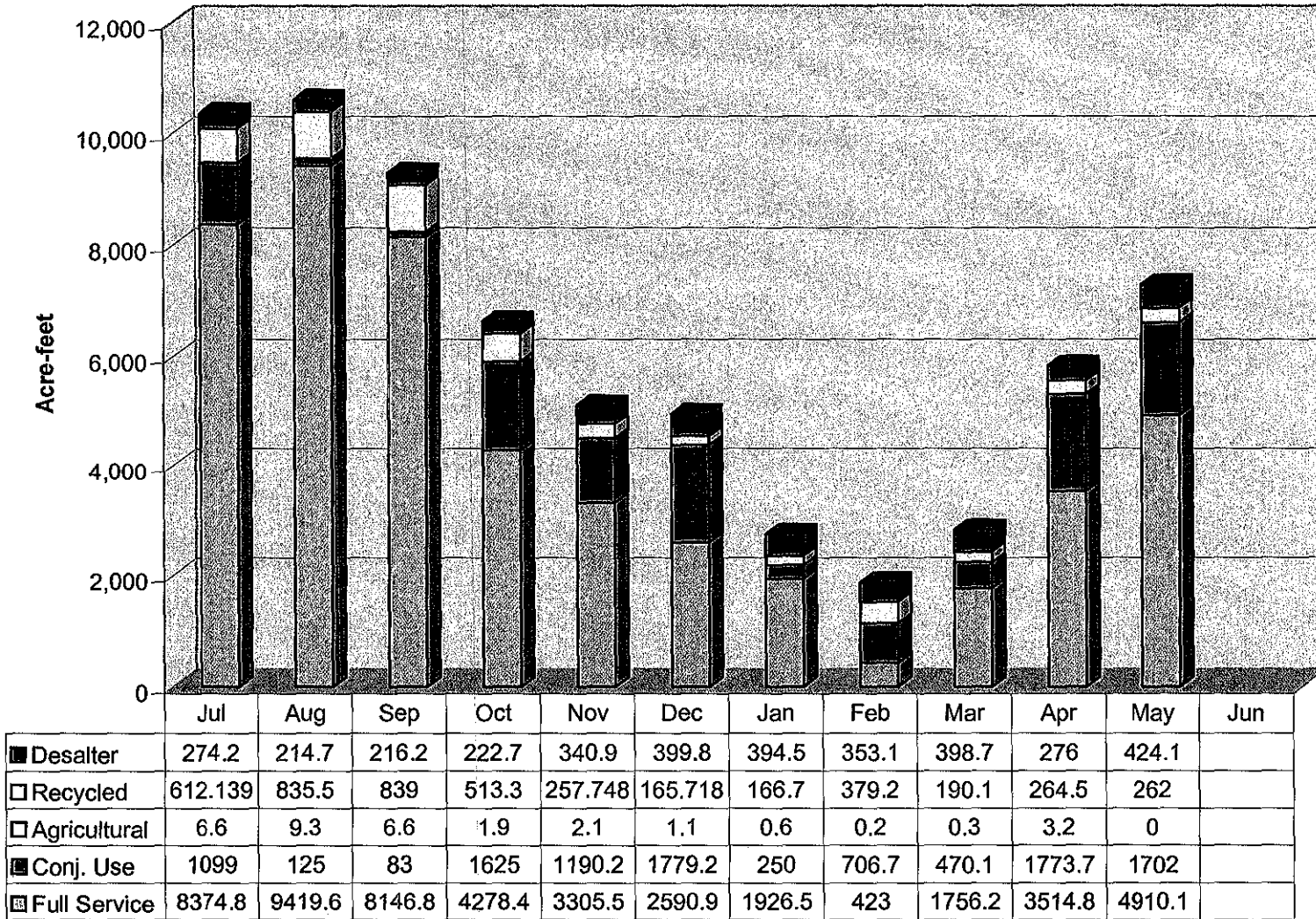
IEUA
Cumulative Monthly Tier 1 Imported Water Deliveries
2004-2005



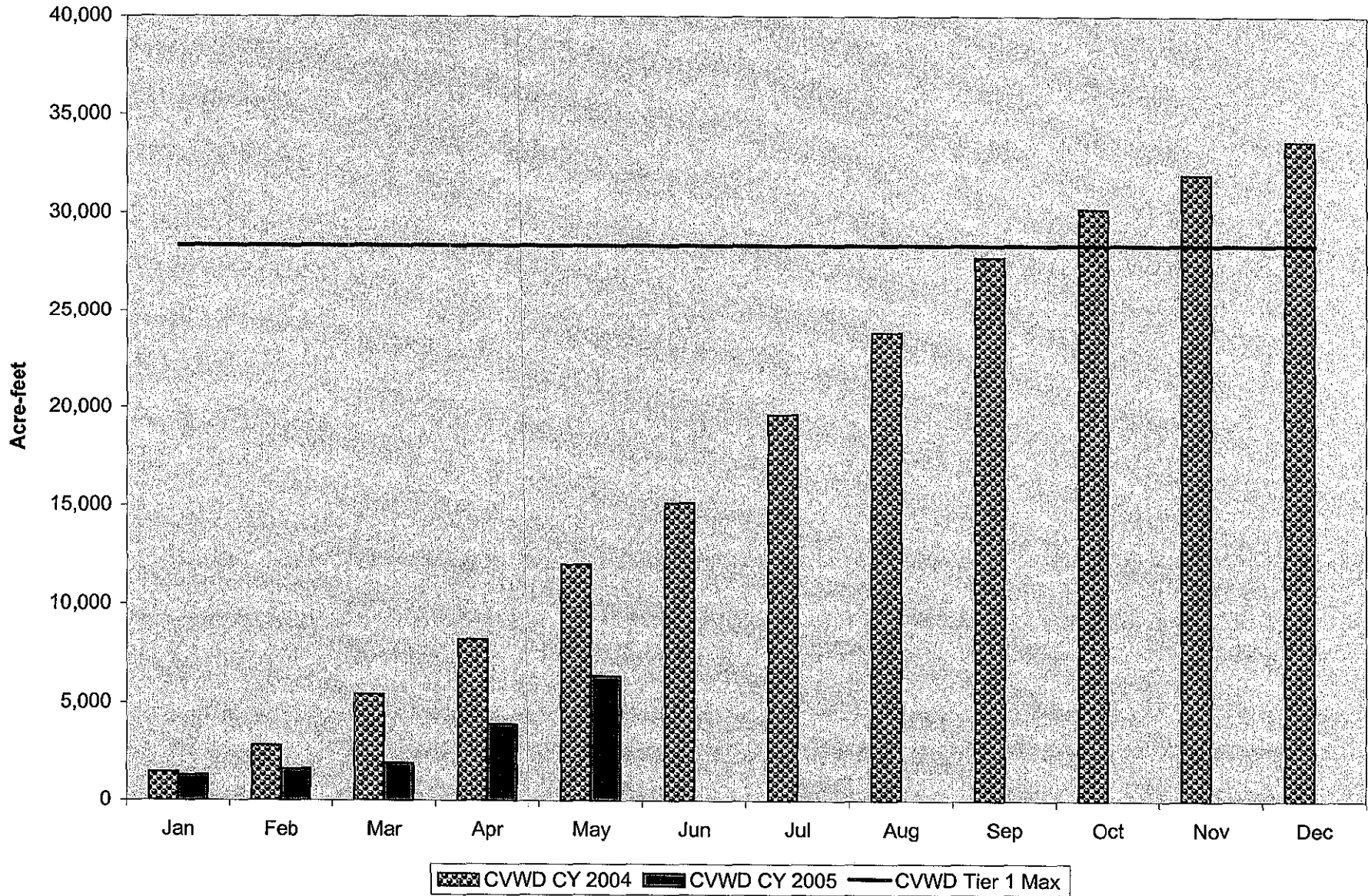
IEUA Cumulative Monthly Tier 1 Imported Water Deliveries 2004-2005



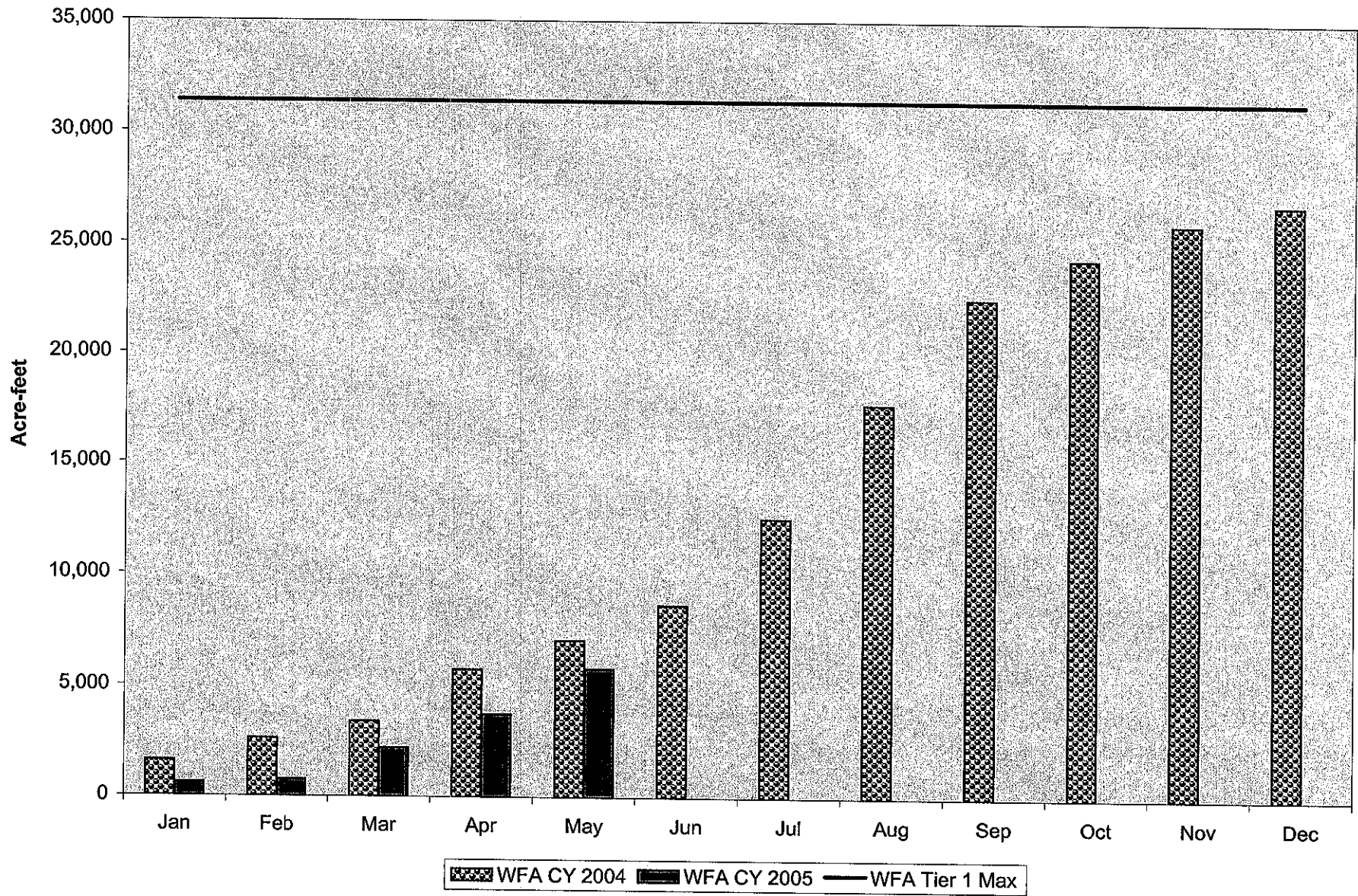
IEUA FY 04/05 Monthly Water use



CVWD Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2005



WFA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2005

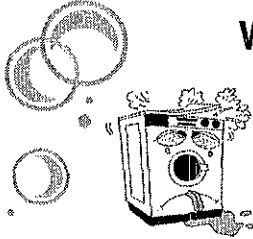


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San Antonio Water Company

Thinking of Buying a New Washing Machine?

Why not be Water Smart and buy one that earns you a \$100 rebate!

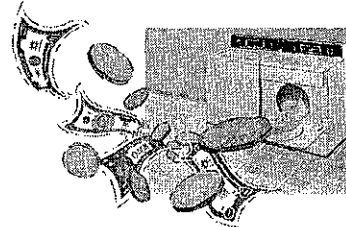


But You Must Act Before June 30, 2005

to receive a \$100 rebate on a qualifying "Energy Star" high efficiency clothes washer with a Water Factor (WF) of 9.5 or less

After June 30, 2005

only clothes washers with a Water Factor (WF) of 6.0 or less will qualify for the \$100 rebate.



Water Smart, Come Rain or Come Shine

Cucamonga Valley Water District

Monte Vista Water District • Fontana Water Company

Chino • Chino Hills • Ontario • Upland

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Inland Empire
UTILITIES AGENCY

Date: June 15, 2005
To: Honorable Board of Directors
Through: Public, Legislative Affairs & Water Resources Committee (6/8/05)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: May Legislative Report from Copeland and Associates

RECOMMENDATION

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

BACKGROUND

Letitia White provides a monthly report on their federal activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:jbs
G:\board-rec\2005\05192 May Leg Report from Copeland and Associates

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Congressional Update May 2005

Fiscal Year 2006 Budget

The House and Senate reached a budget agreement on Thursday, April 28. The House passed the resolution by a vote of 214-211 and the Senate passed it late Thursday night by a vote of 52-47. The budget resolution calls for total spending of \$2.56 trillion in FY06, with \$893 billion of that in discretionary spending (appropriations), including a \$50 billion "reserve fund" for operations in Iraq and Afghanistan in FY06. The measure calls for cutting domestic discretionary spending not related to homeland security by 1%, while reserving \$439 billion (half the total) for defense spending.

The resolution also calls for tax cuts totaling \$70 billion over five years under the reconciliation process, which bars filibusters in the Senate, and calls for an additional \$35.7 billion in tax cuts outside of the reconciliation process. However, the resolution does not specify which taxes would be cut.

If all policies called for in the resolution were enacted, the deficit would be cut from a projected \$427 billion in FY05 to \$382.7 billion in FY06, and to \$210.9 billion in FY10.

The Budget resolution is a roadmap for the Appropriations and other House and Senate Committees as they prepare individual spending, tax and entitlement bills for fiscal year 2006.

FY06 Appropriations

The House has begun the appropriations process by marking up both the Interior and Environment, Energy and Water, Homeland Security, Military Quality of Life, and Defense appropriations bills in subcommittee. Chairman Lewis has stated he wants all bills moved and off the floor by the Fourth of July. The Senate has not yet publicized its appropriations schedule.

House Interior Appropriations Reports FY06 Bill

The Interior, Environment, and Related Agencies Subcommittee of the House Appropriations Committee reported its FY06 Appropriations bill on May 4, 2005. The bill recommends \$26.2 billion in funding for programs under its jurisdiction, a decrease of \$800 million from the \$27 billion appropriated for FY05.

Included in the funding are the following recommendations:

- \$2.7 billion for Wildland firefighting and the National Fire Plan, an increase of \$120 million over last year's level;
- \$850 million for the Drinking Water State Revolving Fund (SRF), an increase of \$7 million;
- \$850 million for the Clean Water SRF, \$120 million above the President's request but \$241 million less than last year.

The bill also recommends \$230 million for Payments in Lieu of Taxes (PILT), which is \$30 million above the President's request and \$3 million above the 2005 level.

Accounts in the EPA portion of the bill did not include specific congressionally directed projects (earmarks). We are told that once the Senate completes its version of the bill, projects will be negotiated during the House-Senate Conference, later this fall.

302(b) Allocations for Appropriations Panels

On Thursday, May 5, 2005, House Appropriations Committee Chairman Jerry Lewis (Redlands) released his recommendations for 2006 subcommittee allocations. The 302(b) allocations determine how much money each of the 11 subcommittees may spend of the year's \$843 billion total budget authority. The full committee is expected to approve the allocations this week.

The 2006 budget provides a total of \$24 billion more spending authority than did 2005, a 2.9 percent increase. Of that amount, Chairman Lewis proposes to allocate \$11 billion to the Defense panel, which would grow by 3 percent to \$363 billion. Other subcommittees receiving increased allocations would include Military Quality of Life, VA (up 7.4% to \$85 billion), Transportation, Treasury, HUD (up 5.9% to \$67 billion), Homeland Security (up 4.7% to \$31 billion), and Science, State, Justice, Commerce (up 2.1% to \$57 billion).

On the other hand, three subcommittees would experience minor reductions in funding compared to 2005 levels, although no reduction would exceed \$600 million. Reduced panels include Interior, Environment (down 2.2% to \$26 billion), Energy & Water Development (down 0.3% to \$30 billion), and Labor, HHS, Education (down 0.1% to \$143 billion).

House Water and Power Panel Holds Hearing on Endangered Species Act

On Wednesday, May 4, 2005, the House Resources Subcommittee on Water and Power, chaired by Rep. George Radanovich (Mariposa), held an oversight hearing to discuss the Endangered Species Act (ESA) as it relates to rural power generation and costs. The hearing, entitled "Stabilizing Rural Electricity Service Through Common Sense Application of the Endangered Species Act," included testimony from a number of individuals with knowledge of the effects of the ESA on rural power. Mr. Steve Boyd, the Department Manager for Communications & Government Relations for the Turlock Irrigation District in Turlock, CA in the Central Valley provided testimony explaining how the ESA's protection of Chinook Salmon in his power district dramatically increased the cost of electricity to all the region's users without producing significant benefits for the salmon population. Mr. Boyd's comments were echoed by nearly all of the witnesses, who almost universally felt that the costs of implementing the ESA outweighed the sometimes difficult to measure benefits of the Act. Even those testifying for environmental concerns admitted enormous problems with the ESA.

Description of efforts on behalf of IEUA

Alerted IEUA officials about when the Energy and Water Appropriations bill was completed that Chairman Dreier's staff was successful in securing an earmark, for \$1M, in the CALFED section of the House bill. (Page of the report is included)

Alerted IEUA officials that \$4 million was included in the President's budget request for the water use efficiency account under CALFED. Encouraged officials to contact federal agencies in an effort to put IEUA in line to receive some of these CALFED funds.

Ensured that Congressional Members, who represent the Inland Empire, and their staff, received detailed informational packets on IEUA.

Continued to contact Congressional Staff regarding IEUA Regional Water Recycling Program to ensure they appear on Member's priority lists for House and Senate Appropriations E&W Subcommittee mark-ups.

which \$1,000,000 shall be allocated for the Many Farms Irrigation Water Conservation project.

CENTRAL VALLEY PROJECT RESTORATION FUND

Appropriation, 2005	\$54,628,000
Budget estimate, 2006	52,219,000
Recommended, 2006	52,219,000
Comparison:	
Appropriation, 2005	-2,409,000
Budget estimate, 2006	

This fund was established to carry out the provisions of the Central Valley Project Improvement Act and to provide funding for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley area of California. Resources are derived from donations, revenues from voluntary water transfers and tiered water pricing, and Friant Division surcharges. The account is also financed through additional mitigation and restoration payments collected on an annual basis from project beneficiaries.

For fiscal year 2006, the Committee recommends \$52,219,000, the same level as the budget request and \$2,409,000 below the fiscal year enacted level. Funds, as proposed in the budget request, are provided as follows:

Anadromous fish restoration program	\$5,000,000
Other Central Valley project impacts	2,500,000
Dedicated project yield	900,000
Flow fluctuation study	50,000
Restoration of riparian habitat and spawning gravel	500,000
Central Valley comprehensive assessment/monitoring program	500,000
Anadromous fish screen program	3,500,000
Refugee wheeling conveyance	7,800,000
Refuge water supply, facility construction	3,500,000
Ecosystem/water systems operations model	6,434,000
Water acquisition program	9,952,000
San Joaquin Basin action plan	7,533,000
Land retirement program	1,500,000
Coleman fish hatchery	200,000
Clear Creek restoration	300,000
Trinity River restoration program	2,000,000
Total, Central Valley project restoration fund	52,219,000

CALIFORNIA BAY-DELTA RESTORATION

[INCLUDING TRANSFER OF FUNDS]

Appropriation, 2005	(4)
Budget estimate, 2006	\$35,000,000
Recommended, 2006	35,000,000
Comparison:	
Appropriation, 2005	+35,000,000
Budget estimate, 2006	

⁴Funds were appropriated in fiscal year 2005 within the Central Valley project to carry out activities now authorized from this account.

The purpose of the California Bay-Delta account is to fund the Federal share of water supply and reliability improvements, ecosystem improvements and other activities being developed for the Sacramento-San Joaquin Delta and associated watersheds by a State and Federal partnership (CALFED). Federal participation in this program was initially authorized in the California Bay-Delta

Environmental and Water Security Act enacted in 1996. That Act authorized the appropriation of \$143,300,000 for ecosystem restoration activities in each of fiscal years 1998, 1999, and 2000. Absent an explicit authorization, no funds were provided in this account for the CALFED effort between fiscal years 2001 and 2005. However, the Committee funded CALFED programs and activities within the general authorities of the Water and Related Resources account even though a specific programmatic authorization was lacking. Funding for fiscal year 2001 totaled \$79,030,000; fiscal year 2002, \$126,775,000; fiscal year 2003, \$84,403,000; fiscal year 2004, \$78,929,000; and fiscal year 2005, \$74,571,000. Total Federal expenditures under this Act from fiscal year 1998 through 2005 amount to almost \$830,000,000.

In 2005, the CALFED Bay-Delta Authorization Act was enacted (P.L. 108-361), authorizing \$389,000,000 in Federal appropriations for fiscal year 2005 through fiscal year 2010. The authorizing legislation required an annual cross-cut budget in order to reflect the budget requests of all Federal agencies engaged in CALFED implementation. The Committee is pleased the CALFED Bay-Delta program was included in the fiscal year 2006 budget request and recommends the budget request of \$35,000,000. However, the Committee notices a missing program element from the budget request, a "water quality" section, and has added funding for this element as shown below. The Committee has redirected the funding for higher priority projects that will support the implementation of the CALFED program. The funded projects will produce increased sources of water for the state of California, otherwise known as "firm yield" projects, improve drinking water quality, and improve water delivery flexibility.

In light of the new Federal authorization for CALFED Bay-Delta Program and the initial implementation phase of the CALFED program, the Committee expects the budget request for fiscal year 2007 to include funds for all program elements at the fully authorized level.

The funds provided are intended to support the following activities, as delineated below:

Environmental water account	\$5,000,000
Storage program	12,700,000
San Joaquin River basin	(4,000,000)
Los Vaqueros	(3,200,000)
Shasta enlargement	(4,000,000)
Sites	(1,500,000)
Conveyance	6,300,000
San Luis Reservoir Low Point	(3,000,000)
Frank Tract	(1,000,000)
Planning and management activities	500,000
Water use efficiency	6,500,000
Westside regional drainage program	(2,300,000)
Butte County Groundwater Model	(200,000)
Inland Empire Utilities Agency regional water recycling project	(1,000,000)
Ecosystem restoration	1,000,000
Sacramento River small diversion fish screen program	(1,000,000)
Water Quality	3,000,000
Contra Costa Water District alternative intake project	(2,000,000)
South Delta temporary barriers	(1,000,000)
Total, California Bay-Delta Restoration	35,000,000

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Inland Empire
UTILITIES AGENCY

Date: June 15, 2005

To: Honorable Board of Directors

Through: Public, Legislative Affairs & Water Resources Committee (6/8/05)

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

Submitted by: Martha Davis
Executive Manager of Policy Development

Subject: May Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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Agricultural Resources

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Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

May 27, 2005

Legislative Report

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

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

SU: Legislative Report, May 2005

Highlights:

- **Dreier Bill Passes House, Pending in Senate**
- **House Appropriators Provide \$1 million for IEUA Water Recycling New Start**
- **Nominations – Woodley Confirmed, Bush Taps Limbaugh for A/S Water and Science**
- **Feinstein Perchlorate Bill Slated for Early June Introduction**
- **DOD Authorization Bill – Dropped Perchlorate Exemption Amendments**
- **House Water and Power to Hold Desal Hearings in late May**
- **IEUA Working Partners**

Dreier Water Recycling Bill Passes House.. The House of Representatives took up and unanimously passed the Dreier bill. The IEUA and Cucamonga Valley Water District's recycling authorizations have now passed the House. On May 17, the bill was received in the Senate and referred to the Senate Committee on Energy and Natural Resources. The Dreier bill was included in another bill as an amendment, as were water recycling projects from Texas. All together, there are several projects in this legislative package. The Energy Committee is preoccupied with the Energy bill at the moment, but we anticipate hearings to be scheduled soon.

Energy and Water Appropriations – \$1 Million for IEUA Water Recycling. The House has begun considering appropriations bills for the fiscal year beginning October 1. The Energy and Water Development Appropriations bill was considered in subcommittee, full committee and the full House. Included within the Bureau of Reclamation's budget for CALFED, in the water efficiency account, \$1 million for IEUA's water recycling project. This is a new start.

Congress Moving on Administration Nominations – Still Waiting for Nomination for DOI Assistant Secretary, Water and Science. The Senate confirmed J.P. Woodley to be the Assistant Secretary of the Army for Civil Works (US Corps of Engineers). And, at long last, Mark Limbaugh, the Deputy Commissioner, Bureau of Reclamation, was tapped to be the new Assistant Secretary of the Interior for Water and Science. His nomination is pending. The nomination of Lynn Scarlett to be Deputy Secretary at DOI is pending.

Pending Bills – Feinstein Perchlorate Cleanup Bill. Senator Feinstein will introduce her California-only perchlorate cleanup bill in early June. Final action on the proposal are being made.

DOD Authorization – What Did NOT Happen. It was widely believed that the House Armed Services Committee would, once again, try to exempt DOD from responsibility for perchlorate and other contaminants. The annual DOD Authorization bill was introduced, marked up and passed. At the last moment, the Committee dropped the effort. Language to exempt DOD was NOT advanced. We faced similar language in previous years.

House Water and Power Desal Hearings. The Subcommittee on Water and Power held a hearing on desalination. The Committee is now contemplating when and how to markup a bill. Funding remains an issue. A witness for GE, a company making a major investment in water, said that water recycling, not desal, held more promise.

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

- a. Metropolitan Water District of Southern California (MWD)
- b. Milk Producer's Council (MPC)
- c. Santa Ana Watershed Project Authority (SAWPA)
- d. Water Environment Federation (WEF)
- e. Association of California Water Agencies (ACWA)
- f. WateReuse Association
- g. CALStart
- h. Orange County Water District (OCWD)
- i. Cucamonga Valley Water District (CVWD)
- j. Western Municipal Water District
- k. Chino Basin Watermaster



Inland Empire
UTILITIES AGENCY

Date: June 15, 2005
To: Honorable Board of Directors
Through: Public, Legislative Affairs & Water Resources Committee (6/8/05)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: May Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:jbs
G:\board-rec\2005\05194 May Leg Report from Geyer

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MEMORANDUM

TO: Rich Atwater and Martha Davis
FROM: Jennifer West
DATE: May 27, 2005
RE: May Legislative Report

Legislative Highlights

SB 393 (Ortiz) Special District Ethics – Held in Senate Appropriations Committee
AB 728 (Negrete-McLeod) Net Metering – Assembly Floor on Consent
SB 153 (Chesbro) Resources Bond – Moves to Senate Floor as a vehicle for possible watershed, Chapter 8 funds

Budget Update

Last week the Budget Subcommittees completed their work. Now the inconsistent actions taken between the Senate and Assembly Subcommittees will be sent to the Budget Conference Committee to be resolved. The Conferees have not yet been officially announced, but we expect them to be Senators Chesbro, Ducheny, and Hollingsworth and Assemblymembers Laird, Chu and Keene.

Grant Funding /Cal-Fed Financing

By design the Senate and Assembly budget resources subcommittees took identical actions on grant fund authorizations for 05/06.

- Approved Chapter 8 (IRWMP) funding for 05/06 budget year.
- Approved Chapter 6 (Desalination) funding for 05/06 budget year.
- Denied proposed \$30 million in funding for Chapter 7, Water Use Efficiency grants for 05/06 budget year.
- Denied \$6 million in a Proposition 13 loan repayment for recycled water.

Technically, these grant authorizations can not be heard in the Budget Conference Committee. However, there is a way to request that the Conference Committee consider additional issues. The overall Cal-Fed Financing package will likely become a “Big Five” issue. It is unclear whether the authorization of these 05/06 grant funds will be part of that discussion. Legislative leadership is hoping these and other Cal-Fed budget actions will help leverage the negotiations on a long-term Cal-Fed Financing plan that includes the “beneficiaries pay” principle.

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**Inland Empire Utilities Agency
Watch List
May 27, 2005**

Bill	Summary	Status
Special District Governance		
AB 1234 (Salinas) Local agency governance	Applies to special districts, cities and counties. Allows compensation to members of a "legislative body" for attendance at a meeting of a legislative body, a meeting of an advisory body and a conference. There is no specified rate of compensation. Requires all local agencies to adopt a written policy regarding reimbursements. Requires board members to receive ethics training. ACWA in support. Preferred "alternative" to SB 393 (Ortiz) see positions list.	Senate Local Gov. 6/15
SB 274 (Romero) Local Offices	Provides that service on a local appointed or elected governmental board, commission, committee or other body is inconsistent, incompatible, and in conflict with services on another local elected body if either of the bodies may audit, overrule, remove members of, dismiss employees of, or exercise supervisory powers over the other in any circumstances. ACWA amendments were taken that make it clear that a local elected official can also serve on a water district board without a conflict.	Assembly
Cal-Fed/Delta/ Flood Protection		
AB 1244 (Wolk) Cal-Fed	Confirms the authorizing statutes for the California Bay-Delta Authority with federal statutes enacted in 2004. Sponsored by the Authority.	Assembly Floor
AB 1245 (Wolk) EWA	Establishes the Environmental Water Account (EWA) in the state treasury. Requires the Secretary of Resources to administer the EWA. Monies in the account would be expended to protect delta fishery resources and improve water supply. Supported by MWD.	Assembly Floor
AB 1200 (Laird) Delta Levees	Requires the DWR to evaluate the potential impacts on water supply derived from the Delta resulting from subsidence, earthquakes, floods and climate change. Requires DWR and DFG to evaluate options and present them to the Legislature by 2005. It is an urgency bill.	Assembly Floor
AB 1665 (Laird) Flooding	DWR Sponsored. Intent language to create a Central Valley Assessment District that would assume liability for future Paterno-like cases.	Assembly Floor
ACA 13 (Harman)	DWR sponsored. Exempts flood control activities from the Prop. 218 2/3 vote requirement. They are considering including storm water control activities in the bill.	Assembly Local Gov.

SB 113 (Machado) Cal- Fed User Fee	Requires the Bay-Delta Authority to include a "beneficiary pay principle" when approving and making recommendations on programs and long-term expenditure plans. Defines "public benefits", "shared benefits" and "private benefits". MWD is in opposition. Machado is holding negotiations on the bill.	Assembly
Energy/ "Green" Buildings		
AB 32 (Pavley) Greenhouse Gas Emissions	Commits the state to coordinate greenhouse gas emissions programs with other states and regions until a national program is established to limit global warming gases. Requires the state to adopt procedures and protocols for monitoring and estimating greenhouse gas emissions for a variety of activities including municipal solid waste disposal.	Senate
Habitat/Water Bonds		
AB 1269 (Pavley) Bond	Enacts the Clean Air, Clean Water, Coastal Protection and Parks Bond Act of 2007. The bill does not specify a total bond amount or amounts within categories. Funding categories include a water quality section and a water quality subsection specifically to reduce water pollution from dairy operations. Other water-related funding categories include integrated watershed management and river protection.	Assembly Approps.
SB 153 (Chesbro) Habitat Bond	\$3 billion park bond, largely on the Prop. 40 model, with block grants going to state conservancies for habitat purposes. SAWPA and others in the water community are trying to include significant funding for IRWM in the bond.	Senate Floor
Special District Finances		
AB 1590 (Lieber) Non- enterprise functions	Limits the amount of the property tax shift for those special districts that conduct both enterprise and nonenterprise functions. <u>Held in committee because it would have resulted in a \$35 million General Fund expenditure.</u>	Assembly Approps.
AB 1596 (Emmerson) Multi-county	Exempts a certain type of multi-county special district from the property tax shift of last year. Probably only applies to Yucaipa in Emmerson's district. States that the Controller must ensure that this exemption does not result in additional property tax shifts for any other special district. <u>Held in Appropriations Committee because it would have resulted in a General Fund expenditure.</u>	Assembly Approps.
ACA 7 (Nation) Taxation	Changes the 2/3 voter-approved requirement to authorize a city, county or special district to impose a special tax with only 55% of the voters. Held in the	Assembly Approps.
SB 568 (Kehoe) Hospital exemption	Exempts hospital districts, as defined, that contain no hospitals, from the property tax shift enacted last year. Most hospitals districts were exempted from the legislation last year, but	Senate Approps. Suspense

	apparently not the districts that do not contain hospitals. Recent amendments specify that the reductions shall not increase the ERAF shift for special districts for the 05/06 fiscal year.	file
Water Conservation/UWMP		
SB 409 (Kehoe) General Plans	Sponsored by the Attorney General's office. Requires that the portion of the conservation element that includes waters be "correlated" with the land use element. Term is undefined in code.	Senate Floor
Contaminates/Water Quality		
AB 492 (Baca) Perchlorate reports	Requires a "business concern" that handles or otherwise uses perchlorate in the course of its operations, to submit a report to DTSC by 2007 and annually thereafter, detailing the manner in which the perchlorate waste is disposed.	Assembly Floor
AB 495 (Montanez) WDR	Legislative intent regarding the imposition of penalties for failure to comply with WDRs.	Senate
AB 672 (Klehs) Water reservoirs	Requires a public agency owning reservoirs larger than 2,500 AF to prepare and adopt watershed or recreation master plans that balance recreation and watershed protection.	Assembly Floor
SB 187 (Soto) Perchlorate	Requires OEHHA to revise the PHG for perchlorate in drinking water "as soon as possible" after new methods for analyzing pathways of exposure become available to the office, or as soon as possible after "new findings" indicate that the current PHG may be insufficiently protective of pregnant women, fetuses, infants or other vulnerable populations.	Assembly
SB 646 (Kuehl) WDR Waivers	Requires the state or regional water boards to make an affirmative finding that issuing a waiver of waste discharge is consistent with any applicable state or regional water quality control plan and is in the public interest. Would also require that waiver holder pay an annual fee and that all the waiver fees pay for the entire waiver program at the SWRCB and regional boards.	Assembly Enviro. Toxics and Safety
SB 1070 (Kehoe) Waivers	Requires the SWRCB to post on its website information on permits requirements, WDRs, waivers, reports and enforcement actions. Requires CALEPA and the Resources Agency to enter into an MOU to establish the California Water Quality Monitoring Council to be administered by the SWRCB.	Senate Approps.
SB 1067 (Kehoe) Arsenic	Requires DHS, by 2008, to adopt regulations requiring the notification of customers by a public drinking water system to levels of trihalomethanes (THMs) that exceed the public health goal. Allows a public water system to include the indicated information in the annual consumer confidence report.	Senate Floor
MWD/SWRCB/Misc.		
AB 1128 (Blakeslee)	Sponsored by the California Farm Bureau. Specifies which actions RWQCB members can participate in. Currently,	Assembly Floor

RWQCB	agricultural RWQCB members are disqualified from acting on regional permits or issues in which they own land. This bill would allow them to participate in regional decisions, but not on decisions that affect their own land.	
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**Inland Empire Utilities Agency
Position List
May 27, 2005**

Bill	Summary	Position	Status
<p>AB 371 (Goldberg) Recycled Water</p>	<p>The bill was amended May 17 to remove the controversial provisions. Now the bill contains the following provisions:</p> <p>Requires the SWRCB to adjust waste discharge permit fees imposed on POTWs to provide incentives for water recycling.</p> <p>Allows a fire commander to use recycled water to fight a catastrophic fire without having to file an engineering report beforehand, but allows a regional water board to require notification after the use of the recycled water to fight the fire.</p> <p>Requires a recycled water producer to notify Caltrans and the Department of General Services if the producer is going to propose recycled water for use for state landscape irrigation within 10 years and requires the producer to identify the infrastructure needed to deliver recycled water for that purpose.</p> <p>Requires, after notice is provided, that all pipe installed by Caltrans or the DGS for landscape irrigation within the area identified by the producer to be the type designed to carry recycled water.</p> <p>Requires DWR, by July 1, 2006, to submit to the California Building Standards Commission specifications to provide design standards to safely plumb buildings with both potable and recycled water systems.</p> <p>Requires the state plumbing code to remove the skull and crossbones symbol for recycled water.</p>	<p>Support</p>	<p>Assembly Floor</p>
<p>AB 728 (Negrete- McLeod) Net metering</p>	<p>Sponsored by IEUA. Removes the 2006 sunset for the net metering program. Raises the facility cap on net metering from 1 megawatt to 10 megawatts. Caps the statewide net metering program at 50 megawatts. The bill passed out of its Assembly policy committee without</p>	<p>Support</p>	<p>Assembly Floor</p>

	any "no" votes. PG and E raised objections to the 10 MW cap and requested that an expanded program only pertain to agricultural customers.		
AB 1168 (Saldana) Desalination	Requires DHS, when reviewing an operating permit for a ground or ocean water desalination project, to identify potential contaminants and sources of contaminants and ensure the safety and effectiveness of treatment processes. Existing law requires DHS to issue a water system operating permit for projects providing public drinking water. This bill appears to set a higher regulatory standard for desalinated water than is applied to other sources of drinking water. IEUA should review for possible impact to the agency.	Review for possible opposition	Assembly Floor
SB 376 (Soto and Margett) Three Valleys	Clarifies the ability of Three Valleys MWD to implement its lawfully adopted standby charge pursuant to a schedule of adjustments that was approved prior to the enactment of Proposition 218. City of Claremont is opposed.	Support	Assembly
SB 393 (Ortiz) Special District Governance	<p>This bill would require ethics training for special district officials, specify audit standards, and place limits on board members' compensation. In addition, SB 393 would require the State Controller to develop and publish audit guidelines, oversee local audits of special districts and require Controller audit reviews of special districts. Also the bill only allows reimbursements at the state rate for traveling expenses. (\$84 a day.) The preferred alternative is AB 1232 (Salinas), (see watch list).</p> <p>To reduce its fiscal impact, Ortiz will amend it in Senate Appropriations to assess two fees on districts to pay for the bill's audit requirements.</p>	Oppose	Senate Approps. Remains on Suspend
SB 820 (Kuehl) Water	<p>Proposed major changes in the numerous water code statutes.</p> <ul style="list-style-type: none"> Establishes factors to be considered in determining the "reasonableness" of a water use, or method of diversion. These factors include the feasibility and reasonableness of the costs of conserving water, the economic, social and other benefits of conserving water, and whether water that could be conserved currently serves a downstream beneficial purpose. Requires that DWR produce a biennial SWP reliability report. The statute parallels the language used in the Monterey Agreement 	Support	Senate Floor

	<p>settlement.</p> <ul style="list-style-type: none"> • Allows the executive director of the SWRCB to declare a stream system a candidate for being declared fully appropriated. • Extends the current groundwater reporting requirements in place in Southern California to the rest of the state. • In preparing the UWMP, requires public agencies to coordinate the preparation of the plan with public utilities that provide electric or gas service. Requires that the UWMP quantify the amount of energy both produced by and required by existing and planned water sources. Also requires a public agency preparing the plan to hold an additional scoping meeting before the UWMP is prepared. • Requires every agricultural water supplier to prepare and adopt an "agricultural water management plan", as defined, by 2010. <p>MWD, Southern California Water Committee and numerous environmental groups are supporting the bill.</p>		
SB 926 (Florez) Sewage Sludge	The bill has been significantly amended since its introduction. Originally it banned the export of sewage sludge into another county. Due to massive opposition, the bill was significantly scaled back. Now the bill reaffirms Kern County's ability to regulate biosolids on its own. The bill's "intent" section also contains inaccurate and misleading statements about the contents and health effects of biosolids.	Oppose	Assembly Floor
SB 1087 (Florez) Water/Sewer Connections: Low income	Requires water and sewer providers to reserve water and sewer capacity for lower-income housing. Current law requires cities and counties to distribute the housing element of its general plan to water and sewer suppliers and requires these suppliers to grant priority for hookup to proposed low income housing developments. ACWA and CBIA are opposed and negotiating with the author on amendments.	Recommend Oppose	Senate Floor

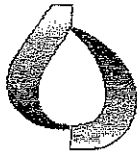
Two Year Bills

AB 342 (Baca) Perchlorate fee: Water Master Reviewing

AB 1354 (Baca) Perchlorate: Water Master Reviewing

AB 1259 (Daucher): Oppose

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Inland Empire
UTILITIES AGENCY

Date: June 15, 2005
To: Honorable Board of Directors
Through: Public, Legislative Affairs & Water Resources Committee (6/8/05)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: May 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 – May 2005

ENERGY/REGULATORY

Critical Peak Pricing

Per the recent CPUC's decision, Southern California will file revised rate designs on August 1, 2005. The rates will include a default CPP rate for all customers over 200 kW. This will not be a mandatory rate. Customers may choose to "opt-out" for a time-of-use rate with no penalty and no hedging premium. SCE will also file revised TOU structures with a narrower on-peak time of 2:00PM-6:00PM. The CPUC ordered that these revised rates be structured on a revenue-neutral basis.

DGI will continue to monitor this proceeding.

Biogas Net Metering

Assembly Bill 728 (McLeod) passed the State Assembly on May 26 on a unanimous 78-0 vote. Additional amendments are necessary to improve the program and discussions with Southern California Edison will commence as the measure moves to the State Senate. Martha Davis and Michael Boccadoro also recently met with newly confirmed CPUC Commissioner Dian Gruenich. Commissioner Gruenich is a strong supporter of renewable energy programs and the meeting provided her a solid overview of biogas programs and opportunities, as well as, specifics of IEUA's projects and plans for expansion

SCE Standard Performance Contract – Demand Response Initiative

On May 5, the California Public Utilities Commission approved a decision establishing the SCE's Demand Response Initiative for Summer 2005. Although the draft decision originally excluded direct access customers, comments supplied by SCE and IEUA persuaded the Commission to specifically state that direct access customers are eligible to participate in the program.

The decision allocated \$30 million for the SPC-DRI for Summer 2005. These funds will rebate up to 100% of the cost of installing energy efficient lighting, and will be dispersed on a first-come/first-serve basis.

Energy Reorganization

The Governor's office submitted a comprehensive energy regulatory reorganization plan to the State's Little Hoover Commission. The comprehensive reorganization plan seeks to consolidate the myriad of agencies that currently regulate some portion of the energy industry under a State Energy Department. The proposed Cabinet Level Secretary will also serve as the Chair of the California Energy Commission. The Little Hoover Commission has already commenced hearings on the reorganization and will be making its recommendations to the Legislature within 30 days.

LEGISLATIVE

May 27 was the deadline for legislation to be approved by Assembly and Senate Appropriations Committee. The following describes the current status of other selected energy-related bills. All measures must pass the house of origin (1st House) by June 3.

- **AB 380 (Nuñez D-Los Angeles) – Resource Adequacy Standards**

This measure would require the CPUC, in consultation with the CAL-ISO, to establish resource adequacy requirements for all load-serving entities (LSE), and that the costs of procuring that capacity would become nonbypassable from the time the commitment is made. This resource adequacy requirement would not directly apply to public utilities, but the measure would require POUs to report to the California Energy Commission on their resource adequacy planning. The bill was unanimously approved by the Assembly U&C Committee, and recently passed the full Assembly on a 74-to-0 vote.

- **AB 1362 (Levine D-Van Nuys) – Renewable Portfolio Standard**

This measure mandates that utilities procure at least 20% of their energy from renewable sources by 2010. Current law mandates compliance by 2017. This measure was approved by the Assembly U&C Committee and the Assembly Natural Resources Committees. The measure recently passed the Assembly Appropriations Committee and will be considered by the full Assembly in early June.

- **AB 1704 (Richman R-Northridge) – Core/Noncore Market Structure**

This bill, sponsored by the Schwarzenegger Administration, would establish a "core/noncore" electricity market, allowing large customers (defined as over 200 kW demand) to utilize direct access to shop for power, while mandating that smaller customers must stay with the major utilities such as PG&E and SCE. Aggregation of multiple accounts would be allowed to reach the 200 kW threshold. The measure was approved by the Assembly U&C Committee on a 7-2 vote. The measure was held in the Assembly Appropriations Committee.

- **SB 1 (Murray D-Los Angeles) – “Million Solar Homes” Initiative**

This bill is also sponsored by Governor Schwarzenegger and authored by Senators Kevin Murray (D-Los Angeles) and John Cambell (R-Irvine). The measure would create the “Million Solar Homes” initiative to invest over \$2 billion in rooftop residential solar generation. The goal of the legislation is to produce 3,000 MW of generation by 2018. Additionally, the measure would require local public utilities to adopt a similar initiative, and report progress to the California Energy Commission.

Although SB 1 was approved unanimously by the Senate Energy, Utilities & Communications Committee, the measure faces opposition from business groups and the utilities to ensure that rooftop solar panels will not be overly-subsidized to the disadvantage of other clean distributed generation technologies. This measure recently moved off the Senate Appropriations Suspense File and out of the Committee on an 8-to-4 vote. The measure will be considered by the full State Senate in early June.

2005-2006 STATE BUDGET/ERAF

The Governor unveiled his revision of the 2005-2006 budget, referred to as the May Revise, on Friday, May 13, 2005. Supported by the firm belief that California’s economy is more vibrant than in past years, the Revise notes the Governor’s commitment to refrain from increasing taxes, and emphasizes no new borrowing through the Economic Recovery Bonds approved by the voters in Proposition 57.

The \$8.6 billion budget deficit remains with little chance for improving next year. The Revise states “higher energy prices, somewhat higher interest rates, and a lack of fiscal stimulus are expected to slow economic growth in 2005.”

Local Government Financing

The May Revise proposes to repay cities and counties for \$593.4 million (about half) of the VLF that was not received in 2003-04. This repayment of the VLF gap loan comes a year earlier than necessary in hopes of relieving state budget pressure by spreading the additional revenues to local governments over two fiscal years.

Energy

The May Revise proposes an augmentation of \$12.5 million for the Carl Moyer Program, which brings the Governor's Budget proposal total for available Carl Moyer grants in 2005-06 to \$98.5 million of state funding.

Additionally, regarding energy, the Governor proposes to increase California's participation in the Frontier Transmission Line Project by \$2.5 million more for the Energy Resources

Programs Account. This Project is expected to eventually provide additional power to Northern and Southern California for its future needs.

Water

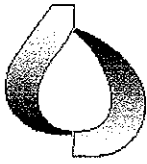
CALFED was the primary target of the resources budget revise. The Governor emphasized the need for a ten-year action plan. In the interim, however, the Governor has identified a **three-point plan** consisting of:

- **Independent Review** – The May Revise calls for an independent program and fiscal review of the CALFED Program, providing \$300,000 to the State Water Resources Control Board to support this proposal.
- **Program Priorities** – The Governor claims that the 10-year action plan "must focus on solving the highest priority Delta issues [and] link water user payments to specific program actions"
- **Financing** – The Governor emphasizes the need for a "credible" CALFED budget for the coming year that "must reflect contributions from water users." The beneficiaries-pay principle is a primary component of the Governor's 10-year action plan and includes that water users will be expected to pay into the Ecosystem Restoration Program "in proportion to the direct benefits derived." The Governor also intends to request an additional \$40 million from the federal government in the federal fiscal year 2006 for a total request of \$100 million for CALFED.

In regard to bond funds as they relate to CALFED, there is a commitment to assist regions in their efforts toward integrated regional water management and the Administration's intent to have an apparent "legacy" from the use of bond funds.

Legislative Budget Subcommittee Action Highlights: The budget subcommittees on resources in both houses denied \$30.1 million in Proposition 50 grant funding for the Water Use Efficiency Program (Chapter 7). Additionally, the Senate Budget Subcommittee voted to revert \$146 million in unexpended Proposition 13 dollars because these monies were found to "not be needed for the projects that they were originally appropriated to fund." This may be due to some projects coming in under budget or not being successfully implemented from grants through the following accounts: Water Conservation Account, Conjunctive Use Subaccount, and the Interim Water Supply and Water Quality Infrastructure Account.

Subcommittee Chair Senator Sheila Kuehl clearly stated that these funds would be made available to other applicants. However, subcommittee staff is not certain if the Governor intends for these monies to be allocated for this year's budget and/or if the Governor plans on relying on this funding for other programs/projects.



Date: July 20, 2005

To: The Honorable Board of Directors

Through: Public and Legislative Affairs and Water Resources
Committee (07-13-05)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

BACKGROUND

Outreach/Tours

- June 1, 2005, IEUA/CVWD hosted a tour for Congressman David Dreier of the Regional Recycled Water Project
- June 2, 2005, IEUA hosted tour for Senator Dianne Feinstein's staff
- June 17, 2005, SAWPA hosted a helicopter tour of the watershed for local state assembly members
- June 23, 2005, MWD hosted Palo Verde Valley Community Improvement Fund Board of IEUA's HQ

Calendar of Upcoming Events

- September 30, 2005, Chino Hills Day at the LA County Fair
- October 7, 8, 9, 2005, Rancho Cucamonga Chamber Grape Harvest Festival

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- July – Two-page Safety Awareness Month
- September – Two-page Think Environment Week
- September – One-page LA County Fair
- October – Two-page Literacy/Education Month

- December – One-page Health Beat Magazine

PRIOR BOARD ACTION

None

IMPACT ON BUDGET

None



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles

DAILYBULLETIN.COM JOBS CARS HOMES CLASSIFIEDS NEWSPAPER ADS SUBSCRIBE PERSONALS MARKETPLACE

dailybulletin.com
NEWS
Inland ValleyLearn ways to kick the smoking habit
and extend your lifeCEDARS-SINAI
quick care

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Homes
Rentals
Special Offers
Personals
Obituaries
Business Directory
Worship with us
Special Sections
Classifieds
Jobs

News

Route 66
Religion
Traffic
State | Nation | World
Weather
Newsletters
Special Reports
Rancho Cucamonga
Fontana/Rialto
Chino Valley
Jurupa Valley/Norco
Upland/Claremont
Pomona/Diamond Bar
La Verne/San Dimas
Ontario/Montclair
David Allen
Our Past
Sunday's Best
Society
Lottery

Columnists

Coffee Break

Flash games
Crickler
Crossword
Horoscopes
Gossip
Sports Challenge

Sports

Lakers / NBA
Dodgers / MLB
Angels / MLB
Kings / NHL
Galaxy
Chivas USA
USC
UCLA
NFL
Special Reports
Redlands Bike Classic
Prep Sports
Sports Challenge
Sports Columnists

EMAIL ARTICLE LINK TO ARTICLE PRINT ARTICLE

Article Published: Wednesday, May 11, 2005 - 9:52:45 PM PST

Commission OKs Hofer plan to develop ranch

ONTARIO - The Planning Commission gave a thumbs up Wednesday to a plan to develop the last working ranch near Ontario International Airport.

Building on earlier plans for the area, the Hofer Ranch proposal will build industrial and business buildings on vineyards that now straddle Jurupa Avenue south of the airport.

The Hofer family compound, a historic site, could eventually be thrown open to the public with a hotel, bed and breakfast, visitor center and shops.

Before voting 6-0 to recommend City Council approval of the proposal, planning commissioners praised the effort to preserve the ranch's historic buildings.

"The Hofer family loves their land," Commissioner Sheila Mantz said. "Every project they've brought before us has been well done."

The commission did stipulate that the new industrial and business buildings go before the Historic Preservation Subcommittee for review.

Commissioner Gabe Derocili was absent.

The project must now go before the City Council for a final vote.

- Naomi Kresge, (909) 483-8553

OTHER ARTICLES IN THIS SECTION

5/16/2005

- Rancho veteran saved by German medic
- Proposed auto mall raises ire
- Graduates celebrate journey's end
- Chino slaying remains unsolved
- Mayoral candidates woo black voters
- Blue-tinted headlights not all created equal
- NTSB seeks cause of fatal plane crash
- Pair to be arraigned in torching of opossums
- Lawmaker resumes deportation amends
- Young bicyclist dies from injuries
- Chino school growing slowly
- Two suspects arrested in killing of teenager
- Rancho's Klusman House getting back into business
- Jackson retains star power despite famous witnesses
- Distractions prevail at county Diaper Derby
- Claremont cemetery needs volunteers
- Pomona council sets swap-meets hearing
- Professor to speak on book "Toxic Leaders"
- L.A. latest jail to use radio tags to track inmates
- Rugby coach rushed to hospital after beating
- Pomona historic home hearing tonight
- Baha'i celebration to honor mothers
- Today in History

RETURN TO TOP



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Inland Valley Daily Bulletin

Hofer Ranch may open gates

Proposal would bring tourists to land

By Naomi Kresge

Staff Writer

Monday, May 09, 2005 - ONTARIO - For decades, the iron gates of their ranch shielded the Hofer family from the changes around them.

Vineyards and orchards melted before roads, freeways and airport runways. Still Hofer Ranch remained much as it always had been, hidden in lush greenery just south of Ontario International Airport.

A proposal before the city now could open the family compound to the public for the first time.

"It's just like going back to historic California, what it was like back at the turn of the century," said Planning Commissioner Rick Gage, who toured the property last week. "It's just like an oasis ... with jumbo jets landing just to the north of it."

The development proposal scheduled for a Planning Commission hearing Wednesday maps for the first time the future of the 196 acres that remain of what was once about a 1,000-acre ranch.

The proposal includes plans laid in the 1990s, and already partly executed, for 107 acres of office and distribution buildings south of Jurupa Avenue.

But it also proposes an industrial area and business park north of Jurupa Avenue, on what are now vineyards, and a tourist-oriented historic commercial complex in what is now the family compound. The proposal grew out of the family's decision in 2002 to work with Dallas developer Hillwood to develop the property.

The plan would preserve the home that Hofer patriarch Sanford Ballou converted out of a one-room schoolhouse more than 110 years ago. Other historic buildings, including a two-story bunkhouse built before 1910, a Quonset hut and ranch outbuildings, would also stay.

Some would get a second life, perhaps as shops, and the proposal would allow for buildings such as a multistory resort hotel, bed-and-breakfast, restaurants or specialty shops.

A landscaped earthen berm would separate the tourist area from its industrial neighbors.

"It's kind of the Disneyland approach to screening out the uses," city Planning Director Jerry Blum said.

Gage compared the painstakingly preserved compound to Knott's Berry Farm.

"I just loved listening to him," he said of Paul Hofer III, who led the Planning Commission tour. "He knew all the history of every shovel, every wine barrel ... it's just original, all the way it was."

The family will still own the land.

"I'd just as soon still have vineyards there, but that's not the way the valley's going," said Hofer, 57.

The ranch's future has been unclear for the past few years. Much of the land included in the earlier development plan for the area south of Jurupa remains vacant.

Last year, the family fought a suggestion by Los Angeles World Airports that their land be part of the Ontario International Airport expansion.

The agency and the family clashed publicly about runway access for air cargo facilities Hofer hopes to build on his land.

Hofer said approval of the development plan, which will come before City Council after its Planning Commission hearing this week, would be a significant step toward the industrial development.

He also said the family still plans to live on the homestead.

"We've been here 120 years, so we're not going anywhere soon," he said.

Naomi Kresge can be reached by e-mail naomi.kresge@dailybulletin.com or by phone at (909) 483-8553.

Inland Valley Daily Bulletin

Mining plans create unrest

Claremont digs in against proposal

By Edward Barrera

Staff Writer

Saturday, May 14, 2005 - CLAREMONT - Ivan Misner stood outside on his second-floor balcony Thursday, overlooking hundreds of acres of undeveloped land in northeast Claremont, land owned by the Pomona Valley Protective Association that is used to replenish underground water supplies.

In the distance, across the San Bernardino County line, a mining company churned away, extracting rock and gravel used for construction projects, including building freeways and fixing surface streets.

The sight may portend things to come, said the Claremont resident, shaking his head.

"If I had known that there could be an open-pit mine in my back yard, I would have never bought this house," Misner said.

Misner and other local residents fear that Vulcan Materials Co., which has a lease on 214 acres south of Mt. Baldy Road, will be able to convince the state Mines and Geology Board to overturn Claremont's decision to ban mining on the land.

In February, the City Council turned down the company's request, upholding the planning commission's denial, which cited numerous concerns over the project.

Vulcan's plans to mine the area closer to Misner's home would accomplish an additional goal, that of the Pomona Valley Protective Association, the area's water supplier, which hopes to augment its water-collection capabilities by digging pits across the parcel.

According to a staff report, however, mining would be incompatible with the residential community aligned along the west side of the parcel, creating noise and air-quality issues that could adversely affect the community.

Mining could also cause irreversible ecological damage through the removal of alluvial fan sage scrub, the report states.

Even though the state has designated the area "of regional significance" in meeting the need for future mineral resources, the city is not required to allow mining, staff concluded.

"I sense our council is very strong on this," said Councilwoman Ellen Taylor. "They are not happy about having mining near a residential area. We are a pretty united front." While a Vulcan official declined to comment, the company, in a February response to the planning commission's denial, said that it was only asking the city to study the proposal thoroughly, including initiating an environmental review.

According to the mining company, the city skirted state law that requires local agencies to set clear regulations for allowing mining of mineral resources, deprived the company from making money off the leased land and denied the ability of the water company to enhance its capabilities.

Bill McDonald, president of the Pomona Valley Protective Association, said Vulcan's proposal to create pits is compatible with the water provider's goals and will aid the community's needs.

"We need to capture more water when it's available," he said. "At this point, we think that mining will be a benefit to (collecting) more water."

The proposal calls for two large pits at a maximum of 100 feet deep and excavated at least 50 feet away from the nearest residential community.

Some Claremont residents opposed to the project said the proposal would create pits too large and will be built too close to homes.

"We have such a high water level in north Claremont that we feel putting these pits there could cause flooding in south Claremont," said Mike Kunce, an organizer of a group, Claremonters Against Strip Mining, created solely to fight the Vulcan proposal.

Don Drysdale, a state Mines and Geology Board spokesman, said Vulcan will have to file an appeal in about a week to have the state review the decision. Once the agency receives the report, it will make a decision within 30 days, he said.

Standing on the balcony, Misner said he was seething about the developments.

"If this was zoned for mining, and I moved in - shame on me. But it was never zoned for it," he said. If Vulcan eventually wins, "I would have to seriously consider moving."

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

Inland Valley Daily Bulletin

State wins lawsuit vs. Stringfellow

Victory brings in \$16M; appeal will seek \$28M

By L.C. Greene

Staff Writer

Monday, May 16, 2005 - RIVERSIDE - The state of California can add a \$16 million victory in its quest to recover damages caused by the Stringfellow toxic dump, following a jury verdict Monday.

Five insurance companies that refused to settle and fought the state through 12 years of legal wrangling and a six-week trial must now make good on their policies, the Superior Court panel decided.

"It's been a long time coming," said Beth Jines, spokeswoman for the State Water Resources Control Board, which along with Cal EPA was suing the firms. "The jury found, when you buy insurance, the insurance companies have an obligation to pay."

Steven Crane, the lead lawyer for the insurance firms, could not be reached for comment.

The five holdout insurance firms involved in Monday's verdict were CNA, Wausau, Yosemite, Horace Mann (ACE) and Stonebridge.

Despite the victory, the state will attempt to recover more money from the insurance companies on appeal, state Attorney General spokesman Tom Dresslar said.

"We hope on appeal to raise it to \$28 million," he said.

The state has recovered about \$121 million from other insurers. In February, Lloyd's of London and 15 other companies settled for \$93 million.

The money will go toward ongoing cleanup of the Stringfellow Acid Pits, which operated between 1956 and 1972 in a box canyon above the Jurupa Valley community of Glen Avon.

Hundreds of firms, including aeronautics, metals and chemical companies and the U.S. Air Force, dumped more than 34 million gallons of hazardous liquid waste at the 17-acre site through the years.

The waste, which was deposited in evaporation ponds, came primarily from metal finishing, electroplating and pesticide production.

Several times, heavy rains caused the ponds to overflow, sending waste into creeks and the community below. Contaminated groundwater also invaded area wells.

Glen Avon has been receiving its water from a public utility since 1989.

Cleanup of the Stringfellow dump, which is expected to take decades, already has cost the state about \$300 million.

"This has been a success for the state," San Francisco insurance attorney Paul Glad said of the verdict.

The firms Glad represented, which included American Home and New Hampshire Insurance Co., opted out of the trial and settled with the state about three weeks ago.

While Glad declined to disclose financial terms of the settlement, Jines said it amounted to about \$20 million.

Although the state can claim victory, it was not successful in retrieving anywhere near the money it was originally pursuing, which was in excess of \$500 million, Glad said.

Stringfellow Acid Pits Lawsuit

STATE OF CALIFORNIA V. CNA, Wausau, Yosemite, Horace Mann (ACE) and Stonebridge insurance companies.

Jury Verdict: Insurance firms must pay \$16 million for damages caused by the toxic waste dump.

What's next: State seeking \$28 million on appeal.

L.C. Greene can be reached by e-mail l_greene@dailybulletin.com or by phone at (909) 483-9337.

Inland Valley Daily Bulletin

House approves water-recycling bill

Measure would bring \$30M here

By Lisa Friedman

Staff Writer

Monday, May 16, 2005 - WASHINGTON - For the second time in two years, the House gave a unanimous thumbs up to a \$30 million water-recycling initiative in the Inland Empire.

Last year, the legislative clock ran out before the Senate could take up the measure. But supporters said Monday they are optimistic it will hit President Bush's desk this time around.

"We're thrilled that it passed the House," said Richard Atwater, general manager of the Inland Empire Utilities Agency. "We're very hopeful that it will be approved by the Senate so it can be enacted into law."

The bill authorizes a 10 percent federal match to state and local funding for two new water recycling projects in the Inland Empire expected to produce 100,000 acre-feet of water annually.

Water officials have said that relying on recycled water will help meet the demands of growth, especially as the cities of Chino and Ontario develop former dairy land into homes.

Rep. David Dreier, R-Glendora, who sponsored the bill, said recycling is critical to preventing water shortages.

"This legislation means we will use less water from the Colorado River and Northern California, and will produce benefits like improved water quality from the Santa Ana River watershed," he said in a statement.

The legislation authorizes \$20 million for the first project and \$10 million for the second.

It passed by voice vote as part of a separate water bill. Its supporters included local Reps. Ken Calvert, R-Riverside; Gary Miller, R-Brea; Joe Baca, D-San Bernardino; and Grace Napolitano, D-Santa Fe Springs.

Atwater called recycling "the most cost-effective new supply in California."

Staff writer Joe Florkowski contributed to this report. Lisa Friedman can be reached by e-mail at lisa.friedman@langnews.com or by phone at (202) 662-8731.

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San Bernardino County Sun

House panel OKs dam study funds

By George Watson
Staff Writer

Friday, May 27, 2005 - The House Appropriations Committee has approved a \$1 million study to examine why the water behind Seven Oaks Dam has become contaminated each of the last two years.

A pool of thick silt ruined millions of dollars of pristine water from melting snow this year that local water districts could have used to augment their supplies.

Earlier this year, a shortage forced some districts to buy water from the State Water Project, a cost that increased customers' bills in Redlands, Highland and parts of San Bernardino.

The request for funding passed through late Tuesday night with the support of Rep. Jerry Lewis, the influential Redlands Republican who is chairman of the Appropriations Committee. Before a study can proceed, the full House must approve the bill, the Senate must do the same, and then President Bush must sign it into law.

"This gets us a real strong start," said Robert Martin, general manager of the East Valley Water District. "I'm very pleased."

The Army Corps of Engineers, which built the dam several years ago, would conduct the study.

As part of the examination, some local officials hope the corps will look at changing the dam's sole flood-control role. The \$460 million earthen dam, the nation's largest structure built strictly for protecting against floods, could also become a storage facility for water, some officials have said.

Initially, the bill proposed a more comprehensive, \$3.6 million study, but Martin said that would have taken a year to complete. The need to answer questions is more urgent, Martin said.

"The key is, if and when this is appropriated, we want to get with the Corps about how this should proceed," Martin said.

Jay Field, spokesman for the Corps of Engineers, said the agency is looking at several alternatives.

"Right now, we don't want to get too specific because we have a lot of things on the table that we want to look at to improve the water quality," he said.

Randy Van Gelder, assistant general manager of the San Bernardino Valley Municipal Water District, said he has had conversations with corps officials and they supported the plan to add water conservation to the dam's duties.

Regardless of how quickly the bill passes through Congress, Van Gelder doesn't expect any significant changes to occur at the dam for some time.

"Obviously, it's study money, not construction money,' Van Gelder said.

Local districts' water-reclamation efforts were boosted recently when Southern California Edison got its electric power plants, which operate above the dam, up and running, Martin said. Water used to power the plants is diverted around the dam, keeping it from becoming contaminated in the dam's silty holding pool, before the districts can collect it.

The loss of water to contamination was particularly daunting because of the wealth of snow that has packed mountain tops. At least 12 feet of snowpack could be found earlier this month near peaks that melt into the Santa Ana Watershed and then flow to the dam.

Water behind the dam also became contaminated a year ago because the hot spring allowed organisms to proliferate. It rendered the water undrinkable because the local districts' systems could not sufficiently treat it.



Key study on safety of chemical disputed

Ingredient in rocket fuel taints many Inland water supplies

09:25 AM PDT on Friday, June 3, 2005

By DAVID DANIELSKI / The Press-Enterprise

Five years ago, a research team recruited seven people to drink water laced with tiny amounts of a rocket-fuel chemical that has contaminated many Inland drinking-water supplies.

In sufficient doses, the chemical -- perchlorate -- can impair thyroid function and result in neurological impairment of fetuses and babies, metabolic disorders and other problems.

The researchers, backed by a grant from the industries that make and use perchlorate, concluded that the infinitesimal amounts in their test had no effect on the healthy adults who signed on for the two-week study.

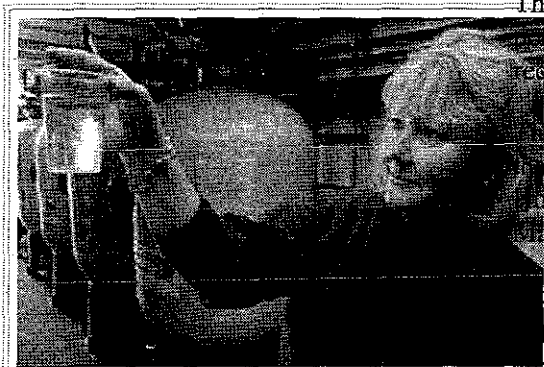
In February, the research team's findings became the linchpin of a national policy on how much perchlorate can be safely consumed. Federal regulators will use the policy to decide whether to limit perchlorate in drinking water, and what the limit should be.

But a growing number of scientists see cracks in the foundation of that policy. The government's reliance on the study has come under fire by regulators in at least three states.

The late Dr. Monte Greer and industry consultants published their "no-effect" findings in a respected scientific journal but did not include details several scientists said were relevant.

WHAT'S NEXT

Federal officials are deciding whether to set a national limit for perchlorate in public drinking water. States would have to follow that limit, unless they adopt stricter regulations. California and Massachusetts soon are expected to set their own perchlorate limits.



Rodrigo Peña / The Press-Enterprise
Debby Stephens of the Rialto Water Department holds a cup of water that has been treated to remove perchlorate and nitrates.

The unpublished data, obtained by The Press-Enterprise, show that perchlorate could have inhibited thyroid function in at least two people recruited for the study.

The researchers mathematically summarized much of the data in ways that made it impossible to see potential effects, said Michael S. Hutcheson, head of the air and water toxics division for the Massachusetts Department of Environmental Protection.

"Something is going on there that gives us pause," Hutcheson said of the unpublished data. "We have not been comfortable to think of it as a no-effect level."

Procedures Questioned

Greer and the consultants tested too few people for too short a time to provide the basis of national policy, said critics such as Massachusetts environmental chief Robert W. Gollege Jr. The federal government too liberally applied the test of seven healthy adults to millions of more vulnerable people, including babies, fetuses and people with impaired

thyroids, several scientists said.

Study co-author Richard Pleus, a Seattle-based toxicologist and a consultant for corporations that have used or made the chemical, said in written responses to questions that the study's conclusions were based on statistically and

biologically significant findings.

Pleus pointed out that the study has been validated by one of the most respected scientific bodies in the nation -- the National Academy of Sciences, an independent research organization that advises the federal government. Fourteen scientists appointed by the National Academy reviewed perchlorate science for the Bush administration and accepted the study's methods, he said.

While National Academy panel members used the Greer study in recommending a safe dose of perchlorate, they also suggested testing 90 healthy adults for as long as six months to clarify how chronic exposure affects people.

Gollege and environmental officials from Connecticut and Maine said the Greer study has too much uncertainty to support national policy. Gollege detailed his concerns in a March letter to the U.S. Environmental Protection Agency. Officials in the two other states question the study in a science journal article published last month.

Unregulated Chemical

Perchlorate is an oxidizing agent used in rocket fuel, fireworks, munitions and other explosives. Leaks and spills at manufacturing plants over the past 50 years have contaminated water supplies in at least 35 states, the lower Colorado River and several groundwater basins in the Inland area.

Regulators for years have been trying to determine how much perchlorate is safe in drinking water. So far, the chemical is unregulated, although California and Massachusetts expect to set drinking water limits soon.

The chemical has turned up in lettuce and other field crops irrigated with tainted water, in cow's milk and in human breast milk. It is in tap water in many Inland communities and across the nation.

Cleanup costs could be staggering -- more than \$50 billion to remove it from drinking water nationwide, according to one industry estimate. Lockheed Martin Corp. says it has spent close to \$80 million removing perchlorate believed to have leaked into groundwater from a former rocket factory near Redlands.

National Policy

Perchlorate in sufficient amounts blocks the thyroid's ability to absorb iodide, a nutrient found in iodized table salt and various foods. The butterfly-shaped gland in the throat uses iodide to make essential hormones that, among other things, guide development of brains and nerves in fetuses, babies and small children.

The Greer study tested a total of 37 people to determine the gland's ability to absorb iodide before and after people drank water dosed with perchlorate. Seven people were given the lowest dose and became the basis of the study's reported "no observed effect level."

The National Academy panel used the study to calculate how much perchlorate people can safely ingest each day. In February, the EPA used that dose as a guideline for setting future limits on perchlorate in drinking water.

The EPA's acting deputy assistant administrator for science and National Academy panel members said they believe they were correct and conservative in defining what's safe. Perchlorate-triggered changes in iodide absorption happen well ahead of any thyroid-related illness, they said.

Doubts about Conclusions

But many in the science community said they have serious doubts about how the research was interpreted. Among the problems they cite:

The National Academy panel relied on the information and analyses published by the study authors. But other scientists -- including environmental health officials with the



Rodrigo Peña / The Press-Enterprise

Six of Rialto's wells are contaminated with perchlorate. Two have treatment systems that cost about \$1 million each to install and \$300,000 a year to

EPA, California, Massachusetts, Connecticut and Maine -- independently analyzed the same information and concluded the chemical appeared to affect the thyroid at doses lower than reported by the Greer study. Several said the EPA's "safe" dose might not protect fetuses, infants and people with impaired thyroids.

operate. Four others, representing about 40 percent of Rialto's water supply, remain shut down.

By accepting the National Academy's recommendation, EPA administrators, in effect, rejected the work of the agency's own scientists, who found "considerable uncertainty" in the Greer data. One EPA analysis in 2003 found that the data from seven subjects were so weak that the study had little chance of reliably determining anything.

Criticism of the federal government's reliance on the Greer study is mounting.

Massachusetts regulators in March rejected the National Academy's recommendation and called on the EPA to fund independent research. "Until more is known, a cautious approach should be taken to ensure that sensitive populations are not put at risk," wrote Gollege in a letter to the EPA.

Study Challenged

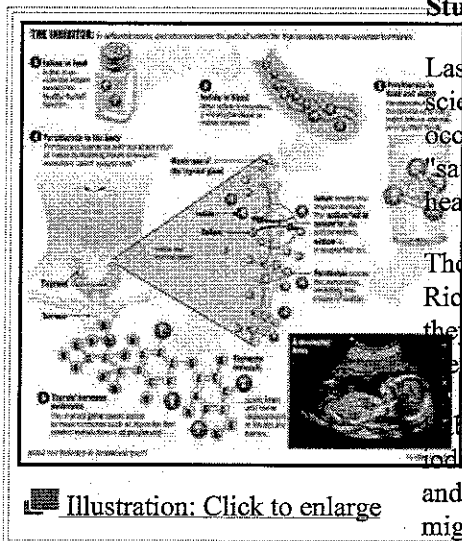


Illustration: Click to enlarge

Last week, Connecticut and Maine environmental health officials published a scientific paper disputing the Greer study's conclusions. They say thyroid effects occurred at the dose the authors said has "no effect." The officials contend the "safe" level accepted by the EPA "is higher than what is needed to protect public health with a reasonable margin of safety."

Those at a greater risk are babies, said the paper by Gary Ginsberg and Deborah Rice, public health officials, respectively, in Connecticut and Maine. They said they were especially concerned because of studies that have found perchlorate in breast milk.

Babies also are vulnerable because their thyroids don't have a reserve of stored iodide, said R. Thomas Zoeller, a University of Massachusetts biology professor and thyroid expert. He said he fears low levels of perchlorate in water and food might impair brain and nerve development in babies, causing lower intelligence and less coordinated bodies.

Tests on Humans

Widespread perchlorate contamination was found in 1997, after sensitive water-testing methods were developed. Research on animals and surveys of public-health statistics provided clues about the chemical's impact on people but failed to pinpoint how much can be safely consumed. About 90 percent of the research has been financed by the perchlorate industry and the Department of Defense.

The Greer study in 2000 at Oregon Health & Science University was sponsored by an industry research consortium funded by the Lockheed Martin Corp., Kerr-McGee Co., Aerojet and The Boeing Co., among other companies that have made or used perchlorate. The medical school billed industry a total of \$310,258 for the study, medical school spokeswoman Rachel MacKnight said.

The researchers in Portland first recruited healthy adults in three groups to test higher doses of perchlorate. The participants ingested radioactive iodine so the researchers could measure how well their thyroid glands absorbed iodide before and after the perchlorate exposure. Iodine in the body forms iodide molecules.

The results: People who took higher doses of perchlorate absorbed less iodide.

Based on those results, the researchers predicted perchlorate would have no effect if consumption were limited to 0.007 milligrams per kilogram of body weight per day.

They recruited seven more people, six women and one man, to test the predicted "no-effect" dose, which for the

average adult is the same as drinking water with 245 parts of perchlorate per billion parts water. For comparison, that's about five cups of perchlorate in an Olympic-size swimming pool.

The researchers concluded that perchlorate had no statistically significant effect on the group.

The study, published in 2002 in the journal Environmental Health Perspectives, focused on results for groups rather than individuals.

The authors didn't report in the journal that a 34-year-old woman had a 39 percent reduction in iodide absorption and a 46-year-old woman had a 36 percent reduction. Three others had increased function, including one whose absorption increased by 39 percent.

George V. Alexeeff, a toxicologist and deputy director for scientific affairs at California's Environmental Health Risk Assessment Division, has seen the unpublished information.

"Is really nothing happening?" he said. "Something is happening in two or three of the subjects."

Pleus said the changes could have been from daily fluctuations in iodide absorption that occur naturally.

He acknowledged that perchlorate could have come into play in the two women with the greatest reductions in thyroid function but added that it would be inappropriate to assume they had been affected.

"It is impossible to know for sure which changes were due to perchlorate and which were due to other factors or chance . . .," Pleus wrote. "It is inappropriate to draw inferences based on cherry-picked individual data."

Some individual results were not included in the official report because the information was more variable and thus less reliable than other measurements, Pleus said in his e-mail.

The individual results should have been disclosed and discussed when the study was published, said Dr. Gina Solomon, an environmental and occupational health physician at the UC San Francisco medical school and a science adviser for the Natural Resources Defense Council, a national environmental group.

"It seems some of the relevant information was not reported to the readers," Solomon said. "It is essential in science to provide full information, and these people did not do that."

Pleus said analysis of all data was included in the report and that all the data was provided to the EPA and Department of Defense.

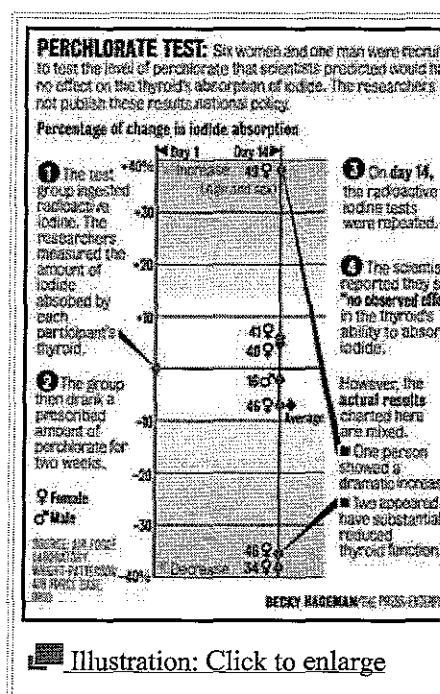
The Big Debate

Greer's reported "no observed effect" finding gave the perchlorate industry and the Department of Defense ammunition for their fight to persuade regulators that as much as 200 parts per billion in drinking water is safe, said Michael Dourson, director of a nonprofit health-risk assessment corporation that has coordinated much of the industry-sponsored perchlorate research.

The EPA, using primarily animal studies, estimated in early 2002 that 1 part per billion in water was known to be safe. Many Inland water supplies and the lower Colorado River carry more perchlorate.

That year, in two papers submitted to the EPA on behalf of the Perchlorate Study Group, Greer contended that his work and other studies on humans showed that the EPA's 1 part per billion was overly conservative.

"It . . . seems impossible that perchlorate contamination of water supplies poses any thyroid-related human health risk,"



Greer told a panel of scientists in Sacramento in March 2002.

Greer, 79, and his wife, Peggy, were killed in an automobile accident near Astoria, Ore., later that month.

Pleus and other industry-hired consultants took the Greer study to water conferences, newspapers and the White House Office of Management and Budget. Industry and Defense Department scientists repeatedly said that 1 part per billion didn't make sense, that it would trigger expensive and unnecessary cleanups and that 200 parts per billion is safe for everyone, including fetuses and babies.

Pleus and other industry scientist also argued in papers and public presentations that animal studies the EPA had relied on were flawed, especially research that suggested perchlorate had damaged the brains of baby rats.

To settle the dispute, the Bush administration in 2003 asked the National Academy of Sciences to evaluate the studies. When the academy panel completed its work earlier this year, the Greer study prevailed.

A Level of Confidence

Members of the National Academy of Sciences say their recommended dose was based on the panel's review of just about all the scientific information available on perchlorate.

"It is just wrong to say we based it on seven people," said Dr. Richard Johnston, chairman of the academy's perchlorate panel and associate dean of research and development at the University of Colorado Medical School.

The Greer findings, he said, were consistent with several other studies on humans, and that body of work gave the committee confidence in Greer's conclusions about the amount of perchlorate a healthy person can consume, Johnston said in a telephone interview.

The committee was inherently conservative in using Greer's conclusions about a "no observed effect level" for perchlorate, Johnston said.

Another panelist, Dr. Robert Utiger, a clinical professor and thyroid expert at Harvard Medical School, said the thyroid has an iodide reserve and can continue making essential hormones when iodide absorption is cut by more than half.

Like Pleus, Utiger attributed the iodide absorption ups and downs in Greer's no-effect group to natural variations. He said he doubted that testing more people would yield different conclusions.

To protect the most sensitive people -- fetuses, babies and the half-percent or more of the population with under-performing thyroids -- the National Academy panel divided Greer's "no-effect" dose of about 245 parts per billion by 10. That means water with 24.5 parts per billion would be safe for the average adult to drink, assuming the person wasn't eating contaminated food.

Bill Farland, acting deputy assistant administrator for science at the EPA's Office of Research and Development, said the National Academy's work was thorough, and the EPA felt it was a solid base for the policy adopted in February.

Questions Persist

Greer's "no-effect level," however, could reflect the study's limitations rather than reliable findings, several scientists said.

"This doesn't mean there is no effect," said Mehdi Razzaghi, a statistics professor a Bloomsburg University in Pennsylvania, who advised the EPA on perchlorate. "This just means that the effect is not significant enough to be detected. This could be due the fact the sample size is not large enough or some other factors . . .

"The study is a good study, but the conclusions being drawn from study are too liberal," he said.

Solomon, the UC San Francisco physician and environmental group adviser, put it another way: "They are building a big sand castle on the head of a pin."

Zoeller, the University of Massachusetts biologist, said too much uncertainty remains.

It's still unknown why some members of Greer's no-effect group showed reduced thyroid function, he said. "They could have come down randomly, or they could have come down because of perchlorate. . . . The only way to know is to do more studies."

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Online at: http://www.pe.com/breakingnews/local/stories/PE_News_Local_D_perch03.eac43.html



Water plant to reopen soon

JURUPA DISTRICT: The facility has been closed because of mechanical problems since October.

01:17 AM PDT on Friday, June 3, 2005

By SANDRA STOKLEY / The Press-Enterprise

MIRA LOMA - Ongoing mechanical problems have sidelined the Jurupa Community Services District's \$5 million water-treatment plant for much of the past 21 months since its completion.

The plant -- which turns nitrate-contaminated water into drinkable water -- was shut off in late October 2004 after problems recurred with the facility's manifold, the pipeline system that moves water around so it can be treated.

General manager Carole McGreevy said repairs are under way and the plant is expected to be operating soon. "We're shooting for the first of July," McGreevy said this week.

A \$3.1 million expansion, which will more than triple the plant's treatment capacity, is scheduled to start in July as well, McGreevy said.

The plant will remain operational as the expansion takes place.

The Jurupa district, like many other water agencies in the Inland area, is grappling with the deteriorating quality of its water wells due to nitrates coupled with explosive growth in the former dairying community of Eastvale.

Nitrate is a contaminant tied to years of fertilization of citrus crops and dairy operations.

Health experts say high nitrate levels in groundwater are hazardous to infants younger than 6 months old.

The plant treats water from wells that have been deemed unusable due to high nitrates.

Operations manager Charlie Smith said the four wells that feed into the plant have nitrate levels ranging from 50 to 77 parts per million.

California's maximum contaminant level for nitrates is 45 parts per million.

The Jurupa district provides water service to the unincorporated western Riverside County communities of Glen Avon, Pedley, Sunnyslope and parts of Mira Loma.

In January 2001, the Jurupa district had about 13,000 water customers. As of this week, the agency had an estimated 21,000 water customers.

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Senate passes perchlorate evaluation bill

09:41 AM PDT on Friday, May 27, 2005

The Press-Enterprise

The state Senate on Thursday narrowly approved a bill that would require California to re-assess its public health goal for perchlorate in drinking water supplies if new evidence emerges.

In April, state officials announced a health goal of 6 parts per billion for perchlorate in drinking water. Water agencies use the health goal to determine whether water is safe to drink.

The state re-evaluates public health goals every five years.

Perchlorate is a rocket-fuel chemical that has been detected in more than 350 public wells in the state, including several in the Inland area. In sufficient amounts, scientists say, the chemical interferes with thyroid functions.

Environmental groups have criticized the 6-parts-per-billion health goal as too high. Supporters of the legislation by state Sen. Nell Soto, D-Pomona, said the state should be able to quickly lower the health goal if new information becomes available.

Major business groups and other opponents said the bill would force the state to lower the public health goal based on any future study, regardless of its scientific credibility.

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Online at: http://www.pe.com/localnews/politics/stories/PE_News_Local_M_perch27.1c686e.html

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Inland Valley Daily Bulletin

Etiwanda channel could help avoid flooding problems

By Molly R. Okeon

Staff Writer

Monday, June 06, 2005 - RANCHO CUCAMONGA - The wheels could be set into motion today for development of a debris basin in Etiwanda that would help protect foothill communities from the type of flooding that ravaged the area this past winter.

The San Bernardino County Board of Supervisors will vote today on whether to approve the lowest bid provided for the new Etiwanda debris basin, east levee, west levee and channel. The low bid was \$26.4 million from Yeager Skanska Inc. of Riverside.

The basin would be just above Wilson Avenue between Etiwanda Avenue and Wardman Bullock Road, said Rancho Cucamonga City Planner Brad Buller. Collins said that if the item is approved by the county board today, construction on the basin will begin after the Fourth of July holiday and should be completed by November 2006.

Buller said the purpose of the basin would be water retention and reclamation.

"We hope the basin will hold, penetrate and percolate down into our water resource areas," Buller said. "Eventually, water districts can pump it up for usable water."

County Supervisor Paul Biane noted that the building of the Etiwanda debris basin is part of the \$140 million San Sevaine/Etiwanda Creek Flood Control Project, which was envisioned two decades ago and for which federal funds became available 10 years ago.

"Etiwanda Creek goes in an uncontrolled channel that crosses Fourth Street and Etiwanda Avenue," Biane said. "This past year, you can see the dramatic flooding that occurred there. It took out the railroad overpass and gas lines that were along the corridors. There is major damage from past floods."

The board approved plans at a January meeting and authorized advertising for bids for the debris basin, levees and channel.

The majority of funding for the new basin will come from the city of Rancho Cucamonga's redevelopment agency, which will provide \$20 million, said Bill Collins, San Sevaine/Etiwanda Division Chief for the county's Department of Public Works' flood control group.

Collins said \$4.3 million will come from city drainage fees, and county flood control will contribute \$5 million, which will create a 10 percent contingency fund for any unforeseen items. The city's redevelopment agency will pay back the \$5 million to the county during the next couple of years.

Biane said he hopes approval of the project improves travel throughout the area.

"I think everybody, all the way down to the residents of Riverside County, is looking forward to seeing the project completed," he said.

He added that he doesn't think there will be any inconvenience to residents in the north Etiwanda area due to the construction.

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