



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, February 10, 2005

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

AT THE CHINO BASIN WATERMASTER OFFICES

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

Tuesday, February 15, 2005

9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

*6075 Kimball Ave. Bldg. A Board Room
Chino, CA 91710
(909) 993-1600*



CHINO BASIN WATERMASTER

February 10, 2005

9:00 a.m. – Joint Appropriative and Non-Agricultural Pool Meeting

February 15, 2005

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE

**CHINO BASIN WATERMASTER
JOINT MEETING APPROPRIATIVE
& NON-AGRICULTURAL POOLS**

9:00 a.m. – February 10, 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 Annual Appropriative Pool Meeting held January 13, 2005 *(Page 1)*
2. Minutes of the Annual Non-Agricultural Pool Meeting held January 13, 2005 *(Page 9)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2005 *(Page 25)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through December 31, 2004 *(Page 29)*
3. Treasurer's Report of Financial Affairs for the Period December 1, 2004 through December 31, 2004 *(Page 31)*
4. Profit & Loss Budget vs. Actual July 2004 through December 2004 *(Page 33)*

II. BUSINESS ITEMS

A. CONSULTANT AGREEMENT WITH THE FURMAN GROUP

Consider Agreement with The Furman Group for Consulting on Federal Issues *(Page 35)*

B. APPROVAL OF STIPULATION

Consider Approval of Stipulation between East Valley Water District and Watermaster Concerning Watermaster's Santa Ana River Water Rights Application *(Page 39)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings
2. Santa Ana River Application Process

B. CEO/STAFF REPORT

1. Storm Report
2. State of the Basin *(Page 47)*

IV. INFORMATION

1. Newspaper Articles (*Page 51*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

February 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
February 14, 2005	1:00 p.m.	AGWA Meeting
February 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 24, 2005	9:00 a.m.	Advisory Committee Meeting
February 24, 2005	11:00 a.m.	Watermaster Board Meeting
March 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
March 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 24, 2005	9:00 a.m.	Advisory Committee Meeting
March 24, 2005	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – February 15, 2005

At The Offices Of

Inland Empire Utilities Agency

6075 Kimball Ave., Bldg. A, Board Room

Chino, CA 91710

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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A. MINUTES

1. Minutes of the Annual Agricultural Pool Meeting held January 18, 2005 *(Page 15)*

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March 24, 2005	9:00 a.m.	Advisory Committee Meeting
March 24, 2005	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Annual Appropriative Pool Meeting – January 13, 2005

Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL APPROPRIATIVE POOL MEETING
January 13, 2005

The Annual Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 13, 2005 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Mike Maestas, Chair 2004	City of Chino Hills
Dave Crosley, Chair 2005	City of Chino
Ray Wellington	San Antonio Water Company
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Mike Maestas	City of Chino Hills
Robert DeLoach	Cucamonga Valley Water District
James T. Bryson	Fontana Water Company
Mark Kinsey	Monte Vista Water District
J. Arnold Rodriguez	Santa Ana River Water Company
Bill Stafford	Marygold Mutual Water Company

WATERMASTER BOARD MEMBERS PRESENT

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Mohamed El-Amamy	City of Ontario
Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
Rita Kurth	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
Gary Hackney	Inland Empire Utilities Agency

Chair Maestas called the meeting to order at 9:02 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. **ANNUAL ELECTIONS – Action**

A. **Calendar Year 2005 Appropriative Pool Officers**

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair, to serve during calendar year 2005.

First by DeLoach, second by Rodriguez, and by unanimous vote

Chair Dave Crosley, City of Chino

First by Crosley, second by Rodriguez, and by unanimous vote

Vice-Chair Robert DeLoach, Cucamonga Valley Water District

Secretary/Treasurer Watermaster Chief Executive Officer

B. Calendar Year 2005 Non-Major Appropriators on the Advisory Committee

Non-Major Appropriators will be asked to elect two representatives to serve on the Advisory Committee during calendar year 2005.

- () Arrowhead Mountain Springs Water Company
- () Inland Empire Utilities Agency
- () Los Serranos Country Club
- () Marygold Mutual Water Company
- () Monte Vista Irrigation Company
- () Nicholson Trust
- () Norco, City of
- (x) San Antonio Water Company
- (x) Santa Ana River Water Company
- () San Bernardino, County of (Prado Shooting Park)
- () Southern California Water Company
- () Upland, City of
- () West End Consolidated Water Company
- () West San Bernardino County Water District

First by DeLoach, second by Rodriguez, and by unanimous vote

C. Calendar Year 2005 Advisory Committee Members & Officers

According to the rotation sequence established among the pools, the appropriators will be asked to appoint a designated representative to serve on the Advisory Committee during calendar year 2005.

Chair Non-Agricultural Pool _____

First by DeLoach, second by Rodriguez, and by unanimous vote

Vice-Chair **Appropriative Pool** Ken Jeske, City of Ontario

2nd Vice-Chair Agricultural Pool _____

It was noted by the Non-Agricultural Pool representative, Bob Bowcock that he will defer the Non-Agricultural Chair position to the Appropriative Pool nominee.

D. Calendar Year 2005 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2005, the City of Chino Hills, Jurupa Community Services, and the Fontana Union Water Company will represent the Appropriative Pool on the Watermaster Board. The City of Chino Hills and the Fontana Union Water Company representatives will remain the same and Jurupa Community Services has selected Paul Hamrick as their interim.

This item was acknowledged by the masses.

Chair Maestas turned the meeting over to the new 2005 Chair Crosley.

II. CONSENT CALENDAR

A. MINUTES

1. Minutes of the of the Appropriative Pool held November 18, 2004

B. FINANCIAL REPORTS

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

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

Consider Receiving and Filing the Annual Audited Financial Statements for Year Ended June 30, 2004

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

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

E. LOCAL AGENCY INVESTMENT FUND

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

F. ASSESSMENTS

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

G. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

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

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

III. BUSINESS ITEMS

A. ESTABLISH TWO NEW POSITIONS

Mr. Manning noted this item ties into the CEO goals and objectives item to follow. Watermaster is in the process of coming into conformity with the IRS rules regarding contract employees with the field staff that is now housed at Chino Basin Watermaster (CBWM). In discussions with the Personnel Committee and the Board it was felt if CBWM released all of the positions held with Wildermuth, Inc. staff, it would leave Watermaster understaffed. The intention is to retain two of the positions on CBWM staff, one being the GIS position and the other would be an engineering position. The engineering position would be utilized by all three of our senior staff to make sure current activities are being addressed. Salaries were decided upon after surveys of the same or similar positions at other water agencies were performed. The question of the time scope

and/or time frame in comparison to the work these two people are performing now was presented. Mr. Manning stated Watermaster has broadened the perspective on both of the positions. The GIS position will be mainly for working with the GIS system, that person will also work with Ms. Maurizio and Mr. Treweek on other activities in the field as necessary. The engineering position will be a generalist and that person will be inputting data, working on field activities, and other various tasks. With these two positions it is felt Watermaster will be able to respond to activities that come up and this will also allow us to not be totally dependent upon Wildermuth's staff. The question regarding the salary and benefits increase that will be put into the budget and along those lines what about equipment, facilities, other necessities was presented. Mr. Manning stated the only costs that will affect the budget are salaries and benefits. The cost will be more than what we are paying Wildermuth, Inc. presently, although staff feels this is a necessary action.

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

Moved to approve establishing two new Chino Basin Watermaster positions for a GIS Specialist and an Environmental Specialist including the salary and benefit increase to the budget, as presented

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

Mr. Manning noted this item was in conjunction with item A Staff is proposing the sale for three of Watermaster's five trucks to Wildermuth, Inc. This will allow the remainder of the staff which is moving into a location nearby to perform their duties under Wildermuth's direction. The three trucks would keep the Chino Basin Watermaster logo (as a familiar recognition reference) and Wildermuth's logo would be added also. The sold trucks would then be the sole property and responsibility of Wildermuth, Inc.

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

Moved to approve the sale of three Watermaster trucks to Wildermuth Environmental, Inc., as presented

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife noted the Attorney-Manager meetings are ready to resume and due to time constraints the parties will be pressed for time to set up a date and compose an agenda. There are many issues on the table that will need to be resolved in 2005. Counsel Fife stated that Mr. Wildermuth will be giving a short technical presentation today that will provide background on the Hydraulic Control/Water Supply Plan and at that time the committee members can decide if another technical meeting is necessary. The question of time frames for the upcoming Attorney Manger meetings so that schedules could be changed if necessary was presented. Counsel Fife stated a recap of everything that has been addressed thus far is being drafted and an agenda will be provided once the committee members decide if they want a technical discussion for the work Wildermuth has done or get right back into the negotiations.

Counsel Fife stated there was a hearing in December on Monte Vista's salt credit motion and the First Amendment to the Peace Agreement; the court approved the First Amendment and at that hearing Monte Vista withdrew its salt credits motion. With Monte Vista's decision to withdraw this issue is completely resolved and is off the table.

2. Comments to Western/Muni EIR

Counsel Fife noted this issue arose in December when the committee members were not meeting. Counsel Fife referred to page 91 of the packet which is a comment letter written by Hatch & Parent submitted on behalf of Watermaster. Counsel Fife stated this was a very

generic comment letter due to finding no sustentative problems with the Western project; however, it has been one of Watermaster's goals to try and get the entire Santa Ana process more locally controlled rather than organized through the State Water Resources Control Board. There is a meeting scheduled next week with John Rossi, Ken Manning, Virginia Grebbien, and Scott Slater to try and come up with a solution to the whole Santa Ana application process.

3. Santa Ana Water Rights Application

Counsel Fife stated due to all the EIR's coming out, staff is looking for ways to move the joint effort process forward. Counsel Fife referred to page 93 in the packet which is the stipulation that have been sent in by East Valley Water District. There were a number of protests to Watermaster's application; mostly were generic protests that parties filed to all of the applications expressing concerns regarding withdrawals from the Santa Ana River. Counsel Fife noted these protests can likely be resolved by providing assurances that we do not divert water from the Santa Ana River. Counsel Fife stated this item might be put on the agenda for February asking for approval to sign the stipulation to try and resolve the protests to Watermaster's application. The Department of Fish and Game will mostly likely be the only party who will not withdraw their protest and will require negotiations.

4. North Gualala Decision

Counsel Fife noted the entire decision was put into the packet because of the magnitude of the lower court decision. The substance of this decision is the court has found that some groundwater pumping in the North Gualala Groundwater Basin had an impact on a surface stream. Counsel Fife stated counsel does not know if the parties plan to appeal the decision and if they do Watermaster will want to be involved with an amicus brief at some level.

5. Santa Ana Sucker Critical Habitat Decision

Counsel Fife stated on January 4, 2005 the Fish and Wildlife Service made its final determination on the Santa Ana Sucker; the decision was to not list unit 1A and unit 1B (which is the Santa Ana River) as designated critical habitat. This is very good news.

The question regarding habitat issues in the spreading areas and the status of the kangaroo rats was presented. Counsel Fife commented this was an issue that was dealt with during the permit process for all these basins and we did resolve this issue through the permits we got through the Army Corp.

B. CEO/STAFF REPORT

Added Comment:

Mr. Manning added comment regarding the added handout regarding the storm reports. As a reminder Mr. Manning noted it was mentioned at the meetings that as we go into the storm season Watermaster would be providing updates on the storm events. This handout represents storms 1 through 5; the most recent storm was not included in this handout because all the data from that storm has not been deciphered. The SCADA system is just starting to come up with data so the last December storm listed was calculated without the assistance of the SCADA system.

1. Information Regarding AB2733 Retro Act

Mr. Manning stated the AB2733 is a piece of legislation which went through State Legislature last year. Currently pumpers are required, if you are pumping more than 25 acre feet a year, to file a State Water Resources Control Board Annual Notice of Extraction with the State Water Resources Control Board. AB2733 essentially moves that authorization down to the local level giving Watermaster the authority to be able to capture and house that data. Staff is working with SAWPA and other agencies locally in

determining a general sphere of influence for the capturing of that data because there is overlap with San Bernardino Municipal Water District and with Western Municipal Water District. Mr. Manning stated eventually what will take place is a report will be submitted to the State Water Resources Board and all of the pumpers within our area will be notified to now send that information to Watermaster instead of sending it to the State.

2. Chief Executive Officer Goals and Objectives Report

Mr. Manning noted while going through the process of refining his goals and objectives in working with the Personnel Committee and the Board, the Board requested at the pool meetings an overview be given on those goals and objectives which were set up for the year. The goals were set up in four separate areas, 1) OBMP, 2) Personnel, 3) Budget and Assessment Process, and 4) Community Relations. Each one of those areas has sub-goals within themselves. In OBMP the first area is recharge, maximizing recharge, and working on building relationships with Flood Control. The second area of the OBMP is water quality planning, funding, and looking at opening up the water quality process. In the area of personnel, the position in dealing with the IRS conflicts and contract employees. In the area of the budget and assessment; at the assessment workshop some of the changes that would take place for the assessment package were introduced and the decision to split the water activity reporting. Assessment and budget workshops will continue to be held at Watermaster. In the area of community relations staff is discussing on building relationships with local government, our community, and state and federal agencies. These goals are written out in more detail and can be made available to those who wish to have them in writing.

3. Redesign of Chino Basin Watermaster Logo

Mr. Manning stated the redesign of the Watermaster logo came about during the work being done for the public information campaign that we are presently working on with Inland Empire Utilities Agency (IEUA). In the ad that will be coming out for the public information campaign, all logos of the organizations that funded the project will be placed at the bottom of the ad and if we are going to start to have our logo branded we want to have a distinguishable and also reproducible logo. Our current Watermaster logo is almost impossible to reproduce because the center pictures run together and are not distinguishable as to what they are. Cerrell and Associates have come up with a few new possible logo ideas which are on the back table as a handout; the one presented was the best out of the many possible choices. Mr. Manning inquired to the committee members any comments on the presented new logo. The comment was made that this new logo looked too similar to another water districts logo. The comment regarding having a unique logo that might also portray a partnership with other agencies was noted.

4. Public Information Campaign Update

Mr. Manning stated the Water Conservation Department, Western Municipal Water District, Three Valleys Municipal Water District, and Chino Basin Watermaster along with working with IEUA on the development of this one year program to inform the public on what is happening regarding water issues. The program is designed to instill confidence in the constitutions and in the law makers within our area that we in fact are taking care of the water issues and staff feels the message is going to be a first-rate and constant over a year's time frame.

5. Revised Water Supply Plans for the OBMP

Mr. Wildermuth commented this was being worked on by Black & Veatch to try and take this information and begin a process to use models in the future. Mr. Wildermuth referred to the slide presentation "Comparison of Chino Basin Groundwater Production from the Peace Agreement, Dry-Year Yield Planning and Peace II Process". Mr. Wildermuth reviewed the sum of OBMP Desalter I and II raw water supply, including nonpotable water production, production for ion-exchange, and WECWC production in the Chino Basin for Upland. The total production for Appropriators was reviewed in detail noting a very large increase which will leave replenishment obligations too difficult to meet. Mr. Wildermuth

stated he can provide more technical detail at the next Attorney Managers meeting on this topic. The question if a discussion on Wildermuth's findings would need to take place prior to the release of the report was presented. Mr. Wildermuth noted he would not be able to complete the report until a discussion has taken place. It was decided a managers meeting needs to take place prior to taking this to the Attorney Manager meetings to resolve some issues. A discussion ensued with regard to water supply and demand. The question was presented to Mr. Wildermuth on the accuracy of the numbers being presented. Mr. Wildermuth stated he trusts the numbers being supplied. Mr. Manning offered a technical managers meeting to meet early in February to review and discuss this plan.

6. Status of the State of the Basin

Mr. Manning stated Mr. Wildermuth has been working diligently on this report and noted this report will be complete next week and will be up on the Watermaster web site as soon as possible for review and/or download. Once you have had a chance to review the document please give staff a call if you have any questions.

V. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

2. Mapping the System – GIS Conversion Keeps Data Current

Mr. Manning stated this was a very interesting article that was in the Opflow magazine, October 2004 issue and encouraged the committee members to look at it.

3. Replenishment Service Availability Update for Calendar Year 2005

No comment was made regarding this item.

VI. POOL MEMBER COMMENTS

No comment was made regarding this item.

VII. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

January 13, 2005	9:00 a.m.	Appropriative Pool Annual Meeting
January 13, 2005	11:00 a.m.	Non-Agricultural Pool Annual Meeting
January 18, 2005	9:00 a.m.	Agricultural Pool Annual Meeting
January 27, 2005	9:00 a.m.	Advisory Committee Annual Meeting
January 27, 2005	11:00 a.m.	Watermaster Board Annual Meeting
February 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
February 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 24, 2005	9:00 a.m.	Advisory Committee Meeting
February 24, 2005	11:00 a.m.	Watermaster Board Meeting

The Annual Appropriative Pool Meeting Adjourned at 9:50 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

2. Annual Non-Agricultural Pool Meeting – January 13, 2005

Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL NON-AGRICULTURAL POOL MEETING
January 13, 2005

The Annual Non-Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 13, 2005 at 11:00 a.m.

NON-AGRICULTURAL POOL MEMBERS PRESENT

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
Mike Thies, Vice-Chair	Space Center Mira Loma

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
Josephine Johnson	Monte Vista Water District

Chair Bowcock called the meeting to order at 11:15 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. ANNUAL ELECTIONS – Action

A. Calendar-Year 2005 Non-Agricultural Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair, to serve during Calendar-Year 2005.

First by Thies, second by Bowcock, and by unanimous vote

Chair	<u>Bob Bowcock, Vulcan Materials Company</u>
Vice-Chair	<u>Mike Thies, Space Center Mira Loma</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

B. Calendar-Year 2005 Advisory Committee Members

Pool member(s) will be asked to elect representatives and alternates to serve on the Advisory Committee during Calendar-Year 2005.

Member: <u>Bob Bowcock</u>	Alternate: <u>Justin Scott-Coe</u>
Member: <u>Mike Thies</u>	Alternate: <u>Tom Cruikshank</u>
Member: <u>Eric Wang</u>	Alternate: <u>To be announced</u>

C. Calendar-Year 2005 Advisory Committee Officers

Based on the rotation sequence established among the pools, the members of the Non-Agricultural Pool will be asked to appoint a designated representative, Vice-Chair of the Advisory

Committee during Calendar-Year 2005. If the appointed representative is unable to attend an Advisory Committee meeting, a remaining pool officer may serve as his/her alternate.

Non-Agricultural Pool	Chair <u>Bob Bowcock – withdrawn and passed to the</u> <u>Appropriative Pool</u>
Appropriative Pool	Vice-Chair _____
Agricultural Pool	2 nd Vice-Chair _____

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

Moved to approve the deferring of the Chair position to the Appropriative Pool nominee

D. Calendar-Year 2005 Pool Representation on Watermaster Board

The Pool members will be asked to select one representative to serve on the Watermaster Board during Calendar-Year 2005 and one alternate representative.

First by Bowcock, second by Thies, and by unanimous vote

Member: Bob Bowcock Alternate: Justin Scott-Coe

II. CONSENT CALENDAR

A. MINUTES

- Minutes of the of the Non-Agricultural held November 18, 2004

B. FINANCIAL REPORTS

- Cash Disbursements for the month of November 2004
- Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through October 31, 2004
- Treasurer's Report of Financial Affairs for the Period October 1, 2004 through October 31, 2004
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- Profit & Loss Budget vs. Actual July 2004 through November 2004

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

Consider Receiving and Filing the Annual Audited Financial Statements for Year Ended June 30, 2004

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

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

E. LOCAL AGENCY INVESTMENT FUND

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

F. ASSESSMENTS

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

G. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

*Motion by Bowcock, second by Thies, and by unanimous vote
Moved to approve Consent Calendar Items A through G, as presented*

III. BUSINESS ITEMS

A. ESTABLISH TWO NEW POSITIONS

Mr. Manning stated a portion of Wildermuth's field staff is working in-house at Watermaster. Watermaster staff is trying to come up an arrangement with Wildermuth Environmental to move those field staff employees under his direction. The situation with moving all of the field staff out of this office is that it would leave Watermaster understaffed in the areas of GIS and a respond person to general engineering functions. Watermaster has two of those staff personnel that we would like to retain and bring onto the Chino Basin Watermaster's staff. Staff reviewed Ontario's salary schedule as it tended to be in the low-medium pay scale. Staff is suggesting using that pay scale for those two positions.

*Motion by Bowcock, second by Thies, and by unanimous vote
Moved to approve establishing a GIS Specialist and Environmental Specialist position for Chino Basin Watermaster with an increase in budget to accommodate the two new positions, as presented*

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

Watermaster currently has five work trucks which are being used by Wildermuth's field staff. With the release of the field staff, Wildermuth would need three of the five vehicles to perform their duties and staff would retain two of the vehicles to have on hand for various field and staff needs. Staff is recommending selling the three vehicles to Wildermuth Environmental at Kelly Blue Book numbers as the basis of the sale.

*Motion by Bowcock, second by Thies, and by unanimous vote
Moved to approve the sale of three Watermaster trucks to Wildermuth Environmental, Inc., as presented*

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife stated that the Attorney-Manager meetings will be resuming shortly; the meetings will begin with a technical manager meeting to review the work that Wildermuth has been working on and completed.

The Monte Vista salt credit motion has been resolved. There was a hearing on December 2, 2004 and the first Amendment to the Peace Agreement was approved and at that hearing Monte vista withdrew their salt credits motion.

2. Comments to Western/Muni EIR

Counsel Fife noted that during the month of December when there were no scheduled meetings, Watermaster's counsel commented on Westerns the recently released EIR regarding the Santa Ana River. There were no real opposing issues in the comments. There is a meeting scheduled for January 18, 2005 with Virginia Grebbien, Rich Atwater, John Rossi, and Scott Slater and at that meeting we will start on the process of solving the Santa Ana River issues amongst ourselves rather than leaving it to the State Board.

3. Santa Ana Water Rights Application

Counsel Fife commented there are a several number of protests to Watermaster's application as a result staff is moving forward to resolve those. There is a draft stipulation starting on page 93 of the packet from Steve Kennedy with East Valley Water District who has protested our application. This was included to show the committee members the substance of what we most likely will be asked to agree to from all of the people who have protested our application. Watermaster must certify that we do not actually withdraw any water Santa Ana River or at least our application does not cover any activities to directly withdraw water from the Santa Ana River.

4. North Gualala Decision

Counsel Fife stated this is a lower court decision case which recently came out. The whole case was included in the package since this is something that Chino Basin needs to watch very closely. This is a lower court decision that is finding groundwater pumping subject to State Water Resources Control Board jurisdiction based on a slight impact to a surface water body. The court stated that any impact to a surface water body, "however slight", justifies State Board jurisdiction. In this particular case the wells really had no discernable impact but the court said in a decade there might be a lot more wells and that will have a large impact. This could be an enormous situation and if there is an appeal Watermaster most likely will participate in at some level.

5. Santa Ana Sucker Critical Habitat Decision

Counsel Fife noted that the Fish and Wildlife Service decided not to designate units 1A and unites 1B (which is the Santa Ana River) as critical habitat.

B. CEO/STAFF REPORT**Added Comment:**

Mr. Manning added comment regarding the added handout pertaining to the storm reports. As a reminder Mr. Manning noted it was mentioned at the meetings that as we go into the storm season Watermaster would be providing updates on the storm events. This handout represents storms 1 through 5; the most recent storm was not included in this handout because all the data from that storm has not been analyzed. The SCADA system is just starting to come up with data so the last December storm listed was calculated without the assistance of the SCADA system.

1. Information Regarding AB2733 Retro Act

Mr. Manning stated the AB2733 is a piece of legislation which went through State Legislature last year. Currently pumpers are required, if you are pumping more than 25 acre feet a year, to file a State Water Resources Control Board Annual Notice of Extraction with the State Water Resources Control Board. AB2733 essentially moves that authorization down to the local level giving Watermaster the authority to be able to capture and house that data. Staff is working with SAWPA and other agencies locally in determining a general sphere of influence for the capturing of that data because there is overlap with San Bernardino Municipal Water District and with Western Municipal Water District. Mr. Manning stated eventually what will take place is a report will be submitted to the State Water Resources Board and all of the pumpers within our area will be notified to now send that information to Watermaster instead of sending it to the State.

2. Chief Executive Officer Goals and Objectives Report

Mr. Manning noted while going through the process of refining his goals and objectives in working with the Personnel Committee and the Board, the Board requested at the pool meetings an overview be given on those goals and objectives which were set up for the year. The goals were set up in four separate areas, 1) OBMP, 2) Personnel, 3) Budget and Assessment Process, and 4) Community Relations. Each one of those areas has sub-goals within themselves. In OBMP the first area is recharge, maximizing recharge, and working on building relationships with Flood Control. The second area of the OBMP is water quality planning, funding, and looking at opening up the water quality process. In the area of personnel, the position in dealing with the IRS conflicts and contract employees. In the area of the budget and assessment; at the assessment workshop some of the changes that would take place for the assessment package were introduced and the decision to split the water activity reporting. Assessment and budget workshops will continue to be held at Watermaster. In the area of community relations staff is discussing on building relationships with local government, our community, and state and federal agencies. These goals are written out in more detail and can be made available to those who wish to have them in writing.

3. Redesign of Chino Basin Watermaster Logo

Mr. Manning stated the redesign of the Watermaster logo came about during the work being done for the public information campaign that we are presently working on with Inland Empire Utilities Agency (IEUA). In the ad that will be coming out for the public information campaign, all logos from participating organizations that funded the project will be placed at the bottom of the ad and if we are going to start to have our logo branded we want to have a distinguishable and also reproducible logo. Our current Watermaster logo is almost impossible to reproduce because the center pictures run together and are not distinguishable as to what they are. Cerrell and Associates have come up with a few new possible logo ideas which are on the back table as a handout; the one presented was the best out of the many possible choices. The comment was made that this new logo looked too similar to another water districts logo. The comment that was made at the Appropriative pool was that staff should look at having a unique logo that might also portray a partnership with other water agencies. A comment was made regarding our current logo and if we were planning on making it our seal and incorporating the new logo over time. Mr. Manning stated that was correct that staff would continue to use items with the old logo on it as to not cause a budgetary crunch for items with the new logo right away.

4. Public Information Campaign Update

Mr. Manning stated the Water Conservation Department, Western Municipal Water District, Three Valleys Municipal Water District, and Chino Basin Watermaster along with working with IEUA on the development of this one year program to inform the public on what is happening regarding water issues. The program is designed to instill confidence in the constitutions and in the law makers within our area that we in fact are taking care of the water issues and staff feels the message is going to be a first-rate and constant over a year's time frame. Mr. Manning noted the message will focus in on a number of projects including the spreading basins and what Flood Control is doing and what your districts are doing in your areas.

5. Revised Water Supply Plans for the OBMP

Mr. Wildermuth noted that last summer Wildermuth Environmental was tasked to re-evaluate Hydraulic Control. Wildermuth had Black & Veatch, who was performing similar work for Inland Empire Utilities Agency at the time, go out and get from each agency their updated water supply plans for the next twenty to thirty years. This information was compiled and brought back to Wildermuth; at that time Black & Veatch was told more information was needed. Black & Veatch went back and got well capacities and if the wells were usable; it was critiqued a second time and sent back again to Black & Veatch for information. Mr. Wildermuth referred to the slide presentation "Comparison of Chino Basin Groundwater Production from the Peace Agreement, Dry-Year Yield Planning and Peace II Process". Mr. Wildermuth reviewed the sum of OBMP Desalter I and II raw water supply, including nonpotable water production, production for ion-exchange, and WECWC production in the Chino Basin for Upland. The total production for Appropriators was reviewed in detail noting a very large increase which will leave replenishment obligations too difficult to meet. In reviewing the submitted numbers Wildermuth went back to the three agencies which had the highest increase and asked them to verify the plans. At the Appropriative Pool meeting it was decided a technical manager meeting would need to take place for review and discussion of the plans. Mr. Manning stated that the goal of this meeting would be that once we got all the parties together we can take a look at the numbers and come up with a plan that makes more sense. We do not want to delay the Attorney Manager process so this meeting will be scheduled by the end of January or the beginning of February.

6. Status of the State of the Basin

Mr. Manning stated Mr. Wildermuth has been working diligently on this report and noted this report will be complete next week and will be up on the Watermaster web site as soon as possible for review and/or download. Once you have had a chance to review the document please give staff a call if you have any questions.

Mr. Wildermuth added that this report will be put out as an "Administrative Draft" because there might be some things that people would like to see in it that are not in it or taken out. There is no legal requirement to have certain things in this report; maximum benefit and recharge have been added this year.

V. INFORMATION

- 1. Newspaper Articles
No comment was made regarding this item.
- 2. Mapping the System – GIS Conversion Keeps Data Current
No comment was made regarding this item.
- 3. Replenishment Service Availability Update for Calendar Year 2005
No comment was made regarding this item.

VI. POOL MEMBER COMMENTS

Mr. Thies stated that his company owns a couple buildings in Fontana and inquired as to what is going on in the basin around the Mulberry and Jurupa intersections. Mr. Wildermuth commented that basin was made to primarily function as an overflow from San Sevaine and those connections have not yet been put in. A brief discussion ensued regarding recharge and pump stations.

VII. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

January 13, 2005	9:00 a.m.	Appropriative Pool Annual Meeting
January 13, 2005	11:00 a.m.	Non-Agricultural Pool Annual Meeting
January 18, 2005	9:00 a.m.	Agricultural Pool Annual Meeting
January 27, 2005	9:00 a.m.	Advisory Committee Annual Meeting
January 27, 2005	11:00 a.m.	Watermaster Board Annual Meeting
February 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
February 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 24, 2005	9:00 a.m.	Advisory Committee Meeting
February 24, 2005	11:00 a.m.	Watermaster Board Meeting

The Annual Non-Agricultural Pool Meeting Adjourned at 11:45 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Annual Agricultural Pool Meeting – January 18, 2005

Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL AGRICULTURAL POOL MEETING
January 18, 2005

The Annual Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on January 18, 2005 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, Chair
Gene Koopman
Glen Durrington
John Huitsing
Gary Lord
Jeff Pierson

Milk Producers Council
Milk Producers Council
Crops
Dairy
State of California, California Institute for Men
Crops

Watermaster Board Member Present

Paul Hofer

Crops

Watermaster Staff Present

Kenneth R. Manning
Sheri Rojo
Danielle Maurizio
Sherri Lynne Molino

Chief Executive Officer
Finance Manager
Senior Engineer
Recording Secretary

Watermaster Consultants Present

Michael Fife
Mark Wildermuth

Hatch & Parent
Wildermuth Environmental Inc.

Others Present

Steve Lee
Rick Rees

Reid & Hellyer
Geomatrix for CIM

Chair deBoom called the Agricultural Pool meeting to order at 9:06 a.m.

AGENDA - ADDITIONS/REORDER

I. ANNUAL ELECTIONS – Action

A. Calendar-Year 2005 Agricultural Pool Members

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates during calendar year 2004:

Current Agricultural Pool Members

Crops: Glen Durrington
Jeff Pierson

Dairy: Robert Feenstra
Gene Koopman
Peter Hettinga
Nathan deBoom
John Huitsing

Current Alternates:

Crops:

Dairy: Don Galleano

Syp Vander Dussen

State: Pete Hall
Wayne Davidson
Barbara Swanson
Joe Delgado

State:

Duffy Blau

It was decided for calendar year 2005 the following would be representing the Agricultural Pool. Changes and/or deletions for alternates will be made at a later date.

Current Agricultural Pool Members

Crops: Glen Durrington
Jeff Pierson
Dairy: Robert Feenstra
Gene Koopman
Peter Hettinga
Nathan deBoom
John Huitsing
State: Pete Hall
Robert Nobles
Ed Gonsman
Gary Lord

Current Alternates:

Crops: Dan Hostetler
Dairy: Syp Vander Dussen
State: T.B.D.

B. Calendar Year 2005 Agricultural Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair.

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

Chair Nathan deBoom

First by Huitsing, second by Durrington, and by unanimous vote

Vice-Chair Gene Koopman

Secretary/Treasurer Watermaster Chief Executive Officer

C. Calendar Year 2005 Advisory Committee Members & Officers

The pool members will be asked to determine the ten agricultural representatives to serve on the Advisory Committee and, according to the rotation sequence established among the pools, appoint a representative to serve as 2nd Vice-Chair of the Advisory Committee during calendar year 2005

First by Koopman, second by Durrington, and by unanimous vote

Chair	Non-Agricultural Pool	<u>Deferred to Vice-Chair position</u>
Vice-Chair	Appropriative Pool	<u>Acting Chair</u>
2 nd Vice-Chair	Agricultural Pool	<u>Nathan deBoom</u>

D. Calendar-Year 2005 Pool Representation on Watermaster Board

The Pool members will be asked to consider selecting two representatives to serve on the Watermaster Board during Calendar-Year 2005 and one or two alternate representatives.

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

Member: Geoff Vanden Heuvel Alternate: John Huitsing

Member: Paul Hofer Alternate: Robert Feenstra

II. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the of the Agricultural Pool Meeting held November 15, 2004

B. FINANCIAL REPORTS

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

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

Consider Receiving and Filing the Annual Audited Financial Statements for Year Ended June 30, 2004

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

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

E. LOCAL AGENCY INVESTMENT FUND

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

F. ASSESSMENTS

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

G. NOTICE OF INTENT

~~Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield~~

Consent Calendar item E regarding Local Agency Investment Fund (LAIF) was pulled for discussion by Mr. Koopman.

Mr. Koopman inquired to the return rate for LAIF and Ms. Rojo noted it was around 1.41%. Ms. Rojo reminded the committee members that their money held by LAIF was transferred from the Agricultural Pool to Vineyard Bank. A discussion ensued regarding the funds placed in Vineyard Bank for the Agricultural Pool.

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

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

III. BUSINESS ITEMS**A. ESTABLISH TWO NEW POSITIONS**

Mr. Manning stated that Watermaster has been dealing with an issue that has to do with bringing our organization into compliance with the IRS rules regarding contract employees. Watermaster houses a number of employees who are actually Wildermuth's employees; they have been driving our trucks, wearing our shirts, and working basically on Watermaster's schedule. Staff has been working with Wildermuth to create a plan to separate those employees from our employment. In analyzing Watermaster's need for employees if we moved

all of the field staff employees strictly under Wildermuth's guidance, which we think is an overall good thing, this would leave Watermaster short. Mr. Manning reminded the committee members about the issue with Jurupa Community Services and the land conversion issues; a problem had been discovered and the reason it was discovered was because of our GIS capabilities in-house. What staff is asking for is that a position be established so that we maintain GIS capabilities within the Watermaster we consider this position to be essential. The second position is an engineering generalist position that would work underneath Ms. Maurizio and Mr. Treweek and would be performing a number of items including field and in-house work. This person would also be able to fill in for others as other Watermaster employees leave for maternity leave, vacations, or a number of other instances. Staff feels these two positions are necessary. Financially, our total overall obligation will go up slightly in terms of the budget; although, most of the funds necessary for this transaction will be shifted from our contract obligation with Wildermuth Environmental and over to the employment for our own employees. Mr. Koopman asked for more definition regarding contract employees. Mr. Manning stated they work for Wildermuth, however, take direction from Watermaster. A discussion ensued regarding benefits. Mr. Manning stated Wildermuth Environmental is planning on leasing a facility in our area, possibly the small building next to Watermaster and then the employees that will not be retained by Watermaster will move into that facility. Mr. Manning noted the next item on the agenda deals with the sale of Watermaster trucks to Wildermuth Environmental so that the trucks will have both Watermaster and Wildermuth logo's on the truck. Staff feels that after the positions are established and the other field staff employees move out of the building there will be no doubt there is a separation and those employees are no longer under the control of Watermaster. Mr. Manning commented to accomplish this we have to give up some things but by retaining these two employees we are able to get the flexibility we need to have our organization run smoothly and still be able to meet our demands. The question of how the Appropriative and Non-Agricultural voted on this item was presented. Mr. Manning noted both Pools voted unanimously in favor of these two items. The question of the total budget impact for both employees was presented. Mr. Manning noted there will be approximately a \$40,000 dollar increase in the current budget. The question if whether or not our legal department has reviewed this whole proposal was presented. Mr. Manning noted that legal has indeed reviewed all aspects of this proposal. A discussion ensued with regard to contracts at other agencies. Watermaster staff will be working with Wildermuth's supervisors to schedule their activities and Watermaster will no longer be directing those employees. Mr. Wildermuth gave a brief history on how the field staff came to work at Watermaster and how their positions have grown over time. A discussion ensued regarding to the employee that will resign from Wildermuth and be hired as Watermaster employees with regard to benefits. Ms. Rojo offered comment regarding the necessity for this transaction and Mr. Manning noted this was an item on his goals and objectives which will be covered later in another agenda item.

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

Moved to approve establishing two new positions for Watermaster, as presented

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

Mr. Manning commented that Wildermuth has begun dialog with Robert DeLoach on the remodeling of the building next door to Watermaster. Mr. Manning stated that Watermaster currently has five work trucks which are being used by Wildermuth's field staff. With the release of the field staff, Wildermuth would need three of the five vehicles to perform their duties and staff would retain two of the vehicles to have on hand for various field and staff needs. Staff is recommending selling the three vehicles to Wildermuth Environmental at Kelly Blue Book numbers as the basis of the sale.

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

Moved to approve the sale of three Watermaster trucks to Wildermuth Environmental, Inc., as presented

C. PARTICIPATION IN THE CHINO BASIN PUBLIC OUTREACH CAMPAIGN

Mr. Manning stated that Chair deBoom and himself had a discussion last month regarding this item. A number of agencies within the Chino Basin have band together to pull together a campaign through the Inland Valley Daily Bulletin that is valued at \$190,000, which will provide us with full page ads over the course of the year. These ads will make available the opportunity for us to talk about issues relative to water, water quantity, water quality. What we have done is pulled together groups to help fund this endeavor. Because we are putting together a complete package, the Daily Bulletin has discounted that total to \$100,000 dollars while offering a program that is more or less a cafeteria plan in that they have provided us with a series of publications over the course of the year starting in February plus some ads we can place at other times. We can pick and choose what our message is going to be and when they will come out in the paper. Inland Empire Utilities Agency has chosen to manage this program and they have also decided to take on 50% of the total cost of the program. Western Municipal Water District, Three Valleys Municipal Water District, Conservation District, and Watermaster are paying a portion of the remaining 50%. Watermaster's portion is being provided through a budget surplus because of a contract that we no longer have with Cerrell and Associates through IEUA and that money will be deferred into this program. Mr. Manning stated he and staff feels it is important that we include the message that goes along with the Agricultural community about what is being done in the Chino Basin to protect the water and the proactive approaches that are being taken to protect the water quality. That particular message is essential and needs to be included in this package. Staff is requesting that the Agricultural Pool contribute \$10,000 dollars in order to allow the Agricultural Pool to have control over the message that is going to be delivered for agricultural over the course of the next year. Mr. Manning stated he thinks this will have tremendous benefit for all of the water community and will provide us an opportunity to provide a consistent message over a 12 month period that is positive and proactive. Mr. Koopman noted this item was on the agenda for IEUA's last Board meeting and it was approved. A discussion ensued regarding who will be participating in this endeavor and how this will affect the Agricultural Pools budget. Mr. Manning noted that in his travels the question regarding Agricultural and water quality comes up with almost every person in conversation. The question of who is going to control the content of these ads was presented. Mr. Manning stated that IEUA will be controlling the coordination with the Daily Bulletin and beyond that people will be getting together periodically over the course of the year with a representative from each of the funding agents to talk about the messages that are going on within those sections they deliver. Every full page ad (all 30 of them) will have a logo at the bottom from every one of the contributing agencies and organizations; so there will be an impression for those who read the ads that we are all working together for this cause. A discussion ensued with regard to the billing time frame and the suggestion to defer billing to allow the Agricultural Pool the opportunity to put this project on their 2005-2006 budget under special projects. It was noted the concern from the Agricultural Pool members to be assured that all ads be approved prior to release and that there is a cooperative effort being made by all funding parties to work together.

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

Moved to approve the participation in the Chino Basin public outreach campaign and in allowing delayed billing to provide the Agricultural Pool the opportunity to put this on their 2005-2006 budget under special projects, as presented

IV. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Attorney-Manager Meetings**

Counsel Fife stated that the Attorney Manager meetings will be resuming shortly after taking a break and noted the last meeting was held in September. The meetings discontinued while the parties were waiting on technical work to be completed. Counsel Fife noted there are some results on the technical work and Mr. Wildermuth will be giving an update on that later today. Counsel Fife stated the parties are ready to begin meeting again so there will be a technical meeting, just of the managers, in the first week of February. After the technical

meeting we are anticipating the regular process of the Attorney Manager meetings starting up without delay. There a number of issues under the Peace Agreement which need to be dealt with in 2005 and then the reappointment of the nine member board which is going to be going before the court in October of this year.

2. Comments to Western/Muni EIR

Counsel Fife noted that during the month of December when there were no scheduled meetings, Western Municipal Water District released their EIR regarding the Santa Ana River. There were no real opposing issues in the EIR. Counsel Fife stated Watermaster has wanted to get into some kind of comprehensive negotiation process with all of the parties within the Santa Ana Water Shed, including Orange County Water District. As a way to jump start the negotiation process a comment letter was submitted to Western's EIR, which has been included in the packet. There were no substantive comments made regarding the EIR except to the extent we are encouraging all parties to get together in one room and deal with this whole process locally rather than leaving it up to the State Board to make the decision for us.

3. Santa Ana Water Rights Application

Counsel Fife stated we are going to be moving on the application this year; we will begin by meeting with State Board staff to see what they need from us regarding the application. There are a handful of protests against Watermaster's application; four of the five protestors misinterpret what our application is asking for. They assume we are doing something similar to all the other applicants in withdrawing water directly from the Santa Ana River, which we are not doing. Counsel Fife referred to page 93 of the packet which is a proposed stipulation from East Valley Water District; it is very short and says is that Watermaster certifies that what we are doing does not involve a direct diversion from the Santa Ana River. Counsel Fife feels some of the other protesting parties will be satisfied with this kind of statement from Watermaster that nothing in our application concerns a direct diversion of surface flows from the Santa Ana River. Our application only concerns our diversion of storm water, which is surface flow from the tributary creeks to the Santa Ana River.

4. North Gualala Decision

Counsel Fife stated this is a lower court decision case which recently came out. The whole case was included in the package since this is something that Chino Basin needs to watch very closely. This is a lower court decision that is finding groundwater pumping subject to State-Water-Resources Control-Board jurisdiction-based-on-a-slight-impact-to-a-surface-water body. The court stated that any impact to a surface water body, "however slight", justifies State Board jurisdiction. In this particular case the wells really had no discernable impact but the court said in a decade there might be a lot more wells and that will have a large impact. This could be an enormous situation and if there is an appeal Watermaster most likely will participate in at some level. Counsel Fife stated that the parties involved in this case are still considering an appeal; if they were to appeal then it starts to work its way into the higher courts and it becomes more of a concern to the Chino Basin and we might consider filing an amicus brief.

5. Santa Ana Sucker Critical Habitat Decision

Counsel Fife noted that the Fish and Wildlife Service decided not to designate units 1A and unites 1B (which is the Santa Ana River) as critical habitat. The question of whether or not this is subject to an appeal was presented. Counsel Fife commented that they could be challenged on this decision. The first page only of the federal register notice, which in total is about 100 pages, and is interesting reading was put into the packet. Counsel Fife noted that the page that was included in the packet was interesting since they prefaced with very long about critical habitat designation and how it did not do much to protect the species but all it did is result in litigation and it is consuming their whole budget trying to defend these law suits with regard to critical habitat designation.

B. CEO/STAFF REPORT

Added Comment:

Mr. Manning added comment regarding the added handout regarding the storm reports. As a reminder Mr. Manning noted it was mentioned at the meetings that as we go into the storm season Watermaster would be providing updates on the storm events. This handout represents storms 1 through 5; the most recent storm was not included in this handout because all the data from that storm has not been deciphered. The question regarding the shape of the basins was presented. Mr. Manning noted that San Sevaine 1 and 2 are designed to capture a lot of the silt and it is doing that so those do not perc; by the time the water gets down to San Sevaine 5 it is percolating well, almost a foot a day. The new Upland basin is working really well and is percolating at about 2 to 2 ½ feet a day. Turner 1 and 2 do not perc well but 3 and 4 perc well because 1 and 2 take on the bulk of silt that is coming down. The SCADA system is just starting to come up with data so the last December storm listed was calculated without the assistance of the SCADA system. Discussions ensued regarding the basins and clean up. The GRCC group that meets on a regular basis at Watermaster is working with Flood Control, the Water Conservation District, Watermaster, and IEUA in working on those issues and dealing with maintenance and future maintenance in those facilities.

1. Information Regarding AB2733 Retro Act

Mr. Manning stated the AB2733 is a piece of legislation which went through State Legislature last year. Currently pumpers are required, if you are pumping more than 25 acre feet a year, to file a State Water Resources Control Board Annual Notice of Extraction with the State Water Resources Control Board. AB2733 essentially moves that authorization down to the local level giving Watermaster the authority to be able to capture and house that data. Staff is working with SAWPA and other agencies locally in determining a general sphere of influence for the capturing of that data because there is overlap with San Bernardino Municipal Water District and with Western Municipal Water District. Mr. Manning stated eventually what will take place is a report will be submitted to the State Water Resources Board and all of the pumpers within our area will be notified to now send that information to Watermaster instead of sending it to the State.

2. Chief Executive Officer Goals and Objectives Report

Mr. Manning noted while going through the process of refining his goals and objectives in working with the Personnel Committee and the Board, the Board requested at the pool meetings an overview be given on those goals and objectives which were set up for the year. The goals were set up in four separate areas, 1) OBMP, 2) Personnel, 3) Budget and Assessment Process, and 4) Community Relations. Each one of those areas has sub-goals within themselves. In OBMP the first area is recharge, maximizing recharge, and working on building relationships with Flood Control. The second area of the OBMP is water quality planning, funding, and looking at opening up the water quality process. In the area of personnel, the position in dealing with the IRS conflicts and contract employees. In the area of the budget and assessment; at the assessment workshop some of the changes that would take place for the assessment package were introduced and the decision to split the water activity reporting. Assessment and budget workshops will continue to be held at Watermaster. In the area of community relations staff is discussing on building relationships with local government, our community, and state and federal agencies. These goals are written out in more detail and can be made available to those who wish to have them in writing.

3. Redesign of Chino Basin Watermaster Logo

Mr. Manning stated the redesign of the Watermaster logo came about during the work being done for the public information campaign that we are presently working on with Inland Empire Utilities Agency (IEUA). In the ad that will be coming out for the public

information campaign, all logos of the participating organizations that funded the project will be placed at the bottom of the ad and if we are going to start to have our logo branded we want to have a distinguishable and also reproducible logo. Our current Watermaster logo is almost impossible to reproduce because the center pictures run together and are not distinguishable as to what they are. Cerrell and Associates have come up with a few new possible logo ideas which are on the back table as a handout; the one presented was the best out of the many possible choices. The comment was made that this new logo looked too similar to another water districts logo. The comment that was made at the Appropriative pool was that staff should look at having a unique logo that might also portray a partnership with other water agencies.

4. Public Information Campaign Update

Mr. Manning stated this item was discussed in length in Business Items, however wanted to reinforce how important this project is and that at the end of the year all parties will be very pleased with the reaction from the community towards the water industry.

5. Revised Water Supply Plans for the OBMP

Mr. Wildermuth noted that last summer Wildermuth Environmental was tasked to re-evaluate Hydraulic Control. Wildermuth had Black & Veatch, who was performing similar work for Inland Empire Utilities Agency at the time, go out and get from each agency their updated water supply plans for the next twenty to thirty years. This information was compiled and brought back to Wildermuth; at that time Black & Veatch was told more information was needed. Black & Veatch went back and got well capacities and if the wells were usable; it was critiqued a second time and sent back again to Black & Veatch for information. Mr. Wildermuth reviewed the sum of OBMP Desalter I and II raw water supply, including nonpotable water production, production for ion-exchange, and WECWC production in the Chino Basin for Upland. The total production for Appropriators was reviewed in detail noting a very large increase which will leave replenishment obligations too difficult to meet. In reviewing the submitted numbers Wildermuth went back to the three agencies which had the highest increase and asked them to verify the plans. At the Appropriative Pool meeting it was decided a technical manager meeting would need to take place for review and discussion of the plans. Mr. Manning stated that the goal of this meeting would be that once we got all the parties together we can take a look at the numbers and come up with a plan that makes more sense. We do not want to delay the Attorney Manager process so this meeting will be scheduled by the end of January or the beginning of February. The question was presented regarding developers having to submit something showing they have the ability to serve water. Mr. Wildermuth stated this is something that needs to be dealt with. A lengthy discussion ensued with regard to groundwater, wells, and recharge.

6. Status of the State of the Basin

Mr. Manning stated Wildermuth's report is complete and will be up on the Watermaster web site today for review and/or download. Once you have had a chance to review the document please give staff a call if you have any questions.

Mr. Wildermuth added that this report will be put out as an "Administrative Draft" because there might be some things that people would like to see in it that are not in it or taken out. There is no legal requirement to have certain things in this report; maximum benefit and recharge have been added this year.

V. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

2. Mapping the System – GIS Conversion Keeps Data Current

Mr. Manning stated that the article on the City of Ontario regarding GIS mapping and is an interesting read.

3. Replenishment Service Availability Update for Calendar Year 2005

No comment was made regarding this item.

VI. POOL MEMBER COMMENTS

Mr. Durrington commented that with regard to the public relations issue, one of the things that he would like to see, and has others ask to see, is explaining exactly what we do as far as water rights are concerned. Mr. Manning stated that we are trying to keep the message simple as much as possible.

Chair deBoom acknowledged that Board member Hofer was in the room and inquired if he was planning on representing the Agricultural pool this year on the Board. Mr. Hofer replied that it would be an honor and he was grateful that the committee members had confidence in him for this position.

VII. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

January 13, 2005	9:00 a.m.	Appropriative Pool Annual Meeting
January 13, 2005	11:00 a.m.	Non-Agricultural Pool Annual Meeting
January 18, 2005	9:00 a.m.	Agricultural Pool Annual Meeting
January 27, 2005	9:00 a.m.	Advisory Committee Annual Meeting
January 27, 2005	11:00 a.m.	Watermaster Board Annual Meeting
February 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
February 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 24, 2005	9:00 a.m.	Advisory Committee Meeting
February 24, 2005	11:00 a.m.	Watermaster Board Meeting

The Annual Agricultural Pool Meeting Adjourned at 11:35 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: February 10, 2005
February 15, 2005
February 24, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – January 2005

SUMMARY

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

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

Fiscal Impact – All funds disbursed were included in the FY-2004-05 Watermaster Budget.

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of January 2005 were \$7,849,284.96. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$7,559,682.91, and Wildermuth Environmental Inc. in the amount of \$155,067.64.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2005

Type	Date	Num	Name	Amount
Jan 05				
Bill Pmt -Check	1/3/2005	9252	CAFE CALATO	-88.36
Bill Pmt -Check	1/5/2005	9253	OFFICE DEPOT	-358.55
Bill Pmt -Check	1/5/2005	9254	SAVIN CORPORATION dba RICOH BUSINESS	-630.00
Bill Pmt -Check	1/5/2005	9255	SAVIN CORPORATION dba RICOH BUSINESS	-36.00
Bill Pmt -Check	1/5/2005	9256	SAVIN CORPORATION dba RICOH BUSINESS	-639.50
Bill Pmt -Check	1/5/2005	9257	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	0.00
Bill Pmt -Check	1/5/2005	9258	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,215.33
Bill Pmt -Check	1/5/2005	9259	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,031.41
Bill Pmt -Check	1/5/2005	9260	VERIZON	-381.54
Bill Pmt -Check	1/5/2005	9261	APPLIED COMPUTER TECHNOLOGIES	-1,687.35
Bill Pmt -Check	1/5/2005	9262	ARROWHEAD MOUNTAIN SPRING WATER	-41.66
Bill Pmt -Check	1/5/2005	9263	CALPERS	-2,135.65
Bill Pmt -Check	1/5/2005	9264	DIRECTV	-71.98
Bill Pmt -Check	1/5/2005	9265	HSBC BUSINESS SOLUTIONS	-310.51
Bill Pmt -Check	1/5/2005	9266	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	1/5/2005	9267	NEXTEL COMMUNICATIONS	-701.05
Bill Pmt -Check	1/5/2005	9268	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,465.00
Bill Pmt -Check	1/5/2005	9269	PATRAL CUSTOM CABINETS	-2,549.40
Bill Pmt -Check	1/5/2005	9270	PAYCHEX	-232.45
Bill Pmt -Check	1/5/2005	9271	REMINGTON PARTNERS, INC.	-750.00
Bill Pmt -Check	1/5/2005	9272	STATE COMPENSATION INSURANCE FUND	-1,416.70
Bill Pmt -Check	1/5/2005	9273	UNION 76	-252.43
Bill Pmt -Check	1/5/2005	9274	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	1/5/2005	9275	VERIZON	-41.38
Bill Pmt -Check	1/5/2005	9276	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	1/5/2005	9277	AMERICAN GROUND WATER TRUST	-100.00
Bill Pmt -Check	1/5/2005	9278	JAMES JOHNSTON	-795.00
Bill Pmt -Check	1/7/2005	9280	PETTY CASH	-454.05
General Journal	1/15/2005	05/01/4	PAYROLL	-6,033.92
General Journal	1/15/2005	05/01/4	PAYROLL	-14,601.09
Bill Pmt -Check	1/18/2005	9281	JEEP CHRYSLER OF ONTARIO	-1,495.79
Bill Pmt -Check	1/18/2005	9282	WILDERMUTH ENVIRONMENTAL INC	-155,067.64
Bill Pmt -Check	1/18/2005	9283	ACWA SERVICES CORPORATION	-162.90
Bill Pmt -Check	1/18/2005	9284	CHEVRON	-73.00
Bill Pmt -Check	1/18/2005	9285	CITIZENS CONFERENCING	-126.10
Bill Pmt -Check	1/18/2005	9286	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	1/18/2005	9287	INLAND COUNTIES INSURANCE SERVICES, INC.	-216.77
Bill Pmt -Check	1/18/2005	9288	MCI	-900.15
Bill Pmt -Check	1/18/2005	9289	REID & HELLYER	-1,269.50
Bill Pmt -Check	1/18/2005	9290	REMINGTON PARTNERS, INC.	-2,834.19
Bill Pmt -Check	1/18/2005	9291	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	1/18/2005	9292	U'S POSTMASTER	-20.00
Bill Pmt -Check	1/18/2005	9293	UNITED PARCEL SERVICE	-102.36
Bill Pmt -Check	1/18/2005	9294	UNITEK TECHNOLOGY INC.	-776.88
Bill Pmt -Check	1/18/2005	9295	BANK OF AMERICA	-4,175.36
Bill Pmt -Check	1/18/2005	9296	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	1/18/2005	9297	MWH MONTGOMERY WATSON HARZA	-508.30
Bill Pmt -Check	1/18/2005	9298	STAULA, MARY L	-136.61
Bill Pmt -Check	1/26/2005	9299	ARROWHEAD MOUNTAIN SPRING WATER	-24.66
Bill Pmt -Check	1/26/2005	9301	CALIFORNIA WATER AWARENESS CAMPAIGN	-908.00
Bill Pmt -Check	1/26/2005	9300	CALPERS	-2,135.65
Bill Pmt -Check	1/26/2005	9302	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	1/26/2005	9303	ELLISON, SCHNEIDER & HARRIS, LLP	-5,524.50
Bill Pmt -Check	1/26/2005	9304	EXCEL LANDSCAPE	-1,440.00
Bill Pmt -Check	1/26/2005	9305	JUAN POLLO	-129.29
Bill Pmt -Check	1/26/2005	9306	McMASTER-CARR SUPPLY CO	-252.37
Bill Pmt -Check	1/26/2005	9307	NEXTEL COMMUNICATIONS	-708.60
Bill Pmt -Check	1/26/2005	9308	OFFICE DEPOT	-398.58
Bill Pmt -Check	1/26/2005	9309	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	1/26/2005	9310	QUILL	-475.89
Bill Pmt -Check	1/26/2005	9311	R&D PEST SERVICES	-85.00
Bill Pmt -Check	1/26/2005	9312	STANDARD INSURANCE CO.	-461.24
Bill Pmt -Check	1/26/2005	9313	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	1/26/2005	9314	INLAND EMPIRE UTILITIES AGENCY	-7,559,682.91
Bill Pmt -Check	1/28/2005	9315	CITISTREET	-4,269.19
Bill Pmt -Check	1/28/2005	9316	CITISTREET	-9,053.14
Bill Pmt -Check	1/28/2005	9317	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-2,223.40
Bill Pmt -Check	1/28/2005	9318	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,817.86

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2005

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	1/28/2005	9319	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-2,326.32
General Journal	1/29/2005	05/01/6	PAYROLL	-5,419.58
General Journal	1/29/2005	05/01/6	PAYROLL	-13,784.92
Bill Pmt -Check	1/31/2005	9320	AUTO GLASS TECH	-178.50
Jan 05				<u>-7,849,284.96</u>

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS			GRAND TOTALS	BUDGET 2004-05
			APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS		
Administrative Revenues										
Administrative Assessments			4,807,004		74,241				4,881,245	\$3,984,888
Interest Revenue			55,353	4,738	2,379			14	62,484	78,330
Mutual Agency Project Revenue		-							-	0
Grant Income									-	0
Miscellaneous Income	-								-	0
Total Revenues	-	-	4,862,357	4,738	76,620	-	-	14	4,943,729	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	407,002								407,002	621,784
Watermaster Board-Advisory Committee	23,983								23,983	37,018
Pool Administration			4,972	36,568	1,016				42,556	91,153
Optimum Basin Mgmt Administration		655,149							655,149	1,019,183
OBMP Project Costs		1,230,072							1,230,072	3,733,694
Education Funds Use								-	-	375
Mutual Agency Project Costs	33,333								33,333	80,004
Total Administrative/OBMP Expenses	464,318	1,885,221	4,972	36,568	1,016	-	-	-	2,392,095	5,583,211
Net Administrative/OBMP Income	(464,318)	(1,885,221)								
Allocate Net Admin Income To Pools	464,318		349,591	107,278	7,449				-	0
Allocate Net OBMP Income To Pools		1,885,221	1,419,405	435,571	30,244				-	0
Agricultural Expense Transfer			574,893	(574,893)					-	0
Total Expenses	2,348,861		2,348,861	4,525	38,709	-	-	-	2,392,095	5,583,211
Net Administrative Income			2,513,496	213	37,911			14	2,551,634	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						8,097,107			8,097,107	0
MZ1 Supplemental Water Assessments						1,625,000			1,625,000	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(1,290,815)			(1,290,815)	0
Net Other Income						8,431,292			8,431,292	(99,000)
Net Transfers To/(From) Reserves			2,513,496	213	37,911	8,431,292		14	10,982,926	(1,618,993)
Working Capital, July 1, 2004			3,471,229	463,055	173,739	4,133,061	158,251	2,195	8,401,530	
Working Capital, End Of Period			5,984,725	463,268	211,650	12,564,353	158,251	2,209	19,384,456	
03/04 Production			136,795.139	41,978.182	2,914.774				181,688.095	
03/04 Production Percentages			75.291%	23.105%	1.604%				100.000%	

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

DEPOSITORIES:

Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits	\$ 153,196		
Savings Deposits	9,641		
Zero Balance Account - Payroll	-		162,837
Vineyard Bank CD - Agricultural Pool			401,440
Local Agency Investment Fund - Sacramento			8,867,217

TOTAL CASH IN BANKS AND ON HAND	12/31/2004		\$ 9,431,994
TOTAL CASH IN BANKS AND ON HAND	11/30/2004		5,837,070

PERIOD INCREASE (DECREASE)			<u>\$ 3,594,924</u>
-----------------------------------	--	--	----------------------------

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$	(30,268)
Assessments Receivable			4,426,756
Prepaid Expenses, Deposits & Other Current Assets			2,404
(Decrease)/Increase in Liabilities: Accounts Payable			(548,299)
Accrued Payroll, Payroll Taxes & Other Current Liabilities			6,456
Transfer to/(from) Reserves			(262,125)

PERIOD INCREASE (DECREASE)			<u>\$ 3,594,924</u>
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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 11/30/2004	\$ 500	\$ 159,071	\$ -	\$ 9,635	\$ 400,647	\$ 5,267,217	\$ 5,837,070
Deposits		4,427,090	-	6	793		4,427,889
Transfers		(3,658,019)	58,019	-	-	3,600,000	-
Withdrawals/Checks		(774,946)	(58,019)	-	-	-	(832,965)
Balances as of 12/31/2004	\$ 500	\$ 153,196	\$ -	\$ 9,641	\$ 401,440	\$ 8,867,217	\$ 9,431,994
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (5,875)	\$ -	\$ 6	\$ 793	\$ 3,600,000	\$ 3,594,924

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
12/6/2004	Withdrawal	L.A.I.F.	\$ (250,000)				
12/16/2004	Withdrawal	L.A.I.F.	(400,000)				
12/24/2004	Deposit	L.A.I.F.	4,250,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 3,600,000	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 2.00% was the effective yield rate at the Quarter ended December 31, 2004

INVESTMENT STATUS
December 31, 2004

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 8,867,217			
Time Certificates of Deposit	-			
TOTAL INVESTMENTS	\$ 8,867,217			

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

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

Respectfully submitted,


 Sheri M. Rojo, CPA
 Finance Manager
 Chino Basin Watermaster

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

	<u>Jul - Dec 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	132,000	-132,000	0.0%
4110 · Admin Asmnts-Approp Pool	4,807,004	3,755,236	1,051,768	128.01%
4120 · Admin Asmnts-Non-Agri Pool	74,241	97,652	-23,411	76.03%
4700 · Non Operating Revenues	62,484	78,330	-15,846	79.77%
Total Income	<u>4,943,729</u>	<u>4,063,218</u>	<u>880,511</u>	<u>121.67%</u>
Gross Profit	4,943,729	4,063,218	880,511	121.67%
Expense				
6010 · Salary Costs	228,449	401,704	-173,255	56.87%
6020 · Office Building Expense	53,582	100,800	-47,218	53.16%
6030 · Office Supplies & Equip.	23,709	45,500	-21,791	52.11%
6040 · Postage & Printing Costs	41,548	67,100	-25,552	61.92%
6050 · Information Services	61,473	105,076	-43,603	58.5%
6060 · Contract Services	104,135	106,000	-1,865	98.24%
6080 · Insurance	12,417	21,710	-9,293	57.19%
6110 · Dues and Subscriptions	383	16,600	-16,217	2.31%
6140 · Other WM Admin Expenses	1,244	2,500	-1,256	49.74%
6150 · Field Supplies	506	4,250	-3,744	11.92%
6170 · Travel & Transportation	8,111	24,650	-16,539	32.91%
6190 · Conferences & Seminars	7,734	16,000	-8,266	48.34%
6200 · Advisory Comm - WM Board	5,229	13,459	-8,230	38.85%
6300 · Watermaster Board Expenses	18,754	23,559	-4,805	79.6%
8300 · Appr PI-WM & Pool Admin	4,972	13,659	-8,687	36.4%
8400 · Agri Pool-WM & Pool Admin	8,358	16,417	-8,059	50.91%
8467 · Agri-Pool Legal Services	23,685	45,000	-21,315	52.63%
8470 · Ag Meeting Attend -Special	4,525	10,000	-5,475	45.25%
8500 · Non-Ag PI-WM & Pool Admin	1,016	6,077	-5,061	16.72%
6500 · Education Funds Use Expens	0	375	-375	0.0%
9500 · Allocated G&A Expenditures	<u>-136,289</u>	<u>-290,106</u>	<u>153,817</u>	<u>46.98%</u>
Subtotal G&A Expenses	473,540	750,330	-276,790	63.11%
6900 · Optimum Basin Mgmt Plan	600,752	933,566	-332,814	64.35%
6950 · Mutual Agency Projects	33,333	80,004	-46,671	41.67%
9501 · G&A Expenses Allocated-OBMP	<u>54,398</u>	<u>85,617</u>	<u>-31,219</u>	<u>63.54%</u>
Subtotal OBMP Expenses	688,483	1,099,187	-410,704	62.64%
7101 · Production Monitoring	18,139	54,957	-36,818	33.01%
7102 · In-line Meter Installation	8,343	93,969	-85,626	8.88%
7103 · Grdwtr Quality Monitoring	67,582	148,792	-81,210	45.42%
7104 · Gdwtr Level Monitoring	39,742	135,072	-95,330	29.42%
7105 · Sur Wtr Qual Monitoring	63,249	282,220	-218,971	22.41%
7106 · Wtr Level Sensors Install	0	19,114	-19,114	0.0%
7107 · Ground Level Monitoring	169,269	433,720	-264,451	39.03%
7108 · Hydraulic Control Monitoring	147,433	437,987	-290,554	33.66%
7200 · PE2- Comp Recharge Pgm	262,770	413,177	-150,407	63.6%
7300 · PE3&5-Water Supply/Desalte	0	20,885	-20,885	0.0%
7400 · PE4- Mgmt Plan	59,787	795,099	-735,312	7.52%

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

	<u>Jul - Dec 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7500 · PE6&7-CoopEfforts/SaltMgmt	14,290	251,343	-237,053	5.69%
7600 · PE8&9-StorageMgmt/Conj Use	23,406	140,400	-116,994	16.67%
7690 · Recharge Improvement Debt Pymt	274,169	274,169	0	100.0%
7700 · Inactive Well Protection Prgm	0	28,302	-28,302	0.0%
9502 · G&A Expenses Allocated-Projects	81,892	204,488	-122,596	40.05%
Subtotal G&A Expenses	<u>1,230,072</u>	<u>3,733,694</u>	<u>-2,503,622</u>	<u>32.95%</u>
Total Expense	<u>2,392,095</u>	<u>5,583,211</u>	<u>-3,878,610</u>	<u>16.91</u>
Net Ordinary Income	2,551,634	-1,519,993	4,071,627	-167.87%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0	600,000	-600,000	0.0%
4210 · Approp Pool-Replenishment	8,094,622	0	8,094,622	100.0%
4220 · Non-Ag Pool-Replenishment	2,485	0	2,485	100.0%
4230 · MZ1 Sup Wtr Assessment	1,625,000	1,579,500	45,500	102.88%
Total Other Income	<u>9,722,108</u>	<u>2,179,500</u>	<u>7,542,608</u>	<u>446.07%</u>
Other Expense				
5010 · Groundwater Replenishment	1,290,815	2,278,500	-987,685	56.65%
9999 · To/(From) Reserves	10,982,927	-1,618,993	12,601,920	-678.38%
Total Other Expense	<u>12,273,742</u>	<u>659,507</u>	<u>11,614,235</u>	<u>1,861.05%</u>
Net Other Income	<u>-2,551,634</u>	<u>1,519,993</u>	<u>-4,071,627</u>	<u>-167.87%</u>
Net Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. CONSULTANT AGREEMENT WITH THE FURMAN GROUP



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: February 10, 2005
February 15, 2005
February 24, 2005

TO: Committee Members

SUBJECT: Consultant Services Agreement, The Furman Group

Summary

Issue - Consulting on federal legislative issues

Discussion – The Chino Basin Watermaster, in its support of member agencies, is requesting to hire under contract The Furman Group. As efforts to acquire federal dollars for programs aimed at supporting the OBMP gear up, it is felt that Watermaster needs to have a contact person in Washington DC that understands the issues and can assist in coordinating activities there.

This is not a lobbying contract. It is a consulting services contract only and the activities will be limited to advising and monitoring Watermaster and member agency funding requests.

Fiscal Impact – The funds necessary to fund this contract will be spread over two fiscal years. The dollars required to fund the program in this fiscal year will be transferred from the dollars originally budgeted for the Cerrell contract and no longer needed. The dollars needed to fund next years expenditures will be included in the 05-06 budget.

Recommendation:

Approve the Consulting Services Contract with The Furman Group for the term of one year at the cost of \$2,500.00 per month, and authorize the CEO to execute all the necessary documents.

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February 3, 2005

MEMORANDUM OF AGREEMENT

1. PARTIES. This Memorandum of Agreement is by and between The Furman Group, Inc. (hereinafter "TFG") and the Chino Basin Watermaster (hereinafter "Watermaster").
2. PURPOSE. Pursuant to this Agreement, TFG will provide Watermaster with professional consulting services related to Watermaster's activities associated with the Optimum Basin Management Program (OBMP) objectives.
3. TERM. This Agreement shall remain in effect for one year, commencing on February 1, 2005 and ending on January 31, 2006 unless extended pursuant to a mutual agreement by the parties.
4. FEES. In consideration for services to be rendered pursuant to this Memorandum of Agreement, Watermaster shall pay to TFG a fee of \$30,000 payable in twelve (12) monthly advance payments of \$2,500.
5. EXPENSES. Watermaster shall reimburse TFG for all out-of-pocket expenses incurred by TFG in its work on behalf of Watermaster. It is understood that out-of-pocket expenses shall include travel, business related meals, taxi fares, telephone, mail, facsimile, computer aided research, courier, and related charges.
6. TERMINATION. Either party to this Memorandum of Agreement may terminate the Agreement for any reason by providing ninety days (90) written notice to the other party.
7. INDEPENDENT CONTRACTOR STATUS. It is understood and agreed that TFG does at all times in performing services under this Agreement act as an independent contractor and is neither an employee or agent of Watermaster.
8. ENTIRE AGREEMENT. This Memorandum of Agreement supersedes any and all other Agreements, either oral or written, between the parties hereto. No other agreement, statement or promise relating to the subject matter of this Agreement that is contained herein shall be valid or binding upon the parties hereto.

This Agreement is entered into as of the date first above written.

AGREED:

AGREED:

for The Furman Group, Inc.

for Chino Basin Watermaster



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

B. APPROVAL OF STIPULATION



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: February 10, 2005
February 15, 2005
February 24, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Approval of Stipulation

Summary

Issue – Approval of Stipulation between East Valley Water District and Watermaster concerning Watermaster's Santa Ana River Water Rights Application.

Recommendation – Staff and legal counsel recommend approval of the stipulation.

Fiscal Impact – None

Background

On November 4, 2002, Watermaster filed Application No. 31369 with the State Water Resources Control Board ("SWRCB") in trust for the parties to the 1978 Judgment, to divert to underground storage 97,000 acre-feet of storm water that flows in the Chino Basin Watershed in tributary streams to the Santa Ana River. On April 1, 2003, East Valley Water District ("EVWD") filed a protest to Watermaster's Application.

EVWD has agreed to withdraw its protest if Watermaster will stipulate to two conditions:

- (1) That none of the points of diversion within the scope of Watermaster's Application will result in the diversion of water from the Santa Ana River; and
- (2) That Watermaster's Application shall not be construed to seek any water rights as against EVWD.

Watermaster's Application was submitted in order to confirm the right of the Chino Basin parties to capture and conserve the storm water that flows through the Chino Basin watershed pursuant to the OBMP and the OBMP Recharge Master Plan. This is one of the principal goals of the recently completed Chino Basin Facilities Improvement Project ("CBFIP") and results in the stormwater New Yield. The quantification of this diversion as 97,000 acre-feet per year is based on a long term analysis of the greatest amount of flow that may ever be

expected in a single year. In other words, the quantification represents an assertion of the Chino Basin parties' right to divert and conserve *all* of the storm water available in the Chino Basin watershed.

Consequently, the points of diversion identified in Watermaster's Application 31369 are the recharge basins that were included in the CBFIP. These facilities are used solely for supplemental water, recycled water, and for the diversion of storm water from creeks tributary to the Santa Ana River. Utilization of these points of diversion does not result in the diversion of water from the Santa Ana River. Thus, it is appropriate for Watermaster to stipulate to point number (1), above.

As described above, Watermaster's Application was submitted for the sole purpose of confirming the rights of the Chino Basin parties to capture and conserve the storm flows in the Chino Basin watershed. This is not water that would be available under any circumstances to EVWD. Furthermore, Watermaster has consistently taken the position that the 1969 Judgment in *Orange County Water District v. City of Chino* is the ultimate authority regarding the water rights of the parties inter se, and that Watermaster has no intention of in any way altering this allocation of rights. Thus, it is appropriate for Watermaster to stipulate to point number (2), above.

For these reasons, Watermaster staff and counsel recommend that the Pool Committees recommend approval of the Stipulation to the Advisory Committee and the Board.

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

EAST VALLEY WATER DISTRICT

STATE WATER RESOURCES CONTROL BOARD

DIVISION OF WATER RIGHTS

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

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

RECITALS

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

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

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

COVENANTS

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

1. None of the points of diversion within the scope of Application No. 31369 before the SWRCB will result in the appropriation, extraction, or withdrawal of water from the Santa Ana River; and

2. Application No. 31369 before the SWRCB shall not be construed to seek any water rights as against EVWD or otherwise to claim that the water rights held by EVWD are not valid and/or have been diminished, lost, or abandoned.

Dated: _____

CHINO BASIN WATERMASTER

By: _____

[Name]
President, Board of Directors

Dated: _____

EAST VALLEY WATER DISTRICT

By: _____

[Name]
President, Board of Directors

PROOF OF SERVICE

STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

I am employed in the County of San Bernardino, State of California. I am over the age of 18 and not a party to the within action; my business address is 1839 Commercenter West, San Bernardino, California.

On _____, I served the foregoing document described *Stipulation to Protest by East Valley Water District to Notice of Application to Appropriate Water by Permit* on the interested parties in this action by placing a true copy thereof enclosed in sealed envelopes addressed as follows:

See Attached Service List

X As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. Postal Service on that same day with postage thereon fully prepaid at San Bernardino, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

X (STATE) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on _____, at San Bernardino, California.

Melissa Morgan

(Signature)

Stipulation re: Protest

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Service List

Page 1

City of San Bernardino Municipal Water
Department
c/o Joel Moskowitz
1880 Century Park East, Ste. 350
Los Angeles, CA 90067-1603

Orange County Flood Control District
c/o Anne J. Schneider / Robert E. Donlan
Ellison and Schneider
2015 H Street
Sacramento, CA 95814

Chino Basin Water Conservation District
c/o William J. Brunick, Esq.
Brunick, Battersby, McElhaney & Beckett
P.O. Box 6425
San Bernardino, CA 92412

Daniel J. McHugh, City Attorney
City of Redlands
P.O. Box 3005
Redlands, CA 92373

Cucamonga Co. Water District and
City of Ontario
c/o Eric L. Garner
Best, Best & Krieger LLP
P.O. Box 1028
Riverside, CA 92502

Inland Empire Utilities Agency
c/o Jean Cihigoyenetché
Cihigoyenetché, Grossberg & Clouse
8038 Haven Avenue, Suite E
Rancho Cucamonga, CA 91730

San Bernardino Valley Municipal Water
District, et al.
c/o David Aladjem
Downey, Brand, Seymour & Rohwer
555 Capitol Mall, 10th Floor
Sacramento, CA 95814

Pillsbury Madison & Sutro LLP
725 S. Figueroa Street, Suite 1200
Los Angeles, CA 90017-5443

San Bernardino Valley Water
Conservation District
c/o David B. Cosgrove
Rutan & Tucker
611 Anton Blvd., Suite 1400
Costa Mesa, CA 92626

City of Riverside
c/o Eric L. Garner
Best, Best & Krieger LLP
P.O. Box 1028
Riverside, CA 92502

City of Chino
Jimmy L. Gutierrez
12616 Central Ave.
Chino, CA 91710

Sheila Hamilton
Big Bear Municipal Water District
P.O. Box 2863
Big Bear Lake, CA 92315-2863

State of California
c/o Marilyn H. Levin
300 South Spring Street, Suite 5212
Los Angeles, CA 90013

Monte Vista Water District
c/o Arthur J. Kidman
McCormick, Kidman, & Behrens LLP
695 Town Center Drive, Suite 1400
Costa Mesa, CA 92626

U.S. Forest Service
c/o Jack Gipsman
Office of the Attorney General
33 New Montgomery Street, 17th Floor
San Francisco, CA 94105-4511

Orange County Water District
c/o Christopher J. McNevin

Service List
Page 2

Nancee Murray
Department of Fish and Game
Legal Office
1416 9th Street, 12th Floor
Sacramento, CA 95814

Big Bear Watermaster
Donald E. Evenson
1340 Treat Boulevard, Suite 300
Walnut Creek, Ca 94596

Gene Zimmerman
U.S. Forest Service
1824 S. Commercenter Circle
San Bernardino, CA 92408

Chino Basin Watermaster
c/o Michael Fife
Hatch & Parent
21 E. Carrillo Street
Santa Barbara, CA 93101

City of Pomona
c/o Thomas S. Bunn, III
Lagerlof, Senecal, Bradley, Gosney,
& Kruse, LLP
301 North Lake Ave., 10th Floor
Pasadena, CA 91101-4108

Fish and Wildlife Service
Jim Bartel
2730 Loker Avenue West
Carlsbad, CA 92008

Western Municipal Water District
of Riverside County
c/o David Aladjem
Downey, Brand, Seymour & Rohwer
555 Capitol Mall, 10th Floor
Sacramento, CA 95814



CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

B. CEO/STAFF REPORT

2. State of the Basin – Executive
Summary

EXECUTIVE SUMMARY

The baseline for the Initial State of the Basin is on or about July 1, 2000 – the point in time that represents the start of Optimum Basin Management Program (OBMP) implementation. This initial state or baseline is one metric that can be used to measure progress from implementation of the OBMP.

Section 2 Geology and Hydrogeology

Since 2002, three investigations to support OBMP-related programs have improved Watermaster's hydrogeologic understanding of Chino Basin. These investigations were related to (1) the Hydraulic Control Monitoring Program (HCMP) in southern Chino Basin, (2) subsidence and fissuring in Management Zone 1, and (3) basin-wide groundwater modeling to predict the effects of various storage-and-recovery program alternatives on groundwater levels and quality. These investigations resulted in a new, three-dimensional, hydrogeologic conceptual model of Chino Basin. Current and future well drilling programs to support monitoring of the HCMP and recycled water recharge projects will provide additional hydrogeologic data, and likely will refine the hydrogeologic conceptual model.

Section 3 Groundwater Levels and Storage

Watermaster has established three groundwater-level monitoring programs for the Chino Basin – a semiannual basin-wide program; an intensive key well monitoring program associated with the Chino Desalter well fields and the Hydraulic Control Monitoring Program (HCMP); and an intensive piezometric monitoring program associated with the land subsidence and ground fissuring investigations in Management Zone 1. Since 2003, Watermaster has been installing pressure transducers/data loggers in many of the wells it monitors for water levels. The transducers provide highly-detailed groundwater level data (one data point per 15 minutes) that can reveal aquifer-system details (e.g. groundwater barriers, head responses to nearby pumping) that are not typically revealed through analysis of infrequently-collected data. Nine (9) nested sets of monitoring wells are currently being installed in the southern Chino Basin for the HCMP, and will provide highly-detail, depth-specific piezometric (and water quality) data. Additional monitoring wells likely will need to be constructed in southern Chino Basin as private wells (that are currently being used for monitoring by Watermaster) are destroyed as agricultural land uses convert to urban.

A groundwater elevation contour map of the uppermost saturated aquifer system in Chino Basin was created for Fall 2003. A storage model was created (using data obtained and generated in Section 2) to estimate storage change in the basin over the Fall 2000 to Fall 2003 time period. Basin-wide, the groundwater storage decreased by about 93,000 acre-feet over this three-year period. Sub-areas of Chino Basin that experienced a decrease in storage were in the northwest near Pomona and Montclair; in the northeast near Fontana, eastern Ontario, and Rancho Cucamonga; and near the Chino-I Desalter well field which began producing water in 2000. Sub-areas that experienced an increase in storage were in the southwest near Chino; and in the south (just north of the Santa Ana River) where many agricultural wells are being destroyed as urban land uses replace agricultural.

Section 4 Groundwater Quality

Watermaster has completed an initial comprehensive assessment of groundwater quality in the Chino Basin that included every well that could be sampled. Watermaster continues to monitor water quality in the Basin and stores these data in a relational database, which also includes all the historical data that



Watermaster has been able to acquire for wells in the region. Watermaster has instituted a cooperative process whereby water quality data are acquired on a routine basis from the appropriators. This alleviates some of the data quality control issues with downloading data from the state water quality database.

The groundwater quality in Chino Basin is generally very good, with better groundwater quality found in the northern portion of Chino Basin where recharge occurs. Salinity (TDS) and nitrate concentrations increase in the southern portion of Chino Basin. Seventy-two percent of the private wells south of the 60 Freeway (169 wells) had TDS concentrations above the secondary MCL. About 83 percent of the private wells south of the 60 Freeway had nitrate concentrations greater than the MCL. The other constituents that have the potential to impact groundwater quality from a regulatory or Basin Plan standpoint are certain VOCs, arsenic, and perchlorate. There are a number of point source releases of VOCs in Chino Basin. These are in various stages of investigation or cleanup. Likewise, there are known point source releases of perchlorate (MVSL area, Stringfellow, *et cetera*) as well as what appears to be non-point source-related perchlorate contamination from currently undetermined sources. Arsenic at levels above its WQS appears to be limited to the deeper aquifer zone within the City of Chino. Total chromium and hexavalent chromium, while currently not a groundwater issue for Chino Basin, may become so depending on the promulgation of future standards.

Watermaster formed the Water Quality Committee (WQC) in Spring 2003 to reflect that Watermaster is the "go-to" entity because of its role as an arm of the Court. The WQC is reviewing both existing and emerging contaminants. The WQC is developing plans to collect data on the active cleanup of basin contaminants, so that lessons learned concerning mitigation measures and cleanup technologies can be effectively shared.

Section 5 Ground-Level Monitoring

Monitoring of land surface deformation in Chino Basin focuses on land subsidence and ground fissuring that likely is related to fluid withdrawal. Specifically, the area underlying the City of Chino and the California Institution for Men (CIM) has experienced ground fissuring (likely associated with land subsidence) as early as 1973, but an accelerated occurrence of ground fissuring ensued after 1991.

Watermaster has developed and implemented a Management Zone 1 (MZ-1) Interim Monitoring Program (IMP) to investigate the mechanisms that cause land subsidence in MZ-1, and to use the results of the IMP to develop a long-term plan to minimize or abate future subsidence and fissuring. The IMP employs traditional ground level surveying, remote-sensing analysis of satellite radar data, and monitoring of the aquifer-system hydraulics and mechanics. The centerpiece of the IMP is the Ayala Park Extensometer facility, which was constructed in 2002-03 and consists of multi-depth piezometers and a dual-extensometer.

Under current conditions of aquifer utilization in MZ-1, the aquifer-system deformation appears to be mainly elastic, with up to 0.13 feet of land subsidence and 0.13 feet of rebound during the pumping and recovery seasons, respectively. Minor amounts (~0.02 feet) of permanent compaction and associated land subsidence occurred over this same period. However, a recent pumping test in this area demonstrated that permanent compaction can be triggered when the magnitude and duration of drawdown exceeds certain threshold limits. Analytical and numerical computer models are being constructed to predict future drawdown and associated land subsidence that would result from potential basin management practices (*i.e.* the models can evaluate the effectiveness of various long-term plan alternatives). One unforeseen but



key finding of the IMP has been the discovery of a previously unknown groundwater barrier that exists within the deep aquifer-system in the same location as the historic fissure zone.

Section 6 Recharge Basin Monitoring

Watermaster, working with the Chino Basin Water Conservation District, is conducting a program to monitor the volumetric recharge at the Montclair, Brooks, and Turner 1, and Grove basins. In addition, the water quality of recharge is being monitored at these and other basins that have some level of storm water conservation. This recharge monitoring program is important to Watermaster because of new yield implications associated with storm water recharge and water quality mitigation requirements associated with recycled water recharge. Implementation of the Chino Basin Facilities Improvement Program resulted in an increased ability to capture and recharge storm water at several basins.

Section 7 Basin Plan Update for the Chino Basin

The TIN/TDS Task Force was formed in the mid 1990s to perform certain investigations that would lead to the establishment of new total dissolved solids (TDS) and nitrate-nitrogen objectives for groundwater basins in the Santa Ana River Watershed. The Regional Water Quality Control Board (RWQCB), Chino Basin Watermaster, water-recycling agencies, and many other entities participated in the Task Force. The RWQCB used the reports and other information developed by the Task Force to amend the Water Quality Control Plan for the Santa Ana River Watershed (Basin Plan) in 2004.

The TIN/TDS Task Force developed estimates of historical ambient water quality (objectives) and current ambient water quality by management zone. A comparison of these values determines whether or not assimilative capacity exists in a given management zone. The Task Force demonstrated that there is no assimilative capacity in any of the management zones in Chino Basin for TDS or nitrate. For much of the Chino Basin, the TDS and nitrate objectives would be below 300 mg/L and 5 mg/L, respectively.

The new water quality objectives would, from a practical standpoint, make the large-scale use of recycled water very difficult and potentially impractical in the Chino Basin. However, the OBMP anticipated the use of about 26,000 acre-ft/yr of recycled water for direct use by 2025, and about 20,000 to 30,000 acre-ft/yr for recharge by 2025. Recycled water is a critical resource that the OBMP stakeholders are counting on to implement the OBMP. If the groundwater objectives were adopted, Watermaster, the parties to the Judgment, and IEUA would have substantial mitigation obligations for the use of recycled water.

In December 2002, Watermaster and IEUA proposed to the RWQCB to develop new TDS and nitrate objectives based on criteria contained in California Water Code Section 13241 and "the need to develop and use recycled water." The Task Force modified the delineation of the Chino Basin management zones, and established the new (elevated) TDS and nitrate-nitrogen objectives of 420 mg/L and 5 mg/L, respectively, that would permit recycled water re-use in Chino Basin. In exchange, Watermaster and IEUA committed to establishing and documenting "hydraulic control" of the groundwater basin (see Section 8). The Basin Plan Amendment, as it pertains to managing the Chino Basin, is now in effect.

Section 8 Hydraulic Control Monitoring Program

Under virgin conditions in Chino Basin (pre- to early-1900s), groundwater flowing in a southerly direction from the northern part of the basin would rise to become surface flow in the southwestern part of



the basin, ultimately discharging to the Santa Ana River. Since the onset of pumping and associated regional drawdown of groundwater-levels, this southerly flow of groundwater is thought to be intercepted by agricultural wells, and in the last few years, by desalter wells before rising as surface flow in significant quantities. The condition where groundwater is intercepted before discharging to the Santa Ana River is herein referred to as "hydraulic control." Past data collection and groundwater modeling efforts suggest that hydraulic control could be occurring, but are not sufficient to conclude that hydraulic control is actually occurring.

As part of the 2004 Basin Plan update, Watermaster and IEUA committed to establishing and documenting "hydraulic control" of the groundwater basin in exchange for elevated groundwater quality objectives that would permit and encourage recycled water re-use in Chino Basin (see Section 7). Subsequently, Watermaster and IEUA developed and began implementation of the Hydraulic Control Monitoring Program (HCMP). The HCMP employs four engineering or scientific showings can be used to corroboratively demonstrate the state of hydraulic control in the southern portion of Chino Basin:

- analysis of surface water and groundwater chemistry
- estimation of hydrologic balance
- analysis of piezometric levels
- groundwater modeling

While any individual demonstration may not be adequate to demonstrate complete containment, all four elements can be combined to assess the state of hydraulic control and to optimize the management of the basin to maximize yield and minimize discharge of poor quality groundwater to the Santa Ana River and Prado Basin (*i.e.* protect downstream beneficial uses).





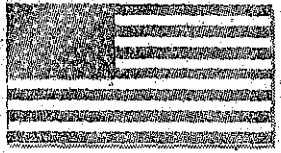
CHINO BASIN WATERMASTER

VI. INFORMATION

1. Newspaper Articles



INLAND VALLEY



Daily Bulletin

WEDNESDAY | FEBRUARY 2, 2005

★★★★ 50¢ PLUS TAX

WWW.DAILYBULLETIN.COM

State to get \$93M for acid pits

Insurance companies agree to help pay toxic dump cleanup costs

TOXIC LEGACY

By **SARA A. CARTER**
STAFF WRITER

GLEN AVON — A number of insurance companies have agreed to pay the state \$93 million to reimburse the cost of cleaning up and maintaining the so-called Stringfellow Acid Pits,

one of the nation's worst toxic dump sites.

Since 1972, when cancer-causing chemicals were first detected in water wells at a nearby elementary school, a long and arduous battle ensued among residents, the state and the

company.

It was a battle that went in and out of federal courts and cost the state hundreds of millions of dollars to deal with the underground contamination during the past 30 years.

In a settlement reached Tuesday,

Attorney General Bill Lockyer said the bill will be paid on behalf of those companies and agencies that dumped toxic materials during the landfill's 18 years of existence.

See **CLEANUP** / page A7

Environmental tests at Stringfellow Acid Pits found that the groundwater contains various volatile organic compounds and heavy metals including: cadmium, nickel, chromium and manganese. Test showed soil contaminants included: pesticides, polychlorinated biphenyls, sulfates and heavy metals.

Source: EPA

Cleanup

continued from page A1

The negotiated funds announced Tuesday will come from major insurance companies that insured the dumpers and the state.

"Stringfellow is California's highest priority Superfund site and we have spent more than 30 years and hundreds of millions of dollars to clean up the site," Lockyer said. "These settlements will help California recoup some of its expenses and allow us to focus our attention on the remaining defendants who are legally obligated to cover the Stringfellow cleanup."

The Stringfellow dumping grounds are in a canyon on the south side of the Jurupa Mountains less than a mile from the Southridge area of Fontana.

In the agreement, Lloyd's of London, the state's main insurer, is required to pay the bulk of the costs totaling \$49 million, according to the Attorney General's Office. Fifteen other insurance companies will pay the state a combined total of \$44 million.

"What portion of the funds will go back to the state and what will be left is still uncertain," said H.D. Palmer, the governor's budget spokesman. "We're going to have to look at this from a legal angle as well as a policy statement."

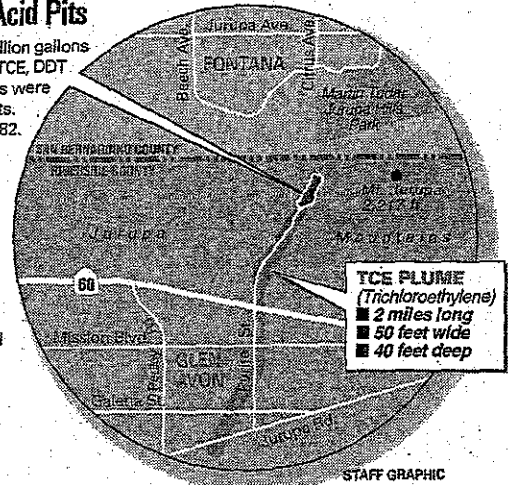
In 1983, the U.S. Justice Department filed a lawsuit against generators, transporters and owners of the Stringfellow site to recover cleanup costs and to provide funding for future efforts.

The state was not immune to re-

Stringfellow Acid Pits

From 1956-72, 34 million gallons of acids, pesticides, TCE, DDT and other chemicals were dumped into the pits. It was capped in 1982.

The federal government has installed wells in the vicinity of the Stringfellow pits to capture the chemicals that have migrated underground and threatened the local water supply.



sponsibility either and was also forced by the courts to pay for the majority of cleanup costs at the Superfund site, said Penny Newman, the executive director of Center for Community Action and Environmental Justice.

Newman, a resident of Glen Avon, has been fighting Stringfellow for more than 25 years.

"Up until now the money used for cleanup has been part of the state's general fund," Newman said. "It meant that our cleanup was dependent on the budget. And you can't always count on the budget."

The state was sued in the federal courts in 1983 by companies that generated most of the dumping on the site, Newman said. In 1998, the state lost its battle and was found liable for Stringfellow based on negligently investing in the site during the 1950s and 1960s and failure to address issues of pollution in the 1970s.

In effect, the state became a de-

facto owner of Stringfellow and responsible for the cleanup, Newman said.

"The state permitted the site to be established, allowed it to dump, and the courts made the state of California is 90 percent liable," Newman said.

But for Newman, the settlement was a victory for the community and the state.

"I think the thing that's really exciting about this is that for every dollar the insurance company is putting forward is one dollar less that the taxpayer won't have to pay," Newman said. "This gives a pot of money for us to move forward with the cleanup."

Unfortunately, she said, the land will be contaminated for the next 400 years even with cleanup efforts. But the cleanup efforts are halting the contaminants from moving underground into residential areas and domestic water wells, she said.

Science should guide setting of water standards

Feb 2, 2005
Daily Bulletin

Few things hit closer to home than the purity and safety of our drinking water. Ideally, every drop would be free of impurities and contaminants. In our modern world, that doesn't happen. Treating water to remove every bit of every foreign substance would be prohibitively expensive, even if it were technically possible – which it is not.

So the challenge for government regulators and water-delivery professionals is to determine which substances in drinking water are most harmful to humans and the levels at which harm occurs, and to remove at least enough of each contaminant to protect the public health.

The federal and state governments are working right now on establishing a safety level for perchlorate, which is of particular interest to Southern California because perchlorate is known to have contaminated wells in Rialto's groundwater basin and many other areas. The chemical has been found in 350 drinking water sources statewide.

Perchlorate is used in the manufacture of rocket fuel, munitions, flares and fireworks, and has been found in some fertilizers that were used when the Inland Valley was dotted with citrus groves.

In sufficient concentration, perchlorate decreases the thyroid's ability to absorb iodine, which could impair fetal and newborn brain development.

That's the rub: Determining the concentration sufficient to do harm so that public safety standards can be set below that level. It's a long and intricate scientific process that is ongoing.

A report last month from the National Academy of Sciences indicated that California's public health goal of 6 parts per billion provides adequate protection for the public. But that finding brought criticism from state Sen. Nell Soto, D-Ontario, and many others. Activists are calling for the state to set a binding maximum level of 1 ppb.

That push seems to be based more on emotion than on scientific research. "I am not a scientist, but I am a mother and a grandmother," Soto said at a recent forum. "I believe when it comes to our children we should err on the side of caution." But that's exactly what the state's goal of 6 ppb does, according to the NAS scientists.

In 2002, the federal Environmental Protection Agency issued a draft risk assessment that proposed a daily reference dose of 0.03 micrograms per kilogram of body weight, which the agency equated to a concentration of 1 ppb. Controversies regarding that assessment's scientific conclusions prompted the federal government to refer the issue to NAS, which concluded in January that daily ingestion of up to 0.7 micrograms per kilogram would not adversely affect the health of even the most sensitive populations. The scientists' recommendation has been interpreted as meaning that a federal perchlorate standard will land between 4 ppb and 20 ppb, though it's likely to take five more years of study and policy work before the standard is set.

That makes the state's 6 ppb goal look reasonably safe, at least unless and until scientists determine otherwise.

Cutting the maximum to 1 ppb could triple water bills in the affected Rialto area and cost the region \$30 billion during 20 years, according to local water professionals. For now, there's no scientific justification.

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Activists urge strong perchlorate limits

Clean-water proponents ask state to adopt stricter EPA standards

PERCHLORATE

What is it?: Perchlorate is both a naturally occurring and man-made chemical. Most perchlorate manufactured in the United States is the main ingredient of solid rocket propellant. It is also used in fireworks, flares and other products.

Effect on humans:

Perchlorate is associated with disruption of thyroid functioning, which plays an important role in fetal and newborn brain development. The thyroid also helps regulate metabolism in adults and children.

SOURCE: U.S. ENVIRONMENTAL PROTECTION AGENCY

By NAOMI KRESGE
STAFF WRITER

FONTANA — Clean-water activists pushed for tougher state drinking water standards on perchlorate at a Saturday forum.

They attacked a National Academy of Sciences report that said this month the chemical, a rocket-fuel byproduct, is safe at levels about 20 times those recommended by the Environmental Protection Agency.

California should adopt the EPA recommendation, they argued, in order to protect the health of children, babies and fetuses.

"I am not a scientist, but I am a mother and a grandmother," said state Sen. Nell Soto, D-Ontario. "I believe when it comes to our children we should err on the side of caution."

Soto co-chaired the forum along with Assemblywoman Gloria N. McLeod, D-Montclair.

Sponsored by Environment California and

WATER continues on A7

Sunday, January 23, 2005 **A7**

WATER

• FROM A1

the Center for Community Action and Environmental Justice, the forum at Fontana City Hall drew about 75 people, including residents from at least 10 Inland Valley cities as well as legislators, water officials and environmentalists.

Perchlorate is thought to reduce thyroid function and to have a disproportionate effect on babies and young children.

Penny Newman, executive director of CCAEJ, and Environment California clean water advocate Sujatha Jahagirdar said the chemical can interfere with brain development in babies and may be linked to reduced intelligence and difficulty learning.

"We think it actually makes children more stupid, to be frank," Jahagirdar said.

The National Academy of Sciences study said it is unclear whether exposure to perchlorate can interfere with brain development in children.

Residents quizzed the environmentalists and water officials on how much of the chemical current technology can extract from the water supply, whether it is safe to drill private wells and whether a tough perchlorate standard might cause water shortages.

Newman and Jahagirdar asked atten-

dees to sign a petition asking California to set stricter standards for perchlorate.

The current state public health goal for perchlorate is six parts per billion. The petition called on the state to adopt the EPA draft recommendation of one part per billion when it sets a binding maximum level for the contaminant, which is expected later this year.

"The health goal that California sets will basically be the standard (nationally), we think. Now California's on the wrong track," Jahagirdar said.

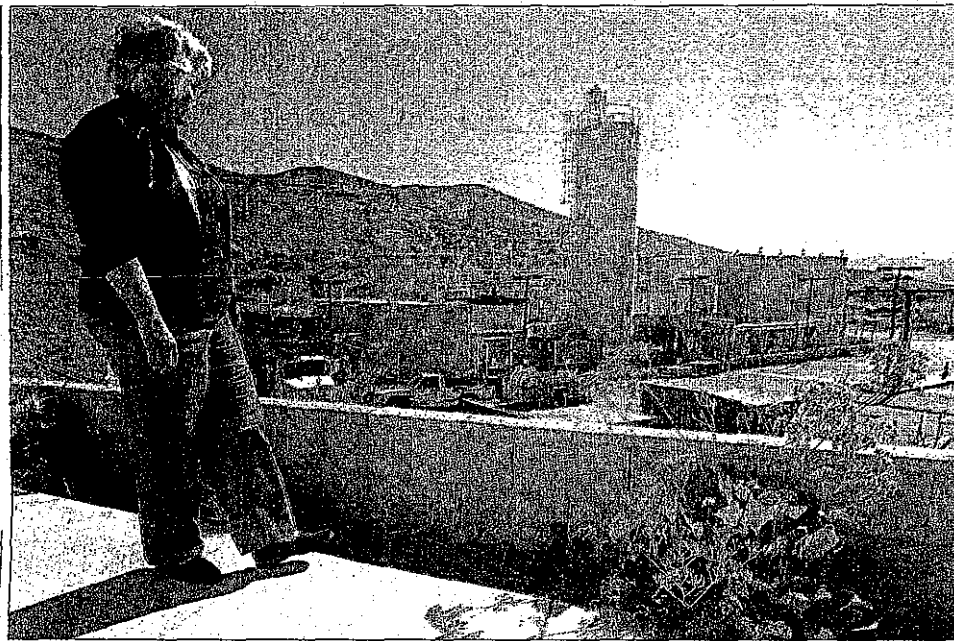
A tougher standard for perchlorate would make cleanup more expensive, both because more drinking water sources would require cleanup and because of the technology necessary to detect and extract perchlorate.

More than 11 million people in 35 states, including California, currently drink water with perchlorate levels above four parts per billion.

According to the California Department of Health Services, perchlorate has been found in more than 350 drinking water sources statewide — mostly in Los Angeles, San Bernardino and Riverside counties — as well as in the Colorado River.

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

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RELIEF: Activist Penny Newman looks over a Stringfellow treatment plant. Of the settlement, Newman said: "It means the everyday taxpayer isn't going to have to pay for the wrongdoings of 200 major corporations and the bad judgment of state bureaucrats."

IRYAN KHAN Los Angeles Times

A Deal to Get Waste Pits Clean

Led by Lloyd's, insurers agree to pay the state \$93 million for restoring the notorious Stringfellow site in Riverside County.

By JANET WILSON
Times Staff Writer

Lloyd's of London and 15 other insurers have agreed to pay \$93 million to California for cleanup of the Stringfellow acid pits in Riverside County, one of the state's most notorious Superfund sites.

State officials and environmentalists who have fought for decades for cleanup of the site, in an impoverished rural pocket of the county where children once played in puddles of industrial waste, said the payments were long overdue.

California Atty. Gen. Bill Lockyer on Tuesday said the Lloyd's settlement for \$49 million was particularly significant because Lloyd's was one of the major insurers for the state, which was liable for the contaminated site. The company's attorneys had been leading the defense.

When they agreed to settle late last week, Lockyer said, more than a dozen other insurers quickly fell into line.

"They're the leader of the pack, and so when they're willing to settle, many of these other companies decided to settle too," Lockyer said.

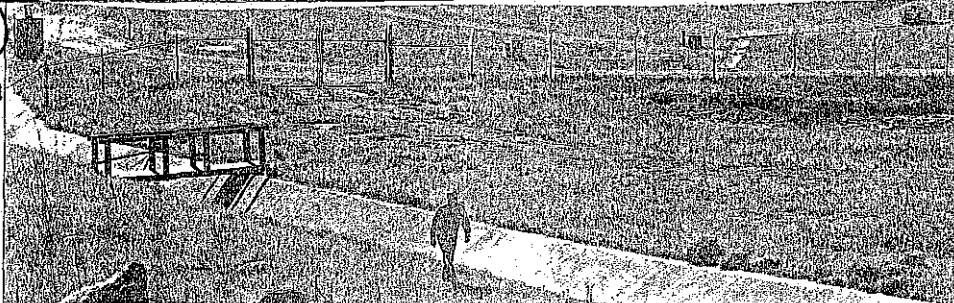
Some of the other companies include subsidiaries of Chubb Group and Commercial Union; American Reinsurance; St. Paul; and Mutual Fire, Marine & Inland Insurance Co. A trial is set for March in Riverside Superior Court involving nine insurance companies that have not settled.

Lockyer said that although the settlement would not cover the \$300-million-plus in cleanup costs, it was a "fair resolution" and a victory in a case that had already dragged on for 15 years and could have cost millions more in legal fees.

"Stringfellow is sort of the poster boy for toxic dump cleanup (in the nation) and all the lessons learned of how hard it is to hold anybody accountable, how litigious these cases are, and how expensive to resolve in the normal legal system," Lockyer said.

California has spent more than 30 years and hundreds of millions of dollars to try to clean up the site, Lockyer said, and the settlements will allow officials to recoup a major chunk of expenses and focus on remaining defendants.

Local activists agreed. "This settlement is so important. It means the everyday taxpayer isn't going to have to pay [See Waste, Page B9]



Photographs by IRYAN KHAN Los Angeles Times

BIG JOB: State hazardous-substances engineer Zbigniew Kostecki, foreground, is dwarfed against the fenced 19 acres of the contaminated Stringfellow site, dotted with water pumps and wells to extract contaminated groundwater.

Insurers Will Pay \$93 Million for Stringfellow Site Cleanup

[Waste, from Page B1] for the wrongdoings of 200 major corporations and the bad judgment of state bureaucrats," said Penny Newman, executive director of the Center for Community Action and Environmental Justice, who has fought for cleanup of the site for a quarter-century. "Anybody who has had to struggle with their insurance company to get paid... understands what a big step forward this is."

Located in the blue-collar community of Glen Avon in Riverside County, Stringfellow was a rock quarry owned by the Stringfellow family. The quarry was turned into an industrial waste site that accepted 85 million gallons of bulk liquid hazardous wastes from hundreds of military, aerospace and other heavy-industry companies between 1956 and 1972.

When it was abandoned by its former owner, the state took over the site and purchased numerous insurance policies to cover the potential liability.

Newman was a young mother of two and special-education teacher at a local elementary school in 1978 when she and other teachers were told that holding ponds at the nearby Stringfellow dump site had overflowed into the neighborhood after heavy rains. The teachers defied an order not to tell parents, who were already familiar with the acid stench that emanated from the open, unlined pits.

It was "a real toxic soup of chemicals," including DDT, chromium, TCE solvents, and



AT LAST: Penny Newman, who has fought for cleanup of the site for a quarter-century, called the settlement "a big step forward."

others, leached from the 20-acre site into the air, ground and drinking water, said Newman.

Ultimately, 3,800 residents were paid \$14 million in wrongful-death, property depreciation and injury damages. Newman said she and her children were among those who suffered a variety of neurological diseases, asthma and other problems stemming from exposure to the chemicals, and she received part of the settlement.

In 1983, the state was also sued by many of the companies that had generated waste disposed at the site. Newman said the companies were eager to take advantage of federal law that allowed cleanup costs and blame to be placed on one polluter, and they won. In 1993, the

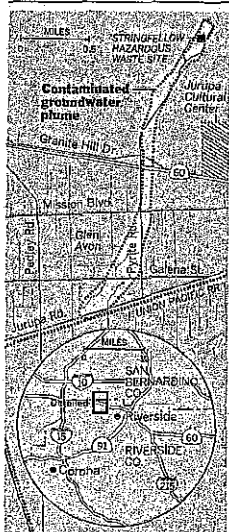
state was found liable for contamination of the acid pits because it regulated them and promoted Stringfellow as a destination for industrial and chemical waste.

"Unfortunately the state was so involved in writing the rules... how to set it up, how to operate it," said Lockyer. "And then the state not only did not design it correctly, they didn't investigate when they learned there was pollution 25 years ago, and they didn't do anything in a timely way to try to stop the spread of pollution."

Rockwell, Lockhead, Weyerhaeuser, Northrop, McDonnell Douglas Corp. and others used the site.

Exposure to potential toxins has been effectively eliminated

Waste site



Source: U.S. Environmental Protection Agency

Los Angeles Times

there. Water users no longer rely on local wells, and a cap, dam and extraction systems have been put in place. But a giant waste plume still burgeons underground.

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Tuesday
JAN. 11, 2005

Study: Perchlorate not so toxic

Environmental group denounces results

By **SCOTT VANHORNE**
STAFF WRITER

A water pollutant also found in some produce and milk is not as dangerous as the U.S. Environmental Protection Agency determined in a preliminary risk assessment two years ago, a panel of scientists announced Monday.

The National Academy of Sciences concluded that daily perchlorate intake at levels 20 times higher than those posed by the EPA are safe even for sensitive populations, such as fetuses and pregnant women.

The Natural Resources Defense Council, an environmental group, denounced the panel's report and claimed the White House, Pentagon and defense industry strong-armed scientists to downplay the chemical's hazards.

Academy officials brushed off the defense council's accusations as unfounded and said the recommendations were based on the best scientific research available, including some funded by perchlorate-linked businesses.

"We looked at all the data we could get hold of and evaluated the data on its own merits, not on sources of funding," said Dr. Richard B. Johnston Jr., chairman of the 16-member National Academy of Sciences committee.

Perchlorate is a salt used in rocket fuel, fireworks, flares and other products. It has contaminated 20 wells in the Rialto-Colton groundwater basin, and a plume inching south from a former military munitions storage area threatens to pollute more.

At certain levels, the chemical can impair thyroid functioning,

which plays an important role in fetal and newborn brain development.

In 2002, EPA researchers came up with figures that put the recommended safe perchlorate level in drinking water at 1 part per billion, or ppb. One ppb is equivalent to half a teaspoon of perchlorate in an Olympic-sized swimming pool.

The academy came up with what's known as a reference dose after examining the research, but the panel did not recommend a water standard.

The panel concluded that even sensitive individuals could consume up to 0.0007 milligrams of perchlorate per kilogram of body weight with no effect. The EPA's reference dose is 0.00003 milligram per kilogram of body weight.

The two numbers differ partly because the EPA examined animal exposure studies the academy deemed unreliable, and the federal agency also applied a safety factor that was 30 times higher than what the panel used.

Even so, the EPA did not consider perchlorate exposure from sources other than water, such as milk and lettuce, and health officials will have to factor that in before developing a water standard, said Dr. Gina Solomon, a senior scientist for the defense council.

"Depending on what they assume, they are going to come up with some very different numbers," she said.

The academy report could prompt the California Department of Environmental Health Hazard Assessment to lower the state's 6 ppb public health goal for perchlorate, but it will likely cause federal regulators to inch their recommended level higher, Solomon said.

Allan Hirsch, spokesman for Environmental Health Hazard Assessment, said the public health goal may need some fine-tuning after the academy recommendations are considered.

"It's too early to say whether we would change it or whether it would be up or down," he said.

The public health goal is not an enforceable drinking water standard, but it is a step toward state regulation.

Water providers are encouraged not to serve water that exceeds the goal. Locally, water providers have refused to serve water with even detectable amounts of perchlorate.

Besides the reference dose, the academy also concluded that perchlorate exposure is unlikely to cause thyroid tumors.

The panel also advised pregnant women exposed to the chemical to take iodine pills because perchlorate impairs the thyroid's ability to uptake the element.

Solomon scoffed at that suggestion.

"That's like putting a pregnant woman in a room full of smokers and asking her to wear a gas mask," she said.

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Storms help water supply

By **DON THOMPSON**
ASSOCIATED PRESS

SACRAMENTO—The recent storms that swamped Southern California, causing fatal mudslides, stranding motorists and causing general havoc, in fact bode well for this summer's water supply, new snowpack figures showed Tuesday.

Some portions of the southern Sierra Nevada range had nearly double the typical snowfall for this time of year.

The snowpack dwindled a bit farther north, but still was nearly half-again above average as water watchers conducted the season's second snow survey.

"The Southern California mountains are doing a lot better than they have in six or seven years," said Don Strickland, a spokesman for the state Department of Water Resources.

"All of this water we had, which caused flooding in Southern California, helped fill a lot of reservoirs."

Most of California's winter rain runs off into the ocean. Where it falls as snow, it accumulates into a vast virtual reservoir that slowly feeds rivers and groundwater as it melts each spring.

California gets more than a third of its drinking and irrigation water from Sierra snow,



ASSOCIATED PRESS

Hydrologist Frank Gehrke, right, carries a snow depth measuring pole as he skis across an open field during the Department of Water Resources snow survey held near Echo Summit on Tuesday.

while snow-fed hydroelectric plants produce about a quarter of the state's power.

"We really rely on that snowpack," Strickland said. "All things considered, it's shaping up to be pretty good right now."

Across the Sierra, the snowpack was 143 percent of average. About 90 percent of all the snow that would usually be on the ground on April 1 already had fallen, the department's automated and manual snow measurements found.

Researchers who conducted snow surveys at four locations southwest of Lake Tahoe on Monday and Tuesday found deep snow throughout the region. Snow measurements there ranged from 142 percent of average to 163 percent of a typical snowpack for this time of year.

But it was a sunny day with no new storms in the forecast. "Of course they want some new storms to come in," Strickland said. "It's just a little too early in the year to get overconfident."

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LA TIMES 1/11/05

Scientific Panel, EPA Disagree on Perchlorate

Report says the chemical is a health risk, but at higher levels of intake.

By MARLA CONE AND LISA GETTER
Times Staff Writers

In a long-awaited report, a national panel of scientists wrote Monday that perchlorate, an ingredient of solid rocket fuel that has contaminated drinking water and food throughout the country, poses a public health risk at low doses but not at amounts as low as the U.S. Environmental Protection Agency had calculated.

The chemical, used primarily by the military, NASA and their contractors, has seeped into hundreds of wells in Southern California and contaminated Colorado River water used for drinking and for irrigating crops in the region.

The scientific controversy over what level of the chemical is safe for human consumption pits the Pentagon against environmentalists and drew the attention of top-level White House officials. Environmental groups Monday accused the White House and Pentagon of influencing the panel's findings.

The National Research Council panel, led by Richard B. Johnston Jr. of the University of Colorado's School of Medicine in Denver, concluded that perchlorate

[See Perchlorate, Page B9]

Report Disagrees With EPA on Chemical's Risk

[Perchlorate, from Page B1] rate posed a health threat because it can interfere with the human thyroid gland, which controls how the brain develops in infancy.

The scientists said their recommendation of a safe daily dose "would protect the health of even the most sensitive populations": babies born to women with a thyroid problem or iodide deficiency.

The panel did not suggest a specific limit for drinking water, but it did recommend an amount, called a reference dose, that would cause no human health effects if consumed daily in water and food. The number is meant to be used by the EPA and state health departments to calculate a standard for the amount allowable in drinking water.

The maximum daily dose of perchlorate recommended by the scientists is about 23 times higher than recently proposed by the EPA. The panel recommended 0.0007 milligrams per kilogram of body weight per day compared with EPA's 0.00003.

It remains uncertain how stringent a standard would result from the panel's recommendation. Several toxicologists said Monday they anticipated it would probably be in the range of 2 to 6 parts per billion. That is more than the 1 part per billion that environmentalists advocate but far less than the 200 parts per billion that industry groups have suggested.

In comparison, California has set a public health goal — not yet an enforceable limit — of 6 parts per billion. Allan Hirsch of the state Office of Environmental Health Hazard Assessment said that the scientists' report generally supports the state's recommendation, although "some fine-tuning" may result.

The number that EPA ulti-

mately uses will determine which water supplies are safe and how large cleanups by the military and aerospace companies will have to be. Those cleanups could cost billions of dollars. More than 11 million people in the United States drink water with perchlorate levels of 4 parts per billion or higher. Thirty-five states are affected.

Environmentalists' reaction to the report varied. The Environmental Working Group, which specializes in exploring the health effects of contaminants, supported the findings.

"It is evident that there has been a lot of political pressure, so we are pleased that, in this climate, the National Academy of Sciences has come out with this recommendation," said Bill Walker of the Environmental Working Group.

But the Natural Resources Defense Council said the panel's findings will "threaten the health of millions of American children." The group said the report "was likely shaped by a covert campaign by the White House, Pentagon and defense contractors to twist the science and strong-arm the academy."

The EPA, the Pentagon and NASA had requested a report to clear up questions about the results of various academic and industry tests on humans and lab animals.

The Natural Resources Defense Council, which filed a lawsuit to obtain records from the White House, Defense Department and EPA, contends that the administration waged a "behind-the-scenes campaign" to limit the scope of the study and help select panel members favorable to industry.

The group cited a string of e-mails from the White House and Defense Department that discussed such topics as what the

scientists should look at and who should be on the panel. The administration refused to disclose the messages but instead described them to the environmental group. The e-mails also suggest that Defense Department contractors and chemical companies — including Lockheed Martin and Kerr-McGee — weighed in on the perchlorate discussion and met with White House officials.

Bob Hopkins, a spokesman for the White House Office of Science and Technology Policy, said the participation of senior White House political officials is "standard procedure" when multiple federal agencies request a study from the National Research Council. Defense Department officials declined to comment.

Perchlorate has leaked from chemical factories and aerospace plants into aquifers in at least 10 California counties, including Riverside, San Bernardino, Orange, Los Angeles and San Diego. Los Angeles County alone has 138 wells with traces of perchlorate, according to a report by the Environment California Research and Policy Center.

The chemical also has been detected in lettuce and milk, apparently from contaminated irrigation water.

The scientists dismissed animal tests that the EPA used in its assessment, calling them flawed. They also said there was no cancer risk. Instead, they based their recommended dose on thyroid tests on 37 healthy adults given various doses of perchlorate, which was used in the past to treat hyperthyroidism.

They said, however, that large-scale clinical tests on humans or monkeys should be initiated "to provide a more complete understanding of the array of effects of perchlorate."

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Development fee to cover habitat restoration

\$10.6M in funding will stem from mitigation charges imposed by Chino

By **MASON STOCKSTILL**
STAFF WRITER

CHINO — Development is coming to hundreds of acres used as wildlife habitat, but city officials are hoping it won't spell the animals' end.

With money collected from developers building in the preserve, a master-planned community being constructed in south Chino, several habitat improvements will be undertaken to give those animals somewhere else to go.

Among the steps to be taken is the establishment of a 300-acre conservation area and the enhancement of riparian habitat along Cucamonga Creek.

The funding for these projects will come from a mitigation fee imposed on the project by the

city—more than \$5,000 per acre of developable land, which comes to \$10.6 million.

That money will allow land to be set aside for habitat preservation, and for its upkeep, said Chuck Coe, Chino's director of community development.

"One of the mitigation measures looks to the city to partner with a conservancy for the development and long-term management of the habitat conservation areas," Coe said.

The city hasn't yet begun the process of finding a conservancy or other environmental group to steward the land, Coe said.

But several parcels are already being developed by Lewis Operating Corp., including a 322-acre segment near Chino Hills State Park.

The city plans to give that land to the state so it can be managed as an addition to the state park.

Coe said that has been held up by a moratorium set by the state on accepting donated land because of concerns about the cost of managing it.

"It has been acquired, and we're still in the process of conveying title of that to the state," he said.

The conservation areas are being set aside as replacement habitat for raptors such as the golden eagle and other animals, including the burrowing owl, which typically lives in burrows made by squirrels and other mammals.

Though the burrowing owl is not listed as an endangered species, its habitat is dwindling, according to the California Department of Fish and Game.

This is largely because the areas where it thrives are also areas that are ideal for develop-

ment — open, flat and gently rolling grasslands.

"Because of the intense pressure for urban development within suitable burrowing owl nesting and foraging habitat ... in California, conflicts between owls and development projects often occur," according to a Fish and Game report.

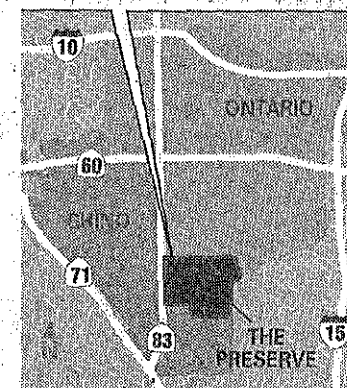
Protecting the owl by building alternate burrows — called "passive relocation," as opposed to trapping and moving them — is one of the mitigation measures outlined in the Preserve's planning documents.

The City Council approved the fee for the planned 7,000-home project at its Dec. 21 meeting.

Mason Stockstill can be reached by e-mail at mason.stockstill@dailybulletin.com, or by phone at (909) 483-4643.

Preserve mitigations planned

The city of Chino plans to collect fees from developers working on the Preserve, a large master-planned community, in order to pay for programs that will offset the loss of wildlife habitat in the area.



RICHARD HASELRIG • STAFF ARTIST

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