



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, July 27, 2006

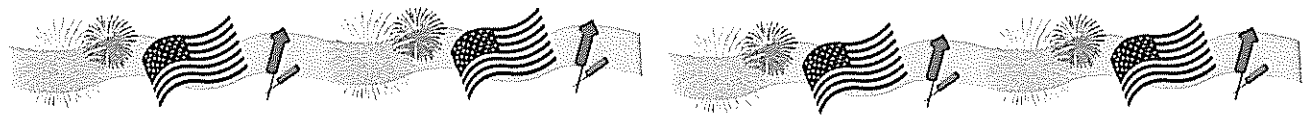
9:00 a.m. – Advisory Committee Meeting
11:00 a.m. – Watermaster Board Meeting

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





CHINO BASIN WATERMASTER

Thursday, July 27, 2006

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

(Lunch will be served)

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – July 27, 2006

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Advisory Committee Meeting held June 23, 2006 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2006 *(Page 13)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through May 31, 2006 *(Page 19)*
3. Treasurer's Report of Financial Affairs for the Period May 1, 2006 through May 31, 2006 *(Page 21)*
4. Profit & Loss Budget vs. Actual July through May 2006 *(Page 23)*

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006. Date of application: May 11, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – The one-year lease of 5,350 acre-feet of water from the City of Chino's annual production rights to the Cucamonga Valley Water District. This lease is made first from Chino's net underproduction in Fiscal Year 2005-2006, with any remainder to be recaptured from storage. Date of application: May 10, 2006
3. **Consider Approval for Transaction of Notice of Sale or Transfer** – the lease of 2,500 acre-feet of water, first from the City of Pomona's (Pomona) net underproduction, if any, from its FY 2005/2006 allocation, with any remainder from Pomona's local storage account in the Chino Basin, to the Cucamonga Valley Water District. Date of application: May 30, 2006

II. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Workshop with Special Referee

B. CEO/STAFF REPORT

1. Storm Water/Recharge Report
2. Legislative/Bond Update
3. Hanson Aggregate
4. Annual Monitoring Program Agreement between IEUA & CBWM

C. INLAND EMPIRE UTILITIES AGENCY

1. Monthly Water Conservation Programs Report *(Page 29)*
2. Monthly Imported Water Deliveries Report *(Page 33)*
3. State and Federal Legislative Reports *(Page 35)*
4. Community Outreach/Public Relations Report *(Page 65)*

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

III. INFORMATION

1. Newspaper Articles *(Page 67)*

IV. COMMITTEE MEMBER COMMENTS

V. OTHER BUSINESS

VI. FUTURE MEETINGS

July 25, 2006	9:00 a.m.	GRCC Meeting
July 26, 2006	11:00 a.m.	Workshop for Peace II w/ Special Referee
July 27, 2006	9:00 a.m.	Advisory Committee Meeting
July 27, 2006	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

11:00 a.m. – July 27, 2006

At The Offices Of

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

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

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A. MINUTES

1. Minutes of the Watermaster Board Meeting held June 23, 2006 (*Page 7*)

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Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – June 23, 2006



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

June 22, 2006

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on June 22, 2006 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Nathan deBoom, Chair

Ag Pool/Dairy

Appropriative Pool

Ken Jeske

City of Ontario

Mike McGraw

Fontana Water Company

Chris Diggs

Fontana Union Water Company

Dave Crosley

City of Chino

Jim Taylor

City of Pomona

Charles Moorrees

San Antonio Water Company

J. Arnold Rodriguez

Santa Ana River Water Company

Rich Atwater

Inland Empire Utilities Agency

Non-Agricultural Pool

Justin Scott-Coe

Vulcan Materials Company (Calmat Division)

Watermaster Board Members Present

Ken Willis

West End Consolidated Water Company

John Anderson

Inland Empire Utilities Agency

Watermaster Staff Present

Kenneth R. Manning

Chief Executive Officer

Sheri Rojo

CFO/Asst. General Manager

Gordon Treweek

Project Engineer

Danielle Maurizio

Senior Engineer

Sherri Lynne Molino

Recording Secretary

Watermaster Consultants Present

Michael Fife

Hatch & Parent

Mark Wildermuth

Wildermuth Environmental Inc.

Evelyn Kim

Hatch & Parent

Others Present

Steven G. Lee

Ag Pool Legal Counsel

Martha Davis

Inland Empire Utilities Agency

Jennifer Novak

State of California

Rick Rees

DOS/CIM

Edward Gonsman

State of California CIM

The Advisory Committee meeting was called to order by Chair deBoom at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

No comment was made regarding this item.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held May 25, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through April 30, 2006
3. Treasurer's Report of Financial Affairs for the Period April 1, 2006 through April 30, 2006
4. Profit & Loss Budget vs. Actual July through April 2006

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust water in storage in the amount of 0.623 acre-feet and annual production rights in the amount of 8.000 acre-feet. Date of application: April 14, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 2,000 acre-feet. Date of application: April 7, 2006

D. NOTICE: MAYER, HOFFMAN & McCANN TO PERFORM AUDIT FOR 2005-2006 FISCAL YEAR ENDING JUNE 30, 2006**E. CHINO BASIN WATERMASTER 28TH ANNUAL REPORT**

Motion by Taylor, second by McGraw, and by unanimous vote

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

II. BUSINESS ITEMS**A. PEACE II TERM SHEET**

Mr. Manning stated this item has gone through the Pool process with unanimous approval. Counsel and staff are available for any input at this time. Mr. Manning stated staff is seeking an approval to take this item to the Watermaster Board.

Motion by Taylor, second by Crosley, and by unanimous vote

Moved to approve the non-binding Peace II Term Sheet as a template approach for the development of final agreements and to forward the non-binding Term Sheet to the Watermaster Board with the recommendation for approval, as presented

B. JOINT CHINO BASIN WATERMASTER/IEUA CHINO BASIN DATA EXCHANGE (DATA X) SYSTEM DEVELOPMENT AGREEMENT AMENDMENT

Mr. Manning stated Chino Basin Watermaster (CBWM) is involved with the DataX Program which is combined effort between Inland Empire Utilities Agency (IEUA) and CBWM to share a database and to develop a program by which we can simplify the collection and distribution of data within the basin to one database. There would be enough security built into this database so that all parties are protected in terms of the information that is being released. The first two phases are almost complete and staff is now looking at the start of the third phase. The program has three different components: 1) direct data input by all Appropriative Pool data generators; including groundwater production, groundwater level, IEUA imported water certifications, and other data as needed for Watermaster and IEUA reports. A test with two different agencies is currently underway for this data input by Cucamonga Valley Water District and the City of Chino. Secondly displaying of recharge basin calculated/results SCADA data. And finally interfacing the imported and recycled water system with the IEUA billing system. Mr. Manning stated most of the development work is being accomplished by Wildermuth Environmental with support from CBWM and IEUA's staff as necessary. CBWM and IEUA have each agreed to pay one half of Wildermuth's charges for Phase III of the project.

Mr. Manning stated both CBWM and IEUA are very satisfied with the system/program which meets our needs. Staff is recommending the approval of the Phase III agreement. Mr. Manning stated there is great value to this program that will be invaluable over time and will well pay for itself in the combination of efforts which are currently being duplicated by several parties.

Motion by Jeske, second b Crosley, and by unanimous vote

Moved to approve the Chino Basin Watermaster/Inland Empire Utilities Agency Chino Basin Data Exchange (DataX) System Development Agreement amendment, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. OCWD PEIR Comments

Counsel Fife stated copies are available of Watermaster's comments to the OCWD PEIR regarding their Santa Ana Water Rights Application in the meeting packet. As was reported, counsel submitted short and friendly comments. Counsel Fife stated OCWD PEIR states they have no intention of seeking any rights against any up stream entity. The substance of our comments were, that in our view, their PEIR relies upon an expectation that nothing is done in their water rights application that will in any way affect the Chino Basin. If it does affect us then there are impacts that result from their project which were not analyzed by their environmental documents; making their environmental documents inadequate. Included in the meeting packet were also Western and Muni's comment letter which followed our general substance.

2. RWQCB Waste Discharge Permit Update

Counsel Fife stated this is a process regarding the Santa Ana River. At a public workshop that the State Board held on Waste Discharge Permits, Muni made a lengthy presentation. The result of that presentation and from some of their comments was that the Regional Board asked SAWPA to convene a stakeholder process including everyone in the Santa Ana Watershed for discussion purposes. Counsel Fife stated it is staff's expectation that Watermaster's consultants and/or counsel will participate in those meetings at some level; those meetings have not yet started. Muni has contacted Watermaster and wants to schedule a meeting to inquire about what Watermaster has done with regard to Maximum Benefit because they are now interested in doing the same thing.

3. North Gualala Decision

Counsel Fife stated last week the appellate court for the North Gualala case issued its decision. This was a case regarding the North Gualala Water Company which is pumping groundwater near a river and the State Board took an enforcement action against the water company and said that they were pumping from the river without a permit. Their response was that they were pumping from a groundwater basin and not from the river. The reason this is of interest to the Chino Basin is because at the lower court level the court supported the State Board. The court found there was jurisdiction of the State Board over the water company, however, the court stated North Gualala's pumping impacts the river, and therefore there is jurisdiction. The case then went to the appellate level and the appellate decision has come out. The appellate court clearly states that the impacts test is not the test which is used in California for State Board jurisdiction. The appellate court did uphold State Board jurisdiction over North Gualala pumping, however, it used the normal four part Garrapata test which analyzes whether there is a bed and banks and an underground stream and other items recited in the Water Code.

B. CEO/STAFF REPORT1. Storm Water/Recharge Report

Mr. Treweek stated there has been 46,000 acre-feet of recharge through the month of May. In June we should bring in approximately 3,000-3,500 acre-feet of imported water. These totals will bring us up almost to our goal of 50,000 acre-feet for the year. Looking towards the next fiscal year, there are items both physical and operational that staff is working on. For the physical improvements staff will be selecting a design consultant for the two new turnouts on the Rialto Pipeline plus some other improvements to the SCADA system. In regards to the operations, a meeting took place at the Department of Safety and Dams (DSOD) to discuss four of our basins: 1) San Sevaine #5, 2) Jurupa, 3) Hickory, and 4) the new Etiwanda Conservation ponds. When we have a major storm these basins have the ability to hold back a lot of the storm water for recharge. The DSOD put a requirement on those basins that within 24 hours after the pass of the storm event the sluice gate has to be raised and the basin drawn down. This only allows us a day or so to capture water for recharge. In the meeting with the DSOD we tried to determine the basis for their 24 hour release decision. When their decision was made, it was in the early 90's and several of the people who made that decision were still available for comment. The DSOD's decisions were made for safety reasons due to the possibility of an earthquake and the possibility of liquefaction occurring within the basin. The DSOD's staff stated CBWM has some really interesting ideas and they would be pleased to go back and re-evaluate their 24 hour water release decision after they assess all the data we presented to them.

2. Legislative/Bond Update

Mr. Manning stated recently Geoff Vanden Heuvel and he made a trip to Sacramento as part of a meeting with the Southern California Water Committee combined with the Bay Area Counsel. During that visit, Mr. Manning stated he had a chance to meet with Senator Margett and the Senator has agreed to schedule a meeting with Senator Perada, to talk about upcoming water bond potentials and the re-submittal of the Simitian Bill. The Simitian Bill was the bill which introduced the concept of a bypass facility around the Delta. This was a very successful legislative trip.

3. MZ1 Committee Update

Mr. Manning stated there was an MZ1 Technical Committee tentatively scheduled for June 8, however, we are still trying to work with the City of Chino Hills and the meeting was postponed. Mr. Manning stated that in discussions with Chino Hills they are in preparation of a position that will be under consideration by the committee, although, we have not yet received that documentation.

4. Desalter I Production Update

Mr. Manning stated the Watermaster Board requested last month this item to be put on the agenda for information and discussion and a full report will be given at the Board meeting today.

Added Comment:

Mr. Manning stated a letter which was signed by Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) was sent to Hanson Aggregates addressing the recovery of damages for illegal discharges into the Day Creek Basin by Hanson Aggregates Inland Plant, was sent on June 5, 2006. The letter explains the extent and magnitude of physical and monetary damages caused by Hanson due to regular, illegal, and muddy water discharges from the Hanson Inland Plant into the Day Creek channel. Mr. Manning noted that IEUA and CBWM will initiate legal recourse if Hanson does not provide an adequate response within 10 business days which outlines the means of making whole the specified \$1.2 million dollars in damage incurred due to their illegal action. The cost is for clean up and monies lost in recharge.

C. INLAND EMPIRE UTILITIES AGENCY

1. Recycled Water Update
Mr. Atwater stated there were several written reports included in the meeting packet for review and that Ms. Davis and himself were available for any questions. No questions or comments were presented to Mr. Atwater.
2. CCWRF Salinity Report
No comment was made regarding this item.
3. Monthly Water Conservation Programs Report
No comment was made regarding this item.
4. Groundwater Operations Recharge Summary
No comment was made regarding this item.
5. Monthly Imported Water Deliveries Report
No comment was made regarding this item.
6. State/Federal Legislation Reports
No comment was made regarding this item.
7. Public Relations Report
No comment was made regarding this item.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION

1. Newspaper Articles
No comment was made regarding this item.
2. Cost of Living Adjustment
No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

June 22, 2006	9:00 a.m.	Advisory Committee Meeting
June 22, 2006	11:00 a.m.	Watermaster Board Meeting
July 13, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
July 18, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 26, 2006	T. B. D.	Workshop for Peace II
July 27, 2006	9:00 a.m.	Advisory Committee Meeting
July 27, 2006	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 9:30 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – July 23, 2006



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

June 22, 2006

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on June 22, 2006 at 11:00 a.m

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Sandra Rose	Monte Vista Water District
John Anderson	Inland Empire Utilities Agency
David DeJesus	Three Valleys Municipal Water District
Justin Scott-Coe	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Paul Hamrick	Jurupa Community Services District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Jack Safely	Western Municipal Water District

Watermaster Staff Present

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

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent
Evelyn Kim	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Dr. Bill Mathis	Mathis & Associates

Others Present

Paul Deutsch	Geomatrix/GE
Jennifer Novak	State of California
Manuel Carrillo	Senator Soto Office
Jim Taylor	City of Pomona
Carole McGreevy	Jurupa Community Services District
Dave Crosley	City of Chino

The Watermaster Board Meeting was called to order by Mr. Willis at 11:03 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held May 25, 2006

B. FINANCIAL REPORTS

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D. NOTICE: MAYER, HOFFMAN & McCANN TO PERFORM AUDIT FOR 2005-2006 FISCAL YEAR ENDING JUNE 30, 2006**E. CHINO BASIN WATERMASTER 28TH ANNUAL REPORT**

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

II. BUSINESS ITEMS**A. PEACE II TERM SHEET**

Mr. Manning stated the Peace II process has been moving forward. The term sheet has now been agreed to by the parties and has gone to the Pools and to the Advisory Committee with unanimous approval. Staff is recommending the Watermaster Board approve the non-binding Peace II Term Sheet as this time. There is a workshop scheduled with the Special Referee on July 26, 2006 starting at 11:00 a.m. here at the Watermaster office. Mr. Vanden Heuvel inquired into the number of conditions precedent to the approval of the term sheet, specifically the review of the term sheet by the special referee's assistant. Counsel Slater stated there have been ongoing discussions with the special referee including separate conference calls with the special referee and her special assistant. Mr. Scalmanini has been in contact with Wildermuth Environmental's office in an effort to try and form an evaluation; the expectation for July 26th is to hold an informal workshop to elicit input. At the workshop Watermaster staff would present the term sheet, the technical underpinning for the term sheet, the further technical items that need to be performed, and include within that a report from a competent economist for the cost benefit analysis. The special referee's assistant, Mr. Scalmanini, will have had an opportunity to work through the model and verify its accuracy and its assumptions that are used in the model in terms of it being a planning tool. The expectation is there will be further work items that are either requested by Watermaster or directed by the court and that would be part of the ongoing process to be completed before there is a binding agreement. Mr. Manning stated within the last couple days Mr. Scalmanini has been down to Wildermuth's office and has been going over the model and the underpinnings of that with staff and has put in a great deal of work just over the last couple of days on the process. Mr. Scalmanini expects to have an analysis done, at some level, for the workshop.

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

Moved to approve the non-binding Peace II Term Sheet as a template approach for the development of final agreements, as presented

B. JOINT CHINO BASIN WATERMASTER/IEUA CHINO BASIN DATA EXCHANGE (DATA X) SYSTEM DEVELOPMENT AGREEMENT AMENDMENT

Mr. Manning stated Danni from our Watermaster staff had previously given an update/presentation to the Board on the progress of the DataX program. Mr. Manning noted staff thinks the benefits to our organization, Inland Empire Utilities Agency (IEUA), and to all member agencies who utilize the data that we collect will far out weigh the costs involved with this process. The motion which is being sought after today is for approval of the Phase III agreement for the finalization of the process. Watermaster staff is currently using the process and are working with two test subjects, Cucamonga Valley Water District and the City of Chino, who are testing the input data elements that are involved. Phase III will give us an opportunity to correct any errors that are involved in the data processing part and to also put in any needed additional safety factors. Mr. Manning noted that IEUA had this item on their board agenda yesterday and was passed unanimously and staff is seeking an approval for Phase III today. This item was approved unanimously by the three Pools and the Advisory Committee.

Motion by Kuhn, second b Hofer, and by unanimous vote

Moved to approve the Chino Basin Watermaster/Inland Empire Utilities Agency Chino Basin Data Exchange (DataX) System Development Agreement amendment, as presented

C. COST OF LIVING ADJUSTMENT (COLA)

Mr. Manning stated the 2006-2007 budget was approved by all the parties and the Watermaster Board last month, included in that budget was the cost of living adjustment that is reflected in the CPI, a copy of that report was handed out last month and there are more copies if any board members need one today. For our region the CPI for March was 4.7%; we go by fiscal year from July to July so we used the March CPI for reference. Past policy of this board has been to use the CPI as the cost living adjustment for salary increases for staff and staff is recommending the continuation of that. Ms. Rose inquired into the cities that were listed in the CPI. Mr. Manning stated it is the greater Los Angeles area that they use and then Orange County is listed separately. A brief discussion ensued with regard to the COLA adjustment.

Motion by Hamrick, second b Kuhn, and by unanimous vote

Moved to approve the Cost of Living increase for Chino Basin Watermaster employees as of July 1, 2006, as presented

D. HEALTH BENEFITS

Mr. Manning stated Mr. Mathis is here from Mathis & Associates to answer any questions regarding the health benefits study he performed and recommended to the Personnel Committee. Mr. Manning noted the Personnel Committee has met several times over the last month and a half to look at a few items, one of which was the Watermaster health benefits issue. Mathis & Associates performed a survey and gave that survey to the Personnel Committee and those recommendations are being presented today. Chair Willis reviewed the recommendation which entailed the cost of \$907 dollars for health benefits plus an additional \$75 dollars for dental/vision coverage. Those who do not participate in the cafeteria program can take 75% of the \$982 and put it into a deferred compensation program or into a health savings account. The recommendation of the Personnel Committee was unanimous. Mr. Mathis stated the revised study was for health data only. Ms. Rose stated it was her

understanding that Watermaster was looking to increase their health benefits to meet the median standards for the water industry over a two year period and inquired why we are not using the \$907 figure and doing it over a two year period at this time. Ms. Rose stated she understood the \$75 is for additional dental/vision coverage but that the \$907 figure reflects dental and vision already incorporated into it. Mr. Manning stated this recommendation comes from the Personnel Committee based upon the survey that Mathis & Associates performed. Mr. Mathis stated the discussion about the median was certainly \$907 dollars over ten agencies; however, several of the surveyed agencies are in revision right now to increase their dollar figures or revise their cost sharing portions. The \$907 figure did bring us up to about the median of nine agencies but the Personnel Committee took into consideration the other agencies are in revision presently and then this increase would still be below their revised median. Mr. Kuhn stated the affect of the \$75 dollars also had to do with fact that we have never offered dental or vision previously and that figure specifically, in the mind of the Personnel Committee, was to add dental and/or vision and not just for the health benefit alone. The original recommendation was to spread this over a two year period but in discussions it was decided to not split the benefit but to absorb the cost now in full since the health benefits in the past has been seriously below the water industry median. A discussion on the original survey ensued; the discussion included comments on the COLA adjustment and on past health benefits being below average.

*Motion by Kuhn, second b Hamrick, and by majority vote – one no vote by Rose
Moved to approve the revised Health Benefits Package for Chino Basin Watermaster employees, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. OCWD PEIR Comments

Counsel Slater stated Watermaster has filed a comment letter with regard to the Orange County PEIR. The effort was to be soft and supportive while still holding our position. It is a non-confrontational letter and is on page 91 of the meeting packet.

2. RWQCB Waste Discharge Permit Update

Counsel Slater noted there were no new updates to report on at this time for this item.

3. North Gualala Decision

Historically our judgment has been operated independently from the river and independently from the State Board under the theory we are percolating groundwater. That has always been the case and is recognized by the court to be that way in 1978. This is a case that has been taking place in the court system in northern California which raised the question of how broad the State Board's jurisdiction was over wells in the vicinity of a stream. This case is important to us and is found on page 93 of the meeting packet. On page 99 the court reaffirms a test for when we decide whether a well is in the jurisdiction of the Board. That test effectively states there has to be a channel; water needs to be flowing within that channel as opposed to a basin broadly. The real importance of the decision is on pages 124 and 125 because in affirming what the State Board did and what the trial court held, the court went on to say, we are not interested in taking a view of the State Board's jurisdiction that is broad on a valley wide basis. The court rejected an impacts test which means if the producing well has an impact on the stream that it would trigger State Board jurisdiction. This is relevant to our ongoing operations. There will be follow up cases of interest to the Chino Basin and as information is released on those cases they will be brought forward for report.

B. CEO/STAFF REPORT**1. Storm Water/Recharge Report**

Mr. Treweek stated there has been 46,000 acre-feet of recharge through the month of May. In June we should bring in approximately 3,000-3,500 acre-feet of imported water. These totals will bring us up almost to our goal of 50,000 acre-feet for the year. Looking towards the next fiscal year, there are items both physical and operational that staff is working on. For the physical improvements staff will be selecting a design consultant for the two new turnouts on the Rialto Pipeline plus some other improvements to the SCADA system. In regards to the operations, a meeting took place at the Department of Safety and Dams (DSOD) to discuss four of our basins: 1) San Sevaine #5, 2) Jurupa, 3) Hickory, and 4) the new Etiwanda Conservation ponds. When we have a major storm these basins have the ability to hold back a lot of the storm water for recharge. The DSOD put a requirement on those basins that within 24 hours after the pass of the storm event the sluice gate has to be raised and the basin drawn down. This only allows us a day or so to capture water for recharge. In the meeting with the DSOD we tried to determine the basis for their 24 hour release decision. When their decision was made, it was in the early 90's and several of the people who made that decision were still available for comment. The DSOD's decisions were made for safety reasons due to the possibility of an earthquake and the possibility of liquefaction occurring within the basin. The DSOD's staff stated CBWM has some really interesting ideas and they would be pleased to go back and re-evaluate their 24 hour water release decision after they assess all the data we presented to them.

2. Legislative/Bond Update

Mr. Manning stated recently Geoff Vanden Heuvel and he made a trip to Sacramento as part of a meeting with the Southern California Water Committee combined with the Bay Area Counsel. During that visit, Mr. Manning stated he had a chance to meet with Senator Margett and the Senator has agreed to schedule a meeting with Senator Perada, to talk about upcoming water bond potentials and the re-submittal of the Simitian Bill. The Simitian Bill was the bill which introduced the concept of a bypass facility around the Delta. This was a very successful legislative trip.

3. MZ1 Committee Update

Mr. Manning stated there was an MZ1 Technical Committee tentatively scheduled for June 8, however, we are still trying to work with the City of Chino Hills and the meeting was postponed. Mr. Manning stated that in discussions with Chino Hills they are in preparation of a position that will be under consideration by the committee, although, we have not yet received that documentation.

4. Desalter I Production Update

Mr. Manning stated at the last meeting board member Vanden Heuvel asked staff to look at the circumstances by which we were using the 50% number for replenishment of the desalter production. Mr. Manning distributed background information that includes the information within the Rules and Regulations that we are doing this and then went back to the October 25, 2001 minutes wherein the discussion was held regarding the 50%. At that meeting Mr. Wildermuth talked about the Chino Basin Water Resource Management Study the first TIN/TDS Study and the initial modeling for Chino I that all led to the 50% production allocation towards desalter production. That is the only board action that was take to date that reflects the 50% number. Mr. Vanden Heuvel thanked staff for putting this information in a formal memo and also noted this item was added to the agenda at the 2001 meeting and that he was not present at that meeting. Mr. Vanden Heuvel noted that in his opinion staff should have a more clear record for pumping and recharge in the basin for new yield.

Added Comment:

Mr. Manning stated a letter which was signed by Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) was sent to Hanson Aggregates addressing the recovery of damages for illegal discharges into the Day Creek Basin by Hanson Aggregates Inland Plant, was sent on June 5, 2006. The letter explains the extent and magnitude of physical and monetary damages caused by Hanson due to regular, illegal, and muddy water discharges from the Hanson Inland Plant into the Day Creek channel. Mr. Manning noted that IEUA and CBWM will initiate legal recourse if Hanson does not provide an adequate response within 10 business days which outlines the means of making whole the specified \$1.2 million dollars in damage incurred due to their illegal action. The cost is for clean up and monies lost in recharge.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Hofer stated he attended the Agricultural Pool this past Tuesday and there was an issue that came up during the meeting with regard to the City of Chino which has drilled a well and now is in need of immediate access to private agricultural well data. This has been an issue with the Agricultural Pool in the past with regard to monitoring their wells and the release of data. Staff is going to look into the procedures for release of data and give a report back to the Agricultural Pool next month. Mr. Manning stated in these situations when we are working with parties to the judgment and parties who are under clean up and abatement orders from the Regional Board, staff would like to have a discussion with the Agricultural Pool on methods of expediting our ability to deliver information data to those parties whom we are familiar with working with. This will be using the same kind of expectation that information would be held in confidence and it would be protected, we will still be contacting the owners of the wells, following the same procedures we always do. We will ask that in some cases we make those decisions and then just report back to the Agricultural Pool, this will be a minor modification but could help greatly in expediting some of these requests. Mr. Hofer commented on parties drilling wells and if there is a potential to need data to ask for it in advance to go through the proper channels rather than needing their request expedited.

VI. OTHER BUSINESS

No comment was made regarding this item.

The regular open Watermaster Board meeting was dismissed at 11:50 a.m. to allow the confidential session to convene.

The confidential session for the Watermaster Board concluded at 12:25 p.m. and the open session reconvened.

VII. CONFIDENTIAL SESSION

Mr. Manning's three year contract which was forwarded by the Personnel Committee was approved by the Watermaster Board from July to July. Watermaster Board members gave direction to legal counsel to prepare the contract

VIII. FUTURE MEETINGS

June 22, 2006	9:00 a.m.	Advisory Committee Meeting
June 22, 2006	11:00 a.m.	Watermaster Board Meeting
July 13, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
July 18, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA

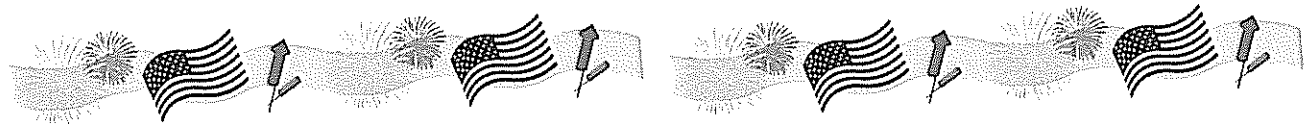
July 26, 2006	T. B. D.	Workshop for Peace II
July 27, 2006	9:00 a.m.	Advisory Committee Meeting
July 27, 2006	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 12:30 p.m.

Secretary: _____

Minutes Approved: _____

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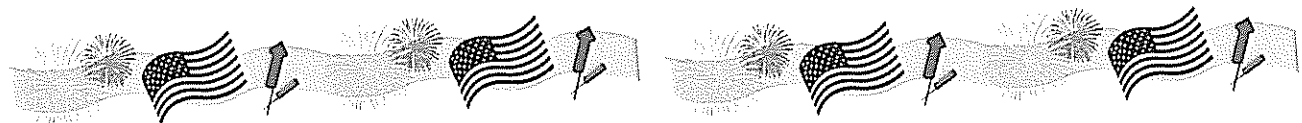


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through May 31, 2006
3. Treasurer's Report of Financial Affairs for the Period May 1, 2006 through May 31, 2006
4. Profit & Loss Budget vs. Actual July through May 2006





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: July 13, 2006
July 18, 2006
July 27, 2006

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – June 2006

SUMMARY

Issue – Record of cash disbursements for the month of June 2006

Recommendation – Staff recommends the Cash Disbursements for June 2006 be received and filed as presented.

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

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of June 2006 were \$2,103,590.48. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$1,433,019.70, Wildermuth Environmental Inc. in the amount of \$247,155.55, and Layne Christensen Company in the amount of \$150,444.00

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
June 2006

Type	Date	Num	Name	Amount
Jun 06				
General Journal	6/1/2006	06/04/10	PAYROLL	662 55
Bill Pmt -Check	6/5/2006	10517	VIP AUTO DETAILING	-499 20
Bill Pmt -Check	6/6/2006	10518	A & R TIRE	-31 44
Bill Pmt -Check	6/6/2006	10558	ADEX MEDICAL INC	-152 54
Bill Pmt -Check	6/6/2006	10559	ANDERSON, JOHN	-125 00
Bill Pmt -Check	6/6/2006		APPLIED COMPUTER TECHNOLOGIES	0 00
Bill Pmt -Check	6/6/2006	10560	AWWA	-172 00
Bill Pmt -Check	6/6/2006	10521	BLACK & VEATCH CORPORATION	-28,710.00
Bill Pmt -Check	6/6/2006	10522	BOWCOCK, ROBERT	-500 00
Bill Pmt -Check	6/6/2006	10523	CALPERS	-2,650 83
Bill Pmt -Check	6/6/2006	10524	CITISTREET	-2,900 00
Bill Pmt -Check	6/6/2006	10525	CUCAMONGA VALLEY WATER DISTRICT	-5,076 00
Bill Pmt -Check	6/6/2006	10526	DIRECTV	-74 98
Bill Pmt -Check	6/6/2006	10527	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125 00
Bill Pmt -Check	6/6/2006	10528	FUTURE AMERICA c/o IEPAN	-120 00
Bill Pmt -Check	6/6/2006	10529	GROOMAN'S PUMP & WELL DRILLING, INC.	-136 00
Bill Pmt -Check	6/6/2006	10530	HAMRICK, PAUL	-125 00
Bill Pmt -Check	6/6/2006	10531	HSBC BUSINESS SOLUTIONS	-664 29
Bill Pmt -Check	6/6/2006	10532	INLAND EMPIRE UTILITIES AGENCY	-641,535.50
Bill Pmt -Check	6/6/2006	10533	KUHN, BOB	-125 00
Bill Pmt -Check	6/6/2006	10534	MARK IV COMMUNICATIONS, INC.	-370 75
Bill Pmt -Check	6/6/2006	10535	MATHIS & ASSOCIATES	-1,230 00
Bill Pmt -Check	6/6/2006	10520	MEDIA JIM	-840 00
Bill Pmt -Check	6/6/2006	10536	MONTE VISTA WATER DIST	-625 00
Bill Pmt -Check	6/6/2006	10537	OFFICE DEPOT	-496 01
Bill Pmt -Check	6/6/2006	10538	PAYCHEX	-182 52
Bill Pmt -Check	6/6/2006	10539	PRE-PAID LEGAL SERVICES. INC.	-103 60
Bill Pmt -Check	6/6/2006	10540	PUMP CHECK	-1,303 50
Bill Pmt -Check	6/6/2006	10541	PURCHASE POWER	-111 99
Bill Pmt -Check	6/6/2006	10542	R&D PEST SERVICES	-85 00
Bill Pmt -Check	6/6/2006	10543	RICOH BUSINESS SYSTEMS-Maintenance	-3,109 80
Bill Pmt -Check	6/6/2006	10544	SESSIONWARE INC	-75 00
Bill Pmt -Check	6/6/2006	10545	SPRINT	-390 59
Bill Pmt -Check	6/6/2006	10546	STANDARD INSURANCE CO.	-581 22
Bill Pmt -Check	6/6/2006	10547	STANTEC CONSULTING, INC.	-750 00
Bill Pmt -Check	6/6/2006	10548	STATE COMPENSATION INSURANCE FUND	-793 48
Bill Pmt -Check	6/6/2006	10549	TREWEEK, GORDON	-283 10
Bill Pmt -Check	6/6/2006	10550	UNION 76	-276 28
Bill Pmt -Check	6/6/2006	10551	UNITEK TECHNOLOGY INC.	-299 55
Bill Pmt -Check	6/6/2006	10552	VANDEN HEUVEL, GEOFFREY	-250 00
Bill Pmt -Check	6/6/2006	10553	VELASQUEZ JANITORIAL	-1,200 00
Bill Pmt -Check	6/6/2006	10554	VERIZON	-425 10
Bill Pmt -Check	6/6/2006	10555	WILLIS, KENNETH	-250 00
Bill Pmt -Check	6/6/2006	10556	YUKON DISPOSAL SERVICE	-134 72
Bill Pmt -Check	6/6/2006	10557	CITISTREET	-2,400 00
Bill Pmt -Check	6/9/2006	10561	ARGENT COMMUNICATIONS GROUP	-515 00
Bill Pmt -Check	6/9/2006	10562	ARROWHEAD MOUNTAIN SPRING WATER	-104 44
Bill Pmt -Check	6/9/2006	10563	LAYNE CHRISTENSEN COMPANY	-150,444.00
Bill Pmt -Check	6/9/2006	10564	REID & HELLYER	-12,140 88
Bill Pmt -Check	6/9/2006	10565	UNITED PARCEL SERVICE	-501 34
General Journal	6/10/2006	06/06/4	PAYROLL	-5,580 83
General Journal	6/10/2006	06/06/4	PAYROLL	-19,795 52
Bill Pmt -Check	6/14/2006	10566	ACWA SERVICES CORPORATION	-198 95
Bill Pmt -Check	6/14/2006	10567	BANK OF AMERICA	-2,873 52
Bill Pmt -Check	6/14/2006	10568	GEOTECHNICAL SERVICES	-548 36
Bill Pmt -Check	6/14/2006	10569	MCI	-908 17
Bill Pmt -Check	6/14/2006	10570	MEDIA JIM	-120 00
Bill Pmt -Check	6/14/2006	10571	PARK PLACE COMPUTER SOLUTIONS, INC.	-2,915 00
Bill Pmt -Check	6/14/2006	10572	RICOH BUSINESS SYSTEMS-Lease	-4,480 25
Bill Pmt -Check	6/14/2006	10573	THE FURMAN GROUP. INC.	-2,590 00
Bill Pmt -Check	6/15/2006	10574	VIP AUTO DETAILING	-769 95
Bill Pmt -Check	6/19/2006	10575	EL TORITO	-143 11
General Journal	6/20/2006	06/06/6	PAYROLL	-5,857 48
General Journal	6/20/2006	06/06/6	PAYROLL	-20,035 95
Bill Pmt -Check	6/22/2006	10576	ELLISON, SCHNEIDER & HARRIS. LLP	-12,885 40
Bill Pmt -Check	6/22/2006	10577	GEOTECHNICAL SERVICES	-14,224 53
Bill Pmt -Check	6/22/2006	10578	INLAND EMPIRE UTILITIES AGENCY	-791,482 20
Bill Pmt -Check	6/22/2006	10579	WILDERMUTH ENVIRONMENTAL INC	-244,455 15

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
June 2006

Type	Date	Num	Name	Amount
Bill Pmt -Check	6/28/2006	10580	ACWA	-35.00
Bill Pmt -Check	6/28/2006	10581	ANDERSON, JOHN	-125.00
Bill Pmt -Check	6/28/2006	10582	APPLIED COMPUTER TECHNOLOGIES	-1,611.95
Bill Pmt -Check	6/28/2006	10583	ARROWHEAD MOUNTAIN SPRING WATER	-43.43
Bill Pmt -Check	6/28/2006	10584	BLACK & VEATCH CORPORATION	-4,047.97
Bill Pmt -Check	6/28/2006	10585	CUCAMONGA VALLEY WATER DISTRICT	-5,076.00
Bill Pmt -Check	6/28/2006	10586	DE BOOM, NATHAN	-750.00
Bill Pmt -Check	6/28/2006	10587	DIRECTV	-74.98
Bill Pmt -Check	6/28/2006	10588	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	6/28/2006	10589	FEENSTRA, BOB	-500.00
Bill Pmt -Check	6/28/2006	10590	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	6/28/2006	10591	GEOTECHNICAL SERVICES	-272.25
Bill Pmt -Check	6/28/2006	10592	GROUNDWATER RESOURCES ASSOCIATION	-80.00
Bill Pmt -Check	6/28/2006	10593	HAMRICK, PAUL	-250.00
Bill Pmt -Check	6/28/2006	10594	HATCH AND PARENT	-65,342.43
Bill Pmt -Check	6/28/2006	10595	Hettinga, Peter	-250.00
Bill Pmt -Check	6/28/2006	10596	HOSTETLER, DAN	-125.00
Bill Pmt -Check	6/28/2006	10597	HUITSING, JOHN	-375.00
Bill Pmt -Check	6/28/2006	10598	INLAND COUNTIES INSURANCE SERVICES, INC.	-238.57
Bill Pmt -Check	6/28/2006	10599	KOOPMAN, GENE	-250.00
Bill Pmt -Check	6/28/2006	10600	KUHN, BOB	-375.00
Bill Pmt -Check	6/28/2006	10601	LIATTI & ASSOCIATES	-15,108.00
Bill Pmt -Check	6/28/2006	10602	LOS ANGELES TIMES	-42.40
Bill Pmt -Check	6/28/2006	10603	MATHIS & ASSOCIATES	-5,982.00
Bill Pmt -Check	6/28/2006	10604	MONTE VISTA WATER DIST	-500.00
Bill Pmt -Check	6/28/2006	10605	OFFICE DEPOT	-343.09
Bill Pmt -Check	6/28/2006	10606	PIERSON, JEFFREY	-375.00
Bill Pmt -Check	6/28/2006	10607	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	6/28/2006	10608	SCOTT-COE, JUSTIN	-125.00
Bill Pmt -Check	6/28/2006	10609	SPRINT	-390.42
Bill Pmt -Check	6/28/2006	10610	STANDARD INSURANCE CO.	-509.44
Bill Pmt -Check	6/28/2006	10611	STAULA, MARY L	-136.61
Bill Pmt -Check	6/28/2006	10612	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	6/28/2006	10613	WHEELER METER MAINTENANCE	-600.00
Bill Pmt -Check	6/28/2006	10614	WILDERMUTH ENVIRONMENTAL INC	-2,700.00
Bill Pmt -Check	6/28/2006	10615	WILLIS, KENNETH	-375.00
Bill Pmt -Check	6/28/2006	10616	CALPERS	-2,654.87
				-2,103,590.48

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2005 THROUGH MAY 31, 2006

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
Administrative Revenues					66,160				4,847,507	\$3,984,888
Administrative Assessments			4,781,347					57	228,731	78,330
Interest Revenue			207,296	15,074	6,304				61,456	0
Mutual Agency Project Revenue		61,456							-	0
Grant Income									-	0
Miscellaneous Income									-	0
Total Revenues	-	61,456	4,988,643	15,074	72,464	-	-	57	5,137,694	4,063,218
Administrative & Project Expenditures									505,737	621,784
Watermaster Administration	505,737								50,960	37,018
Watermaster Board-Advisory Committee	50,960								141,979	91,153
Pool Administration			18,132	119,970	3,877				1,350,227	1,019,183
Optimum Basin Mgmt Administration		1,350,227							3,120,646	3,733,694
OBMP Project Costs		3,120,646							375	375
Education Funds Use								375	29,363	80,004
Mutual Agency Project Costs	29,363								375	5,583,211
Total Administrative/OBMP Expenses	586,060	4,470,873	18,132	119,970	3,877					
Net Administrative/OBMP Income	(586,060)	(4,409,417)							-	0
Allocate Net Admin Income To Pools	586,060		455,105	122,670	8,285				-	0
Allocate Net OBMP Income To Pools		4,409,417	3,424,132	922,948	62,337				-	0
Agricultural Expense Transfer			1,156,938	(1,156,938)					-	0
Total Expenses			5,054,306	8,650	74,500	-	-	375	5,199,287	5,583,211
Net Administrative Income			(65,663)	6,424	(2,036)			(318)	(61,593)	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						6,635,065			6,635,065	0
MZ1 Supplemental Water Assessments									-	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(7,687,991)			(7,687,991)	0
Net Other Income						(1,052,926)			(1,052,926)	(99,000)
Net Transfers To/(From) Reserves			(65,663)	6,424	(2,036)	(1,052,926)		(318)	(1,114,519)	(1,618,993)
Working Capital, July 1, 2005			4,450,869	464,653	187,298	3,580,499	158,251	2,238	8,843,808	
Working Capital, End Of Period			4,385,206	471,077	185,262	2,527,573	158,251	1,920	7,729,289	
04/05 Production			127,810.967	34,450.449	2,326.836				164,588.252	
04/05 Production Percentages			77.655%	20.931%	1.414%				100.000%	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
MAY 1 THROUGH MAY 31, 2006**

DEPOSITORIES:		\$	500
Cash on Hand - Petty Cash			
Bank of America			
Governmental Checking-Demand Deposits	\$ 196,838		
Savings Deposits	9,697		
Zero Balance Account - Payroll	<u> -</u>		206,535
Vineyard Bank CD - Agricultural Pool			420,493
Local Agency Investment Fund - Sacramento			<u>8,555,983</u>
TOTAL CASH IN BANKS AND ON HAND	5/31/2006		\$ 9,183,511
TOTAL CASH IN BANKS AND ON HAND	4/30/2006		11,138,076
PERIOD INCREASE (DECREASE)			<u>\$ (1,954,565)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	\$	(32,022)
Assessments Receivable		-
Prepaid Expenses, Deposits & Other Current Assets		-
(Decrease)/Increase in Liabilities: Accounts Payable		384,892
Accrued Payroll, Payroll Taxes & Other Current Liabilities		(16,040)
Transfer to/(from) Reserves		<u>(2,291,395)</u>
PERIOD INCREASE (DECREASE)		<u>\$ (1,954,565)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Savings	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 4/30/2006	\$ 500	\$ 152,857	\$ -	\$ 9,697	\$ 419,039	\$ 10,555,983	\$ 11,138,076
Deposits	-	-	-	-	1,454	-	1,454
Transfers	-	1,948,138	51,862	-	-	(2,000,000)	-
Withdrawals/Checks	-	(1,904,157)	(51,862)	-	-	-	(1,956,019)
Balances as of 5/31/2006	<u>\$ 500</u>	<u>\$ 196,838</u>	<u>\$ -</u>	<u>\$ 9,697</u>	<u>\$ 420,493</u>	<u>\$ 8,555,983</u>	<u>\$ 9,183,511</u>
PERIOD INCREASE OR (DECREASE)	<u>\$ -</u>	<u>\$ 43,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,454</u>	<u>\$ (2,000,000)</u>	<u>\$ (1,954,565)</u>

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
MAY 1 THROUGH MAY 31, 2006**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
4/15/2006	Withdrawal		\$ (500,000)				
4/13/2006	Interest		\$ 110,417				
TOTAL INVESTMENT TRANSACTIONS			\$ (389,583)	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 4.03% was the effective yield rate at the Quarter ended March 31, 2006

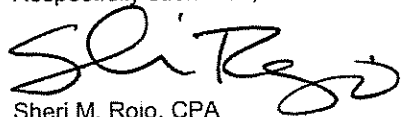
**INVESTMENT STATUS
May 31, 2006**

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 8,555,983			
TOTAL INVESTMENTS	\$ 8,555,983			

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

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

Respectfully submitted,



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

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2005 through May 2006

	<u>Jul '05 - May 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	61,456.14	132,000.00	-70,543.86	46.56%
4110 · Admin Asmnts-Approp Pool	4,781,346.88	4,804,121.00	-22,774.12	99.53%
4120 · Admin Asmnts-Non-Agri Pool	66,160.17	73,425.00	-7,264.83	90.11%
4700 · Non Operating Revenues	228,730.59	78,330.00	150,400.59	292.01%
Total Income	<u>5,137,693.78</u>	<u>5,087,876.00</u>	<u>49,817.78</u>	<u>100.98%</u>
Gross Profit	5,137,693.78	5,087,876.00	49,817.78	100.98%
Expense				
6010 · Salary Costs	410,949.81	404,153.00	6,796.81	101.68%
6020 · Office Building Expense	80,230.75	97,850.00	-17,619.25	81.99%
6030 · Office Supplies & Equip.	44,306.97	47,500.00	-3,193.03	93.28%
6040 · Postage & Printing Costs	74,328.36	75,700.00	-1,371.64	98.19%
6050 · Information Services	96,169.23	103,500.00	-7,330.77	92.92%
6060 · Contract Services	34,839.69	130,500.00	-95,660.31	26.7%
6080 · Insurance	18,676.80	24,210.00	-5,533.20	77.15%
6110 · Dues and Subscriptions	10,811.35	14,000.00	-3,188.65	77.22%
6140 · WM Admin Expenses	2,824.65	6,500.00	-3,675.35	43.46%
6150 · Field Supplies	1,003.17	4,050.00	-3,046.83	24.77%
6170 · Travel & Transportation	52,657.12	45,200.00	7,457.12	116.5%
6190 · Conferences & Seminars	17,130.13	17,500.00	-369.87	97.89%
6200 · Advisory Comm - WM Board	11,909.74	14,082.00	-2,172.26	84.57%
6300 · Watermaster Board Expenses	39,050.15	29,782.00	9,268.15	131.12%
8300 · Appr PI-WM & Pool Admin	18,131.56	15,347.00	2,784.56	118.14%
8400 · Agri Pool-WM & Pool Admin	18,132.43	18,756.00	-623.57	96.68%
8467 · Agri-Pool Legal Services	93,187.98	45,000.00	48,187.98	207.08%
8470 · Ag Meeting Attend -Special	8,650.00	10,000.00	-1,350.00	86.5%
8500 · Non-Ag PI-WM & Pool Admin	3,877.36	7,423.00	-3,545.64	52.23%
6500 · Education Funds Use Expens	375.00	375.00	0.00	100.0%
9500 · Allocated G&A Expenditures	-338,190.57	-378,284.00	40,093.43	89.4%
Subtotal Administrative Expenditures	<u>699,051.68</u>	<u>733,144.00</u>	<u>-34,092.32</u>	<u>95.35%</u>
6900 · Optimum Basin Mgmt Plan	1,233,758.60	996,767.00	236,991.60	123.78%
6950 · Mutual Agency Projects	29,363.00	75,000.00	-45,637.00	39.15%
9501 · G&A Expenses Allocated-OBMP	116,468.60	109,541.00	6,927.60	106.32%
Subtotal OBMP Expenditures	<u>1,379,590.20</u>	<u>1,181,308.00</u>	<u>198,282.20</u>	<u>116.79%</u>
7101 · Production Monitoring	71,355.54	68,755.00	2,600.54	103.78%
7102 · In-line Meter Installation	56,381.66	97,954.00	-41,572.34	57.56%
7103 · Grdwtr Quality Monitoring	73,777.96	66,503.00	7,274.96	110.94%
7104 · Gdwtr Level Monitoring	143,828.45	184,812.00	-40,983.55	77.82%
7105 · Sur Wtr Qual Monitoring	13,223.48	90,223.00	-76,999.52	14.66%
7106 · Wtr Level Sensors Install	0.00	5,734.00	-5,734.00	0.0%
7107 · Ground Level Monitoring	449,870.86	554,825.00	-104,954.14	81.08%
7108 · Hydraulic Control Monitoring	319,953.12	495,368.00	-175,414.88	64.59%
7109 · Recharge & Well Monitoring Prog	263,450.56	133,061.00	130,389.56	197.99%
7200 · PE2- Comp Recharge Pgm	795,574.14	759,105.00	36,469.14	104.8%

2:23 PM
 07/06/06
 Accrual Basis

CHINO BASIN WATERMASTER
 Profit & Loss Budget vs. Actual
 July 2005 through May 2006

	<u>Jul '05 - May 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7300 · PE3&5-Water Supply/Desalte	338.93	12,548.00	-12,209.07	2.7%
7400 · PE4- Mgmt Plan	211,420.96	1,081,014.00	-869,593.04	19.56%
7500 · PE6&7-CoopEfforts/SaltMgmt	91,136.57	255,769.00	-164,632.43	35.63%
7600 · PE8&9-StorageMgmt/Conj Use	7,547.37	77,268.00	-69,720.63	9.77%
7690 · Recharge Improvement Debt Pymt	399,761.00	300,000.00	99,761.00	133.25%
7700 · Inactive Well Protection Prgm	1,303.50	12,128.00	-10,824.50	10.75%
9502 · G&A Expenses Allocated-Projects	221,721.94	268,742.00	-47,020.06	82.5%
Subtotal G&A Expenditures	3,120,646.04	4,463,809.00	-1,343,162.96	69.91%
Total Expense	5,199,287.92	6,378,261.00	-1,178,973.08	81.52%
Net Ordinary Income	-61,594.14	-1,290,385.00	1,228,790.86	4.77%
Other Income/Expense				
Other Income				
4231 · MZ1 Assigned Water Sales	0.00	600,000.00	-600,000.00	0.0%
4210 · Approp Pool-Replenishment	6,635,065.45	0.00	6,635,065.45	100.0%
Total Other Income	6,635,065.45	600,000.00	6,035,065.45	1,105.84%
Other Expense				
5010 · Groundwater Replenishment	7,687,990.60	699,000.00	6,988,990.60	1,099.86%
9999 · To/(From) Reserves	-1,114,519.29	-1,389,385.00	274,865.71	80.22%
Total Other Expense	6,573,471.31	-690,385.00	7,263,856.31	-952.15%
Net Other Income	61,594.14	1,290,385.00	-1,228,790.86	4.77%
Net Income	0.00	0.00	0.00	0.0%



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. WATER TRANSACTIONS

1. Notice of Sale or Transfer – Fontana Water Company has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet.
2. Notice of Sale or Transfer - the one-year lease of 5, 350 acre-feet of water from City of Chino to Cucamonga Valley Water District.
3. Notice of Sale or Transfer – the lease of 2, 500 acre-feet of water from the City of Pomona to Cucamonga Valley Water District



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 31, 2006

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **May 30, 2006**

Date of this notice: **May 31, 2006**

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

- A. Notice of Sale or Transfer – the lease of 2,500 acre-feet of water, first from the City of Pomona's (Pomona) net underproduction, if any, from its FY 2005/2006 allocation, with any remainder from Pomona's local storage account in the Chino Basin, to the Cucamonga Valley Water District.

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

Appropriative Pool: June 8, 2006

Non-Agricultural Pool: June 8, 2006

Agricultural Pool: June 20, 2006

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 31, 2006

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



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: May 31, 2006
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – the lease of 2,500 acre-feet of water, first from the City of Pomona's (Pomona) net underproduction, if any, from its FY 2005/2006 allocation, with any remainder from Pomona's local storage account in the Chino Basin, to the Cucamonga Valley Water District.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – the lease of 2,500 acre-feet of water, first from the City of Pomona's (Pomona) net underproduction, if any, from its FY 2005/2006 allocation, with any remainder from Pomona's local storage account in the Chino Basin, to the Cucamonga Valley Water District.

Notice of the water transaction identified above was mailed on May 31, 2006 along with the materials submitted by the requestors.

DISCUSSION

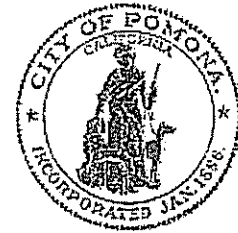
Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is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

THE CITY OF
POMONA

Utility Services Department

HENRY PEPPER
Utility Services Director

VIA TELEFAX (909) 484-3890 AND U.S. MAIL



May 30, 2006

Ms. Danielle Maurizio
P.E., Senior Engineer
Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, CA 91730

RE: Lease of Water in the Chino Basin, FY 2005/2006

Dear Ms. Maurizio:

This letter is to notify Watermaster of the lease of 2,500 acre feet of water, first from the City of Pomona's (Pomona) net underproduction, if any, from its FY 2005/2006 allocation, with any remainder from Pomona's local storage account in the Chino Basin, to the Cucamonga Valley Water District (CVWD). The water is to be placed in CVWD's storage account for possible future production. Since the appropriate forms have been delivered to your office, please agendize the proposed purchase at the earliest possible opportunity.

If you have any questions or require additional information concerning this matter, please contact me at (909) 620-2283. Thank you.

Sincerely,



Henry Pepper
Utility Services Director

HP:gc

cc: Robert DeLoach, General Manager, Cucamonga Valley Water District
Meg McWade, Utility Business Services Manager
Jim Taylor, Water/Wastewater Operations Manager

I:usadmin\Henry\DM FY 05/06 Lease to CVWD

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # 15, 15.1, 15.2, 15.3, 15.4

CITY OF POMONA
Name of Party

5/17/2006
Date Requested Date Approved

505 South Garey Avenue
Street Address

2,500 Acre-feet
Amount Requested Amount Approved

Pomona CA 91769
City State Zip Code

Telephone: (909) 620-2283

Facsimile: (909) 620-2030

Henry Pepper, Utility Services Director
Applicant

TRANSFER TO:

Cucamonga Valley Water District
Name of Party

Attach Recapture Form 4

10440 Ashford Street
Street Address

Rancho Cucamonga CA 91730-2799
City State Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

WATER QUALITY AND WATER LEVELS

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?
Not Applicable.

MATERIAL PHYSICAL INJURY

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

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

Not Applicable.

ADDITIONAL INFORMATION ATTACHED Yes [] No [x]

Henry Pepper, Utility Services Director
Applicant City of Pomona

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

Cucamonga Valley Water District
Name of Party

May 18, 2006
Date Requested

Date Approved

10440 Ashford Street
Street Address

2500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91730
City State Zip Code

Varies
Projected Rate of
Recapture

July 1, 2005 – June 30, 2006
Projected Duration of
Recapture

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

IDENTITY OF PERSON THAT STORED THE WATER: City of Pomona

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Cucamonga Valley Water District's service area (see attached map) Management Zone 2

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

N/A

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 429' to 494'. Of the wells routinely pumped, nitrate levels vary from a
Low of 5.4 ppm to a high of 16 ppm

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Raw A. [Signature]
Applicant

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2005 - 2006

Commencing on July 1, 2005 and terminating on June 30, 2006, City of Pomona ("Transferor") hereby transfers to Cucamonga Valley Water District ("Transferee") the quantity of 2500 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs CITY OF CHINO, et al.," RCV 51010 (formerly Case No SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 429' to 494'. Of the wells routinely pumped, nitrate levels vary from a low of 5.4 ppm to a high of 16 ppm.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Transferor J. Taylor

Transferee Ron S. Fisher

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

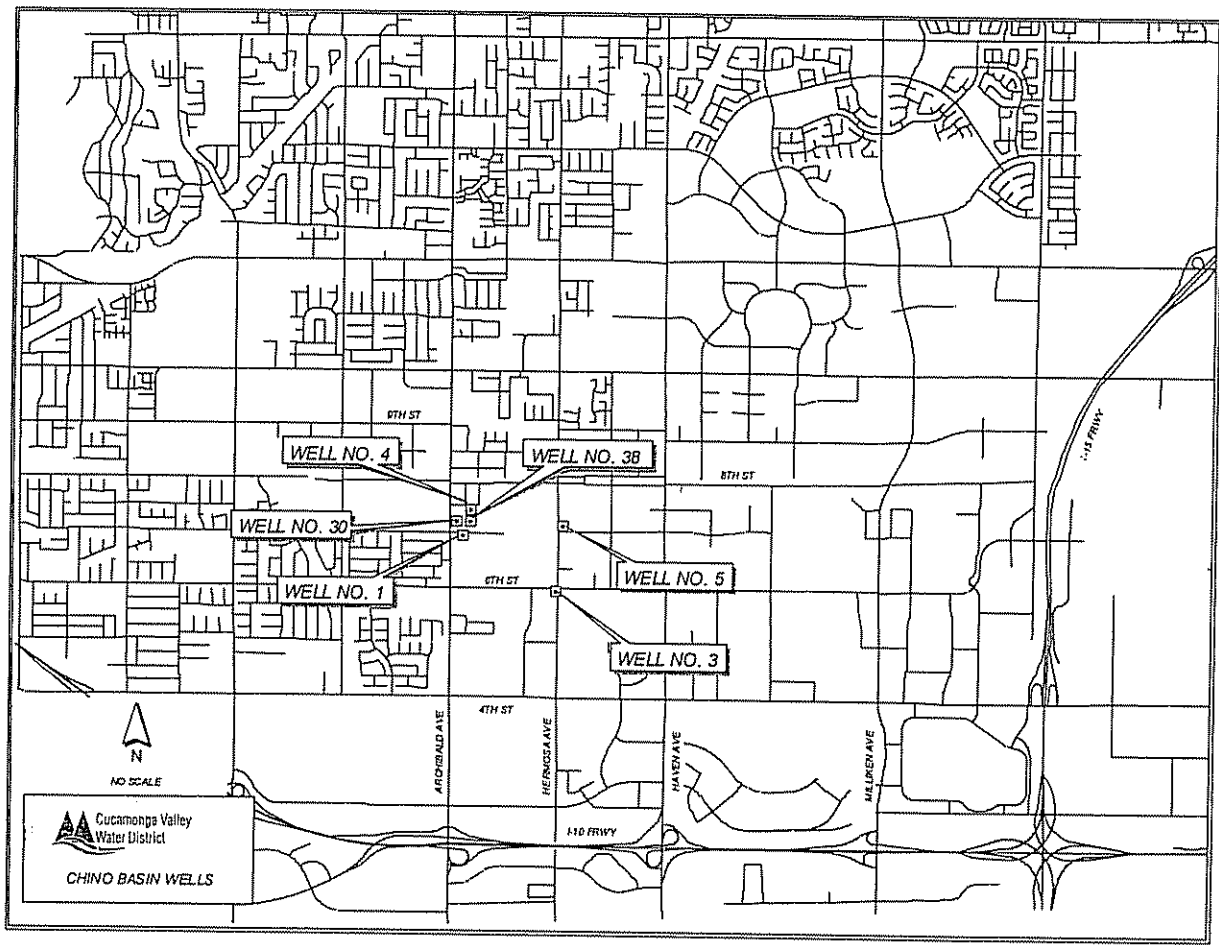
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 16, 2006

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **May 11, 2006**

Date of this notice: **May 16, 2006**

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

- A. Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006.

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

Appropriative Pool:	June 8, 2006
Non-Agricultural Pool:	June 8, 2006
Agricultural Pool:	June 20, 2006

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 16, 2006

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



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: May 16, 2006
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

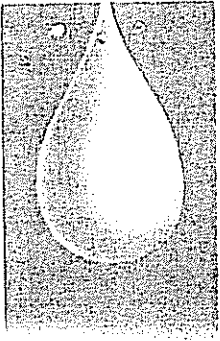
The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006.

Notice of the water transaction identified above was mailed on May 16, 2006 along with the materials submitted by the requestors.

DISCUSSION

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



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

6440 NUEVO AVENUE • P.O. BOX 987 FONTANA, CALIFORNIA 92334 • (909) 622-2201

RECEIVED

May 11, 2006

MAY 15 2006

CHINO BASIN WATERMASTER

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

Subject: Purchase of Water in Storage
Chino Basin-Fiscal Year 2005/2006

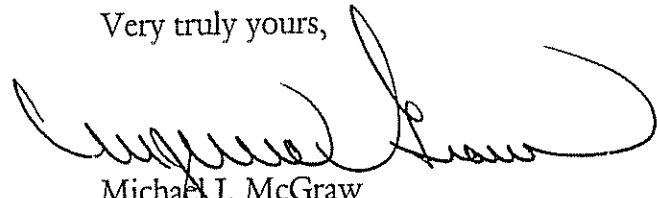
Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006.

Enclosed are fully executed Chino Basin Watermaster Forms No. 3 and 4, along with the company's Recapture Plan for consideration by Watermaster. Please agendize this proposed transfer at the earliest possible opportunity.

If you should have any question or require additional information concerning this matter, please call me.

Very truly yours,



Michael J. McGraw
General Manager

MJM:bf
Enclosures

Form 3

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

TRANSFER FROM LOCAL STORAGE AGREEMENT #

Cucamonga Valley Water District
Name of Party

April 6, 2006

Date Requested

Date Approved

10440 Ashford Street
Street Address

2,500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91728
City State Zip Code

Telephone: (909) 887-2591

Facsimile: (909) 478-8032

X *Robert A. DeLoach*
Robert A. DeLoach, General Manager
Cucamonga Valley Water District

TRANSFER TO:

Fontana Water Company
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue
Street Address

Fontana CA 92334
City State Zip Code

Telephone (909) 822-2201

Facsimile: (909) 823-5046

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

WATER QUALITY AND WATER LEVELS

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

Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE

APPLICANT

Fontana Water Company April 6, 2006
Name of Party Date Requested Date Approved
8440 Nuevo Avenue 2,500 Acre-feet
Street Address Amount Requested Amount Approved
Fontana CA 92335
City State Zip Code Projected Rate of Recapture Projected Duration of Recapture
Telephone: (909) 822-2201 Facsimile: (909) 823-5046

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

IDENTITY OF PERSON THAT STORED THE WATER: Cucamonga Valley Water District

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Fontana Water Company's Service Area

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

N/A

WATER QUALITY AND WATER LEVELS

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

Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

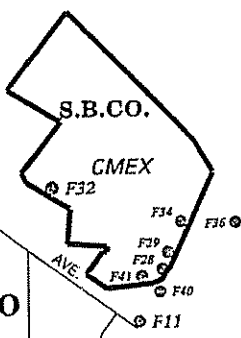
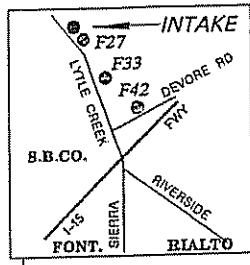
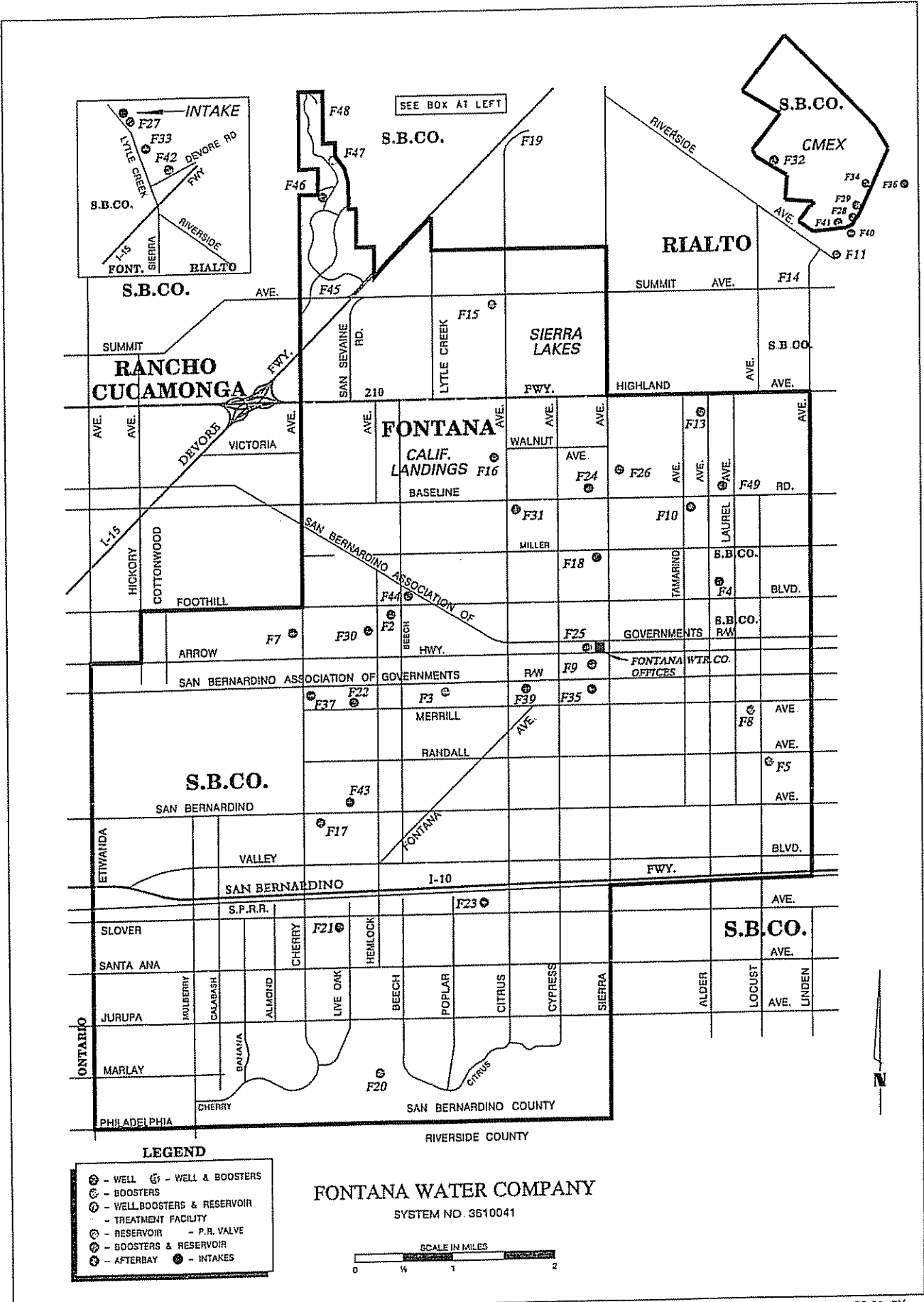
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater from Cucamonga Valley Water District to Fontana Water Company (FWC) of 2,500 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2005/2006. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

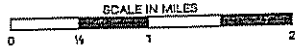
<u>Well</u>	<u>Production</u> <u>Acre-Feet/Day</u>
F23A	10.6
F21A	5.7
F37A	5.7
F7A	11.0
F22A	8.2
F24A	8.4
F26A	8.6
F31A	7.3
F2A	10.6
F30A	5.1
F44A	11.0
F44B	10.6
F44C	10.6
F17B	5.7
F17C	7.1
Daily Total	126.2

The attached map shows the location of these wells within FWC's service area. Prior to 1992, water produced from the majority of these wells was pumped within Management Zone 3 by Fontana Union Water Company with safe yield rights in the Chino Groundwater Basin. However, as a result of a bankruptcy settlement agreement dated February 7, 1992 all of Fontana Union's Chino Groundwater Basin water, including overlying (agricultural) pool reallocation, is annually transferred to Cucamonga Valley Water District's storage account. Pursuant to the same 1992 bankruptcy settlement agreement, Fontana Water Company acquired Fontana Union's water production wells and continues to produce water from Management Zone 3, in the same manner and for the same purpose as had been done prior to 1992.



- LEGEND**
- ⊕ - WELL ⊕ - WELL & BOOSTERS
 - ⊙ - BOOSTERS
 - ⊕ - WELL, BOOSTERS & RESERVOIR
 - ⊙ - TREATMENT FACILITY
 - ⊙ - RESERVOIR - P.R. VALVE
 - ⊕ - BOOSTERS & RESERVOIR
 - ⊕ - AFTERBAY ⊕ - INTAKES

FONTANA WATER COMPANY
SYSTEM NO. 3610041



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 15, 2006

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **May 10, 2006**

Date of this notice: **May 15, 2006**

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

- A. Notice of Sale or Transfer – the one-year lease of 5,350 acre-feet of water from the City of Chino's annual production rights to the Cucamonga Valley Water District. This lease is made first from Chino's net underproduction in Fiscal Year 2005-2006, with any remainder to be recaptured from storage.

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

Appropriative Pool:	June 8, 2006
Non-Agricultural Pool:	June 8, 2006
Agricultural Pool:	June 20, 2006

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 15, 2006

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



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: May 15, 2006
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – the one-year lease of 5,350 acre-feet of water from the City of Chino's annual production rights to the Cucamonga Valley Water District. This lease is made first from Chino's net underproduction in Fiscal Year 2005-2006, with any remainder to be recaptured from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – the one-year lease of 5,350 acre-feet of water from the City of Chino's annual production rights to the Cucamonga Valley Water District. This lease is made first from Chino's net underproduction in Fiscal Year 2005-2006, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on May 15, 2006 along with the materials submitted by the requestors.

DISCUSSION

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

DENNIS R. YATES
Mayor

GLENN DUNCAN
Mayor Pro Tem



EARL C. ELROD
TOM HAUGHEY
EUNICE M. ULLOA
Council Members

GLEN ROJAS
City Manager

CITY of CHINO

RECEIVED
MAY 08 2006

CHINO BASIN WATERMASTER

May 5, 2006

Mr. Ken Manning
Chief Executive Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Subject: Lease of Water Production in Chino Basin

Dear Mr. Manning:

This letter is to notify Watermaster of the one-year lease of 5,350 acre-feet of water from the City of Chino's annual production rights to the Cucamonga Valley Water District. This lease is made first from Chino's net underproduction in Fiscal Year 2005-2006, with any remainder to be recaptured from storage.

Executed original Watermaster forms and all supporting documentation shall be provided under separate cover. Please advise me as to when this transaction will be scheduled for Watermaster committee review/action.

Please contact me at (909) 591-9823 if you have any questions.

Sincerely,

David G. Crosley, P.E.
Water & Environmental Manager

DGC:djm

cc: Robert DeLoach (Cucamonga Valley Water District)
Sheri Rojo (Chino Basin Watermaster)



DENNIS R. YATES
Mayor

GLENN DUNCAN
Mayor Pro Tem



RECEIVED

MAY 11 2006

EARL C. ELROD
TOM HAUGHEY
EUNICE M. ULLOA
Council Members

CHINO BASIN WATERMASTER

GLEN ROJAS
City Manager

CITY of CHINO

May 10, 2006

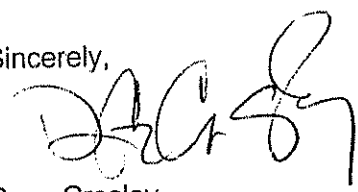
Chino Basin Water Master
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Subject: Chino/CVWD Transfer

We are hereby transmitting to you separately enclosed, the following:

- | | | | | |
|----------|-------------------------------------|----------------------|--------------------------|----------------------|
| Purpose: | <input type="checkbox"/> | For necessary action | <input type="checkbox"/> | For your information |
| | <input type="checkbox"/> | For checking | <input type="checkbox"/> | For your comments |
| | <input type="checkbox"/> | For approval | <input type="checkbox"/> | Per your request |
| | <input checked="" type="checkbox"/> | For Processing | | |

Remarks: Any questions, please call me at (909) 591-9823

Sincerely,

Dave Crosley
Water & Environmental Manager

DC:ml



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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

City of Chino
Name of Party

13220 Central Avenue
Street Address

Chino CA 91710-4127
City State Zip Code

Telephone: (909) 627-7577

David Crosley
Applicant

May 5, 2006
Date Requested

Date Approved

5350 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Facsimile: (909) 591-6829

TRANSFER TO:
Cucamonga Valley Water District

Attach Recapture Form 4

Name of Party
10440 Ashford Street
Street Address

Rancho Cucamonga CA 91730
City State Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 418' to 503'. Of the wells routinely pumped, nitrate levels vary from a low of 3.5 ppm
to a high of 38 ppm.

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant

[Handwritten signature]
5/5/06

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

**APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE**

APPLICANT

Cucamonga Valley Water District
Name of Party

May 5, 2006
Date Requested

Date Approved

10440 Ashford Street
Street Address

5350 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91730
City State Zip Code

Varies
Projected Rate of
Recapture

July 1, 2005 – June 30, 2006
Projected Duration of
Recapture

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

IDENTITY OF PERSON THAT STORED THE WATER: City of Chino

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Cucamonga Valley Water District's service area (see attached map) Management Zone 2

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

N/A

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 418' to 503'. Of the wells routinely pumped, nitrate levels vary from a low of 3.5 ppm to a high of 38 ppm

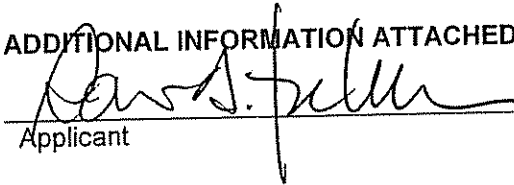
MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Applicant

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2005 - 2006

Commencing on July 1, 2005 and terminating on June 30, 2006, City of Chino ("Transferor") hereby transfers to Cucamonga Valley Water District ("Transferee") the quantity of 5350 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 418' to 503'. Of the wells routinely pumped, nitrate levels vary from a low of 3.5 ppm to a high of 38 ppm.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No []

Transferor

Transferee

DSS 5/9/06

[Signature]

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

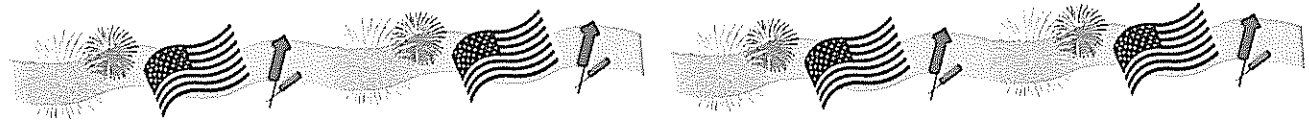
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____



CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

C. INLAND EMPIRE UTILITIES AGENCY

1. Monthly Water Conservation Programs Report
2. Monthly Imported Water Deliveries Report
3. State and Federal Legislative Reports
4. Community Outreach/Public Relations Report



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

July 20, 2006

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

Written Updates:

- Monthly Water Conservation Programs Report
- Monthly Imported Water Deliveries Report
- State and Federal Legislative Reports
- Community Outreach/Public Relations Report

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Regional Conservation Programs

Monthly Report-July

Water Resources Activities

- **2005 Urban Water Management Plan**- By request of the retail agencies, IEUA has amended the 2005 UWMP to extend projections an additional five years to 2030. A public hearing took place on June 21st, followed by the adoption of the amendment by the board of directors.

MWD Activities

- **California Friendly Marketing Campaign**- The "California Friendly" campaign is an effort by MWD and its member agencies to get people to conserve resources by using water and energy efficient products along with changing to water efficient landscapes. The California Friendly campaign was kicked off on April 10, 2006, with TV advertisements, public service announcements, magazine advertisements, and other materials. The various types of advertisements will continue through July. In the fall, the campaign will focus on the CII sector.

Landscape Programs

- **"SmarTimer of Inland Empire" Program**- The Conservation Partnership is holding a regional SmarTimer exchange event on July 22nd at the Chino Basin Water Conservation District, where 230 irrigation controllers will be exchanged. Residents also have the opportunity to apply for a rebate if they personally purchase a qualifying SmarTimer controller.
- **Phase II Landscape Audit Program** - The Conservation Partnership reviewed bids for this program in June and agreed on the recommendation of a contract with HydroEarth to conduct the program. The proposal for this contract will go to board on August 16, 2006.
- **Ontario Cares**- City of Ontario will implement a pilot project to integrate "California Friendly" into the city's program to improve existing neighborhoods. A 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 and then implement the "California Friendly" landscape designs.
- **Landscape Collaborative**- IEUA staff met with city officials to consider the formation of a landscape task force to coordinate water efficient landscaping throughout the regions programs and policy recommendations.

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)**- Honeywell brainstormed marketing strategies for the IEUA service which include tailoring existing materials to target our area, new bill inserts, and to have representatives present at local chamber meetings, agency events and other significant events. Honeywell will implement their three month push strategy where they will send three mailers to customers and then call to entice participation.
The following is a list of rebate activity for FY 05/06 within the IEUA service area:
 - **High Efficiency Clothes Washers** – There were 8 clothes washer rebates for the month of June. To date 335 commercial high efficiency clothes washers have been installed in our service area since FY 00/01.
 - **Conductivity Controller Cooling Tower** – 1 controller was installed in FY 05/06 bringing the total to 15 conductivity controllers installed through the Save-a-Buck program since FY 00/01.
 - **ULF Toilets** – 161 ULFTs were rebated in June bringing the total to 1,502 ULFTs in our service area since FY 00/01.
 - **Waterless Urinals** – 4 waterless urinals were installed in the month of April. This was the first installation of waterless urinals rebated for in the IEUA service area.
 - **Water Broom** – 1 water broom was rebated in June bringing the total to 694 since FY 00/01.
 - **SmarTimer Controllers** – 22 SmarTimer Controllers were rebated in May. These are the first commercial controller rebates through the CII program in the IEUA service area.
- **Restaurant Spray Heads**- This program is being implemented by the CUWCC. Phase II was completed in December, 2005 with approximately 861 spray nozzles installed in our service area. To date approximately 1,192 spray heads have been installed. Phase III began in March and will end in December 2006.

Residential Programs

- **Multi-Family ULF Toilet Program**- The 6,000 toilet retrofits for FY 04/05-05/06 were completed by WaterWise Consulting by the end of their contract on June 30th. The next round of the program will consist of 22,500 retrofits conducted by Bottom Line Utilities, Inc., to commence in late July.

- **High Efficiency Clothes Washer Rebate**- Approximately 131 rebates were issued during June, bringing the total for the FY 05/06 to 1,365 rebates. This brings the total number of rebates to approximately 6,424 since the rebate program began in 2002.

School Education Programs

- **Garden in Every School**- Applications for the 2006/07 Garden in Every School program were sent to schools in June. The workshop will be held on July 26th at Ranch View Elementary School in Ontario. Applications are due August 14, 2006 and the program will kick off in September.
- **National Theatre for Children**- The Conservation Partnership has approved to continue the contract with the National Theatre for Children for FY 06/07. The proposal will go to IEUA's board in July for approval.
- **Groundwater Model**- Chino Hills' and IEUA's 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)** - The MWD Solar Cup event took place May 19th through May 21st, 2006. IEUA (as the member agency) was represented by three schools: Chino Hills High School and Ayala High School in Chino Hills, and Upland High School. 1st place was awarded to Diamond Bar High School. Chino Hill High School was awarded 2nd place, and 3rd place was awarded to Charter Oak High School.

Outreach

- **Water Fair**- The Water Fair committee has been meeting every month to plan a fair that will provide information on rebates and promote other ways to conserve water in our region. The event is set for October 14, 2006 and will take place at Montclair Plaza.
- **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)** – Over the past few months, the members of WEWAC have been discussing and approving initiatives for the next year. The awards ceremony for the Annual Video Contest took place May 4th where Bonita High School was announced and recognized as the 1st place winner.
- **BMP Support Grants**- No new action.

Water Conservation Budget/Actual (As of 5/01/06)

<u>Revenues (est.)</u>	<u>Annual Budget</u>	<u>Est. Actual to date (FY05/06)</u>
Imported \$4/AF Surcharge	\$380,000	\$352,856
Retail Meter Revenue	\$54,863	\$54,863
Property Tax	\$75,000	\$75,000
Regional Sewage Fund Transfer	\$50,000	\$50,000
Interest	\$25,800	\$25,800
Subtotal	\$583,663	\$558,519
Other Agency Funding		
MWD (est. CCP Credits & Rebates)	\$668,000	\$325,210
Subtotal	\$668,000	\$375,590
Total Budget	\$1,251,663	\$355,448
Expenditures		
HECWs	\$110,000	\$164,517
ULFTs	\$830,700	\$814,764
Landscape Programs	\$148,000	\$11,054
CUWCC Dues	\$11,000	\$14,258
Education Programs	\$95,000	\$68,431
Agency Support	\$2,500	\$2,500
CII Marketing	\$27,000	\$20,670
BMP Partnership Funding	\$2,000	\$2,000
Public Information	\$56,000	\$17,630
Totals	\$1,282,200	\$1,115,824

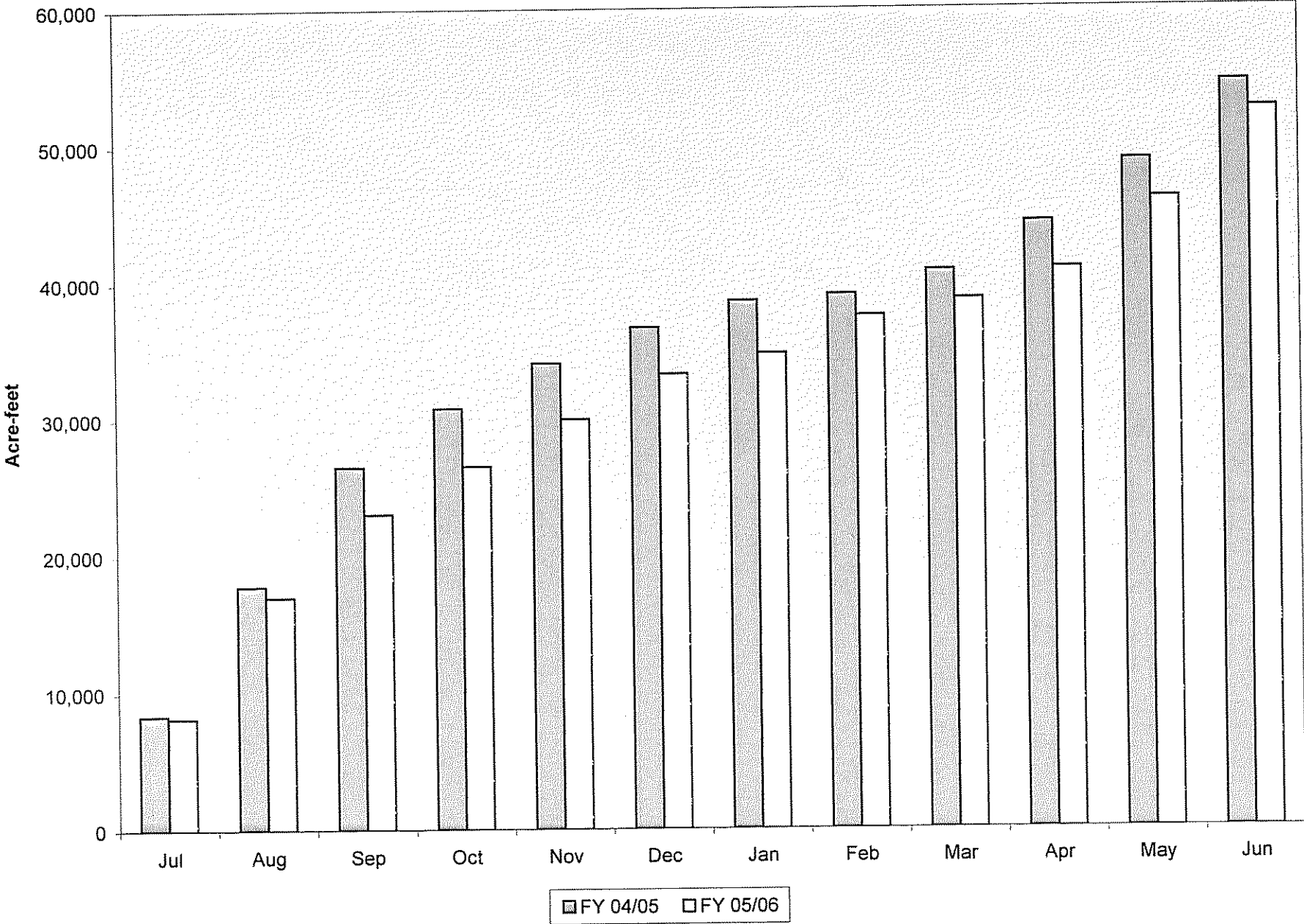
Upcoming Events

CALENDAR

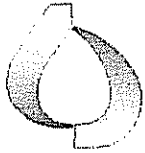
July 22, 2006	SmarTimer Exchange Event (Chino Basin Water Conservation District)
July 26, 2006	Garden in Every School Workshop (Ranch View Elementary School, Ontario)
August 9, 2006	CUWCC Steering Committee (San Diego)
August 14, 2006	Garden in Every School Applications Due
September 6, 2006	CUWCC Plenary Session (Santa Rosa)
September 23, 2006	PDA Mini Landscape Class (Cucamonga Valley Water District)
October 14, 2006	Water Fair (Montclair Plaza)

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



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Inland Empire
UTILITIES AGENCY

Date: July 19, 2006
To: The Honorable Board of Directors
Through: Public, Legislative Affairs and Water Resources Committee (7/12/06)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis 
Executive Manager of Policy Development
Subject: June 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:mef

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Copeland Lowery Jacquez Denton White LLC

Specializing in Government Relations

MEMORANDUM

TO: Rich Atwater and Martha Davis, IEUA

FROM: Letitia White and Heather McNatt

RE: June Monthly Legislative Report

DATE: June 16, 2006

CLJ has continued to promote IEUA's Washington legislative agenda during the past month. We have monitored the appropriations bills as they moved through the House floor and been in contact with House staff about strategies for ensuring that the funding that has been secured is protected throughout the process. Our staff has also been researching opportunities for IEUA in the Energy Department's gasification offices and is ready to discuss that issue with you at any time.

June is always a very busy month on Capitol Hill. Congress has only two weeks remaining before July 4th recess, and there is a great deal of work to be done in both the House and Senate. The Senate will spend next week debating the FY '07 Defense Authorization bill. It will be a platform for debating the war in Iraq and numerous other military policy issues. The House will also focus on defense issues as it spends next week debating the FY '07 Defense Appropriations bill. When the Defense bill is completed, the House will consider a line-item veto bill and reauthorization of the Voting Rights Act.

Water Issues in Congress

After a busy month of water legislation last month, Congress has shifted focus to other issues. But several important water bills are being discussed behind the scenes. WRDA, which has been languishing in the Senate for months, has become a priority for a group of Senators with interests in the bill. They are working to establish a compromise on floor debate for the bill, which will enable it to move through the Senate with relatively few problems. However, critics of the Corps maintain that the Senate version of the bill does not go far enough to reform the Corps' processes. The WRDA measure is of critical importance for navigation and flood control projects around the country, and Congress is several years overdue for passing it.

Title 16 reform legislation for the Bureau of Reclamation is also in the draft stages. Hill staff is very interested in overhauling the way Title 16 programs move through the agency, but there is some debate about how to best do that without inflating the bureaucracy and increasing costs. The Congressional Research Service (CRS) is preparing a detailed report on Title 16, which is due to be released soon. The good news is that Capitol Hill knows the value of Title 16 and wants to ensure that it survives. We will continue to keep you updated as the efforts progress.

FY '06 Emergency Supplemental Appropriations Bill

President Bush signed the 2006 Emergency Supplemental Appropriations bill on Thursday, only hours after it received final approval from the Senate. The conference report was delayed by intense negotiations over the funding level and numerous riders that were attached to the must-pass measure. Conferees had to bridge a more than \$14 billion gap between the Senate's \$108.9 billion version of the bill and the President's limit of \$94.5 billion. The House leadership had stated it would not support a bill that is \$1 more than what the President has asked.

Conferees made drastic cuts to Senate provisions that funded a wide range of projects in order to reach the \$94.5 billion spending level acceptable to the House and White House. \$65.8 billion of the bill's costs are for military operations in Iraq and Afghanistan. That money will fund day-to-day operations and maintenance costs for the military, humanitarian and foreign aid and training and equipment funds for Iraqi and Afghan security and police forces. \$19.8 billion is for Gulf Coast recovery.

Conferees included an additional \$30.4 million for levee repairs in the Sacramento area. Of the new funding, \$23.3 million is allocated for Sacramento River Bank Protection and \$7.1 million for South Sacramento County Streams.

One provision of note relates to appropriators' growing unease with the Administration requests for war funding through supplemental appropriations bills, rather than the annual appropriations process. The bill includes nonbinding language telling the administration, beginning with fiscal 2008, to submit its request for war costs in the president's annual budget submission.

The Supplemental bill will also allow the Senate to begin work on its FY07 appropriations bills because it includes a provision to "deem" the budget cap for the coming fiscal year at \$873 billion. That limit is lower than the Senate budget resolution, which called for \$889 billion in discretionary spending, and sets the stage for difficult negotiations on some of the appropriations bills, specifically Labor HHS Education. The Senate budget resolution included an extra \$7 billion for health and education programs funded by the Labor HHS bill; but this funding was not included as part of the \$873 billion budget cap.

FY07 Appropriations Summary

The House is moving quickly through the appropriations process. As of today, all of the funding bills have passed the House floor except for Defense, Labor HHS and Science State Justice Commerce. Like last year, Chairman Lewis is committed to passing all eleven appropriations bills off the House floor by July 4th recess in the hopes of avoiding an Omnibus appropriations bill at the fiscal year's end. Unfortunately, a controversy has arisen which might throw that schedule off track. An amendment offered by Congressman Hoyer was adopted in full committee mark up to raise the US minimum wage by \$2.10. Facing a potentially messy debate on the floor during an election year, House leaders have decided to pull the bill from next week's legislative calendar and work behind the scenes to resolve the issue. The minimum wage increase is fiercely opposed by business groups. The last of the FY07 bills, the Science State Justice Commerce measure, will go to full committee markup next Tuesday.

The Senate is moving forward with its subcommittee allocation this week; subcommittee mark ups are expected to begin next week.

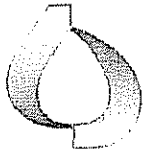
Immigration

The Senate passed its bipartisan comprehensive immigration reform legislation (S. 2611) on May 25, by a vote of 62-36. It adopted several key amendments and fended off several strong challenges to the bill's proposed guest worker program during the two weeks of debate. Among the actions taken, the Senate:

- Rejected an amendment that would have removed provisions allowing undocumented immigrants to eventually earn legal status, and a second that would have removed that opportunity from both undocumented immigrants and participants in the proposed guest worker program,
- Adopted two amendments that, respectively, declared English to be the "national" language of the United States and the "common" language of the United States,
- Adopted an amendment that increases the legalization fees to be paid by applicants for legal status and devotes the resulting \$7.5 billion in revenue to a fund to offset immigration-related health and education costs borne by state and local governments,
- Adopted an amendment to increase fencing and vehicle barriers along the southern border, and
- Adopted an amendment to allow immigrant workers lawfully present in the U.S. to petition for permanent residency status on their own, rather than relying on their employers to do so.
- Adopted an amendment that would reduce the number of guestworker visas available annually from 325,000 to 200,000.
- Adopted an amendment that would cap the number of prospective immigrants, including spouses and children, granted employment-based green cards at 650,000 each fiscal year. The underlying bill had limited green cards issued to those immigrants at 450,000, but did not include spouses and children.
- Adopted an amendment that would strike a provision prohibiting a court from staying the removal of an illegal immigrant seeking asylum.
- Adopted an amendment that would bar illegal immigrants from collecting tax refunds or filing claims for the Earned Income Tax Credit or other benefits for tax years prior to 2006.
- Adopted an amendment that would amend the diversity visa program to require that 2/3rds of those visas (roughly 33,000) would go to individuals with advanced degrees in technology, math, and science fields.

The House and Senate passed bills must now go to conference in attempts to reconcile the differences between the two bills. Speaker Hastert is considering holding a series of hearings in the House about the Senate version of the bill. The hearings would allow the House to take a renewed look at immigration policy and obtain a fresh gauge of public opinion. The House-passed immigration bill is now more than 7 months old, and much has happened during that time.

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Inland Empire
UTILITIES AGENCY

Date: July 19, 2006
To: The Honorable Board of Directors
Through: Public, Legislative Affairs and Water Resources Committee (7/12/06)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: June Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

Michael Boccadoro 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.

RWA:MD:mef

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June 29, 2006

To: Chino Basin/OBMP Coalition
From: Michael Boccadoro
Senior Vice President
RE: June Status Report

Please find attached the status report from The Dolphin Group for the month of June, 2006.

Chino Basin / OBMP Coalition

Status Report – June 2006

ASSEMBLY BILL 1969

For the first time in years, the California Legislature approved a budget and left for their summer recess prior to the beginning of the new fiscal year. After approving the budget on June 27th, the Legislature adjourned for summer recess on June 29th.

Legislators will return to Sacramento in August, with a deadline to submit all legislation to the Governor on August 31st. Governor Schwarzenegger will have until September 30th to sign or veto all bills passed by the Legislature. Major policy issues still to be debated when legislators return include greenhouse gas regulation, cable TV service expansion and prison expansion. Political posturing will start to increase as the November election approaches.

CA AB 1969	AUTHOR:	Yee [D]
	TITLE:	Electrical Corporations: Water Agencies
	INTRODUCED:	02/09/2006
	LAST AMEND:	06/14/2006
	DISPOSITION:	Pending
	LOCATION:	Senate Floor
	SUMMARY:	Requires every electrical corporation to file with the Public Utilities Commission a standard tariff for the purchase of renewable energy from small projects (< 1 MW). Requires the corporation to make this tariff available to public water or wastewater agencies that own and operate a generation project on a first-come-first-served basis, until the combined statewide cumulative rated capacity reaches 250 megawatts.

This bill passed out of the Senate Energy, Utilities & Communications Committee on a 8-0 vote and will next be considered by the Senate Appropriations Committee

Position: Support

This measure is sponsored by IEUA and SAWPA. The bill seeks to remove barriers and obstacles and encourage the full potential of renewable energy generation by the state's water and wastewater agencies. AB 1969 will help offset demand while increasing environmentally friendly renewable energy production to meet the state's goals.

Specially, AB 1969 will:

- Require electrical corporations to create tariffs (standard contract) for the purchase of renewable energy developed by water and wastewater agencies;
- Limit individual facilities to 1 MW and the cumulative statewide capacity to 250 MW; and
- Help electrical corporations meet the renewable energy procurement standards and resource adequacy requirements

Benefits include:

- Adding renewable energy generation resources;
- Helping the state meet its Renewable Portfolio Standard (RPS) goals;
- Addressing current transmission constraints;
- Improving the environment through a reduction in greenhouse gases; and
- Offsetting rising water treatment and water delivery costs

ENERGY/REGULATORY

Energy Efficiency Funding for Water Conservation Efforts

The California Public Utilities Commission is holding a rulemaking procedure to consider changes to the energy efficiency policies and programs of the electric utilities. One issue for consideration is whether energy efficiency funds should be made available for water conservation efforts, which can reduce “upstream” energy consumption.

A workshop, coordinated by the Natural Resources Defense Council and the utilities, will be held in Downey, CA on July 17th to discuss the eligibility of water conservation practices. Opening testimony is due on this issue on July 24th, 2006.

DGI and representatives from IEUA will be in attendance at the workshop, and IEUA intends to file testimony in support of making water conservation investments eligible for these funds.

Demand Response for Water Agencies

On June 28th, the Association of California Water Agencies will be holding a workshop to develop recommendations to the California Public Utilities Commission on how to bolster demand response programs for public water agencies.

The workshop will consider a variety of approaches, including spreading out the investment cycle from the current “one-summer season” approach to multiple years. The working

group, including representatives of the gas and electric utilities, are required to forward recommendations to the CPUC by October 2006.

DGI will be participating in the meeting.

2006-07 STATE BUDGET

On June 27th, the California State Legislature approved a \$131 billion budget for fiscal year 2006-07. Governor Schwarzenegger is expected to sign the budget on Friday, June 28th, marking the first time in six years that the state budget will be in effect at the beginning of the fiscal year.

In the budget trailer bills that accompanied the budget plan, no new fees or increased fees were included in the resources portion of the budget. Additionally, despite rumors that a WRIF (Water Resources Infrastructure Fund) may be included in the final package, it ultimately was not included in the budget.

Although the state saw revenues climb by \$9 billion this year, next years budget retains a structural deficit of roughly \$3.5 billion.

OTHER LEGISLATIVE ACTION

CA AB 32	AUTHOR:	Nunez [D]
	TITLE:	Greenhouse Gases: Global Warming Solutions Act
	INTRODUCED:	12/06/2004
	LAST AMEND:	06/22/2006
	DISPOSITION:	Pending
	LOCATION:	Senate Second Reading File
	SUMMARY:	Enacts the Global Warming Solutions Act of 2006. Requires the State Air Resources Board to adopt regulations establishing a program to require the reporting and verification of statewide green house gas emission. Requires the board to develop an emissions baseline and monitor and enforce compliance. Provide the board is the agency charge with monitoring the regulating of sources and reducing emission that cause global warming. Requires an update of its inventory of such emission by the Energy Commission.

This bill passed out of the Senate Environmental Quality Committee on a 5-2 vote

Position: Watch

CA AB 2778

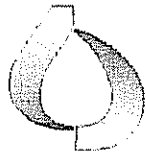
AUTHOR: Lieber [D]
TITLE: Electricity: Self-Generation Incentive Program
INTRODUCED: 02/24/2006
LAST AMEND: 06/15/2006
DISPOSITION: Pending
LOCATION: Senate Second Reading File

SUMMARY:

Requires the Public Utilities Commission, in consultation with the Energy Commission, to administer a self-generation incentive program for distributed generation resources applicable to all eligible technologies except for photovoltaic technologies, which the commission would be required to administer separately. Requires the commission to report with an evaluation of the self-generation incentive program. Provides eligibility requirements under the program.

This bill passed out of the Senate Energy, Utilities & Communications Committee on as 7-3 vote.

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Inland Empire
UTILITIES AGENCY

Date: July 19, 2006
To: The Honorable Board of Directors
Through: Public, Legislative Affairs and Water Resources Committee (7/12/06)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis MD
Executive Manager of Policy Development
Subject: June 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:mef

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MEMORANDUM

TO: Richard Atwater and Martha Davis
FROM: Jennifer West
DATE: June 30, 2006
RE: June Legislative Report

End of June Marks Policy Committee Deadline

Most of the bills of interest to IEUA were amended and/or heard in policy committee this month. The attached agency bill list includes a number of legislative highlights and new bills that were amended this month to include new provisions of interest to IEUA. With the passage of the state budget, the Legislature has now gone on summer break until August 7. After they come back, the Legislature will hear all bills with a fiscal impact and finally adjourn for 2006 on August 31.

Some of the legislative actions for this month include:

- SB 1317 (Torlakson) would shift unitary property tax revenues away from enterprise special districts within a county to create incentives for siting energy facilities and is opposed by IEUA, SAWPA and many other water districts. This month we have been meeting with many of the Assembly Republicans and Democrats to explain our concerns and are attempting to get the business community to raise concerns as well. The bill needs a 2/3 vote of the Legislature for passage, but is strongly supported by the utilities, the cities and the counties.
- IEUA and CASA helped stop amendments from being included in SB 729 to *exclude* economic consideration when a waste discharge requirement (WDR) is issued for all discharges and specifically for recycled water.
- IEUA helped craft amendments that were accepted to SB 1640 (Kuehl) to specify how adjudicated basins would report groundwater information to the Department of Water Resources.
- IEUA continues its work with WaterReuse to consider allocating some of the funding within the water/resources initiative on the November ballot – Proposition 84 – for water recycling.

Compost Labeling Initiative

IEUA and the Association of Compost Producers are spearheading a working group effort with the Department of Food and Agriculture to provide compost users with information they need to manage their soils in an efficient, productive and environmentally sustainable manner. This effort may result in a legislative proposal for 2007. At this point the group has developed a set of goals and objectives and will need to begin crafting specific legislative language in the next few weeks for consideration by Dept. of Food and Ag.

Inland Empire Utilities Agency
Positions List
June 30, 2006

	Summary	Status	Position/ Last Amended
AB 371 (Goldberg) Recycled Water	Sponsored by WaterReuse. Makes a number of changes recommended by the Water Recycling Task Force. The sponsors have said that they will remove the provision in the bill that would require the SWRCB to adopt a general permit for water recycling. Some local agencies had concerns that the general permit would end up being more onerous for water recycling than an individual permit issued by a RWQCB.	Senate Inactive file	Support 8/30/05
AB 1421 (Laird) Contamination	Would have given a RWQCB the authority to issue a cease and desist order for any degradation of water quality – even if it involved recycled water.	Senate E.Q.	Oppose unless amended 6/27/05
AB 1969 (Yee) Energy	IEUA sponsored. Helps offset demand while increasing environmentally friendly renewable energy production to meet the state's goals. The bill will permit the interconnection of up to 1 MW of renewable energy generated by a water/wastewater agency to the grid with minimum problems and maximum value per kwh generated. IEUA would like to expand the interconnection cap to 1.5 MW so that the agency's facilities can qualify for the program.	Senate Approps.	Support 6/14/06
AB 1881 (Laird) Water Conservation	Will codify all the AB 2717 taskforce recommendations. Currently it does the following: Requires DWR to update the model local water landscape ordinance, including restriction on overspray and runoff, by Jan. 2009. Requires local agencies to adopt either the model ordinance or one that is at least as effective by Jan. 2010. Requires public water systems to install, or require installation of water meters for landscaped areas exceeding 5,000 sq feet for non-single family residence.	Senate Approps.	Support 6/12/06
AB 2396 (Calderon) Metropolitan Water Districts	States the intent of the Legislature to enact legislation to change the composition of MWD's board of directors and to provide for the direct election of members of the board of directors by voters residing in the service area of a metropolitan water district. Sponsored by AFSCME.	Assembly Local Gov.	Oppose 2/23/06

<p>AB 2397 (Calderon)</p>	<p>This bill, with a certain exception, would prohibit MWD from entering into a contract for permanent or temporary services, skilled or unskilled, if those services, in the judgment of the district, are of a kind that persons selected through its civil service system could perform adequately and competently. Sponsored by AFSCME.</p> <p>Because MWD has made some progress in its labor negotiations, the sponsors are not expected to move the bill this year.</p>	<p>Senate Local Government</p>	<p>Oppose Introduced 2/23/06</p>
<p>AB 2928 (Laird) Green Building Guidelines</p>	<p>Requires the CIWMB to adopt voluntary green building guidelines for residential construction by 2008 which include, but are not limited to:</p> <ul style="list-style-type: none"> a) Energy efficiency measures; b) Water efficiency measures; c) Materials efficiency measures; d) Indoor environmental quality measures; e) A method for determining the life-cycle costs of green buildings. <p>Directs the CIWMB to consult with appropriate state agencies, the building and construction industry, environmental organizations, local government, and other interested parties when developing the guidelines. Directs the CIWMB to consider all relevant guidelines relating to residential green buildings, including, but not limited to the US Green Building Council's Leadership in Energy and Environmental Design for Homes (LEED for Homes) rating system.</p>	<p>Senate Approps.</p>	<p>Support 5/25/06</p>
<p>SB 1317 (Torlakson) Property Tax</p>	<p>Would shift unitary property tax revenues away from enterprise special districts only to cities within the same county in order to allow cities to offer financial incentives for siting energy facilities. According to the sponsors, Southern California Edison, this is their number one bill. It is strongly supported by all the utilities. The measure needs a 2/3 vote to pass because it amends the provisions of Prop. 1A. IEUA, SAWPA and other water agencies have been opposing the bill.</p>	<p>Assembly Approps.</p>	<p>Oppose 4/25/06</p>
<p>SB 1345 (Chesbro) Compost: Caltrans</p>	<p>Requires Caltrans to increase its use of compost on state highways. By 2010 Caltrans would be required to use more than 1 million tons of compost per year.</p>	<p>Held in Senate Approps.</p>	<p>Support 3/23/06</p>
<p>SB 1640 (Kuehl) Water</p>	<p>SB 1640 is similar to the final version of SB 820 (Kuehl), which IEUA supported last year, but which was vetoed by the Governor because of its groundwater reporting requirements.</p> <p>The author is accepting amendments from IEUA that specify how watermasters would report groundwater data</p>	<p>Assembly Approps.</p>	<p>Support 5/24/06</p>

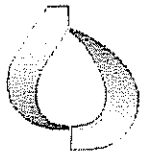
	to DWR. The amendments are intended to make the reporting no more onerous than the current reporting process. These amendments will go into the bill before it is heard in the Assembly Appropriations Committee.		
SB 1795 (Machado) Groundwater	On May 24 the bill was completely amended. It now states the Legislature's intent to identify the placement of surface storage water into a groundwater basin for the purposes of repelling saline intrusion and recovering groundwater basin levels in order to improve water quality as a beneficial use of water.	Assembly. Held at desk.	Support if amended 5/24/06
Watch List			
Bill #	Summary	Status	
Water Conservation			
AB 2496 (Laird) Low flush water closets	Requires all new buildings constructed in the state after 2009 to use urinals and water closets that meet recent performance standards established by the American Society of Mechanical Engineers.	Senate Approps.	
AB 2515 (Ruskin) Water Conservation	Prohibits a water supplier from receiving state bond funds unless it has adopted BMPs in accordance with the MOU regarding urban water conservation or the MOU regarding agriculture water use efficiency. Requires the Energy Commission to establish water efficiency standards for residential and commercial water-using appliances and other products and report to the legislature.	Senate Approps.	
SB 1608 (Simitian) Water Landscape	Requires Cal-Trans and all local transportation agencies that receive state funds to use California native plants and other water-saving plants in consultation with the local native plant society or the Resources Agency.	Held in Senate Approps. 5/2/06	
Groundwater			
SB 1425 (Kuehl) Groundwater	Makes minor changes to the groundwater Recordation Act that applies to four counties in Southern California.	Assembly Approps. 6/8/06	
Floods and Delta			
ACA 30 (Laird)	Existing law prohibits an agency from approving an assessment if there is a majority protest. This measure would provide that, for the purpose of levying a new assessment or increasing an assessment on or after the effective date of this measure to maintain, operate, repair, relocate, or upgrade a flood control levee, which levee was in existence before November 6, 1996, a majority protest exists if, upon the conclusion of the hearing and in accordance with that weighted tabulation, ballots submitted in opposition to the assessment represent a majority of the ballots mailed to affected property owners.	Assembly Floor	

AB 798 (Wolk)	This bill extends the sunset on the current state funding formula for levee maintenance or improvement projects in the Delta to 2008, subject to certain conditions.	Senate Approps. 6/8/06
AB 802 (Wolk)	Amends the General Plan law to require consideration of flood safety in land use decisions. Applies to all counties in the state.	Senate Approps.
AB 1528 (Jones)	Provides that the state is entitled to rights of indemnity and contribution against any local public entity whose actions contribute, or whose failure to act contributes, to the failure of a flood control project when that failure causes property damage or personal injury. Would subject a local public entity to joint liability and the state's rights of indemnity and contribution to the extent that the local public entity increases the amount of property damage sustained in a flood by approving new development in a previously undeveloped area.	Senate Rules 6/21/06
AB 1665 (Laird)	This bill would establish the framework to improve project levees in the Central Valley as a means to protect public safety. It would require: mapping, history and engineering design reports, prepare and submit to the Reclamation Board a specified report of information for inclusion in periodic flood management reports and provide a prescribed written notice to each landowner whose properties determined to be entirely or partially within a levee protection zone. Would require a county to annually provide to the board lists of names and addresses of property owners in a levee protection zone located in that county. The board would prepare a flood control system status report for each facility. Require the board to prepare, update, and maintain maps for levee protection zones. Sponsored by DWR.	Senate Approps.
AB 1899 (Wolk)	The bill applies to the Sacramento and San Joaquin River system. It prohibits the approval of a tentative map for a project that is subject to the bill's provisions unless the board verifies compliance with the 100-year standard, as defined in the bill, and other requirements are met. Requires that within 10 years communities would need to increase their flood protection to 200 years before a tentative map could be approved.	Senate Approps. 5/26/06
AB 2208 (Jones) Delta Levee Fees	Requires DWR to conduct a study to recommend which Delta beneficiaries should pay for Delta levee improvements and the conveyance system. Requires DWR to recommend, in accordance with the "beneficiary pays" principle, who should pay a Delta user fee for Delta levee and conveyance system improvements.	Senate Approps. 6/20/06
AB 2500 (Laird)	This bill would prohibit the state from allocating or expending funds for the upgrade of a project levee that protects an urban area in which more than 10,000 people reside, unless the beneficiary city or county enters into an agreement with the department pursuant to which the city or	Senate Approps. 6/14/06


	county agrees to adopt a safety plan within three years. Defines a "safety plan to include flood preparedness plan and a flood evacuation plan.	
AB 3022 (Umberg)	The bill would require that the notice of intention <i>as to</i> any subdivided lands offered for sale or lease on or after July 1, 2007, and until January 1, 2012, that contain "qualifying real property," as defined, contain a statement that the property is located nearby a levee and subject to a risk of flooding. Also would require, that every contract for the sale of "qualifying real property" entered into on or after July 1, 2007, and until January 1, 2012, contain specified provisions relative to levee failure and flooding. Sponsored by CBIA.	Senate Approps. 5/11/06
SB 1251 (Alquist) Floods	Requires DWR, not later than 2007, to convene a task force to prepare a comprehensive statewide flood and storm water management plan with prescribed components and a financing strategy for the implementation of the plan	Held in Senate Approps 4/17/06
SB 1574 (Kuehl) Delta Strategic Plan	Creates a cabinet-level committee chaired by the Secretary of Resources to develop a "blueprint for a sustainable Delta". Requires the blueprint to address the following: <ul style="list-style-type: none"> a) Sustainable ecosystem functions, including aquatic and terrestrial flora and fauna. b) Sustainable land use and land use patterns c) Sustainable transportation uses, including streets, roads and highways, and waterborne transportation. d) Sustainable utility uses, including aqueducts, pipelines, and power transmission corridors. e) Sustainable water supply uses. f) Sustainable recreation uses, including current and future recreational and tourism uses. g) Sustainable flood management strategies. h) Other aspects of sustainability deemed desirable by the committee. Requires the committee to submit to the Legislature and governor the sustainable Delta plan no later than December 31, 2008. Similar language was passed in AB 1803, the resources budget trailer bill.	Assembly Approps 6/22/06
SB 1796 (Florez)	Renames and restructures the State Reclamation Board. Requires the board to establish levee standards, review and comment on local and regional land use plans and flood control plans and requires it to produce a report on the status of the flood control system. The bill separates the board from DWR.	Assembly Approps. 6/22/06
Water Quality		
SB 187 (Soto)	Requires DHS in determining the economic feasibility of implementing a maximum contaminate level (MCL) to consider the likely number of deaths, illnesses, and disabilities that may result from the adoption of a primary drinking water standard that is less stringent than the public health goal, utilizing the risk characterization contained in the risk assessment prepared by	Assembly Appropriations 6/8/06

	the Office of Environmental health Hazard Assessment (OEHHA) pursuant to existing law. Requires DHS and OEHHA to review and consider the MCLs imposed by other states when adopting or updating public health goals (PHGs) or MCLs, providing those standards and levels are not less stringent than existing state law.	
SB 475 (Runner)	Authorizes Santa Clarita Valley Sanitation District to require the removal of all residential water softening or conditioning appliances that discharge into the community sewer system if the district makes specified findings and adopts a specific ordinance. Requires a majority vote of qualified voters in the service area to approve this at the next election. If the ordinance is passed by the electorate, it specifies that the ban will not take effect until 2009. Supported by WaterReuse, CASA and L.A County Sanitation Agency.	Assembly Appropriations 6/21/06
SB 729 (Simitian)	Authorizes the State Water Resources Control Board (SWRCB) to carry out the investigative authority granted in current law to the RWQCBs if, after consulting with the appropriate RWQCB, the SWRCB determines that it will not duplicate the efforts of the RWQCB. Requires the each RWQCB coordinate with the SWRCB and other state agencies with respect to water quality matters and report rates of compliance with the Act. IEUA worked with CASA to stop an amendment from going into the bill that would have deleted the provision in law that requires economics to be considered by a RWQCB when a waste discharge permit is issued. This would have negatively impacted recycled water delivery.	Assembly Appropriations 6/22/06
Compost		
SB 1778 (Alarcon) Compost	Sponsored by Californians Against Waste (CAW), the bill phases out the use of alternative daily cover and includes incentives for the use of compost. The bill was held on suspense in the Appropriations Committee because it represented a significant general fund impact to the state and there was significant opposition from local government.	Held in Senate Approps. 5/1/06
Integrated Regional Water Management Program		
SB 1242 (Lowenthal) IRWMP	Sponsored by Long Beach Water Department. Significantly revises the governance structure of the IRWMP. Restricts the groups that can develop an IRWMP to water management agencies. Specifies that only water management agencies should have final approval over the contents of the plan. The bill was held on the Senate Floor because of opposition from SAWPA and other groups. ACWA has convened a task force to look at possible needed changes to the IRWMP. SAWPA is participating in this process.	Senate Floor 4/17/06

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Inland Empire
UTILITIES AGENCY

Date: July 19, 2006
To: The Honorable Board of Directors
Through: Public, Legislative Affairs and Water Resources Committee (7/12/06)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis 
Executive Manager of Policy Development
Subject: June 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.

RWA:MD:mef

Enclosure

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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

June 29, 2006

Legislative Report

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

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

SU: Legislative Report, June 2006

Highlights:

- Water Recycling Reform Bill(s) Circulated
- Senate Schedules Water Recycling Hearing
- House-Senate Water Recycling Talks – Virtually Non-Stop
- News and Notes
- IEUA Working Partners

WaterReuse Drafts Water Recycling Amendments. Senator Feinstein and Murkowski Draft Another Version of the Bill. WaterReuse, at the request and urging of the Senate Energy Committee and Senator Feinstein, submitted recommended amendments to the 1992 Water Recycling Act. These amendments were prepared with the assistance of IEUA and MWD. At Feinstein's urging, the amendments set forth more specific program criteria, an issue that arose at the Senate hearing last February and has been the subject on-going and regular discussion at Committee. In part the "criteria" discussion arose because the Bureau of Reclamation opposed every proposed water reuse bill and the Senators wanted to develop more specific criteria that would direct Reclamation's evaluations. Then, late in June, the Senate Energy Committee produced a new draft bill, a more comprehensive bill designed to minimize

the Bureau of Reclamation's overall role in the evaluation of recycling projects (again, over the last several years, the Bureau has opposed each and every bill, typically on the grounds that they were "not" feasible). The new draft, seen only in the past few days, is presently being reviewed by representatives from OCWD, WaterReuse, MWD, Western, ACWA, NWRA and IEUA. Senators Feinstein and Murkowski have indicated that they will introduce the bill on July 10. The Senate has fully included the House Resources Committee on a bi-partisan basis and both committees, on a bi-partisan basis, are working jointly to approve this organic Bureau of Reclamation water reuse program legislation.

Senate To Announce Water Recycling Hearings July 27. The Senate Energy Committee has informed us that they will hold a hearing on the to-be-introduced reform bill and, at the same time, they will also hold hearings on individual bills. IEUA has requested that the Dreier and Gary Miller bills be among those considered. The water recycling and brine management programs authorized by these bills will produce more than 200,000 acre feet of new water annually. Senator Feinstein's office realizes that this represents a major new block of water, not just for the agencies involved, but for the entire system. These projects have positive implications for the Delta, and other water users dependent on the Delta.

The House and Senate Water Subcommittees – Non-Stop Water Recycling. The House and Senate subcommittees have held a series of meetings, among themselves, with water agencies and associations, with the Administration (OMB, CEQ and Interior/Bureau of Reclamation). On water recycling policies, past, present and future. These discussions have included the professional staff from the Library of Congress (Congressional Research Service) who have been called upon to evaluate and assess the various proposals and propositions. These subcommittees are not only trying to enact legislation that revitalizes the water recycling program, but are also attempting to get the Administration to increase overall funding for Title XVI programs.

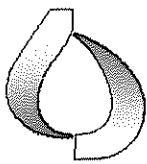
News and Notes. **DOI Secretary Dirk Kempthorne.** Kempthorne was sworn in as Secretary in early June. **Bureau of Reclamation – Replacement for Commissioner Keys.** Reportedly, the Commissioner-To-Be will be Bob Johnson, the current Regional Director, Bureau of Reclamation for the Lower Colorado Region (which includes IEUA). Johnson has been a supporter of the Title XVI program and is well-known to the IEUA family. **Appropriations.** The House and Senate have begun consideration of the annual funding bills. However, it is now believed that few will be finalized prior to October adjournment and most will be finalized during a Lame Duck session slated to occur following the November election. **Security Legislation – Impacts Water Agencies.** Senate Homeland Security Committee worked on legislation that could negatively impact water agencies. Major national water agencies have raised concerns. Now, another Senate Committee is becoming involved. **Bureau of Reclamation – New Management Plan Subject of Meetings Around West.** The Bureau's new management plan is now the subject of stakeholder meetings around the West. **Treasury Secretary.** Secretary Snow finally stepped down and the President nominated well-regarded Goldman Sachs executive, Henry Paulson. Paulson served on the Board of conservation groups and believes that "climate change," is serious and real. **Congressional**

Schedule. Congress is out for the July 4 break and resumes work on July 10 and will continue in session through the end of the month. **Finally, our Weather Report.** A week ago, in a Friday to Tuesday period, Washington DC had almost 13" of rain. Flash floods, flooded building, blocked streets, downed power lines...the works. If it's of any concern, be advised that the IRS headquarters, severely flooded, will be closed for approximately one month.

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

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

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Date: August 9, 2006
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

Calendar of Upcoming Events

- August 17, 2006, Three Valleys MWD Leadership Breakfast 7:30 Sheraton Fairplex
- October 14, 2006, Water Fair at the Montclair Plaza 10am to 2pm

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- August 2006, two-page Safety Awareness
- September 2006, two-page Think Environment
- September 2006, one-page LA County Fair
- December 2006, one-page Health Beat

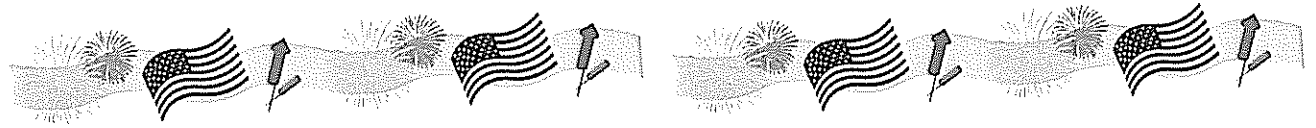
PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



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Article Launched: 7/12/2006 12:00 AM

Day Creek probe expands

By Edward Barrera , Staff Writer
Inland Valley Daily Bulletin

RANCHO CUCAMONGA -- The region's water board has completed lab work on water samples taken near a rock and gravel company accused of fouling up a channel on the northern outskirts of the city

Related article: [Water agencies complain of illegal dumping](#)

Photo Gallery: [Dumping in Day Creek Channel, 07/05](#)

May 17 2006 letter: [From Hanson Aggregates West acknowledging complaints about the silt but blaming the majority of the problem on natural causes.](#)

June 5 2006 letter: [From Inland Empire Utilities Agency to Hanson Aggregates West accusing it of dumping debris into Day Creek channel](#)

Kurt Berchtold, an official with the Santa Ana Regional Water Quality Control Board, said Tuesday the agency now is reviewing the management practices of Hanson Aggregates West Inc. to see if it violated its permit to operate on the county-owned land.

Hanson leases land from the San Bernardino County Flood Control District north of Banyan Street and east of Milliken Avenue -- just outside Rancho Cucamonga's city limits.

Two local water agencies have accused the company of allowing silt from its site to flow into Day Creek Channel, clogging a basin farther south which is used to replenish water supplies for the Inland Empire.

Kenneth Ehrlich, Hanson's lawyer, said the company is prepared to coordinate with state agencies for information they need.

"We hope the process moves forward and we can get to the bottom of this," Ehrlich said.

The state's Department of Fish and Game began a parallel investigation last week.

Berchtold said the permit issued to Hanson for its operation is based on "best management practices," not a limit on how much sediment can flow off its site. The regional water quality staff investigation will center on how much is allowed under state industry standards, he said.

Physical evidence gathered by the Inland Empire Utilities Agency and the Chino Basin Watermaster, which oversee water supplies in the Inland Empire, appear to show that Hanson is responsible for mud deposits in the basin. The caked mud has essentially sealed the basin's ability to allow water recharge, officials said.

"From our perspective, there are two issues," said Ken Manning, chief executive officer of the Chino Basin Watermaster. "We need to know who did this ... and we need to make sure it doesn't happen again."

Manning and other officials believe Hanson is the culprit and that the company should be financially responsible for the cleanup costs and lost water. They believe silt came from ponds created on the plant's site when unusable sediment is washed off rock and gravel. Manning estimates the damage at about \$1.2 million.

Hanson officials have refuted the allegations saying that the amount of debris found in the basin and channel is much larger than what would be produced on their property.

Berchtold said the Santa Ana regional board review should be completed in a week.

The Fish and Game department's investigation will also depend on the board's results, though it will also take into account the local water agencies' evidence. A final report by Fish and Game may then be forwarded to the San Bernardino County District Attorney's specialized prosecution group for possible filing of charges.

Edward Barrera can be reached by e-mail at edward.barreraor by phone at (909) 483-9356

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Article Launched: 7/08/2006 12:00 AM

Day Creek silt scrutinized

State begins criminal probe for possible environmental violations

By Edward Barrera, Staff Writer
Inland Valley Daily Bulletin

RANCHO CUCAMONGA - State officials have started a criminal investigation into possible environmental violations on county-owned land north of the city.

The Department of Fish and Game is waiting for lab results of water samples from the Day Creek Channel to see if muddy water found there came from something other than natural causes.

Two local water agencies have accused a rock and gravel company, Hanson Aggregates West Inc., of allowing silt from its site to flow off into the channel and muck up water-restocking efforts at a nearby basin.

Related article: [Water agencies complain of illegal dumping](#)

Photo Gallery: [Dumping in Day Creek Channel, 07/05](#)

May 17 2006 letter: [From Hanson Aggregates West acknowledging complaints about the silt but blaming the majority of the problem on natural causes.](#)

June 5 2006 letter: [From Inland Empire Utilities Agency to Hanson Aggregates West accusing it of dumping debris into Day Creek channel](#)

"A criminal investigation has begun," Fish and Game Lt. Ernie Acosta said. "The lab results will really get the ball rolling. If they violated their permit, then I can go after them."

Acosta said the review would focus on water pollution violations.

The Santa Ana Regional Water Quality Control Board is conducting the lab work on the water samples, and a spokesman said it was completed Friday.

"I can't comment on the lab results while the investigation is ongoing," said Kurt Berchtold, assistant executive officer for the control board. "We have the results, but that's not the only piece of evidence we are working on. We have more work to do on the case."

Berchtold said the investigation should be done next week.

The Hanson plant is on land leased from the San Bernardino County Flood Control District north of Banyan Street and east of Milliken Avenue -- just outside Rancho Cucamonga's city limits.

Company lawyers refute the allegations, saying the debris would have had to travel more than a mile from the plant, across unpaved terrain and past barriers, before it reached the channel. They blame the damage on natural causes.

"The capacity of our silt ponds ... is dwarfed by the quantity of what they say was deposited there," said Kenneth Ehrlich, Hanson's lawyer, on Friday. "There is no way this conduit allowed this much material to get in their basin."

Silt ponds on the site are created by the plant to wash unusable sediment from rock and gravel.

The company is doing its own internal investigation about the problem but has not yet completed it. Hanson officials also said they had not been contacted by Fish and Game.

But the Inland Empire Utilities Agency and the Chino Basin Watermaster -- two agencies that oversee water supplies in the Inland Empire -- charge that the company is the culprit.

In a June letter, water agency officials wrote the following:

"Hanson Inland Plant muddy discharges to Day Creek have resulted in coating the floor (of lower Day Creek Basin) as high as 10 feet up the basin slopes with (one-quarter to one-half) inches of mud."

Friday, Andy Campbell, groundwater recharge coordinator for the Inland Empire Utilities Agency, said his agency has photo documentation of silt entering the lower Day Creek Basin and staff tracked it back to the plant site.

"We had an employee, starting from the basin, first drive to Banyan Street, then walk through a culvert, straight to the plant," Campbell said.

The silt has sealed the basin, stopping water from being absorbed to replenish local water supplies, officials said.

Acosta said once his investigation is completed, he will most likely forward it to the county's District Attorney's Office to see if they want to prosecute the case. Acosta also has the option of sending it to the Attorney General's Office.

The DA could file either a criminal or civil case, Acosta said. Any case would be handled by the county's specialized prosecution group, said Deputy District Attorney Charles Umeda.

"We rely on the agencies to investigate and will be awaiting their reports," Umeda said.

Hanson is already involved in a lawsuit with the county about its lease. The county said the company allowed its lease to expire in 2004. Hanson officials contend the lease is valid until 2019.

The site is part of 1,137 acres that the county now says it no longer needs for flood control.

Last year, a portion of the land was part of a potential settlement deal with developers of the Colonies project. The developers and the county are fighting over a 67-acre flood control facility on an Upland property.

The deal was eventually scrapped, and both sides now say the land near Day Creek has not been part of settlement discussions.

Supervisor Paul Biane said several weeks ago the county is working on a development plan with Rancho Cucamonga leaders that will include annexing the land to the city.

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

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Article Launched: 7/06/2006 12:00 AM

Water agencies complain of illegal dumping

Rock company denies charge of clogging channel

By Edward Barrera, Staff Writer
Inland Valley Daily Bulletin

RANCHO CUCAMONGA -- A rock and gravel company has been accused of illegally dumping debris into the Day Creek flood control channel, choking off attempts to restock water supplies.

Photo Gallery: Dumping in Day Creek Channel, 07/05

May 17 2006 letter: From Hanson Aggregates West acknowledging complaints about the silt but blaming the majority of the problem on natural causes.

June 5 2006 letter: From Inland Empire Utilities Agency to Hanson Aggregates West accusing it of dumping debris into Day Creek channel and the monetary damages.

Two local agencies that oversee water supplies in the Inland Empire said they believe Hanson Aggregates West Inc. has been allowing silt to be washed south beyond its boundaries on the east side of the Day Creek spreading grounds.

This problem -- which may have gone on for months, if not years -- could cost more than \$1 million to fix, water officials said. "Hanson did not dump anything anywhere," said Marvin Howell, the company's director of land-use planning and permitting. "I don't know whether or not we contributed to it, and we are working on investigating it now. I think Hanson has an excellent record with both the community and regulators. If we find that it has come from our property, we will of course take care of it."

But the two agencies -- the Chino Basin Watermaster and the Inland Empire Utilities Agency -- said Hanson is clearly at fault and hasn't done anything about the matter even after being notified.

"This is pretty outrageous," said Andy Campbell, groundwater recharge coordinator for the Inland Empire Utilities Agency. "This could have been going for the last six months or it could have been going on much longer than that."

The Hanson facility is on land leased from the San Bernardino County Flood Control District north of Banyan Street and east of Milliken Avenue, just outside the city limits of Rancho Cucamonga.

The property is part of 1,000 acres that might be developed for low-density housing and open space as part of a proposed San Bernardino County-planned project.

According to the two agencies, the muddy water is coming from Hanson's silt ponds, which is created by a process that washes unusable sediment from rock and gravel.

Hanson is prohibited from allowing this type of runoff from leaving its property.

A walk-through Wednesday on land south of the plant around Banyan Street revealed dried, caked mud sections dotting the landscape. At one dried portion, the cracked layers of debris appeared to show that the mud was several feet thick.

The depth of the layers backs the assertion that debris dumping may have been going on well before water officials discovered the problem, said Kenneth Manning, Chino Basin Watermaster chief executive officer.

"It's like a tree ring," Manning said. "Every level is a breach. The depth shows that it would have happened over years rather than six months."

Water officials said they discovered the problem in September after Day Creek basin and channel were inspected.

As part of an aggressive plan to conserve water by Inland Valley agencies, water flowing in the Day Creek channel north of the 210 Freeway would be diverted into the lower Day Creek basin to be sunk into the ground for water storage

The basin was expected to absorb 22.5 acre-feet per day, said Campbell. But a buildup of mud ruined the quality of water coming south and coated the floor of the 15-acre basin, essentially sealing off the ground's ability to absorb the water, he said.

Howell said he wasn't aware of the problem until a few weeks ago, which was confirmed by Kenneth Ehrlich, a company lawyer, who was at the plant's site Wednesday.

But the Flood Control District passed along the complaints in April, and in a May 17 letter the company blamed the majority of the problem on the debris caused by the 2003 wildfires and major storms in the past several years.

Water officials dismissed the claim, pointing to the thick deposits of dried mud in the general flow path from the Hanson site.

The water agencies said \$1.2 million is the estimated cost to clean up the debris from the channel and basin as well as buying the imported water needed to replace the amount that would have sunk into the ground.

A spokesman for the state's Regional Quality Control Board said the agency is investigating the complaints. Campbell said the state's Department of Fish and Game is also reviewing the claims, though no Fish and Game official could be reached for the comment.

Hanson is already battling the Flood Control District in court over a breach of contract dispute. According to the county, the company's lease expired, a contention that Hanson disputes. The company said the county failed to acknowledge a written renewal notice and that an increase in lease payments were inaccurately calculated.

Meanwhile, Howell said there may have been some miscommunication between the water agencies and the company.

"It appears communication with Hanson and (the agencies) isn't what it should be at this point," Howell said. "I want to sit down with them and fix this. Even if we are not the responsible party, we probably can help them with this problem."

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



Dumping in Day Creek Channel, 07/05/06

Andy Campbell, a groundwater recharge coordinator for the Inland Empire Utilities Agency, checks the depth of caked mud deposits near Day Creek Channel Wednesday morning, July 5th, near Rancho Cucamonga (*Mediha Fezagic DiMartino/Staff Photographer*)



More Photo Galleries:

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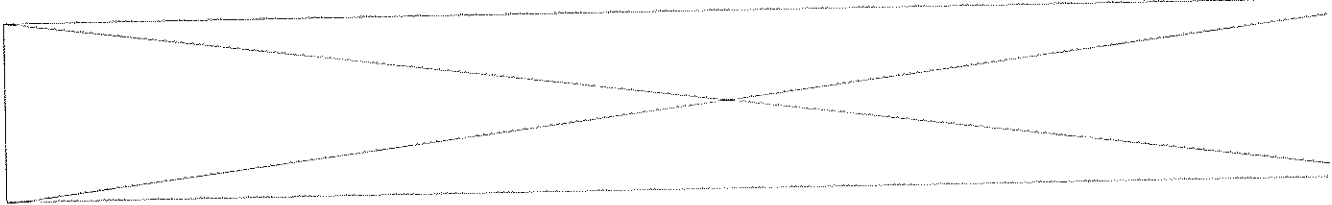
Dumping in Day Creek Channel, 07/05/06

Gordon Treweek, a project engineer for Chino Basin Watermaster, holds a piece of dried clay and silt he picked up from the bottom of the lower Day Creek basin, Wednesday morning, July 5th near Rancho Cucamonga. *(Mediha Fezagic DiMartino/Staff Photographer)*



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Dumping in Day Creek Channel, 07/05/06

The 15-acre Lower Day Creek basin was expected to hold water 6 to 10 feet deep but now sits nearly empty, Wednesday morning, July 5th near Rancho Cucamonga. *(Mediha Fejzagic DiMartino/Staff Photographer)*



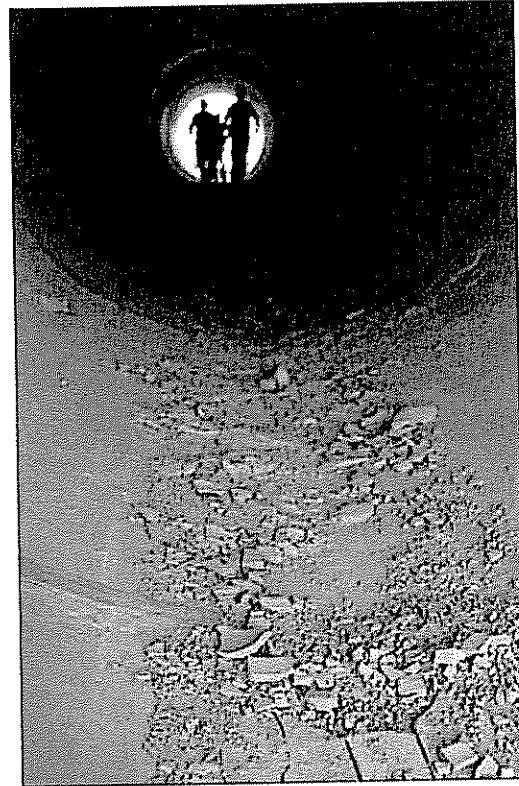
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**Dumping in Day Creek Channel,
07/05/06**

Caked debris covers one of the four culverts running under Banyan Street near Rancho Cucamonga. *(Mediha Fejzagic DiMartino/Staff Photographer)*



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**Dumping in Day Creek Channel,
07/05/06**

Caked mud deposits line the Day Creek Channel
Wednesday morning, July 5th near Rancho
Cucamonga (Mediha Fejzagic DiMartino/Staff
Photographer)



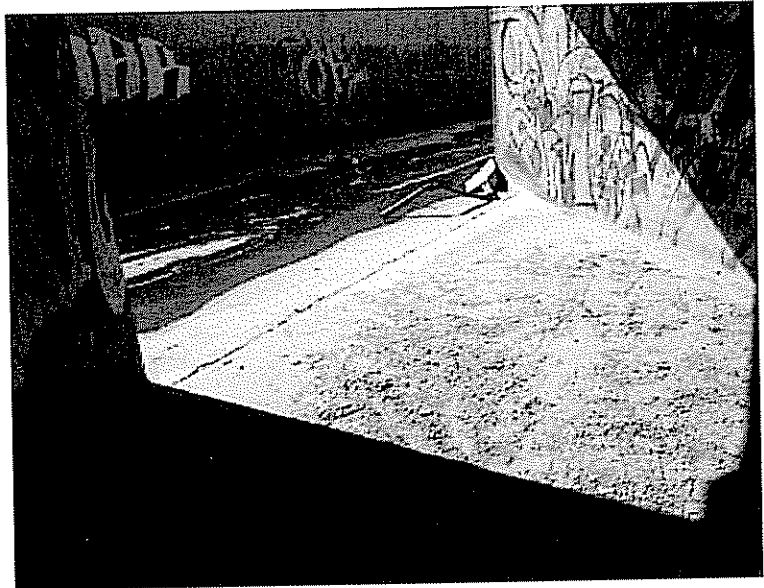
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**Dumping in Day Creek Channel,
07/05/06**

Caked mud deposits cover one leg of the Day Creek Channel Wednesday morning, July 5th near Rancho Cucamonga. *(Mediha Fejzagic DiMartino/Staff Photographer)*



More Photo Galleries:

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**Dumping in Day Creek Channel,
07/05/06**

Hanson Aggregates West, Inc., is being accused by local water agencies of illegally dumping debris into the Day Creek Channel. *(Mediha Fejzagic DiMartino/Staff Photographer)*



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June 5, 2006

Mr. Peter G. Zagar
Environmental/Regulatory Affairs Manager
Hanson Aggregates West Region
9229 Harris Plant Road
San Diego, Ca 92145

RE: Recovery of Damages to Inland Empire Utilities Agency
for Illegal Discharges to Day Creek by Hanson Aggregates Inland Plant
1200 Banyon Street, Rancho Cucamonga, CA 91730

Dear Mr. Zagar:

This letter is to inform Hanson Aggregates (Hanson) of the extent and magnitude of the physical and monetary damages to Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) caused by Hanson due to regular, illegal, muddy water discharges from the Hanson Inland Plant into Day Creek. IEUA and CBWM will initiate the legal recovery of these damages within 10 business days unless an adequate and direct response is received by IEUA from Hanson.

Following several complaints by IEUA directly to the Ernie Garcia (the plant manager at the Hanson Inland Plant) and to the Regional Water Quality Control Board regarding the discharges, Hanson was notified on April 27, 2006 by San Bernardino County Flood Control District (SBCFCD), the leasor of the Inland Plant site to Hanson, to provide a written plan to cooperate with IEUA to remediate the damages. Your response to SBCFCD did not address your responsibility for the damages, but chose to deflect responsibility to natural causes. Natural causes are not responsible as can readily be ascertained by observation of thick deposits of dried mud in the main drainage wash heading south from the Hanson Inland Plant, and contrasting with the absence of these mud deposits in adjacent washes. As is documented by enclosed photographs and observations by IEUA, Hanson is directly responsible for the damages and not rainfall runoff of marginally silty water through these channels.

The physical damage to IEUA and CBWM has been the result of intentional and repeated discharges of muddy water from the Hanson Inland Plant from silt ponds. Intentional breaches of silt ponds and siphoning of muddy water from these ponds cause muddy discharges to flow from the Plant site into Day Creek near the 210 Freeway. Photographs included with this letter show an intentional breach and siphon of a Hanson silt settling

pond on a clear sunny day in March 2006. These discharges are illegal as they are in violation of Hanson's operational permit and the Clean Water Act, and may be in violation of other environmental regulations.

Physical Damages

Adjacent Day Creek immediately down stream of the 210 Freeway, IEUA and CBWM operate a groundwater recharge facility at SBCFCD's Lower Day basin (Basin). Water in Day Creek can be selectively diverted by IEUA and is recharged at this Basin to replenish groundwater needs of Rancho Cucamonga and surrounding groundwater users. IEUA manages rainfall runoff to recharge basins by not diverting flows until they are observed to be of acceptable quality. Diverted water includes clear snow melt from the local mountains and imported water purchased from the Metropolitan Water District of Southern California. Imported water is delivered to Day Creek at Banyon Street, upstream of the 210 freeway. During rain events, IEUA does not divert water from Day Creek as it is typically observed to be too sediment laden. Prior to initiating diversion of any water into the Basin, IEUA conducts field inspections and sampling to determine if local mountain runoff should be diverted or if imported water should be delivered. As is readily observable on the enclosed photographs, Hanson Inland Plant muddy discharges occurred during clear weather and were traced directly back to the Hanson Inland Plant. In fact, these photographs document Hanson muddy discharges when snow melt runoff in Day Creek is of very high clarity.

On the occasions when IEUA has observed muddy discharges by Hanson, the local mountain runoff cannot be captured as the commingled Hanson muddy discharges will increase damage to the Basin's recharge capacity and basin restoration costs. The lost opportunity to capture and recharge the high quality local run off must later be made up through the purchase of imported water. Additionally, the cumulative damage from repeated Hanson muddy discharges have reduced the basin recharge capacity, which must be made up at other or new facilities.

Hanson Inland Plant muddy discharges to Day Creek have resulted in coating the floor and as high as 10 feet up the basin slopes with 1/4 to 1/2 inches of mud. Photographs are enclosed of clear weather Hanson muddy discharges entering the Basin and of the resultant coating of mud on the basin floor. The regular discharge of muddy water to the basin gradually decreases the infiltration capacity of the 15-acre Basin. Since July 2005, IEUA has observed the Basin's infiltration rates decline from 1.5 feet per day to 0.3 feet per day. Thus the Basin recharge capacity as decreased from 22.5 acre-feet per day to 4.5 acre-feet per day.

To restore the Basin's recharge capacity, the Basin must be taken out of service for approximately 2 months to dry and excavate the mud. During this time IEUA and CBWM not only incur the cost of basin restoration, but the mud disposal costs, and the cost of lost basin use.

Monetary Damages

The monetary damages to IEUA and CBWM are estimated at this time to be \$1,203,600 and are estimated in the following paragraphs. These damages are accruing daily and are exclusive of our efforts to document and recover these damages.

The lost use of this Basin during restoration is valued at 22.5 acre-feet per day at the differential cost of \$250 per acre-foot to buy treated import water for direct potable use at \$500 per acre-foot rather than buying untreated replenishment water at \$250 per acre foot. Over a 60-day restoration period, the lost recharge opportunity is \$377,500.

Based on its historic costs of basin remediation projects, IEUA estimates the costs to remove the mud discharged by Hanson to be \$520,000. Of this total, approximately \$380,000 is for hauling and disposal.

The value of the lost snow melt recharge is valued at the imported water replenishment rate of \$250 per acre-foot. Between March and April 2006, the value of the lost recharge of snow melt in terms of imported water purchases is \$45,000. The value of the snow melt is approximately 3 times that of imported water due to its much lower salt content. Thus the lost snow melt runoff is actually valued at \$135,000.

Since August 2005, the documented muddy accumulations during dry weather at the Basin have decreased the recharge rates from 1.5 to 0.3 feet per day. These previous undocumented dry weather mud discharges in 2005 are now attributed to Hanson based on documentation of repeated discharges in 2006. Assuming a linear decrease in infiltration rate due to periodic Hanson muddy discharges, a 7-month loss of recharge potential is estimated at \$170,100 and is calculated from 210 days of lost opportunity at an average lost infiltration rate loss of 0.6 feet per day over 15 acres at a new recharge facilities development cost of \$90 per acre-foot.

Recovery of Damages to Inland Empire Utilities Agency
for Illegal Discharges to Day Creek by Hanson Aggregates Inland Plant
1200 Banyon Street, Rancho Cucamonga, CA 91730
June 5, 2006
Page 4

Summation

IEUA and CBWM will initiate legal recourse if Hanson does not provide an adequate response within 10 business days which outlines the means of making whole the specified \$1,203,600 damages incurred by IEUA and CBWM to date due to the illegal actions of Hanson.

Sincerely,

Ken Manning
Chief Executive Officer
Chino Basin Watermaster

Richard Atwater
Chief Executive Officer/General Manager
Inland Empire Utilities Agency

Enclosures:

Map of discharge path

Photographs of muddy discharges, recharge basin damage, and dried mud in flow path

CC: Mr. Ken Eke – Chief of Operations Division, SBCFCD
Mr. Gordon Treweek - Recharge Operations Manager, CBWM
Mr. Patrick Shields - Executive Manager of Operations, IEUA
Mr. Andy Campbell - Groundwater Recharge Coordinator, IEUA
Mr. Chuck Riffin - Enforcement Division, RWQCB
Mr. Nam Nguyen - Stormwater Division, RWQCB
Mr. Jean Cihigoyenette - Cihigoyenette, Grossberg & Clouse



May 17, 2006

County of San Bernardino
Department of Public Works
Flood Control Operations Division
825 East Third Street
San Bernardino, CA 92415-0835
Attn: Kenneth C. Eke, P.E. Chief

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MAY 23 2006

FLOOD CONTROL OPNS.

Hanson Aggregates
West Region
P.O. Box 639069
San Diego, CA 92163-9069
9229 Harris Plant Road
San Diego, CA 92145
Tel 858-277-5481
Fax 858-277-4517
www.hanson.biz

RE: Hanson Aggregates West, Inc
Inland Rock Facility
1200 Banyon Street
Rancho Cucamonga, CA 91730

Dear Mr. Eke:

In response to the San Bernardino County Flood Control Operations Division letter dated April 27th, 2006, Hanson Aggregates West, Inc. would like to address the Divisions concerns.

The majority of the watershed immediately north and east of the Hanson facility consists of natural alluvial outwash surfaces between the Deer Creek and Day Creek drainages. Historically, sediment transport has been a naturally occurring process within the watershed. Within the past three years, this watershed has experienced both catastrophic wild fires followed by several unprecedented 100 year rainfall events. The obvious result of these natural phenomena on the surrounding watershed has significantly increased the volume of sediment and fire debris flowing down the various drainages. This is evidenced by the on going removal of silt from the flood control channel just north of the Hanson facility.

The District contends that a release from on-site settling ponds on April 19, 2006 has had an adverse impact on the Inland Empire Utilities Agency (IEUA) water spreading grounds. We respectfully disagree.

The actual impact of silt loading into the Day Creek channel from its on going operations is negligible in comparison to the volume which is conveyed in drainages and washes north and east of our facility. On a site visit conducted on May 1, 2006, it was observed that the development immediately east of the Day Creek channel access road had no BMP's in place. Recently excavated ground was observed to be sloping towards the access road with no silt fencing or straw waddles in place. Based upon my observations at this location, even a moderate rain event would cause a significant discharge of silt into the creek. Additionally, at this same location, very silty water was observed to be flowing in the concrete lined Day Creek channel.

It appears that a majority of the silt observed in the wash located south of Hanson's settling ponds and north of Banyon Street, which discharges through the culvert under



Banyon Street and eventually into the Day Creek channel has come from the watershed area below the Hanson settling ponds. Due to the fact that this area was heavily impacted by the fires, erosion from rainfall events has likely been accelerated into this wash.

Despite our firm understanding that the vast majority of silt loading into the Day Creek channel originates at third-party sites to the north and east of the Hanson facility, Hanson has either implemented, or will implement the following BMP's to further minimize both the potential for process water entering the wash south of the settling ponds, and the silt coming from the burned area south of the Plant processing areas:

- Hanson has installed silt fencing and gravel bags along the east-west access road immediately south of the settling ponds
- Hanson has established a market for a percentage of the silt being excavated from the settling ponds. Thus, Hanson has every incentive to minimize off-site silt migration.
- Remaining silt which has been adequately dried will be placed as reclamation material in an on-site 10 acre area that recently has been mined. This will minimize the volume of silt stockpiled adjacent to the settling ponds.
- Hanson will remove the silt located behind several man made structures in the wash near the Banyon Street culvert. This material will be placed as reclamation material in the mined out area.
- Hanson will improve the man-made structures which appear to function as sediment traps, and install several more to minimize the potential for silt to exit the site.

Hanson appreciates the District's concern in this matter. As previously stated, it is our contention that our contribution to the siltation problem is minor in comparison to other sources from the surrounding watershed. Nonetheless, we will continue our efforts to minimize or even eliminate silt releases from Hanson's facility.

If you require any additional information, or would like to discuss this issue further, please contact me at your convenience.

Best Regards,

A handwritten signature in black ink that reads "Peter G. Zagar".

Peter G. Zagar
Environmental/Regulatory Affairs Manager
Hanson Aggregates PSW and West

Water agencies complain about illegal dumping



Mediha Fezagic DiMartino/Staff photographer

Andy Campbell of the Inland Empire Utilities Agency checks the depth of caked mud deposits near the Day Creek Channel on Wednesday.

Rock company denies clogging water basin

By Edward Barrera
Staff Writer

RANCHO CUCAMONGA — A rock and gravel company has been accused of illegally dumping debris into the Day Creek flood control channel, choking off attempts to restock water supplies.

Two local agencies that oversee water supplies in the Inland Empire said they believe Hanson Aggregates West Inc. has been allowing silt to be washed south beyond its boundaries on the east side of the Day Creek spreading grounds.

This problem — which may have gone on for months, if not years — could cost more than \$1 million to fix, water officials said.

"Hanson did not dump anything anywhere," said Marvin Howell, the company's director of land-use planning and permitting. "I don't know whether or not we contributed to it, and we are working on investigating

**ONLINE
EXTRA**

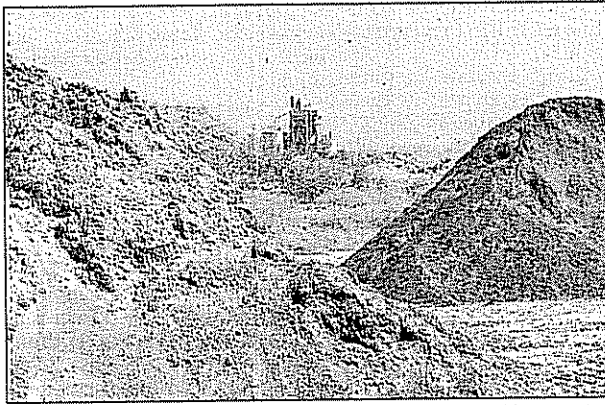
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for a photo gallery
and related
documents.

it now. I think Hanson has an excellent record with both the community and regulators. If we find that it has come from our property, we will of course take care of it."

But the two agencies — the Chino Basin Watermaster and the Inland Empire Utilities Agency — said Hanson is clearly at fault and hasn't done anything about the matter even after being notified.

"This is pretty outrageous," said Andy Campbell, groundwater recharge coordinator for the Inland

See HANSON / page A8



Mediha Fejzagic DiMartino/Staff photographer

Two local agencies that oversee water supplies in the Inland Empire said they believe Hanson Aggregates West Inc. has been allowing silt to be washed south beyond its boundaries on the east side of the Day Creek spreading grounds.

Hanson

continued from page A1

Empire Utilities Agency. "This could have been going for the last six months or it could have been going on much longer than that."

The Hanson facility is on land leased from the San Bernardino County Flood Control District north of Banyan Street and east of Milliken Avenue, just outside the city limits of Rancho Cucamonga.

The property is part of 1,000 acres that might be developed for low-density housing and open space as part of a proposed San Bernardino County-planned project.

According to the two agencies, the muddy water is coming from Hanson's silt ponds, which is created by a process that washes unusable sediment from rock and gravel.

Hanson is prohibited from allowing this type of runoff from leaving its property.

A walk-through Wednesday on land south of the plant around Banyan Street revealed dried, caked mud sections dotting the landscape. At one dried portion, the cracked layers of debris appeared to show that the mud was several feet thick.

The depth of the layers backs the assertion that debris dumping may have been going on well before water officials discovered the problem, said Kenneth Manning, Chino Basin Watermaster chief executive officer.

"It's like a tree ring," Manning said. "Every level is a breach. The depth shows that it would have happened over years rather than six months."

Water officials said they discovered the problem in September after Day Creek basin and channel were inspected.

As part of an aggressive plan to conserve water by Inland Valley agencies, water flowing in the Day Creek channel north of the 210 Freeway would be diverted

into the lower Day Creek basin to be sunk into the ground for water storage.

The basin was expected to absorb 22.5 acre-feet per day, said Campbell. But a buildup of mud ruined the quality of water coming south and coated the floor of the 15-acre basin, essentially sealing off the ground's ability to absorb the water, he said.

Howell said he wasn't aware of the problem until a few weeks ago, which was confirmed by Kenneth Ehrlich, a company lawyer, who was at the plant's site Wednesday.

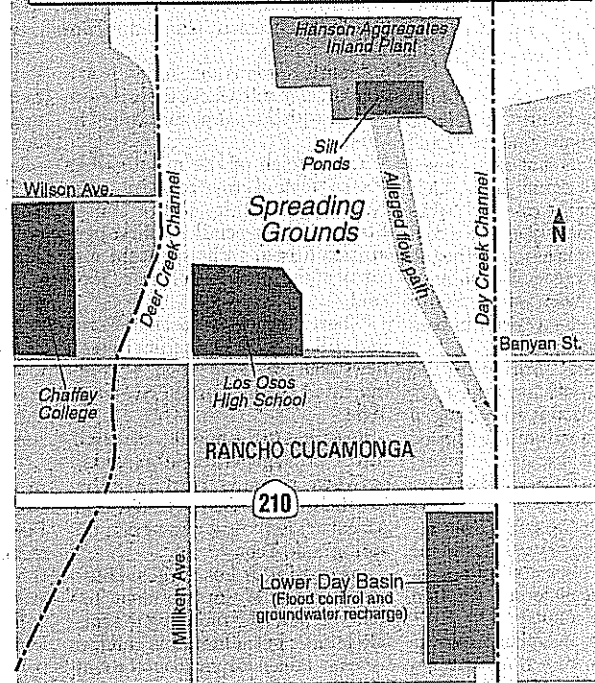
But the Flood Control District passed along the complaints in April, and in a May 17 letter the company blamed the majority of the problem on the debris caused by the 2003 wildfires and major storms in the past several years.

Water officials dismissed the claim, pointing to the thick deposits of dried mud in the general flow path from the Hanson site.

The water agencies said \$1.2 million is the estimated cost to clean up the debris from the channel and basin as well as buying the imported water needed

Dirty problem

The Inland Empire Utilities Agency and the Chino Basin Watermaster said Hanson Aggregates West is dumping debris into Day Creek Channel.



ANDREW LANDEROS - Staff artist

to replace the amount that would have sunk into the ground.

A spokesman for the state's Regional Quality Control Board said the agency is investigating the complaints. Campbell said the state's Department of Fish and Game is also reviewing the claims, though no Fish and Game official could be reached for comment.

Hanson is already battling the Flood Control District in court about a breach of contract dispute. According to the county, the company's lease expired, a contention that Hanson disputes. The company said the county failed to acknowledge a written renewal notice and that an in-

crease in lease payments were inaccurately calculated.

Meanwhile, Howell said there may have been some miscommunication between the water agencies and the company.

"It appears communication with Hanson and (the agencies) isn't what it should be at this point," Howell said. "I want to sit down with them and fix this. Even if we are not the responsible party, we probably can help them with this problem."

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

Article Launched: 7/05/2006 01:12 PM

Rancho company accused of illegal dumping

By Edward Barrera
Inland Valley Daily Bulletin

RANCHO CUCAMONGA - An embattled rock and gravel company is now being accused of illegally dumping debris into the Day Creek channel and choking off attempts to restock local water supplies.

Inland Empire water agency officials believe that Hanson Aggregates West Inc. has been allowing clay and silt to flow south from its site on the east side of the Day Creek spreading grounds for months if not years. It could cost more than \$1 million to remedy the problem, officials said.

Hanson officials said they are still reviewing the claims but that the debris could have come from other sources.

"Hanson did not dump anything anywhere," said Marvin Howell, the company's director of land-use planning and permitting. "I don't know whether or not we contributed to it. We are working on investigating it now. I think Hanson has an excellent record with both the community and regulators. If we find that it has come from our property, we will of course take care of it."

Hanson is also involved in a legal battle with the San Bernardino County Flood Control District that leased the company the land. The county says its lease has expired.

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Article Launched: 7/02/2006 12:00 AM

Assure safety of basin before any development

Inland Valley Daily Bulletin

A couple of things are clear to us about the San Bernardino County flood-control land south of Deer Canyon

- Enough questions have been raised about the design and capacity of the Deer Canyon debris basin to warrant a thorough re-evaluation of its safety before any development proceeds on that land
- Rancho Cucamonga, not the county, should have final say over any development there.

Several other things revolving around the land are less clear. We'll get to some of those later.

County Supervisor Paul Biane said last week that he wants a thorough review of the basin as county and Rancho Cucamonga officials work on proposals to develop the 1,137-acre parcel and annex it to the city. The county has said the land is no longer needed as a water-settling ground for flood protection, even though it lies within special flood hazard zones.

Nor is the land still in play as part of a potential lawsuit settlement between the county and Colonies Partners L.P., apparently, but it may be that Biane is anxious to sell the land to a developer so that the flood-control district would have some money to use in a settlement or to pay off a possible loss in court.

Questions about the debris basin's design resurfaced last year when the land below was in play as part of a potential Colonies settlement

U.S. Sens. Dianne Feinstein and Barbara Boxer called then for the U.S. Army Corps of Engineers to evaluate the public safety threat. California's two senators had prompted a 2002 study that resulted in a state recommendation that the Corps work with the county's flood-control district to enlarge the basin, but it didn't happen.

The Corps stands by the adequacy of the basin, which the Corps designed and built in 1983, but has said it would re-evaluate the facility's safety if authorized by Congress and if a local sponsor shares the cost. Biane is proposing that Rancho Cucamonga and the flood-control district co-sponsor the cost of a Corps study.

Several independent scientists and engineers have raised questions about whether the land parcel could safely be developed with the debris basin in its current state. Some studies have found that the basin is undersized to handle a 50- or 100-year flood. The basin has never failed, but there were reports that it was filled to the brim after heavy rainstorms in December 2004.

It seems to us that one possible outcome of a safety study would be that the basin is adequate to protect existing development downstream so long as the land in question remains in use as a settling grounds and is not developed. Thus, the safety study must take place before development plans get too far along.

Biane said he'd like to see a master-planned community with a lot of open space on the land. Rancho Mayor Bill Alexander said he'd like a master-planned community with low-density housing and open space that takes water issues into consideration. Sounds good, assuming any development is deemed safe.

Supervisor Dennis Hansberger cautioned that supervisors should not get too involved in the details of a project, and with that we agree. The county will want to maximize the price for its land certainly, but Rancho Cucamonga should be at the table through the whole process.

Of course, the county could unilaterally rezone the land for development before the city completes annexation. But the good news is that Biane was on the Rancho council when the city had to sue the county over zoning changes on county land adjacent to the city, so he's sensitive to the city's point of view.

As promised, here are some things that are not clear:

- How much confidence should we have in any safety evaluation by the Corps, given what we saw in New Orleans last year when the Corps' levees failed? Would a positive re-evaluation by the Corps of its own work give us any more confidence in the original design?
- We'd prefer to see another independent analysis of the basin's adequacy. But the Corps has been unmoved by past studies that found its work inadequate. If the local agencies were to hire independent scientists instead of the Corps to evaluate the basin and they found it lacking, how much weight would that carry with the Corps and with Congress? Would they still insist that the Corps do its own evaluation before any federal money went into an upgrade? Probably so. Would it be possible for the local agencies and the Corps to agree ahead of time on an independent reviewer whose evaluation would be taken seriously?
- What really is the county's position on the basin's safety? County officials, as recently as 10 days ago, have said they back the Corps' evaluation that the basin is safe. Yet the county flood-control district stated in a 2004 grant application that the basin needs to be enlarged to protect the public, and supervisors voted last summer to seek federal funding to improve the basin. Now Biane wants a review. On safety, the county seems to be on both sides of the basin wall

In our view, the safety issue has to be settled before anything else happens.

Article Launched: 6/28/2006 12:00 AM

Homes near Cable Airport mulled

Maria Hsin, Staff Writer
Inland Valley Daily Bulletin

UPLAND - More than 350 homes slated for development near Cable Airport could transform the area with street improvements and additional residents, planners say. The 30-acre project, called Upland Crossing, is roughly bounded by Foothill Boulevard, Monte Vista Avenue and new extensions of 11th Street and Dewey Way.

The proposal from developer Lewis Operating Corp. will be considered by the city's Planning Commission tonight.

The land where the project is proposed was originally used as a water basin. The basin was filled in when the Chino Basin Water Conservation District decided it was no longer needed, said Community Development Director Jeff Bloom.

"We think this is exciting for the city of Upland," said Randall Lewis, Lewis' executive vice president. "It will provide much needed housing at pricing that is very attractive."

Sales of the townhomes and single-family homes could begin as early as mid-2007. The homes will range from 1,100 to 1,700 square feet and could sell from the low \$400,000s to the mid-\$500,000s, Lewis said.

A public trail along the San Antonio Channel may be constructed as part of the development.

Perhaps the most significant changes, if the project is approved, would be the extension of 11th west to Monte Vista and Dewey south of Foothill to 11th, Bloom said.

Also, the project would include street improvements on Foothill, such as landscaping and a raised median, Bloom said.

He also hopes the pedestrian trail along the San Antonio Channel would see improvements.

The costs would be shared by the developer and future residents as part of their tax bill.

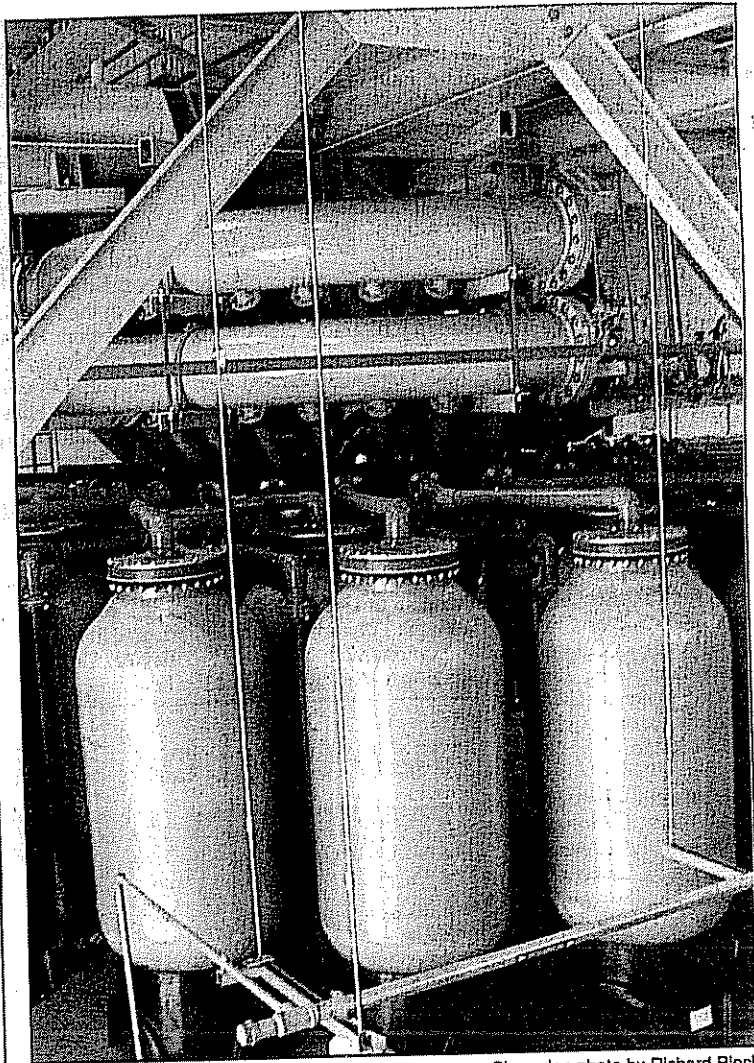
The city would help pay for an additional water line, however, on 11th, which Bloom said was part of the city's plan to improve water services and would eventually have to be done. Since there would be construction on 11th with the street improvements, city officials would like to take advantage of that to install the second water line.

The City Council could review the project in mid-July.

The 6:30 p.m. commission meeting is at City Hall, 460 N. Euclid Ave.

Maria Hsin can be reached by phone at (909) 483-9391 or by e-mail at maria.hsin

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Chino
Champion
6/24/06

Champlon photo by Richard Block

Inside Chino's new water treatment plant, these vessels filter nitrates and perchlorate from well water.

Water treatment plant helps keep city flush

By Richard Block

A new plant in Chino is removing potentially harmful nitrates and perchlorate from enough well water to fill a backyard swimming pool every five minutes.

The plant draws water from two wells, up to 1,000 feet below ground. That water is pumped through filters to remove large particles, and then through a vessel containing free-floating resin.

The resin attracts and absorbs nitrates and perchlorate particles, and cleaned water is pumped over to the reservoir on site. There, it is mixed with imported water or water from other wells, but it could be used without being blended, said Dave Crosley, the city's water and environment manager.

When the resin has absorbed as much material as it can, the vessel is rinsed, and the resulting brine is pumped to the Los Angeles County sanitation district, which disposes of it, Mr. Crosley said.

Nitrates are generated from agricultural activities, including fertilizer used in orchards and row crops, as well as waste produced by cattle. Perchlorate is found in some propellants such as rocket fuel and some fertilizers.

Chino suspects its perchlorate came from Chilean fertilizer that was used years ago, Mr. Crosley said.

The plant brings nitrate levels well below the federal standard of 38 parts per million, said Gil Aldaco, water utilities supervisor at Chino.

The plant, located on Benson Avenue just north of Philadelphia Avenue, is processing 4,000 gallons per minute, which would total more than 2 billion gallons per year. It has the capacity to produce 5,000 gallons per minute.

The city's annual water usage is 5.2 billion gallons.

According to Mr. Crosley, the city is developing more water-production projects in southern Chino, some of which may use filtration methods like the ones at the Benson plant.

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Commentary • Opinion •

Fire water policy needs change

It's a tough sell this year to convince the public that water conservation is needed. In Northern California, there is still snow on the Sierras, the reservoirs are full and only in the past three weeks have rivers receded to the point where flood worries have been set aside.

Late rains benefited the state and wiped out worry about drought conditions—for this year.

But the state, after 25 years since the Peripheral Canal was shot down by a public vote, has bumbled and struggled to come up with good water policies to prevent economy-busting draught conditions that have been experienced in the past and we know are ahead.

Putting a cap on development is not one of those policies. All the new construction taking place in this valley and elsewhere is taking a share of water that prior residents and businesses have depended on. One would think that there is no end to the availability of our water supply, even as our use of Colorado River water is reduced and ecological clamps are put on other sources, such as the Owens Valley supply that feeds the Los Angeles area.

Long range water planning is alive. But the will of the governor and legislative leaders to advocate and finance new projects seems to be dry. Politics have forestalled planning that should have been in place 20 years ago.

However, there exists two methods of bolstering water supplies to meet the needs of the Southern California region without great expense. The first is conservation—getting people to use less, by reforming their household and landscape practices. People have done well to conserve in their homes. They have installed low flush systems and appliances. They brush teeth without leaving the water running, and adjust sprinklers to reduce waste. Water agencies are demon-

strating gardens that require less water. Such change of habits has saved the region from shortages, and made it possible for development to flourish.

The second method has been to develop water recycling and distribution systems—nitrate removal tertiary (3 stage) treatment plants and those purple mains and hydrants you see appearing throughout the area. This has reduced the need to use “potable” (drinkable) water for such things as irrigation, land development, car washing, commercial laundries, decorative fountains, ponds and so forth.

The tough part has been to gain public acceptance of such water. People feel unsure of “reclaimed” water, worried that they might be infected by it somehow if they use it for cooking, bathing, drinking or swimming pools. Water scientists and agencies have a way to go to convince people otherwise.

Apparently both education and consultation needs to be done among agencies. The Chino Valley Fire Department refuses to use water from purple pipes to fight fires. There is a great deal of water poured on structure fires and grass fires, water that should not require the same standard as potable household water. New developments can be required to have dual water systems, for construction and irrigation, and fire fighting, if departments will accept it.

Our fire department's answer to our queries has been “we've always done it that way.” Apparently fire fighting has been overlooked in the “save water” campaign, and there has been little discussion among local agencies regarding this.

Conserving water (even to fight fires) is an essential component of our future planning. Hopefully the agencies concerned will pursue this effort.

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Article Launched: 6/24/2006 12:00 AM

Army Corps open to basin study

By Edward Barrera, Staff Writer
Inland Valley Daily Bulletin

RANCHO CUCAMONGA - The Army Corps of Engineers' stance on reviewing the safety of the Deer Canyon basin doesn't appear to be set in stone.

Last week, Corps officials said they had no plans to re-evaluate the debris basin north of Rancho Cucamonga because it provides 100-year storm protection to the communities to the south.

Army Corps officials in September sent a letter in response to this past summer's inquiries by U.S. Sens. Barbara Boxer and Dianne Feinstein regarding the safety of the basin. In the letter, Corps officials said that while they believe the basin is adequate, they would study the safety issue if authorized by Congress and a local government agency requests and shares the cost of a review.

PDF Documents Download: Army Corp of Engineers and Senators' letters

"If that is the case, then the very least I would like to do is look at this further," Rancho Cucamonga Mayor Bill Alexander said. "I don't have the foggiest idea how much it would cost, but I don't want to let it rest until we can ensure the community that it is not going to be in jeopardy."

Concerns about the basin's safety surfaced after revelations a year ago that part of the 1,137 acres of San Bernardino County-owned land near the flood control facility might be developed. The county has appraised the land but refuses to reveal how much it is worth.

Greg Fuderer, Corps spokesman, said he couldn't estimate how much a study would cost and additional federal funding would be needed.

Steven Stockton, deputy director of civil works for the Corps, wrote to the senators that "the Corps is sensitive to the differences of opinion that have arisen over Deer Creek debris basin, and your wish to ... resolve (the) issues."

Stockton added that a local agency would also have to share the cost of "the construction of any resultant modifications to the system." In statements this week, Feinstein and Boxer said they would back a study if a local agency requested it.

"I believe the best way to resolve remaining questions about the basin's flood protection capability would be an additional study," Feinstein said. "But the rules of the (Corps) require a local sponsor, and no local agency has requested any further study or been willing to serve in that role."

County spokesman David Wert reiterated the county's position that it backed the Corps evaluation that the basin was safe. He couldn't comment on the agency's response to the senators because he hadn't seen the letter.

Meanwhile, Corps officials said it would be up to elected leaders to decide what they want.

"We are confident that it provides 100-year flood protection, but we take our marching orders from Congress," Fuderer said. "If Congress funds the study and a local sponsor shares the cost of that study, the Corps will conduct it."

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

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Article Launched: 6/20/2006 12:00 AM

REQUEST DENIED

Army engineers minimize Rancho flood worries

"We are confident the debris basin provides 100-year storm protection"

By Edward Barrera, Staff Writer
Inland Valley Daily Bulletin

RANCHO CUCAMONGA -- The Army Corps of Engineers has ignored a request made 10 months ago by the state's two U.S. senators to review safety issues below a debris basin just north of the city.

Corps officials said the Deer Canyon basin has not failed since it was completed in 1983 and adequately protects Rancho Cucamonga developments to the south.

Questions about the basin's safety surfaced this past year after revelations that part of the 1,137 acres nearby might be developed. San Bernardino County, which owns the land, has appraised its value, but will not disclose the amount.

Sens. Dianne Feinstein and Barbara Boxer this past summer sent a letter to Lt. Gen. Carl A. Strock, the Corps' commanding general, asking the agency to evaluate the basin and resolve any safety concerns voiced over the years.

"We are asking that the U.S. Army Corps of Engineers evaluate the full range of possible threats to public safety from Deer Creek basin flooding and what remedial action should be taken," Feinstein and Boxer wrote in the August letter.

But a Corps official said no further analysis is needed.

"We are confident the debris basin provides 100-year storm protection, and in fact, it was evident through the wildfires and rain from 2003 through 2005," said Jay Field, Army Corps spokesman. "No evaluation has been done, and we have no plans to do one at this time."

Boxer did not return phone calls, and a Feinstein spokesman, Howard Gantman, said the senator's office is "exploring the questions you have raised and will get back to you as soon as possible."

Rancho Cucamonga Mayor Bill Alexander said he was slightly surprised by the Corps' position, especially in light of the major flooding problems that other parts of the country have endured.

"I'm not trying to tell (the Corps) what to do, but I think at the very least they would have looked at all the available information again ... so they can say they feel comfortable that there is no problem," Alexander said.

San Bernardino County spokesman David Wert said the county agrees with the Army Corps that the basin is safe.

But others have raised questions about the basin, and even county officials, in a 2004 grant application, asked for funds to refurbish the basin.

The county's Flood Control District submitted a request to the state for \$330,000 to enlarge it.

"Debris carried over the dam's spillway can block channel road crossings, causing overflow in those areas," wrote officials in the application to the state Office of Emergency Services.

The state denied the request, and in 2005 the county Board of Supervisors decided to pursue federal funding to make improvements.

Doug Hamilton, a consulting engineer and debris flow specialist, said in an earlier interview that the flood-control facilities have not been tested by high-intensity pounding of worst-case storms.

"There's a problem with the design of the basin," Hamilton said at the time. "There is still a significant hazard that affects the value and possible uses of the land."

Hamilton could not be reached for comment Tuesday on the Corps' decision.

Related Articles:

- [Ex-official tried to stop basin project](#)
- [Lawyer still questioning basin](#)

Staff Writers Megan Blaney and Guy McCarthy contributed to this story.

Article Launched: 6/25/2006 12:00 AM

Chino water facility debuts

\$6M plant will remove nitrates

By Joanna Parsons, Staff Writer
Inland Valley Daily Bulletin

CHINO - A new water treatment facility will allow the city to use more local groundwater and save money on imported water from Northern California.

City officials welcomed the opening of the public works water treatment facility on Benson Avenue Wednesday.

Technology in place at the \$6-million plant will remove many unhealthy nitrates from water in the Chino Basin aquifer, which means the city will be able to draw 10 percent more local water instead of importing it, said Jim Hill, assistant director of the city's public works department.

"It's a state-of-the-art facility that will be a tremendous asset to the people of Chino," said Ken Manning, chief executive officer of the Chino Basin Watermaster, which manages the pumping of water from the Chino Basin.

"The city's groundwater is cheaper, and it's of good quality."

Much of Chino's water, 65 percent, already comes from the aquifer. The remaining 35 percent is imported from Northern California via the California Aqueduct.

The imported water is blended with local water to help reduce unhealthy levels of nitrates that have accumulated in the groundwater from years of agricultural activity.

According to Hill, the state considers nitrate levels of 45 parts per million or higher harmful. Water pumped from the aquifer can contain nitrates ranging from 45 to 85 parts per million.

Hill said the water treated at the new facility will contain less than 10 parts per million in nitrates.

The technology in place at the plant will also enable water to be used from two wells that were not in operation because of their high level of nitrates, said Richard Atwater, general manager of the Inland Empire Utilities Agency.

If Chino's water demand doesn't go up, Hill said, decreasing imported water would save the city about \$1 million annually.

Manning said that using more local water also is important because the Northern California water supply could be cut off in the event of an earthquake or other major disaster.

Atwater said the overall goal is to increase groundwater pumping, and that without the facility, bringing in imported water on an annual basis would be 50 percent more expensive for Chino.

The nitrate-removing technology has been around for 20 years, but the Benson Avenue treatment plant is the first one Chino owns and operates.

The city receives some water treated at the Chino Desalter Facility, which is IEUA-operated, Hill said.

Atwater said the process, which is also being used in facilities in Upland and Pomona, will become more common in the Inland Valley, with Ontario designing a similar treatment facility.

"We'll have many more of these type of treatment plants," Atwater said.

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Recycled water finds no role in firefighting

By Melodie Henderson

Even as the Inland Empire Utilities Agency encourages the use of recycled water, particularly for new developments such as College Park, the fire district and city of Chino have no plans to utilize recycled water for fighting fires in College Park, or anywhere else, according to Division Chief Tom Maxham.

"The custom for fighting fires is regular, potable water—always has been, all over the city," Chief Maxham said. "There are no plans to use reclaimed water."

According to City Planner Chuck Coe, Chino Valley Independent Fire District responded to the College Park Environmental Impact Report with a letter specifying that recycled water would not be used for fire protection systems.

The city's reply to the district was, "Thank you for your comments; the use of recycled water is not planned for fire protection services," Mr. Coe said.

According to the utilities agency, recycled water is already used for irrigation on the beltways in Chino Hills and several parks, including Ayala Park, golf courses at Los Serranos, Empire Lakes and El Prado. And a line is in place to carry the water to College Park



Champlon file photo by Josh Thompson

Chino Valley firefighter Mike O'Toole pumps water onto a blaze in January on Netzley Place in Chino.

"It can be used for cooling towers, decorative fountains, commercial laundries, car washes — anything you don't need potable water for," said Sondra Elrod of the IEUA. "If the fire district wanted to use it, we could probably get it to them."

Chief Maxham cites unfamiliarity as the reason the district does not use the water.

"We don't have any experience with the use of that water. The norm throughout the state is not to use reclaimed water. In the event of a disaster, if it was available to use, we would," he said.

"I know there have been conversations with the fire district in the past, about using recycled water," Ms. Elrod said. "We would love to see it being used."

Hydrants could be connected to existing recycled water pipes, she said. "We would run recycled water pipes just for

our fire department. We have pipes all over, we would just have to connect them," Ms. Elrod said.

Whether the fire district decides to use recycled water or not, the IEUA will continue to encourage others to utilize the resource.

"We will look for as many recycled water users as we can," Ms. Elrod said.

Joe Garcia of the state fire marshal's office referred questions about the use of recycled water for fire suppression to the Department of Forestry and Fire Protection.

Jesse Estrada, public information and education officer for the department, said the state has no policy regarding the use of such water in firefighting.

The department is not in the water

See WATER, Page A-2

Water

Continued from Page A-1

business, Mr. Estrada said. Firefighters use water supplied by the local water utility in fighting structure fires or the closest alternative water source to fight range fires.

"The sources where we get water depends on where the fire is," he said.

The amount of water consumed in fighting a structure fire also varies too much to be estimated or averaged, Mr. Estrada said.

Variables include whether the structure is residential or commercial, its contents and their volatility and what portion of it is burning.

"Burn the same house three times, and it'll be three different fires," he said.

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Article Launched: 6/15/2006 08:47 PM

Out with the old, in with the new

Inland Valley Daily Bulletin

Lawns all over the Inland Empire will be much smarter come the end of July, due in no small part to the advancement of technology.

The Inland Empire Utilities Agency is offering area residents a new SmartTimer irrigation controller in exchange for their old irrigation unit. The timer can tell when it is rainy or wet outside, as well as how much water is necessary for maximum coverage and minimum water usage.

Single family residential water service customers from Monte Vista Water District; cities of Chino, Chino Hills, Upland, Ontario; Fontana Water Company; Cucamonga Valley Water District; and San Antonio Water Company are eligible to receive a free controller.

Training will be offered at the event on how to install and use the controller. It is being sponsored in part the Department of Water Resources and the Metropolitan Water District. The IEUA SmartTimer irrigation controller exchange event is to be held July 22 in the Demonstration Garden at the Chino Basin Water Conservation District in Montclair.

Mary Ann Melle said the event is a partnership of area agencies promoting water conservation. She said that while the event is free, reservations are required

"The timer helps to prevent run off and water waste but more than that it is literally a state of the art controller," Melle said. "It can tell the difference between a hot and sunny day or rainy one and whether or not the area needs to be watered. Since it's on a timer, there is no risk of over-watering," There is limit of one controller per household, Melle said. Eunice Ulloa, general manager of the Chino Basin Water Conservation District, which is located in Montclair and serves the surrounding cities, said that the event is good way to bring residents to the gardens that is water conservation related.

"It's free, simple to use, can help to reduce water use up to 25 percent, and it also helps the overall health of the landscape in our area -- what's not to like," Ulloa said.

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Article Launched: 6/17/2006 12:00 AM

Colonies says no to talks

By Jeff Horwitz, Staff Writer
Inland Valley Daily Bulletin

An attempt by the county to restart settlement talks in the high-stakes Colonies Partners LP flood control lawsuit has been rejected.

Officials for the Colonies said Friday they would rather see immediate, binding arbitration.

After discussing the case with the San Bernardino County Board of Supervisors earlier this week, Interim County Counsel Dennis Wagner contacted the Colonies to explore potential settlement talks under the auspices of San Bernardino County Superior Court Judge Christopher J. Warner. His expertise in the case, he said, would likely smooth any talks.

"I was surprised that if the Colonies really wanted to talk settlement, that they wouldn't consider using the trial judge for that endeavor," Wagner said.

Colonies officials, however, said Friday they would be willing to talk about a financial settlement after the judge decides the land-use issues.

The proposal was tendered a little more than a week after Warner heard closing arguments in a six-week trial intended to resolve whether San Bernardino County hijacked Colonies' land for flood control purposes. Both sides in the Colonies' trial are preparing to submit their final papers to the judge, who has said he will reach a verdict within six weeks.

Jeff Burum, co-managing partner of the Colonies hadn't objected to either Warner or a possible settlement. The problem was that asking the judge to step into settlement talks before issuing a verdict would provide grounds for the whole trial to be thrown out on appeal, Burum said.

The Colonies is happy to have Warner overseeing the trial, Burum said, "and we don't want to lose two months of his hard work and our hard work because of a sleight of hand move by the county." "To prove they are playing games, if they would agree to go to binding arbitration on damages in the next 30 days outside of the normal court process with Judge Warner and live with whatever he rules, I will absolutely agree to that," Burum said. "They're never going to submit to that."

"Completely not true," Wagner responded to allegations the county wasn't sincere. "They can put whatever spin on it they want."

Wagner said any decision about settlement talks would need to be made by the county Board of Supervisors.

Earlier Friday afternoon, two county supervisors said they were willing to see what the judge decides before taking their next step.

"I don't have a problem with that at this point," the 4th District's Gary Ovitt said. "We're obviously interested in going to the settlement table with them. Obviously the Colonies wanted to wait until after the judge made his decision."

Third District Supervisor Dennis Hansberger said he'd also support settlement talks - assuming the Colonies was willing to make more compromises than it has in the past.

"They're entitled to have their own judgment as to whether that's the right decision," Hansberger said of the Colonies' rejection of the county proposal. "Personally, I feel good about the county's position."

Read Related Articles:

- [Colonies settlement talks in works](#)
- [Ovitt urges Colonies talks](#)
- [Frustration boils over in S.B. County, Colonies legal spat](#)
- [Colonies questioned on knowledge of land](#)

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Article Launched: 6/17/2006 12:00 AM

Lobbying firm with ties to Lewis splits in two

By Guy McCarthy, Staff Writer
Inland Valley Daily Bulletin

A lobbying firm in the nation's capital whose ties to Rep. Jerry Lewis, R-Redlands, are the subject of a federal criminal investigation abruptly announced Friday it is splitting into two groups.

Related Articles:

- [Lewis accused of offering illicit influence](#)
- [Investigation isn't fazing Lewis](#)

Copeland Lowery Jacquez Denton & White has more than two dozen government and private business clients in San Bernardino and Riverside counties. They paid the firm \$1.7 million in lobbying fees in 2005.

Since June 1, at least seven Copeland Lowery clients in the Inland region including San Bernardino County have confirmed receiving federal subpoenas seeking records relating to the firm and Lewis.

A spokesman for San Bernardino County said someone from Copeland Lowery contacted the county about the same time the lobbying firm released a statement to the media.

"It's really too soon for the county to digest this and try to determine what it means," said David Wert, county spokesman. "Our legislative director, Jim Lindley, was contacted about 4 p.m. Copeland Lowery assured us this would have no impact on its contract with the county."

The Copeland Lowery statement was issued by Patrick Dorton, a spokesman for the firm.

"Given the current media focus on the firm, Copeland Lowery Jacquez Denton & White has made a strategic and mutually-agreed upon decision to separate its partnership into two groups," the statement began.

The FBI and a federal grand jury have also focused on the firm and its ties to Lewis, chairman of the House Appropriations Committee who oversees about \$900 billion in federal spending. No one on Lewis' staff or with Copeland Lowery has been formally accused of any wrongdoing.

The firm's three Republican named partners including Lewis' friend and former California congressman Bill Lowery will continue to lead the existing firm, while the two Democratic partners will form a separate partnership.

"All the partners remain focused on their client work, discussing issues on Capitol Hill, and working with regulatory agencies every single day," the statement said. "We continue to work on normal routine legislative funding issues, as well as other federal consulting and strategic advocacy on behalf of our clients."

The firm has 19 employees including 14 registered lobbyists.

The announcement of Copeland Lowery's split came three days after officials with one of its local clients, the city of Redlands, suggested cutting ties with the firm. Earlier this month, Redlands officials confirmed receiving a federal grand jury subpoena ordering city officials to turn over all communications between the city, Copeland Lowery and Lewis.

Lewis, reached Friday evening at his home in Washington, said he didn't know anything about the Copeland Lowery split.

"Why should I know about it?" Lewis said. "I know no more about it than you."

In 2005, Copeland Lowery Jacquez Denton & White had more than two dozen clients in San Bernardino and Riverside counties.

Advatech Pacific Inc., Redlands, \$80,000

Cal State San Bernardino Foundation, \$120,000
 City of Highland, \$40,000
 City of Loma Linda, \$20,000
 City of Murrieta, \$40,000
 City of Redlands, \$20,000
 City of Riverside, \$60,000
 City of San Bernardino, \$40,000
 City of Twentynine Palms, \$40,000
 City of Victorville, \$120,000
 City of Yucaipa, \$40,000
 ESRI, Redlands, \$40,000
 HI-Desert Medical Center, Joshua Tree, \$40,000
 HI-Desert Water District, Yucca Valley, \$40,000
 Inland Empire Utilities Agency, Chino, \$40,000
 Inland Valley Development Agency, San Bernardino, \$40,000
 Lake Arrowhead Community Services District, \$40,000
 Loma Linda University Medical Center, \$60,000
 March Joint Powers Authority, \$40,000
 Mojave Water Agency, Apple Valley, \$60,000
 Riverside County, \$120,000
 San Bernardino Associated Governments, \$60,000
 San Bernardino County, \$160,000
 San Bernardino Valley Municipal Water District, \$40,000
 Santa Ana Watershed Project Authority, Riverside, \$40,000
 St. Bernardine Medical Center, \$80,000
 Tactical Survey Group, San Bernardino, San Diego, \$80,000
 Town of Yucca Valley, \$40,000
 University of Redlands, \$100,000

Source: Center for Responsive Politics. For more information, visit www.opensecrets.org on the Internet.

Related Articles:

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- [Investigation isn't fazing Lewis](#)

The Associated Press contributed to this report. Contact Guy McCarthy at (909) 386-3872 or via e-mail at guy.mccarthy@sbsun.com

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Article Launched: 7/11/2006 12:00 AM

Upland water plant gets heightened security

-- Marla Hsin
Inland Valley Daily Bulletin

UPLAND -- A water treatment plant that is now operational at Ninth Street and Mountain Avenue will feature additional security measures.

The City Council Monday allocated \$165,000 to the \$5 million project, bringing the total cost to about \$5.1 million.

In December 2004, the council awarded a contract to Pascal and Ludwig Constructors for the treatment plant and during construction, materials and equipment were stolen. The loss in equipment, materials and labor is estimated at \$45,000, according to a city report.

The added security features include an audible alarm that would alert the Upland Police Department, infrared motion detectors and additional lighting.

While there is no danger to the water being treated, city officials fear the removal or damage of equipment, resulting in future costs.

An official notice of completion could be issued at the next council meeting.

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Article Launched: 7/14/2006 12:00 AM

County approves \$16M Fontana project

Inland Valley Daily Bulletin

A \$16 million construction project along San Sevaine Creek from Slover Avenue to the Jurupa Basin in Fontana was approved Tuesday by the county.

The Board of Supervisors backed the project, which will be a link in a large scale flood control project, while also giving local water agencies the ability to restock water supplies.

The project is part of the San Sevaine and Etiwanda Creek Flood Control project that will eventually provide 100-year flood protection, with the total cost estimated at \$150 million.

- Edward Barrera, (909) 483-9356.

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Article Launched: 7/16/2006 12:00 AM

Monday's the first day for candidates to file

Inland Valley Daily Bulletin

Monday is the first day that candidates for local office can begin the process to run in the November election.

Potential candidates have from now until Aug. 11 to file petitions with their county clerk offices.

Cities holding elections on Nov. 7 include Chino, Chino Hills, Fontana, Montclair, Ontario, Pomona, Rancho Cucamonga, Rialto and Upland.

Also, the following school districts will have seats contested in the election: Chino Valley Unified, Corona-Norco Unified, Fontana Unified, Jurupa Unified and Rialto Unified.

Positions on the board of special districts including the Chino Basin Water Conservation District, Inland Empire Utilities Agency, Jurupa Area Park and Recreation District and the Monte Vista Water District will also be up for election.

-- Mason Stockstill, (909) 483-9354

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