

# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

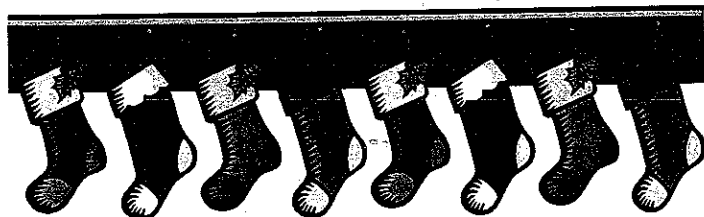
Thursday, November 16, 2006

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





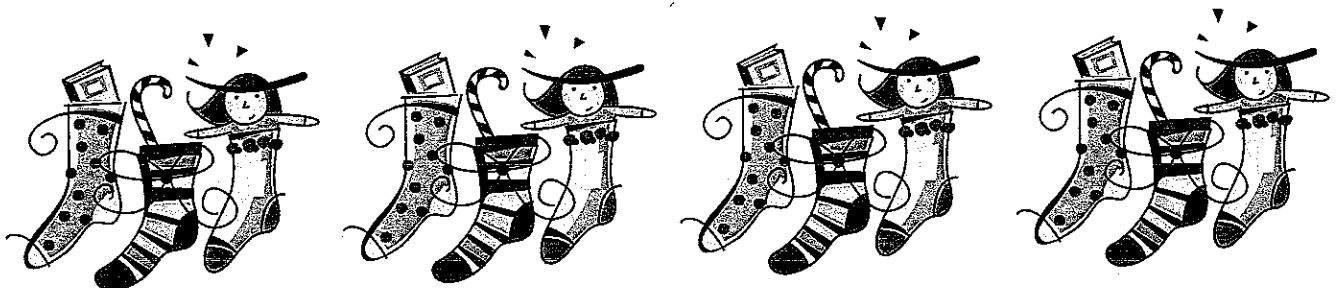
# CHINO BASIN WATERMASTER

Thursday, December 21, 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. – December 21, 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 November 16, 2006 *(Page 1)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of November 2006 *(Page 15)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through October 31, 2006 *(Page 19)*
3. Treasurer's Report of Financial Affairs for the Period October 1, 2006 through October 31, 2006 *(Page 21)*
4. Profit & Loss Budget vs. Actual July 2006 through October 2006 *(Page 23)*

**II. BUSINESS ITEMS**

**A. DR. SUNDING ECONOMIC BENEFITS REPORT**

Consider Approval of the Revised Economic Benefits Report *(Page 25)*

**B. INLAND VALLEY DAILY BULLETIN ADVERTISING CAMPAIGN**

Consider Approval of the Continued Community Outreach with Another 12-month Advertising Campaign with the Inland Valley Dailey Bulletin to match Contributing Funds with Inland Empire Utilities Agency in the Amount of \$10,000 *(Page 47)*

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Santa Ana River Application
2. Peace II
3. Waste Discharge Requirements
4. MZ1 Long Term Plan

**C. CEO/STAFF REPORT**

1. Storm Water/Recharge Report
2. Legislative Update

3. Strategic Planning Issue Report
4. Holiday Open House

**D. INLAND EMPIRE UTILITIES AGENCY**

1. Monthly Water Conservation Programs Report (*handout*)
2. Monthly Imported Water Deliveries Report (*Page 55*)
3. State and Federal Legislative Report (*Page 57*)
4. Community Outreach/Public Relations Report (*Page 71*)

**E. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

**IV. INFORMATION**

1. Newspaper Articles (*Page 77*)

**V. COMMITTEE MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

December 19, 2006	9:00 a.m.	GRCC Meeting
December 21, 2006	9:00 a.m.	Advisory Committee Meeting
December 21, 2006	11:00 a.m.	Watermaster Board Meeting
January 11, 2007	10:00 a.m.	Annual Appropriative Pool Meeting
January 11, 2007	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 16, 2007	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

**Meeting Adjourn**

**CHINO BASIN WATERMASTER  
WATERMASTER BOARD MEETING**

11:00 a.m. – December 21, 2006

**At The Offices Of**

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

**AGENDA**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

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**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held November 16, 2006 *(Page 7)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of November 2006 *(Page 15)*
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January 11, 2007	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 16, 2007	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

**Meeting Adjourn**



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Advisory Committee Meeting –  
November 16, 2006



***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**  
*November 16, 2006*

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on November 16, 2006 at 9:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

**Agricultural Pool**

Nathan deBoom, Chair

Ag Pool/Dairy

**Appropriative Pool**

Chris Diggs

Fontana Union Water Company

Mark Kinsey

Monte Vista Water District

Mike McGraw

Fontana Water Company

Marty Zvirbulis

Cucamonga Valley Water District

Dave Crosley

City of Chino

J. Arnold Rodriguez

Santa Ana River Water Company

Charles Moorrees

San Antonio Water Company

Ken Jeske

City of Ontario

Ashok K. Dhingra

City of Pomona

Anthony La

City of Upland

**Non-Agricultural Pool**

Bob Bowcock

Vulcan Materials Company (Calmat Division)

**Watermaster Board Members Present**

Sandra Rose

Monte Vista Water District

Ken Willis

West End Consolidated Water Company

**Watermaster Staff Present**

Kenneth R. Manning

Chief Executive Officer

Sheri Rojo

CFO/Asst. General Manager

Gordon Treweek

Project Engineer

Danielle Maurizio

Senior Engineer

Sherri Lynne Molino

Recording Secretary

**Watermaster Consultants Present**

Scott Slater

Hatch & Parent

Mark Wildermuth

Wildermuth Environmental Inc.

Tom McCarthy

Wildermuth Environmental Inc.

**Others Present**

Terry Catlin

Inland Empire Utilities Agency

Justin Scott-Coe

Vulcan Materials Company (Calmat Division)

Rosemary Hoerning

City of Upland

Bill Kruger

City of Chino Hills

Eunice Ulloa

Chino Basin Water Conservation District

Rich Atwater

Inland Empire Utilities Agency

The Advisory Committee meeting was called to order by Chair deBoom at 9:08 a.m.



**AGENDA - ADDITIONS/REORDER**

There were not additions or reorders made to this agenda.

**I. CONSENT CALENDAR****A. MINUTES**

1. Minutes of the Advisory Committee Meeting held on September 28, 2006
2. Minutes of the Advisory Committee Meeting held on October 26, 2006

**B. FINANCIAL REPORTS**

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

*Motion by McGraw, second by Bowcock, and by unanimous vote*

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

**ii. BUSINESS ITEMS****A. NEW YIELD ALLOWANCES FOR FY 06-07 ASSESSMENT PACKAGE**

Mr. Manning stated staff's recommendation for this item is based upon the definition of new yield and proven inflow into the basin; the appropriate number to use in the Assessment Package is 30%. This item was taken to the Appropriative and Non-Agricultural Pool and the action taken at their meeting was slightly different than staff's recommendation. Their motion was to use the 30% number but to add an additional 20%, which takes us up to the management strategy level and that if re-operation was not approved by the court, then staff would go back and redo the Assessment Package to reflect just the 30%. This same item went to the Agricultural Pool yesterday and their motion was to approve the 30% and when the re-operation was approved by the court an additional 20% would be credited back into the Assessment Package. Mr. McGraw inquired if the 20% would then go back retroactively. Mr. Manning stated this year's assessments will not change whether we use the 30% or the 50% number, the financial impact would occur in the next Assessment Package. Mr. Jeske offered comment on basin strategies. A lengthy discussion ensued with regard to this item and with regard to accelerating the Peace II process. Mr. Kinsey offered comment on his concerns regarding bifurcating the Peace II process. Counsel Slater stated this matter comes to this committee on a staff recommendation with proposed evidentiary findings. In order for the Advisory Committee and the Watermaster Board to approve a determination of new yield there must be substantiating evidence to make a finding that there is in fact new yield. Once there is substantial evidence and the Board makes findings, then new yield adds to the quantity that can be produced without incurring a replenishment assessment. Unless there is such a determination made, we are left with the historic operating yield and any production in the basin which is not otherwise accounted for incurs a replenishment assessment. When staff prepared the recommendation it included evidence which was the Wildermuth report and proposed findings related to new yield. As counsel and staff understood the Appropriative and Non-Agricultural pools proposal, it was to adopt the determination of a 30% but then also on the basis of a different subject which is proper basin management to add an additional 20%, bringing the total to 50%. There is no evidence in the record to support a determination or findings that in fact that the new yield should be at 50%. If the Advisory Committee members want to act consistent with the rules of the Peace Agreement, it ought to adopt the findings as it relates to the 30% and then take whatever position it wants to, coupled or not, with the additional 20% forgiveness. Mr. Jeske stated he was the maker of the motion at that meeting and the discussion at that meeting was two fold, one dealing with the new yield from the pumping in the south end and it dealt with the findings at 30% and the other pertaining to implementing the Peace II Term Sheet and the resulting 20%. A lengthy discussion ensued with regard to this item and it was decided by the

committee members to go into recess to discuss this item and to decide on accurate wording for a motion to reflect this committee's intentions.

At 9:28 a recess was called into place to allow further discussion regarding the new yield allowance and to formulate a motion.

At 9:45 a.m. the Advisory Committee meeting reconvened.

*Motion by Jeske, second by Dhingra, and by unanimous vote*

Advisory Committee Motion in two parts:

Part A:

Adopt Staff Recommendations set forth in the staff report

- a. Based upon a technical assessment prepared by Wildermuth Environmental, Watermaster Staff, New Yield attributable to the 05-06 Desalter production is equal to 30% of Desalter production or about 4,950 acre feet.
- b. Incorporate the identified New Yield into the assessment package and further described the condition in the Annual Report.
- c. Approve the proposed findings and support the Watermaster determination.

[Proposed finding are set forth on page 39 of the Board packet.]

Part B

As a matter of basin management and not New Yield and in acknowledgement of all of the following:

1. Mr. Wildermuth's and Mr. Scalmanini's comments regarding the benefits of proceeding with the basin management strategy of hydraulic control;
2. The parties' desire to proceed with Peace II and the basin management goal of Hydraulic Control;
3. The parties desire to avoid taking actions contrary to the basin management goal to Hydraulic Control by assessing the securing replenishment water;
4. Watermaster's need for flexibility to implement the physical solution and to exercise discretion in assessing for over-production *within one year*;

Therefore Part B:

1. Watermaster will exercise reasonable discretion is deferring the imposition of a Replenishment Assessment *within one fiscal year*;
2. Subject to Mr. Scalmanini's review, Watermaster's next court filings will reference its desire to defer and potentially avoid imposing a Replenishment Assessment for Desalter production in excess of Operating Safe Yield so as to act in a manner consistent with the basin management strategy of securing hydraulic control if it is making reasonable progress toward completion of the Peace II process; and
3. If Watermaster has made reasonable progress towards but has not completed the Peace II process within the fiscal year, Watermaster will request court relief from the requirement to

levy a Replenishment Assessment for Desalter Production in excess of Operating Safe Yield so that it may act in a manner consistent with the basin management strategy of securing hydraulic control.

#### **B. FY 06-07 ASSESSMENT PACKAGE**

Mr. Manning stated the Appropriative and Non-Agricultural pools moved to table a motion on this item until next month in order to allow more time for review and to allow Watermaster to pre-bill 50% of the anticipated assessments in order to have money come in to pay bills. The Agricultural Pool's motion was to approve the FY 06-07 Assessment Package and to also allow Watermaster to pre-bill 50% until this item was approved completely. It was noted the Advisory Committee members opted not to see the Assessment Package presentation at this time. A question regarding when the final amount of assessments would be mailed out and Mr. Manning stated if this item is approved at the Advisory and Watermaster Board meetings in December the statements would then go out around the January 2007 time frame.

*Motion by Jeske, second by Kinsey, and by unanimous vote*

***Moved to table this item until next month and to approve billing 50% of the anticipated Assessment to the parties, as presented***

### **III. REPORTS/UPDATES**

#### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

##### **1. Santa Ana River Application**

Counsel Slater stated the State Board has sent out some correspondence, not a notice, to all the parties involved letting them know that the State Board is hoping to notice a hearing on all of the Santa Ana River applications by the end of November. In subsequent discussions with the State Board, it turns out that almost all of the State Board's staff that is now assigned to this project is new to the project including legal counsel. We still do not know for sure if this will go through to a hearing because of all of the past delays over the past six years.

##### **2. Peace II Term Sheet**

Counsel Slater stated there has been a lot of discussion regarding the slow progress on the Peace II process. We have been in the process of technical review by the Special Referee and her technical assistant for some time. We are anticipating all of the technical review to be completed early in the New Year. Counsel Slater stated it has occurred to counsel and staff due to financial constraints and the relationship to the subject matter previously discussed that it may make sense to disaggregate the process. Staff is looking at moving the entire package into suites of action which are those things that Watermaster can do within the presently authorized allowable discretion, the next would be those things that require contractual amendments to the Peace Agreement and a modification to the implementation plan, and lastly would be those things that would require a physical analysis. It was staff's intention to discuss this concept with the Watermaster Board today and then introduce to the entire Watermaster process in December. Mr. Kinsey commented on the concerns regarding bifurcating this process at the last Appropriative and Non-Agricultural pool meeting. A discussing ensued with regard to this item.

##### **3. Waste Discharge Requirements re Santa Ana River**

Counsel Slater stated we are at a watch and monitor mode and there is nothing further to report on regarding this item.

#### **B. WATERMASTER ENGINEERING REPORT**

##### **1. Progress on the Western Desalter Well Field**

It was noted the committee members decided to pass on seeing the presentation at this meeting. No further comment was made regarding this item.

**C. CEO/STAFF REPORT**

1. Storm Water/Recharge Report  
No comment was made regarding this item.
2. Legislative/Bond Update  
Mr. Manning stated IEUA has sent over the Congressional Outlook for the 100<sup>th</sup> Congress (Innovating Federal Strategies – a Comprehensive Government look at Relations) which is available on the back table for review. Mr. Manning offered comment on how both houses being Democratic will affect us. Our hope is that two items will get through to funding one being WORDA and the other being the funding for our recycled water projects; both are sitting awaiting action in the senate.
3. Strategic Planning  
Mr. Manning stated this item is not completed and will be brought back next month.
4. RAND Workshop Review  
Mr. Manning stated the third and last workshop was held this past week. Overall the RAND series of three workshops were productive. There will be a follow up report and once that report is available we will provide a copy to all the parties.
5. Invitation from French Government  
Mr. Manning stated Mr. Neufeld and himself were notified a few weeks ago by the French government that they had been selected to participate in a conference in France (paid by them) to attend the conference and visit with their officials over a four day period. Just this week both Mr. Manning and Mr. Neufeld were notified that this year's trip for them has been cancelled and they have been placed on a waiting list for next year's conference. Mr. Manning noted it was an honor just to be one of the few that were considered to attend this type of event and he hopes to be chosen to go next year.

## Added Item:

Mr. Manning stated several months ago he and Mr. Atwater from Inland Empire Utilities Agency and a number of other parties got together to request some grants to the Department of Health Services (Prop 50 Grants). Watermaster ended up submitting three applications for grants which were, 1) Chino I Desalter Expansion for \$15M, 2) Ontario Groundwater Recovery (OIA Plume) for \$20M, and 3) the Chino Groundwater Recovery grant. This is a total of \$55 million dollars which was applied for and all three were approved by the Department of Health Services to move onto the next round. These funds will most certainly help in getting the Potential Responsible Parties to the table for clean up.

**D. INLAND EMPIRE UTILITIES AGENCY**

1. Monthly Water Conservation Programs Report  
No comment was made regarding this item.
2. Monthly Imported Water Deliveries Report  
No comment was made regarding this item.
3. State and Federal Legislative Report  
No comment was made regarding this item.
4. Community Outreach/Public Relations Report  
No comment was made regarding this item.
5. Water Production Summary  
No comment was made regarding this item.

**E. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

No comment was made regarding this item.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. COMMITTEE MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

November 16, 2006	9:00 a.m.	Advisory Committee Meeting
November 16, 2006	11:00 a.m.	Watermaster Board Meeting
November 20, 2006	1:00 p.m.	AGWA Meeting @ CBWM
November 30, 2006	10:00 a.m.	MZ1 Technical Committee Meeting
December 13, 2006	1:00 p.m.	Water Quality Meeting
December 14, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 19, 2006	1:00 p.m.	Agricultural Pool Meeting @ IEUA
December 21, 2006	9:00 a.m.	Advisory Committee Meeting
December 21, 2006	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 10:25 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Watermaster Board Meeting – November 16, 2006



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**WATERMASTER BOARD MEETING**  
*November 16, 2006*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on November 16, 2006 at 9:00 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
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Paul Hofer	Agricultural Pool, Crops
Al Lopez	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
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.

**Others Present**

Rosemary Hoerning	City of Upland
Dave Crosley	City of Chino
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Ashok K. Dhingra	City of Pomona
Jim Taylor	City of Pomona
Bill Kruger	City of Chino Hills
Eunice Ulloa	Chino Basin Water Conservation District

The Watermaster Board Meeting was called to order by Chair Willis at 11:05 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 on September 28, 2006
2. Minutes of the Watermaster Board Meeting held on October 26, 2006

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of October 2006
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3. Treasurer's Report of Financial Affairs for the Period September 1, 2006 through September 30, 2006
4. Profit & Loss Budget vs. Actual July 2006 through September 2006

*Motion by Lopez, second by Kuhn, and by unanimous vote*

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

**II. BUSINESS ITEMS****A. NEW YIELD ALLOWANCES FOR FY 06-07 ASSESSMENT PACKAGE**

Mr. Manning stated this item has gone through the Pools and to the Advisory Committee. Staff's recommendation is to approve this item at 30% based upon the fact this is the proven amount of actual water that we could show coming into the basin based upon the new Wildermuth Environmental report. Mr. Manning stated the management strategy approach to this item is different. At the recent Assessment Package Workshop which was attended by the special referee's technical assistant, Joe Scalmanini, Wildermuth's staff, Watermaster staff, along with several parties heard at that workshop that a 50% management strategy is an appropriate amount to use in order to continue the move toward Hydraulic Control with re-operation of the basin. However, new yield calls for the actual quantifiable amount of water to be utilized. Staff's recommendation is based on that definition. When this item was presented at the Appropriative and Non-Agricultural Pool meeting, their thought was the 30% was the appropriate amount based on the Wildermuth findings; however, they also asked that 20% be captured based upon the management strategy based upon all of last years activities and where we are going in the future; this was included in their motion. At the Agricultural pool meeting the same staff recommendation was made and that committee was made aware of the Appropriative and Non-Agricultural pool's motion. The Agricultural pool decided their motion would be to use the 30% new yield amount and to also add 20% at the completion of court approval of Hydraulic Control and re-operation of the basin. In reality both motions were moving in the same direction but are slightly different. Mr. Manning stated the same staff recommendation was given to the Advisory Committee this morning and following a lengthy discussion about the alternatives and implications, the chair asked for a recess so that a discussion could take place to allow those present an opportunity to discuss and formulate a motion. The final outcome of language was drafted by counsel per the authority of the committee members and was to be read during open session; this motion was then adopted unanimously. Mr. Jeske stated he was very pleased by the work that was done at the Advisory Committee meeting this morning and further commented that the motion formulated by the Advisory Committee members provides a continuation of our current level so that we do not backslide in our management of the basin while we complete the Peace II process. Mr. Jeske read the motion which was unanimously accepted by the Advisory Committee members. Mr. Vanden Heuvel stated the 50% is not a continuation of status quo because the amount of water in question has increased substantially and this assessment package is including a time frame where the amount of desalting is dramatically increased; from 9,000 acre feet in past years versus around 16,000 acre feet in the 05/06 year. There is an increase in new yield calculated in what the 50% represents. We have learned over the last year and a half that the location of pumping is critical to the management strategy and its benefit and it is important to note that all of the increase in pumping is in a different location than the projections of the original desalter pumping. A lengthy discussion ensued with regard to this item. Mr. Vanden Heuvel stated Mr. Scalmanini brought to the parties attention at the workshop that no actual wet water replenishment has taken place for any of the desalters thus far and none was anticipated for this assessment year whether it was 30% or 50%. Mr. Manning stated staff has reviewed the stated motion and is comfortable with it and it provides a position for Watermaster to be consistent with the Judgment and the Peace Agreement.



*Motion by Rose, second by Anderson, and by unanimous vote*

Advisory Committee Motion in two parts:

Part A:

Adopt Staff Recommendations set forth in the staff report

- a. Based upon a technical assessment prepared by Wildermuth Environmental, Watermaster Staff, New Yield attributable to the 05-06 Desalter production is equal to 30% of Desalter production or about 4,950 acre feet.
- b. Incorporate the identified New Yield into the assessment package and further described the condition in the Annual Report.
- c. Approve the proposed findings and support the Watermaster determination.

[Proposed finding are set forth on page 39 of the Board packet.]

Part B

As a matter of basin management and not New Yield and in acknowledgement of all of the following:

1. Mr. Wildermuth's and Mr. Scalmanini's comments regarding the benefits of proceeding with the basin management strategy of hydraulic control;
2. The parties' desire to proceed with Peace II and the basin management goal of Hydraulic Control;
3. The parties desire to avoid taking actions contrary to the basin management goal to Hydraulic Control by assessing the securing replenishment water;
4. Watermaster's need for flexibility to implement the physical solution and to exercise discretion in assessing for over-production *within one year*;

Therefore Part B:

1. Watermaster will exercise reasonable discretion is deferring the imposition of a Replenishment Assessment *within one fiscal year*;
2. Subject to Mr. Scalmanini's review, Watermaster's next court filings will reference its desire to defer and potentially avoid imposing a Replenishment Assessment for Desalter production in excess of Operating Safe Yield so as to act in a manner consistent with the basin management strategy of securing hydraulic control if it is making reasonable progress toward completion of the Peace II process; and
3. If Watermaster has made reasonable progress towards but has not completed the Peace II process within the fiscal year, Watermaster will request court relief from the requirement to levy a Replenishment Assessment for Desalter Production in excess of Operating Safe Yield so that it may act in a manner consistent with the basin management strategy of securing hydraulic control.

**B. FY 06-07 ASSESSMENT PACKAGE**

Mr. Manning stated the Appropriative and Non-Agricultural pools moved to table a motion on this item until next month in order to allow more time for review and to allow Watermaster to bill 50% of the anticipated assessment amount to the parties in order to have money come in to pay bills. The Agricultural Pool's motion was to approve the FY 06-07 Assessment Package and to also allow Watermaster to bill 50% until this item was approved completely. The Advisory Committee's motion was the same as the Appropriative and Non-Agricultural pools in asking for it to be brought back in December and to allow Watermaster to send out a billing using 50% of the anticipated assessment amount. The Watermaster Board members opted not to see the Assessment Package presentation at this time.

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

***Moved to table this item until next month and to approve billing a special pre-assessment using 50% of last year's Assessment Package numbers to the parties to allow funds to come into Watermaster on a timely basis.***

**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Santa Ana River Application**

Counsel Slater stated the State Board has sent out some correspondence, not a notice, to all the parties involved letting them know that the State Board is hoping to notice a hearing on all of the Santa Ana River applications by the end of November. In subsequent discussions with the State Board, it turns out that almost all of the State Board's staff that is now assigned to this project is new to the project including legal counsel. We still do not know for sure if this will go through to a hearing because of all of the past delays over the past six years

**2. Peace II Term Sheet**

Counsel Slater stated the Watermaster Board members are aware that we are still to complete two tasks that were predicates to our proceeding with the implementation of the Peace II Term Sheet. The first was we were going to complete the socio economic report; Dr. Sunding has been conferring with Wildermuth Environmental and we are now informed Dr. Sunding does have all the required information that he needs to complete his report and it will be brought through the Watermaster process once it is received. Counsel Slater acknowledged that that is not the end of the process; the Peace II Term Sheet also calls for a Cost Benefit Analysis as it relates to the micro analysis of socio economic impacts as a part of the on going review. This is what was necessary for us to launch into the Peace II process. Secondly, we are waiting on Mr. Scalmanini's review of the technical model and he has been in consistent communication with Mr. Wildermuth. Counsel Slater stated the origin of the Peace II process was that everything and everybody moved together and there would be no ability to gain by taking one issue out of step with other issues. It occurs to staff and legal counsel that in this instance it may be more efficient to proceed by disaggregating the Peace II process into potential suites of action and this came up via dialog amongst members of the board at the last meeting. We are prepared to present a concept into the pool process, which would be to effectively to disaggregate the Peace II Term sheet into; 1) those actions that are contemplated by the Peace II Term Sheet that are already within the discretion of Watermaster, 2) those things that require an amendment to either the implementation plan or the Peace Agreement but do not require physical analysis, and 3) we would propose the project description, effectively the pursuit of the management objective of hydraulic control through the strategy of basin re-operation with wells located in specific areas. This would comprise the project description and then the Wildermuth firm would examine the physical consequences of those actions. Those suites of action would follow last and would then be presented to the court for approval after the physical analysis.

With the Board's consent and direction we would propose to distribute such a plan to the Pools during the next Watermaster cycle. A discussion ensued with regard to this new proposal and storage losses. Mr. Vanden Heuvel expressed his vast concerns over breaking up the entire package into pieces. Mr. Hofer stated he wants to see Peace II finished, however, has reservations about breaking the whole package up into smaller bits because the court is going to approve Peace II as one whole package. Mr. Kuhn noted he will listen to Watermaster's proposal about the three ideas but to not presume that he will be a yes vote on doing it that way. Mr. Bowcock stated he would be interested in hearing the proposal over the next few weeks. Mr. Manning stated he appreciates all the committee members comments and noted staff will be putting together the plan. A discussion ensued with regard to stopping Watermaster staff from putting together their plan and discussing it through the Watermaster process. Mr. Manning stated an option could be to put the proposal together and then give it at a workshop as opposed through the Watermaster process and stressed the importance in receiving input from the parties. Mr. Vanden Heuvel noted his frustration in this process taking so long; however, noted by breaking it apart might put us in a position to lose ground we have already gained. It was noted by the Watermaster Board Members that they did not want this proposal to go to the Pools first and that it needed to go to them or be presented at a workshop. Counsel Slater stated by listening to each members concerns and in following with past practices it appears it best that a workshop be convened to daylight the new proposal while enforcing the confidentiality agreement to all attendees. Mr. Manning stated staff is not asking to add items or to take items away from the total items in Peace II, what staff is asking for is to start dialog to encompass a different strategy on implementation or at least approval of, with implementation pending. Mr. Manning stated he appreciates the comments offered regarding this item and we do need to get this matter moving forward and bifurcating this appears to be able to move it more quickly. A discussion ensued with regard to adding this item to the agenda to be voted on. Mr. Manning stated it was staff's hopes that the Board would give him discretion to be able to provide a strategy; in retrospect, what has been stated today, it is apparent this should not go forward as presented. Staff wants this item to progress and come to a conclusion in as timely a manner as possible; however, staff will proceed or not proceed according to the Board's wishes. After a long discussion it was decided counsel and staff will not move this matter forward until the Watermaster Board hears the idea first and then, only with the Board's approval, will the matter be put through the Watermaster process.

3. Waste Discharge Requirements re Santa Ana River  
Counsel Slater stated there is no present action required and we will continue monitoring its progress.

## **B. WATERMASTER ENGINEERING REPORT**

1. Progress on the Western Desalter Well Field  
Mr. Wildermuth gave a West Desalter Well Field Investigation presentation. The assignment given to Wildermuth regarding the Western Desalter Well Field (WDWF) was to develop the well field to achieve hydraulic control and develop a concept that will intercept the Chino Airport VOC plume. Mr. Wildermuth reviewed several area maps in detail and by a progression of dates to show how the Chino Airport VOC plume will be affected by the new WDWF wells. In addition to other assignments, Wildermuth Environmental will be preparing an addendum to the April report, coordinating with the Regional Water Quality Control Board and County, and prepare an addendum to be available before the end of November 2006. A brief discussion ensued with regard to the Wildermuth presentation.

## **C. CEO/STAFF REPORT**

1. Storm Water/Recharge Report  
Mr. Treweek stated we are one third of the way through the year and are right on target for recharge. We have achieved 21,000 acre-feet of recharge towards our goal of 60,000

acre-feet. The day to day operations have been handled by Andy Campbell and his staff at Inland Empire Utilities Agency which has freed up Watermaster staff time to work on other projects. We have attempted to increase our recharge efforts by 20% to 25% each year.

2. Legislative/Bond Update

Mr. Manning stated IEUA has sent over the Congressional Outlook for the 100<sup>th</sup> Congress (Innovating Federal Strategies – a Comprehensive Government look at Relations) which is available on the back table for review. Mr. Manning offered comment on how both houses being Democratic will affect us. Our hope is that two items will get through to funding one being WORDA and the other being the funding for our recycled water projects; both are sitting awaiting action in the senate.

3. Strategic Planning

Mr. Manning stated this item is not completed and will be brought back next month.

4. RAND Workshop Review

Mr. Manning stated the third and last workshop was held this past week. Overall the RAND series of three workshops were productive. There will be a follow up report and once that report is available we will provide a copy to all the parties.

5. Invitation from French Government

Mr. Manning stated Mr. Neufeld and himself were notified a few weeks ago by the French government that they had been selected to participate in a conference in France (paid by them) to attend the conference and visit with their officials over a four day period. Just this week both Mr. Manning and Mr. Neufeld were notified that this year's trip for them has been cancelled and they have been placed on a waiting list for next year's conference. Mr. Manning noted it was an honor just to be one of the few that were considered to attend this type of event and he hopes to be chosen to go next year.

Added Item:

Mr. Manning stated several months ago he and Mr. Atwater from Inland Empire Utilities Agency and a number of other parties got together to request of some grants to the Department of Health Services (Prop 50 Grants). Watermaster ended up submitting three applications for grants which were, 1) Chino I Desalter Expansion for \$15M, 2) Ontario Groundwater Recovery (OIA Plume) for \$20M, and 3) the Chino Groundwater Recovery grant. This is a total of \$55 million dollars which was applied for and all three were approved by the Department of Health Services to move onto the next round. These funds will most certainly help in getting the Potential Responsible Parties to the table for clean up.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

November 16, 2006	9:00 a.m.	Advisory Committee Meeting
November 16, 2006	11:00 a.m.	Watermaster Board Meeting
November 20, 2006	1:00 p.m.	AGWA Meeting @ CBWM
November 30, 2006	10:00 a.m.	MZ1 Technical Committee Meeting
December 13, 2006	1:00 p.m.	Water Quality Meeting

December 14, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 19, 2006	1:00 p.m.	Agricultural Pool Meeting @ IEUA
December 21, 2006	9:00 a.m.	Advisory Committee Meeting
December 21, 2006	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 12:45 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 November 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through October 31, 2006
3. Treasurer's Report of Financial Affairs for the Period October 1, 2006 through October 31, 2006
4. Profit & Loss Budget vs. Actual July 2006 through October 2006





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 14, 2006  
December 19, 2006  
December 21, 2006

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Cash Disbursement Report – November 2006

### SUMMARY

**Issue** – Record of cash disbursements for the month of November 2006.

**Recommendation** – Staff recommends the Cash Disbursements for November 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 November 2006 were \$562,524.62. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$248,018.87 and Hatch and Parent in the amount of \$100,212.69.



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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**November 2006**

Type	Date	Num	Name	Amount
<b>Nov 06</b>				
Bill Pmt -Check	11/1/2006	10931	CITISTREET	-1,111.11
Bill Pmt -Check	11/1/2006	10932	PUBLIC EMPLOYEES' RETIREMENT SYST...	-7,098.62
Bill Pmt -Check	11/1/2006	10933	CITISTREET	-2,632.30
Bill Pmt -Check	11/1/2006	10934	PUBLIC EMPLOYEES' RETIREMENT SYST...	-7,098.62
Bill Pmt -Check	11/2/2006	10935	MEDIA JIM	-885.00
Bill Pmt -Check	11/9/2006	10954	DEPARTMENT OF HEALTH SERVICES	-120.00
Bill Pmt -Check	11/9/2006	10953	HATCH AND PARENT	-100,212.69
Bill Pmt -Check	11/9/2006	10952	HSBC BUSINESS SOLUTIONS	-643.55
Bill Pmt -Check	11/9/2006	10951	INLAND EMPIRE UTILITIES AGENCY	-69,903.81
Bill Pmt -Check	11/9/2006	10950	JUAN POLLO	-129.29
Bill Pmt -Check	11/9/2006	10949	OFFICE DEPOT	-939.46
Bill Pmt -Check	11/9/2006	10936	PAYCHEX	-211.02
Bill Pmt -Check	11/9/2006	10937	PREMIERE GLOBAL SERVICES	-38.00
Bill Pmt -Check	11/9/2006	10938	PURCHASE POWER	-17.82
Bill Pmt -Check	11/9/2006	10939	QUILL	-252.78
Bill Pmt -Check	11/9/2006	10940	SPRINT	-423.24
Bill Pmt -Check	11/9/2006	10941	SR ELECTRIC	-350.00
Bill Pmt -Check	11/9/2006	10942	STANTEC CONSULTING, INC.	-1,900.00
Bill Pmt -Check	11/9/2006	10943	STATE COMPENSATION INSURANCE FUND	-860.04
Bill Pmt -Check	11/9/2006	10944	UNION 76	-190.34
Bill Pmt -Check	11/9/2006	10945	UNITED PARCEL SERVICE	-209.49
Bill Pmt -Check	11/9/2006	10946	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	11/9/2006	10947	VERIZON	-402.05
Bill Pmt -Check	11/9/2006	10948	APPLIED COMPUTER TECHNOLOGIES	-4,090.15
Bill Pmt -Check	11/15/2006	10955	HUITSING, JOHN	-375.00
General Journal	11/15/2006	06/11/03	PAYROLL	-15,483.67
General Journal	11/15/2006	06/11/04	PAYROLL	-9,872.65
General Journal	11/15/2006	06/11/04	PAYROLL	-23,140.26
Bill Pmt -Check	11/16/2006	10956	ACWA	-10,290.00
Bill Pmt -Check	11/16/2006	10958	ACWA SERVICES CORPORATION	-221.50
Bill Pmt -Check	11/16/2006	10960	ADVANCED ORNAMENTAL IRON	-125.00
Bill Pmt -Check	11/16/2006	10961	BANK OF AMERICA	-4,281.16
Bill Pmt -Check	11/16/2006	10962	COLLINS CO.	-326.05
Bill Pmt -Check	11/16/2006	10963	DELUXE BUSINESS FORMS & SUPPLIES	-77.58
Bill Pmt -Check	11/16/2006	10964	FIRST AMERICAN REAL ESTATE SOLUTIO...	-125.00
Bill Pmt -Check	11/16/2006	10965	IDEAL GRAPHICS	-511.81
Bill Pmt -Check	11/16/2006	10966	MCI	-907.73
Bill Pmt -Check	11/16/2006	10967	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,410.00
Bill Pmt -Check	11/16/2006	10968	RBM LOCK & KEY	-182.10
Bill Pmt -Check	11/16/2006	10969	REID & HELLYER	-4,832.26
Bill Pmt -Check	11/16/2006	10970	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	11/16/2006	10971	STAULA, MARY L	-136.61
Bill Pmt -Check	11/16/2006	10972	THE FURMAN GROUP, INC.	-2,600.00
Bill Pmt -Check	11/16/2006	10973	VERIZON WIRELESS	-229.34
Bill Pmt -Check	11/16/2006	10974	RICOH BUSINESS SYSTEMS-Maintenance	-1,063.54
Bill Pmt -Check	11/16/2006	10975	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	11/16/2006	10976	WILDERMUTH ENVIRONMENTAL INC	-248,018.87
Bill Pmt -Check	11/28/2006	10977	PETTY CASH	-663.67
General Journal	11/30/2006	06/11/6	PAYROLL	-6,569.81
General Journal	11/30/2006	06/11/6	PAYROLL	-23,212.66
				<b>-562,524.62</b>
<b>Nov 06</b>				

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CHINO BASIN WATERMASTER  
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
 FOR THE  
 PERIOD JULY 1, 2006 THROUGH OCTOBER 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 2006-2007
<b>Administrative Revenues</b>										
Administrative Assessments			-		-				-	\$7,308,205
Interest Revenue			59,855	6,061	2,573			24	68,513	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
<b>Total Revenues</b>	-	-	59,855	6,061	2,573	-	-	24	68,513	7,582,705
<b>Administrative &amp; Project Expenditures</b>										
Watermaster Administration	341,679								341,679	601,598
Watermaster Board-Advisory Committee	15,180								15,180	52,123
Pool Administration			7,533	25,287	2,417				35,237	118,245
Optimum Basin Mgmt Administration		628,513							628,513	1,855,795
OBMP Project Costs		1,810,743							1,810,743	5,904,269
Education Funds Use									-	375
Mutual Agency Project Costs	5,216								5,216	5,000
<b>Total Administrative/OBMP Expenses</b>	<b>362,075</b>	<b>2,439,256</b>	<b>7,533</b>	<b>25,287</b>	<b>2,417</b>				<b>2,836,568</b>	<b>8,537,405</b>
<b>Net Administrative/OBMP Income</b>	<b>(362,075)</b>	<b>(2,439,256)</b>								
Allocate Net Admin Income To Pools	<u>362,075</u>		278,656	75,632	7,788				-	0
Allocate Net OBMP Income To Pools		<u>2,439,256</u>	1,877,271	509,521	52,464				-	0
Agricultural Expense Transfer			607,814	(607,814)					-	0
<b>Total Expenses</b>			<b>2,771,274</b>	<b>2,625</b>	<b>62,669</b>				<b>2,836,568</b>	<b>8,537,405</b>
<b>Net Administrative Income</b>			<b>(2,711,419)</b>	<b>3,436</b>	<b>(60,096)</b>			<b>24</b>	<b>(2,768,055)</b>	<b>(954,700)</b>
<b>Other Income/(Expense)</b>										
Replenishment Water Purchases						369,248			369,248	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(1,480,310)			(1,480,310)	0
<b>Net Other Income</b>						<b>(1,111,062)</b>			<b>(1,111,062)</b>	<b>0</b>
<b>Net Transfers To/(From) Reserves</b>			<b>(2,711,419)</b>	<b>3,436</b>	<b>(60,096)</b>	<b>(1,111,062)</b>		<b>24</b>	<b>(3,879,117)</b>	<b>(954,700)</b>
<b>Working Capital, July 1, 2006</b>			<b>4,439,157</b>	<b>470,561</b>	<b>186,984</b>	<b>1,139,615</b>	<b>158,251</b>	<b>1,942</b>	<b>6,396,510</b>	
<b>Working Capital, End Of Period</b>			<b>1,727,738</b>	<b>473,997</b>	<b>126,888</b>	<b>28,553</b>	<b>158,251</b>	<b>1,966</b>	<b>2,517,393</b>	
<b>05/06 Assessable Production</b>			<b>124,900.575</b>	<b>33,899.960</b>	<b>3,490.589</b>				<b>162,291.124</b>	
<b>05/06 Production Percentages</b>			<b>76.961%</b>	<b>20.888%</b>	<b>2.151%</b>				<b>100.000%</b>	

Q:\Financial Statements\06-07\06 Oct\CombiningSchedule Oct.xls\Sheet1

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

**DEPOSITORIES:**

Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits	\$	125,406	
Savings Deposits		9,722	
Zero Balance Account - Payroll		-	135,128
Vineyard Bank CD - Agricultural Pool			427,298
Local Agency Investment Fund - Sacramento			<u>2,573,222</u>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	<b>10/31/2006</b>		<b>\$ 3,136,148</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	<b>9/30/2006</b>		<b>4,657,844</b>
<b>PERIOD INCREASE (DECREASE)</b>			<b><u>\$ (1,521,696)</u></b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable	\$	64,365
Assessments Receivable		-
Prepaid Expenses, Deposits & Other Current Assets		(65,445)
(Decrease)/Increase in Liabilities: Accounts Payable		(998,018)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		26,770
Transfer to/(from) Reserves		<u>(549,368)</u>
<b>PERIOD INCREASE (DECREASE)</b>		<b><u>\$ (1,521,696)</u></b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Savings	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 9/30/2006	\$ 500	\$ 711,467	\$ -	\$ 9,722	\$ 425,955	\$ 3,510,200	\$ 4,657,844
Deposits	-	5,050	-	-	1,343	63,022	69,415
Transfers	-	941,648	58,352	-	-	(1,000,000)	-
Withdrawals/Checks	-	(1,532,759)	(58,352)	-	-	-	<u>(1,591,111)</u>
Balances as of 10/31/2006	\$ 500	\$ 125,406	\$ -	\$ 9,722	\$ 427,298	\$ 2,573,222	\$ 3,136,148
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ (586,061)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,343</b>	<b>\$ (936,978)</b>	<b><u>\$ (1,521,696)</u></b>

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

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
9/18/2006	Withdrawal		\$ 1,000,000				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ 1,000,000</b>	<b>-</b>			

\* The earnings rate for L.A.I.F. is a daily variable rate; 4.93% was the effective yield rate at the Quarter ended September 30, 2006

**INVESTMENT STATUS  
October 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	\$ 2,573,222			
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,573,222</b>			

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

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

Respectfully submitted,

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

**CHINO BASIN WATERMASTER**  
**Profit & Loss Budget vs. Actual**  
**July through October 2006**

	<u>Jul - Oct 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
4110 · Admin Asmnts-Approp Pool	0	7,227,619	-7,227,619	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0	80,586	-80,586	0.0%
4700 · Non Operating Revenues	68,513	136,500	-67,987	50.19%
<b>Total Income</b>	<u>68,513</u>	<u>7,582,705</u>	<u>-7,514,192</u>	<u>0.9%</u>
<b>Gross Profit</b>	68,513	7,582,705	-7,514,192	0.9%
<b>Expense</b>				
6010 · Salary Costs	254,364	447,037	-192,673	56.9%
6020 · Office Building Expense	36,092	102,000	-65,908	35.39%
6030 · Office Supplies & Equip.	17,236	45,000	-27,764	38.3%
6040 · Postage & Printing Costs	32,950	78,500	-45,550	41.97%
6050 · Information Services	49,938	112,500	-62,562	44.39%
6060 · Contract Services	51,568	131,000	-79,432	39.37%
6080 · Insurance	0	25,210	-25,210	0.0%
6110 · Dues and Subscriptions	2,083	16,750	-14,667	12.44%
6140 · WM Admin Expenses	1,274	6,500	-5,226	19.6%
6150 · Field Supplies	795	4,000	-3,205	19.88%
6170 · Travel & Transportation	6,920	19,350	-12,430	35.76%
6190 · Conferences & Seminars	21,033	22,500	-1,467	93.48%
6200 · Advisory Comm - WM Board	3,638	15,168	-11,530	23.99%
6300 · Watermaster Board Expenses	11,542	36,955	-25,413	31.23%
8300 · Appr PI-WM & Pool Admin	7,533	15,918	-8,385	47.32%
8400 · Agri Pool-WM & Pool Admin	6,593	18,633	-12,040	35.39%
8467 · Agri-Pool Legal Services	16,069	65,000	-48,931	24.72%
8470 · Ag Meeting Attend -Special	2,625	12,000	-9,375	21.88%
8500 · Non-Ag PI-WM & Pool Admin	2,417	6,694	-4,277	36.11%
6500 · Education Funds Use Expens	0	375	-375	0.0%
9500 · Allocated G&A Expenditures	-132,574	-408,749	276,175	32.43%
<b>Subtotal G&amp;A Expenditures</b>	<u>392,096</u>	<u>772,341</u>	<u>-380,245</u>	<u>50.77%</u>
6900 · Optimum Basin Mgmt Plan	584,312	1,713,780	-1,129,468	34.1%
6950 · Mutual Agency Projects	5,216	5,000	216	104.32%
9501 · G&A Expenses Allocated-OBMP	44,201	142,015	-97,814	31.12%
<b>Subtotal OBMP Expenditures</b>	<u>633,729</u>	<u>1,860,795</u>	<u>-1,227,066</u>	<u>34.06%</u>
7101 · Production Monitoring	39,936	61,565	-21,629	64.87%
7102 · In-line Meter Installation	4,820	64,904	-60,084	7.43%
7103 · Grdwtr Quality Monitoring	31,624	149,713	-118,089	21.12%
7104 · Gdwtr Level Monitoring	57,921	191,953	-134,032	30.18%
7105 · Sur Wtr Qual Monitoring	1,678	32,247	-30,569	5.2%
7107 · Ground Level Monitoring	33,042	160,984	-127,942	20.53%
7108 · Hydraulic Control Monitoring	82,063	483,258	-401,196	16.98%
7109 · Recharge & Well Monitoring Prog	15,047	146,350	-131,303	10.28%
7200 · PE2- Comp Recharge Pgm	690,984	1,822,997	-1,132,013	37.9%
7300 · PE3&5-Water Supply/Desalte	325	4,676	-4,351	6.95%



**CHINO BASIN WATERMASTER**  
**Profit & Loss Budget vs. Actual**  
**July through October 2006**

	<u>Jul - Oct 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	68,352	578,762	-510,410	11.81%
7500 · PE6&7-CoopEfforts/SaltMgmt	77,467	310,507	-233,040	24.95%
7600 · PE8&9-StorageMgmt/Conj Use	10,698	6,698	4,000	159.72%
7690 · Recharge Improvement Debt Pymt	608,415	1,608,000	-999,586	37.84%
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	88,372	266,734	-178,362	33.13%
<b>Subtotal Special Project Expenditures</b>	<u>1,810,743</u>	<u>5,904,269</u>	<u>-4,093,526</u>	<u>30.67%</u>
<b>Total Expense</b>	<u>2,836,569</u>	<u>8,537,405</u>	<u>-5,700,836</u>	<u>33.23%</u>
<b>Net Ordinary Income</b>	-2,768,055	-954,700	-1,813,355	289.94%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4210 · Approp Pool-Replenishment	369,248	0	369,248	100.0%
<b>Total Other Income</b>	<u>369,248</u>	<u>0</u>	<u>369,248</u>	<u>100.0%</u>
<b>Other Expense</b>				
5010 · Groundwater Replenishment	1,480,310	0	1,480,310	100.0%
9999 · To/(From) Reserves	-3,879,117	-954,700	-2,924,417	406.32%
<b>Total Other Expense</b>	<u>-2,398,807</u>	<u>-954,700</u>	<u>-1,444,107</u>	<u>251.26%</u>
<b>Net Other Income</b>	<u>2,768,055</u>	<u>954,700</u>	<u>1,813,355</u>	<u>289.94%</u>
<b>Net Income</b>	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### A. DR. SUNDING ECONOMIC BENEFITS REPORT





# CHINO BASIN WATERMASTER

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

**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 14, 2006  
December 19, 2006  
December 21, 2006

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Macro-Level Economic Analysis by Dr. David Sunding

### SUMMARY

**Recommendation** – Staff recommends that the Pools recommend that the Advisory Committee and Board receive and file the report.

**Fiscal Impact** – None

### BACKGROUND

The Stakeholder Non-Binding Term Sheet dated May 23, 2006, included a number of pre-conditions to a binding agreement. One of these was that Watermaster was to retain the services of an independent competent economist with experience in evaluating water markets and water projects to provide an evaluation of the macro costs and benefits to the parties as a whole that are attributable to Hydraulic Control, Basin Re-Operation and Desalter elements of the Non-Binding Term Sheet. (Non-Binding Term Sheet section I.A.2.)

Pursuant to this section, Watermaster retained the services of Dr. David Sunding. Dr. Sunding is an principal with the firm CRA International, Inc. and a professor College of Natural Resources University of California at Berkeley.

Dr. Sunding completed an initial draft of his report in July 2006, and the results of this draft were presented to the parties and the Referee at the workshop held at the Watermaster offices on July 26, 2006.

The parties provided Dr. Sunding numerous comments to the report both at the workshop and subsequent to the workshop. Since the workshop Dr. Sunding has worked closely with staff and Wildermuth Environmental in order to better understand Hydraulic Control and Basin Re-Operation in order to respond to the comments received. The final report included in this agenda package represents the revisions that have occurred in response to comments received from the parties and Dr. Sunding's further understanding of the project.

Various scenarios are considered in the analysis, with scenarios chosen to reflect uncertainty regarding future values of water, the time path of annual schedules regarding Re-Operation, and the use to which induced inflow is attributed. Depending on the scenario chosen, Dr. Sunding finds that the macro-level benefits of achieving Hydraulic Control through Basin Re-Operation range between \$283.1 million and \$438.8 million in 2006 dollars.

Staff recommends that the Pools recommend that the report be received and filed.

# **Analysis of Aggregate Costs and Benefits of Hydraulic Control, Basin Re-Operation and Desalter Elements of Non-Binding Term Sheet**

Prof. David Sunding  
UC Berkeley

November 29, 2006

## **Summary**

The report measures the economic costs and benefits of achieving hydraulic control through re-operation of the Chino Basin. Various scenarios are considered in the analysis, with scenarios chosen to reflect uncertainty regarding future values of water, the time path of annual overdrafts selected to dewater the basin, and the use of the resulting induced inflow from the Santa Ana River. As shown in Table 1, depending on the scenario chosen, the net benefits of achieving hydraulic control through basin re-operation range between \$283.1 million and \$438.8 million in 2006 dollars.

### **1. Introduction**

Hydraulic control refers to the elimination or reduction to negligible quantities of discharge from the Chino North Management Zone to the Santa Ana River. Basin re-operation is defined as the increase in controlled overdraft as defined in the Judgment from 200,000 acre-feet over the period 1978 through 2017, to 600,000 acre-feet through 2030 with the 400,000 acre-feet allocated specifically to meet the replenishment obligation of the desalters.

### **2. Framework**

The model of groundwater value used in this report is standard in the academic literature.<sup>1</sup> The net benefits in each period resulting from access to a groundwater resource are the gains from pumping (i.e., the demand for water) minus the costs of extraction in the current period and a "user cost" term that reflects the change in future consumption possibilities resulting from current choices. The stream of annual net benefits is then discounted back to current dollars using a discount factor predicated on the rate of interest.

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<sup>1</sup> Brozovic, N., D. Sunding and D. Zilberman, "Optimal Management of Groundwater Over Space and Time." *Frontiers in Water Resource Economics*. D. Berga and R. Goetz, eds. New York: Springer-Verlag, 2005; Gisser, M., and Sanchez, D.A. "Competition versus Optimal Control in Groundwater Pumping." *Water Resources Research* (1980): 638-642; Brown, G., Jr., and Deacon, R. "Economic Optimization of a Single-Cell Aquifer." *Water Resources Research* (1975): 557-564.

The interest rate used in the analysis is 5.5%. This rate corresponds to the current risk-free long-term rate of interest, a relevant rate for public agencies with good credit. The discount factor for a payment occurring in some future period  $t$  is then  $(1.055)^{-t} \approx e^{-0.055t}$ .

Let  $y_t$  denote groundwater produced during period  $t$ , and  $x_t$  equal the stock of groundwater at beginning of period  $t$ . The value of the groundwater resource is then

$$Value = \sum_{t=0}^{\infty} (1+r)^{-t} [B(y_t) - C(x_t, y_t)],$$

where  $B(y_t)$  denotes the benefits from groundwater production in period  $t$ , and  $C(x_t, y_t)$  is the cost of extraction and recharge. In an economic optimization model, the problem is to find the time path of production and stock that maximizes the present value of access to the aquifer, subject to physical constraints such as the equation of motion  $x_{t+1} = x_t + g(x_t, y_t) - y_t$  (where  $g(x_t, y_t)$  denotes natural and artificial recharge) and regulatory constraints such as water quality objectives and requirements to operate the basin in a steady-state condition.

Viewed this way, basin re-operation and its alternatives can be modeled as different evolutions of production, stock and recharge. The net benefit of a particular basin re-operation strategy versus a baseline that maintains the current stock of groundwater is the difference of present value resulting from a particular choice of these policy variables.

The study period extends indefinitely into the future, but the period between the present and 2030 is modeled in more detail. This feature results from the fact that the Peace Agreement lasts until 2030, and more detailed environmental and water use modeling is available to this date. As described below, terminal values are assigned to key parameters from 2031 on, and at this point the groundwater system in the Chino Basin is assumed to enter into a steady state, with no expected change in production, groundwater elevation or recharge amounts.

Table 2 displays the assumptions made about groundwater production from the Chino Basin. All figures in the table are common to all scenarios considered, and thus these assumptions are not the basis for differences in value between scenarios. The table shows groundwater production increasing steadily throughout the study period. Desalter production is also increasing throughout the study period. Operating yield is set at 145,000 acre-feet through 2017, at which point it declines to 140,000 acre-feet annually. Finally, new stormwater recharge is assumed to be 12,000 acre-feet annually.

It is necessary to describe a scenario without basin re-operation in order to calculate the net benefits, if any, from this type of strategy. Table 3 displays the physical consequences of such an alternative. If the basin is not de-watered, then hydraulic control will not be achieved, and there will be water quality costs as a result. One such consequence is that relatively high-quality water must be used for recharge. In particular, the Basin would lose the ability to use relatively inexpensive recycled water for replenishment purposes

and would be forced to use water purchased from MWD instead.<sup>2</sup> Thus, Table 3 shows that the entire replenishment obligation for both normal and desalter production is met through the purchase of replenishment water from MWD.

In the event that hydraulic control is achieved, there are two types of benefits to the Chino Basin as a whole. The first benefit relates to water quality. As discussed above, if hydraulic control is achieved, then recycled water can be used for 30% of the total Basin replenishment obligation, up to an assumed capacity of 30,000 acre-feet annually.<sup>3</sup> The second benefit is that lowering the groundwater elevation in the Basin induces an inflow of water from the Santa Ana River. Specifically, forgiving a reduction in the stock of groundwater in the Basin results in an average of 9,900 acre-feet annually until the 400,000 acre-feet of depletion credits are exhausted, and then 12,500 acre-feet annually thereafter. This natural recharge is new yield in the Basin; as discussed below, it can be used either for reducing the desalter replenishment obligation or as an asset in its own right.

### 3. Scenarios

The valuation model is implemented under a variety of assumptions about how re-operation will occur, how the Santa Ana River inflows are treated, and the level of future water prices. This section describes the construction of alternative scenarios.

#### *Implementation of Basin Re-Operation*

The basic principle of basin re-operation is that it is a means of achieving hydraulic control by increasing cumulative overdraft by 400,000 acre-feet through 2030. Overdraft is to be achieved by forgiving the replenishment obligation of the desalters by some annual amount over a defined period of time. This general principle is silent about *how* the total quantity of forgiveness of desalter replenishment is to be allocated over time.

This analysis considers two possible implementation scenarios. The first scenario, termed the straightline alternative, envisions an annual overdraft of 20,346 acre-feet occurring until 2030, at which time the annual overdraft would fall to zero and the system is assumed to enter into a new steady-state from 2031 onward. The second scenario, called the most rapid depletion path alternative, sets the annual overdraft to eliminate the desalter replenishment obligation for as long as possible.

Tables 4 and 7 display annual overdraft amounts under these two alternatives for implementing basin re-operation. As described, the straightline alternative entails constant annual overdraft quantities, resetting to zero from 2031 onwards. The most rapid

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<sup>2</sup> Alternatively, recycled water would have to be desalted prior to recharge. Costs are not available at this time for this option.

<sup>3</sup> Assumptions provided by Watermaster staff. If hydraulic control is achieved, it may be possible to increase this limit. In this case, the benefits resulting from basin re-operation would increase.

depletion path reaches a maximum annual overdraft of 30,289 acre-feet before dropping to zero in 2020.

#### *Allocation of Induced Santa Ana River Inflow*

A second dimension along which the scenarios vary is with regard to the allocation of Santa Ana River inflows induced by the reduction of the groundwater stock. A total of 12,500 acre-feet of new yield is assumed to result from the dewatering, and the scenarios differ in terms of the use of this new yield. One scenario allocates all Santa Ana River inflows from re-operation to reducing the desalter replenishment obligation. An alternative scenario treats these inflows as a resource to be used for any purpose; consequently, desalter replenishment obligations are higher under this assumption.

Tables 5 and 6 relate to the straightline depletion case and show replenishment obligations and sources under the two Santa Ana River inflow allocation alternatives. In Table 5, new yield is allocated to desalter replenishment, and the desalter replenishment obligation is negligible in the near term and reaches a maximum of 9,943 acre-feet during the study period. In Table 6, by contrast, total replenishment obligations are higher since the new yield can be used for any chosen purpose.

Tables 8 and 9 show replenishment obligations under the most rapid depletion path scenario. Results are similar as in the straightline depletion scenario, with the exception that desalter replenishment is forestalled until 2025 if new yield is allocated to this purpose.

#### *Future Water Prices*

Given the important role of relative prices in the economic analysis, and given uncertainties regarding the evolution of water values in Southern California, the analysis considers two alternative scenarios regarding future water prices. These scenarios are taken from MWD and are commonly referred to as the high rate and low rate scenarios. MWD scenarios cover Tier 1 and Tier 2 water, as well as replenishment water. The high rate scenario has the Tier 2 rate growing at an annual rate of 3.11% for the next five years, and then by 4.50% from 2011 to 2030. The replenishment rate grows at 6.94% through 2011, and then at 4.50% to 2030. In the low rate scenario, the Tier 2 rate grows by 2.28% annually for the next five years, and then by 3.00% from 2011 to 2030. The replenishment rate is assumed to grow by 4.79% through 2011, and by 3.00% thereafter.

The current price of recycled water for replenishment is assumed to be \$69 per acre-foot.<sup>4</sup> In the high rate scenario, this price was assumed to grow at the same rate of inflation as

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<sup>4</sup> One public comment received after the July 26, 2006 presentation stated that the actual price paid for recycled water should be used in the analysis. While this price is not yet known, it is likely to exceed \$69 per acre-foot. Note, however, that this study considers the aggregate costs and benefits of elements of the non-binding term sheet. Thus, changes in the price of recycled water have distributional as opposed to efficiency effects, that is, they change the relative level of benefits enjoyed by the parties in the Chino Basin rather than affecting the total level of benefits.



the Tier 2 and MWD replenishment prices: 4.50%. Similarly, the recycled water price grows by 3.00% annually in the low rate scenario.

#### 4. Other Effects of Basin Re-Operation

An additional benefit of hydraulic control is a reduction in storage losses. Measuring the value of reduced storage losses is conditioned on several factors that are not fully known at present. Of course, the ex post performance of any groundwater storage program depends on the sequence of puts and takes, which depend in turn on the sequence of wet and dry years. Based on conversations with Watermaster staff, the groundwater storage program is assumed to be 400,000 acre-feet over the study period, but may range from 300,000 to 500,000 acre-feet.<sup>5</sup> Calculations provided by Wildermuth Environmental detail the relationship between average storage over the life of the MWD Dry Year Yield program and associated losses at 0.66 and 2 percent. Table 12 summarizes cumulative losses through 2028, together with present values calculated using the high and low rate scenarios for MWD replenishment rates as described above.

Assuming 2 percent loss and a 400,000 acre-foot storage program, the present value of reduced storage losses is \$24.9 million in 2006 dollars in the high rate scenario and \$20.4 million in the low rate scenario. These calculations are performed ex ante, and the actual magnitude of reduced storage losses will depend on factors including the size of the storage program, the percentage storage loss, the timing of puts and takes, and the actual replenishment rates charged by MWD. For the purpose of aggregating reduced storage loss benefits with other benefits and costs of basin re-operation, we will assume a 400,000 acre-foot storage program for both the high and low rate scenarios with storage losses equal to half of the amounts in Table 12 (recall that storage losses could range from 0 to 2 percent). The corresponding values of reduced storage losses are \$12.4 million and \$10.2 million for the high and low rate scenarios, respectively.

Achieving hydraulic control through basin re-operation will also result in higher pumping costs since forgiveness of the desalter replenishment operation is intended to lower the groundwater elevation in certain regions. The information needed to calculate the present value of increased pumping costs includes the quantity-weighted average change in lift in the Basin resulting from re-operation, the energy requirement per unit lift and energy costs per kilowatt-hour. Wildermuth Environmental provided the weighted average changes in groundwater elevation. The price of electricity is assumed to be \$0.14/kwh, and the pumping efficiency is taken to be 75 percent. The California Energy Commission forecasts that commercial and agricultural electricity rates charged by investor-owner utilities operating in California will decline slightly in nominal terms until 2013, when

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<sup>5</sup> The Peace Agreement provides that there is Target Storage of 500,000 acre-feet *in excess* of then existing storage, whereas this report only considers the Safe Harbor quantity of 500,000 acre-feet of storage in total. In some sense, there is a tradeoff between the decision to pursue max-benefit and the feasibility of obtaining the higher amount of storage. It should also be noted, however, that the basin is at the limit of shift capacity for export, and expansion of recharge to achieve greater storage is costly. Further, the PEIR only considered an additional 250,000 acre-feet of storage.

their forecast terminates.<sup>6</sup> This analysis assumes that nominal electricity prices are constant.

Combining this information, increased pump lift costs have a present value of \$14.9 million in the straightline depletion scenario. In the rapid pulldown scenario, re-operation has a larger impact on the present value of energy costs since the groundwater elevation is reduced to the same level but at an earlier date. Increased energy costs have a present value of \$19.4 million in this scenario. Both calculations include increased energy costs in the new basin steady state achieved after 2030.

## 5. Results

Table 1 summarizes the results of the economic analysis. The figures in the table are the net benefits resulting from access to the Chino Basin aquifer under the alternative management and price scenarios described in the previous section. In all cases, basin re-operation results in aggregate net benefits. However, there are significant differences in net benefits depending on the realization of future water prices and the use of Santa Ana River inflows induced by reducing the stock of groundwater. The rapidity with which basin re-operation is implemented matters less.

When Santa Ana River inflow is allocated to desalter replenishment and overdraft occurs in constant annual amounts to 2030, basin re-operation results in gains of between \$283.1 and \$391.4 million in present value terms, depending on the growth of water prices and how the replenishment credit is used over time. These gains result from the ability to use recycled water for a fraction of recharge if hydraulic control is achieved, the value of new yield, and the value of the forgiven desalter replenishment.<sup>7</sup>

Since new yield is reliable, in any case more reliable than a supply of replenishment water, allocating it to desalter replenishment would seem to be inefficient. The Tier 2 rate is well above the price of replenishment water, which is a weighted average of the MWD replenishment rate and the price of recycled water. When Santa Ana River inflows are decoupled from replenishment obligations, the gains from straightline basin re-operation are between \$341.9 and \$438.8 million.

There is a small increase in the net benefits of basin re-operation when the most rapid overdraft strategy is implemented. Several factors explain this result. First, in the most rapid depletion scenario, the 30,000 acre-foot constraint on annual recycling recharge binds more frequently. Accordingly, less recycled water is recharged over the study

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<sup>6</sup> [http://www.energy.ca.gov/electricity/rates\\_iou\\_vs\\_muni\\_nominal/medium\\_commercial.html](http://www.energy.ca.gov/electricity/rates_iou_vs_muni_nominal/medium_commercial.html);  
[http://www.energy.ca.gov/electricity/rates\\_iou\\_vs\\_muni\\_nominal/agricultural.html](http://www.energy.ca.gov/electricity/rates_iou_vs_muni_nominal/agricultural.html)

<sup>7</sup> Another potential source of loss is the option value of the water taken from the groundwater stock. That is, water used to avoid desalter replenishment is water that is not available in the event of a major disruption in surface water supplies to the region. Given the difficulty of describing and quantifying these future states of nature, option values have not been calculated. However, conversations with Watermaster staff indicate that dewatering will not result in any meaningful loss of operational flexibility since the percentage depletion of the aquifer envisioned through re-operation is relatively small.

period under this scenario. Second, while the most rapid depletion strategy delays replenishment, it also hastens the date at which a large replenishment obligation occurs once the desalter replenishment forgiveness of 400,000 acre-feet is exhausted.<sup>8</sup> Given the relatively low real discount rate used in this study (i.e., the nominal discount rate minus the rate of growth of water prices), it is not surprising that dynamic factors such as this do not have a large effect on net benefits.

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<sup>8</sup> This study has not considered the capital and operating costs of expanding recharge capacity. Allocating Santa Ana River inflows to desalter replenishment delays the date at which capacity is exceeded, as does the most rapid depletion strategy.

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**Table 1: Net Benefits of Hydraulic Control, Basin Re-Operation and Desalter Production**

(Figures in millions of 2006 dollars)

*Gain Over Baseline: SAR Inflow Allocated to Desalter Replenishment*

	<i>High Rate</i>	<i>Low Rate</i>
<i>Straightline</i>	388.6	283.1
<i>Most Rapid</i>	391.4	288.4

*Gain Over Baseline: SAR Inflow Unallocated*

	<i>High Rate</i>	<i>Low Rate</i>
<i>Straightline</i>	436.2	341.9
<i>Most Rapid</i>	438.8	347.7

Source: Calculated.

**Table 2: Production, Operating Yield and Stormwater Recharge**

<i>Year</i>	<i>Total Production</i>	<i>Chino Desalter Production</i>	<i>Operating Yield</i>	<i>New Stormwater Recharge</i>
2006	223,505	30,019	145,000	12,000
2007	230,566	31,923	145,000	12,000
2008	237,634	33,827	145,000	12,000
2009	244,702	35,731	145,000	12,000
2010	251,874	37,748	145,000	12,000
2011	251,768	38,980	145,000	12,000
2012	251,661	40,212	145,000	12,000
2013	251,551	41,445	145,000	12,000
2014	251,557	42,789	145,000	12,000
2015	250,216	42,789	145,000	12,000
2016	250,427	42,789	145,000	12,000
2017	250,640	42,789	145,000	12,000
2018	250,851	42,789	140,000	12,000
2019	251,060	42,789	140,000	12,000
2020	251,270	42,789	140,000	12,000
2021	254,049	42,789	140,000	12,000
2022	256,827	42,789	140,000	12,000
2023	259,605	42,789	140,000	12,000
2024	262,384	42,789	140,000	12,000
2025	265,163	42,789	140,000	12,000
2026	266,133	42,789	140,000	12,000
2027	267,104	42,789	140,000	12,000
2028	268,074	42,789	140,000	12,000
2029	269,044	42,789	140,000	12,000
2030	270,014	42,789	140,000	12,000

Source: Wildermuth Environmental.

**Table 3: Replenishment Obligations and Sources – No Basin Re-Operation**

<i>Year</i>	<i>Normal Production Replenishment Obligation</i>	<i>Chino Desalter Replenishment Obligation</i>	<i>MWD Replenishment</i>	<i>Recycling Replenishment</i>
2006	36,487	30,019	66,505	0
2007	41,643	31,923	73,566	0
2008	46,806	33,827	80,634	0
2009	51,970	35,731	87,702	0
2010	57,126	37,748	94,874	0
2011	55,788	38,980	94,768	0
2012	54,448	40,212	94,661	0
2013	53,107	41,445	94,551	0
2014	51,768	42,789	94,557	0
2015	50,427	42,789	93,216	0
2016	50,638	42,789	93,427	0
2017	50,851	42,789	93,640	0
2018	56,062	42,789	98,851	0
2019	56,271	42,789	99,060	0
2020	56,482	42,789	99,270	0
2021	59,260	42,789	102,049	0
2022	62,038	42,789	104,827	0
2023	64,816	42,789	107,605	0
2024	67,595	42,789	110,384	0
2025	70,374	42,789	113,163	0
2026	71,344	42,789	114,133	0
2027	72,315	42,789	115,104	0
2028	73,285	42,789	116,074	0
2029	74,255	42,789	117,044	0
2030	75,225	42,789	118,014	0

Source: Calculated.

Normal Production Replenishment Obligation = Total Production – Desalter Production  
– Operating Yield – New Stormwater Recharge

Desalter Replenishment Obligation = Desalter Production

**Table 4: Overdraft and SAR Inflow – Straightline Depletion Scenario**

<i>Year</i>	<i>Annual Overdraft</i>	<i>Cumulative Overdraft</i>	<i>SAR Inflow</i>
2006	16,000	16,000	9,900
2007	16,000	32,000	9,900
2008	16,000	48,000	9,900
2009	16,000	64,000	9,900
2010	16,000	80,000	9,900
2011	16,000	96,000	9,900
2012	16,000	112,000	9,900
2013	16,000	128,000	9,900
2014	16,000	144,000	9,900
2015	16,000	160,000	9,900
2016	16,000	176,000	9,900
2017	16,000	192,000	9,900
2018	16,000	208,000	9,900
2019	16,000	224,000	9,900
2020	16,000	240,000	9,900
2021	16,000	256,000	9,900
2022	16,000	272,000	9,900
2023	16,000	288,000	9,900
2024	16,000	304,000	9,900
2025	16,000	320,000	9,900
2026	16,000	336,000	9,900
2027	16,000	352,000	9,900
2028	16,000	368,000	9,900
2029	16,000	384,000	9,900
2030	16,000	400,000	9,900

Sources: Annual and Cumulative Overdraft: Assumed; SAR Inflow, Wildermuth Environmental.



**Table 5: Replenishment Obligations and Sources – Straightline Depletion Scenario with SAR Inflow Allocated to Desalter Replenishment**

<i>Year</i>	<i>Normal Production Replenishment Obligation</i>	<i>Chino Desalter Replenishment Obligation</i>	<i>MWD Replenishment</i>	<i>Recycling Replenishment</i>
2006	36,487	4,119	28,424	12,182
2007	41,643	6,023	33,366	14,300
2008	46,806	7,927	38,314	16,420
2009	51,970	9,831	43,261	18,541
2010	57,126	11,848	48,282	20,692
2011	55,788	13,080	48,208	20,660
2012	54,448	14,312	48,133	20,628
2013	53,107	15,545	48,056	20,595
2014	51,768	16,889	48,060	20,597
2015	50,427	16,889	47,121	20,195
2016	50,638	16,889	47,269	20,258
2017	50,851	16,889	47,418	20,322
2018	56,062	16,889	51,065	21,885
2019	56,271	16,889	51,212	21,948
2020	56,482	16,889	51,359	22,011
2021	59,260	16,889	53,304	22,845
2022	62,038	16,889	55,249	23,678
2023	64,816	16,889	57,194	24,512
2024	67,595	16,889	59,139	25,345
2025	70,374	16,889	61,084	26,179
2026	71,344	16,889	61,763	26,470
2027	72,315	16,889	62,443	26,761
2028	73,285	16,889	63,121	27,052
2029	74,255	16,889	63,801	27,343
2030	75,225	16,889	64,480	27,634

Source: Calculated.

Normal Production Replenishment Obligation = Total Production – Desalter Production – Operating Yield – New Stormwater Recharge

Desalter Replenishment Obligation = Desalter Production – Annual Overdraft – SAR Inflow

Recycling Replenishment = min[0.3\*(Normal Production Replenishment Obligation + Desalter Replenishment Obligation), 30,000]

MWD Replenishment = Normal Production Replenishment Obligation + Desalter Replenishment Obligation - Recycling Replenishment

**Table 6: Replenishment Obligations and Sources – Straightline Depletion Scenario with SAR Inflow Unlocated**

<i>Year</i>	<i>Total Replenishment Obligation</i>	<i>MWD Replenishment</i>	<i>Recycling Replenishment</i>
2006	50,505	35,354	15,152
2007	57,566	40,296	17,270
2008	64,634	45,244	19,390
2009	71,702	50,191	21,511
2010	78,874	55,212	23,662
2011	78,768	55,138	23,630
2012	78,661	55,063	23,598
2013	78,551	54,986	23,565
2014	78,557	54,990	23,567
2015	77,216	54,051	23,165
2016	77,427	54,199	23,228
2017	77,640	54,348	23,292
2018	82,851	57,995	24,855
2019	83,060	58,142	24,918
2020	83,270	58,289	24,981
2021	86,049	60,234	25,815
2022	88,827	62,179	26,648
2023	91,605	64,124	27,482
2024	94,384	66,069	28,315
2025	97,163	68,014	29,149
2026	98,133	68,693	29,440
2027	99,104	69,373	29,731
2028	100,074	70,074	30,000
2029	101,044	71,044	30,000
2030	102,014	72,014	30,000

Source: Calculated.

Total Replenishment Obligation = Total Production – Operating Yield – Annual Overdraft – New Stormwater Recharge

Recycling Replenishment = min[0.3\*Total Replenishment Obligation, 30,000]

MWD Replenishment = Total Replenishment Obligation - Recycling Replenishment

**Table 7: Overdraft and SAR Inflow – Most Rapid Depletion Scenario**

<i>Year</i>	<i>Annual Overdraft</i>	<i>Cumulative Overdraft</i>	<i>SAR Inflow</i>
2006	20,119	20,119	9,900
2007	22,023	42,141	9,900
2008	23,927	66,069	9,900
2009	25,831	91,900	9,900
2010	27,848	119,748	9,900
2011	29,080	148,828	9,900
2012	30,312	179,141	9,900
2013	31,545	210,685	9,900
2014	32,889	243,574	9,900
2015	32,889	276,463	9,900
2016	32,889	309,352	9,900
2017	32,889	342,241	9,900
2018	32,889	375,130	9,900
2019	24,870	400,000	9,900
2020	0	400,000	12,500
2021	0	400,000	12,500
2022	0	400,000	12,500
2023	0	400,000	12,500
2024	0	400,000	12,500
2025	0	400,000	12,500
2026	0	400,000	12,500
2027	0	400,000	12,500
2028	0	400,000	12,500
2029	0	400,000	12,500
2030	0	400,000	12,500

Sources: Annual and Cumulative Overdraft: Assumed; SAR Inflow: Wildermuth Environmental.

**Table 8: Replenishment Obligations and Sources – Most Rapid Depletion Scenario with SAR Inflow Allocated to Desalter Replenishment**

<i>Year</i>	<i>Normal Production Replenishment Obligation</i>	<i>Chino Desalter Replenishment Obligation</i>	<i>MWD Replenishment</i>	<i>Recycling Replenishment</i>
2006	36,487	0	25,541	10,946
2007	41,643	0	29,150	12,493
2008	46,806	0	32,764	14,042
2009	51,970	0	36,379	15,591
2010	57,126	0	39,988	17,138
2011	55,788	0	39,051	16,736
2012	54,448	0	38,114	16,335
2013	53,107	0	37,175	15,932
2014	51,768	0	36,238	15,530
2015	50,427	0	35,299	15,128
2016	50,638	0	35,447	15,191
2017	50,851	0	35,596	15,255
2018	56,062	0	39,243	16,819
2019	56,271	8,019	45,003	19,287
2020	56,482	30,289	60,739	26,031
2021	59,260	30,289	62,684	26,865
2022	62,038	30,289	64,629	27,698
2023	64,816	30,289	66,574	28,532
2024	67,595	30,289	68,519	29,365
2025	70,374	30,289	70,663	30,000
2026	71,344	30,289	71,633	30,000
2027	72,315	30,289	72,604	30,000
2028	73,285	30,289	73,574	30,000
2029	74,255	30,289	74,544	30,000
2030	75,225	30,289	75,514	30,000

Source: Calculated.

Normal Production Replenishment Obligation = Total Production – Desalter Production – Operating Yield – New Stormwater Recharge

Desalter Replenishment Obligation = Desalter Production – Annual Overdraft – SAR Inflow

Recycling Replenishment = min[0.3\*(Normal Production Replenishment Obligation + Desalter Replenishment Obligation), 30,000]

MWD Replenishment = Normal Production Replenishment Obligation + Desalter Replenishment Obligation - Recycling Replenishment

**Table 9: Replenishment Obligations and Sources – Most Rapid Depletion Scenario with SAR Inflow Unlocated**

<i>Year</i>	<i>Total Replenishment Obligation</i>	<i>MWD Replenishment</i>	<i>Recycling Replenishment</i>
2006	46,387	32,471	13,916
2007	51,543	36,080	15,463
2008	56,706	39,694	17,012
2009	61,870	43,309	18,561
2010	67,026	46,918	20,108
2011	65,688	45,981	19,706
2012	64,348	45,044	19,305
2013	63,007	44,105	18,902
2014	61,668	43,168	18,500
2015	60,327	42,229	18,098
2016	60,538	42,377	18,161
2017	60,751	42,526	18,225
2018	65,962	46,173	19,789
2019	74,190	51,933	22,257
2020	99,270	69,489	29,781
2021	102,049	72,049	30,000
2022	104,827	74,827	30,000
2023	107,605	77,605	30,000
2024	110,384	80,384	30,000
2025	113,163	83,163	30,000
2026	114,133	84,133	30,000
2027	115,104	85,104	30,000
2028	116,074	86,074	30,000
2029	117,044	87,044	30,000
2030	118,014	88,014	30,000

Source: Calculated.

Total Replenishment Obligation = Total Production – Operating Yield – Annual Overdraft – New Stormwater Recharge

Recycling Replenishment = min[0.3\*Total Replenishment Obligation, 30,000]

MWD Replenishment = Total Replenishment Obligation - Recycling Replenishment

**Table 10: Prices – High Price Scenario**

<i>Year</i>	<i>Tier 2 Price</i>	<i>Replenishment Price</i>	<i>Recycling Price</i>
2006	427	238	69
2007	427	238	72
2008	459	275	75
2009	473	297	79
2010	486	314	82
2011	497	331	86
2012	519	346	90
2013	543	361	94
2014	567	378	98
2015	593	395	103
2016	619	412	107
2017	647	431	112
2018	676	450	117
2019	707	471	122
2020	739	492	128
2021	772	514	134
2022	807	537	140
2023	843	561	146
2024	881	587	152
2025	920	613	159
2026	962	641	166
2027	1,005	669	174
2028	1,050	700	182
2029	1,098	731	190
2030	1,147	764	198

Source: Metropolitan Water District of Southern California.

**Table 11: Prices – Low Price Scenario**

<i>Year</i>	<i>Tier 2 Price</i>	<i>Replenishment Price</i>	<i>Recycling Price</i>
2006	427	238	69
2007	427	238	71
2008	450	261	73
2009	457	268	75
2010	463	282	78
2011	477	300	80
2012	491	309	82
2013	506	318	85
2014	521	328	87
2015	537	338	90
2016	553	348	93
2017	570	358	96
2018	587	369	98
2019	604	380	101
2020	622	391	104
2021	641	403	107
2022	660	415	111
2023	680	428	114
2024	700	441	117
2025	722	454	121
2026	743	467	125
2027	765	481	128
2028	788	496	132
2029	812	511	136
2030	836	526	140

Source: Metropolitan Water District of Southern California.

**Table 12: Expected Value of Reduced Storage Losses**

<b>Program Size</b>	<i>Losses</i>	<i>Present Value - High Rate</i>	<i>Present Value - Low Rate</i>
300,000	80,175	18,647,350	15,290,827
400,000	106,900	24,863,133	20,387,769
500,000	133,626	31,079,149	25,484,903

Source: Wildermuth Environmental.





# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### B. INLAND VALLEY DAILY BULLETIN ADVERTISING CAMPAIGN





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 14, 2006  
December 19, 2006  
December 21, 2006

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Participation with the Chino Basin Public Outreach Campaign

### Summary

**Issue – Informing the public about water issues facing the Region and State**

**Recommendation – Approve the expenditure of \$10,000 for participation in the joint Chino Basin Public Outreach Campaign for 2007**

**Fiscal Impact – This item is a budgeted expense.**

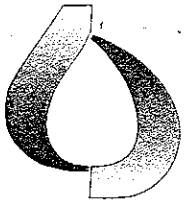
### Background

Starting in 2005 Watermaster, in cooperation with Inland Empire Utilities Agency, Three Valley's MWD, Western MWD and the Chino Basin Conservation District have cosponsored the Public Outreach Campaign through the Inland Valley Daily Bulletin. This year IEUA has negotiated a campaign that has a slight increase in cost, but includes more copy space in the actual newspaper. The total cost for this year's program will be \$124,000 with a greater number of conservation tip ads and fewer Run of Press (ROP) ads. This change in strategy will assist the group in reaching more readers with more impact.

IEUA will coordinate the campaign with representatives from the other contributing agencies providing input. The first publication that will be a part of this year's campaign will be seen in late January. It will be an eight page insert that highlights the agencies with a general message of cooperation threaded throughout. As we have done in the last two years, it will have at least one page dedicated to our federal and state representatives highlighting the work they are doing to assist us in meeting the infrastructure needs of our communities.

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**Inland Empire**  
UTILITIES AGENCY\*  
\* A Municipal Water District

6075 Kimball Avenue • Chino, CA 91710  
P.O. Box 9020 • Chino Hills, CA 91709  
TEL (909) 993-1600 • FAX (909) 993-1983  
www.ieua.org

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CHINO BASIN WATERMASTER

November 6, 2006

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

Dear Ken:

On December 13, 2006, the Inland Empire Utilities Agency's Board of Directors will consider approving a 12-month advertising agreement with the Los Angeles Newspaper Group (Inland Valley Daily Bulletin) for a 2007 community outreach campaign.

Since 2005, with the assistance of Mr. Christopher Lancaster, Government Relations Directors for the Los Angeles Newspaper Group, IEUA, in corporation with the Chino Basin Watermaster, Western Municipal Water District, Three Valleys Municipal Water District, and Chino Basin Water Conservation District, ran full page ads as well as a few editorials in the Inland Valley Daily Bulletin. In 2006, we ran 34 in full color and 14 eighth-of-a-page black and white ads (which we used for our *water conservation tip of the month*).

IEUA staff is proposing that we continue our community outreach with another 12-month advertising campaign with the Inland Valley Daily Bulletin. Attached is a copy of the advertising agreement that is being considered. The Inland Empire Utilities Agency is hoping that the Chino Basin Watermaster will participate in this year's program by again contributing \$10,000.

Thank you for your consideration. If you have any questions, please don't hesitate to call.

Sincerely,

INLAND EMPIRE UTILITIES AGENCY

Richard W. Atwater  
Chief Executive Officer  
General Manager

Attachment

Printed on Recycled Papers

*Fifty-Five Years of Excellence in Water Resources & Quality Management*

John L. Anderson  
President

Wyatt Troxel  
Vice President

Gene Koopman  
Secretary/Treasurer

Angel Santiago  
Director

Terry Catlin  
Director

Richard W. Atwater  
Chief Executive Officer  
General Manager

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# INLAND VALLEY Daily Bulletin

2041 East Fourth Street • Post Office Box 4000 • Ontario, CA 91761

(909) 987-6397

## ADVERTISING AGREEMENT

This agreement is between the Inland Empire Utilities Agency and the Los Angeles Newspaper Group (Inland Valley Daily Bulletin). This agreement confirms the Inland Empire Utilities Agency's purchase of:

<u>Publication</u>	<u>Cost</u>	<u>Value</u>	<u>Publication Date</u>
1. Civic Leadership Two pages	\$6,950	\$16,552	March 2007
2. Earth Day Two-pages	\$6,950	\$16,552	April 2007
3. Water Awareness Month Two-pages	\$6,950	\$16,552	May 2007
4. Living Here Magazine Four-pages	\$6,950	\$13,146	May 2007
5. Safety Awareness Month Two-pages	\$6,950	\$16,552	July 2007
6. Think Environment Week Two-pages	\$6,950	\$16,552	September 2007
7. LA County Fair One-page (Full-color)	\$4,950	\$4,543	September 2007
8. Education Week Two-pages	\$6,950	\$16,552	October 2007
9. Five (5) Full-page Rop Ads (Full-Color)	\$29,259	\$45,217	Date of your choice
10. Eight-Page Section (Tab.) (Full-Color)	\$25,229	\$32,845	February 2007
11. Fourteen (14) eighth-of-a- page (Black and White ads)	\$0.00	\$11,939	Date of your choice
<b>Grand Total</b>	<b>\$108,088</b>	<b>\$207,002</b>	

**Distribution**

All public outreach/educational advertisements are distributed in the Inland Valley Daily Bulletin newspaper property only.

**Production**

All prices include design, layout, printing and distribution.

**Added Value**

- (Total value-\$207,002)-(Total costs \$108,088) = *Added value \$98,914*

The Los Angeles Newspaper Group agrees to provide all services listed in this agreement, and the Inland Empire Utilities Agency agrees to pay the Los Angeles Newspaper Group (Inland Valley Daily Bulletin) a total of \$108,088

*All terms of this agreement must be fulfilled by December 31, 2007.*



Los Angeles Newspaper Group

*10/31/06*  
Date

\_\_\_\_\_  
Inland Empire Utilities Agency

\_\_\_\_\_  
Date



# CHINO BASIN WATERMASTER

## IV. REPORTS/UPDATES

### **E. 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**

**December 21, 2006**

**AGENDA**

**INTERAGENCY WATER MANAGERS' REPORT**

**Chino Basin Watermaster**

**9641 San Bernardino Road**

**Rancho Cucamonga, CA 91730**

**15-20 Minutes**

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**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 – November 2006

### MWD Activities

- **California Friendly Marketing Campaign** - The “California Friendly” campaign is an effort by MWD and its member agencies to encourage people to conserve resources by using water and energy efficient products along with changing to water efficient landscapes. The fall campaign is focusing on California Friendly landscaping in effort to save water outdoors. MWD is currently contacting nurseries to partner in their efforts to promote drought tolerant plants.
- **Recently Approved Rebates** - On August 15<sup>th</sup>, the MWD board approved the addition of two new devices to their rebate program; rotating sprinkler nozzles and pop-up spray heads. The rotating sprinkler nozzles save up to 6,600 gallons of water over five years and the retrofitted steam sterilizers save more than 400,000 gallons of water per year. The rotating sprinkler nozzle residential rebate program, which will be administered through IEUA, will kick off in January 2007.

### Landscape Programs

- **“SmarTimer of Inland Empire” Program (Residential)** - Due to the high interest expressed by many residents at the first SmarTimer exchange event in July, IEUA held a second exchange event on September 30<sup>th</sup> at their headquarters where an additional 85 controllers were exchanged. In addition to these two exchanges residents have the opportunity to participate in the SmarTimer rebate program. To date, five SmarTimer rebates have been processed.
- **Landscape Audit Program** - From lists supplied by the retail agencies HydroEarth has been contacting potential participants for the Landscape Audit Program. The first commercial audit will be conducted for the headquarters of CVWD. In early November HydroEarth performed the site visit, and the audit will be completed early December. The program will consist of 150 commercial audits and 50 large landscape residential audits to be completed by September 2007.
- **Ontario Cares** - The City of Ontario is implementing a pilot project to integrate “California Friendly” into the city’s existing Ontario Cares program to improve neighborhoods. A MWD consultant presented “California Friendly” templates to Ontario Cares inspection staff and landscape contractors. Two homes have been selected as pilot projects and will be retrofitted to CA Friendly landscapes.
- **Inland Empire Landscape Alliance** - Over the last several months 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. The following is a list of agencies and cities who have adopted resolutions of support: IEUA, Chino Basin Water Conservation District, CVWD, MVWD, San Antonio Water Co., Chino Basin Watermaster, the Cities of Chino Hills, Montclair, Rancho Cucamonga, and Upland. The first meeting is scheduled to occur in January.
- **PDA Landscape Classes** - Several retail agencies will be holding local PDA classes this year in effort to educate their residents on CA Friendly plants and efficient irrigation. CVWD held the first PDA class of FY 06/07 on September 23<sup>rd</sup>. MVWD also held a residential PDA class on November 11<sup>th</sup>.

### Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)** - No rebates were issued in October. The following is a list of the most recent rebate activity within the IEUA service area:
  - **High Efficiency Clothes Washers** - There were 29 clothes washers rebated for the month of August bringing the total for FY 06/07 to 30. To date 365 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** - 6 waterless urinals were installed in the month of July. This was the second installation of waterless urinals rebated for in the IEUA service area bringing the total to 10.
  - **Water Broom** - 1 water broom was rebated in June bringing the total to 694 since FY 00/01.
  - **SmarTimer Controllers** - 14 SmarTimer Controllers were rebated in July. This brings the total to 36 SmarTimers installed and rebated 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. Within Phase I & II approximately 1,192 spray heads were installed. Phase III is currently underway and will end in December 2006.

## Residential Programs

- **Multi-Family ULF Toilet Program** - The Multi-family ULFT retrofit program, conducted by Bottom Line Utilities, Inc. (BLUS), is currently underway. BLUS began installations in October and have completed 912 toilet retrofits to date.
- **Toilet Rebates** - In addition to the current ULFT (Ultra Low Flush Toilet) Rebate for a toilet that uses 1.6 gallons of water or less per flush, the Conservation Workgroup is now offering an HET (High Efficiency Toilet) Rebate for toilets that use 1.3 gallons of water or less per flush. The new rebate offers residents a reimbursement of \$150 if they purchase a qualifying HET. In October the first two HET rebates were processed.
- **High Efficiency Clothes Washer Rebate** - The total number of rebates being processed for November is 109 bringing the number of rebates issued for FY 06/07 to 558. The total number of rebates processed since the rebate program began in 2002 is approximately 6,982.

## School Education Programs

- **Garden in Every School** - In October seven schools were chosen for the 2006/07 Garden in Every School Program. The selected schools are Litel Elementary in Chino Hills, El Rancho Elementary in Chino, Liberty Elementary in Ontario, Sycamore Elementary in Upland, Victoria Groves Elementary in Rancho Cucamonga, Buena Vista Arts-integrated School in Montclair and Poplar Elementary in Fontana. Currently designs are being created for each garden. Schools are breaking ground to prepare their sites for irrigation installation beginning in December.
- **National Theatre for Children** - The National Theatre for Children (NTC) began contacting elementary schools in August and is in the process of setting the schedule to present the Water Pirates of Neverland production. The first performances will begin late November.
- **Groundwater Model** - Chino Hills' and IEUA's staffs are now in the process of learning how to operate the model. It is anticipated that the model will be ready for presentations in spring 2007.
- **Solar Cup (2007)** - The MWD Solar Cup event will take place May 18-20, 2007. Five schools within IEUA's service area have been accepted as participants for the 2007 Solar Cup program including Rancho Cucamonga High School (CVWD), Montclair High School (MVWD), Upland High School (Upland), Ayala High School and Chino Hills High School (Chino Hills).
- **Chino Youth Museum** - In 2002, the City of Chino, Monte Vista Water District and IEUA joined with the Chino Youth Museum to create a water exhibit to educate children on different elements of water. Over the past year the group has rejoined together, along with the City of Chino Hills and the Chino Basin Water Conservation District to rejuvenate and improve the exhibit. The planning committee has received drawings from the consultant for the design of the new exhibit. Construction of the exhibit will begin this winter.

## Outreach

- **Water Fair** - The Water Fair 2006 took place on October 14<sup>th</sup> at Montclair Plaza from 10:00a.m.-2:00p.m. The event was a success with almost 1,000 attendees. The planning committee will begin meeting for the 2007 Water Fair in December. In addition to the participating agencies for the 2006 event, Three Valleys MWD will join in the planning and implementation of the 2007 event.
- **Conservation Ads (monthly and special)** - Conservation tips are printed in the Daily Bulletin monthly. The ads are normally printed the last Sunday of each month. See attachment.
- **Water Education Water Awareness Committee (WEWAC)** - Project WET, originally scheduled for October 18<sup>th</sup> was cancelled due to lack of teachers registering. The applications for the Edu-Grant program, which awards teachers \$500 to conduct water focused lessons and projects in the classroom, were due November 10<sup>th</sup>. The committee will be reviewing the applications early December and awarding the schools by mid-December.
- **Porous Concrete Workshop** - Chino Basin Watermaster, Southern California Water Committee, Southern California Nevada Concrete Association and IEUA sponsored a workshop on the use of porous concrete on November 9<sup>th</sup>. Over forty people attended to learn about how porous concrete can help increase infiltration and improve water quality.

## Upcoming Events

### CALENDAR

November 30, 2006	CUWCC BMP Cost Effectiveness Workshop (IEUA)
December 5, 2006	CII Committee Meeting (MWD)
December 5-8, 2006	ACWA Conference (Anaheim)
December 13, 2006	CUWCC Plenary Session (MWD)

# *Agricultural Resources*

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

November 22, 2006

## Legislative Report

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**To:** Richard W. Atwater  
CEO/General Manager, Inland Empire Utilities Agency

**From:** David M. Weiman  
Agricultural Resources  
LEGISLATIVE REPRESENTATIVE, IEUA

**Subject:** Legislative Report, November 2006

**Highlights:**

- Significant Changes in Congress
- IEUA Working Partners

*Significant Change in Congress.* This report will focus exclusively on some of the changes that will impact IEUA and its programs resulting from the shift of control from the Republicans to the Democrats.

**House of Representatives**

- The Speaker-elect, Rep. Nancy Pelosi, is now from California
- The new Chair of the Resources Committee will be either Rep. Nick Joe Rahall (D-WV) OR Rep. Ed Markey (D-MA). Both have supported water recycling, Title XVI and perchlorate clean-up.
- None of the Subcommittee chairs have been selected, but Rep. Grace Napolitano, (D-Norwalk) has expressed an interest in serving as Chair, Water and Power Subcommittee.
- New Chair, House Ag Committee, will be Colin Peterson (D-MN). He will oversee the preparation of the 2007 Farm Bill. He's already signaling that the

Committee, when it organizes, might include an "energy" subcommittee to deal with renewables (i.e. manure management).

- Rep. Joe Baca is a senior member of the Ag Committee and is in line for a subcommittee. No indication yet which subcommittee he might chair.
- Leaders were elected in November. The respective Dem and GOP caucus will select Committee Chairs and Ranking positions for each committee the week of December 4.
- Subcommittees will be named after the 110<sup>th</sup> Congress convenes in early January.
- Committee organizing will occur in late January, early February.

#### Senate

- The Majority-Leader-Elect is Senator Harry Reid (D-NV). Reid has been called California's "Third Senator." He's always had a close working relationship with Senators Boxer and Feinstein.
- The new Chair, Senate Energy Committee, will be Senator Jeff Bingaman (D-NM). Bingaman has been a strong supporter of water recycling, Title XVI and perchlorate cleanup.
- The Chair, Water and Power Subcommittee (on Energy), will be Senator Tim Johnson (D-SD)
- The Chair, Senate Ag Committee, will be Senator Tom Harkin (D-IA). The 2007 Farm Bill will be his major priority – and Senator Harkin has already signaled that "waste-to-energy" will be policy/program of importance.
- Senator Feinstein serves on Senate Appropriations. She is expected to become Chair, Subcommittee on Interior/EPA appropriations.
- Senator Boxer becomes Chair, Senate Committee on Environment and Public Works (EPW).

The 110<sup>th</sup> Congress, First Session, convenes January 3. The Bush Administration is scheduled to submit its proposed budget the first week of February.

You should anticipate that one change likely in the new Congress – considerably more programmatic oversight. In the House, the Resources Committee is already preparing to undertake a review of the Bureau of Reclamation's review of Title XVI. In the Senate, the Energy Committee has begun to explore alternative funding sources for Title XVI.

WEF has completed a position paper on manure management (cow power).

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

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

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

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# *Innovative Federal Strategies* LLC

Comprehensive Government Relations

## MEMORANDUM

**To:** Rich Atwater and Martha Davis, IEUA  
**From:** Letitia White and Heather McNatt  
**Date:** November 22, 2006  
**Re:** November Monthly Legislative Update

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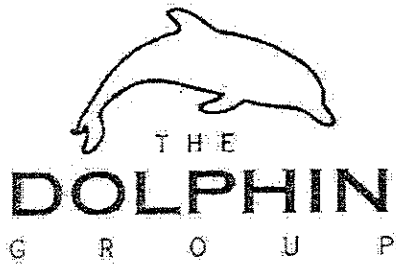
IFS continued to monitor developments on the appropriations bills and key water legislation during November. We also sent updates on leadership changes in Congress. Unfortunately, Congress was not able to enact any legislation of importance to IEUA in the few days that they were in session in November. Negotiations on the WRDA bill have not been productive, and the Senate did not take any further action on Bureau of Reclamation legislation.

November was a month of upheaval and uncertainty in Washington. The midterm elections and resulting change of power in both houses of Congress will have tremendous impact on the political landscape. Leadership positions in the House and Senate have been decided. However, we do not know who will lead some of the committees that are very important to IEUA. Committee chairs and ranking members will be decided in the coming weeks, and IFS will continue to keep you posted.

Congress returns from Thanksgiving recess on December 4<sup>th</sup>. Because most of the appropriations bills are unfinished, the government is currently operating under a Continuing Resolution (CR) that lasts until December 8<sup>th</sup>. Congress must either enact the remaining appropriations bills or extend the CR to fund the government. A handful of conservative Senators have blocked the consideration of any additional appropriations bills and demanded the removal of all congressionally directed funding. If that situation is not resolved, the House and Senate could be forced to pass a CR that lasts until January. The new Democratic majority would then have to complete the appropriations bills for Fiscal Year 2007 or enact a CR that lasts for the rest of the year.

Government agencies are deeply concerned about the possibility of a CR that lasts the entire fiscal year. If that happens, the agencies will be scrambling for funding to cover their costs, and IEUA could encounter some problems with their federal partners. It is too early to tell what will happen, but IFS will continue to keep you posted.

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November 22, 2006

To: Chino Basin/OBMP Coalition

From: Michael Boccadoro  
Senior Vice President

RE: November Status Report

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Please find attached the status report from The Dolphin Group for the month of November 2006. With none of the 100 California Assembly or Senate seats changing party hands in the recent election, the Legislature is preparing to begin the 2007-08 Legislative Session. Legislators will be sworn in on December 5<sup>th</sup> with the new session to start in early January.

New legislation must be introduced by February 23, 2007. This year's incoming Legislative class, with 33 new members, is the largest in the state's history, making education on water issues particularly important.

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# Chino Basin / OBMP Coalition

## Status Report – October 2006

### ENERGY/REGULATORY

#### *Energy Efficiency Funding for Water Conservation Efforts*

As CPUC Commissioner Dian Grueneich's January 15<sup>th</sup> deadline approaches, investor-owned utilities statewide are working on a proposed pilot program for funding water conservation efforts that lead to "embedded" energy savings. Each of the four major utilities must submit their proposals by the deadline for consideration by the Commission, which hopes to approve a pilot program by July 2007.

The ruling suggests that the utilities should limit the statewide costs of the pilot program to \$10 million, and that the funds should be drawn from other approved, but currently underutilized, energy efficiency programs. The ruling also directed the utilities to partner with at least one public agency to coordinate the administration and development of the program.

Additionally, the Water/Energy Partnership held a meeting on November 15<sup>th</sup>, and will hold another meeting on December 12<sup>th</sup> to assist in refining the utilities proposed applications.

After the utilities submit their proposals, other parties will have the opportunity to comment on the specific proposals. DGI continues to monitor this proceeding, and will submit comments if necessary.

#### *AB 1969 Implementation*

AB 1969, signed by Governor Schwarzenegger in September, was sponsored by the Inland Empires Utilities Agency. The new measure expands the ability of public agencies to develop renewable energy generation, and compensates the agency for excess generation at the market price referent (MPR).

In December, Southern California Edison is expected to submit an advice filing at the Commission to implement the new law, proposing specific tariff and rule language. After SCE submits the filing, parties generally have 20 days to offer comments on the filing. DGI is awaiting the filing of this document, and will offer comments as appropriate to ensure the measure is properly implemented by the utility.

## NOVEMBER GENERAL ELECTION

The most expensive election in California's history led to a net change of zero seats changing party hands in the California Legislature following the November 7<sup>th</sup> Election. With Lynn Daucher's recent concession to Lou Correa in the 34<sup>th</sup> Senate District, none of the 100 Assembly or Senate seats up for election changed party hands.

Among statewide races, the number of party seats similarly remained the same. Governor Schwarzenegger rolled to a 56%-39% victory over challenger Phil Angelides. Incumbent Republican Secretary of State Bruce McPherson lost to Debra Bowen (D), while Steve Poizer (R) beat Cruz Bustamonte (D) for the position of Insurance Commissioner.

The election was also a sweeping success for a number of infrastructure-related bond measures. Proposition 1E, which provides up to \$4 billion in bonding authority for flood control, was approved by 64% of voters. Proposition 84, which provides over \$5 billion for water quality, water supply and other natural resource investments, was approved by 53% of voters. Three other infrastructure measures were also approved by the electorate for investment in transportation, housing and educational facilities.

Two key measures rejected by voters were Proposition 90, which would have restricted eminent domain powers for public agencies, as well as Proposition 87, which would have levied an oil extraction tax in California to fund renewable energy investment.

## LEGISLATIVE/PLANNING

Early legislative rumblings suggest that the new session could be an important one for water issues. Ongoing implementation of Proposition 50 and now Proposition 84 is expected to lead a large offering of water and resource related issues debated by the Senate and Assembly. Flood control, delta facilities, water quality and funding for surface storage are just a sampling of the issues likely to be discussed.



## MEMORANDUM

TO: Richard W. Atwater and Martha Davis

FROM: Jennifer West  
Geyer Associates

DATE: November 21, 2006

RE: November Legislative Report

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### **Proposition 84 and 1E Implementation Legislation Planned**

Legislation will be needed for the implementation of many funding categories in Propositions 84 and 1E. On behalf of IEUA, Geyer Associates helped develop a number of key sections of Proposition 84, including the allocation of \$114 million for Integrated Regional Water Management (IRWM) projects in the Santa Ana region, \$50 million for a Santa Ana River Parkway and \$40 million for the Flood Protection Corridor program. To help protect the region's interests, Geyer Associates will remain directly involved in the implementation measures.

Some of these include:

- Specifying IRWM priorities and outreach to low income communities. Friant Water Authority and advocates for low income communities have separately indicated that they plan to develop legislation on the IRWMP for 2007.
- Allocating the \$100 million in the IRWM program that is currently earmarked for multi-regional needs or issues of "statewide significance."
- Determining how the Santa Ana River Conservancy funding will be administered.
- Specifying how the funding for the Flood Protection Corridor program will be allocated. This is likely to happen through a budget bill rather than stand alone legislation.
- Funding the local groundwater assistance program through Proposition 84 funds.

Proposition 1E is \$4.09 million flood control bond also contained a number of funding categories that will need implementation legislation, including:

- \$300 million for stormwater flood management (grants for projects outside of the Central Valley)

- Flood protection corridors and bypasses. Approximately \$290 million was made available for this purpose. Some interests would like to see these funds spent only in the Central Valley even though the majority of the total bond (\$3 billion) is dedicated to the Central Valley.

IEUA has a significant stake in the outcome of each of these implementation measures.

#### **“Double Dipping” Legislation**

In September, the IEUA Board authorized the initiation of legislation for 2007 to eliminate what has been described as “double dipping” – when a retiree receives both defined benefit pension payments and unemployment compensation from the same former employer. The *Sacramento Bee* recently published a front page article regarding Sacramento County’s desire to stop a similar practice. We have prepared a draft fact sheet (see attached), and begun asking various associations for their support when the legislation is introduced in 2007. Senator Jackie Speier (D) introduced similar legislation in 2004. But legislative staff determined that measure was out of conformity with the Federal Unemployment Tax Act (FUTA). We will be seeking guidance from Legislative Counsel to ensure that whatever legislative fix we propose, does not conflict with federal law.

#### **Compost Labeling Initiative**

Geyer Associates is working with the Association of Compost Producers (APC) to help craft legislation that would allow the voluntary labeling of compost. We have already had two meetings with the Department of Food and Agriculture on this subject. We are still trying to determine whether this proposal would be embraced by the “compost industry” in the rest of the state and whether the fertilizer industry would oppose such an effort.

#### **Other Legislation for 2007**

- Eastern Municipal Water District plans to introduce legislation to require downstream users to pay for recycled water discharged into a stream/water body by an upstream POTW. Eastern says the cost of complying with water quality regulations continues to go up and it needs a revenue source to pay for this. They believe the downstream users that benefit from the flows should pay a portion of that cost.
- WaterReuse will continue to defend against any legislation planned by Senator Florez that would prohibit the use of recycled water on crops. The Senator had indicated that he was considering such a measure earlier this fall.
- ACWA is planning on introducing a bill that would put a water bond on the 2008 ballot. The measure is still in its formative stages. IEUA, SAWPA and the other SAWPA member agencies this month asked ACWA to include \$250 million in the measure for recycled water, \$250 million for urban water conservation, \$500 million for groundwater /conjunctive use projects and requested that the funding for the IRWMP be increased from its current \$500 million level.
- SAWPA will be holding its 2007 legislative strategy session at the end of November.



DRAFT (November 21, 2006)

## Eliminate Double Dipping: Prohibit Retirees From Receiving Unemployment Insurance Payments and Employer Paid Defined Benefit Pension Payments from the Same Former Employer

### Background

Unlike federal law, California Unemployment Insurance (UI) Code, Section 1255.3 specially allows a retired person, under certain conditions, to receive defined benefit pension payments of any amount, while at the same time, receiving the maximum amount of unemployment compensation benefits -- \$450 a week. Because unemployment benefits are based on a claimant's income over the last 15 months, and not on the last job held, this may lead to a former employer simultaneously paying a retiree's defined benefit pension payments and unemployment compensation benefits. Employers have legitimate responsibilities to their retirees, but no employer should have to pay for both UI and defined pension benefits for a retired employee under these circumstances, especially when the employer has paid into the defined pension. It is simply double dipping.

For self-insured public agencies, and private companies, the fiscal impact can be significant. For example, Inland Empire Utilities Agency may pay up to \$10,972 for 26 weeks of unemployment compensation benefits, while it is simultaneously paying full defined benefit pension payments, for a claimant that voluntarily retired from the agency. This claimant found another job after retiring from the agency, the job terminated, and the claimant applied for and has begun receiving unemployment compensation benefits. The claimant's unemployment compensation benefits are based on the income with the agency, not from the last place of employment. No adjustment has been made to the weekly UI payments based

upon the employer's contribution to the defined benefit pension.

While this situation may not be common, it represents a significant loophole in law that should be closed. If large numbers of retirees took advantage of this provision in law, it would severely strain the coffers of public and private employers.

### Proposal

*In calculating unemployment compensation benefits, the Employment Development Department shall preclude the inclusion of any wages from an employer from which a claimant is receiving an employer paid defined benefit pension payment, or from which a claimant has received a lump sum payment from an employer paid defined benefit pension.*

*If an employee is receiving a combination of employer paid and self-funded defined benefit pension payment, then only the employer paid portion should be allowed to offset the weekly UI benefit.*

The proposal above is a very narrow fix that will not reduce a retiree's defined benefit pension payments and will allow retirees to subsequently receive unemployment compensation benefits from another employer from which they are not receiving defined benefit pension payments.

### For More Information Contact:

Martha Davis  
Inland Empire Utilities Agency  
Phone: 909-993-1742  
Email: mdavis@ieua.org

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## The Inland Empire Utilities Agency

# Fighting global climate change, conserving water and energy

By Jeff Schenkel

**T**HE INLAND EMPIRE UTILITIES AGENCY (IEUA), a municipal water district that handles treatment of wastewater from homes and industry, water recycling, water conservation and more, is leading the Inland Empire in fighting global climate change amid predictions that California will become significantly hotter and drier by the end of the century.

"The predictions for California's water supply are really quite worrisome," said John L. Anderson, president of the IEUA Board of Directors. "We've been reading the scientific studies and believe that municipal water agencies like IEUA need to play a leadership role in promoting the use of renewable energy, water conservation and reducing greenhouse gases."

Since 2000, IEUA has been working to develop innovative programs that have placed the agency in the forefront of California's fight against climate change.

Six major efforts have been undertaken in the last three years alone, with a major national award heading the list.

Three years ago, IEUA was recognized by the United States Green Building Council's LEED (Leadership in Energy and Environmental Design) as the first public agency to receive the Council's highest honor—a "Platinum" rating for its administrative headquarters building.

This accomplishment led to the agency receiving California's Environmental and Excellence Award from Gov. Arnold Schwarzenegger.

In addition, the agency's headquarters has been recognized by the U.S. Environmental Protection Agency as a premier demonstration project for renewable energy and energy conservation.

Key features include such things as solar panels on the roof providing electricity for the building. By using waste heat from the adjacent water recycling plant, IEUA's headquarters will be completely off the electricity grid by next year.

To place the energy savings in perspective, IEUA's headquarters complex's 66,000 square feet of office space is equivalent in size to 40 average-sized homes, but the energy consumption equals that of approximately three-to-four average-sized homes.

"Our goal by next year is to convert this tremendous facility into a zero energy building," Anderson said, adding that much of the energy savings comes from the design of the building itself.

Energy efficient features include everything from the amount of insulation to lighting design and the use of natural light where possible to highly efficient cooling and heating systems.

"It demonstrates the ability to design a building that saves a tremendous amount of energy for the agency and also for the state of California," said IEUA Board Member Terry Catlin.

"We're very proud of the building because when we constructed it, a comparable building would have cost between \$200 and \$300 per square foot. This building cost us only \$154 per square foot."

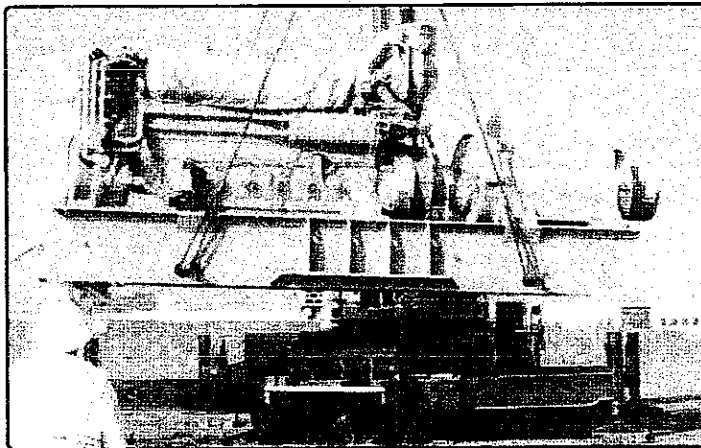
"Not only are we saving on our energy bills now, but we were also able to design and build the building for less than comparable conventional construction," Catlin added. "It is a great demonstration project and shows what everyone else could do."

The headquarters was completed in 2003 and now houses over 200 of the agency's 308 employees in administrative and engineering operations positions.

The agency also saved considerable costs by locating the headquarters next door to the agency's new water recycling plant and bringing staff from the treatment



The IEUA headquarters has won several awards for energy conservation. With smart design that makes use of natural light, insulation, efficient heating and cooling systems and solar power, the complex is expected to be completely off the power grid next year.



Good partners do more than their share — the IEUA's anaerobic digester helps reduce air pollution by processing dairy manure to produce methane, a renewable energy source. The methane helps reduce costs to power a desalter (at right) which removes pollutants from local groundwater.

plant into the building. This avoided the need for another office building.

Catlin pointed out that this action also reduced gasoline consumption and air pollution as well as saved employee time. "We operate more efficiently because the staff is integrated into the headquarters."

### IEUA anaerobic digester reduces energy costs

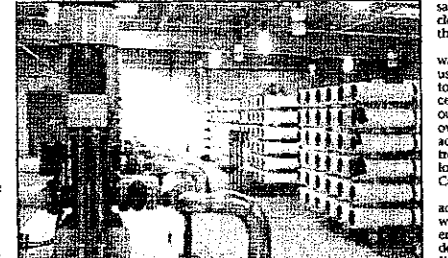
In another area, IEUA helped address global warming by building the nation's first and largest centralized anaerobic digester in 2003 to process an organic material — dairy manure — to generate renewable energy.

"The digester itself is really an enclosed composting tank," said IEUA Board Secretary/Treasurer Gene Koopman.

"A combination of pressurization and heat actually speeds up the natural decomposition of organic material, enabling the capture of the methane produced which can be used as a fuel source rather than being released or flared into the atmosphere," he explained.

"With this project, we're taking dairy manure which normally would be stockpiled, bringing it into the facility and, after going through the digestion process, sending the methane gas that is produced by pipeline a quarter of a mile away to run the engines at the Chino J Desalter," Koopman said.

The desalter is actually owned jointly by agencies including the cities of Chino, Ontario, Chino Hills and Norco and the Jurupa Community Services District to reduce salts from the groundwater basin that are present as a result of



agricultural activities in years past. "It takes a lot of energy to run the desalter — over 1 megawatt," Koopman explained. "As we all know, the price of energy is rising rapidly which means that it is increasingly expensive to run the desalter. By using methane gas, we can cut our power costs almost in half and that saves our cities money."

### Recognized for selling state's first 'dairy manure' renewable energy credits

In yet another area, IEUA was recognized in 2004 for selling the first renewable energy credits in California derived from the processing of dairy manure.

The credits are a part of the governor's goals for utilities to create a percentage of their energy from renewable energy sources. The utilities have the option of producing the energy or purchasing it by investing in and supporting the production of renewable energy.

### Sold first greenhouse gas credits in state derived from dairy manure processing

In a related area, IEUA in 2005 sold the first greenhouse gas credits in California that were derived from the processing of dairy manure.

Under the digester program, the dairy manure would have remained on site at dairies for six months, and credits were calculated based on what emissions otherwise would have resulted from that material.

Without the digester program, the dairy manure would have remained on site at dairies for six months, and credits were calculated based on what emissions otherwise would have resulted from that material.

South Coast Air Quality Management District, Southern California's air pollution control agency.

### One of top 10 local governments honored by EPA for renewable energy purchases

IEUA also was honored by the EPA as one of the nation's top 10 local government renewable energy purchasers based on IEUA's on-site renewable energy production this year.

This recognition, based on Commonwealth's purchase of the renewable energy credits, placed the agency in the national arena with top 10 governmental entities including the cities of Portland and San Diego, among others.

"We're serving ourselves and the community in the renewable energy arena," said IEUA Board Member Angel Santiago. "Our Board is extremely pleased for this recognition. Our accomplishments placed us near the top in the nation working shoulder to shoulder with cities and agencies much larger than we are."

### Electricity needed to pump water reduced by 50 megawatts

And finally, IEUA has been able to reduce the electricity needed to pump water from Northern California in the State Water Project by 50 megawatts using a variety of award-winning water conservation and recycled water programs.

"In the State of California, the actual process of producing, moving, treating and delivering water to customers represents 19 percent of the state's total electricity demand," Santiago said. "People are looking more closely at this energy requirement than ever before."

"Our strategy of developing local water supplies to both reduce water use and reduce the energy required to move it around has been so successful that we've been able to keep our need for imported water flat over the past five years," Santiago added. "This has translated into a tremendous energy benefit for us locally and for the entire State of California."

"We are proud of all of our achievements and of the fact that we are helping to save our ratepayers money at the same time that we do the right thing for California," Koopman said. "IEUA has some of the lowest rates for water and wastewater treatment services in the state."

"This is just the beginning of what we can do to generate renewable power and reduce greenhouse gases," Santiago said. "Within the next year we expect to generate more than three megawatts of clean, renewable energy."

"In the end, using renewable energy, conserving water and energy, and reducing greenhouse gases makes good sense for everyone involved. IEUA clearly is leading the way for the Inland Empire to become the state's center for renewable energy and environmental improvements," Anderson concluded.

The Inland Empire Utilities Agency was formed in 1950 to supply supplemental water to the Chino Basin. Today, the agency is involved in recycled water distribution, desalting, water conservation and power generation as a by-product of methane gas energy recovery — all in one of the fastest growing areas in the United States.

For more information, contact the Inland Empire Utilities Agency, 6675 Kinball Ave., Chino, CA 91710, (909) 893-1600, or visit the Web site at [www.ieua.org](http://www.ieua.org).

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# Water Smart In the Chino Basin

Did you know that lawns use the most water in the garden? They can easily drink up to 90 percent of all garden water. The good news is there are a couple of simple things you can do to significantly reduce the amount of water your lawn areas need.

"California friendly plants are the perfect choice for easy-care gardens with regional appeal. In this age of water restrictions and our unpredictable weather cycle, reducing outdoor watering is the surest solution. Native and California friendly plants accomplish this without sacrificing beauty."  
John L. Anderson, Inland Empire Utilities Agency Board President



California Friendly plants at IEMA's headquarters

By replacing a portion of your lawn with beautiful native and California friendly plants you will save 1,000 to 1,800 gallons of water a month, depending on the size of your yard.

"Over watering not only wastes your money and the region's resources, it prevents your plants from getting the oxygen they need and makes them vulnerable to disease. Install a new "smart" sprinkler controller - and receive a money saving rebate - that figures out the right amount of water for your landscape based on information about your plants and garden environment. By installing a "smart" controller you will reduce your outdoor water use by an estimated 15% to 20%."  
Gene Koopman, Inland Empire Utilities Agency Board Secretary/Treasurer



Chino Basin Water Conservation District's demonstration garden

And of course, composting plays a vital role in this process by allowing your plants to use water and nutrients more effectively.

How Much Compost Do You Need?

B For Mulching spread 1-3 inches of compost on beds in fall or spring.  
B As a Soil Amendment before planting new beds, use 1-3 inches dug or tilled into the soil. (Use 3 inches to improve sandy soils, or 1-2 inches for heavy clay soils).



Western Municipal Water District's Landscape, Southern California style

California friendly gardens do exist.



"Please visit the Chino Basin Water Conservation District's demonstration garden and Native Oak project, located at 4594 San Bernardino Street in Montclair. The garden is open 7 days a week except certain holidays. Your local garden nursery can also provide advice on water efficient and drought tolerant plants suitable for your garden."

Paul Hofer, Chino Basin Water Conservation District Board President

If you haven't done so already, start a water savings program today! It is as easy as one, two and three.

- Buy California friendly plants and group them according to watering needs.
- Install a "Smart" Irrigation Controller.
- Compost/Mulch.

Inland Empire Utilities Agency, Chino Basin Water Conservation District, Chino Basin Watermaster, Metropolitan Water District of Southern California and your local water providers: **The Cities of** Chino, Chino Hills, Ontario, Upland; Monte Vista Water District, Cucamonga Valley Water District, San Antonio Water Company, and Fontana Water Company

For more information or to know you are the "right" water place, contact us, call (909) 992-1510

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## Water Smart in the Chino Basin

# Senator Dianne Feinstein Supports New Water Supplies Through Water Recycling Projects

Recycled water enables southern California to stretch our existing water supplies through a wide variety of uses, such as irrigation of golf courses, parks and playgrounds, freeway landscaping, commercial car washes and laundry, dust control and numerous industrial applications.

"A critical partner in making recycled water supplies available in our region is the federal government. With the help of federal legislation sponsored by U.S. Senator Dianne Feinstein and our local congressional delegation, over \$30 million will be available to dramatically expand the recycled water distribution system for the Inland Empire. Over 95,000 acre-feet of water will be available to cities, schools and businesses within the next ten years," stated Inland Empire Utilities Agency (IEUA) Board President John L. Anderson.

IEUA's services area population is expected to

double during the next 20 years. "IEUA is not depending on new imported supplies to meet our future water needs. Instead, we have developed an integrated water resource plan that, with the help from our federal delegation, will develop enough new water to meet the needs of 300,000 new residents in San Bernardino County," commented IEUA Board Member Angel Santiago.

The Inland Empire region is the "economic engine" of California and among the top 10 job creating regions in the U.S. By implementing an aggressive recycled water program to reuse our existing water supplies, we have reduced our potable water demand by 20% over the past five years," IEUA Board Secretary/Treasurer Certe Koopman. "In addition, the use of recycled water in IEUA's service area reduces our water costs by not needing to construct additional potable water facilities to meet our future demands."



"California is facing two daunting challenges simultaneously. The first is drought and the impacts of continued climate change. The second is the unprecedented growth throughout California. We must find ways to expand our water supplies, and do so without generating regional or environmental conflicts. Reusing our existing supplies and stretching those supplies is a significant part of the solution." United States Senator Dianne Feinstein



"Senator Feinstein understands the importance of spending money to build new water supplies and not studying projects endlessly," said Chino Basin Water Conservation Board President Paul Hofer.

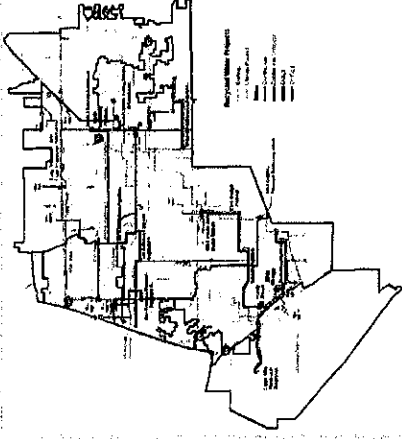
Special thanks to our Federal Legislators for sponsoring legislation to improve the water quality of the Chino Basin.

US Senator Dianne Feinstein  
 Congressman David Dreier  
 US Senator Barbara Boxer  
 Congressman Joe Baca  
 Congressman Ken Calvert  
 Congressman Jerry Lewis  
 Congressman Gary Miller  
 Congresswoman Grace Napolitano



Purple pipe means recycled water.

"Since June 1st we have 25 new recycled water customers on the system (14 since July 1). These customers will use over 5,000 acre-feet of recycled water increasing our recycled water revenue by \$1 million," IEUA Board President John L. Anderson.



### Current and Future Projects Dates

PROJECT	START	COMPLETE
San Antonio Recycled Water Pipeline Segment B	09/14/06	07/09/07
7th and 8th Street Pipeline	10/18/06	04/18/07
Edison Ave. Recycled Water Pipeline Segment A	08/08/05	10/30/06
10th L. South Zone Pump Station	07/08/06	04/15/07
Winnville Extension Recycled Water Pipeline Future Project	2006-07	2007-08
Regional Recycled Water Distribution System Future Project	2006-07	2007-08



Inland Empire Utilities Agency, Chino Basin Water Conservation District, Chino Basin Watermaster, Metropolitan Water District of Southern California and your local water providers: The Cities of Chino, Chino Hills, Ontario, Upland, Monro Vista Water District, Cucamonga Valley Water District, San Antonio Water Company, and Fontana Water Company

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# CHINO BASIN WATERMASTER

## V. INFORMATION

### 1. Newspaper Articles



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## Toxic levels in water still high

### Study: Perchlorate amounts persist

By Fred Ortega Staff Writer  
San Gabriel Valley Tribune

It has been two years since the state set a goal to limit the amount of perchlorate in Californians' drinking water, but officials have yet to establish a mandatory threshold for the potentially dangerous chemical.

And some environmental groups and scientists claim that the limit being considered does not go far enough to protect the state's most vulnerable residents.

Perchlorate is naturally occurring but is also used as an additive in rocket fuel. Over the years, the substance has leaked into the groundwater of countless American communities, and is now so prevalent in drinking water that a study by the Centers for Disease Control and Prevention found at least trace amounts of the chemical in every person it tested.

In the Southland, some of the biggest culprits of perchlorate contamination are the Jet Propulsion Laboratory, which is engaged in a multimillion-dollar cleanup of water wells in Altadena and Pasadena, and the former aerospace plants that dotted the San Gabriel Valley during the Cold War.

The federal limit for what is considered a safe level of exposure to perchlorate is 24.5 parts per billion (ppb). But local agencies have been following the state public health goal of 6 ppb in treating their water.

One part per billion is equivalent to about a half-teaspoon of the chemical in an Olympic-size swimming pool.

The state's 6 ppb goal is not mandatory and officials are still navigating the regulatory process required to make the limit legally binding, said Patti Roberts, a spokeswoman for the Department of Health Services.

"The process for establishing a state-mandated \ for perchlorate is a lengthy one," said Roberts, adding the department hopes to have a perchlorate limit codified into law sometime next year. The state's Office of Environmental Health Hazards Assessment first suggested the 6ppb limit in 2004.

But even that figure may not be enough to protect hundreds of thousands of Californians, according to an analysis of a recent Centers for Disease Control and Prevention study by the Environmental Working Group, a nonprofit public watchdog agency in Washington, D.C.

The group's analysis of the CDC report, released last month, suggests that even a 6 ppb threshold could negatively affect pregnant women with abnormally low iodine levels. That translates to about 36 percent of American women, said Dr. Anila Jacobs, a senior scientist for the Environmental Working Group.

"This subset of women is very vulnerable to the effects of perchlorate," said Jacobs, who spoke at a public hearing on the limits being considered by the state last month in Sacramento. "Those are the women we worry about should they become pregnant, because they could be pushed into something called subclinical hypothyroidism, which would require treatment."

Studies suggest the neural development of the fetus could be negatively affected if a woman with subclinical hypothyroidism is not treated with thyroid hormones during pregnancy, Jacobs said. IQ deficits and developmental delays are among the possible effects of the disorder on newborns, according to the Environmental Working Group's analysis.

The study also states that even under the state's proposed limits, perchlorate in drinking water could depress thyroid hormone levels in 272,000 California women to a point where they would need treatment. The group has recommended an even stricter standard of 2 parts per billion, a limit adopted recently in Massachusetts.

The CDC study is being weighed by OEHHA, said the agency's director, Joan Denton.

"We are very closely looking at it, analyzing its results and trying to duplicate their results," said Denton. "At this point our \ remains at 6 parts per billion."

A change in state-mandated perchlorate levels to 2 ppb would push the cost of cleaning up San Gabriel Valley water to over \$1 billion, said Bob Kuhn, president of the board at the San Gabriel Valley Water Quality Authority. So far, only about \$500 million in funding for cleaning up Valley water has been secured, and officials say they need at least \$400 million more to finish the job.

"We have had to install cleanup devices in each well \, and that costs \$2 million to \$5 million each just counting the hardware, not operation," Kuhn said. "If they make the limit lower, the wells that are in operation without cleanup devices would have to have them installed, and that is where the money gets dicey."

The authority already treats perchlorate in its wells to non-detect levels, said Gabriel Monares, director of resource development for the authority. Monares' group was formed in the early 1990s to coordinate groundwater cleanup in the Valley.

But non-detect levels are considered about 4 parts per billion, said Shan Kwan, director of the water division at Pasadena Water and Power. So if the state were to set the limit at 2 parts per billion, agencies would have to come up with completely new technology to make sure they are in compliance.

"You have labs today that say they can detect below 4 \, but that hasn't been universally accepted yet," said Kwan, whose agency has had to shut down nine wells in the Pasadena area since 1997 because of perchlorate levels exceeding 6parts per billion.

JPL is cleaning up four of the wells and is monitoring the remaining five to determine if the pollution emanated from its campus northwest of the city. And while he was unsure of the actual figures, a change from 6 to 2 ppb would definitely increase treatment costs at the wells, Kwan said.

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## Settlement leaves us a bit unsettled

**Our view: While an end to court battle is good, it's still going to cost taxpayers a bundle.**

Article Launched: 12/03/2006 01:00:00 AM PST

At long last, the county and the Colonies have put away their slingshots, and decided to call it a day. Now, they can improve the flood control basin and move on to secure the safety of Colonies residents and those who live downstream.

But the settlement they reached last week doesn't mean everything is really settled - not by a long shot. All sorts of messy details still need to be hashed out to satisfy taxpayers.

Even so, we congratulate both on ending the protracted legal battle. Settlements usually end up being less costly in the long run.

But this one, at a cost to taxpayers of \$102 million in cash, leaves much to be desired.

As much as the judge, and our editorial board, have urged the two sides to settle, this unprecedented giveaway - the largest settlement in county history - is off-putting, to say the least.

The Board of Supervisors agreed Tuesday, 3-2, to pay the Upland developer \$102 million to settle the 4-year-old legal battle that has cost both sides plenty. Indeed, if supervisors had acted sooner, chances are they could have gotten off with paying far less, with the Colonies willing to take land or something more in the range of the initial \$25 million they asked for, instead of quadruple that.

And while there is more than money at stake - the lawsuit centered around the building of a regional flood control basin on the developer's property, and who had responsibility for it, with public safety at its root - the huge amount of money being drained from the county Flood Control District is more than worrisome.

In accepting the settlement, with the first \$22 million already secured, the Colonies Partners LP said in a statement it was pleased the majority of the board "acknowledged the county's financial and public safety responsibility in this matter."

True, the county had responsibility for the flood control facility, and erred in not accepting that responsibility much sooner.

But the supervisors who approved the settlement still have some reckoning to do. Supervisors Josie Gonzales and Dennis Hansberger, who opposed the settlement, did not feel the Colonies justified the magnitude of what they wanted the county to pay out. And the speed with which the final deal was nailed down, without full vetting, leaves us anxious. Now, the three supervisors who approved the settlement should provide exactly that sort of accounting to the public.

Red flags have been raised, with lawyers for the county resigning over the board's decision to thwart its advice and go ahead with the settlement. Law firm Jones Day - which has represented the county since its first legal team withdrew after questioning supervisors' judgment over terms it deemed excessive - quit Wednesday.

Moreover, the settlement bears the signature of Supervisors Chairman Bill Postmus, who is on his way out at the end of the year. But it does not contain the signatures of any county attorney - another warning bell.

Also odd is the peculiar language in the settlement saying the county would drop its related lawsuit against Upland, for a fee of \$2 million paid "by or on behalf of the city of Upland." But it is not an agreement Upland was party to. Will the Colonies make that payment, making the settlement essentially an even \$100 million?

The board is left in the position of trying to raise the remaining \$80 million through the sale of long-term bonds, or paying the Colonies off at 9 percent interest. The money owed will put a huge crimp in the flood control district's \$31.5 million annual budget. Though current flood control facilities and projects will not be at risk, according to the county's director of public works, Pat Mead, numerous future projects will have to be deferred by at least several years.

Public safety, of course, should be the overriding issue. And as shepherds of that responsibility, the Board of Supervisors needs to get back to its primary role of protecting the public's welfare.

While we'd like to put this behind us, we would remind supervisors that flood protection falls under their purview, and we do not wish to see it compromised now or in the future.

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## S.B. County supes reach accord with Colonies

### Land developers to receive \$102M after four-year legal battle

By Jeff Horwitz, Staff Writer  
Inland Valley Daily Bulletin

Article Launched: 11/29/2006 01:32:51 AM PST

SAN BERNARDINO - County supervisors Tuesday approved a \$102 million cash offer to settle the Colonies flood-control dispute.

The settlement, approved on a 3-2 vote and accepted by the Colonies Partners LP, will be the largest in the county's history. It comes after more than four years of legal strife, during which the price of a settlement quadrupled from the Colonies' original demand for \$25 million it said was necessary to build a regional flood-control basin on its property.

"Ultimately this will save the county taxpayers money," said Supervisor Paul Biane, in whose district the Colonies' development is located. "The community of Upland is going to be protected. That's probably the best thing that came out of today's settlement."

Late Tuesday afternoon, the Colonies released a statement saying it is pleased a majority of the board had "acknowledged the County's financial and public safety responsibility in this matter."

The settlement was approved despite opposition from supervisors Dennis Hansberger and Josie Gonzales, who have both said that the Colonies has failed to produce documents justifying the magnitude of Tuesday's settlement. An original offer on Tuesday's agenda that would have combined developable land and cash was scrapped because it required four votes to pass.

By dropping the land from the deal, Biane, Supervisor Gary Ovitt, and outgoing board chairman Bill Postmus were able to pass the settlement with a simple majority vote.

"I wasn't opposed to paying the money," Gonzales said. "I was just opposed to paying the money without the proper documentation to support the payout. In the end, they didn't need my vote."

Hansberger said settling the case without the appropriate documentation leaves the county wide open to a taxpayers lawsuit challenging the settlement.

"We're spending money and can't even say why (\$102 million) is the correct number," Hansberger said. "It's just a figment of someone's imagination."

Colonies spokeswoman Lorraine LeClear disputed Hansberger's statement in an e-mail. The documentation the Colonies provided to the county clearly showed their costs, she wrote, and the most recent ruling in the case left little doubt the county was at fault.

"Supervisor Hansberger continues to live within a bubble and views the world from his limited ability," she wrote. "It's that same limited view that caused this dispute to last four years and cost us all so much."

Earlier this month, a Claremont attorney representing San Bernardino County Taxpayers for Fair Resolution, a previously unknown group opposed to a settlement, began requesting documents pertaining to the Colonies case from the county. The attorney, Robert Ferguson, could not be reached Tuesday.

Suing the county for an alleged gift of public funds would be "entirely appropriate," Hansberger said.

Assuming the settlement stands, it would impose draconian limits on future spending by the Flood Control District, which is separate from the rest of the county's finances. Under Tuesday's offer, the district would pay the Colonies an initial \$22 million - wiping out the vast majority of its financial reserves - and then attempt to raise another \$80 million through the sale of long-term bonds.

If the county is unable to bond for \$80 million after 180 days - a prospect county administrators said was possible but unlikely - the district would be required to pay off its remaining debt to the Colonies in 10 annual installments at a 9 percent interest rate.

Given that much of the Flood Control District's annual revenue of \$31.5 million is taken up by salaries, maintenance and administrative costs, the payments could amount to nearly half the district's discretionary budget, said Assistant County Administrator Norm Kanold.

The offer also requires the district to pay for maintaining the flood-control basins on the Colonies property, which the developer has previously stated costs around \$1 million a year.

The settlement would not damage the district's ability to maintain its current facilities or carry out federally funded projects, Pat Mead, the county's director of public works, said after the meeting. However, Mead added, "numerous projects" in each of the Flood Control District's zones would have to be deferred by at least several years.

The settlement won't jeopardize projects to improve safety.

One way to lessen the strain on the Flood Control District's finances would be for the district to sell off land, Mead said.

"We have a lot of surplus property," he said. "There are assets that could be sold in an emergency."

Previous settlement offers in the case have always been contingent upon the county being able to recoup some of the costs of the settlement from entities involved with the Colonies' property, such as Upland, Caltrans, and San Bernardino Associated Governments, a regional transportation organization.

Because these bodies were not party to the settlement, Gonzales said, the county's ability to hold them responsible for some of the settlement may be damaged.

"There's going to be a whole lot of beneficiaries, and the county isn't one of them," Gonzales said. "They're going to turn around and say you never included us in the decision process of putting out \$102 million."

Biane disagreed.

"The county will still move forward with its cases," he said, citing the county's settlement as potentially a benefit to Caltrans, Upland and SANBAG. "Ultimately it will help cap the ultimate exposure of those other agencies."

*Staff writer Jeff Horwitz can be reached by e-mail at [jeff.horwitz@sbsun.com](mailto:jeff.horwitz@sbsun.com) or by phone at (909) 386-3856.*

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## Controversy surrounds safe perchlorate level

Fred Ortega, Staff Writer  
San Bernardino County Sun

Article Launched: 11/26/2006 12:00:00 AM PST

It has been two years since the state set a goal to limit the amount of perchlorate in Californians' drinking water, but officials have yet to establish a mandatory threshold for the potentially dangerous chemical.

And some environmental groups and scientists claim that the limit being considered does not go far enough to protect the state's most vulnerable residents.

The issue is also being closely followed by Inland Empire officials and residents, from Rialto to Norco, who are concerned about contamination in their groundwater.

Perchlorate is naturally occurring but is also used as an additive in rocket fuel. Over the years, the substance has leached into the groundwater of countless American communities and is now so prevalent in drinking water that a study by the Centers for Disease Control and Prevention found at least trace amounts of the chemical in every person it tested.

Rialto and Colton have sued suspected perchlorate polluters in an effort to recoup the cost of investigating and cleaning up the contamination found in wells. A federal judge threw out Colton's case earlier this year. A similar suit filed by Rialto is pending.

In Norco, the state has detected perchlorate in groundwater both on and off the former military - and manufacturing - testing Wyle Laboratories site, but the levels of contamination have been deemed unreliable, and further testing is under way.

In other parts of Southern California, one of the biggest culprits of perchlorate contamination is Jet Propulsion Laboratory, which is engaged in a multimillion-dollar cleanup of water wells in Altadena and Pasadena. The former aerospace plants that dotted the San Gabriel Valley during the Cold War were also major perchlorate polluters.

The federal limit for what is considered a safe level of exposure to perchlorate is 24.5 parts per billion. But local agencies have been following the state public-health goal of 6 ppb in treating water.

One part per billion is equivalent to about a half-teaspoon of the chemical in an Olympic-sized pool.

The state's 6 ppb goal is not mandatory, and officials are still navigating the regulatory process required to make the limit legally binding, said Patti Roberts, a spokeswoman for the Department of Health Services.

"The process for establishing a state-mandated (maximum contaminant level) for perchlorate is a lengthy one," said Roberts, adding the department hopes to have a perchlorate limit codified into law sometime next year. The state's Office of Environmental Health Hazards Assessment first suggested the 6 ppb limit in 2004.

But even that figure might not be enough to protect hundreds of thousands of Californians, according to an analysis of a recent CDC study by the Environmental Working Group, a nonprofit public watchdog in Washington, D.C.

For Norco residents seeking the source of what they say are unprecedented numbers of thyroid-related illnesses, perchlorate - a known thyroid inhibitor - has been a prime suspect.

The group's analysis of the CDC report, released last month, suggests that even a 6 ppb threshold could negatively affect pregnant women with abnormally low iodine levels. That translates to about 36 percent of American women, said Dr. Anila Jacobs, a senior scientist for the Environmental Working Group.

"This subset of women is very vulnerable to the effects of perchlorate," said Jacobs, who spoke at a public hearing on the limits being considered by the state last month in Sacramento. "Those are the women we worry about should they become pregnant, because they could be pushed into something called subclinical hypothyroidism, which would require treatment."

Studies suggest the neural development of the fetus could be negatively affected if a woman with subclinical hypothyroidism is not treated with thyroid hormones during pregnancy, Jacobs said. IQ deficits and developmental delays are among the possible effects of the disorder on newborns, according to the Environmental Working Group's analysis.



The study also states that even under the state's proposed limits, perchlorate in drinking water could depress thyroid hormone levels in 272,000 California women to a point where they would need treatment. The group has recommended an even stricter standard of 2 ppb, a limit adopted recently in Massachusetts.

State experts maintain water contaminated with perchlorate must be consumed to pose a health risk. Norco residents no longer use the contaminated groundwater wells on their properties. Of the groundwater wells found to be contaminated in Colton and Rialto, several now have treatment equipment in place that scrubs the chemical from the water.

The CDC study is being weighed by the Office of Environmental Health Hazards Assessment, said the agency's director, Joan Denton.

"We are very closely looking at it, analyzing its results and trying to duplicate their results," said Denton. "At this point, our (public-health goal) remains at 6 parts per billion."

*Staff writer Andrea Bennett contributed to this report.*

## OPINION — 18

# Tackling a messy cleanup

**I**T'S a dirty little secret that environmental decisions are based on

health and money. And we're convinced both are in play regarding the state Department of Health Services' future decision on how clean is clean when it comes to perchlorate.

We can't say we blame the state on this one.

Because any move by the state to drop the action level of 6 parts per billion (that's billion with a "b") to 4 ppb or 2 ppb will add millions and millions of dollars to the price tag for cleanup. Who will pick up this tab? Ratepayers, who already are seeing spikes in utility bills.

A DHS move down to 4 ppb would mean many more wells delivering water will be shut and required to install cleanup equipment that costs \$500,000 to \$2 million per well. It's an expensive move.

Already, the chemical additive perchlorate is found in concentrations above 6 ppb in 400-500 wells in the state. Here in the San Gabriel Valley area, the current price tag for cleaning up shut-down wells in polluted portions of the aquifer is \$400 million. That's \$400 million the San Gabriel Basin Water Quality Authority, the agency in charge of the cleanup, does not have. In other words, we already have a Christmas list with no piggy bank to help fill it.

Adding to the already unfunded mandate for ridding wells of minute amounts of this chemical, found in rocket fuel, road flares and other propellants, only compounds the problem. In fact, the result could be more delays in cleanup and more red tape.

No, now is not the time to lower the cleanup threshold for perchlorate. Such a move

## OUR VIEW

would make things worse for the Valley's polluted aquifer.

Instead, the state should be part of the solution by forking over funding for cleaning polluted wells to non-detectable levels of perchlorate. As it stands, the state has done more regulating and navel-contemplating than actual cleanup.

The feds, on the other hand, thanks to local congressmen David Dreier and Adam Schiff, have delivered more than \$70 million for local well cleanup. Also, the WQA, the U.S. Environmental Protection Agency, local water producers and local water districts, have made strong headway in the cleanup, in part by dragging responsible parties (i.e. polluters) to the party and also by leading the way with treatment plants paid with up-front money.

Recently, the Jet Propulsion Laboratory has made tremendous progress in cleaning up ground water in downstream Pasadena and Altadena wells.

The perchlorate problem — like the overall polluted groundwater — will not be going away any time soon, however. Not unless the San Gabriel Valley receives a Christmas gift of \$400 million. So why complicate things more and make it much more expensive by changing the perchlorate "action level" in drinking water from the current 6 parts per billion? Until more study can show that 2 more parts per billion (2 ppb is equal to one teaspoon of the chemical additive in an Olympic-size swimming pool) makes a difference to the public's health, the standard should not be changed.

Funding cleanup of existing wells closed from perchlorate contamination should be the No. 1 agenda item for the state DHS.

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