



CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Board Reappointment Motion



HATCH AND PARENT
21 East Carrillo Street
Santa Barbara, CA 93101

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MICHAEL T. FIFE (State Bar No. 203025)
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5 **Attorneys For**
CHINO BASIN WATERMASTER

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

10 CHINO BASIN MUNICIPAL DISTRICT

11 Plaintiff,

12 vs.

13 CITY OF CHINO, ET AL.

14 Defendant.

Case No. RCV 51010

[Assigned for All Purposes to the Honorable
MICHAEL GUNN]

**NOTICE OF MOTION AND MOTION IN
SUPPORT OF MOTION TO RE-APPOINT
THE NINE-MEMBER BOARD FOR A
FUTHER FIVE YEAR TERM; MOTION
TO RECEIVE AND FILE STATE OF THE
BASIN REPORT**

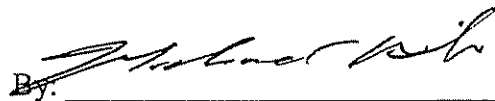
Hearing Date: February 9, 2006
Time: 2:00 P.M.
Department: 8

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20 **TO ALL PARTIES AND THEIR COUNSEL OF RECORD:**

21 **PLEASE TAKE NOTICE** that on February 9, 2006, at 2:00 p.m., or as soon thereafter as
22 the matter can be heard, at 8303 Haven Avenue, Rancho Cucamonga, CA 91730.

23 This motion is based upon this Notice, Memorandum of Points and Authorities, Declaration
24 of Michael T. Fife and on other matters in this action.

25
26 DATE: January 11, 2006

By: 

HATCH & PARENT
Scott S. Slater
Michael T. Fife
Attorneys for Chino Basin Watermaster

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

10 CHINO BASIN MUNICIPAL DISTRICT

11 Plaintiff,

12 vs.

13 CITY OF CHINO, ET AL.

14 Defendant.

Case No. RCV 51010

[Assigned for All Purposes to the Honorable
MICHAEL GUNN]

**DECLARATION OF MICHAEL FIFE IN
SUPPORT OF MOTION TO RE-APPOINT
THE NINE-MEMBER BOARD FOR
FURTHER FIVE YEAR TERM; MOTION
TO RECEIVE AND FILE STATE OF THE
BASIN REPORT**

Hearing Date: February 9, 2006
Time: 2:00 P.M.
Department: 8

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20 I Michael Fife under penalty and perjury:

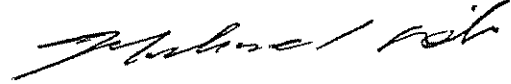
21 1. I am an attorney with the law firm of Hatch and Parent licensed to practice law in the
22 State of California.

23 2. The Law firm of Hatch and Parent serves as general counsel to the Chino Basin
24 Watermaster.

25 3. I have served as general counsel for the Chino Watermaster since February 2000 and
26 am readily familiar with the practices and procedures of all Watermaster Committees and the Board.

27 4. The Watermaster Pool Committees, Advisory Committee, and Board considered this
28 motion at their December meetings, and directed legal counsel to file this motion.

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2 5. At its December 15, 2005 meeting the Watermaster Board committed to form a
3 committee to investigate and make recommendations concerning the issue of Watermaster
4 governance by December 31, 2007.



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MICHAEL T. FIFE

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5 **Attorneys For**
CHINO BASIN WATERMASTER

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

10 CHINO BASIN MUNICIPAL DISTRICT

Case No. RCV 51010

11 Plaintiff,

[Assigned for All Purposes to the Honorable
MICHAEL GUNN]

12 vs.

13 CITY OF CHINO, ET AL.

**POINTS AND AUTHORITIES IN
SUPPORT OF MOTION TO RE-APPOINT
THE NINE-MEMBER BOARD FOR A
FURTHER FIVE YEAR TERM; MOTION
TO RECEIVE AND FILE STATE OF THE
BASIN REPORT**

14 Defendant.

Hearing Date: February 9, 2006
Time: 2:00 p.m.
Department: 8

19
20 **I.**

21 **INTRODUCTION**

22 On February 19, 1998, the Court appointed a nine-member Board consisting of
23 representatives from the Overlying (Agricultural) Pool, the Overlying (Non-Agricultural) Pool, the
24 Appropriative Pool, and three municipal water districts to serve as Interim Watermaster for the
25

1 through 10 in accordance with the schedule set forth [in the Order] . . .; and (4) Inclusion in such
2 reports of schedule and budget information essentially in a form equivalent to Exhibit "E" and Table
3 4-14 of the Phase I Report; and (5) Watermaster cooperation in the independent assessment and
4 verification of the data included in Reports Nos. 1 through 10 to be provided to the Court by the
5 Special Referee and her technical expert." (September 28, 2000 Order p.6.)
6

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

8 Watermaster has fulfilled all of the Court's five conditions of appointment:

- 9 1. The terms and condition applicable to the purchase of desalted water were resolved
10 through an agreement known as the Integrated Chino Arlington Desalter Term Sheet and the
11 subsequent formation of the Chino Desalter Authority. Based on this, Western Municipal Water
12 District rescinded its conditional execution of the Peace Agreement on April 25, 2001, by way of
13 Western Resolution 2162. Watermaster submitted this resolution to the Court on September 19,
14 2001.
15
- 16 2. The Court approved a revised Watermaster Rules and Regulations on July 19, 2001.
- 17 3. Watermaster has exceeded the requirement to file 10 bi-annual OBMP status reports
18 and since the beginning of 2003 has been filing quarterly status reports. Watermaster has completed
19 a total of 15 such status reports.
20
- 21 4. Inclusion of schedule and budget information in a form equivalent to that on Exhibit
22 E, Table 4-14 of the Phase I Report has been provided to the Special Referee and the Court
23 periodically and in a satisfactory manner. As the years have passed, the format of this information
24 has departed from the original dictates of the Court, but Watermaster has remained responsive to the
25 expectations of the Special Referee and the Court.
26

27
28 (5) years. The Court will by subsequent orders provide for successive terms or for a successor
Watermaster."

1 5. Watermaster has cooperated in the independent verification of the data included in
2 OBMP status reports through periodic meetings between Watermaster staff and consultants and the
3 Special Referee and the Court's Technical Advisor.
4

5
6 **B. ADDITIONAL CONDITIONS OF RE-APPOINTMENT**

7 As described above, when the nine-member Board was extended for a full five-year term, the
8 Court stated broadly that, "[t]he OBMP progress reports, together with independent assessment of
9 OBMP implementation status, including verification of data to be provided by the Special Referee
10 and her technical expert, will be the basis for consideration of continuing the appointment."
11 (September 28, 2000 Order, p.4.)

12 However, in addition to this broad statement of the basis for continuing the appointment of
13 the nine-member Board, the Court also guidance on specific elements of the OBMP that it would
14 closely consider. "The Court hereby gives notice to the parties that a primary concern of the Court in
15 any future application for reappointment of the nine-member board will be the parties' continued
16 commitment to provide for future desalters and preserve safe yield in accordance with the OBMP."
17 (September 28, 2000 Order p.5.) "The parties are forewarned that any future application for
18 reappointment of the nine-member board may be conditioned on the development of a detailed plan
19 to reach the OBMP goal of 40,000 acre-feet per year of desalting capacity to be installed in [the]
20 southern part of the Basin by 2020." (September 28, 2000 Order p.7.)
21

22
23 At the September 28, 2000 hearing, the Court also provided additional guidance on the
24 factors that would be relevant to the consideration of re-appointment:

- 25 "1. All production meters will be installed;
26 2. Basin monitoring will be completely in place and will have been the basis for the
27 semi-annual reports specified in my Order;
28

1 3. The Recharge Master Plan will be complete and appropriate recharge facilities will
2 have been installed; and

3 4. The OBMP Desalter I Expansion and Desalter II will be installed and operational,
4 with demonstrated delivery of desalter water for municipal use in the Basin.”

5
6 (Handout re September 28, 2000 Order from Court to Watermaster General Counsel and
7 memorialized at the Court’s direction in the September 28, 2000 Notice of Entry of Order.)

8 **C. SATISFACTION OF ADDITIONAL CONDITIONS OF RE-APPOINTMENT**

9 Pursuant to Order of the Court dated November 15, 2001, Watermaster was to prepare an
10 Initial State of the Basin Report and a State of the Basin Report. The Initial State of the Basin Report
11 was prepared in October 2002. In July 2005, Watermaster completed its State of the Basin Report
12 which provides a comprehensive analysis of Watermaster’s management of the Chino Basin and
13 status of OBMP implementation. A copy of the State of the Basin Report is attached to this pleading
14 as Exhibit “A.” As a part of the present Motion, Watermaster respectfully requests the Court to
15 receive and file the State of the Basin Report.
16

17 The State of the Basin Report provides the information necessary to be responsive to the
18 Court’s additional conditions of re-appointment:

19 1. Watermaster’s State of the Basin Report describes the installation of meters as
20 follows: “As of June 1, 2005, Watermaster counted about 530 active agricultural wells. About 390 of
21 these wells are now equipped with operating inline flow meters. Watermaster has budgeted to install
22 meters on 30 additional wells during the fiscal year 2005-06. Of the approximately 110 unmetered
23 wells remaining, approximately 65 are wells producing less than 10 acre-feet per year. The other 45
24 wells are anticipated to become inactive within 18-24 months because of urban development in the
25 southern portion of Chino Basin.” (State of the Basin Report 3-2.)
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2. Under OBMP Program Element 1, Watermaster has developed numerous monitoring programs. The accomplishments of these programs are described in detail in the State of the Basin Report.

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

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

1 The project is anticipated to be fully operational for the 2006 storm season. Based on lessons
2 learned during the 2004-2005 storm season, further refinements to the recharge basins are being
3 developed.

4 4. In 2001, the parties created a Joint Powers Agency known as the Chino Desalter
5 Authority to own and operate the Chino Basin Desalters. The progress of the desalters is reported in
6 great detail in chapter 9.2 of the State of the Basin Report. According to the April 2005 CDA
7 Progress Report, the expansion of the Chino I Desalter and the construction of Chino II are estimated
8 to be complete by February 2006.
9

10 **D. CONDITIONALITY REGARDING WATERMASTER'S REQUEST FOR**
11 **REAPPOINTMENT**

12 This Motion, and the issue of Watermaster governance, has been a subject of extensive
13 discussion between the parties. The Motion was presented to the Pool Committees, the Advisory
14 Committee and the Board at their December meetings. The Motion was unanimously approved for
15 filing by all committees and the Board, and Watermaster is unaware of any present opposition to the
16 re-appointment of the Board. However, as a condition of its approval of the Motion, the Board
17 included a commitment to establish a committee to review and recommend whether changes to the
18 Watermaster governance structure, including composition of the Board and clarification regarding
19 the roles and functions of the various committees and the Board, are necessary. The committee will
20 provide its report no later than December 31, 2007. Logistical matters associated with this
21 committee, including size of the committee and membership, have been left for future discussion by
22 the parties and direction from the Board at a later date.
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III.

MOTION FOR RE-APPOINTMENT

Based on all of the forgoing, Watermaster respectfully requests the Court to re-appoint the nine-member Watermaster Board for another five-year term beginning February 9, 2006 and ending February 9, 2011, acknowledging the Board's commitment to convene a committee which will make recommendations concerning Watermaster governance issues by December 31, 2007.

Dated: January 11, 2006

By: 

HATCH & PARENT
Scott S. Slater
Michael T. Fife
Attorneys for Chino Basin Watermaster



CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

D. INLAND EMPIRE UTILITIES AGENCY

3. Water Bond Update
4. Monthly Water Conservation Programs Report
5. Quarterly Planning and Water Resources Report
6. Chino Basin Facilities Improvement Report
7. State and Federal Legislative Reports
8. Community Outreach/Public Relations Report



DRAFT
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
January 26, 2006

AGENDA

INTER-AGENCY WATER MANAGERS' REP ORT

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

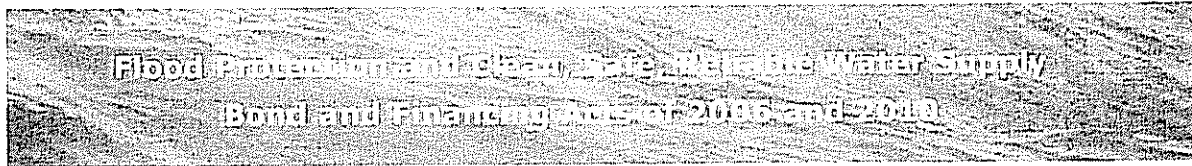
20 – 30 Minutes

Discussion Items:

- MWD Status Report – Richard Atwater
- Recycled Water Status Report – Richard Atwater
- Water Bond Update – Martha Davis

Written Updates:

- Monthly Water Conservation Programs Report
- Quarterly Planning and Water Resources Report
- Chino Basin Facilities Improvement Report
- State and Federal Legislative Reports
- Community Outreach/Public Relations Report



California must invest to improve the flood management system and ensure clean, safe, reliable water supplies for all Californians. Governor Schwarzenegger is proposing the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010 to help meet these challenges.

The proposed 2006 bond will provide \$1 billion over the next five years to pay for levee repairs and improvements, upgrade flood protection for urban areas, improve emergency response capabilities, and develop a new vision for the long-term protection of the Delta. The 2010 bond will provide an additional \$1.5 billion to continue these programs.

	2006	2010
Repair of State-Federal Project Levees and Facilities	\$210 million	\$300 million
Flood Control and Levee System Improvements	\$200 million	\$200 million
Delta Levee Subventions and Special Projects	\$210 million	\$700 million
Flood Control Subventions	\$250 million	\$200 million
Floodplain Mapping	\$90 million	\$0
Floodway Corridor Program	\$40 million	\$100 million
TOTAL	\$1 billion	\$1.5 billion

Key projects include:

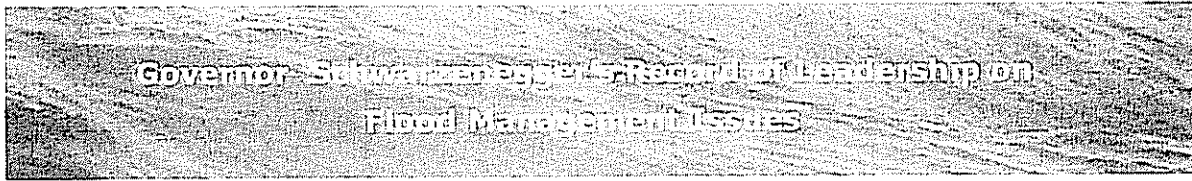
- Remapping more than one million acres of Central Valley floodplains
- Repairing State-Federal Project Levees
- Initiating seismic strengthening of critical Delta levees
- Improving flood protection for urban areas including modifications of Folsom Dam to provide Sacramento with 200-year flood protection
- Fully funding the backlog of the state's share for flood control projects outside of the Central Valley

The 2006 bond provides \$2 billion over the next five years to improve water management activities in all regions of the state. The funds will be used for projects that reduce water demand and increase water supplies, improve water quality and promote good stewardship of our natural resources. The 2010 bond will provide an additional \$4.5 billion.

	2006	2010
Regional Water Management Grants	\$1 billion	\$2 billion
Water Quality Improvements	\$250 million	\$500 million
State Support for Development of New Water Storage	\$250 million	\$1 billion
Water Resources/Quality Science and Technology	\$300 million	\$500 million
Resource Stewardship and Ecosystem Restoration	\$200 million	\$500 million
TOTAL	\$2 billion	\$4.5 billion

Key projects include:

- Financial support for integrated regional water management plans
- Funding for projects that benefit the water supply and water quality needs of disadvantaged communities
- Water quality improvements achieved with pollution prevention strategies and groundwater cleanup projects
- Development of groundwater storage and surface storage projects to protect fisheries, improve water quality and provide additional flood control capacity
- Advancements in desalination, water science and technology to address climate change impacts, energy issues associated with water, and environmental concerns

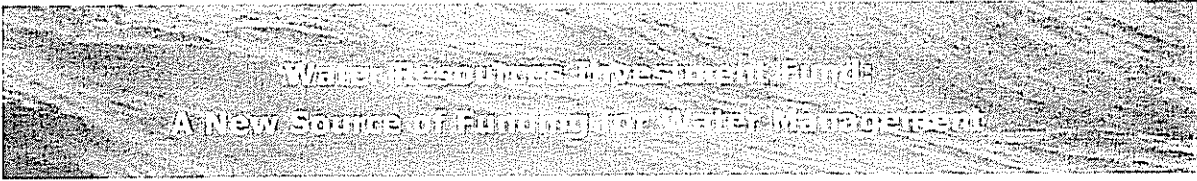


Governor Schwarzenegger has provided strong leadership on flood management issues – recognizing the need to invest more in our flood systems, levees, emergency response capabilities and disaster preparedness to better protect lives and property.

- In response to the first major flood emergency of his Administration at Jones Tract in the Delta in June 2004, the Governor committed state resources to immediately repair the levee break, protect lives and property, and ensure the integrity of the water deliveries from the Delta to the Bay Area and southern California.
- On January 10, 2005, Governor Schwarzenegger issued a 'call to action' with the release of a comprehensive Flood White Paper. The report detailed many of the most serious challenges facing our existing flood control system and outlined a bold plan to make improvements
- In his 2005-06 budget, the Governor increased the state's flood management budget by more than \$9 million, a 70 percent increase. Some of the benefits of this additional investment in levee maintenance and flood emergency response are being realized in the current flood fights
- The Administration is sponsoring AB 1665 (Laird, D-Santa Cruz) to make essential reforms to the state's flood management system, including updated flood maps, better notice to residents about flood risks, and a comprehensive evaluation of the Central Valley levee system
- Another Administration-sponsored measure, ACA 13 (Harman, R-Huntington Beach) is a proposed constitutional amendment to give local agencies better greater ability to fund vital levee maintenance work.
- Last year, the Governor signed AB 1200 (Laird, D-Santa Cruz) that directs DWR and the Department of Fish and Game (DFG) to study island subsidence, floods, earthquakes in the Delta, and SB 264 (Machado, D-Linden) which extends the Delta Levee Subventions Program for two years. These are important steps to improve Delta flood control efforts
- Under the Governor's leadership, the Department of Water Resources is taking the lead with the U.S. Army Corps of Engineers and DFG to complete the Delta Risk Management Strategy. This two-year, \$6 million effort will better quantify the risks associated with the Delta's fragile levee system and develop risk reduction strategies
- Working with Senator Dianne Feinstein and Congressmen Richard Pombo and Dan Lungren, the Schwarzenegger Administration intensified efforts to obtain more funding for critical California levees, especially in the Delta and Central Valley. This effort produced \$40.9 million in federal funds to begin strengthening California levees and flood control systems.
- The Governor has proposed the Flood Protection and Clean, Safe, Reliable Water Supply Bond and Financing Acts of 2006 and 2010 to improve the state's flood management system

Leadership and responsible planning are keys to protecting Californians from dangerous floods. Governor Schwarzenegger has been at the forefront of efforts to develop a comprehensive, well-funded and sustained flood management plan that will help ensure the continued vitality of our economy, the well-being of our communities, and more safety for our people.

January 2006



As California grows, so does the need to invest in clean, safe, reliable water supplies to assure a vital economy, healthy environment, and high standard of living. Governor Schwarzenegger has proposed bonds to improve water management activities in all regions of the state. In addition, the California Water Resources Investment Fund (WRIF) is designed to provide a stable and perpetual source of revenue to meet the state's water quality and water supply needs now and in the future.

WRIF will provide a stable funding source for water management activities that are described in the California Water Plan, focused on integrated regional water management and improvements to statewide systems.

- Provides a stable funding source for water management activities that are described in the California Water Plan, focused on integrated regional water management and improvements to statewide systems.
- Establishes a fee in the form of a capacity charge that would be collected from each water user in the state.
- Two-thirds of the funds collected in each region of the state would be returned to those respective regional cost-share accounts, distributed through grants, or used to provide specialized technical assistance to regions. Less than one-third of funds collected are retained in a state account.
- A designated entity, such as a reconfigured California Water Commission, oversees distribution of funds and recommends any changes or improvements to the Fund and fee structure.
- The funds available to implement water management projects will increase over time as new connections are added.
- Regions will prepare integrated regional water management plans consistent with California Water Plan to meet their local needs, and fund their projects from their regional accounts.
- The state account will support the state's share of new surface water storage and integrated water planning.

Regional Conservation Programs

Monthly Report-January

Highlights

- **Urban Water Management Plan**- The IEUA UWMP was formally adopted at the Board of Directors meeting on November 16th, 2005. It can be viewed on the IEUA website.
- **Urban Water Management Plans for Water Facilities Authority (WFA) & Chino Desalter Authority (CDA)** – The WFA UWMP was adopted at the WFA Board Meeting on November 17th, 2005. The CDA UWMP was adopted after a public hearing on December 8th. Both can be viewed on the IEUA website.

MWD Activities

- **MWD Incentive Rate**- At its December 13th board meeting MWD adopted a new conservation incentive rate of \$195/AF up to 100% of the cost of a device. The new rate is effective immediately.

Landscape Programs

- **“SmarTimer of Inland Empire” Weather-Based “ET” Irrigation Controller Rebate Program**- The final application form and product description for the irrigation controllers have been created and were distributed at the December Conservation Group meeting. They will be available on the IEUA web site in January, 2006.
- **Phase II Landscape Audit Program (05/06)** - The RFP for the 05/06 Audit Program will be released in January, 2006, and the program will commence in spring.
- **Ontario Cares**- City of Ontario will implement a pilot project to integrate “California Friendly” into the city’s program to improve existing neighborhoods. MWD consultant presented “California Friendly” templates to Ontario Cares inspection staff and landscape contractors. MWD will test templates and marketing materials on 4-5 houses and report back with results. The group will finalize materials at the next meeting. Implementation of the “California Friendly” landscape will begin February, 2006.
- **Residential Landscape Classes**- MWD has extended its support of the “PDA” residential landscape classes through FY 2005-06. The next Regional PDA class is February 11, 2006 at the IEUA Event Center.

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)**- At the December meeting the Conservation Workgroup agreed to add \$27,000 to the rebate incentives. The group plans to have Honeywell target our retail area in early 2006 with the increased rebates and test how long it takes to expend \$27,000. Honeywell will analyze which devices benefited from the rebate increase, and from those results the group will adjust the program to make it more effective in the future.
- **Conductivity Controller Cooling Tower**- This is a program being implemented by Honeywell/DMC through MWD. To date 15 conductivity controllers have been installed in our service area since the program began in FY00/01.
- **Restaurant Spray Heads**- This is a program being implemented by Honeywell/DMC through MWD. To date 2 spray nozzles have been installed in our service area since the program began in FY00/01.
- **Commercial High Efficiency Clothes Washers**- 15 high efficiency clothes washers were installed in November; two at an apartment Laundromat in Montclair, and 13 at a coin Laundromat in Ontario. To date 305 commercial high efficiency clothes washers have been installed in our service area since the program began in FY00/01.

Residential Rebates

- **Single-Family ULF Toilet Exchange Programs**- The Conservation Workgroup has been discussing alternate options on how to proceed with the ULF toilet exchanges for spring, 2006. This will be a key discussion item for the January 10th meeting.
- **Multi-Family ULF Toilet Program**- Currently, through the direct install program approximately 4,724 toilets have been installed, of which 3,000 were completed between July and November, 2005. The remaining toilets are expected to be installed early 2006. The next round of the program will be funded by a DWR \$1.6 million grant for 22,000 toilets.

- **High Efficiency Clothes Washer Rebate**- Approximately 120 rebates were issued during December, bringing the total for the current fiscal year to 632 rebates. This brings the total number of rebates to approximately 5,691 since the rebate program began in 2002.

School Education Programs

- **Garden in Every School**- Notifications to the selected schools were sent out December 1st and then announced at the December 7th Board meeting. Garden design and irrigation systems will begin in January.
- **National Theatre for Children**- The fall school schedule has been completed. NTC is currently working on the spring schedule.
- **Groundwater Model**- Chino Hills' and IEUA staffs are now in the process of learning how to operate the Model. Once this is done meetings to see the model demonstrated will be set up with interested agencies.
- **Solar Cup (2006)** - MWD announced the schedule for the Solar Cup 2006 event. The event will occur May 19th through May 21st, 2006. IEUA (as the member agency) will be represented by three schools: Chino Hills High School and Ayala High School in Chino Hills, and Upland High School.

Outreach

- **Conservation Ads (monthly and special)** - Conservation tips are printed in the Daily Bulletin monthly (on Sundays at the end of each month).
- **Water Education Water Awareness Committee (WEWAC)** – Edugrant applications were reviewed at the December 6th meeting and ten grants were awarded in mid-December. The next meeting is January 24, 2006.
- **BMP Support Grants**- No new action.

Upcoming Events

CALENDAR

January 12, 2006	Landscape Taskforce Kickoff Meeting (IEUA)
January 20, 2006	Rainwater Recovery Meeting (SAWPA)
January 26 th -29 th , 2006	WEWAC Display @ Home & Garden Expo. (Pomona Fair Grounds)
February 4, 2006	PDA "Water Wise" Gardening MiniClass (Cucamonga Valley Water District)
February 11, 2006	Regional PDA "Water Wise" Gardening MiniClass (IEUA)
March 4, 2006	Landscape Design Basics PDA Class (4)(City of Upland)
March 11, 2006	PDA "Water Wise" Gardening MiniClass (Monte Vista Water District)
March 11, 2006	California Friendly & Native Plants PDA Class (4)(City of Upland)
March 18, 2006	Landscape Sprinkler Systems PDA Class (4)(City of Upland)
March 22, 2006	Kids Water Awareness Day (Cucamonga Valley Water District)
March 25, 2006	Soils, Watering, & Fertilizers PDA Class (4) (City of Upland)
April 28 th -30 th , 2006	Lemon Festival (City of Upland)
May 13, 2006	Water Awareness Day (Cucamonga Valley Water District)
May 19 th -21 st , 2006	Solar Cup

Planning and Water Resources Activities

Second Quarter Highlights

■ 2005 IEUA Urban Water Management Plan

The 2005 IEUA Urban Water Management Plan was adopted on November 16, 2005. The UWMP is available on the website at www.ieua.org. As required by law, the Plan addresses water demand and supply scenarios through 2025. Consistent with the request of IEUA's retail agencies, staff will develop a 2030 scenario by March 2006.

■ Water Facilities Authority (WFA) & Chino Desalter Authority (CDA)

The WFA UWMP was formally adopted on November 17, 2005. The CDA UWMP was formally adopted on December 8, 2005. Both UWMPs are available on the IEUA website.

■ IEUA Title 22 Engineering Report Phase II Chino Basin Recycled Water Groundwater Recharge Project

On December 29, 2005, IEUA's Technical Support Department hosted a tour of IEUA's Recharge facilities for DHS and the Regional Board.

■ Status of Groundwater Recharge/Facilities

Bid packages 4, 5 & 7 will be presented to the IEUA Board for construction acceptance as complete on January 18, 2006. This will complete the \$38.7 million project, that began construction March 24, 2003, with the improvement of 16 existing basin sites, plus construction of two new recharge sites, and the construction of diversion structures, pipelines and pumping stations. The DRAFT final report has been assembled and documents were finalized in December, 2005 with a final completed by January 15, 2006.

■ Chino Creek Master Plan

The Chino Creek Master Planning process is being hosted by IEUA and Orange County Water District in partnership with the city of Chino, Lewis Operating Corporation and the State Water Resources Control Board. The purpose of the Chino Creek Master Plan is to identify agreed-upon goals and potential projects that will result in improved water quality, flood control, habitat restoration, recreation and water conservation with Chino Creek and related drainages with the Prado Basin. The plan is being developed through the First Thursday workgroup meetings held at IEUA's headquarters. A two-day planning charrette was conducted in early October. Resulting from the charrette there is a draft project list being developed. The draft plan is scheduled to be released in early winter, 2006.

■ Grants

IEUA submitted a grant request to the Dairy Water Quality Program for the treatment of organic waste using gasification technology.

Planning and Water Resources

■ MWD

In December, Full Service water sales for calendar year 05 totaled 51,642 acre-feet, or 86% of the Tier 1 Annual limit. This is about 11,823 acre-feet lower than December last year. MWD held a public workshop in October for their Regional Urban Water Management Plan. The UWMP was then approved by the board in December, 2005. On December 13, 2005, MWD, approved a new conservation incentive (rebate) rate of \$195 per acre-foot up to 100% cost of a water conserving device. State Water Project allocation has been increased to 65% based upon water conditions and operation constraints. Last year at this time the allocation was 40%.

■ State Water Plan (Bulletin 160)

The California Department of Water Resources is scheduled to release the State Water Plan in January. DWR is now developing a plan to continue work on the State Water Plan update in recognition that there were many elements that remain incomplete in the current plan. It is expected that the Advisory Committee for the State Water Plan will continue to meet in 2006.

■ CALFED

The California Bay Delta Authority approved a ten-year action plan framework in late December, 2005, to address recommended changes in the governance structure and focus of the CALFED program. The plan incorporates findings from the Little Hoover Commission to improve the program's accountability. Key elements include: (1) a proposed executive leadership council that will be responsible for implementation of the CALFED programs and projects. The council would include directors of state and federal agencies that implement programs within the Bay Delta and would be chaired by the Resources Secretary and a federal lead person appointed by the Secretary of the Interior. The MOU creating the council would be prepared by June 2006. (2) a new independent oversight body comprised of public members would be created through reinvigoration of the currently defunct California Water Commission which would replace the Bay Delta Authority. (3) a new state policy advisory committee would be established to replace the Bay-Delta Public Advisory Committee. This body is expected to be similar to the current advisory committee in its makeup of stakeholders as well as tribal and environmental justice representatives. (4) Current Authority staff would be re-assigned to the Resources Agency and a new undersecretary position created to oversee CALFED activities. The Resources Secretary would be the lead state official responsible for implementing the program. (5) Refocusing of CALFED actions into two groups - activities that are directly linked to problems and solutions in the Delta and are to be implemented by CALFED agencies and actions

Planning and Water Resources con't.

that have an indirect link to Delta problems and are to be implemented largely by local agencies. And (5) a near term (through 2008) finance plan that calls for \$60 million in new water user contributions over the next two years to help support programs such as ecosystem restoration and new visioning process for the delta. A complete description of the framework is available at www.calwater.ca.gov.

In related activities the California Department of Water Resources released the South Delta Improvement Package Environmental Impact Report in December and has scheduled a public hearing on the package in Southern California on January 25th, at 9:00 a.m., at Metropolitan Transit Authority. At the same time, mid winter fishing counts show the delta's pelagic fish populations at historic lows. A major focus in the public hearing will be the reasons for the decline and its potential implications for the EIR. In early January, MWD adopted CALFED statement of principles to guide the discussions within CALFED on next steps and the proposed finance plan. On January 3rd, a CALFED convened science review panel released its report on the use of best available science in the October 2004 Biological Opinion on the Long Term Central Valley Project and State Water Project Operations Criteria and Plan (OCAP). The panel unanimously concluded that scientific information used in the Biological Opinion was not the best available and identified improvements that could be made.

■ **AB 2717 Landscape Task Force**

A Landscape Task Force created by the California Legislature and convened by the California Urban Water Conservation Council released its final report in January, making more than 40 recommendations for improving the water efficiency of the State's landscapes. The report includes recommendations for increasing the use of recycled water for irrigating landscapes, installing separate meters for landscapes and requiring the use of "smart" irrigation controllers. A copy of the report is available at: http://www.cuwcc.org/ab2717_landscape_task_force_lasso. Legislation is expected to be introduced by Assemblyman Laird to implement the task force recommendations.

■ **Regional Recycled Water Program**

In October 2005, Cal Poly Pomona at CIM converted to recycled water for 100 percent of their irrigation needs. Recycled water usage for FY 2005-06 is up to over 4,000 AF and should reach just over 8,000 AF by the end of the FY. New customers for 2005 that are either connected to recycled water or will be connected within the next few months include Chino Hills High School, Inland Paperboard, Kaiser Hospital, Lewis Homes Phase I, Empire Lakes Golf Course, City Parks in Chino Hills, El Prado Business Park, Li's Farms, and City of Ontario Street Sweeping and Sewer Cleaning. For Detailed Information refer to the Recycled Water Summary.

■ **Hydraulic Control Monitoring Program**

All work related to the HCMP wells, MW-1, MW-4 and MW-6 is complete. A final report for the program was completed and sent to the Department of Water Resources in December, 2005.

■ **Chino Desalter Program**

The Chino I Desalter Expansion is complete, with the exception of the some offsite facilities. For the second quarter production was 3,260 AF bringing the total production for FY 05/06 through December to 5960 AF. The Chino II Desalter and the offsite facilities will be complete and operating by March, 2006.

Water Quality Programs

■ **Salinity Reduction Program**

IEUA in partnership with the national Water Research Institute, Southern California Salinity Coalition and the Water Quality Association/Pacific Water Quality Association is completing a Salinity Reduction Study that will develop and evaluate strategies for measurably reducing salinity introduced into the regional waste water treatment system by residential water softeners.

In September, the Water Quality Association sent invitations to water softener customers within the study area to participate in an "in-home" assessment of the operation of these softeners. The assessment included a rebate offer of up to \$250 to repair an existing unit or replace it with a more efficient one. The "in-home" assessments will be conducted through February and the first phase of the study is expected to be completed in March 2006.

New Drinking Water Regulations for 2006. Three new regulations are expected to take effect in 2006: (1) The U.S. Environmental Protection Agency is developing a draft perchlorate standard that will most likely be issued in early 2006. The standard is anticipated to be set at 6 parts per billion (ppb). (2) The new federal standard for arsenic of 10 ppb will become effective on January 23, 2006. Because California is behind schedule in adopting its own arsenic standard, the federal standard must be complied with. And (3) the Long Term 2 Enhanced Surface Water Treatment and Stage 2 Disinfectants and Disinfection Byproducts Rule was signed by the EPA administrator in December and is expected to be effective immediately with its publication in the Federal Register in January. Reporting compliance dates are staggered, with the largest systems due first in October 2006. The most significant changes in the rule are the increased regulation of Cryptosporidium, a harmful microorganism, and the monitoring requirements for trihalomethanes and haloacetic acids. The EPA will issue guidance documents for these regulations when it publishes the new rule in the Federal Register.

Energy Issues

■ During the first quarter of 2006, Southern California Electric's rates are expected to increase by about 24% on a system average basis for bundled service customers. Several factors are contributing to the increases, including the California Department of Water Resources' (DWR) revenue requirement, the impact of natural gas costs and infrastructure improvements on DWR's utility costs, SCE's Energy Resources Recovery Account (ERRA), and the 2006 General Rate Case, Phase I. The rate increase will be phased in over three months. Funds are available through SCE's energy efficiency cash rebates to implement actions that will help reduce energy costs.

The California Public Utilities Commission adopted a Water Action Plan in December that will guide the Commission's actions in promoting water conservation, energy efficiency and the use of recycled water in regulating investor-owned utilities. The California Energy Commission adopted its Integrated Energy Program Report in December which highlights the nexus between water and energy investments. A draft report on California Leadership Strategies to Reduce Global Warming Emissions has been released by the California Environmental Protection Agency and is expected to be adopted in late January.

Water Conservation Programs con't.

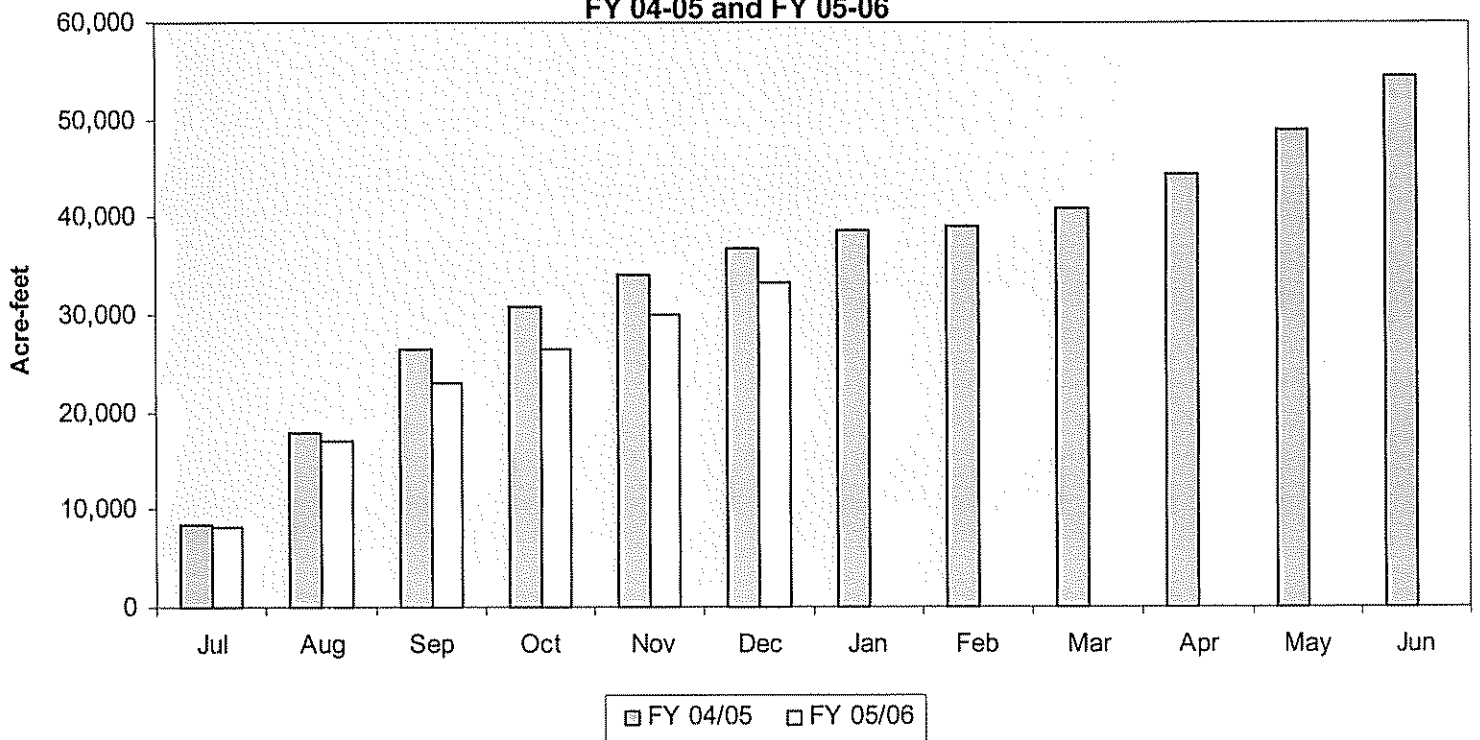
Water Conservation Programs

- ULFT Rebate Program—Through the last quarter, a total of 109 rebates were issued. The total number of rebates issued is 2,537 since the rebate program began three years ago.
- High Efficiency Clothes Washer Rebate Program —Through the last quarter, a total of 339 rebates were issued, bringing the total for the current fiscal year to about 629 rebates. This brings the total number of rebates to approximately 5,691 since the rebate program began in 2002.
- “SmarTimer” Weather-Based “ET” Controller Rebate Program—Application and reference guides were prepared over the last quarter. The materials will be available on the IEUA website by the end of January.
- Multi-Family ULFT Exchange Programs — Approximately 4,717 installations have taken place through the end of November. A total of 6,000 toilets will be complete in early 2006. The next round will be funded by a DWR \$1.6 million grant for 22,000 toilets to begin in spring 2006.
- X-Ray Film Processors — This program, funded with a \$230,000 DWR grant and additional funding from MWD has completed the installation of 11 processors at area hospitals and clinics. Within the last quarter there has been no rebates produced for this program.
- California Urban Water Conservation Council (CUWCC) Activities —The next Steering Committee Meeting is February 1, 2006 at MWD, and the next Plenary Meeting is March 8th, 2006 in San Francisco. Members of the CUWCC have an open invitation to attend and participate in any of the CUWCC committee and plenary meeting. For more general information about the CUWCC, please go to www.cuwcc.org.
- Phase II Landscape Audit Proposals—IEUA has developed the RFP for the Phase II Landscape Audit Program that will deliver 150 large landscape (commercial) audits and 50 residential audits. Staff has received comments from the agencies and has incorporated them into the document. Issuance of the RFP should occur in late January.
- Residential Landscape Classes—MWD has extended its support of the “PDA” residential landscape classes through FY 2005-06. IEUA and several local agencies have already secured dates for both regional and local residential classes. IEUA will host a regional residential PDA class on February 11, 2006 at IEUA's headquarters.
- Solar Cup 2006—MWD announced the schedule for the Solar Cup 2006 event. The event will occur May 19th through May 21st, 2006. IEUA (as the member agency) will be represented by three schools: Chino Hills High School and Ayala High School in Chino Hills, and Upland High School.
- Commercial/Industrial/Institutional (SAVE-A-BUCK) Program—IEUA is now finalizing an addendum to the Master Agreement with MWD to increase the CII rebate amount for most of the menu of devices in the program. This was discussed as part of the FY 2005-06 conservation budget process in a pilot effort to increase participation in the CII program. A total of \$27,000 will be used by Honeywell/DMC to target IEUA's service area in early 2006.
- Groundwater Model—Envision Environmental Education was completed and shipped in September. Chino Hills' staff and IEUA staff are now in the process of learning how to operate to the Model properly. Once operation of the model is understood, IEUA and Chino Hills will set up meetings with interested agencies to see the model demonstrated.
- Water Conservation Activity Summary—The Regional Conservation Partnership has been meeting once a month at IEUA offices. Over the last quarter, major topics discussed were the Urban Water Management Plan, Multi-family and Single-family ULFT programs, increased rebate incentive rates, and other conservation efforts.
- Garden In Every School Program—The application deadline was October 7, with 13 schools applying. Site evaluations and application reviews were done in October and November. 7 schools were selected and announced in early December. First meetings to begin the garden designs and irrigation will take place in January. Planting will begin in February.
Participating Schools: Newman Elementary (Chino), Hidden Trails Elementary (Chino Hills), Our Lady of Lourdes (Montclair), Foothill Knolls Elementary (Upland), North Tamarind (Fontana), Ranch View Elementary (Ontario), and Coyote Canyon (Rancho Cucamonga)
- National Theatre For Children
The fall schedule of performances was completed. Heidi Chadwick of NTC is now contacting schools and setting a schedule for Spring 2006.

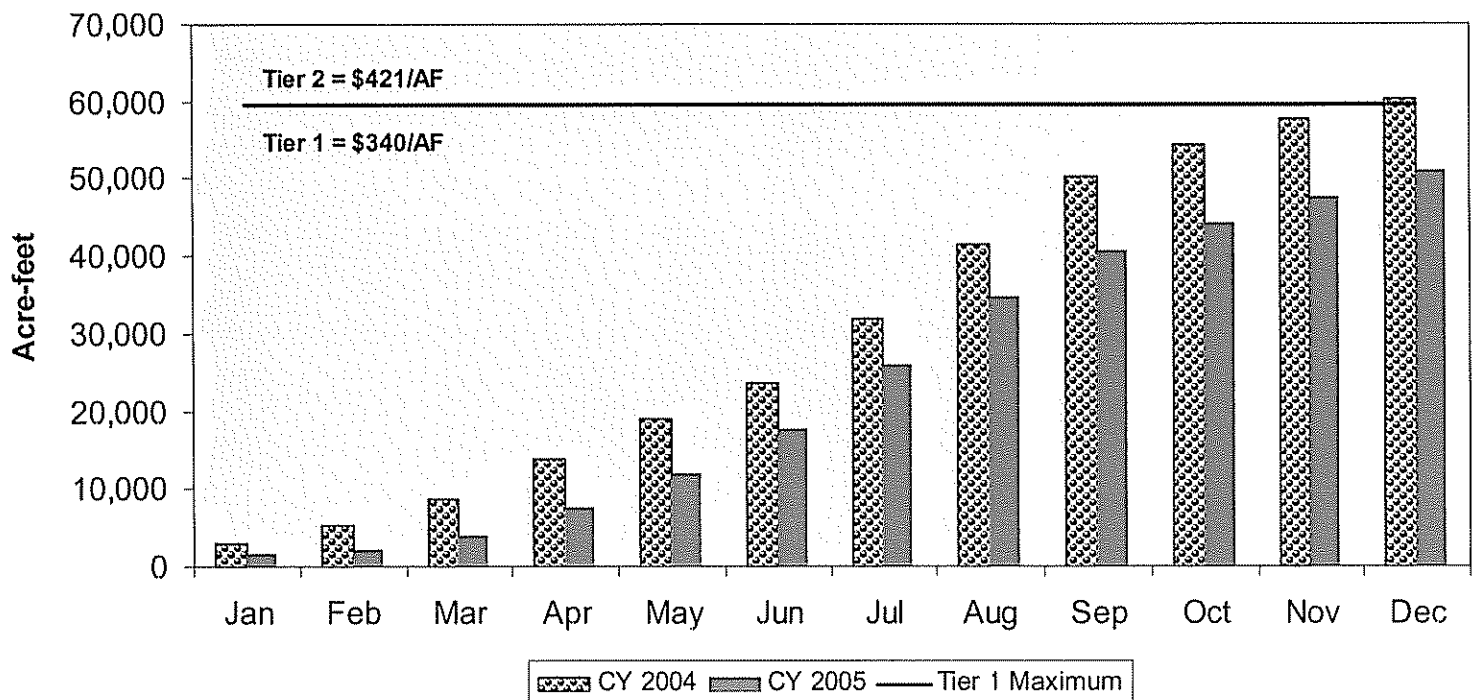
Conferences & Meetings

- January 25, 2006—Southern California Water Dialogue Meeting @MWD
- February 1, 2006—CUWCC Steering Committee Meeting @MWD
- February 6, 2006—AGWA Workshop in Ontario
- February 22, 2006—Leadership Breakfast with Michael Boccodoro @ Inland Empire Utilities Agency
- March 7, 2005—CUWCC Plenary Session Meeting @ San Francisco Public Utilities Commission
- March 12th-14th—Water Reuse Association Annual Conference @ San Francisco Hyatt Regency

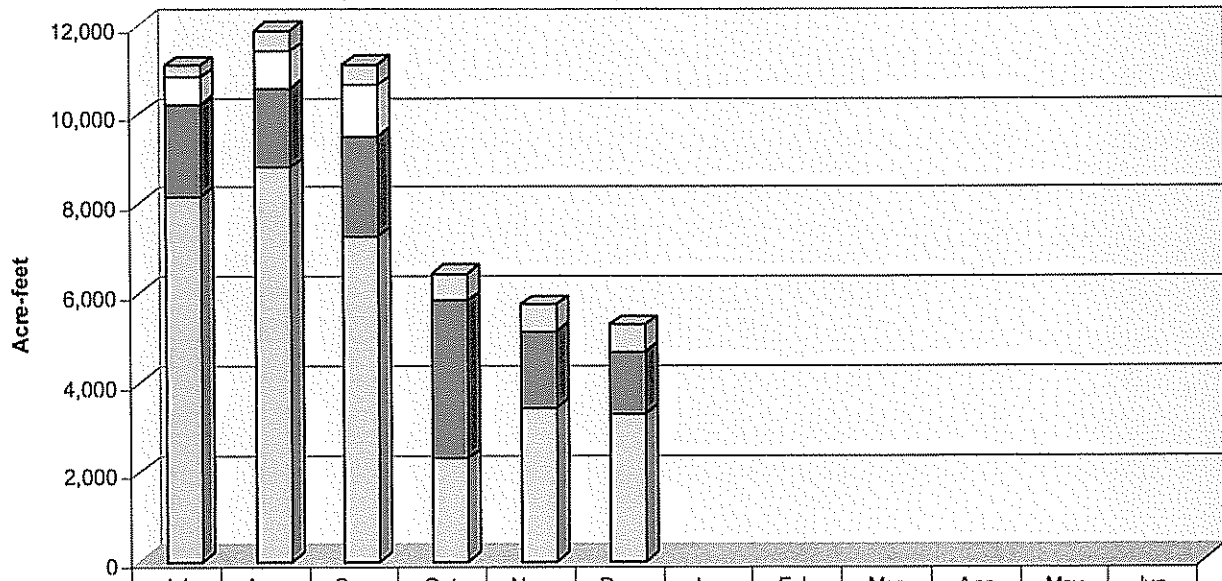
**Cumulative Monthly Full Service Imported Water Deliveries
Within IEUA's Service Area
FY 04-05 and FY 05-06**



**IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2004 and Calendar Year 2005**

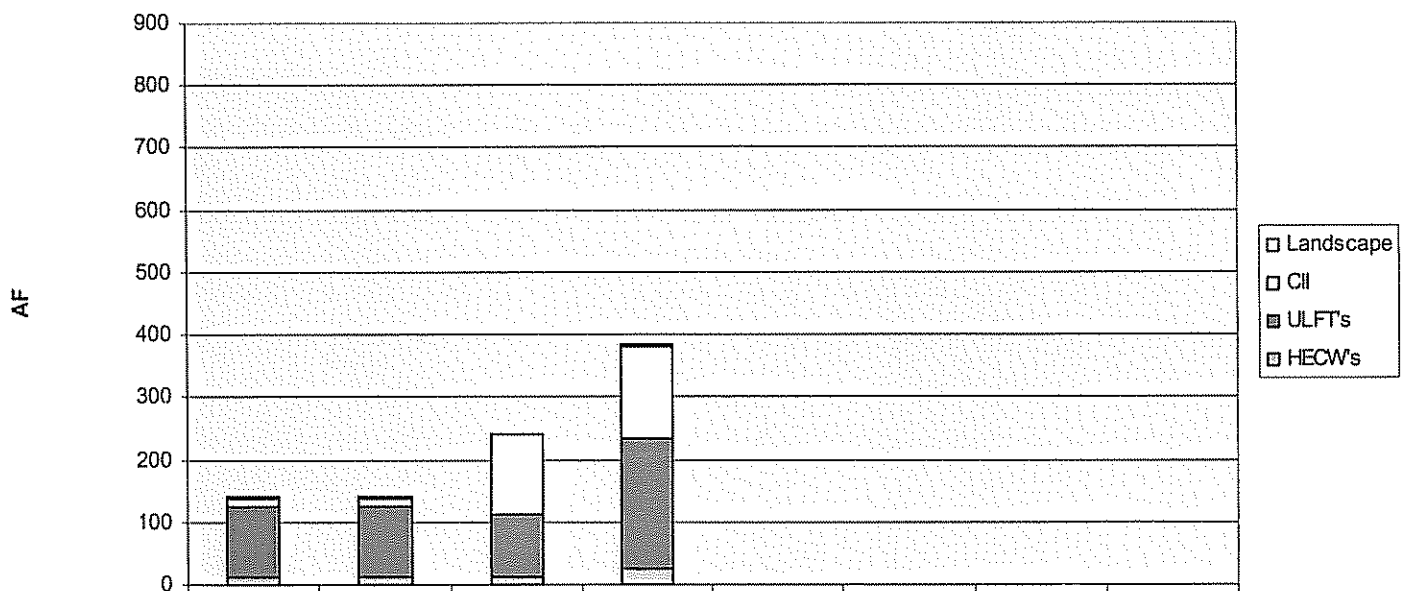


FY 05/06 Monthly Water Production From Within IEUA's Service Area Imported, Desalter, and Recycled Sources



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
█ CDA - Desalter Water	272.4	458.1	476.5	587.4	612.6	612.3						
□ IEUA - Recycled Water	598.1	825.7	1125.29									
□ MWD - Agricultural Cert	26.6	12.8	12	10.1	4.7							
█ MWD - Conj Use Cert.	2033.8	1750.2	2231.7	3521.3	1694.8	1374.9						
█ MWD - Full Service Cert.	8171.9	8822.2	7273.6	2292.7	3422	3299.5						

Conservation Devices Installed in AFY
FY 2005-06



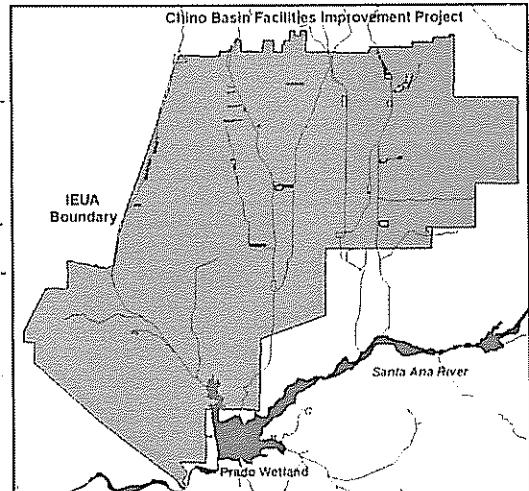
	July - Sept '05	Cumulative Totals	Oct - Dec '05	Cumulative Totals	Jan. - March '06	Cumulative Totals	April - June '06	Cumulative Totals
Total	142	142	241	383	0	0	0	0
□ Landscape	3	3	0	3	0	0	0	0
□ CII	15	15	130	145	0	0	0	0
█ ULFT's	112	112	98	210	0	0	0	0
█ HECW's	12	12	13	25	0	0	0	0

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DECEMBER 2005 CHINO BASIN FACILITIES IMPROVEMENT PROJECT SUMMARY

Program Description

The American Society of Civil Engineers (ASCE) award winning Chino Basin Facilities Improvement Program (CBFIP), a joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the Inland Empire Utilities Agency (IEUA), and the San Bernardino County Flood Control Department (SBCFCD) is well underway with seven bid packages being constructed. IEUA was selected as the "Contracting Agency", established financing for the CBFIP through grants from the Santa Ana Watershed Project Authority (SAWPA) under Proposition 13 in June 1999. The CBFIP is a system comprised of activation of two Metropolitan Water District turnouts from the Rialto Pipeline and construction of a new turnout on the Etiwanda Intertie; modifications to several flood control channels conveying imported water, storm water and recycled water with five rubber dams and three drop inlets diversion structures in the flood control channels to divert the water to the 18 groundwater recharge sites. The 18 sites have 38 recharge basins varying from 1 to 5 sub-basins at the respective sites. The groundwater recharge sites, when fully developed will have a total annual recharge capacity of 120,000 to 170,000 ac. ft.; 20,000 to 25,000 of storm water; 80,000 to 120,000 ac. ft of imported water; and 20,000 to 25,000 ac. ft of recycled water.



Key Highlights:

- Approximately 14,600 AF of storm water was recharged during the winter of 2004 - 2005 with an estimated value of over \$3 million.
- The recharge program will continue beyond the Facilities Improvement project with an additional \$5 million grant from DWR.
- Cost savings achieved through soils removal and use of clay materials washed in from burned areas accomplished an estimated savings of \$3,075,000.
- The \$38.7 million project was completed \$166,000 under budget.

The construction of the CBFIP is in seven phases, with different contractors, totaling \$38,700,000. The CBFIP schedule was closed-out January 18, 2005

Project Purpose:

The purpose of the project is to provide storm water, recycled water and imported water re-

Project Participant:

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

Design and Construction Management Team:

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

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

Bid Package No. 1 includes six basins: Banana Basin, College Heights Basins, Lower Day Basin, RP-3 Basins, Turner Basin No. 1, Turner Basins No. 2, 3, & 4

- Start Date: March 24, 2003; Date of Completion: April 6, 2004
- The IEUA Board of Directors accepted as complete Bid Package No. 1, May 12, 2004.

Bid Package No. 2 (Budget \$7,020,000)

Bid Package No. 2 includes three basins: Declez Basin, Ely Basins 1, 2, & 3, and 8th Street Basins; four rubber dams: College Heights (San Antonio Channel), Lower day Basin (Day Creek Channel), RP-3 Basins (Declez Channel), Turner Basin No. 1 (Cucamonga Channel); and three drop inlets: Brooks Basin (San Antonio Channel), and Turner Basins 2, 3, & 4 (Deer Creek Channel).

- Start Date: July 16, 2003; Date of Completion: May 30, 2004
- The IEUA Board of Directors accepted as complete Bid Package No. 2, August 18, 2004

Bid Package No. 3 (Budget \$3,800,000)

Bid Package No. 3 includes the construction of 11,000 linear feet of 36" diameter pipeline in Jurupa Avenue from the Jurupa Basin at Mulberry Avenue to Beech Avenue at the RP-3 Basins.

- Start Date: January 5, 2004; Date of Completion: January 10, 2005
- The IEUA Board of Directors accepted as complete Bid Package No. 3, January 12, 2005

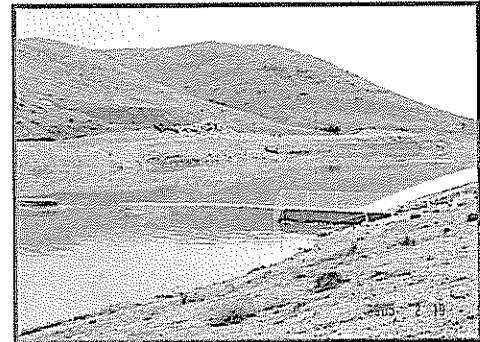
Bid Package No. 4 (Budget \$2,270,000)

- Bid package No.4 consisted of constructing (1) a canal and 100 linear feet of 48" pipe to convey water to (2) the Jurupa Pump Station and (3) 400 lineal feet of 36" diameter cement mortar lined & coated (CML & C) steel pipe force main for delivering water to the 36" Jurupa Pipeline (BP No. 3).

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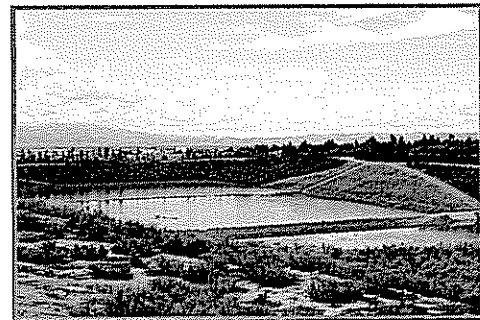
- SBCFCD has committed to constructing a section of the San Sevaine concrete channel with a drop inlet and pipeline to deliver storm water, imported water, and recycled water to Jurupa Basin that will be pumped to the RP-3 Basins and the Declez Basin. The drop inlet is schedule for completion December 2006. The remainder of the San Sevaine Channel between Valley Boulevard to the Jurupa Basin drop inlet will be an open channel until funds are available to complete channel lining.
- Test run on April 5, 2005 was completed
- *Start Date: February 19, 2004; Date of Completion: November 16, 2005*
- *The IEAU Board of Directors accepted as completed Bid Package No. 4 January 18, 2006*



Declez Basin

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

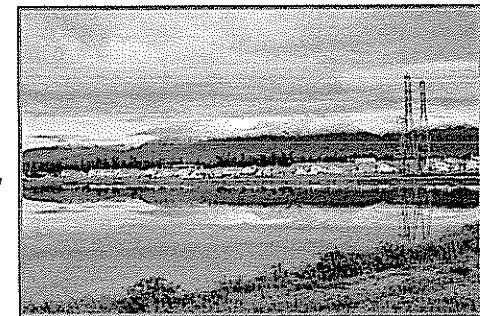
- Bid Package No. 5 includes the SCADA system consisting of radio controls to monitor and govern water levels in all the basins, control the drop inlets and rubber dams. Four monitoring sites will be established at the CBWM, CBWCD and SBCFCD offices with the master controls located at RWRP-1. The SBCFCD offices will have a satellite control station.
- *Start Date: March 18, 2004; Date of Completion: November 16, 2005*
- *The IEAU Board of Directors accepted as completed Bid Package No. 5 January 18, 2006*



Lower Day Basin

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

- Bid Package No. 6 includes the MWD CB Turnouts No. CB-11, CB-15 and a new connection on the Etiwanda Intertie @ Station 211 + 47 now designed as CB-18.
- *Start Date: March 22, 2004; Date of Completion: August 3, 2005*
- *The IEUA Board of Directors accepted as completed Bid Package No. 6 October 5, 2005*



RP-3 Basin No. 4

Bid Package No. 7 (Budget \$3,040,000)

- Bid Package No. 7 consists of the RP-3 mitigation project, Hickory Basin manifold and pump station plus a rubber dam in the San Sevaine Channel diverting water to Hickory Basin: discharge pipeline and appurtenances to Banana Basin, improvements to Victoria Basin and SCADA module. Brutoco Engineering & Construction, Inc. has been issued a change order to install the staff gauges in the Groundwater Recharge Basin equalling approximately \$ 31,000
- *Start Date: July 1, 2004; Date of Completion: November 15, 2005*
- *The IEAU Board of Directors accepted as complete Bid Package No. 7 January 18, 2006*



Montclair Basin Trenching for SCADA

Equipment Purchase

- Due to increased construction costs the equipment considered for purchase will be limited to:

Equipment to be Purchased

- Safety grates for gate opening \$7,500

- The equipment pre-purchased for various bid packages included:

Pre-purchased Equipment

1.	Rubber Dams, 5 ea.	\$885,479
2.	Sleeve valves 3 each and butterfly valves 3 each	\$264,941
3.	Pickup, 1 ea.	\$22,455
Subtotal		\$1,172,815
Total—Recommended Projects & Equipment		\$1,180,315

Cost Savings Achieved

RP-3 Site

- Dispatch Trucking has removed the 400,000 cubic yards of stock piled dirt from RP-3 site Cell No. 2. The hauling was completed in August 9, 2004. The saving from this is \$2,400,000 (\$6.00/cu.yd. X 400,000 cu.yd.)
- Clay materials washed into the Victoria Basin during the December 25, 2003 flooding has transported to the RP-3 Mitigation Site and placed the material to seal the bottom of the wetlands portion of the site. Estimated savings by not purchasing Bentinite clay is \$75,000.

Victoria Basin

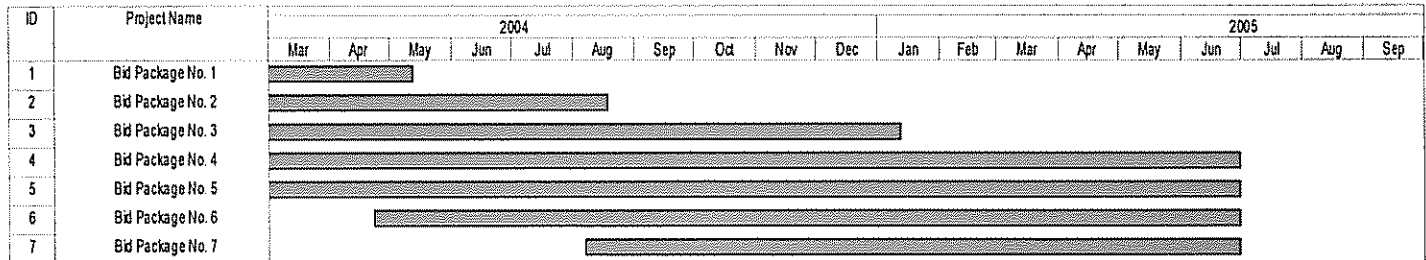
- Dispatch Trucking has excavated the 100,000 cubic yards of soil from the floor of the Victoria Basin which will ultimately save \$600,000 (\$6.00/cu.yd. X 100,000 cu.yd.)

Total Estimate savings: \$3,075,000

DWR Grant for Future Recharge Improvements

- IEUA and Watermaster have received a grant agreement with DWR (Prop. 13 Funding) for additional recharge improvements. The estimated DWR grant amount is \$5.2 million.

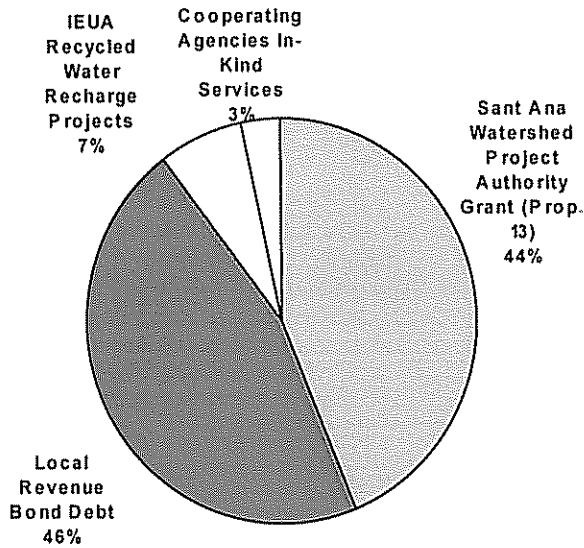
CBFIP Active Projects Construction Schedule



Project Financing

■ Santa Ana Watershed Authority Grant (Prop. 13)	\$19 Million
■ Local revenue bond debt	\$19.7 Million
■ Cooperating Agencies in-kind Services	\$1.5 Million
■ Future DWR Grant	\$5.5 Million

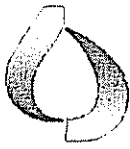
Project Summary



Construction Phase	Actual Cost	Budget
Bid Package No. 1	\$8,246,175	\$8,250,000
Bid Package No. 2	\$7,019,137	\$7,020,000
Bid Package No. 3	\$3,615,746	\$3,800,000
Bid Package No. 4	\$2,060,324	\$2,300,000
Bid Package No. 5	\$4,037,936	\$3,870,000
Bid Package No. 6	\$1,413,861	\$1,450,000
Bid Package No. 7	\$3,067,576	\$3,000,000
Non-Construction Cost*	\$9,073,308	\$9,000,000
Total Budget**	\$38,534,063	\$38,700,000
Expenditure To Date	\$38,534,063	

*includes equipment purchases, engineering administration, and cooperative contribution from other agencies.

**does not include \$5.5 million DWR grant.



Inland Empire
UTILITIES AGENCY

Date: January 18, 2006
To: Honorable Board of Directors
Through: Public, Legislative Affairs & Water Resources Committee
(1/11/06)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: December Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None

IMPACT ON BUDGET

None

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Agricultural Resources

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

December 29, 2005

Legislative Report

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

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

SU: Legislative Report, December 2005

Highlights:

- Congress To Adjourn – Late Session
- Next Session
- Water Recycling/Local Projects
- MWD's Wes Bannister in DC to Champion Water Recycling and Local Projects
- Senate Energy Committee and Water Recycling
- MWD's Bannister in DC on behalf of Water Recycling/Local Projects
- Farm Bill, USDA Energy Programs
- Other Issues
- IEUA Working Partners

Congress To Adjourn – Late Session. The House and Senate are now slated to adjourn [hopefully today] for the year following a tumultuous Fall and early Winter. The final appropriations bills will head for the White House (assuming now expected House concurrence to Senate changes to DOD and Labor-HHS funding bills). The DOD bill contains a 1% across the board cut from current appropriations. We are tracking to make certain that the IEUA \$ 1 million appropriation in the CALFED program for water recycling is not disproportionately

singled out, by the US Bureau of Reclamation, for “more than its share” of the cut.

109 Congress, Second Session. The Senate will reconvene on January 3, but then will likely recess until the State of the Union speech (third week of January) and the House is now planning to reconvene at the end of January. There is a possibility that changes – significant ones – may occur in the House GOP leadership. As indicated, the President will deliver his State of the Union and then a week or so later, the Administration’s proposed budget will be submitted to Congress. Given the high-profile concerns about debt and deficit, both USDA budgets for energy and alternative fuels (biomass) and the Bureau of Reclamation’s budget for water recycling are braced for possible reductions. More will be known after the first of the year.

Water Recycling and Local Projects There are significant developments. Rep. Gary Miller’s bill, H.R. 177, passed the House in mid-October. It was immediately referred to the Energy Committee in the Senate. Last week, Senator Feinstein introduced a Senate version of the bill, S. 2106. This is in addition to the Dreier recycling bill (S. 746, H.R. 540 and H.R. 802). All these bills are now pending in the Senate Energy Committee.

Energy Committee and Water Recycling. The Senate Energy Committee has undertaken a comprehensive review of Title XVI, in large part because of program opposition by the Interior Department and the Bureau of Reclamation. The Committee, working with the Water Subcommittee in the House, asked the Congressional Research Service (CRS) to undertake a program review. It’s final report to the Committee is pending. WaterReuse worked to get CEQ to undertake a federal agency review of recycling programs. That report has been finalized and submitted to the Committee. The Committee has stated that it intends to hold comprehensive oversight hearings on the program in February and that those oversight hearings would come before any legislative hearings on specific bills. IEUA and others are already preparing for those hearings, and providing various kinds of background and programmatic information to the committee. As previously reported on numerous occasions, the Interior Department’s “alternative” to Title XVI has been a program they established called Water 2025. However, Congress is clearly unhappy with it, slashed its funding to almost nothing and promised to look at it again in the coming year. In the meantime, we closely follow the NOAA/USDA Drought Monitor and its weekly updates. As you undoubtedly know, the Colorado River remains in a drought-state. Secretary Norton and Interior continue to publicly challenge MWD, the State of California, Southern California water users and their Colorado River partners to adopt “shortage allocations” for the Colorado River (inexplicably, with NO mention of Title XVI as a means to stretch local supplies). Finally, last week in Las Vegas, at the Colorado Water Users annual conference, there was a panel of “former Commissioners.” Former Commissioner Dan Beard highlighted Title XVI and specifically the Southern California Initiative and IEUA’s programs in his talk. He was the only former Commissioner to highlight this program.

MWD’s Bannister in DC to Urge Action on Water Recycling and Local Projects. MWD’s Board Chair, Wes Bannister was in DC in late November, meeting with the delegation and committee members – specifically championing both the Dreier and Miller bills. MWD is

making these projects a priority and urging ACWA and others to do the same. Meetings included Chairman Domenici, Ranking Democrat on the Energy Committee, Senator Jeff Bingaman and Senator Dianne Feinstein. Meetings in the House included Reps. Grace Napolitano, Ken Calvert, David Dreier and Gary Miller among others. The meetings and discussions were significant in that they elevated the importance and significance of both Title XVI and the IEUA local and regional projects. While CALFED and others in the State are embroiled in various levels of conflict, IEUA is building new supplies and expanding its base of REAL "wet water." Senator Feinstein is beginning to appreciate the positive and constructive program that's now growing throughout Southern California.

Farm Bill – USDA Energy Programs. The USDA has been conducting "hearings" and "listening sessions" across Rural America in anticipation of Congress writing a new Farm Bill in 2007. At the same time, developments in international trade become the "driver" in farm policy. The US is involved in high-level trade talks, with "ag subsidies" poised for reduction or even phase-out. The outcome of those talks will directly influence the formulation of a farm bill. Some believe that this creates an excellent opportunity to build more expansive energy and *manure-to-power* programs within USDA, either at NRCS or within a stand-alone Energy Office. IEUA has been working with WEF and others to explore and develop these opportunities.

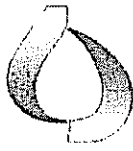
Other Issues. **CALFED I.** The program is in turmoil. Members and staff were startled by the Recommendation to eliminate the CALFED office. Explanations will be sought right after the first of the year. **Pombo Announced CALFED Oversight Hearings.** Previously reported, Resources Committee Chair, Rep. Richard Pombo publicly announced that the Committee will hold CALFED oversight hearings, likely in California. Members are asking when the hearings will be held. **Bay Delta Levees.** The levee failures in New Orleans put a huge spotlight on the California Bay Delta levees. Funding bills provided funds. Evaluations are reportedly underway. Chairman Radanovich and Ranking Member Napolitano are tracking this issue. **Interior Fails To Deliver Water Report to Water Subcommittee.** The Radanovich Water Subcommittee held hearings on four bills a couple of months ago. During his testimony, the Bureau of Reclamation witness referred to a report on Water 2025 that no one had seen. Radanovich and Napolitano officially asked that the report be submitted to the Committee. Interior and Bureau of Reclamation have not done so. This is an issue for early next year. **Domenici water technology bill Passes Senate Energy Committee.** The Domenici-Bingaman bill was reported by the Energy Committee. **Perchlorate.** Issue remains a priority with Senator Feinstein. Perchlorate in drinking water is now showing up in Texas.

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

- a. Metropolitan Water District of Southern California (MWD)
- b. Milk Producer's Council (MPC)
- c. Santa Ana Watershed Project Authority (SAWPA)
- d. Water Environment Federation (WEF)
- e. Association of California Water Agencies (ACWA)

- f. WaterReuse Association
- g. CALStart
- h. Orange County Water District (OCWD)
- i. Cucamonga Valley Water District (CVWD)
- j. Western Municipal Water District
- k. Chino Basin Watermaster

As this year comes to a close, I would add that it is a professional pleasure to represent IEUA before the Congress of the United States. IEUA has developed and is maintaining a reputation for excellence – for its policies and programs. It is an honor to serve on your behalf. I look forward to a productive 2006.



Inland Empire
UTILITIES AGENCY

Date: January 18, 2006
To: Honorable Board of Directors
Through: Public, Legislative Affairs & Water Resources Committee
(1/11/06)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: December Legislative Report from Copeland and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None

RWA:MD:jbs
G:\board-rec\2006\06006 December Leg Report from Copeland and Associates

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Copeland Lowery Jacquez Denton & White LLC
Specializing in Government Relations

Memorandum

TO: Rich Atwater and Martha Davis
FROM: Letitia White and Heather McNatt
Copeland Lowery Jacquez Denton & White
DATE: December 22, 2005
RE: Monthly Legislative Report

Our work on behalf of Inland Empire Utilities Agency in the month of December has resulted in some positive steps forward for IEUA's agenda. On November 16th officials from Mojave Water District and Orange County Water District met with staff for Congressman David Dreier and Senator Pete Domenici to advocate for movement of Congressman Dreier's bill, HR 802. Those meetings resulted in direct contact from Congressman Dreier to the Senate to push for Senate consideration of HR 802. A two-tier approach was crafted during a series of conference calls in mid-December. While the push for HR 802 continues, CLJ will also move forward with an appropriations strategy for FY '07. Thankfully, the negotiations between IEUA and the Bureau of Reclamation in December went well, and the previously appropriated funds should be contracted in January.

Congress has finished work for the year. The final weeks of 2005 have been extremely contentious and busy on Capitol Hill. The House finalized business late this afternoon and went out of session with the expectation they would not return until January 31, 2006. The Senate voted until late in the evening of December 21st and plans to return on January 18th to take up the Supreme Court nomination of Judge Samuel A. Alito Jr.

FY06 Appropriations Overview

When the House and Senate returned from the Thanksgiving recess, only two Appropriations bills remained, the Labor, HHS, Education bill and the Defense bill. Despite heavy opposition from Democrats, the Labor, HHS, Education bill passed the Senate on December 21st. Funding for those programs received a cut of \$1.5 billion from last year, and many Members of Congress were angered by the funding shortfalls the bill will cause. However, the cuts would have been even more severe if the bill had not passed and programs were funded under a Continuing Resolution.

The Defense Appropriations bill became tied up in the battle over drilling for oil in the Artic National Wildlife Refuge. A provision allowing drilling in ANWR was stripped from the Budget Reconciliation package and inserted into the Defense

Appropriations bill during the final stages of year-end negotiations. The measure passed the House but could not overcome cloture in the Senate. Sixty votes are required to invoke cloture on a bill and prevent a filibuster under Senate rules.

After the failure of the cloture vote, members of Senate leadership crafted a resolution to remove the ANWR provision, \$2 billion for low-income heating assistance, \$1.14 billion for border security, \$2 billion for Gulf Coast rebuilding, \$2 billion for homeland security activities and \$1 billion for agriculture conservations programs. Those changes were approved by the House by Unanimous Consent on December 22nd bringing to an end the 2006 Appropriations cycle.

Budget Reconciliation

On December 21, the Senate approved the conference report on the Deficit Reduction Act of 2005 (S. 1932) by a vote of 51-50, with Vice President Cheney casting the tie-breaking vote. The final package will result in \$39.7 billion in savings in mandatory spending programs. Several provisions of the conference report were successfully challenged by Senate Democrats who raised points of order against them prior to passage. As a result, the conference report must be sent back to the House for approval prior to transmission to the President. As of this writing, it appears unlikely the House will be able to take up the conference report again until after the first of the year.

Defense Authorization

The House and Senate agreed on a final version of the long-stalled Defense Authorization bill after Senator McCain and the White House reached a deal on the issue of regulating the treatment of suspected terrorists and insurgents. The bill authorized \$441.5 billion in defense spending with an additional \$50 billion for ongoing operations in Iraq and Afghanistan. It bans "cruel, inhuman or degrading" treatment of prisoners and established the Army Field Manual as the standard for interrogations. The President is expected to sign the bill in the near future.



Inland Empire
UTILITIES AGENCY

Date: January 18, 2006
To: Honorable Board of Directors
Through: Public, Legislative Affairs & Water Resources Committee
(01/11/06)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: December Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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Chino Basin / OBMP Coalition

Status Report – December 2005

ENERGY/REGULATORY

Natural Gas Energy Cost Increases

As a result of recent spikes in natural gas prices, both Southern California Edison and the Southern California Gas Company will be increasing energy rates beginning January 2006. Since the Katrina and Rita hurricanes in the fall, natural gas prices have risen from approximately \$6/therm to \$14/therm. Long term projections by the US Department of Energy show that similar prices are to be expected throughout next year.

As a result, Southern California Edison will be increasing their system average rates by 18.8% by February 2006. Agricultural and water pumping rates are expected to climb by 19.3%, with residential rates increasing by 14.6%. This rate increase is necessary to cover the cost of the long-term DWR power purchase contracts (many of which are indexed to the price of natural gas) as well as Edison's own generation costs. This rate increase is expected to be much higher in Southern California than in Northern California, due to the fact that Edison is much more dependent on natural gas for generation than PG&E.

Furthermore, SCE expects to increase rates again in March 2006 by 1.5-3.5% as a result of their General Rate Case, which determines the costs for Edison to maintain transmission and distribution facilities.

Similarly, the Gas Company will be implementing a natural gas rate increase in January of 3.1% for core commercial and industrial customers, and 3.9% for noncore customers.

CHINO BASIN COALITION WORKSHOP

On December 19, a workshop was held at the IEUA headquarters for members of the Chino Basin Coalition regarding current events related to energy. Representatives of Southern California Edison and the Southern California Gas Company updated the group on the aforementioned rate changes, as well as available funding for energy efficiency programs and planning.

Additionally, The Dolphin Group updated the coalition on other current developments in the energy world. In particular, the state had recently released two key reports relating to energy matters; the *2006 Integrated Energy Policy Report (IEPR)* from the California Energy

Commission as well as the California Climate Action Team's *Draft Report to the Governor and Legislature* on the state's efforts to combat greenhouse gas emissions.

The coalition was apprised of two legislative opportunities for the 2006 session, both stemming from recommendations from the IEPR. First, electricity utilities' energy efficiency portfolios should be amended to include funding of water conservation projects. The IEPR noted the close relationship between electricity consumption and water use, and urged the Legislature and the CPUC to recognize this relationship in programs aimed at energy conservation.

Secondly, the IEPR supported a policy of allowing water and wastewater utilities to "wheel" power along utility distribution systems from self-generation facilities. Legislation enabling this type of wheeling would encourage more distributed generation, since a larger amount of electricity usage could be offset through this aggregation of load.

BOND ACTIVITY

Maneuvering continues around the Capitol related the flurry of proposed infrastructure bonds that have been the major topic of discussion in December. All told, there are expected to be nearly a half-dozen separate proposals for a statewide ballot measure either for the June Primary or November General Election:

- o Senate President Pro Tem Don Perata - SB 1024 (\$11-13 billion)
- o Schwarzenegger Administration (\$30-50 billion)
- o Assembly Speaker Fabian Nuñez (\$ Unknown)
- o Senator Wes Chesbro – SB 153 (\$4 billion)
- o CAVES Initiative – (\$5.3 billion)

The proposals will address a myriad of infrastructure projects; namely water quality, flood control, transportation, ports and other related projects. Governor Schwarzenegger is expected to release his full plans in early January, after which the Administration will engage with the Legislature in the hopes of proposing a single initiative to the voters. Not to be outdone, Democratic gubernatorial hopeful and current State Treasurer Phil Angelides has issued a report warning against the issuance of a bond the size being discussed by the Administration.

Depending on whether or not an early consensus can be reached, many parties are hopeful to have an initiative qualify for the earlier June Primary, which would require a 2/3 vote of approval by the Legislature by April, 2006

LEGISLATURE RECONVENES

The Legislature reconvenes in early January to complete the second year of the two-year session. Energy policy and infrastructure needs are expected to be major topics of discussion in 2006, particularly since state revenues are significantly higher than expected, which is expected to ease budget negotiations.

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Inland Empire
UTILITIES AGENCY

Date: January 18, 2006

To: Honorable Board of Directors

Through: Public, Legislative Affairs & Water Resources Committee
(1/11/06)

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

Submitted by: Martha Davis
Executive Manager of Policy Development

Subject: December Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:jbs
G:\board-rec\2006\06008 December Leg Report from Geyer

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MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West
Geyer Associates

DATE: December 27, 2005

RE: December Legislative Report

2006 Year for Infrastructure Bonds

California Legislative leadership and the Governor have both announced that 2006 will be the year for major infrastructure investment. It is likely that the voters will be asked to pass an "infrastructure" bond, which may include significant water funding, on either the June or November 2006 ballot.

There are now three major bond proposals in various states of development – the Senate Leadership bond, the Governor's bond and a bond developed by the proponents of Proposition 50, primarily backed by the large land trusts. This is now being referred to as the "Caves" bond.

One of the primary questions that the Legislature will have to decide upon quickly, is whether the infrastructure bond will be a "revenue" bond, paid for by new state funding streams, or a traditional General Obligation bond, paid for over time out the General Fund. Which direction they go will depend upon how large the bond may be.

Governor's Revenue Bond?

The Governor has hinted to the press that he is considering a very large bond that would be financed through a variety of new revenue sources. (Depending on the source, the bond ranges from \$30 to \$100 billion.) The Governor is expected to announce his intention to place the measure, or a series of bond measures, before the voters in his "state of the state" address in the first week of January. At this point, water funding being considered for inclusion in the bond includes levee funding and funding for Integrated Regional Water Management Program (Chapter 8, Prop. 50).

As part of this bond, the Governor may try to create and fund the "Water Infrastructure Investment Fund". As described by DWR, this would be funded by a \$3 to \$10 per household utility fee, which would raise approximately \$350 million a year statewide. The proposal calls for one-half of the funds to go into a state fund, which would then be used to finance "water projects of statewide importance." The other half of the funds would remain local and be available on a competitive basis for projects that were consistent with the Integrated Regional

Water Management Program. If a Water Infrastructure Investment Fund is enacted, the water community will demand that the funds not be allowed to be used for other general fund purposes. This has been the case for local transportation funding, which is regularly siphoned off during the budget process for non-transportation general fund activities. The water community will also need much greater specificity on what the "state portion" of the funds will be used for and state agencies receiving the funding will need to be held accountable for the new activities they will be performing.

Senator Perata Bond

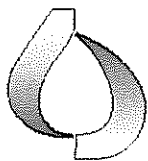
Senator Perata is also developing an infrastructure bond that he intends to place on the June 2006 ballot. This means that the bond will have to be written and passed and signed by the Governor no later than late March 2006. At this point, it is unclear whether his bond will be a general obligation bond or a revenue bond, or some hybrid of the two (it may include a requirement that none of the funding can be spent until additional revenue streams are enacted by the Legislature). Perata says he intends to fund transportation projects, port and levee improvement projects with his bond. Negotiations are now under way to include all the water and habitat funding in the Caves bond (see below) into Perata's bond.

"Caves" Bond

Last month a \$5.4 billion general obligation bond was filed with the Attorney General for title and summary that included approximately \$2 billion in funding for water and water-related projects. Some of that funding includes \$114 million for the Santa Ana region (IRWMP), \$45 million of the Santa Ana River Conservancy administered by the Coastal Conservancy, flood corridors projects, stormwater and urban stream projects. This bond does not include any new revenue streams.

While there is quite a lot of bond activity going on, it is not at all clear that the Legislature and the Governor can work together to pass a bond that will be acceptable to voters. The Governor is up for reelection in November of 2006 and the Democratic leadership will be working hard to get a Democrat back into the Governor's office. If both Perata's and Governor's bond efforts fail to materialize, Joe Caves says he intends to pursue his bond independently for the November ballot.

As you know, we have been working closely with Joe Caves in the development of his bond and will continue to seek inclusion of water funding in whatever bond measure appears to be moving forward. At the same time, we will keep you apprised of the development of new state revenue streams that might impact the agencies or its customers.



Date: January 18, 2005

To: The Honorable Board of Directors

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

Outreach/Tours

- January 4, 2006, City of Riverside tour of HQ
- January 16, 2006, Cal State San Bernardino Environmental class tour of HQ, RP-5 and Chino 1 Desalter
- January 20, 2006, "Leadership Tomorrow" tour of HQ
- Tour of HQ sometime in February for City of Los Angeles Public Works Department

Calendar of Upcoming Events

- January 20, 2006, SCWC quarterly meeting, Hilton Hotel 10am to 3pm
- January 21, 2006, "Pruning of IEUA's Roses" by Master Gardner, 9am
- February, 3, 4, 5, 2006, MWD Colorado River Trip
- February 22, Leadership Breakfast, Event Room, 7:30am
- March 7, 2006, "Inland Empire Legislative Reception" in Sacramento, 5pm to 7pm
- March 20, 2006, IEUA hosted Special District dinner at Panda Inn, Ontario, 6pm

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- Staff is recommending we continue our campaign during 2006. The recommendation will be brought to the Public, Legislative Affairs & Water

Resources Committee and Finance, Legal and Administration Committee's
January 11, 2006 meeting.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.



CHINO BASIN WATERMASTER

V. INFORMATION

1. Newspaper Articles



Article Last Updated: 1/01/2006 10:11 PM

Dam drains water quality

Solving tainted supply problem to cost millions

Andrew Silva, Staff Writer
San Bernardino County Sun

The water flowing from the rugged canyons northeast of San Bernardino was renowned for its purity, clarity and abundance.

Born of the snow and rain that fall on the San Bernardino Mountains, the water trickles, tumbles, and sometimes roars out of the mountains and into the headwaters of the Santa Ana River where it begins its 96-mile journey to the Pacific Ocean

But now, that once-pure water resembles chocolate milk, meaning higher costs for water suppliers and possibly higher water rates for the region's consumers.

With problems caused by one great engineering project, the Seven Oaks Dam, it will take tens of millions of dollars in new engineering work to undo the damage.

Area water agencies treasured the water's pristine quality, quality far higher than the water imported from Northern California.

In the name of safety, the purity of the water was sacrificed.

"They were focused on building a flood-control dam. And they built a very good flood-control dam. This (water-quality problem) is an issue that wasn't a priority," said Bob Martin, general manager of East Valley Water District.

The district has budgeted \$227,000 in 2006 to buy replacement water. The value of the lost water has been put at several million, and local agencies will likely spend millions for replacement water in the coming years.

A modest trickle during the summer months, the Santa Ana River could build into a murderous torrent during the storms that occasionally pummel Southern California.

Indeed, the Army Corps of Engineers for decades called the Santa Ana River the greatest flood threat west of the Mississippi River.

In 1999, with the completion of the Seven Oaks Dam just east of Highland and north of Mentone, that threat was largely gone.

Also gone was the ample supply of pure water.

The dam itself has trashed the purity of the Santa Ana's flows.

A report completed in December details the problems created by the dam and offers possible solutions - all of them expensive.

The study was commissioned by the local water agencies because the Army Corps of Engineers, which built the 550-foot-tall earthen structure, was only recently allocated \$1 million by Congress to start its own study of the problem.

Any solution, even if everything moves ahead smoothly, is years away.

The report prepared by CDM in Carlsbad lists several possible solutions and recommends a two-part fix.

The centerpiece would be a treatment plant near the front of the dam that would scrub the water of the silt, algae and organic material that make it all but unusable.

That means water that is absolutely clean less than a mile upstream will have to run through a plant to restore it to the condition it was in before it hit the backside of the dam.

"It's very frustrating," Martin said.

The problem is the pool that's allowed to form behind the dam at the beginning of the rainy season. While perhaps not an engineering disaster, it's a design feature the water agencies were worried about from the beginning, Martin said.

About 100 feet deep, the so-called debris pool acts as a cushion to protect the inlet works and the back of the dam from the

boulders, trees and debris that can come hurtling down the canyon during a big storm.

It also serves as a catch basin for all the fine sediment that flushes down with the early storms.

Sediment isn't the only problem. Once the pool is established, if it doesn't rain again for a while, imagine a swimming pool untended for a year.

It turns a putrid green.

Water that hits the pool later stirs up the sediment and becomes contaminated itself.

It literally mucks up the works for every supplier downstream.

When water like that is diverted to percolate into the ground, the silt plugs up the settlement basins, and the water has a much harder time seeping into soil. That means more expenses for the San Bernardino Valley Water Conservation District, which has to scrape out the basins to make them work properly.

The dirtiness or color of the water, called turbidity, has declined from a crystal clear rating of 1 or 2 up to a nearly opaque rating of 200 when at its worst.

And the organic materials means agencies have to add more disinfectant when they treat the water for distribution to homes and businesses. The problem is the disinfectants can react with the organic material to create other chemicals thought to be health threats.

The U.S. Environmental Protection Agency recently tightened rules for such byproducts, presenting another challenge to water agencies charged with delivering pure water to the area's taps.

The second part of the proposed fix is to move more water through the 100-year-old tunnels, flumes and pipes that Southern California Edison uses to run two of its small hydropower plants. That conduit system carries water around the dam without touching the polluted pool.

A few miles up the canyon on a rugged, dusty dirt road accessible only by four-wheel drive, Southern California Edison's Santa Ana River No. 1 hydroelectric plant, built in 1898, still cranks out power. Back then it sent electricity to Los Angeles on the highest-voltage, longest power lines in the country at the time.

Mule teams used to haul supplies, including the still-running original turbines, up the rocky, sandy track, said Marty Weinberg, operations supervisor for Edison's hydropower department.

Tim Rippy, who works on the remote station, cranked a wheel 3 feet in diameter to open a valve that allows the water into the turbine. With a loud whoosh as the water rushes in, the old generators quickly settle into a smooth, steady hum, as they turn at 300 revolutions per minute, putting out 1.25 megawatts of power.

"I get a four-wheel drive loaded with my tools and I drive back in the canyons," he said. "They so much knew what they were doing back then. When you try to modernize, it makes it harder to work on. This is just basic, simple. They run just like sewing machines. I love this job."

But when water backs up behind the dam, that access road is submerged. The station is maybe a quarter-mile up the canyon from the high point of the reservoir if the dam ever filled to its capacity of 145,600 acre-feet. If full, the reservoir would cover 780 acres and reach nearly 3 miles up the canyon.

Hardening the Edison plants to reduce damage during the storms and creating a way to run water through the pipes around the dam even if the stations aren't operating would provide additional uncontaminated water, the report says.

But Edison recently had the plants relicensed, a process that takes years, and any changes to operation could create a bureaucratic nightmare, the report says.

Officials at the Army Corps familiar with the dam were not available last week. So, it's not clear how long its study of the problem might take, or how long it will take to adopt a solution.

Until then, agencies are left watching millions of gallons of water go to waste, while being forced to spend hundreds of thousands of dollars to replace it.

"The Santa Ana River has been one of our highest-quality sources. We went from one of the best sources of water to one of the

worst," Martin said. "If things go well, we're looking at years for a solution."

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Article Last Updated: 1/03/2006 10:42 PM

Board: Groundwater near ONT contaminated

By Mason Stockstill, Staff Writer
Inland Valley Daily Bulletin

ONTARIO -- A recently discovered plume of contaminants in the groundwater south of Ontario International Airport will be cleaned up by the industrial firms and military agencies responsible for the pollution, water quality officials say.

The Regional Water Quality Control Board has not yet issued a formal cleanup order for the contaminated groundwater, but the responsible parties are already working on a plan to remove the chemicals before they enter the drinking water supply.

"We are giving the companies the opportunity to voluntarily come together, hire a consultant, perform an investigation and reach an agreement to fully fund the cleanup," said Gerard Thibeault, executive director of the state Regional Water Quality Control Board, Santa Ana division.

People believe the contaminants seeped into the groundwater between the 1940s and 1980s, when the airport hosted numerous industrial operations, such as aircraft maintenance plants.

The pollution was not detected until recently because the area south of the airport is largely dedicated to agricultural uses, such as dairy farms. Agricultural wells are not tested for the same number of contaminants as is water used for human consumption, Thibeault said.

However, the contamination is a larger concern now, because local agencies are relying more on groundwater pulled from wells in that area for drinking water.

"The Chino Desalter Authority has a series of extraction wells and a desalting facility that is pumping up salt-contaminated groundwater, pumping salt out and supplying it to local water agencies," Thibeault said. "This plume from Ontario is migrating toward those wells."

The main component of the plume is trichloroethylene, a solvent used for cleaning metal. It can cause health problems if ingested by humans over a long period of time; the International Agency for Research on Cancer lists TCE as a probable carcinogen.

In the groundwater south of the airport, TCE has been detected at concentrations more than 16 times the maximum level in drinking water set by the Environmental Protection Agency.

Since cleanup plans are still in the works, additional data is being collected by the responsible parties that will be involved in the cleanup -- aerospace firms Boeing, Lockheed Martin and Northrop Grumman; industrial giant General Electric; the Department of Defense and the California Air National Guard.

As part of that effort, some dairy farmers in Ontario will be asked to share water-quality information with local officials so that the extent of the contamination can be better understood, said Ken Manning, executive director of the Chino Basin Watermaster, which oversees the groundwater basin.

The watermaster has collected data on water usage and purity on behalf of dairy farmers in the area for years, Manning said. Using that information to compare levels of TCE or other pollutants through the years could help track the plume's growth and movement.

"It's not complete data, but it's a lot," Manning said. "It goes back several years, depending on the well -- at least a decade on many of them."

Groundwater contaminated by aerospace and defense industries is nothing new for the Inland Valley. Cleanup efforts are at various stages in several other cities, including Rialto, Chino Hills and Norco.

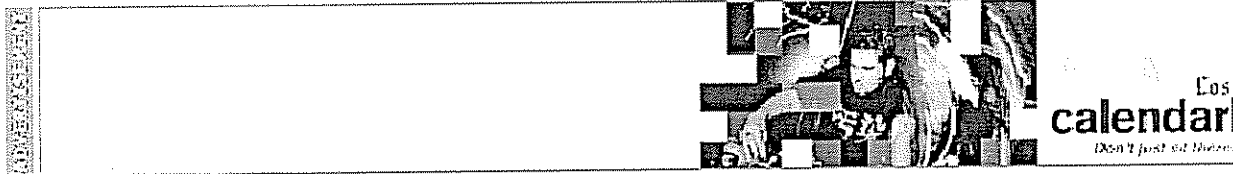
There are also three other known groundwater plumes in the area south of the airport: two related to former General Electric facilities, and one from the now-closed Milliken landfill.

The parties held responsible for the pollution will likely seek to correct it either by cleaning up the groundwater before it reaches the desalter plants, or by paying the local agencies to remove the contaminants during the water treatment process.

"We've had very good cooperation from them," Thibeault said. "This is something that has come out of the blue, sometimes from operations that are 40 to 50 years in the past for them."

Mason Stockstill can be reached by e-mail at mason.stockstillor by phone at (909) 483-9354.

Los Angeles Times
latimes.com



<http://www.latimes.com/business/printedition/la-fi-dairy9jan09.1.6804618.story?coll=la-headlines-pe-business>

From the Los Angeles Times

Dairies Moving Out of Inland Empire

Housing developers are paying top dollar for land to farmers, many of whom are relocating their herds north to the San Joaquin Valley.

By Jerry Hirsch
 Times Staff Writer

January 9, 2006

Once home to one of the nation's largest concentrations of dairy farms, the Inland Empire's \$500-million dairy industry is rapidly evaporating as dozens of farmers sell out to real estate developers.

In the last two years, more than 160 dairies — nearly 80% of those operating just a year ago — have either been sold or are in escrow, according to the Milk Producers Council, a trade association based in Chino.

The industry could be virtually gone within five years. The pace of sales has accelerated as land values in the region have soared.

"There is not a dairy left that has not had a significant number of developers knocking on the door trying to buy it," said Randall Lewis, executive vice president of Lewis Operating Corp., a developer in Upland.

The dairy lands of San Bernardino and Riverside counties make up some of the largest undeveloped tracts in metropolitan Southern California.

Developers are offering \$400,000 to \$500,000 an acre, and sometimes more, for land farmers purchased decades ago at just a fraction of that price. Five years ago, the same land sold for \$50,000 to \$100,000 an acre, Lewis said.

"The money is in the land, not the cows," said dairy farmer Jean Gastelluberry, who purchased his first 20 acres of pasture in Ontario 36 years ago for \$160,000.

To be sure, farmers fleeing urban sprawl is nothing new.

"People and cows don't mix," said longtime dairyman Bill Van Leeuwen.

But the speed with which the milk industry is leaving the region — turbocharged by large jumps in land values in recent years — is surprising even to longtime area dairymen such as Van Leeuwen.

And unlike previous cycles, dairy farming is leaving Southern California for good as milk producers move to Fresno, Kern, Kings and Tulare counties, and even as far as New Mexico and North Texas.

Open land, the proximity of large, milk-hungry cheese and ice cream plants in the San Joaquin Valley and the ability to sell off fertilizer to crop farmers have turned those counties into the nation's milk shed.

In Ontario, Gastelluberry spends \$240,000 annually to have the manure from his 2,500-cow herd hauled away because there are no nearby farms that can use the waste.

"We have lost 41% of our Southern California milk in the last three years," said Gary Korsmeier, chief executive of Artesia-based California Dairies Inc., a farmer-owned cooperative that markets almost half of the milk produced in the state.

That milk is being replaced by shipments from the growing dairies in the San Joaquin Valley, he said. But because of the way milk prices are regulated in California, the northward shift in production isn't expected to add to the wholesale price of milk, he said.

Most of the Inland Empire dairymen are the descendants of Dutch and Basque immigrants who settled in what is now Cerritos, Artesia and Paramount starting in the 1920s. Almost five decades ago, a younger generation started the migration to the Inland Empire as the last pastures in Los Angeles County gave way to housing tracts, shopping centers and, later, auto malls.

There still are dozens of dairies with names such as D&S Vander Schaaf Dairy — a windmill and two statues of kissing Dutch children decorate the entrance — and Rioseco Dairy lining either side of Schaefer Avenue as it heads east from Chino into Ontario.

Hundreds of black-and-white Holsteins jostle each other almost up to the street and many of the farms have signs hanging out front offering "Free Fertilizer."

For residents new to the area, it is impossible to miss the presence of the dairy industry. The smell of manure hangs in the air. On Riverside Drive in Ontario, residents looking out the windows of their stucco homes see Holsteins across the street. Errant shots on goal by soccer players at Colony High School have a good chance of hitting cows at the dairy next door.

At one point in the late 1980s about 400 dairies called San Bernardino County home, making it the largest milk producing county in the nation, said Nathan de Boom, the Milk Producers Council's chief of staff.

The Van Leeuwen family illustrates the generational trek to the Inland Empire.

Bill Van Leeuwen's grandfather moved to Paramount from the Netherlands in the late 1920s, opening a small dairy where he milked 60 cows by hand each day.

The next generation purchased 17 acres in Norwalk in 1945 where Bill Van Leeuwen helped his father care for a herd of 180 cows, and the family had upgraded to mechanical milking. The family's milk was sold to the old Arden Farms brand.

But the post-World War II building boom made Van Leeuwen's father feel fenced in and he sold the dairy land for \$17,000 and moved to Chino in 1957.

Two decades later and another move, Bill Van Leeuwen went out on his own, purchasing 131 acres in the Eastvale area of Riverside County, where he milked 1,600 cows. But as land values rose, the family saw yet another opportunity to sell and expand. Van Leeuwen sold 40 acres to a developer two years ago for more than \$10 million.

Two of his sons, now the fourth generation of Van Leeuwen dairymen in Southern California, operate a 2,600-cow dairy in the Imperial Valley. A third son still runs a dairy in Riverside County. But the rented land has been sold, and he will have to move on in the next year or so too.

Dairy farmers "will say they were forced out by urbanization," Van Leeuwen said. "But really we were enticed to leave."

Lewis is one of those doing the enticing. In recent years, his company has purchased 30 dairies ranging in size from 20 to 250 acres.

Most of the acquisitions have been in an area now called The Preserve at Chino, where Lewis has more than 1,000 acres for a 7,300-home planned community.

"A big appeal of this real estate is that it is so close to the job centers and the freeways," said Lewis, whose company continues to seek out more dairy land. "This is how you get scale."

The open space is so desirable for building that developers put up with the extra expense required to convert former dairies to homes.

The biggest problem is figuring out what to do with the years of manure that have piled up on the sites.

Ontario requires developers to check for methane gas and to take soil samples throughout the sites. Sometimes, they have to haul away soils "with high organic content," said Jerry Blum, the city's planning director. They then have to bring in clean soil, mix it with the remaining dirt, then regrade and compact the earth.

The decline of the dairy industry has not hurt the region's economy. Dairies account for about 2,000 jobs in the region, down from about 2,600 four years ago, according to the state Employment Development Department. The Inland Empire has generated 19,300 new jobs over the last 12 months. At the same time, the unemployment rate has dipped to 5% from 5.3% a year ago, the state agency says.

Construction employment has jumped 5.2% as retail centers, warehouses and homes take shape on former dairy land.

Nonetheless, the northward migration of the dairy industry is forcing vendors and suppliers left behind to diversify in order to survive.

Valley Equipment Co., a longtime supplier of milking and sanitation systems, has shifted its product mix to swimming pool toys, pool chemicals and spas. Dairy supplies fill up a small space in the back of its Euclid Avenue store in Ontario.

Owner Norm Zuidema Jr. still sells to dairies, but he is preparing for the day when they are gone, a likelihood that's hard for him to miss.

The dairy that had been next door to Valley Equipment was closed down. It's now a tumbleweed-strewn lot.

And Dairy Center Inc., on the other side of Zuidema's store, now sells pet products.

"It scaring me to death," Zuidema said. "Not all of us are going to make it through" this transition.

Through a quirk of geography, Bob Dejager, owner of Dairyland Hay Co. in Chino, said his business will survive, but not in its current form. It turns out that Chino serves as a midway point between the hay fields of the Imperial Valley and the Central Valley dairies.

Dejager will send his fleet of 50 trucks to collect the animal feed and haul it over the Tejon Pass to Bakersfield and Tulare.

And as the dairies move north, there's going to be a greater need for trucks to move milk back to the urban areas, providing Dejager with more milk hauling opportunities.

Although he is losing local clients, Dejager stands to benefit because the state's dairy business remains strong

California produces a fifth of the nation's milk and its market share is growing. It is also about to become the leading cheese-producing state, surpassing Wisconsin.


California has about 2,100 dairies, a 5% decline from five years ago. But the number of dairy cows has jumped 14%, to more than 1.7 million, during that same period as the average size of the dairy farms has grown.

"When these dairymen move, almost all of them grow because they reinvest the capital generated by the sale of the property into a bigger dairy," said Korsmeier of California Dairies.

Although he sees all these trends, Gastelluberry, 70, says he's one farmer who doesn't plan to leave Ontario anytime soon: "There's no reason to go anyplace else. I am going to retire from here."

And when he does, "I will make 10 times in real estate what I did during a lifetime of dairy."

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PARTNERS:



Article Last Updated: 1/02/2006 02:08 AM

River purity sacrificed for safety of dam

Once clear water runs milk-brown, posing challenges to County

By Andrew Silva, Staff Writer
Inland Valley Daily Bulletin

The water flowing from the rugged canyons northeast of San Bernardino was renowned for its purity, clarity and abundance.

Born of the snow and rain that fall on the San Bernardino Mountains, the water trickles, tumbles, and sometimes roars out of the mountains and into the headwaters of the Santa Ana River where it begins its 96-mile journey to the Pacific Ocean

But now, that once-pure water resembles chocolate milk, bringing higher costs for water suppliers and possibly higher water rates for the region's consumers.

With problems caused by one great engineering project, it will take tens of millions of dollars in new engineering work to undo the damage of the Seven Oaks Dam.

What once was

Area water agencies treasured the water's pristine quality, far higher than the expensive and degraded water imported from Northern California.

In the name of safety, the purity of the water was sacrificed.

"They were focused on building a flood control dam. And they built a very good flood control dam. This (water quality problem) is an issue that wasn't a priority," said Bob Martin, general manager of East Valley Water District

The district has budgeted \$227,000 in 2006 to buy replacement water. The value of the lost water has been put at several million, and local agencies will likely spend millions for replacement water in the coming years

A modest trickle during the summer months, the Santa Ana River could build into a murderous torrent during the epic storms that occasionally pummel Southern California.

Indeed, the Army Corps of Engineers for decades called the Santa Ana River the greatest flood threat west of the Mississippi River.

In 1999, with the completion of the Seven Oaks Dam just east of Highland and north of Mentone, that threat was largely gone.

Also gone was the ample supply of pure water.

The dam itself has trashed the purity of the Santa Ana's flows.

A report completed in December details the problems created by the dam and offers possible solutions all of them expensive.

The study was commissioned by the local water agencies because the Army Corps of Engineers, which built the 550-foot-tall earthen structure, was only recently allocated \$1 million by Congress to start its own study of the problem.

Any solution, even if everything moves ahead smoothly, is years away.

The report prepared by CDM of Carlsbad lists several possible solutions and recommends a two-part fix.

The centerpiece would be a treatment plant near the front of the dam that would scrub the water of the silt, algae and organic material that make it all unusable.

That means water that is absolutely clean less than a mile upstream will have run through a plant to restore it to the condition it was before it hit the backside of the dam

"It's very frustrating," Martin said

The problem is the pool that's allowed to form behind the dam at the beginning of the rainy season. While perhaps not an

engineering disaster, it's a design feature the water agencies were worried about from the beginning, Martin said.

About 100 feet deep, the so-called debris pool acts as a cushion to protect the inlet works and the back of the dam from the boulders, trees and debris that can come hurtling down the canyon during a big storm.

It also serves as a catch basin for all the fine sediment that flushes down with the early storms.

Sediment isn't the only problem. Once the pool is established, if it doesn't rain again for a while it becomes reminiscent of a swimming pool untended for a year: It turns a putrid green.

Water that hits the pool later stirs up the sediment and becomes contaminated itself.

It literally mucks up the works for every supplier downstream.

When water like that is diverted to percolate into the ground, the silt plugs up the settlement basins, and the water has a much harder time seeping into the soil. That means more expenses for the San Bernardino Valley Water Conservation District, which has to scrape out the basins to make them work properly.

The dirtiness or color of the water, called turbidity, has declined from a crystal clear rating of 1 or 2 up to a nearly opaque rating of 200 when it's at its worst.

And the organic materials mean agencies have to add more disinfectant when they treat the water for distribution to homes and businesses. Disinfectants can react with organic material to create other chemicals believed to be health threats.

The U.S. Environmental Protection Agency recently tightened rules for such byproducts, presenting another challenge to water agencies charged with delivering pure water to the area's taps.

The second part of the proposed fix is to move more water through the 100-year-old tunnels, flumes and pipes that Southern California Edison uses to run two of its small hydropower plants. That conduit system carries water around the dam without touching the polluted pool.

A few miles up the canyon on a rugged, dusty dirt road accessible only by four-wheel-drive, Southern California Edison's Santa Ana River Station 1, built in 1898, still cranks out power. Back then it sent electricity to Los Angeles on the highest-voltage, longest power lines in the country at the time.

Mule teams used to haul supplies, including the still-running original turbines, up the rocky, sandy track, said Marty Weinberg, operations supervisor for Edison's hydropower department.

Tim Rippey, who works on the remote station, cranked a 3-foot-diameter wheel to open a valve that allows the water into the turbine. With a loud whoosh as the water rushes in, the old generators quickly settle into a smooth, steady hum, as they turn at 300 revolutions per minute, putting out 1.25 megawatts of power.

"I get a four-wheel-drive loaded with my tools and I drive back in the canyons," he said. "They (knew) what they were doing back then. When you try to modernize, it makes it harder to work on. This is just basic, simple. They run just like sewing machines."

But when water backs up behind the dam, that access road is submerged. The station is maybe a quarter-mile up the canyon from the high point of the reservoir if the dam ever filled to its capacity of 145,600 acre-feet. At capacity, the reservoir would cover 780 acres and reach nearly three miles up the canyon.

Hardening the Edison plants to reduce damage during the storms and creating a way to run water through the pipes around the dam even if the stations aren't operating would provide additional uncontaminated water, the report says.

But Edison recently had the plants relicensed, a process that takes years, and any changes to their operation could create a bureaucratic nightmare, the report warns.

Officials at the Army Corps familiar with the dam were not available last week. It is not clear how long its study of the problem might take, or how long it will take to adopt a solution.

Until then, agencies are left watching millions of gallons of water go to waste, while being forced to spend hundreds of thousands of dollars to replace it.

"The Santa Ana River has been one of our highest quality sources. We went from one of the best sources of water to one of the worst," Martin said. "If things go well, we're looking at years for a solution."

Article Last Updated: 1/09/2006 10:20 PM

Water rates argued

Hearings begin in city of Fontana

Kelly Rayburn, Staff Writer
San Bernardino County Sun

FONTANA - The Fontana Water Co. made an opening pitch Monday for more money from its customers, but lawyers for parties fighting the company subsequently questioned data being used to impose steep rate hikes

The rate case pits the privately owned company against the city, the Fontana Unified School District and state ratepayer advocates.

Monday was the first day of evidentiary hearings before administrative-law Judge Robert Barnett. The California Public Utilities Commission, the state agency responsible for regulating privately owned water, communications, gas and electric companies will make the ultimate ruling in the case and will also decide whether a previous rate increase was granted properly.

The commission will also address the findings of a PUC staff audit that said the company owes ratepayers in Fontana and surrounding areas nearly \$14 million in company proceeds.

The Fontana Water Co. is a division of the San Gabriel Valley Water Co.

In opening remarks, Martin Mattes, representing the company, said Fontana Water was challenged with providing service to more than 1,000 new customers a year while facing variable rainfall levels, contaminated water and increasingly strict clean-water regulations.

"The investment required . . . is substantial," he said, acknowledging those investments pose "a real burden on ratepayers."

The case centers on the question of whether imposing those burdens on ratepayers is reasonable and necessary.

The opposition says Fontana Water Co. has overstated its case.

Offering opening remarks, Jim Allen, representing the school district, said the company went through a severe drought before last winter "with a surplus of water."

"We will show," he said, "that they have more than enough water right now."

Allen indicated the eight new wells the company would like to dig are unneeded.

He said each new well could serve 1,600 customers, and that with the company expecting up to 1,300 a year, three wells, at most, were justified.

The company's first witness was Stephen Johnson, a water engineer with Stetson Engineers Inc. of Covina.

Stetson completed a so-called Water System Master Plan for the company in April, which was submitted as evidence by the company to support its requests for more money.

But Allen and Ken MacVey, representing the city, challenged Johnson on both water-supply and financial data.

At one point, MacVey had Johnson adding figures on a calculator in an attempt to show an upgrade to the Sandhill treatment plant would be more costly than the company indicated.

These rounds of hearings which continue through Thursday at City Hall follow the city's appeal of a PUC ruling in July 2004 giving the company a 33 percent increase over three years.

Current rates are \$1.54 per 100 cubic feet, plus a service fee charge that differs based on the size of a customer's water meter. By comparison, residents of Rialto pay 87 cents per 100 cubic feet; Colton, 95 cents; in Ontario, \$1.26.

Last year, the company applied for another round of increases that would see rates increase by an additional 13.1 percent this year, 6.3 percent in 2007, and 4.2 percent in 2008.

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Tuesday, January 17, 2006

High water mark in O.C.

Aquifer is full from last year's rain, and experts say suppliers could save money this year.

By PAT BRENNAN

The Orange County Register

"We're actually kind of happy about it," said Roy Herndon, chief hydrologist for the Orange County Water District, which manages the county's deep-water aquifer.

The aquifer has been running a serious, drought-driven deficit for the past five years, but it is now considered full - a condition not seen since 1994.

"At this point, I can't say we have any residual effects of the prior drought we had," Herndon said. "We're ready to go into the next drought."

Flooding has kept several trails at the Shipley Nature Center in Huntington Beach closed for months, and water levels have been rising in Huntington's Central Park as well.

A Water District monitoring well in Irvine, near Cuiver Drive and Irvine Center Drive, also has had water seeping up above the surface, and caps on several other wells in the area had to be tightened to prevent seepage, Herndon said.

The water poses no danger to the public and does not affect oil wells, which run much deeper than the aquifer, said Water District spokesman Ron Wildermuth.

But county water suppliers could save money because they might have to purchase less imported water in the coming year.

Cities in northern and central Orange County, which have faced cutbacks in recent years, might be able to pump more water from the aquifer, a cheaper option than buying imported supplies.

The deep aquifer is now at minus 200,000 acre-feet - exactly where the Water District wants it. That leaves room for more if this winter's rains prove heavy as well.

Orange County's last rainy season was the fourth-rainiest on record. Santa Ana received a total of 28.4 inches for the rain year ending June 30, more than double the average.

So far this year, we're behind, but winter rains could remedy that.

While the Water District captures some storm water behind Prado Dam, allowing it to trickle into basins where it can settle into the aquifer, the district also relies on natural percolation of rainwater into the ground.

This process can take months. The trail closures at Shipley began in November, said Shipley volunteer Tom Livengood. A pond there also has increased in size, along with water levels in ponds at Huntington Central Park across the street.

"It's amazing, because it's like a 3-acre pond," Livengood said of the Shipley pond. "Probably that little pond is well over 10 acres now."

Not only is the land there low, but beneath the ground are ancient peat bogs that allow water from below to seep up under pressure.

Historically, the area was full of artesian wells, or natural upwelling of water from the aquifer, which earned Fountain Valley its name.

But most of the swampy land was drained in the early 1900s, and heavy use of the aquifer in recent years consigned most of the artesian wells to oblivion.

In 2002, the Water District reported that the aquifer was at a 411,000-acre-foot deficit (an acre-foot is enough water to supply two typical families for a year). When the aquifer is running low, the district must inject water into the ground near the coast to prevent seawater from entering.

High groundwater levels ease that situation as well.

"We are seeing water levels that will not allow seawater intrusion," Herndon said.

The high groundwater levels also have helped keep wild land vegetation moist, reducing the risk of wildfire.

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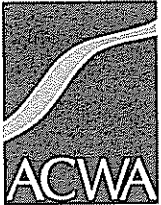


CHINO BASIN WATERMASTER

V. INFORMATION

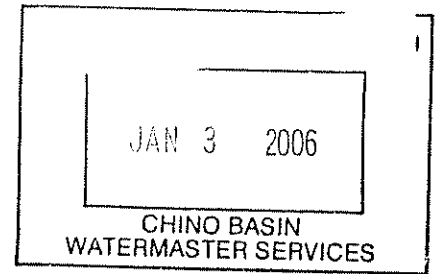
2. NWRA Election Results





Association of California Water Agencies

Leadership Advocacy Information Since 1910



MEMORANDUM

December 20, 2005

TO: ACWA MEMBER AGENCY BOARD PRESIDENTS and GENERAL MANAGERS

FROM: JAN JENNINGS, DIRECTOR OF ADMINISTRATION

SUBJECT: NWRA ELECTION RESULTS

It gives me great pleasure to officially inform you that the following candidates have secured the position of NWRA Board Director for the California Caucus during the recent election.

David A Breninger, Placer County Water Agency, NWRA Board of Directors
Lawrence M. Libeu, San Bernardino Valley WCD, NWRA Board of Directors
John Fraser, El Dorado Irrigation District, NWRA Board of Directors
Wayne Clark, Municipal Water District of Orange County, Alternate NWRA Board of Directors
Adrienne (Ann) Mathews, Kern County WA, Alternate NWRA Board of Directors

Additionally, ACWA's newly appointed Federal Affairs Chair, Greg Zlotnick, serves on the NWRA Board by virtue of the office. Elected representatives shall assume their respective positions at the next scheduled NWRA meeting.

In this time of increasing legislative and regulatory mandates, it is essential for California to take a proactive posture in NWRA and on its Board.

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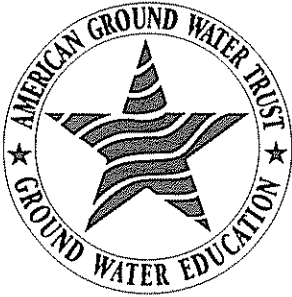


CHINO BASIN WATERMASTER

V. INFORMATION

3. AGWA Conference





American Ground Water Trust

Independent Authority on Ground Water

16 Centre Street ★ Concord, New Hampshire 03301 ★ (603) 228-5444
Fax (603) 228-6557 ★ Email: TrustInfo@agwt.org ★ Web: www.agwt.org



“Hydrologic, Environmental and Legislative Challenges to Southern California’s Present and Future Managed Aquifer Recharge Programs”

Association of Ground Water Agencies / American Ground Water Trust

A one-day program – Monday February 6th, 2006
Ontario, California

(Field trip: February 7th)

To all program presenters and panelists:

I have enclosed copies of the February 6th program flyer. PLEASE will you mail (or give) them to colleagues and contacts who are likely to be interested in this AGWA/ AGWT event. We appreciate your willingness to be involved in the program. In a few days I will send via e-mail, details about the conference presentation logistics.

Please ensure that this conference is listed on your organization’s events calendar. If you have contact information on an organizational e-mail list serve, I hope that you will forward information about the event throughout California.

Full program details are listed at www.agwt.org.

Many thanks

Andrew Stone
American Ground Water Trust

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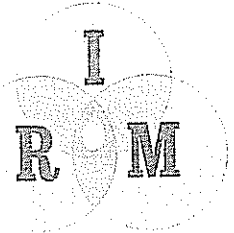
CHINO BASIN WATERMASTER

V. INFORMATION

4. Integrated Resource Management Business Disclosure



K.M. > 1/12/06



Integrated Resource Management **RECEIVED**

JAN 17 2006

CHINO BASIN WATERMASTE

January 12, 2006

Kenneth R. Manning
Chief Executive Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

RE: Important Business Disclosure

Mr. Manning:

In my capacity as a member of the Watermaster Board of Directors (the "Board"), I am writing to the Board, and hereby disclose to the Board, that I have embarked on an exciting opportunity. In late December, Aqua Capital Management LLC, a Delaware limited liability company (the "Company"), was formed to invest and/or trade in a geographically diverse portfolio of water rights in the United States. Based on the Company's investment mandate, there may be circumstances in which the Company may be in a position to (i) bid for, invest in or acquire water rights, (ii) lease water rights or (iii) sell or lease water rights within the Chino Basin. As a member and officer of the Company, I owe a fiduciary duty to the Company and its other members, the satisfaction of which, if adverse to or in conflict with my obligation to serve as a member of the Board, will, in respect of the acquisition or divestiture, lease or brokerage of water rights, supersede and have priority over any such duties owed by me to the Board.

I hereby request that this letter be entered into the minutes of a meeting of the Board.

Sincerely,

Robert W. Bowcock

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