

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, December 15, 2005

8:30 a.m. – Continuance of the Appropriative Pool
December 8, 2005 Meeting

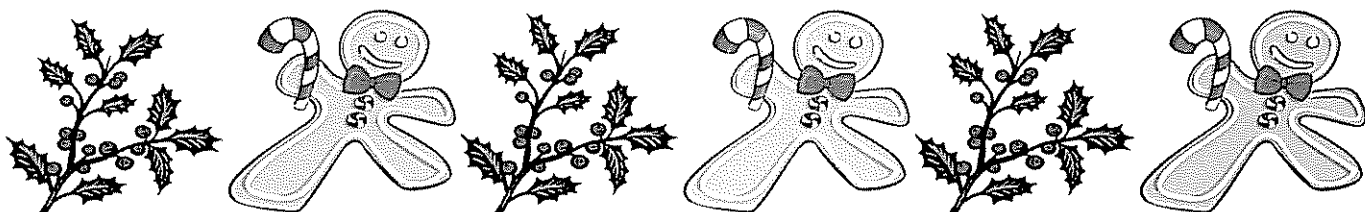
9:00 a.m. – Advisory Committee Meeting

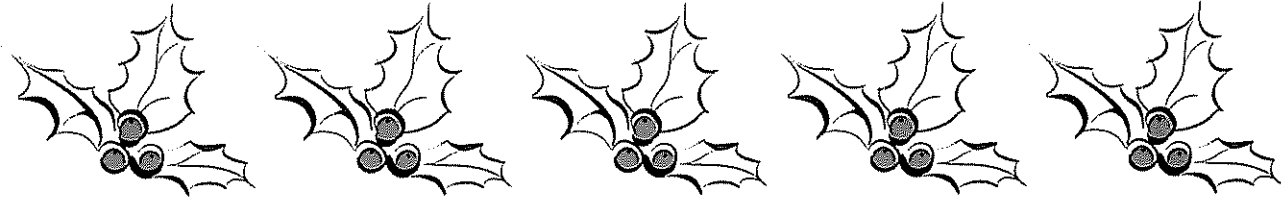
11:00 a.m. – Watermaster Board Meeting

(Lunch Will Be Served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





CHINO BASIN WATERMASTER

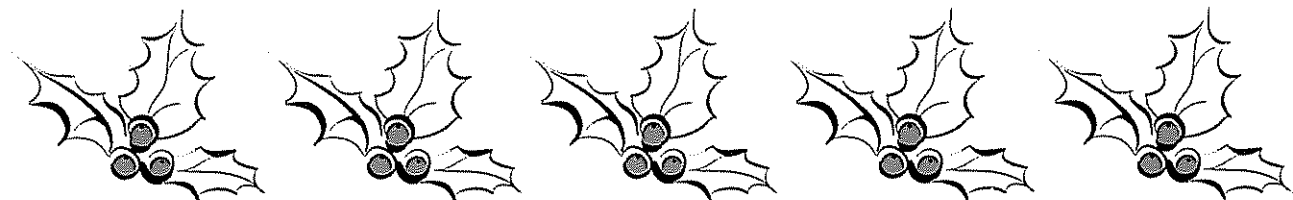
December 15, 2005

9:00 a.m. – Advisory Committee Meeting

11:00 a.m. – Watermaster Board Meeting

(Lunch Will Be Served)

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – December 15, 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 November 17, 2005 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2005 *(Page 11)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through November 30, 2005 *(Page 15)*
3. Treasurer's Report of Financial Affairs for the Period November 1, 2005 through November 30, 2005 *(Page 17)*
4. Profit & Loss Budget vs. Actual July through November 2005 *(Page 19)*

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – Monte Vista Water District has agreed to purchase from the City of Chino Hills a portion of the City's water in storage in the amount of 5,000 acre-feet. Date of application: October 18, 2005 *(Page 21)*

II. BUSINESS ITEMS

A. MOTION FOR EXTENSION OF THE WATERMASTER BOARD

- Consider to file the motion for the extension of the Watermaster Board *(Page 35)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney Manager Process/Discussion of Peace II Agreement *(Page 43)*

B. CEO/STAFF REPORT

1. Volume Vote Calculations and 85/15 Credit for Non-Agricultural Assignments Review for January Meeting

C. INLAND EMPIRE UTILITIES AGENCY

- 1. MWD Status Report – Richard Atwater
- 2. Recycled Water Status Report - Richard Atwater
- 3. Monthly Water Conservation Programs Report (*Page 73*)
- 4. Community Outreach/Public Relations Report (*Page 99*)

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

- 1. Newspaper Articles (*Page 105*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

December 15, 2005	8:30 a.m.	Continuance of the Appropriative & Non-Ag Pool Meeting from December 8, 2005
December 15, 2005	9:00 a.m.	Advisory Committee Meeting
December 15, 2005	11:00 a.m.	Watermaster Board Meeting
December 19, 2005	1:00 p.m.	AGWA Meeting
January 12, 2006	9:00 a.m.	Annual Appropriative Pool Meeting
January 12, 2006	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 17, 2005	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 26, 2006	9:00 a.m.	Annual Advisory Committee Meeting
January 26, 2006	11:00 a.m.	Annual Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – December 15, 2005

At The Offices Of

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

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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1. Volume Vote Calculations and 85/15 Credit for Non-Agricultural Assignments Review for January Meeting

IV. INFORMATION

- 1. Newspaper Articles (*Page 105*)

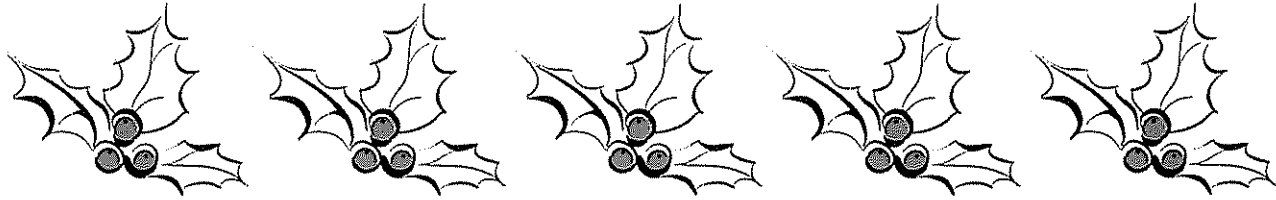
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Meeting Adjourn

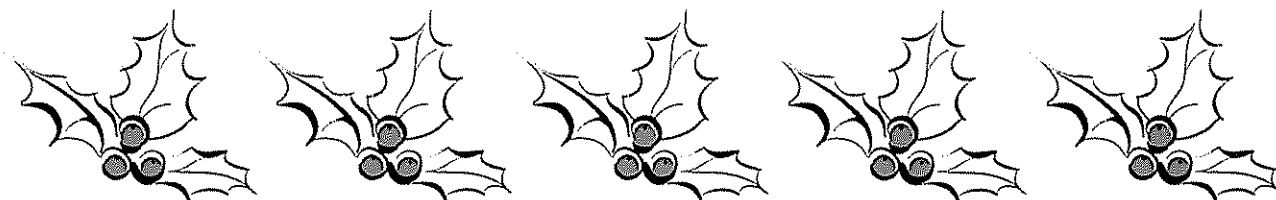


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting –
November 17, 2005



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

November 17, 2005

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on November 17, 2005 at 1:00 p.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Rich Atwater	Inland Empire Utilities Agency
Rosemary Hoerning	City of Upland
Mike Maestas	City of Chino Hills
Dave Crosley	City of Chino
Bill Stafford	Marygold Mutual Water Company
Raul Garibay	City of Pomona
J. Arnold Rodriguez	Santa Ana River Water Company
Mark Kinsey	Monte Vista Water District
Robert DeLoach	Cucamonga Valley Water District
Carole McGreevy	Jurupa Community Services District

Agricultural Pool

Nathan deBoom	Milk Producers Council
John Huitsing	Dairy

Non-Agricultural Pool

Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

John Anderson	Inland Empire Utilities Agency
Robert Neufeld	Fontana Union Water Company

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Steven G. Lee	Agricultural Pool Legal Counsel
Terry Catlin	Inland Empire Utilities Agency
Josephine Johnson	Monte Vista Water District
Justin Brokaw	Marygold Mutual Water Company
Maynard Lennery	Monte Vista Water District
James Bryson	Fontana Water Company
Henry Pepper	City of Pomona

The Advisory Committee meeting was called to order by Chair Jeske at 1:30 p.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 October 27, 2005

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – The City of Pomona has agreed to purchase out of storage from the City of Upland a portion of Upland's pumping rights of up to 1,000 acre-feet. Date of application: October 5, 2005

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

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

II. BUSINESS ITEMS**A. MATHIS & ASSOCIATES CONSULTANT AGREEMENT**

Mr. Manning stated this item passed by unanimous vote by the Appropriative, Non-Agricultural, and Agricultural Pools. There were a few minor changes requested last month on the Mathis & Associate agreement and those changes were incorporated into the presented agreement. Mathis & Associates will assist in the areas of personnel issues and strategic planning.

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

Moved to approve the Mathis & Associates consultant services agreement, as presented

B. FISCAL YEAR 2005/2006 ASSESSMENT PACKAGE

Mr. Manning stated this item passed by unanimous vote by the Appropriative, Non-Agricultural, and Agricultural Pools. The question of whether or not there were any changes made to the assessment package since it was presented at the Appropriative Pool meeting was presented. Ms. Rojo stated there were no changes made.

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

Moved to approve the fiscal year 2005/2006 Assessment Package, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Attorney-Manager Process**

Counsel Fife stated there was a Peace II Workshop held this morning and noted that workshop went very well. It was noted there will be another workshop scheduled in the early part of December.

2. Board Reappointment Update

Counsel Fife stated the hearing for the board reappointment is scheduled at the court for February 9, 2006 and the draft motion for that hearing will be presented to the parties at the December meeting for approval.

B. CEO/STAFF REPORT1. Peace II Workshop

Mr. Manning stated the workshop went well this morning and a follow up workshop will be scheduled as soon as the parties are agree to on available dates to answer the questions which developed out of the workshop today. The workshop will be scheduled as early in December as possible to help accommodate holiday schedules.

2. Recharge Activities Update

Mr. Treweek reviewed the changes that have taken place over the last year with regard to basin capacity, basin refurbishing, and overall changes. Mr. Treweek noted that last year as we approached the storm season, about 50-60% of the basins were in full operating capacity. The others were held up due to physical construction on some sites, by lack of an operating procedure that was acceptable to the Flood Control District, and by the SCADA system not being in place. Mr. Treweek stated that as of today we are operating at 95% availability. Mr. Treweek gave an update on the Turner Basin. The draft Operations Manual has been reviewed by several parties and is now being worked on for the final edits. It is anticipated to have the manual completed prior to the beginning of this years storm season. The SCADA system is complete for what the Flood Control requires; more work is needed on several other areas – progress is being made; however, the system is not fully functional. Mr. Treweek reviewed the basin capacity issues and plans for improvement. A brief discussion ensued with regards to the operating agreement with the County Flood Control Department.

3. Minor Rep Election Update

Mr. Manning noted the minor rep elections were held at last weeks Appropriative and Non-Agricultural Pool meeting. Nicholson Trust and West End Consolidated Water Company both had nominated representatives and after the elections and the votes were tallied it was noted that Mr. Ken Willis of West End Consolidated Water Company won the minor rep election by volume vote.

C. INLAND EMPIRE UTILITIES AGENCY1. MWD Status Report – Richard Atwater

Mr. Atwater stated that Rick Hansen and himself have been working together for the last month regarding the Rialto Pipeline and have made progress in that area. Mr. Atwater spoke on the progress for the back up emergency connections on the Azusa Pipeline.

Mr. Atwater noted the Federal HR177 bill has passed through the House which is very good news. If this bill passes through the Senate, it will provide \$50 million dollars towards the Chino Desalters.

2. Monthly Water Conservation Programs Report

No comment was made regarding this item.

3. Community Outreach/Public Relations Report

No comment was made regarding this item.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Rossi gave an update on the rate elements capacity charge and the new growth charge which will be presented and discussed in concert to the appropriate parties.

Mr. Hansen stated that the Metropolitan Water District is working on some area studies which will start with bottom up planning as opposed to top down planning. The District will work with local retail agencies; Western Municipal Water District, Inland Empire Utilities Agency, and Three Valleys Municipal Water District, utilizing Urban Water Management Plans. This is very good news that the larger agencies will be working with the retail agencies to gather more accurate predictions of numbers for the area studies.

IV. INFORMATION

1. Newspaper Articles

There was no comment made regarding this item.

V. COMMITTEE MEMBER COMMENTS

There was no comment made regarding this item.

VI. OTHER BUSINESS

There was no comment made regarding this item.

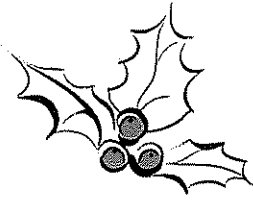
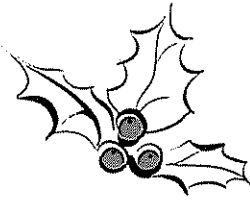
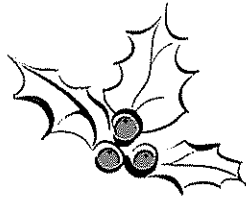
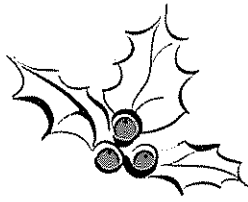
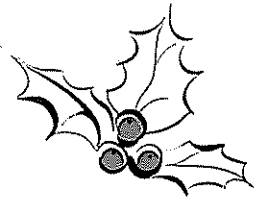
VII. FUTURE MEETINGS

November 17, 2005	8:00 a.m.	Peace II Term Sheet Workshop @ Lions East
November 17, 2005	12:00 p.m.	Lunch @ CBWM
November 17, 2005	1:00 p.m.	Advisory Committee Meeting
November 17, 2005	2:00 p.m.	Watermaster Board Meeting
December 6, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 8, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
December 15, 2005	9:00 a.m.	Advisory Committee Meeting
December 15, 2005	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 2:00 p.m.

Secretary: _____

Minutes Approved: _____

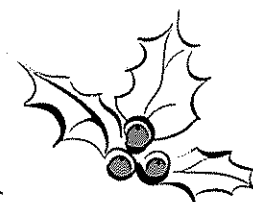
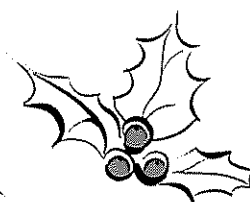
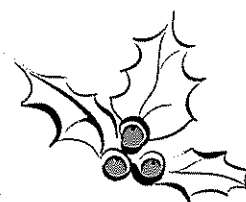
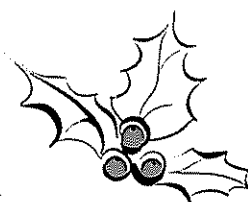
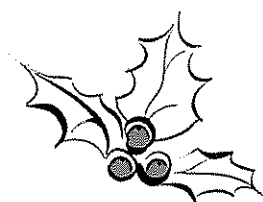


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – November 15, 2005



Draft Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
November 17, 2005

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on November 17, 2005 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
John Anderson	Inland Empire Utilities Agency
Al Lopez	Western Municipal Water District
Bob Kuhn	Three Valleys Municipal Water District
Justin Scott-Coe	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Rosemary Hoerning	City of Upland
Eunice Ulloa	Chino Basin Municipal Water District
Henry Pepper	City of Pomona
Ken Jeske	City of Ontario
Rick Hansen	Three Valleys Municipal Water District
Boyd Hill	Monte Vista Water District
Mark Kinsey	Monte Vista Water District
Carole McGreevy	Jurupa Community Services District

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

It was requested an additional Business Item be added to the agenda for discussion and possible action regarding the recent Peace II Workshop and to address scheduling a follow up workshop.

Motion by Kruger, second by Kuhn, and by unanimous vote
Moved to add an additional business item regarding discussion holding a follow up
Peace II Workshop, as presented

I. CONSENT CALENDAR

A. MINUTES

- 1. Minutes of the Watermaster Board Meeting held October 27, 2005

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C. WATER TRANSACTION

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*Motion by Kuhn, second by Anderson, and by unanimous vote
 Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

A. MATHIS & ASSOCIATES CONSULTANT AGREEMENT

Mr. Manning stated this item passed by unanimous vote by the Appropriative, Non-Agricultural, Agricultural Pools, and the Advisory Committee. There were a few minor changes requested last month on the Mathis & Associate agreement by the Agricultural Pool which were incorporated into the presented agreement along with requested resumes. Mathis & Associates will assist in the areas of personnel issues and strategic planning.

*Motion by Vanden Heuvel, second by Kuhn, and by unanimous vote
 Moved to approve the Mathis & Associates consultant services agreement, as presented*

B. FISCAL YEAR 2005/2006 ASSESSMENT PACKAGE

Mr. Manning stated there was an Assessment Package Workshop held on November 2, 2005 that was well attended. At the workshop Ms. Rojo presented the new format and changes that were incorporated into the 2005/2006 Assessment Package. Ms. Rojo gave a presentation titled, "Assessment Package Fiscal Year Assessments 2005/2006 Based on 2004/2005 Production". It was noted that since the assessment package was finished, now would be the time to calculate the volume votes by pool. There was a question regarding the calculations relating to the allocation of volume votes for the appropriative pool and in particular, what types of Watermaster assessments should be eligible for volume vote consideration. Ms. Rojo noted that part of what staff wants to do is develop a budget package database to tie both the budget and assessment package together. The development of a budget package database will allow integrated production and assessment/budget information which will generate and automate data required for other calculations such as, 1) Assessment fee summaries, 2) Fringe benefit rates, 3) Overhead rates, and 4) Labor budgeting by project. Ms. Rojo noted that due to some minor changes that came out of the workshop the data that was released at the workshop in the binders need to be replaced with revised data that was already presented to all pools during their meetings. A new binder is available for all parties who were not at the workshop and new inserts are available for those who were at the workshop to replace the old information.

*Motion by Vanden Heuvel, second by Anderson, and by unanimous vote
 Moved to approve the FY 2005/06 Assessment Package, as presented*

C. NWRA CALIFORNIA CAUCUS BALLOTS

Mr. Manning stated the National Water Resources Association (NWRA) holds an election for representatives to serve as the California delegates; a list of these candidates has been provided in the meeting packet. A brief discussion ensued with regard to the presented candidates. It was decided to choose five out of the seven listed on the ballot and the committee members asked Mr. Manning to be in charge of faxing the Caucus Ballot to the NWRA.

Motion by Vanden Heuvel, second by Kruger, and by unanimous vote

Moved to approve the selected representatives and to have CBWM fax in the filled out and signed caucus ballot to the NWRA, as presented

D. ASSOCIATION OF CALIFORNIA WATER AGENCIES OFFICER ELECTIONS

Mr. Manning stated a delegate needs to be selected to vote for the open positions for the ACWA's president and vice president positions for the 2006/2007 time frame. The chair inquired to the committee members as to who would be attending the ACWA general session on November 30, 2005. It was noted that Mr. Manning will be attending that meeting and Chair Neufeld nominated Mr. Manning to be the Chino Basin Watermaster delegate.

Motion by Vanden Heuvel, second by Kruger, and by unanimous vote

Moved to approve appointing Mr. Manning to cast the votes on behalf of the Chino Basin Watermaster Board, as presented

Added Business Item:

E. PEACE II AGREEMENT/WORKSHOP

Mr. Kruger stated the workshop this morning was extremely informative and noted there needs to be a follow up workshop to answer questions that came out of the workshop prior to any motion being made on the Peace II Agreement term sheet. Mr. Kruger suggested that counsel contact the court to inform them that Watermaster is not ready to file this agreement. Counsel Fife stated this item needs to be broken into two separate discussions, 1) the follow up workshop, and 2) the request to file papers with the court. Chair Neufeld agreed with counsel and asked that the floor be opened up for discussion on this item. Mr. Kuhn noted he concurred that another workshop needs to be scheduled and added that the proposed Peace II Agreement needs to be released to the Pools for comment and/or discussion. A discussion ensued with regard to the workshop. Mr. Vanden Heuvel offered comment regarding the Attorney Manager meetings and the Peace II Workshop. Mr. Manning stated he thought it was an appropriate time to release the agreement to go through the Watermaster process and that it is a good idea to schedule another workshop to address issues that were brought up at today's workshop. Counsel Fife stated that from what was discussed at this meeting, another workshop will be scheduled in December. It was noted that the workshop can be pared down to a two hour workshop instead of four hours if the parties agree to discuss the questions and concerns that were raised at the last workshop and to not bring in new issues that have not been previously addressed at either the Attorney-Manager meetings or the recent workshop. Mr. Kruger inquired as to the necessity to address the court regarding this issue. Counsel Fife stated there is no requirement from the court that they be notified regarding the Peace II process at the present time. A discussion ensued with regard to the deadline for items that are stated in Peace I. Counsel Fife stated this was an excellent point brought up and Chair Neufeld asked Counsel to look into this further and report back as quickly as possible. The issue was raised regarding the rotation of the Board members leaving the new Board members coming on board at a disadvantage for Peace I items which need decisions. Counsel Fife stated the rotation schedule was set by the court and noted that any change not allowing the new board members to take their seat at the scheduled time would involve court hearings and a rather large process of events. The issue regarding losses was raised which brought about a discussion. Counsel Fife stated that the issue regarding the losses has not yet been reviewed in detail and needs to be examined further. Mr. Jeske stated that the Peace Agreement is a contract which contains

provisions and to suggest a change to that contract without this item being agendized let alone not going through the contract process seems inappropriate at this time. A discussion ensued with regard to the losses and it was noted the Watermaster Board Committee Members agreed this issue will be held off and allow the process to produce additional guidelines.

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

Moved to approve forwarding the Peace II Agreement to the Pools for comment and/or discussion and to schedule a follow up Peace II Workshop, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Process

No comment was made regarding this item.

2. Board Reappointment Update

Counsel Fife stated the hearing regarding the reappointment of the nine member board is scheduled for February 9, 2006 and noted this issue is independent of the Peace II Agreement. Direction has been given by the board to prepare a pleading requesting reappointment of the board; a request for an extension was made which led to the February 2006 hearing date. In order to make the February 9 hearing date, counsel will need to file that motion by January 9, 2006; that pleading will be presented at the December meetings. Mr. Manning noted the dates for the December meetings are listed under Future Meetings.

B. CEO/STAFF REPORT

1. Peace II Workshop

No comment was made regarding this item.

2. Recharge Activities Update

Mr. Treweek reviewed the changes that have taken place over the last year with regard to basin capacity, basin refurbishing, and overall changes. Mr. Treweek noted that last year as we approached the storm season, about 50-60% of the basins were in full operating capacity. The others were held up due to physical construction on some sites, by lack of an operating procedure that was acceptable to the Flood Control District, and by the SCADA system not being in place. Mr. Treweek stated that as of today we are operating at 95% availability. Mr. Treweek gave an update on the Turner Basin. The draft Operations Manual has been reviewed by several parties and is now being worked on for the final edits. It is anticipated to have the manual completed prior to the beginning of this years storm season. The SCADA system is complete for what the Flood Control requires; more work is needed on several other areas – progress is being made; however, the system is not fully functional. Mr. Treweek reviewed the basin capacity issues and plans for improvement. A brief discussion ensued with regards to the operating agreement with the County Flood Control Department.

3. Minor Rep Election Update

Mr. Manning noted the minor rep elections were held at last weeks Appropriative and Non-Agricultural Pool meeting. Nicholson Trust and West End Consolidated Water Company both had nominated representatives and after the elections and the votes were tallied it was noted that Mr. Ken Willis of West End Consolidated Water Company won the minor rep election by volume vote.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

The committee members thanked counsel and staff that participated in assisting at the Peace II Workshop.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

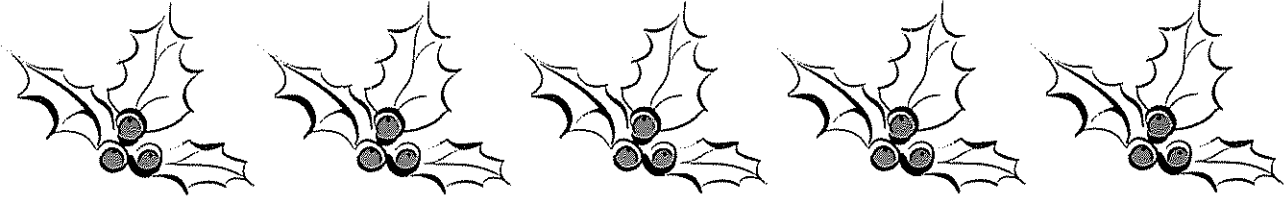
November 17, 2005	8:00 a.m.	Peace II Term Sheet Workshop @ Lions East
November 17, 2005	12:00 p.m.	Lunch @ CBWM
November 17, 2005	1:00 p.m.	Advisory Committee Meeting
November 17, 2005	2:00 p.m.	Watermaster Board Meeting
December 6, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 8, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
December 15, 2005	9:00 a.m.	Advisory Committee Meeting
December 15, 2005	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 3:10 p.m.

Secretary: _____

Minutes Approved: _____

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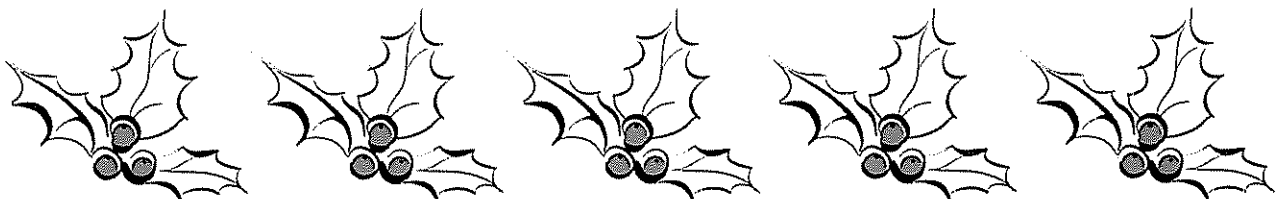


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





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: December 6, 2005
December 8, 2005
December 15, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – November 2005

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for November 2005 be received and filed as presented.

Fiscal Impact – All funds disbursed were included in the FY 2005-06 Watermaster Budget.

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of November 2005 were \$160,693.01. The most significant expenditures during the month were Hatch & Parent in the amount of \$42,509.71.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
November 2005

Type	Date	Num	Name	Amount
Nov 05				
Bill Pmt -Check	11/1/2005	10008	PETTY CASH	-482.80
Bill Pmt -Check	11/8/2005	10009	A & R TIRE	-275.12
Bill Pmt -Check	11/8/2005	10010	ANDERSON, JOHN	-125.00
Bill Pmt -Check	11/8/2005	10011	APPLIED COMPUTER TECHNOLOGIES	-2,777.90
Bill Pmt -Check	11/8/2005	10012	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	11/8/2005	10013	CALIFORNIA WATER AWARENESS CAMPAIGN	-375.00
Bill Pmt -Check	11/8/2005	10014	EXCEL LANDSCAPE	-3,683.00
Bill Pmt -Check	11/8/2005	10015	HAMRICK, PAUL	-125.00
Bill Pmt -Check	11/8/2005	10016	HATCH AND PARENT	-42,509.71
Bill Pmt -Check	11/8/2005	10017	HSBC BUSINESS SOLUTIONS	-720.05
Bill Pmt -Check	11/8/2005	10018	INLAND COUNTIES INSURANCE SERVICES, INC.	-238.57
Bill Pmt -Check	11/8/2005	10019	INSTITUTE OF MANAGEMENT ACCOUNTANTS	-27.50
Bill Pmt -Check	11/8/2005	10020	KRUGER, W C "BILL"	-125.00
Bill Pmt -Check	11/8/2005	10021	KUHN, BOB	-125.00
Bill Pmt -Check	11/8/2005	10022	NEUFELD, ROBERT	-500.00
Bill Pmt -Check	11/8/2005	10023	PARK PLACE COMPUTER SOLUTIONS. INC.	-2,145.00
Bill Pmt -Check	11/8/2005	10024	PAYCHEX	-180.38
Bill Pmt -Check	11/8/2005	10025	PEP BOYS	-172.00
Bill Pmt -Check	11/8/2005	10026	PURCHASE POWER	-192.03
Bill Pmt -Check	11/8/2005	10027	QUILL	-250.84
Bill Pmt -Check	11/8/2005	10028	REID & HELLYER	-12,183.66
Bill Pmt -Check	11/8/2005	10029	STANDARD INSURANCE CO.	-566.60
Bill Pmt -Check	11/8/2005	10030	STATE COMPENSATION INSURANCE FUND	-1,122.76
Bill Pmt -Check	11/8/2005	10031	THE FURMAN GROUP, INC.	-2,590.00
Bill Pmt -Check	11/8/2005	10032	UNITEK TECHNOLOGY INC	-686.36
Bill Pmt -Check	11/8/2005	10033	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	11/8/2005	10034	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	11/8/2005	10035	VERIZON	-389.21
Bill Pmt -Check	11/8/2005	10036	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	11/10/2005	10037	EL TORITO	-169.08
Bill Pmt -Check	11/14/2005	10038	VIP AUTO DETAILING	-384.40
General Journal	11/15/2005	05/11/6	PAYROLL	-5,410.43
General Journal	11/15/2005	05/11/6	PAYROLL	-20,953.08
Bill Pmt -Check	11/16/2005	10039	BURGER TOWN USA	-175.63
Bill Pmt -Check	11/18/2005	10040	A & R TIRE	-195.75
Bill Pmt -Check	11/18/2005	10041	ACWA SERVICES CORPORATION	-222.68
Bill Pmt -Check	11/18/2005	10042	ADEX MEDICAL INC	-76.27
Bill Pmt -Check	11/18/2005	10043	BANK OF AMERICA	-1,883.34
Bill Pmt -Check	11/18/2005	10044	ELLISON. SCHNEIDER & HARRIS, LLP	-4,373.30
Bill Pmt -Check	11/18/2005	10045	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	11/18/2005	10046	LOS ANGELES TIMES	-42.40
Bill Pmt -Check	11/18/2005	10047	MCI	-909.55
Bill Pmt -Check	11/18/2005	10048	OFFICE DEPOT	-1,261.79
Bill Pmt -Check	11/18/2005	10049	PETTY CASH	-527.03
Bill Pmt -Check	11/18/2005	10050	PRINTING RESOURCES	-47.24
Bill Pmt -Check	11/18/2005	10051	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	11/18/2005	10052	STATE WATER RESOURCES CONTROL BD	-3,009.70
Bill Pmt -Check	11/18/2005	10053	CITISTREET	-2,300.00
Bill Pmt -Check	11/18/2005	10054	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,062.16
Bill Pmt -Check	11/18/2005	10055	RICOH BUSINESS SYSTEMS-Maintenance	-705.50
Bill Pmt -Check	11/18/2005	10056	STATE WATER RESOURCES CONTROL BD	-909.70
Bill Pmt -Check	11/18/2005	10057	UNITED PARCEL SERVICE	-421.54
Bill Pmt -Check	11/18/2005	10058	UNITEK TECHNOLOGY INC.	-840.45
Bill Pmt -Check	11/18/2005	10059	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,062.16
Bill Pmt -Check	11/18/2005	10060	STATE WATER RESOURCES CONTROL BD	-549.70
Bill Pmt -Check	11/18/2005	10061	STAULA, MARY L	-136.61
General Journal	11/28/2005	05/11/6	PAYROLL	-5,634.43
General Journal	11/28/2005	05/11/6	PAYROLL	-21,445.39
Nov 05				<u>-160,693.01</u>

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2005 THROUGH OCTOBER 31, 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									-	\$3,984,888
Interest Revenue			57,326	4,974	1,969				64,269	78,330
Mutual Agency Project Revenue									-	0
Grant Income									-	0
Miscellaneous Income									-	0
Total Revenues	-	-	57,326	4,974	1,969	-	-	-	64,269	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	149,400								149,400	621,784
Watermaster Board-Advisory Committee	15,241								15,241	37,018
Pool Administration			5,725	44,175	1,627				51,527	91,153
Optimum Basin Mgmt Administration		424,132							424,132	1,019,183
OBMP Project Costs		707,748							707,748	3,733,694
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,413								10,413	80,004
Total Administrative/OBMP Expenses	175,054	1,131,880	5,725	44,175	1,627			375	1,358,836	5,583,211
Net Administrative/OBMP Income	(175,054)	(1,131,880)								
Allocate Net Admin Income To Pools	175,054		135,938	36,641	2,475				-	0
Allocate Net OBMP Income To Pools		1,131,880	878,961	236,917	16,002				-	0
Agricultural Expense Transfer			314,708	(314,708)					-	0
Total Expenses			1,335,332	3,025	20,104	-	-	375	1,358,836	5,583,211
Net Administrative Income			(1,278,006)	1,949	(18,135)			(375)	(1,294,567)	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						369,248			369,248	0
MZ1 Supplemental Water Assessments									-	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(2,230,970)			(2,230,970)	0
Net Other Income						(1,861,722)			(1,861,722)	(99,000)
Net Transfers To/(From) Reserves			(1,278,006)	1,949	(18,135)	(1,861,722)		(375)	(3,156,289)	(1,618,993)
Working Capital, July 1, 2005			4,450,869	464,653	187,298	3,580,499	158,251	2,238	8,843,808	
Working Capital, End Of Period			3,172,863	466,602	169,163	1,718,777	158,251	1,863	5,687,519	
04/05 Production			127,810.967	34,450.449	2,326.836				164,588.252	
04/05 Production Percentages			77.655%	20.931%	1.414%				100.000%	

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

DEPOSITORIES:

Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	\$ (757,470)	
Savings Deposits	9,672	
Zero Balance Account - Payroll	-	(747,798)
Vineyard Bank CD - Agricultural Pool		411,558
Local Agency Investment Fund - Sacramento		5,900,481

TOTAL CASH IN BANKS AND ON HAND	10/31/2005	\$ 5,564,741
TOTAL CASH IN BANKS AND ON HAND	9/30/2005	6,754,705

PERIOD INCREASE (DECREASE) \$ (1,189,964)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$ 139,072
Assessments Receivable		-
Prepaid Expenses, Deposits & Other Current Assets		-
(Decrease)/Increase in Liabilities: Accounts Payable		(685,531)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		(24,750)
Transfer to/(from) Reserves		(618,755)

PERIOD INCREASE (DECREASE) \$ (1,189,964)

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 9/30/2005	\$ 500	\$ (256,584)	\$ -	\$ 9,672	\$ 410,423	\$ 6,590,694	\$ 6,754,705
Deposits	-	79,385	-	-	1,135	59,787	140,307
Transfers	-	695,900	54,100	-	-	(750,000)	-
Withdrawals/Checks	-	(1,276,171)	(54,100)	-	-	-	(1,330,271)
Balances as of 10/31/2005	\$ 500	\$ (757,470)	\$ -	\$ 9,672	\$ 411,558	\$ 5,900,481	\$ 5,564,741
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (500,886)	\$ -	\$ -	\$ 1,135	\$ (690,213)	\$ (1,189,964)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
10/15/2005	Interest	L.A.I.F.	\$ 59,787				
10/6/2005	Withdrawal	L.A.I.F.	(750,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (690,213)	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 3.18% was the effective yield rate at the Quarter ended September 30, 2005

**INVESTMENT STATUS
October 31, 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	\$ 5,900,481			
TOTAL INVESTMENTS	\$ 5,900,481			

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,

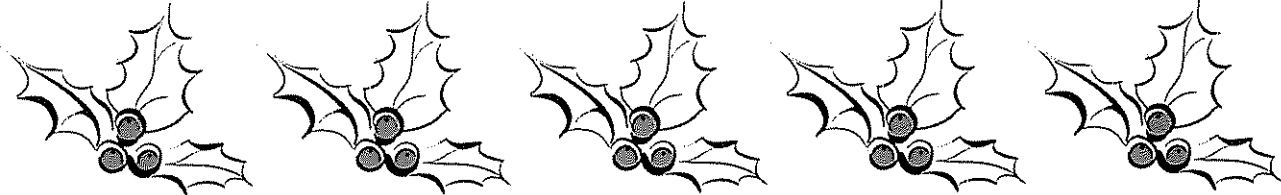
Sheri M. Rojo, CPA
Chief Financial Officer & Assistant General Manager
Chino Basin Watermaster

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

	<u>Jul - Oct 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0.00	132,000.00	-132,000.00	0.0%
4110 · Admin Asmnts-Approp Pool	0.00	4,804,121.00	-4,804,121.00	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0.00	73,425.00	-73,425.00	0.0%
4700 · Non Operating Revenues	64,269.17	78,330.00	-14,060.83	82.05%
Total Income	<u>64,269.17</u>	<u>5,087,876.00</u>	<u>-5,023,606.83</u>	<u>1.26%</u>
Gross Profit	64,269.17	5,087,876.00	-5,023,606.83	1.26%
Expense				
6010 · Salary Costs	108,121.96	404,153.00	-296,031.04	26.75%
6020 · Office Building Expense	27,544.82	97,850.00	-70,305.18	28.15%
6030 · Office Supplies & Equip.	7,555.48	47,500.00	-39,944.52	15.91%
6040 · Postage & Printing Costs	25,554.37	75,700.00	-50,145.63	33.76%
6050 · Information Services	49,530.50	103,500.00	-53,969.50	47.86%
6060 · Contract Services	1,938.98	130,500.00	-128,561.02	1.49%
6080 · Insurance	0.00	24,210.00	-24,210.00	0.0%
6110 · Dues and Subscriptions	2,025.00	14,000.00	-11,975.00	14.46%
6140 · WM Admin Expenses	757.91	6,500.00	-5,742.09	11.66%
6150 · Field Supplies	747.97	4,050.00	-3,302.03	18.47%
6170 · Travel & Transportation	41,076.66	45,200.00	-4,123.34	90.88%
6190 · Conferences & Seminars	1,821.87	17,500.00	-15,678.13	10.41%
6200 · Advisory Comm - WM Board	4,386.87	14,082.00	-9,695.13	31.15%
6300 · Watermaster Board Expenses	10,854.51	29,782.00	-18,927.49	36.45%
8300 · Appr PI-WM & Pool Admin	5,724.79	15,347.00	-9,622.21	37.3%
8400 · Agri Pool-WM & Pool Admin	6,376.78	18,756.00	-12,379.22	34.0%
8467 · Agri-Pool Legal Services	34,772.79	45,000.00	-10,227.21	77.27%
8470 · Ag Meeting Attend -Special	3,025.00	10,000.00	-6,975.00	30.25%
8500 · Non-Ag PI-WM & Pool Admin	1,626.83	7,423.00	-5,796.17	21.92%
6500 · Education Funds Use Expens	375.00	375.00	0.00	100.0%
9500 · Allocated G&A Expenditures	-117,275.85	-378,284.00	261,008.15	31.0%
	<u>216,542.24</u>	<u>733,144.00</u>	<u>-516,601.76</u>	<u>29.54%</u>
6900 · Optimum Basin Mgmt Plan	383,345.76	996,767.00	-613,421.24	38.46%
6950 · Mutual Agency Projects	10,415.00	75,000.00	-64,585.00	13.89%
9501 · G&A Expenses Allocated-OBMP	40,785.75	109,541.00	-68,755.25	37.23%
	<u>434,546.51</u>	<u>1,181,308.00</u>	<u>-746,761.49</u>	<u>36.79%</u>
7101 · Production Monitoring	15,467.11	68,755.00	-53,287.89	22.5%
7102 · In-line Meter Installation	7,486.71	97,954.00	-90,467.29	7.64%
7103 · Grdwtr Quality Monitoring	50,346.50	66,503.00	-16,156.50	75.71%
7104 · Gdwtr Level Monitoring	33,672.91	184,812.00	-151,139.09	18.22%
7105 · Sur Wtr Qual Monitoring	4,962.84	90,223.00	-85,260.16	5.5%
7106 · Wtr Level Sensors Install	0.00	5,734.00	-5,734.00	0.0%
7107 · Ground Level Monitoring	22,692.96	554,825.00	-532,132.04	4.09%
7108 · Hydraulic Control Monitoring	158,793.81	495,368.00	-336,574.19	32.06%
7109 · Recharge & Well Monitoring Prog	181,154.57	133,061.00	48,093.57	136.14%
7200 · PE2- Comp Recharge Pgm	86,520.46	759,105.00	-672,584.54	11.4%
7300 · PE3&5-Water Supply/Desalte	338.93	12,548.00	-12,209.07	2.7%
7400 · PE4- Mgmt Plan	31,121.04	1,081,014.00	-1,049,892.96	2.88%

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

	<u>Jul - Oct 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7500 · PE6&7-CoopEfforts/SaltMgmt	34,032.34	255,769.00	-221,736.66	13.31%
7600 · PE8&9-StorageMgmt/Conj Use	4,667.26	77,268.00	-72,600.74	6.04%
7690 · Recharge Improvement Debt Pymt	0.00	300,000.00	-300,000.00	0.0%
7700 · Inactive Well Protection Prgm	0.00	12,128.00	-12,128.00	0.0%
9502 · G&A Expenses Allocated-Projects	76,490.10	268,742.00	-192,251.90	28.46%
	<u>707,747.54</u>	<u>4,463,809.00</u>	<u>-3,756,061.46</u>	<u>15.86%</u>
Total Expense	<u>1,358,836.29</u>	<u>6,378,261.00</u>	<u>-5,019,424.71</u>	<u>21.3%</u>
Net Ordinary Income	<u>-1,294,567.12</u>	<u>-1,290,385.00</u>	<u>-4,182.12</u>	<u>100.32%</u>
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	600,000.00	-600,000.00	0.0%
4210 · Approp Pool-Replenishment	<u>369,248.00</u>	<u>0.00</u>	<u>369,248.00</u>	<u>100.0%</u>
Total Other Income	<u>369,248.00</u>	<u>600,000.00</u>	<u>-230,752.00</u>	<u>61.54%</u>
Other Expense				
5010 · Groundwater Replenishment	2,230,970.10	699,000.00	1,531,970.10	319.17%
9999 · To/(From) Reserves	<u>-3,156,289.22</u>	<u>-1,389,385.00</u>	<u>-1,766,904.22</u>	<u>227.17%</u>
Total Other Expense	<u>-925,319.12</u>	<u>-690,385.00</u>	<u>-234,934.12</u>	<u>134.03%</u>
Net Other Income	<u>1,294,567.12</u>	<u>1,290,385.00</u>	<u>4,182.12</u>	<u>100.32%</u>
Net Income	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.0%</u></u>

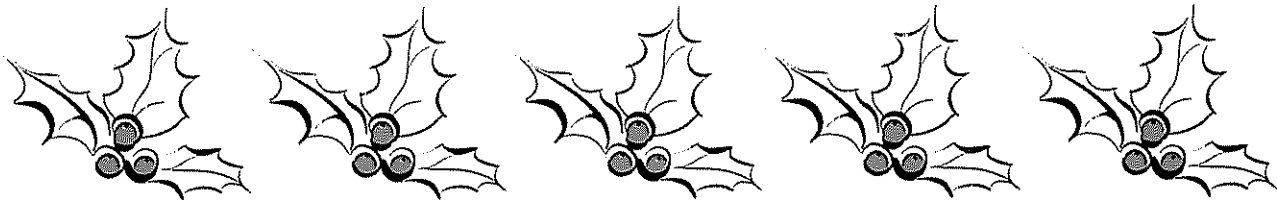


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

1. Consider Approval for Transaction of Notice of Sale or Transfer – Monte Vista Water District has agreed to purchase from the City of Chino Hills a portion of the City's water in storage in the amount of 5,000 acre-feet



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

November 1, 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.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **October 18, 2005** Date of this notice: **November 1, 2005**

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

- A. Notice of Sale or Transfer – Monte Vista Water District has agreed to purchase from the City of Chino Hills a portion of the City’s water in storage in the amount of 5,000 acre-feet.

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

Appropriative Pool:	November 10, 2005
Non-Agricultural Pool:	November 10, 2005
Agricultural Pool:	November 15, 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	Tel: (909) 484-3888
9641 San Bernardino Road	Fax: (909) 484-3890
Rancho Cucamonga, CA 91730	

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: November 1, 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).

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CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel. (909) 484 3888 Fax: (909) 484-3890 www.cbwm.org

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: November 1, 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 – Monte Vista Water District has agreed to purchase from the City of Chino Hills a portion of the City's water in storage in the amount of 5,000 acre feet.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction 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 – Monte Vista Water District has agreed to purchase from the City of Chino Hills a portion of City's water in storage in the amount of 5,000 acre feet.

Notice of the water transaction identified above was mailed on November 1, 2005 along with the materials submitted by the requestors.

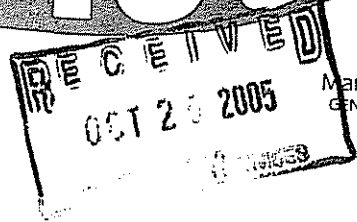
DISCUSSION

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.

Monte Vista

Dedicated to Quality, Service and Innovation


October 18, 2005



Mark N. Kinsey
GENERAL MANAGER

Mr. Ken Manning, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Purchase of Water in Storage: Fiscal Year 2005-06

Dear Mr. Manning 

Please take notice that the Monte Vista Water District has agreed to purchase from the City of Chino Hills a portion of the City's water in storage in the amount of 5,000 acre-feet. Water purchased through this transaction will be utilized by the District to offset Fiscal Year 2005-06 over-production.

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

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

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments

cc: Mike Maestas, City of Chino Hills

Water District

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

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

Transfer from Local Storage Agreement: **18, 18.1, 18.2** Date Requested: **September 12, 2005**

Transferring Party: **City of Chino Hills**

Date Approved:


Address: **2001 Grand Avenue
Chino Hills, California 91709**

Amount Requested (AF): **5,000**


Telephone: **(909) 590-1511**

Amount Approved (AF):

Fax: **(909) 364-2695**



Applicant: **Mike Maestas, Manager of Water/Sewer**



Douglas N. La Belle
City Manager

Attach Recapture Form 4

Receiving Party: **Monte Vista Water District**

Address: **10575 Central Avenue
Montclair, California 91763**

Telephone: **(909) 624-0035**

Fax: **(909) 624-0037**

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

Water Quality and Water Levels:

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

Static water levels range from 504' to 533' below ground levels. Nitrate concentrations range between 19 to 70 ppm.

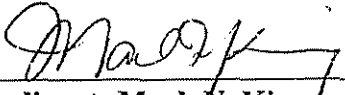
Material Physical Injury:

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

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

N/A

Additional information attached? Yes No



Applicant: Mark N. Kinsey, General Manager

To be completed by Watermaster:

Date of approval from Non-Agricultural Pool:

Date of approval from Agricultural Pool:

Date of approval from Appropriative Pool:

Hearing date, if any:

Date of Advisory Committee approval:

Date of Board approval:

Agreement Number:

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

Monte Vista Water District
Name of Party

October 18, 2005
Date Requested

Date Approved

10575 Central Avenue
Street Address

5,000 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Montclair CA 91763
City State Zip Code

800 – 1,000 AF/month
Projected Rate of
Recapture

6 months
Projected Duration of
Recapture

Telephone: (909) 624-0035

Facsimile: (909) 624-0037

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

IDENTITY OF PERSON THAT STORED THE WATER: City of Chino Hills

PURPOSE OF RECAPTURE

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

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

Recapture by pumping. _____

PLACE OF USE OF WATER TO BE RECAPTURED

For use within the Monte Vista Water District and City of Chino Hills service areas. _____

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

Recapture to occur at regular production wells. _____

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?

Static water levels range from 504' to 533' below ground levels. Nitrate water quality data for District wells range from 19 to 70 ppm. _____

MATERIAL PHYSICAL INJURY

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

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

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED Yes [**X**] No []

Mark N. Kinsey
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 # _____

MONTE VISTA WATER DISTRICT

Recapture Plan

Location of where the recaptured water will be extracted by the District is within Management Zone 1 of the Chino Basin and will be accomplished by any or all of the 10 wells owned and operated by the District. The approximate daily production capacity of these wells is noted below.

The 5,000 AF transfer will be utilized for delivery to the District's retail customers, for delivery to the City of Chino Hills, or to offset the District's Fiscal Year 2005-06 replenishment obligation resulting from actual groundwater production or from the District's participation in in-lieu deliveries to Metropolitan's Dry-Year Yield Storage Account within the Chino Basin.

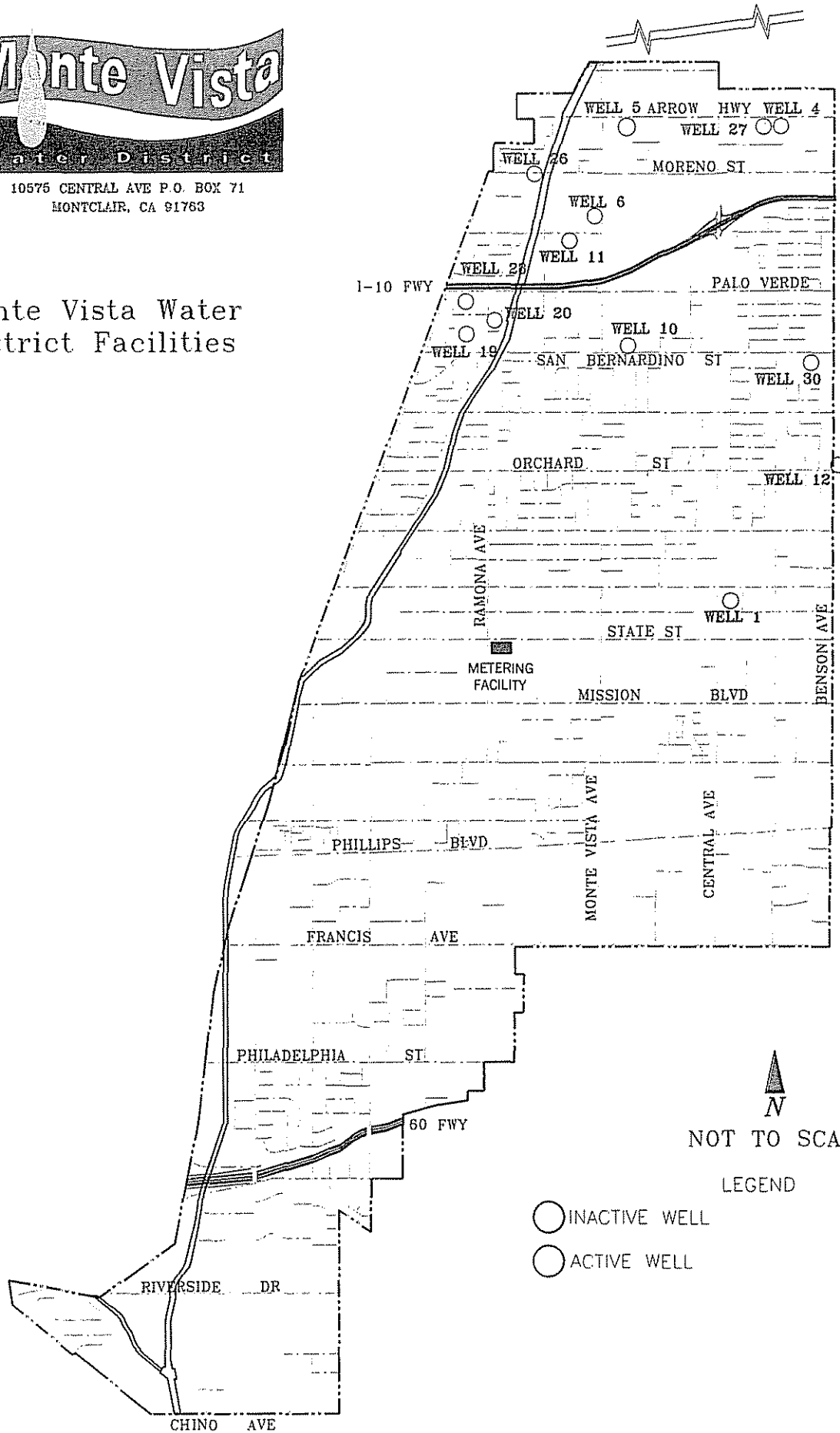
<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
30	9.0
<hr/>	
Daily Total	71.5

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



10575 CENTRAL AVE P.O. BOX 71
MONTCLAIR, CA 91763

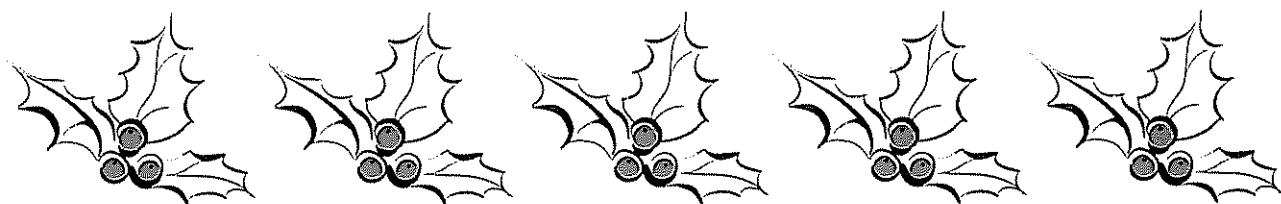
Monte Vista Water District Facilities



NOT TO SCALE

LEGEND

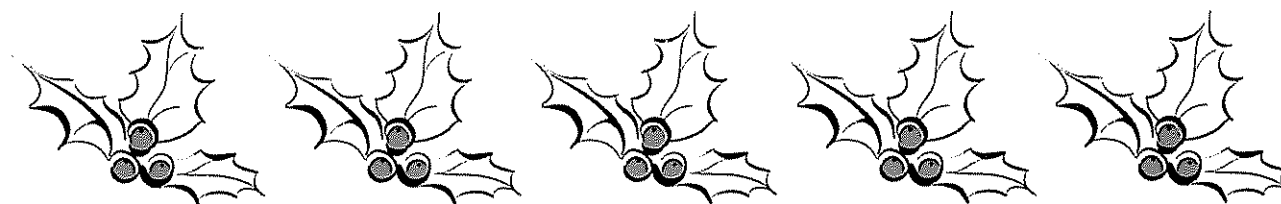
- INACTIVE WELL
- ACTIVE WELL



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

- A. MOTION TO REAPPOINT THE NINE MEMBER BOARD FOR A FURTHER FIVE YEAR TERM**





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: December 6, 2005
December 8, 2005
December 15, 2005

TO: Committee Members

SUBJECT: Motion to Appoint Board for Another Five Year Term

RECOMMENDATION: Staff and counsel recommend the Pools, Advisory Committee and Board direct counsel to complete the draft Motion to Re-Appoint the Nine-Member Board for a Further Five-Year Term and submit to the Court for approval.

On August 30, 2000, the Court issued an Order re-appointing the Watermaster Board for a five-year term to conclude on September 30, 2005. The Court has set a hearing date of February 9, 2006 at 2:00 p.m. to consider re-appointment of the Board for another five-year term.

At the direction of the Board, Watermaster counsel has prepared a draft Motion to Re-Appoint the Nine-Member Board for an additional Five-Year Term.

Staff and counsel recommend that the Pools forward the draft Motion to the Advisory Committee and Board for approval and direct counsel to complete the Motion and file with the Court by January 9, 2006 (30 days prior to the February 9 hearing).

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1 Scott S. Slater (State Bar No. 117317)
Michael T. Fife (State Bar No. 203025)
2 **Hatch & Parent, A Law Corporation**
21 East Carrillo Street
3 Santa Barbara, CA 93101
(805) 963-7000
4 (805) 965-4333

5 **Attorneys For**
CHINO BASIN WATERMASTER

6
7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN BERNARDINO**

10 CHINO BASIN MUNICIPAL DISTRICT

11 Plaintiff,

12 vs.

13 CITY OF CHINO, ET AL.

14 Defendant.

Case No. RCV 51010

[Assigned for All Purposes to the Honorable
MICHAEL GUNN]

**MOTION TO RE-APPOINT THE NINE-
MEMBER BOARD FOR A FURTHER
FIVE YEAR TERM**

Hearing Date: February 9, 2006
Time: 2:00 p.m.

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16
17
18 **I.**

19 **INTRODUCTION**

20 On February 19, 1998, the Court appointed a nine-member Board consisting of
21 representatives from the Overlying (Agricultural) Pool, the Overlying (Non-Agricultural) Pool, the
22 Appropriative Pool, and three municipal water districts to serve as Interim Watermaster for the
23 Chino Basin. On August 30, 2000, Watermaster filed a Motion to Extend the Nine-Member Board
24 for a Full Five-Year Term.¹

25
26
27 ¹ The use of the five-year period as the term for Watermaster appointment is a feature of Paragraph
28 16 of the Judgment which specifies that: "The term of appointment of Watermaster shall be for five
Watermaster."

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When the nine-member Board was appointed in 1998, the central concern of the Court was the completion and adoption of the Optimum Basin Management Program. In 1998, “[t]he Court informed the parties that one of the measures that would be used in determining the effectiveness of the nine-member board, in functioning as a steward of the Basin, would be the progress made on the adoption of an optimum basin management program (“OBMP”) for the Basin.” (September 28, 2000 Order, p.1-2.)

Through the Peace Agreement, Watermaster completed the preparation of the OBMP. Thus, in the August 30, 2000 Motion, Watermaster argued that adoption of the OBMP justified the Court in re-appointing the nine-member Board for a five-year term. The Court accepted Watermaster’s argument and re-appointed the nine-member Board with certain conditions that related to ensuring that the OBMP, having been adopted, would be implemented.

II.
CONDITIONS OF APPOINTMENT

The Court said: “[t]he nine-member board is hereby appointed for an additional five-year term, until September 30, 2005, subject to the continuing jurisdiction of the Court to reconsider the appointment in the event Watermaster fails to timely comply with the following conditions: (1) Watermaster’s report on the status of its efforts to resolve the terms and conditions applicable to the purchase of desalted water and to secure a recession of Western Municipal Water District’s conditional execution of the Peace Agreement . . . ; and (2) Watermaster adoption and Court approval of Revised Rules and Regulations for Chino Basin . . . ; and (3) Submission of Reports Nos. 1 through 10 in accordance with the schedule set forth [in the Order] . . . ; and (4) Inclusion in such reports of schedule and budget information essentially in a form equivalent to Exhibit “E” and Table 4-14 of the Phase I Report; and (5) Watermaster cooperation in the independent assessment and

1 verification of the data included in Reports Nos. 1 through 10 to be provided to the Court by the
2 Special Referee and her technical expert.” (September 28, 2000 Order p.6.)

3 **A. SATISFACTION OF INITIAL CONDITIONS OF APPOINTMENT**

4 Watermaster has fulfilled all of the Court’s five conditions of appointment:

5
6 1. The terms and condition applicable to the purchase of desalted water were resolved
7 through an agreement known as the Integrated Chino Arlington Desalter Term Sheet and the
8 subsequent formation of the Chino Desalter Authority. Based on this, Western Municipal Water
9 District rescinded its conditional execution of the Peace Agreement on April 25, 2001, by way of
10 Western Resolution 2162. Watermaster submitted this resolution to the Court on September 19,
11 2001.

12 2. The Court approved a revised Watermaster Rules and Regulations on July 19, 2001.

13
14 3. Watermaster has exceeded the requirement to file 10 bi-annual OBMP status reports
15 and since the beginning of 2003 has been filing quarterly status reports. Watermaster has completed
16 a total of 15 such status reports.

17 4. Inclusion of schedule and budget information in a form equivalent to that on Exhibit
18 E, Table 4-14 of the Phase I Report has been provided to the Special Referee and the Court
19 periodically and in a satisfactory manner. As the years have passed, the format of this information
20 has departed from the original dictates of the Court, but Watermaster has remained responsive to the
21 expectations of the Special Referee and the Court.

22
23 5. Watermaster has cooperated in the independent verification of the data included in
24 OBMP status reports through periodic meetings between Watermaster staff and consultants and the
25 Special Referee and the Court’s Technical Advisor.
26
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1 **B. ADDITIONAL CONDITIONS OF RE-APPOINTMENT**

2 “The OBMP progress reports, together with independent assessment of OBMP
3 implementation status, including verification of data to be provided by the Special Referee and her
4 technical expert, will be the basis for consideration of continuing the appointment.” (September 28,
5 2000 Order, p.4.)

6 “The Court hereby gives notice to the parties that a primary concern of the Court in any
7 future application for reappointment of the nine-member board will be the parties’ continued
8 commitment to provide for future desalters and preserve safe yield in accordance with the OBMP.”
9 (September 28, 2000 Order p.5.) “The parties are forewarned that any future application for
10 reappointment of the nine-member board may be conditioned on the development of a detailed plan
11 to reach the OBMP goal of 40,000 acre-feet per year of desalting capacity to be installed in [the]
12 southern part of the Basin by 2020.” (September 28, 2000 Order p.7.)

13 At the September 28, 2000 hearing, the Court also provided additional guidance on the
14 factors that would be relevant to the consideration of re-appointment:
15

- 16 “1. All production meters will be installed;
17
18 2. Basin monitoring will be completely in place and will have been the basis for the
19 semi-annual reports specified in my Order;
20
21 3. The Recharge Master Plan will be complete and appropriate recharge facilities will
22 have been installed; and
23 4. The OBMP Desalter I Expansion and Desalter II will be installed and operational,
24 with demonstrated delivery of desalter water for municipal use in the Basin.”

25 (Handout re September 28, 2000 Order from Court to Watermaster General Counsel and
26 memorialized at the Court’s direction in the September 28, 2000 Notice of Entry of Order.)
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C. SATISFACTION OF ADDITIONAL CONDITIONS OF RE-APPOINTMENT

1. Watermaster's State of the Basin Report describes the installation of meters as follows: "As of June 1, 2005, Watermaster counted about 530 active agricultural wells. About 390 of these wells are now equipped with operating inline flow meters. Watermaster has budgeted to install meters on 30 additional wells during the fiscal year 2005-06. Of the approximately 110 unmetred wells remaining, approximately 65 are wells producing less than 10 acre-feet per year. The other 45 wells are anticipated to become inactive within 18-24 months because of urban development in the southern portion of Chino Basin." (State of the Basin Report 3-2.)

2. Under OBMP Program Element 1, Watermaster has developed numerous monitoring programs. The accomplishments of these programs are described in detail in Watermaster's State of the Basin Report, which is attached to this pleading as Exhibit "A."

In summary, Watermaster has programs to monitor groundwater level, groundwater production, and artificial recharge. These three programs are described in chapter 3 of the State of the Basin Report. Watermaster also monitors water quality throughout the Basin and these efforts are described in chapter 4 of the State of the Basin Report. Watermaster conducts ground level monitoring and these efforts are currently focused on MZ1 subsidence issues. The ground level monitoring activities are described in chapter 5 of the State of the Basin Report. Watermaster closely monitors activities at all of the recharge basins and these activities are described in chapter 6 of the State of the Basin Report. Finally, Watermaster conducts detailed monitoring of the condition of hydraulic control, which is the relationship between the groundwater basin and the surface water of the Santa Ana River. This program is described in chapter 8 of the State of the Basin Report and in the May 2004 Hydraulic Control Monitoring Program Final Workplan. This project consisted in the construction of nine wells at an estimated cost of \$1,500,000 (State of the Basin 9-5.).

1 3. The parties completed the Recharge Master Plan Phase II Report in August 2001. The
2 Recharge Master Plan described a series of recharge basin improvements that would enhance the
3 water supply of the Basin through the ability to capture more stormflow. Because of the magnitude
4 of the project, the Recharge Master Plan recommended a phased approach to implementation.
5 However, the parties decided that given the importance of the project that implementation should
6 move forward as quickly as possible. The full project was a \$40 million series of construction
7 activities that were completed in the fall of 2004.

9 The project is anticipated to be fully operational in 2006. Based in lessons learned during the
10 2004-2005 storm season, further refinements to the recharge basins are being developed.

11 4. In 2001, the parties created a Joint Powers Agency known as the Chino Desalter
12 Authority to own and operate the Chino Basin Desalters. The progress of the desalters is reported in
13 great detail in chapter 9.2 of the State of the Basin Report. According to the April 2005 CDA
14 Progress Report, the expansion of the Chino I Desalter and the construction of Chino II are estimated
15 to be complete by February 2006.

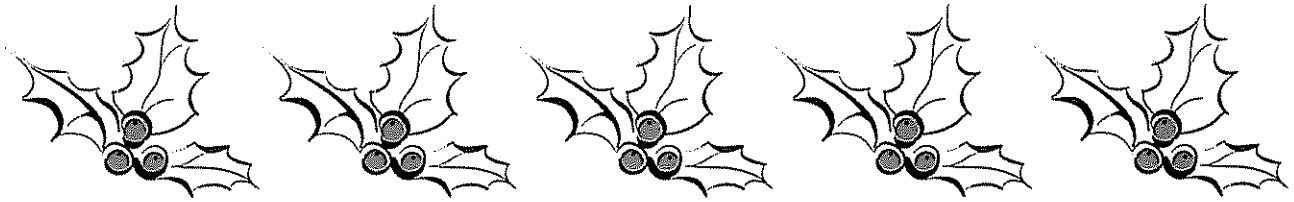
17 **III.**

18 **MOTION FOR RE-APPOINTMENT**

19 Based on all of the forgoing, Watermaster respectfully requests the Court to re-appoint the
20 nine-member Watermaster Board for another five-year term beginning February 9, 2006 and ending
21 February 9, 2011.

24 Dated: _____, 2005

25 By: _____
26 HATCH & PARENT
27 Scott S. Slater
28 Michael T. Fife
Attorneys for Chino Basin Watermaster

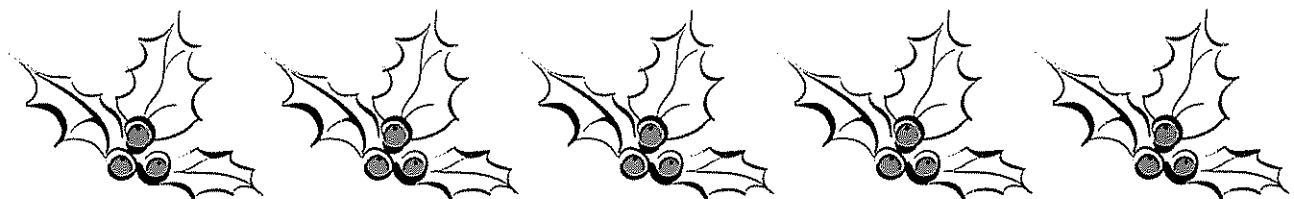


CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

A. Attorney-Manager/Peace II Agreement



Peace II

The management and legal counsel ("party representative") for the undersigned agencies recommend the adoption and approval of the attached Peace II as a "non-binding" Term Sheet by each of their respective principals, councils and governing boards from which a final and binding agreement will be developed for consideration and approval by Watermaster and the Court and for execution by each party. The initialing by any party representative shall not be construed in any way as a binding, final action of any principal, council or governing board as to any term set forth in Peace II.

CITY OF ONTARIO

BY: _____

CITY OF POMONA

BY: _____

CITY OF UPLAND

BY: _____

STATE OF CALIFORNIA

BY: _____

CITY OF CHINO

BY: _____

CUCAMONGA VALLEY WATER DISTRICT

BY: _____

MONTE VISTA WATER DISTRICT

BY: _____

FONTANA UNION WATER COMPANY

BY: _____

CITY OF CHINO HILLS

BY: _____

JURUPA COMMUNITY SERVICES DISTRICT

BY: _____

AGRICULTURAL POOL

BY: _____

APPROPRIATIVE POOL

BY: _____

NON-AGRICULTURAL POOL

BY: _____

INLAND EMPIRE UTILITY AGENCY

BY: _____

THREE VALLEYS

MUNICIPAL WATER DISTRICT

BY: _____

WESTERN MUNICIPAL WATER DISTRICT

BY: _____

SAN ANTONIO WATER COMPANY

BY: _____

CHINO BASIN WATER CONSERVATION DISTRICT

BY: _____

FONTANA WATER COMPANY

BY: _____

**I.
RECITALS**

WHEREAS, on July 13, 2000, the Court maintaining jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010 approved a Peace Agreement amongst the parties to that case which resolved various issues that were at that time inhibiting the implementation of the Chino Basin Optimum Basin Management Program ("OBMP").

WHEREAS, the Effective Date of the Peace Agreement is October 1, 2000.

WHEREAS, section 5.1(g) of the Peace Agreement specifies Watermaster will arrange for the Physical Recharge of Supplemental Water in Management Zone 1 ("MZ1") in an amount of 32,500 acre-feet averaged over a period of five years commencing with fiscal year 2000-2001, and continuing until the actual recharge of has been completed and whereafter, Watermaster shall evaluate the need to continue physical recharge in accordance with specified criteria.

WHEREAS, section 5.2(b) of the Peace Agreement specifies that after a period of five years from the Effective Date Watermaster can take a variety of actions with respect to Local Storage including establishing a rate of loss from storage accounts. Section 5.2(b) further specifies that the cumulative maximum for all Local Supplemental Storage will be 50,000 acre-feet.

WHEREAS, section 5.3(e) of the Peace Agreement clarifies the rights of members of the Overlying (Non-Agricultural) Pool to transfer or lease Production rights.

WHEREAS, section 5.4(d) of the Peace Agreement describes a process whereby parties to the Judgment can apply to Watermaster to receive a credit, and directs Watermaster to adopt reasonable procedures to evaluate such Applications.

WHEREAS, section 5.5 of the Peace Agreement describes Watermaster's duties with regard to Salt Credits. Watermaster's duties with regard to salt credits, whatever they may have been, were subsequently altered by Court Order Directing Watermaster to Proceed in Accordance with the Peace Agreement as Amended by the First Amendment dated December 2, 2004.

WHEREAS, Part VII of the Peace Agreement discusses Desalters with an acknowledgment that as of the time of the Peace Agreement the size and timing of Future Desalters that may occur were dependent upon variables not then subject to reliable estimates.

WHEREAS, water quality issues are a matter of concern in the Chino Basin and the Fontana Water Company division of San Gabriel Valley Water Company ("FWC") is involved in issues relating to the discovery of perchlorate levels in its wells that exceed the then existing action levels (now designated the notification level) established by the California Department of Health Services.

WHEREAS, Watermaster's Rules and Regulations section 6.3(c) describes the process to be followed until Fiscal Year 2005-2006 in the event that total Production from all the uses set forth in section 6.3(a) of the Rules and Regulations exceeds 82,800 acre-feet in any year.

WHEREAS, the parties have enjoyed substantial benefits under the Peace Agreement and wish to continue implementation of the OBMP as the terms of the Peace Agreement are supplemented as provided herein.

WHEREAS, it is therefore appropriate at this time to enter into a further agreement in order to supplement the terms associated with the issues described above.

NOW THEREFORE BE IT HEREBY AGREED ACCORDING TO THE FOLLOWING TERMS:

II. DEFINITIONS AND RULES OF CONSTRUCTION

- A. Definitions. All terms used in the Judgment, Peace Agreement and the Rules and Regulations shall have the meanings as assigned to them in those documents. Specific additional defined terms include the following:
- (1) "Basin Re-Operation" shall mean the managed lowering of groundwater levels over a minimum period of twenty-five years, according to the recommendations of Watermaster's Hydraulic Control Operating Plan.
 - (2) "Hydraulic Control" shall mean the maintenance of lowered water levels and other measures in order to minimize outflow to the Santa Ana River. A map that demonstrates the general area in which managed extraction will be primarily undertaken to secure Hydraulic Control is attached hereto as Exhibit "A."
- B. Rules of Construction Generally. All rules of construction contained in the Judgment, Peace Agreement and Rules and Regulations are incorporated herein by this reference.
- C. Priority of Interpretation. The priority of interpretation as between the Judgment, Peace Agreement and Rules and Regulations is described in the Rules and Regulations section 1.3. This Agreement shall be construed consistent with the Judgment, Peace Agreement and the Rules and Regulations. In the event of conflict between this Agreement and the Judgment, the Judgment will prevail. In the event of conflict between this Agreement and the Peace Agreement, this Agreement shall prevail. In the event of conflict between this Agreement and the Rules and Regulations, this Agreement shall prevail.

III. CONDITIONS PRECEDENT

The Parties acknowledge that the terms of this Agreement shall not become effective until certain identified express conditions precedent are satisfied. The satisfaction of each of these conditions is dependent upon the successful completion of subsequent negotiation, documentation and approvals that are essential pre-requisites to the creation of legally binding commitments among the Parties. The Parties have identified the following items as those that shall act as such conditions precedent.

- A. Execution of this Agreement.
- B. Watermaster Approval of Conforming Amendments to Watermaster Rules and Regulations.
- C. Court Approval of Judgment Amendments.
- D. CEQA Compliance by Parties to the Judgment.
- E. Compliance with all Applicable Law.

IV. LOCAL STORAGE

- A. The terms of all Local Storage Agreements as provided in the Peace Agreement and as previously authorized pursuant to the Rules and Regulations shall be extended for an additional five-year term from October 1, 2005 until October 1, 2010.
- B. In accordance with paragraph 5.2(b)(xii) of the Peace Agreement, Watermaster will establish uniform losses for all water held in storage at a rate of 6% per year beginning in fiscal year 2005-2006 and for each year thereafter until modified by findings approved by Watermaster based upon substantial evidence supporting a substitute loss rate.
 - 1. The establishment of the 6% loss figure will be based upon the substantial evidence and prior investigations and analysis of Watermaster regarding the potential losses to water held in storage accounts "but for" the implementation of the OBMP and further measures to achieve and maintain Hydraulic Control.
 - 2. Watermaster shall develop conforming Rules and Regulations concerning the implementation of the 6% loss factor.
- C. Any water lost from storage shall be deemed salvaged and recaptured for distribution to the parties pursuant to the implementation of the OBMP and specifically pursuant to the requirements of the Hydraulic Control Operating Plan.

1. Water lost from storage will be available to Watermaster and dedicated to the members of the Appropriative Pool pro rata based on each Producer's combined total share of Operating Safe Yield and the previous year's actual production, so long as the Producer has:
 - (a) participated in implementation of the OBMP.
 - (b) paid all their applicable Watermaster assessments.

- D. Any person may reduce the uniform loss percentage applied to its storage account from 6% to less than one percent, if it is in compliance with its continuing covenants made during the Peace I process as provided in paragraph E., below, or paid a "financial equivalent" for past performance and promised future compliance. This fee shall be used by Watermaster for the purpose of implementing the OBMP and shall be an initial amount of \$1,200 per acre-foot and adjusted thereafter to account for additional contributions by the Parties to the Judgment.
 1. Watermaster will develop and maintain a "financial equivalent" for an average stakeholder covenant to comply with the terms of the Peace Agreement and this Agreement. A present estimation of this "financial-equivalent" is attached hereto as Exhibit "B "

- E. Any person may have their loss figure for their Storage Account reduced from 6% to less than one percent where they:
 1. are current on all OBMP assessments; and
 2. are in compliance with the contractual covenants of the Peace I and II processes.
 - or*
 3. paid the estimated "financial equivalent".

- F. The current cap of 50,000 af of Storage of Supplemental Water described in section 5.2(b) of the Peace Agreement shall be raised to 100,000 AF. Any party to the Judgment may make Application to Watermaster to store Supplemental Water pursuant to the terms of section 5.2(b) of the Peace Agreement except that the rebuttable presumption applicable to Local Storage Agreements described in Peace Agreement section 5.2(b)(v) shall no longer be in effect.

V.
Future Desalters

- A. The next increment of desalter capacity shall be a cumulative expansion of groundwater production and desalting from the Chino II Desalter in such amount as may be necessary and prudent to achieve Hydraulic Control. The terms of this expansion are described in the Term Sheet with Western Municipal Water District of Riverside County attached to this agreement as Exhibit "C."
- B. As a component of Watermaster's obligations pursuant to Article XI.F. of this Agreement, Watermaster will prepare a summary of the cumulative total of groundwater production and desalting from all authorized Desalters (Peace I Desalters and Future Desalters) and other activities authorized by the OBMP as provided in the Peace Agreement in a schedule that identifies the total change in groundwater storage that will result from the implementation of Hydraulic Control and the characterization of water that will be produced by all authorized Desalters for the initial Term of the Peace Agreement.
- C. For the remaining initial term of the Peace Agreement the parties will forgive 100% of the Replenishment Assessment associated with the operation of the existing Desalter I, Desalter I Expansion, and Desalter II as configured by the Peace Agreement. In addition, the Replenishment Assessment for the proposed 10,000 AFY (9 mgd) expansion of groundwater production and desalting from Desalter II described in Article V A., above, and as more specifically addressed in Exhibit "C" to this Agreement that is required to meet and maintain Hydraulic Control will also be forgiven for the initial Term of the Peace Agreement in a manner consistent with the schedule described in Article IV.B., above. However, in no event will the total forgiveness of Replenishment Assessments applicable to all Desalters exceed forgiveness for 42,705 acre-feet in any year. In all cases, such forgiveness shall be based upon the use of the Desalters to pump the amount of water necessary in order to implement Basin Re-Operation and Hydraulic Control. Accordingly, the Peace Agreement section 7.5 shall be amended to add groundwater made available by Basin Re-Operation and Hydraulic Control as the second priority source for Desalter Replenishment, and eliminating sections 7.5(c) and 7.5(d). In the event that a Replenishment obligation is subsequently required for any part of the groundwater production by all Desalters in excess of that accruing under section 7.5 of the Peace Agreement during the Initial Term of the Peace Agreement, the responsibility of the Parties will be determined by Watermaster and the Court in accordance with the relative equities in consideration of the burdens assumed and benefits received.
- D. The obligations of the Parties, whatever they may be, regarding Replenishment Assessments attributable to all Desalters and Future Desalters in any renewal term are not altered by this Agreement.
- E. Upon completion of the implementation of a 10,000 AFY (9 mgd) expansion of groundwater production and desalting from Desalter II, and all other measures concerning Hydraulic Control as provided herein and in the OBMP, the Parties will be

deemed to have satisfied all obligations, whatever they may be, with regard to Future Desalters as described in Part VII of the Peace Agreement.

- F. Nothing herein shall be construed to preclude any Party from any of the following: (i) pursuing Future Desalters in addition to the 10,000 AFY (9 mgd) expansion of groundwater production and desalting proposed by Western as described in Article V A., above; (ii) proposing and executing a mutually acceptable agreement with Watermaster for an alternative 10,000 AFY (9 mgd) Future Desalter project in coordination with or in lieu of the Western proposal by March 1, 2006; or (iii) upon a determination by Western that it does not intend to proceed as provided in Exhibit "C," substituting itself for Western and completing the proposed expansion under terms the Parties may mutually establish.

VI. Water Quality

- A. Consistent with Watermaster's power and responsibility to maintain and improve water quality, Watermaster should assist and cooperate with the RWQCB.
 - 1. Watermaster shall have the discretion to assist the RWQCB in whatever manner it deems appropriate, including, but not limited to:
 - (a) Assisting the RWQCB in conducting investigations into water quality anomalies,
 - (b) Initiating studies regarding water quality in the Basin,
 - (c) Identifying contaminants in the Basin and investigating impact of those contaminants in the Basin,
 - (d) Identifying and proceeding against known PRPs on behalf of the Parties to the Judgment or where required assist the impacted water supplier.
 - 2. However, at no time shall Watermaster take a position that is adverse to other parties to the Judgment, except when required to defend itself in a judicial or administrative hearing.
- B. Consistent with Watermaster's power and responsibility to maintain and improve water quality, Watermaster should pursue funding from state and federal agencies to remediate water quality anomalies and improve or maintain water quality in the Basin. Watermaster should assist any Party to the Judgment in its efforts to obtain funds from state and federal agencies to remediate water quality anomalies and improve or maintain water quality in the Basin.
- C. Any party to the Judgment may pursue a separate course of action to address water quality concerns. Such separate action may include litigation or other appropriate measures.

1. If a party to the Judgment initiates litigation, Watermaster may assist the affected party in gathering legal and technical information.
2. Watermaster may participate in the litigation as *amicus curiae*, as the Watermaster and the affected party deem appropriate
 - (a) Watermaster shall exercise reasonable efforts to not interfere with any on-going litigation strategy initiated by any Appropriator.
 - (b) Prior to any party to the Judgment filing any action against the Department of defense or other State, Federal or County agency or department, Watermaster shall be fully informed of the pending action (Where those actions may affect Watermaster and the parties to the Judgment).
 - (c) To the extent it is practicable and legally permissible, Watermaster shall be notified of any settlement action resulting from an independent action brought by an Appropriator against a PRP.
 - (d) To the extent it is practicable and legally permissible, Watermaster shall be entitled to reasonable compensation for its actions, assistance and efforts in support of any action pursued from the PRPs.
 - (e) The affected Party may request Watermaster's assistance in negotiating with PRPs or other parties to the litigation.
 - (f) The affected Party has full discretion to control the scope and manner of any litigation initiated by the affected Party.
3. Actions to investigate, conduct studies, manage or gather information related to water quality issues are within the scope of Watermaster duties and are procedural and do not require an amendment to the Judgment.
4. Special terms relating to perchlorate contamination in the service area of the Fontana Water Company in the Chino Basin.
 - (a) Statement of Perchlorate Issues
 - i. Perchlorate is a chemical used in explosives, fireworks and other flammable material. On or about January 18, 2002, the "action level" for perchlorate in drinking water was lowered by the Department of Health Services to 4 parts per billion, and groundwater wells reaching the action level were subject to voluntary closure.
 - ii. In the course of routine testing, the Fontana Water Company division of San Gabriel Valley Water Company ("FWC") discovered that perchlorate levels in 7 of its groundwater wells in

the Chino Basin had reached or exceeded the then existing action level (now designated the notification level). These wells, with a combined capacity of 14,900 gallons per minute, were shut down, and alternative but more expensive sources were tapped to replace that lost supply.

- iii. FWC believes that the sources of that perchlorate contamination were the County of San Bernardino's MidValley Sanitary Landfill, the U.S. Department of Defense and its contractors at the former Rialto Ammunition Storage Point, and the sites of former and existing explosives and fireworks businesses. All these sources are located in the adjoining Colton-Rialto Basin, where perchlorate contamination had resulted in the closing of groundwater wells of the cities of Colton and Rialto and the West Valley Water District.
- iv. Working with other affected entities, FWC retained the services of experienced counsel who retained experts to investigate the sources of the perchlorate contamination. Extensive proceedings have involved the California Regional Water Quality Control Board for the Santa Ana Region, the State Department of Toxic Substance Control, the U.S. EPA, and numerous other agencies and local, state, and federal officials.
- v. FWC is seeking to identify other potential sources of the perchlorate contamination and restore its contaminated wells to full service as soon as wellhead treatment facilities can be designed and constructed. FWC also seeks funding for past and current expenses of replacement water, remediation and reimbursement for other costs and for attorney and other expenses.
- vi. So far as we know now, no other party to the Chino Basin Judgment other than Ontario has closed its wells due to perchlorate contamination. The situation is subject to continuing review.

(b) Statement of Concerns

- i. FWC should continue to vigorously pursue its activities described in sections C.5.(a)iv and C.5.(a)v above without disruption by any action of the Chino Basin Watermaster ("Watermaster"). In fact, Watermaster has not interfered in any way.
- ii. Watermaster and FWC should cooperate in any useful way to resolve the perchlorate contamination in Fontana Water Company's affected wells and to take appropriate action to avoid further spreading of the perchlorate in the Chino Basin.

(c) Suggested Resolutions

- i. FWC and its counsel should brief Watermaster, its staff, its counsel and attorneys/managers group on the general status of the perchlorate proceedings identified in sections C.5.(a)iv and C.5.(a)(v). The briefings must be subject to the ground rule of confidentiality in the attorney/managers meetings, and should be held at reasonable times and places agreeable to FWC and Watermaster.
- ii. Watermaster, its staff and counsel should cooperate with FWC in any requests for assistance on legal or engineering aspects. Other parties are encouraged to cooperate in any reasonable way.
- iii. It is the thrust of this issue statement that FWC should be free to pursue its remedies without interference and without unnecessary duplication by Watermaster, but with full cooperation between them. In this manner, the interests of the Chino Basin are most efficiently and effectively protected.
- iv. In its sole discretion, Watermaster reserves its right to revise this approach after notice and hearing.

(d) Structural or Watermaster Process Issues

- ii. Water quality process issues, including perchlorate issues can be handled by Watermaster resolution or other action under the Judgment and its Rules and Regulations. No new document or amendment of the Judgment or Peace Agreement is needed.
- iii. Other water quality issues that may arise should be analyzed separately.

5. Other Perchlorate Contamination

- (a) As perchlorate contamination issues are hereafter identified in the wells of parties to the Judgment other than FWC, Watermaster shall identify such perchlorate contamination, provide to each such party at least equal cooperation and assistance and use its best efforts to coordinate the activities of such parties with the activities of FWC regarding perchlorate contamination.

VII. Credits

- A. The Pomona Credit will continue for the duration set forth in the Peace Agreement. The financial responsibility for the “Pomona Credit” described in section 5.4(b) of the Peace Agreement will be the sole and exclusive financial responsibility of the Three Valleys Municipal Water District (“TVMWD”). Within 90 (ninety) days of each five year period following the Effective Date of this Agreement, TVMWD shall make an election whether to continue or terminate its responsibilities under this paragraph. TVMWD shall provide written notice of such election to Watermaster. Watermaster will provide an annual invoice TVMWD for the amount of the credit. In any renewal Term, TVWMD will continue to make an equivalent financial contribution which TVWMD consents to Watermaster’s use for the benefit of MZ1, subject to the same conditions set forth above with respect to TVMWD’s payment of the “Pomona Credit.”
- B. The Peace Agreement will be amended to eliminate credits and reimbursements as described in Peace Agreement § 5.4(d), other than the Pomona Credit as provided in A., above.

VIII. Overlying (Non-Agricultural) Pool

- A. Watermaster will purchase all of the Non-Agricultural Pool water held in storage as of 12/31/05 in accordance with the following terms.
 - 1. The quantity is presently estimated between 40,000 AF and 50,000 AF.
 - (a) Delivery of the water to Watermaster will be upon the effectiveness of Peace II.
 - (b) Payment will be made in four annual installments over a four-year period commencing upon the effective date of this Agreement.
 - (c) Fixed price escalation each year with the price in the initial year being \$215, in Year Two \$220, in Year Three \$225, and in Year Four \$230.
 - (d) The water obtained by Watermaster will be available for use in connection with a Storage and Recovery Project with third parties TBD; or in connection with Desalter Replenishment pursuant to the Judgment and the Peace Agreement. Watermaster will exercise reasonable best efforts to secure a purchaser of the Non-Agricultural Pool water as soon as practicable.
 - (e) The Non-Agricultural Pool water will be made available to the appropriators in accordance with the following process:

- (1) By December 31 of each year, the members of the Non-Agricultural Pool shall notify Watermaster of the amount of water each member shall make available for purchase by the Appropriators. By January 31 Watermaster shall provide a Notice of Availability of each Appropriator's pro-rata share of such water;
 - (2) Except as provided in (4) below, each member of the Appropriative Pool will have a right to purchase its pro-rata share of the supply made available from the Non-Agricultural Pool at the price established in A.1.(c) above. Each member's pro rata share of the available supply will be based on each Producer's combined total share of Operating Safe Yield and the previous year's actual production;
 - (3) If any member of the Appropriative Pool fails to irrevocably commit to their allocated share within 30 days of the Notice of Availability, its share of the Non-Agricultural Pool water will be made available to all other members of the Appropriative Pool according to the same proportions as described in A.1.(e)(2) above and at the price established in A.1.(c) above. Each member of the Appropriative Pool shall make payment for its share by July 31.
 - (4) Parties shall only be eligible to purchase their pro rata share under this provision if the party is:
 - (i) current on all their OBMP assessments; and
 - (ii) in compliance with the contractual covenant of the Peace I and II processes.
- B. Watermaster guaranteed purchase of surplus Non-Agricultural Pool water on an annual basis at 92% of the then prevailing "MWD Replenishment Rate." The water obtained by Watermaster will be made available to the members of the Appropriative Pool in accordance with the procedures set forth in A.1.(e) above.
- C. Nothing herein shall be construed to effect or limit the rights of any Party to offer or accept an assignment as authorized by the Judgment Exhibit "G" paragraph 6, or to effect the rights of any Party under a valid assignment.

IX. 6,500 Acre-Foot Supplemental Recharge

- A. A fundamental premise of the Physical Solution is that all water users dependent upon Chino Basin will be allowed to pump sufficient waters from the Basin to meet their requirements. To promote the goal of equal access to groundwater within all areas and sub-areas of the Chino Basin, Watermaster has committed to use its best efforts to direct recharge relative to production in each area and sub-area of the Basin and to achieve long term balance between total recharge and discharge.

- B. To assist Watermaster in providing for recharge, the Peace Agreement sets forth a requirement for Appropriative Pool purchase of 6,500 acre-feet per year of Supplemental Water for recharge in Management Zone 1 (MZ1). The purchases have been credited as an addition to Appropriative Pool storage accounts. The water recharged under this program has not been accounted for as replenishment water.
- C. Watermaster is required to evaluate the continuance of this requirement in 2005 by taking into account provisions of the Judgment, Peace Agreement and OBMP, among all other relevant factors. It has been determined that other obligations in the Judgment and Peace Agreement, including the requirement of hydrologic balance and projected replenishment obligations, will provide for sufficient wet water recharge to make the separate commitment of Appropriative Pool purchase of 6,500 acre-feet unnecessary. Therefore, because the recharge target as described in the Peace Agreement has been achieved, further purchases under the program will cease.
- D. The parties acknowledge that, regardless of replenishment obligations, Watermaster will independently determine whether to require wet water recharge within MZ1 to maintain hydrologic balance and to provide equal access to groundwater. Watermaster will conduct its recharge in a manner to provide hydrologic balance, within, and will emphasize recharge in MZ1. Accordingly, the Parties acknowledge and agree that each year Watermaster shall be guided in the exercise of its discretion concerning recharge by the principles of hydrologic balance.

X. Agricultural Pool Reallocation

- A. Effective FY 2006-2007, Section 6.3(c) of the Watermaster Rules and Regulations shall be amended to read:

“(c) In the event actual Production from the Agricultural Pool does not exceed 82,800 acre-feet in any one year or 414,000 acre-feet in any five years but total allocation from all the uses set forth in section 6.3(a) above exceeds 82,800 acre-feet in any year, the amount of water made available to the members of the Appropriative Pool under section 6.3(a) shall be reduced pro rata in proportion to the benefits received by each member of the Appropriative Pool through such allocation. This reduction shall be accomplished according to the following procedure:

1. All of the amounts to be made available under 6.3(a) shall be added together. This amount shall be the “Potential Acre-Feet Available” for Reallocation.
2. Each Appropriative Pool member’s potential share of the Potential Acre-Feet Available for Reallocation shall be determined. This potential share shall be expressed as a percentage share of the Potential Acre-Feet Available for Reallocation.

3. Each Appropriative Pool member's potential share of the Potential Acre-Feet Available for Reallocation shall be reduced pro rata according to the percentage determined in 2. above."
- B. Effective FY 2006-2007, a Section 6.3(d) shall be added to the Watermaster Rules and Regulations which shall read:
- “(d) In the event actual Production from the Agricultural Pool does not exceed 82,800 acre-feet in any one year or 414,000 acre-feet in any five years and total Production from all the uses set forth in section 6.3(a) above does not exceed 82,800 acre-feet in any year, the amount of surplus water made available to the members of the Appropriative Pool shall be allocated according to the formula described in 6.3(c).”
- C. Consistent with the OBMP goal of maintaining production in the Southern end of the Basin, Watermaster shall acknowledge Assignment rights described in Peace Agreement section 5.3(i) only to the extent that such Assignments occur within areas eligible for conversion as described in Attachment 1 to the Judgment which was added to the Judgment as an amendment by Order of the Court dated November 17, 1995.
- D. Except as described above, all current Watermaster accounting practices with regard to Land Use Conversions, Assignments, Early Transfer, and reallocation of surplus Agricultural Pool water are hereby ratified and shall continue as currently implemented.

XI. Hydraulic Control

- A. Hydraulic Control was a goal of the initial OBMP.
- B. Watermaster has already evaluated and considered the impacts of additional draw-down in connection with the MWD Dry-Year Yield Storage and Recovery Program. Thus, the burden of additional expenses to support any further study in order to develop a Hydraulic Control Operating Plan should be substantially reduced by the prior work
- C. Hydraulic Control will require a managed extraction of additional quantities of groundwater over a twenty-five year period in excess of the Operating Safe Yield so as to draw-down water levels and to minimize outflow to the Santa Ana River.
- D. Watermaster shall seek Court approval for and implement Basin Re-Operation in order to achieve Hydraulic Control in furtherance of the OBMP.

- E. Basin Re-Operation shall require the managed lowering of groundwater levels according to the recommendations of Watermaster’s Hydraulic Control Operating Plan.
- F. Watermaster will approve and quantify the quantity of water attributable to drawdown of water levels (“temporary surplus”) and the amount of water obtained from avoided discharge and induced recharge (“salvage water”) without inclusion or limitation to the salvage of losses and recapture from storage accounts as provided in Article IV.C. above, and presently estimated at 40,000 afy for a period 25 years.
1. The quantity attributable to reducing water levels will be considered temporary and available for twenty-five years.
 2. The quantity of water attributable to inducing inflow will be considered long-term and available for so long as the program continues to induce recharge from the Santa Ana River.
 3. Separate and independent from the recovery of losses from storage accounts and the extraction of temporary surplus, as provided in above, the long-term portion of water attributable to induced in-flow and avoided discharge (salvage water) will be eligible for consideration as a future component of Revised Safe Yield pursuant to the Peace Agreement, the Judgment, the Watermaster Rules and Regulations and Court Approval. However, in no event will the water be allocated to the Parties in a manner inconsistent with Article XI.H., below, for the initial Term of the Peace Agreement.
- G. Watermaster shall develop a Hydraulic Control Operation Plan (“HCOP”) which describes the various actions to be taken by Watermaster relative to the achievement and maintenance of Hydraulic Control of the Chino Basin. These actions include, but are not limited to: implementation of the Hydraulic Control Monitoring Program (“HCMP”) previously approved by the parties, the sizing and location of groundwater extraction facilities for the purpose of enhancing and maintaining Hydraulic Control, and the managed lowering of water levels in strategic locations of the Chino Basin (“Basin Re-Operation”). One component of the HCOP shall be Watermaster’s continued monitoring of physical conditions to ensure that implementation of the HCOP does not cause Material Physical Injury. Nothing herein shall limit the rights of any Party to the Judgment to seek judicial review of Watermaster actions and more specifically, each Party to the Judgment expressly retains their respective right under Paragraph 31 of the Judgment to request Court review of the HCOP and Watermaster’s actions pursuant to the HCOP.
- H. To the extent that the Basin Re-Operation Program fully satisfies the Desalter Replenishment obligation pursuant to Article V.C., above, surplus New Yield shall be apportioned to the Parties pro rata based on each Producer’s combined total share of Operating Safe Yield and the previous year’s actual production, if the party is:
- (1) current on all their OBMP assessments; and
 - (2) in compliance with the contractual covenant of the Peace I and II processes.

XII.
Error Corrections

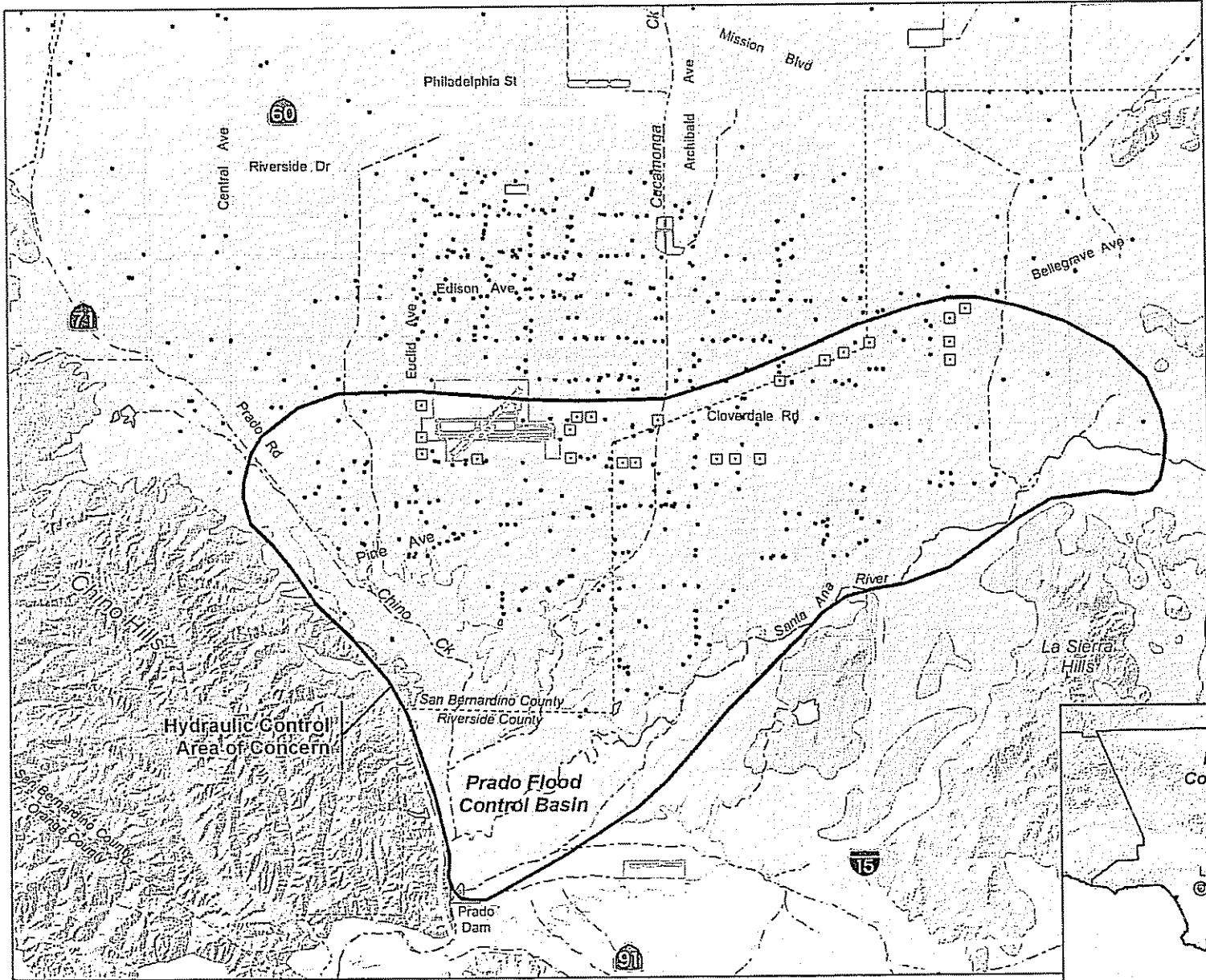
- A. A new section 3.3 shall be added to the Watermaster Rules and Regulations which shall read:

3.3 Error Corrections. All reports or other information submitted to Watermaster by the parties shall be subject to a four year limitations period regarding the correction of errors contained in such submittals. In addition, all information generated by Watermaster shall be subject to the same four year limitations period. All corrections to errors shall apply retroactively for no more than four years.

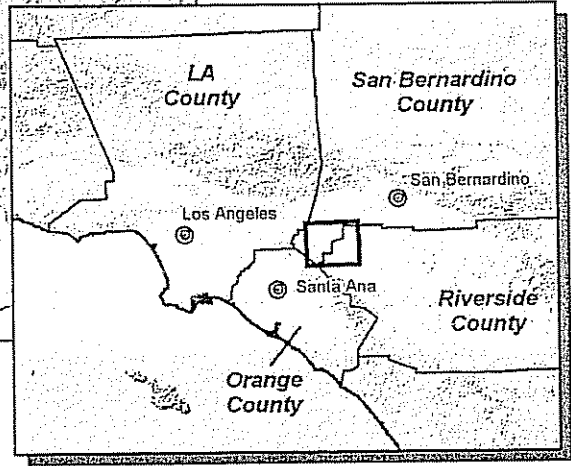
XIII.
Management Zone 1 Long Term Plan for the Management of Subsidence

- A. On October 17, 2002, the Court ordered Watermaster to implement the Interim Plan for the Management of Subsidence and to develop a long-term plan pursuant to the OBMP.
- B. On April 28, 2005 the Watermaster Advisory Committee and Board approved the extension of the Forbearance Program for a fourth year.
- C. On May 25, 2005, the Special Referee and the Court's Technical Advisor held a workshop to assess Watermaster's progress under the Interim Plan.
- D. On June 16, 2005, The Special Referee filed the Special Referee's Report on Progress Made on Implementation of the Watermaster Interim Plan for Management of Subsidence. The Report recommended that Watermaster prepare a summary of the workshop and issue guidance criteria to the parties based on the data it has gathered to date. The Report also recommended that Watermaster establish a schedule for the completion of a long-term plan.
- E. On September 1, 2005, the City of Chino appeared before the Court to request a further one year extension of its Paragraph 15 Motion.
- F. By December 31, 2005, Watermaster shall issue guidance criteria which will specify the conditions under which Watermaster believes that groundwater can be produced in MZ1 so as to minimize the risk of subsidence. Such guidance criteria will be informational only and will have no binding effect on any party.
- G. By December 31, 2006, Watermaster will develop a proposed long-term management plan for subsidence in MZ1.

EXHIBIT A



- Main Map Features**
- Existing Desalter Wells
 - Existing Production Well as of October 2005
- Other Features**
- Flood Control and/or Conservation Basin
- Geology**
- Unconsolidated Sediments
 - Consolidated Bedrock



Hydraulic Control Monitoring Program
Area of Concern

Exhibit A



Author: AEMA
Date: 20051005
File: Exhibit_A_AreaOfConcern.mxd

Produced by:
WILDERMUTH
ENGINEERING, INC.

EXHIBIT B

Watermaster Assessments

Cumulative OBMP Assessments
July 13, 2000 through August 31, 2005

OBMP - Appropriative	11,461,542
OBMP - Agricultural	4,801,019
OBMP - Non-Ag	585,232
Admin - Appropriative	3,412,630
Admin - Agricultural	2,173,384
Admin - Non-Ag	203,919
Recharge Costs	39,800,000
Desalter I	50,000,000
Desalter II	50,000,000
Subtotal	<u>162,437,726</u>
SY	144,984
Net cost per AF	<u>1,120</u>

EXHIBIT C

FUTURE DESALTER

Term Sheet

RECITALS

WHEREAS, the Chino Desalter Authority ("CDA") owns and operates facilities known as the Chino I and Chino II Desalters.

WHEREAS, the responsibilities of Western with regard to Future Desalters are described in section VII of the Peace Agreement.

WHEREAS, this Term Sheet reflects the commitment of Western to pursue the goal of participating in a 10,000 acre feet expansion of the Chino II Desalter.

WHEREAS, Western and Watermaster recognize that the project will require negotiation and agreements with a number of different agencies, but this Term Sheet sets forth the basic terms under which Western and Watermaster would be willing to proceed.

TERMS

1. Western will finance a 10,000 acre feet per year (9 mgd) capacity expansion of Chino II.
2. Western will have a take or pay contract for the project yield, for a term equal to the life of the facilities constructed, at rates that are established in a contract between Western and CDA. Western will be responsible for its own conveyance costs and for O&M costs for such conveyance facilities.
3. The expanded desalter will be constructed and operated by the CDA, or its designee.

4. Western will complete negotiation of a payment to the CDA and Jurupa for the use of desalter facilities already constructed under mutually agreeable terms not later than 180 days from a Court order authorizing Watermaster to proceed in accordance with the terms of the Peace II Agreement.
5. Western will complete negotiation of a “make whole” payment to Watermaster for the benefits to Western of prior OBMP activities so as to secure equal standing with other Chino Basin Producers under mutually agreeable terms within 90 days of the approval of this Term Sheet by Watermaster and Western .
 - A. A schedule identifying past OBMP costs incurred by the Parties to the Judgment is attached hereto as Exhibit “A-1.”
 - B. The payment may be made on a schedule mutually agreeable to Watermaster and Western.
 - C. The amount of this payment shall not be considered in determining whether the cap described in paragraph 14, below, has been exceeded.
 - D. The following factors will be considered by Western and Watermaster in negotiating the terms of the “make-whole” payment:
 - (i) The extent and duration of Western’s access to water from the Basin;
 - (ii) The comparable value to other parties of the right to produce or receive water from the Basin were such production to occur on similar terms to those offered to Western, if any;
 - (iii) The character and amount of contributions made by other Parties to the Judgment and specifically those that will be similarly situated to Western following the completion of the Future Desalters, but excluding the value of third-party grant funding.
6. The amount of water produced in order to satisfy Western’s contract entitlement shall not be assessed a Replenishment Obligation by Watermaster for the remainder of the initial Term of the Peace Agreement. If thereafter, such production should be made subject to a Replenishment Obligation, Western shall have the option of terminating its contract.
7. Watermaster will assess Western an annual Watermaster assessment in lieu of the assessment set forth in the Judgment Exhibit “H,” paragraph 7(b). The assessment will be levied in a manner that is equivalent to the annual assessments levied on members of the Appropriative Pool. Any OBMP assessment levied directly or indirectly against Western will be included within those costs eligible to be counted against the cap.

8. Western will complete negotiation with Jurupa for the use of its facilities in the delivery of water from the expanded Chino II Desalter to the Arlington Desalter under mutually agreeable terms no later than 180 days following a Court Order authorizing Watermaster to proceed in accordance with the Peace II Agreement.
9. Western will complete negotiation with Norco for the possible delivery of Chino II water in lieu of Arlington deliveries under mutually agreeable terms no later than one year following a Court Order authorizing Watermaster to proceed in accordance with the Peace II Agreement.
10. Western will work with Watermaster and CDA and secure capacity in the SARI line no later than one year following a Court Order authorizing Watermaster to proceed in accordance with the Peace II Agreement.
11. Western will be the lead agency for CEQA compliance.
12. Western, with Watermaster, IEUA and CDA support, will mutually seek grant funding for capital improvements, and additive MWD Local Resources Program financial assistance.
13. Project water will be available within five years from the date of a Court Order authorizing Watermaster to proceed in accordance with the Peace II Agreement. Western would take the full yield of the expansion if it were available sooner.
14. Western will be treated the same as any other public agency in the Chino Basin in any negotiations that might occur in the future for the storage and recovery of MWD imported water. However, this provision shall not give Western any claim to the “benefits” of a storage and recovery project as described in section 5.2(c)(v) of the Peace Agreement.
15. The full acre-foot cost to Western for Capital and O&M (assuming a waiver of replenishment costs), including delivery of the desalted water to its Mockingbird Reservoir or directly to the City of Norco, any applicable ongoing Watermaster assessments, payments to CDA and Jurupa and for SARI utilization, shall not exceed the sum of the following: (i) the MWD Tier II Rate, (ii) the MWD Treatment Surcharge calculated in terms of an annual average acre-foot charge, and (iii) \$150 per acre foot of water delivered to account for water supply reliability. If the full acre-foot cost should exceed this cap, Western may withdraw, and would have no further obligations under this Term Sheet.

16. If grants and the MWD subsidy should reduce Western's costs to an amount which is \$75 below the cap described in paragraph 14, Western will equally share all additional savings with Watermaster on a 50-50 basis. .
17. Western may elect to exercise its right of withdrawal under paragraph 14 above within 120 days following the later of (i) completion of preliminary design; or (ii) the certification of whatever CEQA document is prepared for the project, but not later than 60 days thereafter.
18. Nothing in this Term Sheet shall preclude the parties from negotiating alternative arrangements for the construction and operation of Future Desalters, including membership by Western in the CDA.

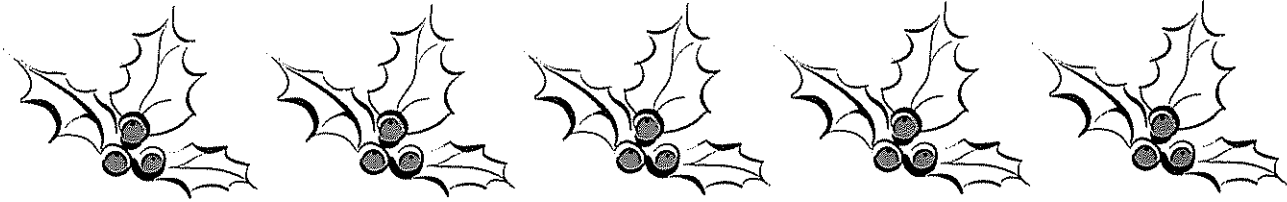
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EXHIBIT A-1

Watermaster Assessments

Cumulative OBMP Assessments
July 13, 2000 through August 31, 2005

OBMP - Appropriative	11,461,542
OBMP - Agricultural	4,801,019
OBMP - Non-Ag	585,232
Admin - Appropriative	3,412,630
Admin - Agricultural	2,173,384
Admin - Non-Ag	203,919
Recharge Costs	19,900,000
Desalter I	-
Desalter II	-
Subtotal	<u>42,537,726</u>
SY	<u>144,984</u>
Net cost per AF	293

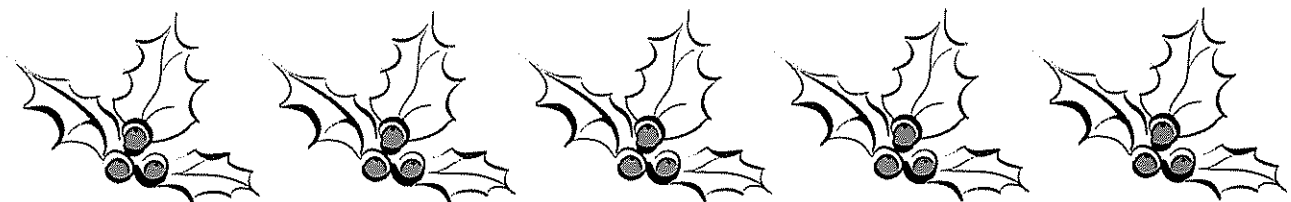


CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

C. INLAND EMPIRE UTILITIES AGENCY

3. Monthly Water Conservation Programs Report
4. Community Outreach/Public Relations Report



**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
December 15, 2005**

AGENDA

INTER-AGENCY WATER MANAGERS' REP ORT

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

20 – 30 Minutes

Discussion Items:

- MWD Status Report – Richard Atwater
- Recycled Water Status Report – Richard Atwater

Written Updates:

- Monthly Water Conservation Programs Report
- Community Outreach/Public Relations Report

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Regional Conservation Programs

Monthly Report-December

Highlights

- **Urban Water Management Plan**- A public hearing was held at the IEUA Board of Directors meeting on November 16th, followed by the formal adoption of the UWMP by the Board.
- **Urban Water Management Plans for Water Facilities Authority (WFA) & Chino Desalter Authority (CDA)** – A public hearing was held at the WFA Board Meeting on November 17th, followed by the official adoption of the WFA UWMP by the board. A draft for CDA was completed on October 31, 2005. The CDA UWMP will be adopted after a public hearing on December 8th.

MWD Activities

- **MWD Incentive Rate**- MWD staff will recommend that the board adopt a new conservation incentive of \$195/AF with no cap at the December board meeting. The new rate will be effective January, 2006.

Landscape Programs

- **Large Landscape Audit-05/06 “SmarTimer of Inland Empire” Weather-Based “ET” Irrigation Controller Rebate Program**- The final draft application form for the irrigation controllers has been created and will be distributed at the December Conservation Group meeting. These applications will then go on the group members’ web sites. The program will be initiated in January, 2006.
- **Pilot Landscape Audit Program (04/05)** - The final report was completed in November. Copies are available from IEUA. Contact Dave Hill.
- **Pilot Landscape Audit Program (05/06)** - The RFP for the 05/06 Audit Program will be released December 1st. The program will commence in January, 2006.
- **Ontario Cares**- City of Ontario will implement a pilot project to integrate “California Friendly” into the city’s program to improve existing neighborhoods. MWD consultant presented “California Friendly” templates to Ontario Cares inspection staff and landscape contractors. MWD will test templates and marketing materials on 4-5 houses and report back with results. The group will finalize materials at the next meeting in December. Implementation of the “California Friendly” landscape will begin mid-January, 2006.
- **Residential Landscape Classes**- MWD has extended its support of the “PDA” residential landscape classes through FY 2005-06. The next PDA classes are scheduled for winter and spring 2006.

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)**- In November, IEUA staff attended a training session hosted by CUWCC on how to improve marketing of these rebates. IEUA is developing marketing strategies for the CII Save-a-Buck program. These will be discussed at the December meeting.
- **Conductivity Controller Cooling Tower**- This is program being implemented by Honeywell/DMC through MWD. To date 15 conductivity controllers have been installed in our service area since the program began in FY00/01.
- **Restaurant Spray Heads**- This program being implemented by Honeywell/DMC through MWD. To date 2 spray nozzles have been installed in our service area since the program began in FY00/01.
- **Commercial High Efficiency Clothes Washers**- To date 290 high efficiency clothes washers have been installed in our service area since the program began in FY00/01.

Residential Rebates

- **ULF Toilet Exchange Programs**- Approximately 1,400 toilets were exchanged in this past fall. The Conservation Partnership workgroup will discuss options on how to proceed with the ULF toilet exchanges for the spring, 2006.
- **Multi-Family ULF Toilet Program**- At its November meeting, IEUA approved a modification of the Multi-Family Direct Install program contract to enable Water Wise to install 6,000 toilets as originally budgeted for the two year program. Currently, through the direct install program 4,724 toilets have been installed, of which

3,000 were completed between July and November, 2005. The next round of the program will be funded by a DWR \$1.6 million grant.

- **High Efficiency Clothes Washer Rebate**- Approximately 124 rebates were issued during November, bringing the total for the current fiscal year to about 509 rebates. This brings the total number of rebates to approximately 5,578 since the rebate program began in 2002.

School Education Programs

- **Garden in Every School**- Application reviews and site evaluations were completed by early November. Notifications were sent out December 1st, and they will be announced at the December 7th Board meeting. Garden design and irrigation systems will begin in January.
- **National Theatre for Children**- The fall school schedule is currently being carried out. NTC is currently working on the spring schedule.
- **Groundwater Model**- Chino Hills' staff and IEUA staff are now in the process of learning how to operate to the Model, and will set up meetings in December with interested agencies to see the model demonstrated.
- **Solar Cup (2006)** - MWD announced the schedule for the Solar Cup 2006 event. The event will occur May 19th through May 21st, 2006. IEUA (as the member agency) will be represented by three schools: Chino Hills High School and Ayala High School in Chino Hills, and Upland High School. Boat building dates are scheduled for December 3rd & 10th.

Outreach

- **Conservation Ads (monthly and special)** - Conservation tips are printed in the Daily Bulletin monthly (on Sundays at the end of each month).
- **Water Education Water Awareness Committee (WEWAC)** - The application deadline for the Edugrant program was November 18th. Applications will be reviewed on December 6th and grants will be awarded in mid-December.
- **BMP Support Grants**- No new action.

Upcoming Events

- **California Urban Water Conservation Council (CUWCC)** - The next Plenary Session will be held on December 7 at the Santa Clara Valley Water District in San Jose. Members of the CUWCC have an open invitation to attend and participate in any of the CUWCC committee and plenary meeting.

CALENDAR

December 2 nd & 3 rd	Ground Water Institute for Teachers (Western MWD)
December 7, 2005	Plenary Session (CA Urban Water Conservation Council -Santa Clara)
February 4, 2006	PDA "Water Wise" Gardening MiniClass (Cucamonga Valley Water District)
February 11, 2006	Regional PDA "Water Wise" Gardening MiniClass (IEUA)
March 4, 2006	Landscape Design Basics PDA Class (4)(City of Upland)
March 11, 2006	PDA "Water Wise" Gardening MiniClass (Monte Vista Water District)
March 11, 2006	California Friendly & Native Plants PDA Class (4)(City of Upland)
March 18, 2006	Landscape Sprinkler Systems PDA Class (4)(City of Upland)
March 22, 2006	Kids Water Awareness Day (Cucamonga Valley Water District)
March 25, 2006	Soils, Watering, & Fertilizers PDA Class (4) (City of Upland)
April 28 th -30 th , 2006	Lemon Festival (City of Upland)
May 13, 2006	Water Awareness Day (Cucamonga Valley Water District)
May 19 th -21 st , 2006	Solar Cup

Chino Basin / OBMP Coalition

Status Report – November 2005

ENERGY/REGULATORY

Critical Peak Pricing

On August 1, Southern California Edison filed with the CPUC to implement default critical peak pricing (CPP) on large customers in summer 2006. SCE proposed to implement default CPP rates on all customers with demand over 200 kW. Pacific Gas & Electric has suggested an alternative approach to the CPUC; that the CPP rates be “opt-in”, and the default rate remain time-of-use.

A settlement on all outstanding issues was reached by all parties on November 14, 2005. The following outlines the major points of the settlement:

1. CPP rates will be offered on a **voluntary, opt-in** basis for bundled firm customers with demand greater than 200 kW
2. No hedging premium will be placed on those customers not choosing to participate in CPP rates
3. No participation credit will be offered customers who participate in CPP rates

The Commission is expected to rule on the settlement in early 2006.

Edison Makes Management Changes

On October 20, 2005 the Southern California Edison Board of Directors announced the John Fielder was elected President of the utility effective immediately. Fielder, 60, replaces Robert Foster.

Prior to the promotion, Fielder served as Senior Vice President of Regulatory Policy and Affairs. Fielder began his career with SCE in 1970.

CPUC Considers Energy Rate Hikes

In response to recent increases in the price of natural gas, the California Public Utilities Commission is considering two proposals which would increase electricity rates for customers of Southern California Edison.

The first proposal, made by SCE, would increase the revenues the utility could collect from customers in order to cover the rising cost of natural gas. The CPUC is expected to decide on this issue, called the Energy Resource Recovery Account (ERRA), in the next few months. Specifically, Edison has requested a 4.0% total increase in electricity rates. The increase to agricultural and water pumping customers will be lower because a larger proportion of those rates are dedicated to distribution and transmission charges, which are not affected by this proceeding.

Customer Class	Revenue Change	Percent Change
Residential	\$99,852,000	2.7%
Commercial	\$195,309,000	4.9%
Industrial	\$99,118,000	4.8%
<i>Agricultural & Water Pumping</i>	<i>\$7,680,000</i>	<i>2.7%</i>
Total System	\$404,100,000	4.0%

The CPUC is also considering a decision approving DWR's revenue requirement for 2006. DWR had originally requested a \$4.99 billion, but updated their request on October 27 to \$5.37 billion due to increased natural gas prices. Although these are long-term contracts, many of the contacts are indexed to natural gas prices and spot prices, increasing costs as a result recent natural gas price increases.

Component	2005 Requirement	2006 Requirement	Percent Change
Long-Term Contracts	\$3.808 billion	\$4.546 billion	19.3%
DWR Bonds	\$850 million	\$820 million	-3.5%
Total Rev. Req.	\$4.658 billion	\$5.366 billion	15.1%

The DWR revenue requirement constitutes approximately 20% of total rates, so this increased requirement will represent an average rate increase of ~3%.

Schwarzenegger To Make Third CPUC Appointment

On November 30, 2005 Governor Schwarzenegger appointed CPUC Commissioner Susan Kennedy as his new Chief-of-Staff. This appointment will allow the Governor to appoint his third Commissioner to the CPUC in the last year. Earlier in 2005, Schwarzenegger appointed Dian Grueneich and John Bohn to the Commission.

The six year term expires on December 31, 2008.

INTER-AGENCY BIOGAS WORKING GROUP

At the urging of the Chino Basin Coalition, the Schwarzenegger Administration has created an Inter-Agency Working Group to identify and address issues related to the expansion of biogas generation as a renewable energy source in California. Participating agencies include:

- California EPA;
- California Department of Food and Agriculture;
- California Energy Commission;
- California Public Utilities Commission;
- California Air Resources Board;
- State Water Resources Control Board;
- Central Valley Regional Water Quality Control Board; and
- San Joaquin Valley Air Pollution Control District.

Michael Boccadoro and Martha Davis of the Chino Basin Coalition are participating in the working group. The next meeting is scheduled for early December.

BOND ACTIVITY

In the wake of the November 8th Special Election, at least three major bond proposals have been introduced to address the state's infrastructure. First, Governor Schwarzenegger has begun discussing the concept for up to \$50 billion in improvements to roads, ports, flood protection and conservation projects. The Administration has indicated that the entire expenditure would not be solely supported by the state's general fund. Additionally, user fees and a possible sales tax or other general tax would be necessarily in light of the state's ongoing fiscal problems.

Second, Senate President Pro Tem Don Perata (D-Oakland) continues to discuss his proposed \$10.3 billion infrastructure bond to address similar projects. Not to be outdone, Assembly Speaker Fabian Nuñez (D-Los Angeles) has stated his office is also formulating a bond measure, although that proposal is expected to primarily address school infrastructure.

Lastly, a \$5.4 billion initiative has been approved for circulation by the Attorney General which would address flood control, safe drinking water projects, statewide water management and various conservation projects.

LEGISLATURE RECONVENES

The Legislature reconvenes in early January to complete the second year of the two-year session. Energy policy is expected to be a major topic of discussion as the state seeks to maintain reliability and move beyond the energy crisis of 2001.

SA2005RF0131

KAUFMAN DOWNING LLP

November 21, 2005

VIA HAND DELIVERY

Tricia Knight, Initiative Coordinator
Office of the Attorney General
1300 I Street
Sacramento, CA 95814

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

RE: Request for Title and Summary for "The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006"

Dear Ms. Knight:

I hereby request preparation of a title and summary for the attached proposed initiative, "The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006." Enclosed please find a check in the amount of \$200.00. Please return a stamped copy of the initiative and this letter in the enclosed self-addressed envelope.

All inquiries or correspondence relative to this initiative should be directed to Stephen J. Kaufman at Kaufman Downing LLP, 777 S. Figueroa St., Suite 4050, Los Angeles, CA 90017, (213) 452-6565.

My voter registration address, which should be redacted from all publicly released documents, is

I, Stephen J. Kaufman, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than qualification of the measure for the ballot.

(Signature of PropONENT)

Dated this 21st day of November, 2005

Section. 1: Division 43 is added to the Public Resources Code to read:

**Division 43. THE SAFE DRINKING WATER, WATER QUALITY AND SUPPLY,
FLOOD CONTROL, RIVER AND COASTAL PROTECTION BOND ACT OF
2006**

Chapter 1. General Provisions

75001. This Division shall be known and may be cited as the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.

75002. The people of California find and declare that protecting the state's drinking water and water resources is vital to the public health, the state's economy, and the environment.

75002.5. The people of California further find and declare that the state's waters are vulnerable to contamination by dangerous bacteria, polluted runoff, toxic chemicals, damage from catastrophic floods and the demands of a growing population. Therefore, actions must be taken to ensure safe drinking water and a reliable supply of water for farms, cities and businesses, as well as to protect California's rivers, lakes, streams, beaches, bays and coastal waters, for this and future generations.

75003. The people of California further find and declare that it is necessary and in the public interest to do all of the following:

(a) Ensure that safe drinking water is available to all Californians by:

(1) Providing for emergency assistance to communities with contaminated sources of drinking water.

(2) Assisting small communities in making the improvements needed in their water systems to clean up and protect their drinking water from contamination.

(3) Providing grants and loans for safe drinking water and water pollution prevention projects.

(4) Protecting the water quality of the Sacramento-San Joaquin Delta, a key source of drinking water for 23 million Californians.

(5) Assisting each region of the state in improving local water supply reliability and water quality.

(6) Resolving water-related conflicts, improving local and regional water self-sufficiency and reducing reliance on imported water.

(b) Protect the public from catastrophic floods by identifying and mapping the areas most at risk, inspecting and repairing levees and flood control facilities, and reducing the long-term costs of flood management, reducing future flood risk and maximizing public benefits by planning, designing and implementing multi-objective flood corridor projects.

- (c) Protect the rivers, lakes and streams of the state from pollution, loss of water quality, and destruction of fish and wildlife habitat.
- (d) Protect the beaches, bays and coastal waters of the state for future generations.
- (e) Revitalizing our communities and making them more sustainable and livable by investing in sound land use planning, local parks and urban greening.

75003.5. The people of California further find and declare that the growth in population of the state and the impacts of climate change pose significant challenges. These challenges must be addressed through careful planning and through improvements in land use and water management that both reduce contributions to global warming and improve the adaptability of our water and flood control systems. Improvements include better integration of water supply, water quality, flood control and ecosystem protection, as well greater water use efficiency and conservation to reduce energy consumption.

75004. It is the intent of the people that investment of public funds pursuant to this division should result in public benefits.

75005. As used in this division, the following terms have the following meanings:

- (a) "Acquisition" means the acquisition of a fee interest or any other interest in real property including easements, leases and development rights.
- (b) "Board" means the Wildlife Conservation Board.
- (c) "California Water Plan" means the California Water Plan Update Bulletin 160-05 and subsequent revisions and amendments.
- (d) "Delta" means the Sacramento-San Joaquin River delta.
- (e) "Department" means the Department of Water Resources.
- (f) "Development" includes, but is not limited to the physical improvement of real property including the construction of facilities or structures.
- (g) "Disadvantaged community" means a community with a median household income less than 80% of the statewide average. "Severely disadvantaged community" means a community with a median household income less than 60% of the statewide average.
- (h) "Fund" means the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.
- (i) "Interpretation" includes, but is not limited to, a visitor serving amenity that educates and communicates the significance and value of natural, historical, and cultural resources in a way that increases the understanding and enjoyment of these resources and that may utilize the expertise of a naturalist or other specialist skilled at educational interpretation.
- (j) "Local conservation corps" means a program operated by a public agency or nonprofit organization that meets the requirements of Section 14406.
- (k) "Nonprofit organization" means any nonprofit corporation qualified to do business in California, and qualified under Section 501(c)(3) of the Internal Revenue Code.
- (l) "Preservation" means rehabilitation, stabilization, restoration, development, and reconstruction, or any combination of those activities.

(m) "Protection" means those actions necessary to prevent harm or damage to persons, property or natural resources or those actions necessary to allow the continued use and enjoyment of property or natural resources and includes acquisition, development, restoration, preservation and interpretation.

(n) "Restoration" means the improvement of physical structures or facilities and, in the case of natural systems and landscape features includes, but is not limited to, projects for the control of erosion, the control and elimination of exotic species, prescribed burning, fuel hazard reduction, fencing out threats to existing or restored natural resources, road elimination, and other plant and wildlife habitat improvement to increase the natural system value of the property. Restoration projects shall include the planning, monitoring and reporting necessary to ensure successful implementation of the project objectives.

(o) "Secretary" means the Secretary of the Resources Agency.

(p) "State Board" means the State Water Resources Control Board.

75009. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006, which is hereby created. Except as specifically provided in this division the money shall be available for appropriation by the Legislature, in the manner and for the purposes set forth in this division in accordance with the following schedule:

(a) The sum of one billion five hundred twenty five million dollars (\$1,525,000,000) for safe drinking water, water quality and other water projects in accordance with the provisions of Chapter 2.

(b) The sum of eight hundred million dollars (\$800,000,000) for flood control projects in accordance with the provisions of Chapter 3.

(c) The sum of sixty five million dollars (\$65,000,000) for statewide water management in accordance with the provisions of Chapter 4.

(d) The sum of nine hundred twenty eight million dollars (\$928,000,000) for the protection of rivers, lakes and streams in accordance with the provisions of Chapter 5.

(e) The sum of four hundred fifty million dollars (\$450,000,000) for forest and wildlife conservation in accordance with the provisions of Chapter 6.

(f) The sum of five hundred forty million dollars (\$540,000,000) for the protection of beaches, bays, and coastal waters and watersheds in accordance with the provisions of Chapter 7.

(g) The sum of five hundred million dollars (\$500,000,000) for state parks and nature education facilities in accordance with Chapter 8.

(h) The sum of five hundred eighty million dollars (\$580,000,000) for sustainable communities and climate change reduction projects in accordance with Chapter 9.

Chapter 2. Safe Drinking Water and Water Quality Projects

75020. This chapter is intended to provide the funds necessary to address the most critical water needs of the state including the provision of safe drinking water to all

Californians, the protection of water quality and the environment, and the improvement of water supply reliability.

75021. (a) The sum of ten million dollars (\$10,000,000) shall be available to the Department of Health Services for grants and direct expenditures to fund emergency and urgent actions to ensure that safe drinking water supplies are available to all Californians. Eligible projects include, but are not limited to, the following:

(1) Providing alternate water supplies including bottled water where necessary to protect public health.

(2) Improvements in existing water systems necessary to prevent contamination or provide other sources of safe drinking water including replacement wells.

(3) Establishing connections to an adjacent water system.

(4) Design, purchase, installation and initial operation costs for water treatment equipment and systems.

(b) Grants and expenditures shall not exceed \$250,000 per project.

(c) Direct expenditures for the purposes of this section shall be exempt from contracting and procurement requirements to the extent necessary to take immediate action to protect public health and safety.

75022. The sum of one hundred eighty million dollars (\$180,000,000) shall be available to the Department of Health Services for grants for small community drinking water system infrastructure improvements and related actions to meet safe drinking water standards. Priority shall be given to projects that address chemical and nitrate contaminants, other health hazards and by whether the community is disadvantaged or severely disadvantaged. Special consideration shall be given to small communities with limited financial resources. Eligible recipients include public agencies and incorporated mutual water companies that serve disadvantaged communities. The Department of Health Services may make grants for the purpose of financing feasibility studies and to meet the eligibility requirements for a construction grant. Construction grants shall be limited to \$5,000,000 per project and not more than twenty five percent of a grant may be awarded in advance of actual expenditures. The Department of Health Services may expend up to \$5,000,000 of the funds allocated in this section for technical assistance to eligible communities.

75023. For the purpose of providing the state share needed to leverage federal funds to assist communities in providing safe drinking water, the sum of fifty million dollars (\$50,000,000) shall be available for deposit into the Safe Drinking Water State Revolving Fund (Section 116760.30 of the Health and Safety Code).

75024. For the purpose of providing the state share needed to leverage federal funds to assist communities in making those infrastructure investments necessary to prevent pollution of drinking water sources, the sum of eighty million dollars (\$80,000,000) shall be available for deposit into the State Water Pollution Control Revolving Fund (Section 13477 of the Water Code).

75025. The sum of sixty million dollars (\$60,000,000) shall be available to the Department of Health Services for the purpose of loans and grants for projects to prevent or reduce contamination of groundwater that serves as a source of drinking water. The Department of Health Services shall require repayment for costs that are subsequently recovered from parties responsible for the contamination. The Legislature may enact legislation necessary to implement this section.

75026. (a) The sum of one billion dollars (\$1,000,000,000) shall be available to the department for grants for projects that assist local public agencies to meet the long term water needs of the state including the delivery of safe drinking water and the protection of water quality and the environment. Eligible projects must implement integrated regional water management plans that meet the requirements of this section. Integrated regional water management plans shall identify and address the major water related objectives and conflicts within the region, consider all of the resource management strategies identified in the California Water Plan, and use an integrated, multi-benefit approach to project selection and design. Plans shall include performance measures and monitoring to document progress toward meeting plan objectives. Projects that may be funded pursuant to this section must be consistent with an adopted integrated regional water management plan or its functional equivalent as defined in the department's Integrated Regional Water Management Guidelines, must provide multiple benefits, and must include one or more of the following project elements:

- (1) Water supply reliability, water conservation and water use efficiency.
- (2) Storm water capture, storage, clean-up, treatment, and management.
- (3) Removal of invasive non-native species, the creation and enhancement of wetlands, and the acquisition, protection, and restoration of open space and watershed lands.
- (4) Non-point source pollution reduction, management and monitoring.
- (5) Groundwater recharge and management projects.
- (6) Contaminant and salt removal through reclamation, desalting, and other treatment technologies and conveyance of reclaimed water for distribution to users.
- (7) Water banking, exchange, reclamation and improvement of water quality.
- (8) Planning and implementation of multipurpose flood management programs.
- (9) Watershed protection and management.
- (10) Drinking water treatment and distribution.
- (11) Ecosystem and fisheries restoration and protection.

(b) The Department of Water Resources shall give preference to proposals that satisfy the following criteria:

- (1) Proposals that effectively integrate water management programs and projects within a hydrologic region identified in the California Water Plan; the Regional Water Quality Control Board region or subdivision or other region or sub-region specifically identified by the department.
- (2) Proposals that effectively integrate water management with land use planning.
- (3) Proposals that effectively resolve significant water-related conflicts within or between regions.

(4) Proposals that contribute to the attainment of one or more of the objectives of the CALFED Bay Delta Program.

(5) Proposals that address statewide priorities.

(6) Proposals that address critical water supply or water quality needs for disadvantaged communities within the region.

(c) Not more than 5% of the funds provided by this section may be used for grants or direct expenditures for the development, updating or improvement of integrated regional water management plans.

(d) The department shall coordinate the provisions of this section with the program provided in Chapter 8 of Division 26.5 of the Water Code and may implement this section using existing Integrated Regional Water Management Guidelines.

75027. (a) The funding provided in Section 75026 shall be allocated to each hydrologic region as identified in the California Water Plan and listed below. For the South Coast Region, the department shall establish three sub-regions that reflect the San Diego county watersheds, the Santa Ana River watershed, and the Los Angeles--Ventura County watersheds respectively, and allocate funds to those sub-regions. The North and South Lahontan regions shall be treated as one region for the purpose of allocating funds, but the department may require separate regional plans. Funds provided in Section 75026 shall be allocated according to the following schedule:

(1) North Coast	\$37,000,000
(2) San Francisco Bay	\$138,000,000
(3) Central Coast	\$52,000,000
(4) Los Angeles sub-region	\$215,000,000
(5) Santa Ana sub-region	\$114,000,000
(6) San Diego sub-region	\$91,000,000
(7) Sacramento River	\$73,000,000
(8) San Joaquin River	\$57,000,000
(9) Tulare/Kern (Tulare Lake)	\$60,000,000
(10) North/South Lahontan	\$27,000,000
(11) Colorado River Basin	\$36,000,000
(12) Inter-regional/Unallocated	\$100,000,000

(b) The interregional and unallocated funds provided in subdivision (a) may be expended directly or granted by the department to address multi-regional needs or issues of statewide significance.

75028. (a) The department shall allocate grants on a competitive basis within each identified hydrologic region or sub-region pursuant to Section 75027. The department may establish standards and procedures for the development and approval of local project selection processes within hydrologic regions and sub-regions identified in Section 75027. The department shall defer to approved local project selection, and review projects only for consistency with the purposes of Section 75026.

(b) If a hydrologic region or sub-region identified in Section 75027 does not have any adopted plan that meets the requirements of Section 75026 at the time of the

department's grant selection process, the funds allocated to that hydrologic region or sub-region shall not be reallocated to another region but will remain unallocated until such time as an adopted plan from the hydrologic region or sub-region is submitted to the department.

75029. The sum of one hundred thirty million dollars (\$130,000,000) shall be available to the department for grants to implement Delta water quality improvement projects that protect drinking water supplies. The department shall require a cost share from local agencies. Eligible projects are:

(a) Projects that reduce or eliminate discharges of salt, dissolved organic carbon, pesticides, pathogens and other pollutants to the San Joaquin River. Not less than forty million (\$40,000,000) shall be available to implement projects to reduce or eliminate discharges of subsurface agricultural drain water from the west side of the San Joaquin Valley for the purpose of improving water quality in the San Joaquin River and the Delta.

(b) Projects that reduce or eliminate discharges of bromide, dissolved organic carbon, salt, pesticides and pathogens from discharges to the Sacramento River.

(c) Projects at Franks Tract and other locations in the Delta that will reduce salinity or other pollutants at agricultural and drinking water intakes.

(d) Projects identified in the June 2005 Delta Region Drinking Water Quality Management Plan, with a priority for design and construction of the relocation of drinking water intake facilities for in-delta water users.

75029.5. The sum of fifteen million dollars (\$15,000,000) shall be available to the state board for grants to public agencies and non-profit organizations for projects that reduce the discharge of pollutants from agricultural operations into surface waters of the state.

Chapter 3. Flood Control

75030. This chapter is intended to provide the funding needed to address short term flood control needs such as levee inspection and evaluation, floodplain mapping and improving the effectiveness of emergency response, and providing funding for critical immediate flood control needs throughout the state. It is also intended to provide a framework to support long term strategies that will require the establishment of more effective levee maintenance programs, better floodplain management and more balanced allocation of liability and responsibility between the federal, state and local governments.

75031. The sum of thirty million dollars (\$30,000,000) shall be available to the department for the purposes of floodplain mapping, assisting local land-use planning, and to avoid or reduce future flood risks and damages. Eligible projects include, but are not limited to:

- (a) Mapping floodplains.
- (b) Mapping rural areas with potential for urbanization.
- (c) Mapping and identification of flood risk in high density urban areas.
- (d) Mapping flood hazard areas.

- (e) Updating outdated floodplain maps.
- (f) Mapping of riverine floodplains, alluvial fans, and coastal flood hazard areas.
- (g) Collecting topographic and hydrographic survey data.

75032. The sum of two hundred seventy five million dollars (\$275,000,000) shall be available to the department for the following flood control projects:

- (a) The inspection and evaluation of the integrity and capability of existing flood control project facilities and the development of an economically viable flood control rehabilitation plan.
- (b) Improvement, construction, modification, and relocation of flood control levees, weirs, or bypasses including repair of critical bank and levee erosion.
- (c) Projects to improve the department's emergency response capability.
- (d) Environmental mitigation and infrastructure relocation costs related to projects under this section.
- (e) To the extent feasible, the department shall implement a multi-objective management approach for floodplains that would include, but not be limited to, increased flood protection, ecosystem restoration, and farmland protection.

75032.4. Notwithstanding Section 13340 of the Government Code, the funds allocated in Sections 75031 and 75032 are continuously appropriated to the department for the purposes of those sections.

75032.5 The sum of forty million dollars (\$40,000,000) shall be available to the department for Flood Protection Corridor projects that are consistent with Water Code Section 79037.

75033. The sum of two hundred seventy five million dollars (\$275,000,000) shall be available to the department for flood control projects in the Delta designed to increase the department's ability to respond to levee breaches and to reduce the potential for levee failures. The funds provided by this section shall be available for the following purposes:

- (a) Projects to improve emergency response preparedness.
- (b) Local assistance under the delta levee maintenance subventions program under Part 9 (commencing with Section 12980) of Division 6 of the Water Code.
- (c) Special flood protection projects under Chapter 2 (commencing with Section 12310) of Part 4.8 of Division 6 of the Water Code, including projects for the acquisition, preservation, protection and restoration of Delta lands for the purpose of flood control and to meet multiple objectives such as drinking water quality ecosystem restoration and water supply reliability.
- (d) All projects shall be subject to the provisions of Water Code Section 79050.

75034. The sum of one hundred eighty million dollars (\$180,000,000) shall be available to the department for the purposes of funding the state's share of the nonfederal costs of flood control and flood prevention projects for which assurances required by the federal government have been provided by a local agency and which have been authorized under the State Water Resources Law of 1945 (Chapter 1 (commencing with Section 12570) and Chapter 2 (commencing with Section 12639) of Part 6 of Division 6

of the Water Code), the Flood Control Law of 1946 (Chapter 3 (commencing with Section 12800) of Part 6 of Division 6 of the Water Code), and the California Watershed Protection and Flood Prevention Law (Chapter 4 (commencing with Section 12850) of Part 6 of Division 6 of the Water Code), including the credits and loans to local agencies pursuant to Sections 12585.3 and 12585.4, subdivision (d) of Section 12585.5, and Sections 12866.3 and 12866.4 of the Water Code, and to implement Chapter 3.5 (commencing with Section 12840) of Part 6 of Division 6 of the Water Code. Projects eligible for funding pursuant to this section shall comply with the requirements of AB 1147 (Statutes of 2000, Chapter 1071).

Chapter 4. Statewide Water Planning and Design

75041. The sum of sixty five million dollars (\$65,000,000) shall be available to the department for planning and feasibility studies related to the existing and potential future needs for California's water supply, conveyance and flood control systems. The studies shall be designed to promote integrated, multi-benefit approaches that maximize the public benefits of the overall system including protection of the public from floods, water supply reliability, water quality, and fish, wildlife and habitat protection and restoration. Projects to be funded include:

(a) Evaluation of climate change impacts on the state's water supply and flood control systems and the development of system redesign alternatives to improve adaptability and public benefits.

(b) Surface water storage planning and feasibility studies pursuant to the CALFED Bay-Delta Program.

(c) Modeling and feasibility studies to evaluate the potential for improving flood protection and water supply through coordinating groundwater storage and reservoir operations.

(d) Other planning and feasibility studies necessary to improve the integration of flood control and water supply systems.

Chapter 5. Protection of Rivers, Lakes and Streams

75050. The sum of nine hundred twenty eight million dollars (\$928,000,000) shall be available for the protection and restoration of rivers, lakes and streams, their watersheds and associated land, water, and other natural resources in accordance with the following schedule:

(a) The sum of one hundred eighty million dollars (\$180,000,000) shall be available to the Department of Fish and Game, in consultation with the department, for Bay-Delta and coastal fishery restoration projects. Of the funds provided in this section, up to \$20,000,000 shall be available for the development of a natural community conservation plan for the CALFED Bay-Delta Program and up to \$45,000,000 shall be available for coastal salmon and steelhead fishery restoration projects that support the development and implementation of species recovery plans and strategies for salmonid species listed as threatened or endangered under state or federal law.

(b) The sum of ninety million dollars (\$90,000,000) shall be available for projects related to the Colorado River in accordance with the following schedule:

(1) Not more than \$36,000,000 shall be available to the department for water conservation projects that implement the Allocation Agreement as defined in the Quantification Settlement Agreement.

(2) Not more than \$7,000,000 shall be available to the Department of Fish and Game for projects to implement the Lower Colorado River Multi-Species Habitat Conservation Plan.

(3) \$47,000,000 shall be available for deposit into the Salton Sea Restoration Fund.

(c) The sum of fifty four million dollars (\$54,000,000) shall be available to the department for development, rehabilitation, acquisition, and restoration costs related to providing public access to recreation and fish and wildlife resources in connection with state water project obligations pursuant to Water Code Section 11912.

(d) The sum of seventy two million dollars (\$72,000,000) shall be available to the secretary for projects in accordance with the California River Parkways Act of 2004 Chapter 3.8 (commencing with Section 5750) of Division 5. Up to \$10,000,000 may be transferred to the Department of Conservation for the Watershed Coordinator Grant Program.

(e) The sum of eighteen million dollars (\$18,000,000) shall be available to the department for the Urban Streams Restoration Program pursuant to Water Code Section 7048.

(f) The sum of thirty six million dollars (\$36,000,000) shall be available for river parkway projects to the San Joaquin River Conservancy.

(g) The sum of seventy two million dollars (\$72,000,000) shall be available for projects within the watersheds of the Los Angeles and San Gabriel Rivers according to the following schedule:

(1) \$36,000,000 to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy pursuant to Division 22.8 (commencing with Section 32600).

(2) \$36,000,000 to the Santa Monica Mountains Conservancy for implementation of watershed protection activities throughout the watershed of the Upper Los Angeles River pursuant to Section 79508 of the Water Code.

(h) The sum of thirty six million dollars (\$36,000,000) shall be available for the Coachella Valley Mountains Conservancy.

(i) The sum of forty five million dollars (\$45,000,000) shall be available for projects to expand and improve the Santa Ana River Parkway. Project funding shall be appropriated to the State Coastal Conservancy for projects developed in consultation with local government agencies participating in the development of the Santa Ana River Parkway. Of the amount provided in this paragraph the sum of thirty million dollars (\$30,000,000) shall be equally divided between projects in Orange, San Bernardino and Riverside Counties.

(j) The sum of fifty four million dollars (\$54,000,000) shall be available for the Sierra Nevada Conservancy.

(k) The sum of thirty six million dollars (\$36,000,000) shall be available for the California Tahoe Conservancy.

(l) The sum of forty five million dollars (\$45,000,000) shall be available to the California Conservation Corps for resource conservation and restoration projects and for facilities acquisition, development, restoration, and rehabilitation and for grants and state administrative costs, in accordance with the following schedule:

(1) The sum of twenty five million dollars (\$25,000,000) shall be available for projects to improve public safety and improve and restore watersheds including regional and community fuel load reduction projects on public lands, and stream and river restoration projects. Not less than 50% of these funds shall be in the form of grants to local conservation corps.

(2) The sum of twenty million dollars (\$20,000,000) shall be available for grants to local conservation corps for acquisition and development of facilities to support local conservation corps programs, and for local resource conservation activities.

(m) The sum of ninety million dollars (\$90,000,000) to the state board for matching grants to local public agencies for the reduction and prevention of stormwater contamination of rivers, lakes, and streams. The legislature may enact legislation to implement this subdivision.

(n) The sum of one hundred million dollars (\$100,000,000) shall be available to the secretary for the purpose of implementing a court settlement to restore flows and naturally-reproducing and self-sustaining populations of salmon to the San Joaquin River between Friant Dam and the Merced River. These funds shall be available for channel and structural improvements, and related research pursuant to the court settlement. The secretary is authorized to enter into a cost-sharing agreement with the United States Secretary of the Interior and other parties, as necessary, to implement this provision.

Chapter 6. Forest and Wildlife Conservation

75055. The sum of four hundred fifty million dollars (\$450,000,000) shall be available for the protection and conservation of forests and wildlife habitat according to the following schedule:

(a) Notwithstanding Section 13340 of the Government Code, the sum of one hundred eighty million dollars (\$180,000,000) is continuously appropriated to the board for forest conservation and protection projects. The goal of this grant program is to promote the ecological integrity and economic stability of California's diverse native forests for all their public benefits through forest conservation, preservation and restoration of productive managed forest lands, forest reserve areas, redwood forests and other forest types, including the conservation of water resources and natural habitats for native fish, wildlife and plants found on these lands.

(b) (1) Notwithstanding Section 13340 of the Government Code, the sum of one hundred thirty five million dollars (\$135,000,000) is hereby continuously appropriated to the board for the development, rehabilitation, restoration, acquisition and protection of habitat that accomplishes one or more of the following objectives:

(A) Promotes the recovery of threatened and endangered species.

(B) Provides corridors linking separate habitat areas to prevent fragmentation.

(C) Protects significant natural landscapes and ecosystems such as old growth redwoods, mixed conifer forests and oak woodlands, riparian and wetland areas, and other significant habitat areas.

(D) Implements the recommendations of California Comprehensive Wildlife Strategy, as submitted October 2005 to the United States Fish and Wildlife Service.

(2) Funds authorized by this subdivision may be used for direct expenditures or for grants and for related state administrative costs, pursuant to the Wildlife Conservation Law of 1947, Chapter 4 (commencing with Section 1300) of Division 2 of the Fish and Game Code, the Oak Woodland Conservation Act, Article 3.5 (commencing with Section 1360) of Chapter 4 of Division 2 of the Fish and Game Code, and the California Rangeland, Grazing Land and Grassland Protection Act, commencing with Section 10330 of Division 10.4. Funds scheduled in this subdivision may be used to prepare management plans for properties acquired by the Wildlife Conservation Board and for the development of scientific data, habitat mapping and other research information necessary to determine the priorities for restoration and acquisition statewide.

(3) Up to twenty five million dollars (\$25,000,000) may be granted to the University of California for the Natural Reserve System for matching grants for land acquisition and for the construction and development of facilities that will be used for research and training to improve the management of natural lands and the preservation of California's wildlife resources.

(c) The sum of ninety million dollars (\$90,000,000) shall be available to the board for grants to implement or assist in the establishment of Natural Community Conservation Plans, Chapter 10 (Commencing with Section 2800) of Division 3 of the Fish and Game Code.

(d) The sum of forty five million dollars (\$45,000,000) shall be available for the protection of ranches, farms, and oak woodlands according the following schedule:

(1) Grazing land protection pursuant to the California Rangeland, Grazing Land and Grassland Protection Act, commencing with Section 10330 of Division 10.4.....\$15,000,000.

(2) Oak Woodland Preservation pursuant to Article 3.5 (commencing with Section 1360) of Chapter 4 of Division 2 of the Fish and Game Code....\$15,000,000.

(3) Agricultural land preservation pursuant to the California Farmland Conservancy Program Act of 1995, Article 1 (commencing with Section 10200) of Division 10.2.....\$10,000,000.

(4) To the board for grants to assist farmers in integrating agricultural activities with ecosystem restoration and wildlife protection.....\$5,000,000.

Chapter 7. Protection of Beaches, Bays and Coastal Waters.

75060. The sum of five hundred forty million dollars (\$540,000,000) shall be available for the protection of beaches, bays and coastal waters and watersheds, including projects to prevent contamination and degradation of coastal waters and watersheds, projects to protect and restore the natural habitat values of coastal waters and lands, and projects and expenditures to promote access to and enjoyment of the coastal resources of the state, in accordance with the following schedule:

(a) The sum of ninety million dollars (\$90,000,000) shall be available to the state board for the purpose of matching grants for protecting beaches and coastal waters from pollution and toxic contamination pursuant to the Clean Beaches Program, Chapter 3 (commencing with Section 30915) of Division 20.4. Not less than \$35,000,000 shall be

for grants to local public agencies to assist those agencies to comply with the discharge prohibition into Areas of Special Biological Significance contained in the California Ocean Plan. Not less than 20% of the funds allocated by this subdivision shall be available to the Santa Monica Bay Restoration Commission.

(b) The sum of one hundred thirty five million dollars (\$135,000,000) shall be available for the State Coastal Conservancy for expenditure pursuant to Division 21.

(c) The sum of one hundred eight million dollars (\$108,000,000) shall be available for the San Francisco Bay Area Conservancy Program pursuant to Chapter 4.5 of Division 21. Not less than 20% of the funds allocated by this paragraph shall be expended on projects in watersheds draining directly to the Pacific Ocean.

(d) The sum of forty five million dollars (\$45,000,000) for the protection of the Santa Monica Bay and its watersheds shall be available as follows:

(1) To the Santa Monica Mountains Conservancy pursuant to Division 23 (commencing with Section 33000).....\$20,000,000.

(2) To the Baldwin Hills Conservancy for the protection of the Ballona Creek/Baldwin Hills watershed....\$10,000,000.

(3) To the Rivers and Mountains Conservancy.....\$15,000,000.

(e) The sum of forty five million dollars (\$45,000,000) for the protection of Monterey Bay and its watersheds shall be available to the State Coastal Conservancy.

(f) The sum of twenty seven million dollars (\$27,000,000) for the protection of San Diego Bay and adjacent watersheds shall be available to the State Coastal Conservancy.

(g) The sum of ninety million dollars (\$90,000,000) shall be allocated to the California Ocean Protection Trust Fund (Chapter 4 (commencing with Section 35650) of Division 26.5) and available for the purposes of projects consistent with Section 35650. Priority projects shall include the development of scientific data needed to adaptively manage the state's marine resources and reserves, including the development of marine habitat maps, the development and implementation of projects to foster sustainable fisheries using loans and grants, and the development and implementation of projects to conserve marine wildlife.

Chapter 8. Parks and Nature Education Facilities

75063. The sum of five hundred million dollars (\$500,000,000) shall be available to provide public access to the resources of the State of California, including its rivers, lakes and streams, its beaches, bays and coastal waters, to protect those resources for future generations, and to increase public understanding and knowledge of those resources, in accordance with the following schedule:

(a) The sum of four hundred million dollars (\$400,000,000) shall be available to the Department of Parks and Recreation for development, acquisition, interpretation, restoration and rehabilitation of the state park system and its natural, historical, and visitor serving resources. The Department of Parks and Recreation shall include the following goals in setting spending priorities for the funds appropriated pursuant to this section:

(1) The restoration, rehabilitation and improvement of existing state park system lands and facilities.

(2) The expansion of the state park system to reflect the growing population and shifting population centers and needs of the state.

(3) The protection of representative natural resources based on the criteria and priorities identified in Section 75071.

(b) The sum of one hundred million dollars (\$100,000,000) shall be available to the Department of Parks and Recreation for grants for nature education and research facilities and equipment to non-profit organizations and public institutions, including natural history museums, aquariums, research facilities and botanical gardens. Eligible institutions include those that combine the study of natural science with preservation, demonstration and education programs that serve diverse populations, institutions that provide collections and programs related to the relationship of Native American cultures to the environment, and institutions for marine wildlife conservation research. Grants may be used for buildings, structures and exhibit galleries that present the collections to inspire and educate the public and for marine wildlife conservation research equipment and facilities.

Chapter 9. Sustainable Communities and Climate Change Reduction

75065. The sum of five hundred eighty million dollars (\$580,000,000) shall be available for improving the sustainability and livability of California's communities through investment in natural resources. The purposes of this chapter include reducing urban communities' contribution to global warming and increasing their adaptability to climate change while improving the quality of life in those communities. Funds shall be available in accordance with the following schedule:

(a) The sum of ninety million dollars (\$90,000,000) shall be available for urban greening projects that reduce energy consumption, conserve water, improve air and water quality, and provide other community benefits. Priority shall be given to projects that provide multiple benefits, use existing public lands, serve communities with the greatest need, and facilitate joint use of public resources and investments including schools. Implementing legislation shall provide for planning grants for urban greening programs. Not less than \$20,000,000 shall be available for urban forestry projects pursuant to the California Urban Forestry Act, Chapter 2 (commencing with Section 4799.06) of Part 2.5 of Division 1.

(b) The sum of four hundred million dollars (\$400,000,000) shall be available to the Department of Parks and Recreation for competitive grants for local and regional parks. Funds provided in this subdivision may be allocated to existing programs or pursuant to legislation enacted to implement this subdivision, subject to the following considerations:

(1) Acquisition and development of new parks and expansion of overused parks that provide park and recreational access to underserved communities shall be given preference.

(2) Creation of parks in neighborhoods where none currently exist shall be given preference.

(3) Outreach and technical assistance shall be provided to underserved communities to encourage full participation in the program or programs.

(4) Preference shall be given to applicants that actively involve community based groups in the selection and planning of projects.

(5) Projects will be designed to provide efficient use of water and other natural resources.

(c) The sum of ninety million dollars (\$90,000,000) shall be available for planning grants and planning incentives, including revolving loan programs and other methods to encourage the development of regional and local land use plans that are designed to promote water conservation, reduce automobile use and fuel consumption, encourage greater infill and compact development, protect natural resources and agricultural lands, and revitalize urban and community centers.

75066. Appropriation of the funds provided in subdivisions (a) and (c) of Section 75065 may only be made upon enactment of legislation to implement that subdivision.

Chapter 10. Miscellaneous Provisions

75070. Every proposed activity or project to be financed pursuant to this division shall be in compliance with the California Environmental Quality Act, Division 13 (commencing with Section 21000).

75070.4. Acquisitions of real property pursuant to Chapters 5, 6, 7, 8, and 9 shall be from willing sellers.

75070.5. Not more than 5% of the funds allocated to any program in this division may be used to pay the costs incurred in the administration of that program.

75071. In evaluating potential projects that include acquisition or restoration for the purpose of natural resource protection, the Department of Parks and Recreation, the board, and the State Coastal Conservancy shall give priority to projects that demonstrate one or more of the following characteristics:

(a) Landscape/Habitat Linkages: properties that link to, or contribute to linking, existing protected areas with other large blocks of protected habitat. Linkages must serve to connect existing protected areas, facilitate wildlife movement or botanical transfer, and result in sustainable combined acreage.

(b) Watershed Protection: projects that contribute to long-term protection of and improvement to the water and biological quality of the streams, aquifers, and terrestrial resources of priority watersheds of the major biological regions of the state as identified by the Resources Agency.

(c) Properties that support relatively large areas of under-protected major habitat types.

(d) Properties that provide habitat linkages between two or more major biological regions of the state.

(e) Properties for which there is a non-state matching contribution toward the acquisition, restoration, stewardship or management costs. Matching contributions can be either monetary or in the form of services, including volunteer services.

(f) At least fourteen days before approving an acquisition project funded by this division, an agency subject to this section shall submit to the Resources Agency and post on its website an explanation as to whether and how the proposed acquisition meets criteria established in this section.

75071.5. The Department of Parks and Recreation, the board, and the State Coastal Conservancy shall work with the United States Department of Defense to coordinate the development of buffer areas around military facilities that facilitate the continued operation of those facilities and promote the conservation and recreation goals of the state. To the extent consistent with this division, agencies may provide funding to support projects that meet the purposes of this section.

75072. Up to 10 percent of funds allocated for each program funded by this division may be used to finance planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This provision shall not otherwise restrict funds ordinarily used by an agency for "preliminary plans," "working drawings," and "construction" as defined in the Annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the Surface Water Ambient Monitoring Program administered by the state board.

75072.5 For the purposes of Section 75060(e), "Monterey Bay and its watersheds" shall be considered to be watersheds of those rivers and streams in Santa Cruz and Monterey Counties flowing to the Monterey Bay southward to, and including, the Carmel River watershed.

75072.6. For purposes of Section 75060(f), "San Diego Bay and adjacent watersheds" includes the coastal and bay watersheds within San Diego County.

75072.7. For purposes of Section 75060(d), "Santa Monica Bay and watershed" includes the coastal and bay watersheds in Ventura and Los Angeles Counties from Calleguas Creek southward to the San Gabriel River.

75073. Funds scheduled in Chapter 5, 6, 7 and 8 of this division that are not designated for competitive grant programs may also be used for the purposes of reimbursing the General Fund, pursuant to the Natural Heritage Preservation Tax Credit Act of 2000 (Division 28 (commencing with Section 37000)).

75074. In enacting Chapters 5, 6, 7 and 8 of this division it is the intent of the people that when a project or program is funded herein, funds for such program or project may be used to the full extent authorized by the statute governing the program or conservancy receiving such funds.

75075. The body awarding any contract for a public works project financed in any part from funds made available pursuant to this division shall adopt and enforce, or contract with a third party to enforce, a labor compliance program pursuant to subdivision (b) of Labor Code Section 1771.5 for application to that public works project.

75076. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government code does not apply to the development and adoption of program guidelines and selection criteria adopted pursuant to this chapter.

75077. Funds provided pursuant to this chapter, and any appropriation or transfer of those funds, shall not be deemed to be a transfer of funds for the purposes of Chapter 9 (commencing with Section 2780) of Division 3 of the Fish and Game Code.

75078. The Secretary shall provide for an independent audit of expenditures pursuant to this division to ensure that all moneys are expended in accordance with the requirements of this division. The secretary shall publish a list of all program and project expenditures pursuant to this division not less than annually, in written form, and shall post an electronic form of the list on the Resources Agency's Internet Website.

75079. The Secretary shall appoint a citizen advisory committee to review the annual audit and to identify and recommend actions to ensure that the intent and purposes of this division are met by the agencies responsible for implementation of this division.

Chapter 11. Fiscal Provisions

75080. Bonds in the total amount of five billion three hundred and eighty eight million dollars (\$5,388,000,000), not including the amount of any refunding bonds issued in accordance with Section 75088, or so much thereof as is necessary, may be issued and sold to be used for carrying out the purposes set forth in this division and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bond proceeds shall be deposited in the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 created by Section 75009. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of and interest on the bonds as they become due and payable.

75081. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, and all provisions of that law shall apply to the bonds and to this division and are hereby incorporated in this division by this reference as though fully set forth in this division.

75082. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Finance Committee is hereby created. For purposes of this division, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Finance Committee is "the committee" as that term is used by the State General Obligation Bond Law. The committee shall consist of the Controller, the Director of Finance, and the Treasurer, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of this chapter and the State General Obligation Bond Law, the secretary is designated as "the board."

75083. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

75084. There shall be collected annually in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds maturing each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do so and perform each and every act that is necessary to collect that additional sum.

75085. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund, for purposes of this division, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 75086, appropriated without regard to fiscal years.

75086. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized to be sold for the purpose of carrying out this division. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds that would otherwise be deposited in that fund.

75087. All money derived from premium and accrued interest on bonds sold shall be reserved and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

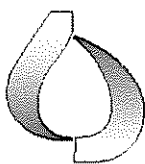
75088. Any bonds issued or sold pursuant to this division may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of the bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

75090. The people of California hereby find and declare that inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitation imposed by that article.

SEC. 2. If any provision of this Act or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SEC.3. This Act is an exercise of the public power of the People of the State of California for the protection of their health, safety, and welfare and shall be liberally construed to effectuate those purposes.

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Date: December 14, 2005

To: The Honorable Board of Directors

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 for the Board of Directors to receive and file.

Outreach/Tours

- January 16, 2006, Tour of HQ, RP-5 and Chino 1 Desalter, Cal State San Bernardino Environmental class

Calendar of Upcoming Events

- December 19, 2005, Energy Workshop, Event Center
- December 22, 2005, IEUA Employee Luncheon
- February, 3, 4, 5, 2006, MWD Colorado River Trip
- March 20, 2006, IEUA hosted Special District dinner at Panda Inn, Ontario, 6pm

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- December 4, 2005, – One-page Health Beat Magazine

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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Date: December 7, 2005

To: Honorable Board of Directors

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

Submitted by: Martha Davis
Executive Manager of Policy Development

Subject: 2005/06 Garden in Every School Program Selected Schools
Announcement

RECOMMENDATION

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

BACKGROUND

Last year, IEUA and the retail water agencies initiated an award-winning pilot program to develop “water wise” gardens in elementary schools. Through the “Garden in Every School” Program, IEUA, in partnership with retail water agencies, Lewis Operating Corp. and Kellogg Garden Supplies, provided up to \$3,500 in grants and additional technical support to seven elementary schools to install gardens that featured drought-tolerant plants and efficient irrigation methods. In addition, the program offered a coordinated curriculum that is aligned with the interdisciplinary state content standards.

Building upon the success of the pilot program, IEUA is again working in partnership with the retail agencies, Lewis Operating Corp. and Kellogg Garden Supplies to offer elementary schools within IEUA’s service area, the opportunity to participate in the “Garden in Every School” Program. The Agency is pleased to also have the Chino Basin Water Conservation District and the U.S. Bureau of Reclamation join as co-sponsors of the Program. This year, seven schools will be awarded up to \$4,500 for the establishment of the gardens. In addition, the Chino Basin Water Conservation District is providing technical assistance with the review and installation of the efficient irrigation systems.

IEUA kicked-off the FY 2005/06 “Garden in Every School” Program in September. The Agency hosted a “Garden in Every School” workshop at Magnolia Elementary School, a participant in last year’s program. The workshop featured an overview of the garden program for elementary school principals, teachers and parents and provided an opportunity to encourage schools to apply for the current year funding.

In October, the Agency received applications from 13 elementary schools, more than double the number of schools that applied to the Program in the first year. IEUA and Chino Basin Water Conservation District staff completed a review of the applications, including site visits in November, to identify qualifying schools.

Seven elementary schools, one from each of the cities located within IEUA's service area, have been selected to participate in the Garden in Every School Program.

The schools are:

- Coyote Canyon Elementary School, City of Rancho Cucamonga
- Foothill Knolls Elementary School, City of Upland
- Hidden Trails Elementary School, City of Chino Hills
- Newman Elementary School, City of Chino
- North Tamarind Elementary School, City of Fontana
- Our Lady of Lourdes School, City of Montclair
- Ranch View Elementary School, City of Ontario

The selected schools received letters of congratulations in early December. Development of the gardens will begin in January, 2006 and dedication ceremonies will be held in late spring 2006.

PRIOR BOARD ACTION

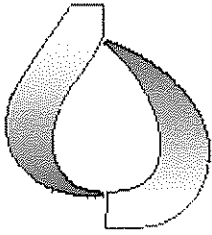
None.

IMPACT ON BUDGET

The FY 2005/06 budget for the "Garden in Every School" Program is \$55,000. IEUA received a \$15,000 grant from the U.S. Bureau of Reclamation to provide additional support for the program. The total budget is \$70,000.

Attachment

RWA:MD:EEK:bk



Inland Empire
UTILITIES AGENCY

For Immediate Release:
December 8, 2005

**Inland Empire Utilities Agency Awards Seven Elementary Schools
A total of \$31,500 in “Garden in Every School” Conservation Funding**

Inland Empire – Continuing its award-winning “Garden in Every School” Water Conservation Program for a second year, the Inland Empire Utilities Agency (IEUA) today announced that seven elementary schools will each be the participants of funding of up to \$4,500 to install water wise gardens that feature drought tolerant plants and efficient irrigation systems.

The seven elementary schools, one from each of the cities located within IEUA’s service area, have been selected to participate in the Garden in Every School Program through a competitive application process. The schools are:

- Coyote Canyon Elementary School, City of Rancho Cucamonga
- Foothill Knolls Elementary School, City of Upland
- Hidden Trails Elementary School, City of Chino Hills
- Newman Elementary School, City of Chino
- North Tamarind Elementary School, City of Fontana
- Our Lady of Lourdes School, City of Montclair
- Rancho View Elementary School, City of Ontario

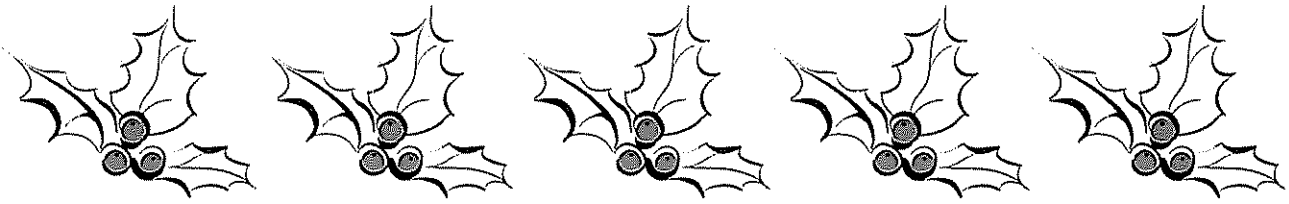
The Garden program is being implemented in partnership with the Cities of Chino, Chino Hills, Fontana, Ontario and Upland, the Cucamonga Valley Water District, Monte Vista Water District, Lewis Operating Corp and Kellogg Garden Supplies. IEUA is also pleased to announce that the U.S. Bureau of Reclamation and the Chino Basin Water Conservation District has joined as co-sponsors of the 2006 Garden Program.

The \$4,500 in funding provided to each school will support the creation of gardens that demonstrate wise water use practices. The U.S. Bureau of Reclamation is contributing funding for the installation of water efficient irrigation systems. The Chino Basin Water Conservation District (CBWCD), well-known for its demonstration water conserving garden in Montclair, is providing technical assistance with the design of the gardens and installation of the irrigation systems. “The Conservation District is excited to be a part of this education and conservation program,” stated CBWCD President Paul Hofer. “Allowing the students the opportunity to experience a ‘hands-on’ approach to gardening, the program will educate the school family and as a result the community about water-wise usage through a garden landscape, featuring drought-tolerant plants and efficient irrigation methods.”

In addition, the program offers a coordinated curriculum that is aligned with the interdisciplinary state content standards. A spring workshop featuring lesson plans will demonstrate how effectively the gardens can support instruction in math, english, local history, biology and other required subjects as well as to demonstrate health and wellness for our children.

IEUA kicked-off the 2006 Garden in Every School program in September. The Agency hosted a "Garden in Every School" workshop at Magnolia Elementary School, a participant in last year's program. Parents, principals and teachers at each school collaborated in developing the program applications. 13 elementary schools applied, more than double the number that applied to the program the previous year.

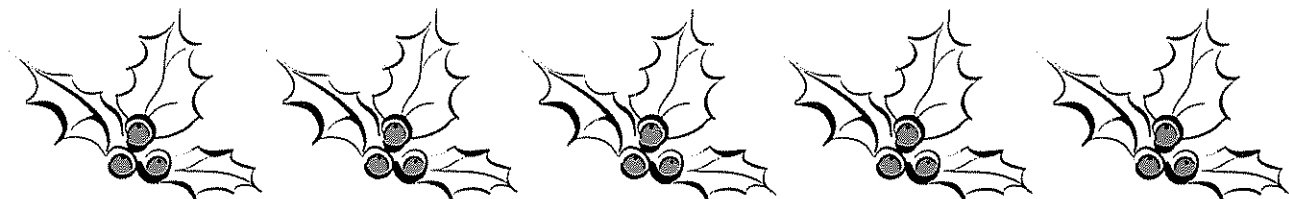
IEUA is delighted to be able to offer this experience for our students," stated IEUA Board President John L. Anderson. "Development of the gardens will begin in January, 2006 and dedication ceremonies will be held in late spring at each participating school."



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



Article Last Updated: 11/12/2005 08:59 PM

Senate should OK bills to increase area water supply

Inland Valley Daily Bulletin

U.S. Sen. Dianne Feinstein, a member of the Senate natural resources committee, should waste no time in shepherding two water-supply bills by Inland Valley congressmen through the upper house.

A bill by Rep. Gary Miller, R-Brea, to increase the Santa Ana River water supply, passed the House last month. Another by Rep. David Dreier, R-Glendora, to augment regional water recycling, passed in July.

It would be a huge boost for the region's well-laid water plans – and for the rest of the state – if both bills were approved by the Senate and signed into law by President Bush before the end of the year.

Local water agencies, including the Inland Empire Utilities Agency, Chino Basin Watermaster, cities and water districts, are in the forefront of conservation and reclamation advances that will make our region less dependent on imported water.

An updated urban water management plan that IEUA is about to adopt projects that, over the next 20 years, our region's use of imported water will drop from the current 30 percent of what we consume to 20 percent, despite our ferocious rate of growth.

The area's leaders are working hard to increase our water self-sufficiency, for very good reasons.

- The population growth in other states along the Colorado River means that Southern California will be able to draw less water from that source as time goes on.
- Since Hurricane Katrina, it has become painfully obvious that the levees that surround Sacramento-San Joaquin Delta farmlands are vulnerable to earthquakes. If the worst happened there, Southern California could be shut off from Northern California water supplies for months or years.

The key strategies for making the Inland Valley more self-sufficient are conservation, recycling, and desalination of groundwater supplies. Planned increases in recycled and desalinated water will allow us to import less.

Dreier's bill authorizes federal funding of \$20 million for the IEUA regional water recycling project and \$10 million for the Cucamonga Valley Water District recycling plant, with federal money capped at 25 percent of each project's cost. The projects will eventually add 75,000 new acre-feet of water annually to local supplies. Use of recycled water for landscaping is rising fast; it will be commonplace in the developments being built in the former agricultural preserve, for example.

Feinstein has introduced the Senate version of Dreier's bill.

Miller's bill authorizes the federal government to spend \$153.9 million over 10 years to improve water quality and increase this region's supply by 65 billion gallons per year.

It would spend \$50 million to increase water desalination in the Chino Basin from 9,000 acre-feet to 40,000 acre-feet annually. That new fresh drinking water supply would go primarily to Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District and a Riverside County water company.

Another \$40 million would be spent on a pipeline to carry brine, the product of desalination, to the ocean. Another \$20 million would be used to develop wetlands in the Prado Basin to replenish groundwater supplies. And \$63.8 million would go to projects downstream in Orange County.

Given the effect these two bills would have on lessening the Inland Empire's demands on the Colorado River and the Sacramento-San Joaquin Delta, Feinstein should jump on the chance to finalize them this year.

Disagree? We'd like to hear from you. Write us at letters@dailybulletin.com

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Article Last Updated: 11/03/2005 10:31 PM

Water CEO Underwood dies

Rancho resident was MWD's leader

By Joe Florkowski, Staff Writer
Inland Valley Daily Bulletin

RANCHO CUCAMONGA - The chief executive officer for the largest water agency in Southern California died at his Alta Loma home Wednesday.

Dennis Underwood, who took over as CEO at Metropolitan Water District in April, died after a battle with cancer. He was 60.

Mr. Underwood served as Metropolitan's vice president of Colorado River resources before being tapped as Metropolitan's chief executive.

He had a distinguished career dealing with water issues and served as commissioner for the U.S. Bureau of Reclamation from 1989 to 1993, where he oversaw about 7,500 employees and a \$1.5 billion budget.

Peers from Inland Valley water agencies praised Mr. Underwood's work on Thursday.

Mr. Underwood was a straight shooter, said Paul Hansen, general manager of Three Valleys Water District in Claremont. Hansen met Mr. Underwood through several different water agency meetings dating back to the early 1990s.

"I was almost mesmerized by his knowledge of the Colorado River and its history," Hansen said.

In his short tenure with Metropolitan, Mr. Underwood supported member agencies such as Three Valleys, and they returned that support, Hansen said.

"It's sad he never really got a chance to leave his legacy at MWD," Hansen said.

Beginning in the 1960s in California's Department of Water Resources, Mr. Underwood served in a variety of roles with water agencies.

He was executive director for the Colorado River Board of California from 1975 to 1989.

Working on Colorado River issues for Metropolitan, Mr. Underwood helped negotiate a deal for a large habitat conservation program along the river. The habitat conservation program was designed to protect nearly 30 species along 450 miles of the Colorado River.

Mr. Underwood took a leave of absence from Metropolitan in October and designated Debra Man as acting CEO, a role she will continue in until the Metropolitan Board of Directors chooses a new executive officer.

Mr. Underwood's knowledge of the Colorado River was meticulous and encyclopedic, said Rich Atwater, general manager of Chino-based Inland Empire Utilities Agency.

Atwater, who worked for the Bureau of Reclamation in the early 1980s, met Mr. Underwood in 1981 and described him as always professional.

"I never saw Dennis lose his temper," Atwater said. "He was a real pro."

Mr. Underwood, as a native of the Inland Valley, also supported local efforts to use recycled water and store water in underground basins, Atwater said.

"I found him to be a wonderful colleague," Atwater said. "I always considered him to be a good friend."

Funeral arrangements have not been completed.

Joe Florkowski can be reached by e-mail at joe.florkowski@dailybulletin.com or by phone at (909) 483-9391.

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Article Last Updated: 10/31/2005 10:42 PM

Dam repairs won't wash out water-quality issues

The Seven Oaks Dam holds the water from the Santa Ana River watershed

Andrew Silva, Staff Writer
San Bernardino County Sun

Repairs to Seven Oaks Dam just east of Highland should be finished this month of November, just in time for the rainy season, but a solution to the water-quality problem created by the dam is much further off.

A section of concrete in an outlet tunnel eroded away during the first full-scale test run of the dam in March.

The 550-foot-high flood-control dam was completed in 1999 to tame the dangerous Santa Ana River, but the record-breaking drought meant the structure couldn't get a real test until this past winter, one of the wettest on record.

When engineers opened one of the outlet gates, with the reservoir at a record depth of 290 feet, an unexpected noise and vibration led them to shut the gate as water poured out at 2,500 cubic feet per second, which translates into 18,700 gallons or enough to fill a typical backyard pool in a little more than a second.

A 30-by-30-foot section of concrete in the 1,600-foot-long outlet tunnel had been scoured away by the water.

Work to repair the damage started in July and new concrete should be poured later this month to finish the repair, said Jay Field, a spokesman for the Army Corps of Engineers, which built the dam.

While the dam did its job as a flood-control structure and probably prevented more significant property damage from the winter storms, it has damaged the high-quality snowmelt and runoff on which several local water agencies rely.

The reason appears to be the debris pool that is allowed to form behind the dam early in the rainy season to help dissipate the energy from water and debris pouring in behind the dam.

"That sounds good unless you're a water-supply agency counting on water flowing down the river," said Bob Martin, general manager of the East Valley Water District.

The silt-laden water in the debris pool contaminates the pristine water coming out of the mountains, making it unusable.

One agency tried spreading the water in its ponds, which are used to replenish the area's groundwater, but the water was so dirty it clogged the ponds.

"There was so much silt it created a 12-inch layer," said Lawrence Libeu, general manager of the San Bernardino Valley Water Conservation District, an agency whose sole purpose is to take mountain runoff and get it in the ground.

The Army Corps of Engineers asked for \$3.6 million to study the causes and possible solutions to the water-quality problem. For now, the House of Representatives has earmarked \$1 million in the energy and water appropriations bill, but there is no money in the Senate version, Martin said.

He hopes the money will be added to the complete bill.

Not content to wait for the Army Corps, local agencies formed a task force to study the issue themselves.

That report should be finished in the next month or so, Martin said.

Any of the solutions would include expensive engineering projects.

They range from diverting water around the dam, to changing the operation of the dam, to building water treatment plants to restore the water to its high quality before it's distributed by water agencies.

The local report could be used as the basis for further work by the Army Corps, provided it gets any funding for a study of its own, said Doug Headrick, chief of water resources for the city of Redlands.

Water officials love the water from the upper reaches of the Santa Ana River. It's prized for its high quality, accessibility and ease of delivery, he said. Without it, agencies sometimes have to rely on much lower-quality water imported from Northern California.

"This water is so darn valuable with its high elevation, high quality and local source it's almost invaluable," Headrick said.

The water agencies are not going to wait patiently for Washington, D.C., to get around to a solution.

"We are committed to helping the Corps find a solution," he said. "What we're talking about is putting the water quality back to the way it was, had there been no dam."

Article Last Updated: 10/25/2005 12:46 AM

Ontario drills wells to save precious water

By Mason Stockstill, Staff Writer
Inland Valley Daily Bulletin

ONTARIO - The giant drill digging a well in the residential neighborhood near E Street and Campus Avenue may help the city save water during future dry years.

The project is one of five wells whose excavation is being paid for mostly by the Metropolitan Water District in order to maintain water supplies in Southern California.

"It's a lot better use of local and statewide resources," said Ken Jeske, Ontario's director of public works.

The district's program provides grants to local water agencies to dig new wells so that groundwater can be tapped more efficiently during dry years.

During times of heavier rain, cities and local agencies can save money by buying imported water and allowing groundwater to remain in the ground, Jeske said.

That way, when the weather is dry and the price of imported water goes up, Ontario can rely on the groundwater that was saved up during previous wet seasons.

"It's cost-neutral, maybe a little bit cost-saving," Jeske said. "Plus, the grant helps pay for the drilling of the wells."

The project is similar to a recent plan that MWD inaugurated with two Orange County water districts encouraging them to save water for use in years when rain is lighter.

"The hallmark of efficient water management is to take advantage and store supplies when they're available, particularly during wet years, for dry times and droughts," said Wes Bannister, the water district's board chairman.

To dampen the noise of running the drill 24 hours a day, the contractor working at E Street and Campus Avenue set up several shipping containers around the site, which Jeske said may have confused some residents as to what the project was.

The containers are an unusual choice for noise abatement, Jeske said, but they seem to be effective, as the city has received few complaints.

"In the old days, they used to use tarps," he said. "It does look a little imposing, but it's there to cut noise."

Mason Stockstill can be reached by e-mail at mason.stockstill@inlandvalley.com or by phone at (909) 483-9354.

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Longtime leader of dairy board resigns

By Joe Florkowski
Staff Writer

CHINO — The longtime leader of an influential Inland Valley dairy organization has left his post at a time when many of the area's dairies are also leaving town.

Bob Feenstra, executive director of Chino-based Milk Producers Council, resigned last week, stepping down after nearly 38 years.

The migration of many of the area's dairies to such areas as the Central Valley is partly responsible for Feenstra's departure, he said.

"The landscape in the Chino basin has changed dramatically," Feenstra said Thursday. "We're losing a couple of dairies per month."



Feenstra

The Orange County resident said he has seen dairies move three times in his life, including this most recent migration to the north.

And while Feenstra before had moved with the dairies, this time he plans to remain

in Southern California and continue to work in the agriculture industry, from a new Ontario office, on issues such as air emissions and converting animal waste into energy.

Working on such projects is nothing new for Feenstra. With local, federal and state officials, Feenstra succeeded in bringing millions of dollars to the area for projects such as better flood protection for dairies, a cow manure-to-energy facility, and a desalting plant.

Feenstra is known in the Inland Valley and across the state as a charismatic, larger-than-life leader in dairy issues.

"He's a bulldog," said Sybrand Vander Dussen, chairman of the Milk Producers Council board of directors. "He has tenacity. He has passion. Those are three qualities that are missing from our leaders today."

The waste-to-energy facility and a composting operation in Chino are

See FEENSTRA / page A6

Feenstra

continued from page A1

among the projects Feenstra will leave as his legacy, Vander Dussen said.

Feenstra's defense of dairies also brought him into conflict with state agencies and environmental groups that sought to regulate the industry.

While he worked tirelessly to defend his members, Feenstra also ensured that his dairies complied with state regulations, said Bob Holub, division chief for the Santa Ana Regional Water Quality Control Board.

In 1972, the state began regulating dairies, and in those years the Milk Producers Council had a more adversarial relationship with Sacramento, said Holub, who has known Feenstra since 1975.

In the past 10 years, both the regional board and Milk Producers Council have worked closely together, with Feenstra as a significant player, Holub said.

"He was very instrumental in moving the Chino Desalter forward," he said.

Feenstra is an enthusiastic optimist with numerous political

contacts, said Richard Atwater, general manager with the Inland Empire Utilities Agency, which worked with the Milk Producers Council on projects such as the waste-to-energy facility.

"He's been active in legislation for 30 years," Atwater said.

Feenstra's Milk Producers Council office in Chino is littered with photos of legislators he has worked with over the years, including then-Assemblyman Gray Davis.

Feenstra said he and Davis worked to put missing children's faces on milk cartons in the 1980s — one of the accomplishments Feenstra said he is most proud of with the Council.

But despite nearing retirement age, Feenstra said he will continue working.

Besides agriculture industry efforts, Feenstra will also remain with American Dairy Parts, a business that works to build more waste-efficient dairies.

"I don't know how to rest," Feenstra said. "I think I have a lot to give to the industry."

Joe Florkowski can be reached by e-mail at joe.florkowski@dailybulletin.com or by phone at (909) 483-9391

Chino Champion 10/22/05

Milk council chief resigns

After almost 38 years as executive director of Chino's Milk Producers Council, Bob Feenstra has resigned to look for greener pastures.

"I think it's time to move on to other ventures and new opportunities," said Mr. Feenstra.

Many dairies are heading to northern parts of California, as the milk industry in Chino begins to dry up, just one of the reasons Mr. Feenstra has resigned.

"Many of the dairies in Southern California are more than 30 years old. It would cost more to bring them up to code with the new air and water regulations than it would to build a new dairy," he said.

Mr. Feenstra has played a large role in the development of local and federal dairy and agriculture programs. He brought millions of dol-

lars to the area for projects such as better flood protection and a manure-to-energy facility. He also worked with former Gov. Gray Davis to put faces of missing children on milk cartons in the 1980s.

Mr. Feenstra will continue his work from a new Ontario office, on issues such as air emissions and converting animal waste into energy. "I will stay active in the ag industry because I think I have something to offer. I'd like to address the new air and water regulations. It's my way of life, it's how I was raised. It stays with you," Mr. Feenstra said.



Bob Feenstra

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Article Last Updated: 11/16/2005 10:51 PM

Deal on tainted water made with Goodrich

Nikki Cobb, Staff Writer
San Bernardino County Sun

About 30 protesters picketed a meeting Wednesday night at which BF Goodrich, accused of contaminating the groundwater of hundreds of thousands of residents of Rialto, Fontana and Colton with perchlorate, hammered out a settlement with the regional water board.

The deal, signed in the Rialto Council Chambers, requires Goodrich to drill between five and nine wells in the area in the next 10 months to monitor the path of a seeping underground perchlorate plume. It also requires the formation of an oversight committee composed of community members and activists, and that others responsible for the contamination be pushed to pay for replacement water.

Members of the Riverside-based Center for Community Action and Environmental Justice and the Los Angeles-based Environment California as well as local residents said the agreement lets Goodrich off easy, and the 10-month time frame has loopholes that could allow the company to drag its heels for years before consumers see any benefits.

"Testing is good. The problem is this agreement treats testing like it's an end in itself," said Sujatha Jahagirdar of Environment California. "We think it's a recipe for indefinite delay."

Perchlorate, thought to cause thyroid malfunction, is used in the manufacture of munitions, fireworks and rocket fuel

It has been detected in wells in Rialto, Fontana, Colton and county areas served by the West Valley Water District. Each water purveyor has wells shut down due to perchlorate contamination or is treating wells to remove the pollutant.

Its presence in the area is thought to date back to World War II. The Defense Department and a myriad of other contractors and corporations have allegedly contributed to the problem, including Goodrich

The city of Rialto is suing Goodrich, the Defense Department, San Bernardino County and dozens of other "potentially responsible parties" for the contamination.

"Goodrich has entered into a consent order agreement to assess water quality in the immediate area of the 160-acre site" that the company operated on from 1957 to 1963, said Goodrich spokeswoman Gail Warner in a statement.

"Goodrich intends to continue its assistance in addressing these issues despite ongoing litigation among the water purveyors and (potentially responsible parties)," Warner said.

Davin Diaz of the Center for Community Action and Environmental Justice said this agreement isn't enough.

"Any settlement that doesn't include replacement water, as far as we are concerned, is null and void," Diaz said.

Replacement water could come in the form of wellhead treatment or even distributing bottled water for drinking.

Kurt Berchtold is assistant executive officer of the Santa Ana River Water Quality Control Board, the other party to the agreement with Goodrich.

He defended the agreement, emphasizing that consumers aren't drinking water laced with perchlorate now. Water purveyors are either treating contaminated well water or taking polluted wells off line altogether.

Berchtold said the monitoring wells are an essential step in eventually solving the perchlorate problem. He said Goodrich has been cooperative in the past, and in 2003 gave \$4 million to the area water purveyors for wellhead treatment.

"We think the investigation required by the agreement is necessary before an effective replacement-water or cleanup program can be put in place," Berchtold said.

Berchtold also said he believes the 10-month schedule is appropriate, and that Goodrich faces fines of \$100,000 per month if the work drags on.

Rialto Councilman Ed Scott, a delegate to the perchlorate proceedings, said last week he was skeptical about the settlement

"If the water board were to give them 10 months, I want the water board to hold their feet to the fire," Scott said. "BF Goodrich needs to clean our water up now."

Article Last Updated: 11/20/2005 08:57 PM

Rialto wastewater plant to get a profitable makeover

Nikki Cobb, Staff Writer
San Bernardino County Sun

RIALTO -- City planners are thinking hard about sewage making sure the water you flush isn't a drain on Rialto's bottom line.

The city has plans to invest millions of dollars in upgrades to its wastewater treatment plant and to prepare the site for an ambitious new project that will ultimately not only save the city money, but turn a profit.

"Economically, it's going to be great for the city," said Bill Hunt, Rialto's acting public utilities director.

In the short term, Rialto plans \$989,530 in repairs and upgrades to its existing plant.

The plant is adequate for the city's wastewater needs, for now. It processes about 8.5 million gallons of sewage each day, not even close to its capacity of 14 million gallons.

However, when the flow to the plant increases to 10 million or 11 million gallons per day, the facility will have to be expanded. Though that benchmark is years in the future, Rialto is planning to accommodate what is expected to be explosive growth in the city.

"With the increased population, as the city continues to grow, it will trigger the need for the city to start building (another plant)," said Bob Marary, Rialto's public works director. "We have to start building when this plant is at 75 percent capacity."

But over the next two years, the city has other plans. It will "clean-up" its landfill on site excavating and removing any garbage, then re-filling the pit with dirt.

On that land, Rialto will embark on its groundbreaking partnership with Enertech, an Atlanta, Ga.-based environmental company.

Enertech plans to build a facility to take the wastewater treatment plant's biosolids sewage sludge and convert it to energy pellets, for sale to cement plants elsewhere, likely in the Victor Valley.

"We're replacing a fossil fuel with renewable energy," Enertech President Kevin Bolin said. "Instead of using coal, these plants will be using fuel made out of biosolids."

About 5 percent to 10 percent of the plant's biosolids will come from Rialto. The rest will come from around the region, from other San Bernardino County wastewater plants as well as from Orange and Riverside counties.

The deal will save Rialto about \$400,000 every year in tipping fees, the cost of depositing its dried biosolids in a dump. The city will also reap a yet-undetermined amount of money from Enertech's leasing the land as well as other taxes and fees.

The Enertech plant is in the final design stages. The \$50 million project is hoped to break ground by mid-2006 and begin processing sludge by late 2007.

A similar facility has been built in Japan, and a small plant in Atlanta. Bolin said he chose Rialto for the first U.S. plant of its size because the city welcomed the technology.

"There's a very strong need for long-term (recycling technology) for biosolids in Southern California," he said. "Rialto is an extremely innovative, forward-thinking municipality."

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Article Last Updated: 11/26/2005 09:45 PM

Stormy weather as Earth heats up

By L. C. Greene, Staff Writer
Inland Valley Daily Bulletin

Hot and stormy. That's the likely forecast for the Inland Empire and its coveted climate as the Earth heats up over the coming decades

Global warming has already turned up its burners on the planet, disintegrating up to 30 percent of the north polar ice cap and causing the oceans to begin a slow and dangerous rise

Some blame the increasing numbers of Katrina-like killer hurricanes on the warming planet and its hotter seas

And while the Inland Empire might not experience such drastic shifts, the changes could be dramatic enough to affect health, safety and the regional economy.

The early signals of warming already can be seen.

"We can indeed see changes on the local scale," said Terry Root, a conservation biologist at Stanford University's center for environmental science and policy.

Flowers are blooming earlier and some birds are nesting sooner, Root said.

THE CAUSES

The Earth is warming and has been for a century. But there is some disagreement over how much warmer things might get and to what extent mankind is the cause.

A growing consensus puts a healthy part of the blame on human activity

"The vast majority of scientists feel that way," said Pomona College president David Oxtby, who has studied global warming as an environmental chemist.

People and their cars and factories spewing greenhouse gases are more than 50 percent responsible for global warming, despite the influence of natural cycles in the Earth's climate, said Stephen Schneider, a senior fellow with the Stanford environmental science and policy center and founder of the journal Climatic Change.

The average global temperature has climbed about 1 degree Fahrenheit since the advent of the Industrial Revolution.

Over that same period, atmospheric greenhouse gases began their rise. Carbon dioxide increased by 30 percent. Methane, another greenhouse gas, jumped 50 percent.

And as man's industrial might grew, the rise in gases and temperatures accelerated.

The average temperatures should continue to ascend anywhere from 2 to 10 degrees during the next hundred years or more, experts say.

"We could be lucky and come out with only 2 degrees warming," Schneider said.

But even 2 degrees is a big jump, considering an average 6-degree drop could plunge the Earth into another Ice Age.

"Slight temperature changes lead to significant impact," said Melinda Herrold-Menzies, a Pitzer College environmental studies professor.

Scientists at the Lawrence Livermore National Laboratory recently warned of calamity if humans continue to burn oil and coal at current rates. By 2300, the polar ice caps will vanish, the oceans will have risen by 23 feet, swamping coastal cities and island nations, and the planet will warm by a potentially devastating 15 degrees.

In the much nearer future, a small rise in the average temperature could lead to far more dangerous summer heat waves.

HEAT WAVES

Heat contributed to an estimated 274 deaths per year in Los Angeles County during the 1990s, according to the federal Centers for Disease Control and Prevention

An even modest warming of the average yearly temperature could dramatically lengthen the Southland's summer heat-wave season and cause the death rate to double or triple, said Chris Field, a biology professor with the Department of Global Ecology at the Carnegie Institute of Washington at Stanford University.

If the average temperature heats up by 10 degrees, the death rate could climb from 300 to 1,200 a year, he said.

"Ten degrees warming is a huge amount," Field said.

The elderly and the poor who cannot afford air conditioning are the most vulnerable

A higher average temperature also would prompt the need for more air conditioning and push energy usage up, Field said.

Higher temperatures could affect the demand for water while seriously depleting supplies.

WATER

The Inland Empire is relatively fortunate when it comes to drinking water. Roughly 80 percent is pulled from underground aquifers.

The region imports the remaining 20 percent from the state's primary storehouse for water the Sierra snowpack.

As winter snow gradually melts, the water is captured. However, when snow turns to rain, much of the runoff is lost

"Every year, we count on significant water from the snowpack," said Ken Manning, chief executive officer for the Chino Basin Watermaster.

Warming temperatures over the next 25 to 50 years could see a serious depletion or even complete loss of the California snowpack, Field said.

Even with the snowpack, "California has never had enough water to go around," he said.

The Inland Empire will have to rely on its underground sources. The large aquifers could sustain the region for a couple of dry years.

"The real issue is the ability to replenish it," Manning said.

As for rainfall, scientists appear divided as to whether precipitation will increase.

Some models predict a dramatic increase in the number and severity of tropical storms -- drenching rains from the west and south, the so-called Pineapple Express.

"We will probably become wetter," Root said. And the added wetness will likely come in the form of big storms and heavy rains.

More violent winter storms will likely cause more damage along California's coastal communities, Schneider noted.

Other climate models predict more seasonal monsoonal weather in the Mojave Desert, and drier conditions in the Los Angeles Basin and Inland Valleys.

Warmer temperatures would push the jet stream farther north.

"Santa Anas and offshore winds will increase," said California State University at San Bernardino geography professor Norman Meek. "Thus, expect warmer and drier conditions."

Hotter weather and the loss of snow is projected to impact the region's ski industry. Subsequent generations might be limited to Washington, Idaho or Canada to ski or snowboard.

With snow vanishing, our forests could wither as well.

THE MOUNTAIN FORESTS

Drought-weakened trees, opportunistic bark beetles and massive wildfires have wreaked havoc on the forests of the San Bernardino and San Gabriel mountains.

In 2003, the Old and Grand Prix wildfires destroyed 150,000 acres of forest from Claremont to the edge of Big Bear City.

As temperatures rise and conditions worsen, the fragile mountain ecosystem could collapse altogether, Pomona College biology professor Gene Fowler said.

"We could lose what little true forest we have around here," he said.

The loss of forest land will also threaten woodland species such as deer and bear and forest-dwelling birds.

Flora and fauna along the foothills will move up the mountains to cooler conditions as the weather warms

Mountaintop species, with nowhere to go, will likely disappear.

AGRICULTURE

Climatologists and their computerized crystal balls warn of the prime farmland migrating northward as the climate changes.

"Our grain-growing region could shift into Canada," Herrold-Menzies said.

Stanford scientists say global warming could threaten not only California's rich Central Valley, but also the state's wine industry

Hotter temperatures cause wine grapes to ripen earlier, potentially degrading the quality of the fruit.

For grapes, "It's already warm or too warm," Schnelder said.

Grape growing in the more temperate coastal orchards might escape damage, he said.

Joseph Filippi with the Filippi Winery and Vineyards in Rancho Cucamonga said that warmer temperatures could shorten the winter pruning season and possibly affect the more temperamental grape varieties.

"That could change the quality of their product," he said.

While degrading the quality of some finicky wine grapes, the hotter weather could benefit others.

Global warming in general doesn't worry him, Filippi said. Grapes are tough.

"Grape vines will grow on rocks," he said. "They're pretty adaptable."

WEEDS AND BUGS

While some grapes may thrive in the heat, so might other less desirable plants.

A warmer climate could find nonnative weeds thriving and pushing out native wildflowers and other plants, reducing the region's diversity of plant life, Field said.

The star thistle, a nonnative weed, is expected to do well as temperatures rise

"We should be concerned about weeds taking over," Root said.

The changing climate also could open the door to tropical northward-moving disease-carrying insects.

"There may be mosquitoes exposing people to malaria and dengue fever," Herrold-Menzies said.

In fact, some scientists hypothesize that the West Nile virus migrated northward into Europe and North America because of global warming, she said.

AVERTING DISASTER

Planet Earth will warm despite our best efforts to reduce automotive and industrial pollution and conserve energy. However, prompt and substantial action could limit the damage and possibly avert long-term catastrophe, scientists say

Some observers contend humans will adapt to the changing climate.

Regardless, inaction isn't the best way to deal with the matter, Herrold-Menzies said.

"I think the U.S. should take the lead," she said.

James Murakami with UCLA's Department of Atmospheric and Oceanic Sciences is among the minority of scientists unsure as to how much man and his machines are to blame and how damaging the consequences might get.

However, "I don't disagree with trying to curb CO2 emissions," he said. "We do need to clean up our atmosphere "

Photo Gallery: Global warming

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