



CHINO BASIN WATERMASTER

Thursday, February 22, 2007

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. – February 22, 2007

At The Offices Of

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

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Annual Advisory Committee Meeting held January 25, 2007 *(Page 1)*
2. Minutes of the Advisory Committee Meeting held December 21, 2006 *(Page 7)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2006 *(Page 17)*
2. Combining Schedule for the Period July 1, 2006 through November 30, 2006 *(Page 21)*
3. Treasurer's Report of Financial Affairs for the Period November 1, 2006 through November 30, 2006 *(Page 23)*
4. Profit & Loss Budget vs. Actual July 2006 through November 2006 *(Page 25)*
5. Cash Disbursements for the month of January 2007 *(Page 27)*
6. Combining Schedule for the Period July 1, 2006 through December 31, 2006 *(Page 31)*
7. Treasurer's Report of Financial Affairs for the Period December 1, 2006 through December 31, 2006 *(Page 33)*
8. Profit & Loss Budget vs. Actual July 2006 through December 2006 *(Page 35)*

C. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006

Independent Auditors' Report from Mayer Hoffman McCann P.C. an Independent CPA firm *(Page 37)*

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy *(Page 63)*

E. LOCAL AGENCY INVESTMENT FUND

Resolution 07-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) *(Page 65)*

F. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield *(Page 67)*

G. COMMENDATION FOR MR. ROBERT NEUFELD

A Commendation to Recognize Mr. Robert Neufeld for His Dedication of Service with Chino Basin Watermaster *(will be a handout)*

II. BUSINESS ITEMS

A. ASSESSMENTS FOR FISCAL YEAR 2006-2007

Consider Approval of Assessment Package for Fiscal Year 2006-2007 *(Page 71)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Santa Ana River Water Right Application
- 2. Peace II Process

B. FINANCIAL REPORT

- 1. Budget Update for fiscal 2007/2008

C. CEO/STAFF REPORT

- 1. Upland Basin Funding Assistance
- 2. Legislative Update
- 3. Recharge Update

E. INLAND EMPIRE UTILITIES AGENCY

- 1. Monthly Water Conservation Programs Report *(Page 93)*
- 2. Monthly Imported Water Deliveries Report *(handout)*
- 3. State and Federal Legislative Report *(Page 107)*
- 4. Community Outreach/Public Relations Report *(Page 137)*

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

- 1. Newspaper Articles *(Page 139)*

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

February 22, 2007	9:00 a.m.	Advisory Committee Meeting
February 22, 2007	11:00 a.m.	Watermaster Board Meeting
February 27, 2007	9:00 a.m.	GRCC Meeting
March 8, 2007	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
March 19, 2007	1:00 p.m.	AGWA Meeting @ CBWM
March 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 22, 2007	9:00 a.m.	Advisory Committee Meeting
March 22, 2007	11:00 a.m.	Watermaster Board Meeting
March 27, 2007	9:00 a.m.	GRCC Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD COMMITTEE MEETING**

11:00 a.m. – February 22, 2007

At The Offices Of

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

AGENDA

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PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

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III. REPORTS/UPDATES

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- 1. Santa Ana River Water Right Application
- 2. Peace II Process

B. FINANCIAL REPORT

- 1. Budget Update for fiscal 2007/2008

C. CEO/STAFF REPORT

- 1. Upland Basin Funding Assistance
- 2. Legislative Update
- 3. Recharge Update

IV. INFORMATION

- 1. Newspaper Articles (*Page 139*)

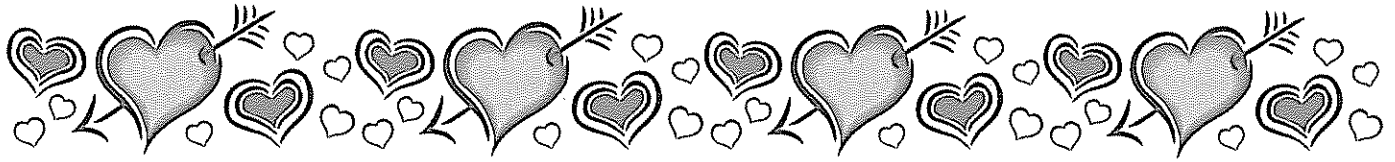
V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

February 22, 2007	9:00 a.m.	Advisory Committee Meeting
February 22, 2007	11:00 a.m.	Watermaster Board Meeting
February 27, 2007	9:00 a.m.	GRCC Meeting
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March 19, 2007	1:00 p.m.	AGWA Meeting @ CBWM
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March 22, 2007	9:00 a.m.	Advisory Committee Meeting
March 22, 2007	11:00 a.m.	Watermaster Board Meeting
March 27, 2007	9:00 a.m.	GRCC Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – December 21, 2006
2. Annual Advisory Committee Meeting – January 25, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
December 21, 2006

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on December 21, 2006 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Nathan deBoom, Chair	Ag Pool/Dairy
Jeff Pierson	Ag Pool/Crops

Appropriative Pool

Robert DeLoach	Cucamonga Valley Water District
Dave Crosley	City of Chino
Teri Layton	Santa Ana River Water Company
Ken Jeske	City of Ontario
Raul Garibay	City of Pomona
Anthony La	City of Upland

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
John Anderson	Inland Empire Utilities Agency

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Dr. David Sunding	University of Berkley

Others Present

Terry Catlin	Inland Empire Utilities Agency
Rosemary Hoerning	City of Upland
Steve Lee	Reid & Hellyer
Rick Hansen	Three Valleys Municipal Water District

The Advisory Committee meeting was called to order by Chair deBoom at 9:06 a.m.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held November 16, 2006

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

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

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

II. BUSINESS ITEMS**A. DR. SUNDING ECONOMIC BENEFITS REPORT**

Mr. Manning stated in the discussions regarding the Peace II Agreement there are prerequisites that need to be completed. One of those prerequisites was a macro evaluation of the Peace II arrangement and how it was going to affect the basin. The macro analysis viewed the basin as if were one owner and was not looking at individual parties. Dr. Sunding had presented his initial draft Economic Benefits Report to the parties at a July 2006 workshop and from that workshop he took questions and comments and has incorporated those changes into his newly revised report, which is ready to be approved to be received and filed with the court. Dr. Sunding gave his updated report and highlighted the changes that were made from the draft to the final report. Dr. Sunding reviewed several tables in detail to allow the parties to have a better understanding of his analysis. A discussion ensued with regard to Dr. Sunding's report. Mr. Jeske inquired about the net benefit number offered. Dr. Sunding stated what the analysis captures is whether or not we do basin re-operation and how you do it; the assumption is the facilities get built and that is a common factor to all of the scenarios. Mr. Garibay inquired about the term "controlled over-draft". Mr. Manning stated that is a term that Watermaster is comfortable endorsing as equal to re-operation. A discussion regarding yield ensued. Mr. Manning stated staff is seeking a recommendation to move this forward to the Watermaster Board for a receive and file motion. A question regarding the next steps was presented and Counsel Fife responded that this question will be answered under legal counsel report. Although, the next step toward economic analysis is to move onto the micro economic analysis which is specified in the Term Sheet.

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

Moved to receive and file with the court the revised Economic Benefits Report by Dr. David Sunding, as presented

B. INLAND VALLEY DAILY BULLETIN ADVERTISING CAMPAIGN

Mr. Manning stated several parties have been participating in this water industry campaign for three years now and there have been excellent comments about the publications. Mr. Manning recapped what the past publications were trying to capture and noted this years will be slightly different in that there will be more articles printed in the actual newspaper as opposed to what was done in the past with inserts. Mr. Manning noted this item is in the FY 2006-2007 budget. A discussion ensued with regard to the context of the articles. Mr. Jeske commented on the possibilities of using the internet side of advertising for this cause. Mr. Manning stated this was an excellent idea and he would pursue it with the Daily Bulletin representatives.

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

Moved to approve the twelve month advertising campaign with the Inland Valley Daily Bulletin to match contributing funds with Inland Empire Utilities Agency, as presented

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

Counsel Fife stated there is a letter on the back table to the State Water Resources Control Board. Counsel Fife noted he has reported over the last few months that it appeared there is movement on this application to bring this item to a water rights hearing in the near future. The State Board does appear determined to hold a hearing on all of the Santa Ana River Water Right Applications including Chino Basin Watermaster's. At ACWA there were comments from Art Baggett that there will be a hearing in the spring of 2007. In response to that statement all the parties have been meeting on a regular basis to discuss what we feel the hearing should look like and how all the parties can work together. The letter is the first real outcome and proposes that we convene workshops prior to noticing the hearing. Chino Basin Watermaster has one remaining protest to the Chino Basin's application and that is from the Department of Fish and Game, although, they have not clearly stated what they are protesting and in the meantime have permitted our project. A brief discussion ensued with regard to this issue. Counsel will keep the parties apprised on the progress of this matter.

2. Peace II

Counsel Fife stated there is a draft timeline on the back table for review; this is an aggressive timeline to facilitate resolution of Peace II. This timeline was drafted by the request of the Watermaster Board. We are asking for comments on this draft timeline. Two items really need to have input on them and those are the itemization of issues and the steps we need to go through and the other is the time frames we have attached to those items. A discussion ensued with regard to the draft timeline and what is needed from the parties as far as comments. A discussion ensued with regard to the listed items on the timeline. Mr. Manning stated that the next evolution of this timeline will be the expansion of the timeline into a gant chart; the parties will work together to create a critical path process.

3. Waste Discharge Requirements

Counsel Fife stated the parties which are most interested in this topic are Western Municipal Water District and San Bernardino Municipal Water District. They are continuing to meet and work on the draft which was handed out last month. Chino Basin Watermaster is continuing to monitor the progress of this process.

4. MZ1 Long Term Plan

Counsel Fife stated the non-binding term sheet set a goal of December 31, 2006 for the MZ1 long term plan to be completed. The MZ1 Technical Committee is meeting on a regular basis and the long term plan is being worked on and good progress is being made; however, we are going to miss the December 31st deadline. There is a potential that we will not miss that date by much time; a final product could come to fruition in the first quarter of 2007.

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

Mr. Manning stated the Storm Water report is available on the back table for review. In summary, we are on schedule in terms of our recharge progress.

2. Legislative Update

Mr. Manning stated we received notice last week from Washington DC that a few changes have taken place that we all should be aware. There are ten new members on the House side; ten new democrats bringing the total to thirty-eight members on that committee. Among the ten were three Californians; however, none of them are representing this area. Jerry Lewis will continue to hang on as the ranking Republican in that committee. In the senate, Diane Feinstein, remains on the senate appropriations committee and has become the chair of the interior sub-committee. Mr. Manning stated he recently had breakfast with

Senator Margett and Dan Dun Moyer; Dan is the senior and chief policy advisory to Governor Schwarzenegger and had a chance to sit down briefly with Dan and talk about state wide water policy. While at the recent ACWA conference a number of people met with Bob Johnston, Commissioner of the Bureau of Reclamation, to talk about Title 16 issues and that conversation went very well. A brief discussion ensued with regard to legislative issues.

3. Strategic Planning Issue Report

Mr. Manning stated the matrix from the October conference is now complete in draft form and available on the back table for review and comment. Mr. Manning reviewed the column titles and explained their meanings. Mr. Manning stated the context of this matrix will be incorporated into his next goals and objectives.

4. Holiday Open House

Mr. Manning stated he and his wife Sue, will be hosting an open house at their home in Alta Loma and all are invited to attend; there is a flyer on the back table with the address and time of the event.

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.

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen spoke on the recent election at the Metropolitan Water District for the new chairman; Mr. Tim Brick is now the new chairman. Mr. Hansen stated that Mr. Brick recently announced his management team/executive team. Mr. Hansen reviewed the new rate increases for Tier I and Tier II and a discussion ensued with regard to the increase.

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

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

The Advisory Committee Meeting Adjourned at 9:45 a.m.

Secretary: _____

Minutes Approved: _____

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Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL ADVISORY COMMITTEE MEETING
January 25, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on January 25, 2007 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Teri Layton	Santa Ana River Water Company
Raul Garibay	City of Pomona
Anthony La	City of Upland
Mark Kinsey	Monte Vista Water District
Bill Kruger	City of Chino Hills
Mike McGraw	Fontana Water Company
Chris Diggs	Fontana Union Water Company
Raul Garibay	City of Pomona
Charles Moorrees	San Antonio Water Company

Non-Agricultural Pool

Kevin Sage	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
John Anderson	Inland Empire Utilities Agency

Watermaster Staff Present

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

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Terry Catlin	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Wyatt Troxel	Inland Empire Utilities Agency
Rosemary Hoerning	City of Upland
Eunice Ulloa	Chino Basin Water Conservation District
Rick Hansen	Three Valleys Municipal Water District
Steve Lee	Reid & Hellyer
Rick Hansen	Three Valleys Municipal Water District
Ash Dhingra	Metcalf and Eddy

The Advisory Committee meeting convened by Chair Jeske at 9:08 a.m. without a quorum

AGENDA - ADDITIONS/REORDER

Mr. Manning stated there was no representation from the Agricultural Pool thereby declaring there is no quorum to officially call the meeting to order nor will any item that needs to be voted on be presented today. Items on the consent calendar will be rolled over to the February meeting. All reports and updates will be given that are on today's agenda.

I. INTRODUCTIONS OF THE ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2006

<u>Ken Jeske</u>	Chair	(Appropriative Pool)
<u>Bob Bowcock</u>	Vice-Chair	(Non-Agricultural Pool)
<u>Robert Feenstra</u>	Second Vice-Chair	(Agricultural Pool)
<u>Ken Manning</u>	Secretary/Treasurer	(Chief Executive Officer)

II. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held December 21, 2006

B. FINANCIAL REPORTS

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

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 07-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. NOTICE OF INTENT

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

The Consent Calendar items will be carried over for vote on the February agenda due to no quorum.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Santa Ana River Water Right Application
Counsel Slater made no comment regarding this item.
2. Regional Salinity Cooperative Agreement
Counsel Slater made no comment regarding this item.
3. MWD DYY Agreement
Counsel Slater made no comment regarding this item.
4. Peace II Process
Counsel Slater stated there have been recent opportunities to consult with the special referee and it was noted from those conversations that an informal informational filing will be made to the court at the end of February/beginning of March regarding our proposed schedule for completion of the task. A timeline was distributed at the December 2006 meeting which suggested a proposed timeline for getting this process to completion and the court would like to be advised on the record about our intentions. Mr. Kinsey inquired to the timeline being optimistic; Counsel Slater stated the thing that is most critical about in the

schedule is the method of proceeding on a conditional basis. As we did in 2000, we proceeded to completely paper the deal while we waited for the environmental studies to be complete. There is also a subsequent effort to bring together the desalter discussions forward, so in this case we are asking the court to endorse that approach. The court will then get early information about the proceedings as a part of our status report, which is very important. A discussion ensued with regard to presenting the current timeline to the court formally or informally. Counsel Slater stated we are continuing discussions with Dr. Sunding regarding the micro economic analysis; we do want to get started on that analysis as soon as possible. Mr. Kinsey commented on budget procedural steps to be followed to allow for the micro economic analysis to be done.

B. ENGINEERING UPDATES

1. Rialto Request

Mr. Wildermuth stated there was no new update to report on for this item.

C. FINANCIAL REPORT

1. Assessment Package Update

Ms. Rojo stated there have been some changes to the Assessment Package – total production ended up revising downward which increased assessments by about .23 cents for OBMP and .04 cents for administration. Staff is hoping that there are not any other appropriator changes and the revised package should be in the February package for approval.

D. CEO/STAFF REPORT

1. Legislative Update

No comment was made regarding this item.

2. Recharge Update

No comment was made regarding this item.

3. Cyclic Storage Account

Mr. Manning stated Chino Basin Watermaster is seeking a cyclic storage extension with Metropolitan Water District for another five years. The reason for the extension is that as of December 2006 we had put 29,011 acre feet of wet water into the ground; we have an obligation of 15,382 for replenishment that includes last years' obligation plus a carry over from the year before. A brief discussion ensued with regard to this item. Mr. Manning stated a more detailed report will be given in February on this matter.

4. AGWA February 5, 2007

No comment was made regarding this item.

E. 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.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen stated the local resource planning program is picking up again and they are taking a look at ways to change the contracts and structures. Mr. Hansen stated the other big issue right now is the MWD rate increases which have been stated to be approximately 3-5% and just recently it has been stated there could be a 6.9% increase which has stirred a lot of debate.

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

Mr. Kinsey stated Monte Vista Water District submitted a letter today regarding the comments on the macro analysis and inquired how that letter would get submitted into the record for the macro analysis. Counsel Slater stated the report has already been received and filed. Counsel will ensure that in the meetings with Dr. Sunding the issues raised in the report are addressed in his future reports.

VII. FUTURE MEETINGS

January 23, 2007	9:00 a.m.	GRCC Meeting
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

The Annual Advisory Committee meeting was dismissed at 9:25 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Annual Watermaster Board Meeting –
January 25, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL WATERMASTER BOARD MEETING
January 25, 2007

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 25, 2007 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Sandra Rose	Monte Vista Water District
John Anderson	Inland Empire Utilities Agency
Jim Bowman	City of Ontario
Al Lopez	Western Municipal Water District
Bob Kuhn	Three Valleys Municipal Water District
Kevin Sage	Vulcan Materials Company
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Paul Hofer	Agricultural Pool, Crops

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.

Others Present

Rosemary Hoerning	City of Upland
David De Jesus	Three Valleys Municipal Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Jeff Pierson	Crops
Terry Catlin	Inland Empire Utilities Agency
Hank Stoy	Rancho Cucamonga Resident
Charles Moorrees	Santa Antonio Water Company

The Watermaster Board Meeting was called to order by Chair Willis at 11:05 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

Mr. Manning stated the Advisory Committee meeting was held at 9:00 a.m. this morning but absent a quorum due to a lack of Agricultural representation, there was no action taken on the Consent Calendar items; those items will be placed on the February agenda for consideration. Counsel Slater stated regarding the Consent Calendar there are five separate sub-headings, of these items listed today there are some can be acted upon independently by the Watermaster Board without advice of the Advisory Committee. There is a custom that items are usually acted upon by the Watermaster Board through the Pools and Advisory Committee recommendations. Counsel Slater stated it would be at the Board members' discretion to take action on Consent Calendar items A, B, C, and D and then conditionally

approve item E, sending it the Advisory Committee for action at the February meeting. A discussion ensued regarding this matter and it was decided the Watermaster Board would only vote on Consent Calendar items A & B at this time and would have the remainder of the items brought back after the Advisory Committee members had a chance to review and vote at the February meeting.

PUBLIC COMMENTS

No public comments were received.

INTRODUCTIONS - CALENDAR YEAR 2007 WATERMASTER BOARD MEMBERS

John Anderson	Inland Empire Utilities Agency
Bob Bowcock	Non-Agricultural Pool (Vulcan Materials Company)
Jim W. Bowman	City of Ontario (Appropriative Pool)
Charles Fields	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Bob Kuhn	Three Valleys Municipal Water District
Sandra Rose	Monte Vista Water District
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)
Ken Willis	West End Consolidated Water Company

RECOGNITION OF OUTGOING WATERMASTER BOARD MEMBERS

1. Mr. Paul Hamrick

Motion by Anderson, second by Hofer and by unanimous vote

Moved to have Mr. Manning attend Jurupa Community Services next board meeting and personally present Mr. Hamrick his recognition plaque, as discussed

I. CALENDAR YEAR 2007 OFFICERS – Action

A. ELECTION OF OFFICERS

1. **Nominations will be heard for Watermaster Board Chair**
Ken Willis representing West End Consolidated Water Company was appointed for his second term as the 2007 Watermaster Chair by unanimous vote
2. **Nominations will be heard for Watermaster Board Vice-Chair**
Bob Kuhn representing Three Valleys Municipal Water District was appointed as the 2007 Watermaster Vice-Chair by unanimous vote
3. **Nominations will be heard for Watermaster Board Secretary/Treasurer**
Sandra Rose representing Monte Vista Water District was appointed for her second term as the 2007 Watermaster Board Secretary/Treasurer by unanimous vote

II. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held December 21, 2006

B. FINANCIAL REPORTS

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

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

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

The Consent Calendar items C, D, and E will be carried over for vote on the February agenda due to no quorum at the Advisory Committee meeting.

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 07-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. NOTICE OF INTENT

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

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

Counsel Slater stated there was a recent meeting held at the State Board offices which was attended by Ken Manning, Ken Willis, Michael Fife, and Mark Wildermuth along with some of the State Water Resources Control Board staff. The meeting was viewed as success from the standpoint of communication and making sure the State Board fairly understood the nature of our project. The State Board did decline the unanimous request of the parties to hold a pre-hearing workshop; nonetheless we did have ample time at the meeting to meet with them and it is anticipated we will be able to meet with them again after the notice goes out. It was noted at that meeting that the State Board is expected to issue a Notice of a Hearing at the end of January. This could involve a lengthy State Board process and our involvement in that process is likely to be required at any level regardless of what becomes of the sole protest against our application that was filed by the Department of Fish and Game (DFG). We have an interest in the proceedings and we would likely want to proceed and participate in the hearing process even if DFG were to dismiss its protest against the Chino Basin Watermaster. Chair Willis stated the recent meeting was very useful mainly because of the new staff at the State Board who are reviewing the water right applications. A brief discussion ensued with regard to the application process.

2. Regional Salinity Cooperative Agreement

Counsel Slater stated this item is essentially at a standstill at this point in time; there are people still working on this item although there is nothing new to report. Mr. Vanden Heuvel asked counsel to give a more detailed description regarding this item. Counsel Slater stated this is the item regarding waste discharge permits and how the Regional Board is going to respond to various opportunities to address discharges. There was a question that was provoked by some of the state project contractors and the implications on our approach in the Chino Basin with regard to the Santa Ana River and Maximum Benefit and how those can be harmonized and integrated. There has been ongoing dialog regarding this issue for approximately a year. Mr. Vanden Heuvel inquired as to the participants in the Cooperative Agreement. Counsel Slater stated the primary is Mark Wildermuth and he has been involved since the beginning in various capacities trying to provide input. Mr. Manning stated approximately one year ago the Regional Board Executive Director, Jerry Thibeault, introduced the concept of waste discharge permits and the application which is being developed for the waste discharge permits for those people who are going to be recharging water into the watershed. There was much controversy over this permit making its way into their Regional Boards. It was decided amongst the parties that the Chino Basin should try and resolve this possibly a different avenue so that it did not entangle our Regional Board. The parties who are working together for this arrangement are the same parties that are SAWPA related along the Santa Ana River and the have brought in Bill Dendy to act as a mediator to solve this problem. Mr. Manning stated the Chino Basin has Max Benefit so this issue does not relate to us; however, it is still very important to us because what they may create out of this process may affect us. Michael Fife and Mark Wildermuth are attending the meetings on our behalf to insure these proceedings do not jeopardize the Max Benefits

that we have here within the Chino Basin. A lengthy discussion ensued with regard to this topic and its affects on our recharge capabilities.

3. MWD DYY Agreement

Counsel Slater stated there are three separate, but related discussions that are presently occurring regarding Watermaster's responsibility to attempt to implement broad based storage and recovery programs. There have been discussions progressing with Castaic Lake Water Agency, San Diego County Water Authority, and an interest in expanding the Metropolitan Dry Year Yield Program that we presently have in place. It is our hope to be able to bring back one, two, or possibly three separate arrangements that could be packaged together for consideration by the Watermaster parties. In order to allow that to happen we need to have some financial and facility investigations undertaken; a proposal for a cost sharing arrangement was considered and that required an estimate on our part. Dave Argo's firm, Black & Veatch, has prepared a proposed budget and we are now in the process of going to the three parties and asking them for a participation in the joint study. A lengthy discussion regarding this endeavor ensued.

4. Peace II Process

Counsel Slater stated we are anxiously awaiting the report from Mr. Scalmanini and noted we all are hopeful we will remain on schedule with the Peace II process. Counsel and staff has had a conversation with Anne Schneider, our Special Referee, who has suggested the schedule that we produced and distributed for your consideration at the last Board meeting, be the cornerstone of a briefing to the court to discuss our proposed schedule for completion of the various tasks. This will be a conditional approval due to the CEQA process still needing to be completed; the court would like us to make such a showing at the end of February/beginning of March in terms of a pleading and then a hearing would take place to update the court thirty days thereafter. Counsel Slater noted one of the items on the schedule is having the micro economic analysis completed which does require an expert to perform the study. Staff has been in contact with Dr. Sunding who did the macro analysis; Dr. Sunding is ready, willing and able to perform the study within our time constraints and has proposed a budget of approximately \$160,000 to complete the analysis. This cost figure has been shared through the Watermaster process and questions have been raised regarding the total funding and the desire to have some upfront scoping included. We are in the process of concluding the details with Dr. Sunding. A contract should be drawn up and ready to go through the Watermaster process soon.

B. ENGINEERING UPDATES

1. Rialto Request

Mr. Wildermuth stated a year ago the Regional Board was beginning to talk about writing permits for imported water recharge, the Regional Board engaged the Watermaster staff to have a discussion about. From those deliberations, one of the concerns that came up was granting people who are not part of the Optimum Basin Management Program (OBMP) process, access to the maximum benefit permit. After several discussions, the Regional Board issued its first draft recharge permit and in that draft it was stated you had to be an OBMP participant or you would not get access to the assimilative capacity in the Chino Basin. Subsequent to that draft issue, the City of Rialto's Wastewater Discharge Permit has come up for renewal. In that process the Regional Board noted that part of Rialto's planning was to serve recycled water, which would be on property overlying in the Chino Basin. The Regional Board has contacted the Inland Empire Utilities Agency (IEUA) and the Chino Basin Watermaster (CBWM) staff regarding this issue for comment. From that request for comment, it was determined that in order for the City of Rialto to serve recycled water to the Chino Basin they have to get a letter from both IEUA and CBWM saying whatever the City of Rialto is doing is consistent with the OBMP. Mr. Wildermuth stated, to his knowledge, the City of Rialto has not participated monetarily or personally in the formation and adoption of the OBMP. This is an information item only at this time and parties may be asked to provide them with a letter in the near future. A lengthy discussion ensued with regard to

Mr. Wildermuth's update on the Rialto request. Mr. Manning stated it is staff's recommendation since the City of Rialto has not participated in any of the costs necessary to achieve the Maximum Benefit there would have to be some sort of negotiations before a letter would be written granting them access including some sort of buy-in comparable with the proportional area that they are talking about; we will not automatically write them an acceptance letter. Mr. Manning stated staff has notified the Regional Board's staff that the Chino Basin Watermaster is not prepared at this time to write a letter because we do not have enough information on their request. A formal request that includes more details is now needed from the City of Rialto in order to proceed with their request.

C. FINANCIAL REPORT

1. Assessment Package Update

Ms. Rojo stated following the inclusion of the Assessment Package in November 2006, it was realized at that time that there were some production and transfer/assignment corrections that the appropriators needed to make to the information they submitted. The Assessment Package has been on hold until those issues were taken care of. Those changes have been made and a copy is now available on the back table and will be brought forward through the Watermaster process in February for review and/or approval.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning discussed the Governor's new state report and in that report the Governor discussed infrastructure. There is a bill that is tied to a water bond that the Governor is proposing and that appears to be approximately a \$3.9 billion dollar proposal with \$2 billion dollars authorized in revenue bonds. Mr. Manning stated he has not heard what the senate and the house assembly will do with that when they get it. Mr. Manning stated on the federal level there is some discussions going on in Washington right now regarding creating a new tax related mechanism to assist in financing certain kinds of water infrastructure projects including water recycling, desalting, and groundwater remediation. That involves authorization of the tax credit bonds which is similar to what congress did with the renewable energy project in 2005; this is not tied to appropriative dollars. This just might finance several of the projects which are being discussed for California and projects here in the Chino Basin. Updates will be given on these and several more changes in the upcoming months.

2. Recharge Update

Mr. Manning stated Chino Basin Watermaster recharge efforts are right on target with approximately 5,500 acre-feet of monthly recharge. We are expecting at the end of January/beginning of February a shut down on the Rialto line from Metropolitan Water District who will be doing some repairs. The shut down could last as long as four weeks.

3. Cyclic Storage Account

Mr. Manning stated he has asked Inland Empire Utilities Agency to negotiate with Metropolitan Water District for an extension of the existing cyclic storage account. Our existing cyclic storage program runs through the end of this year. The provisions within the cyclic storage call for Watermaster to buy the water out of cyclic storage if we do not have an extension beyond 2007. Our balance in that account presently is zero. We are putting water into the Dry Year Yield as a temporary hold until the cyclic storage account is taken care of with the extension.

4. AGWA February 5, 2007

Mr. Manning stated this is notification regarding the upcoming Association of Groundwater Agencies which is holding their annual conference on February 5, 2007 at the Ontario Convention Center and it is an all day event. This conference will be discussing a number of subjects that are relevant to all of your agencies and Mr. Manning encouraged all who could attend should. A copy of the flyer is available on the back table.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

The Board members welcomed Jim Bowman to his seat on the Watermaster Board. Mr. Bowman noted his appreciation and stated he looked forward to getting to know the members and the issues at hand.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

January 23, 2007	9:00 a.m.	GRCC Meeting
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

The Annual Watermaster Board Meeting Adjourned at 12:05 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS





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: January 11, 2007
January 16, 2007
January 25, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – December 2006

SUMMARY

Issue – Record of cash disbursements for the month of December 2006.

Recommendation – Staff recommends the Cash Disbursements for December 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 October 2006 were \$547,542.41. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$244,921.00 and Hatch and Parent in the amount of \$64,535.39.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2006

Type	Date	Num	Name	Amount
Dec 06				
General Journal	12/2/2006	06/12/4	PAYROLL	-6,581.81
General Journal	12/2/2006	06/12/4	PAYROLL	-23,011.77
Bill Pmt -Check	12/4/2006	10978	ANDERSON, JOHN	-250.00
Bill Pmt -Check	12/4/2006	10979	APPLIED COMPUTER TECHNOLOGIES	-3,013.60
Bill Pmt -Check	12/4/2006	10980	BLACK & VEATCH CORPORATION	-6,175.00
Bill Pmt -Check	12/4/2006	10981	BOWCOCK, ROBERT	-250.00
Bill Pmt -Check	12/4/2006	10982	CA SOCIETY OF MUNICIPAL FINANCE OFFICERS	-110.00
Bill Pmt -Check	12/4/2006	10983	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	12/4/2006	10984	DIRECTV	-74.98
Bill Pmt -Check	12/4/2006	10985	ELLISON, SCHNEIDER & HARRIS, LLP	-18,080.12
Bill Pmt -Check	12/4/2006	10986	HAMRICK, PAUL	-125.00
Bill Pmt -Check	12/4/2006	10987	INLAND COUNTIES INSURANCE SERVICES, INC.	-238.57
Bill Pmt -Check	12/4/2006	10988	INLAND EMPIRE UTILITIES AGENCY	-63,757.01
Bill Pmt -Check	12/4/2006	10989	KUHN, BOB	-250.00
Bill Pmt -Check	12/4/2006	10990	MEDIA JIM	-795.00
Bill Pmt -Check	12/4/2006	10991	OFFICE DEPOT	-184.14
Bill Pmt -Check	12/4/2006	10992	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	12/4/2006	10993	QUILL	-19.99
Bill Pmt -Check	12/4/2006	10994	R&D PEST SERVICES	-85.00
Bill Pmt -Check	12/4/2006	10995	REID & HELLYER	-4,988.83
Bill Pmt -Check	12/4/2006	10996	SCOTT-COE, JUSTIN	-125.00
Bill Pmt -Check	12/4/2006	10997	SOUTHERN CALIFORNIA WATER COMMITTEE	-290.00
Bill Pmt -Check	12/4/2006	10998	STANDARD INSURANCE CO.	-555.18
Bill Pmt -Check	12/4/2006	10999	THE FURMAN GROUP, INC.	-2,590.00
Bill Pmt -Check	12/4/2006	11000	UNION 76	-147.94
Bill Pmt -Check	12/4/2006	11001	UNITEK TECHNOLOGY INC.	-129.27
Bill Pmt -Check	12/4/2006	11002	VANDEN HEUVEL, GEOFFREY	-375.00
Bill Pmt -Check	12/4/2006	11003	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	12/4/2006	11004	VERIZON	-44.00
Bill Pmt -Check	12/4/2006	11005	WILLIS, KENNETH	-250.00
Bill Pmt -Check	12/4/2006	11006	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	12/4/2006	11007	CALIFORNIA WATER AWARENESS CAMPAIGN	-375.00
Bill Pmt -Check	12/4/2006	11008	CALPERS	-2,427.95
Bill Pmt -Check	12/14/2006	11009	ARROWHEAD MOUNTAIN SPRING WATER	-30.34
Bill Pmt -Check	12/14/2006	11010	BANK OF AMERICA	-1,407.98
Bill Pmt -Check	12/14/2006	11011	CITISTREET	-2,632.30
Bill Pmt -Check	12/14/2006	11012	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	12/14/2006	11013	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	12/14/2006	11014	HATCH AND PARENT	-64,535.39
Bill Pmt -Check	12/14/2006	11015	LOS ANGELES TIMES	-42.40
Bill Pmt -Check	12/14/2006	11016	MCI	-907.73
Bill Pmt -Check	12/14/2006	11017	MONTE VISTA WATER DIST	-1,000.00
Bill Pmt -Check	12/14/2006	11018	PAYCHEX	-279.97
Bill Pmt -Check	12/14/2006	11019	PREMIERE GLOBAL SERVICES	-167.85
Bill Pmt -Check	12/14/2006	11020	PUMP CHECK	-330.00
Bill Pmt -Check	12/14/2006	11021	PURCHASE POWER	-2,032.27
Bill Pmt -Check	12/14/2006	11022	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	12/14/2006	11023	SPRINT	-591.95
Bill Pmt -Check	12/14/2006	11024	STATE COMPENSATION INSURANCE FUND	-1,149.98
Bill Pmt -Check	12/14/2006	11025	UNITED PARCEL SERVICE	-296.92
Bill Pmt -Check	12/14/2006	11026	VERIZON	-352.13
Bill Pmt -Check	12/14/2006	11027	VIP AUTO DETAILING	-798.80
Bill Pmt -Check	12/14/2006	11028	WATER EDUCATION FOUNDATION	-575.00
Bill Pmt -Check	12/14/2006	11029	CITISTREET	-2,632.30
Bill Pmt -Check	12/14/2006	11030	RICOH BUSINESS SYSTEMS-Maintenance	-1,047.00
Bill Pmt -Check	12/14/2006	11031	VERIZON WIRELESS	-161.70
Bill Pmt -Check	12/14/2006	11032	CITISTREET	-2,914.84
General Journal	12/16/2006	06/12/6	PAYROLL	-6,581.81
General Journal	12/16/2006	06/12/6	PAYROLL	-23,011.77
Bill Pmt -Check	12/20/2006	11033	ACWA SERVICES CORPORATION	-221.50
Bill Pmt -Check	12/20/2006	11034	CALPERS	-3,058.44
Bill Pmt -Check	12/20/2006	11035	COMPUSA, INC.	-407.28
Bill Pmt -Check	12/20/2006	11036	INLAND EMPIRE UTILITIES AGENCY	-10,000.00
Bill Pmt -Check	12/20/2006	11037	JASON KARNER	-30.00
Bill Pmt -Check	12/20/2006	11038	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,135.00
Bill Pmt -Check	12/20/2006	11039	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	12/20/2006	11040	RICOH BUSINESS SYSTEMS-Maintenance	-24.82
Bill Pmt -Check	12/20/2006	11041	STAULA, MARY L	-136.61

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2006

Type	Date	Num	Name	Amount
Bill Pmt -Check	12/20/2006	11042	WILDERMUTH ENVIRONMENTAL INC	-244,921.00
Bill Pmt -Check	12/21/2006	11043	DAVID L. SUNDING	-20,000.00
Dec 06				<u>-547,542.41</u>

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH NOVEMBER 30, 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
Administrative Revenues										
Administrative Assessments			5,103,741		110,425				5,214,166	\$7,308,205
Interest Revenue			59,855	7,409	2,573			24	69,861	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income		-							-	0
Total Revenues	-	-	5,163,596	7,409	112,998	-	-	24	5,284,027	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	393,780								393,780	601,598
Watermaster Board-Advisory Committee	20,380								20,380	52,123
Pool Administration			9,054	31,971	3,090				44,115	118,245
Optimum Basin Mgmt Administration		824,897							824,897	1,855,795
OBMP Project Costs		1,963,549							1,963,549	5,904,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	7,806								7,806	5,000
Total Administrative/OBMP Expenses	421,966	2,788,446	9,054	31,971	3,090			375	3,254,902	8,537,405
Net Administrative/OBMP Income	(421,966)	(2,788,446)								
Allocate Net Admin Income To Pools	421,966		324,748	88,142	9,076				-	0
Allocate Net OBMP Income To Pools		2,788,446	2,146,011	582,461	59,974				-	0
Agricultural Expense Transfer			699,949	(699,949)					-	0
Total Expenses			3,179,762	2,625	72,140	-	-	375	3,254,902	8,537,405
Net Administrative Income			1,983,834	4,784	40,858			(351)	2,029,125	(954,700)
Other Income/(Expense)										
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
Net Other Income						(1,111,062)			(1,111,062)	0
Net Transfers To/(From) Reserves			1,983,834	4,784	40,858	(1,111,062)		(351)	918,063	(954,700)
Working Capital, July 1, 2006			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
Working Capital, End Of Period			6,422,991	475,345	227,842	28,553	158,251	1,591	7,314,573	
05/06 Assessable Production			124,900.575	33,899.960	3,490.589				162,291.124	
05/06 Production Percentages			76.961%	20.888%	2.151%				100.000%	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
NOVEMBER 1 THROUGH NOVEMBER 30, 2006**

DEPOSITORIES:

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	72,603		
Zero Balance Account - Payroll		-		72,603
Vineyard Bank CD - Agricultural Pool				428,645
Local Agency Investment Fund - Sacramento				2,073,222
TOTAL CASH IN BANKS AND ON HAND				\$ 2,574,970
TOTAL CASH IN BANKS AND ON HAND	11/30/2006			3,136,148
	10/31/2006			
PERIOD INCREASE (DECREASE)				\$ (561,178)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable			\$	-
Assessments Receivable				(5,214,166)
Prepaid Expenses, Deposits & Other Current Assets				(56,877)
(Decrease)/Increase in Liabilities: Accounts Payable				(80,641)
Accrued Payroll, Payroll Taxes & Other Current Liabilities				(6,673)
Transfer to/(from) Reserves				4,797,179
PERIOD INCREASE (DECREASE)				\$ (561,178)

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov'tl Checking Demand	Zero Balance Account Payroll	Savings	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 10/31/2006	\$ 500	\$ 125,406	\$ -	\$ 9,722	\$ 427,298	\$ 2,573,222	\$ 3,136,148
Deposits	-	-	-	-	1,347	-	1,347
Transfers	-	431,443	78,279	(9,722)	-	(500,000)	-
Withdrawals/Checks	-	(484,246)	(78,279)	-	-	-	(562,525)
Balances as of 11/30/2006	\$ 500	\$ 72,603	\$ -	\$ -	\$ 428,645	\$ 2,073,222	\$ 2,574,970
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (52,803)	\$ -	\$ (9,722)	\$ 1,347	\$ (500,000)	\$ (561,178)

CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
NOVEMBER 1 THROUGH NOVEMBER 30, 2006

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
11/13/2006	Withdrawal		\$ 500,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 500,000	-			

* 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
November 30, 2006

<u>Financial Institution</u>	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 2,073,222			
TOTAL INVESTMENTS	\$ 2,073,222			

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 November 2006

	<u>Jul - Nov 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
4100 · Administrative Assessments	5,214,166	0	5,214,166	100.0%
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	69,861	136,500	-66,639	51.18%
Total Income	<u>5,284,027</u>	<u>7,582,705</u>	<u>-2,298,678</u>	<u>69.69%</u>
Gross Profit	5,284,027	7,582,705	-2,298,678	69.69%
Expense				
6010 · Salary Costs	301,844	447,037	-145,193	67.52%
6020 · Office Building Expense	43,971	102,000	-58,029	43.11%
6030 · Office Supplies & Equip.	18,585	45,000	-26,415	41.3%
6040 · Postage & Printing Costs	42,805	78,500	-35,695	54.53%
6050 · Information Services	57,962	112,500	-54,538	51.52%
6060 · Contract Services	51,568	131,000	-79,432	39.37%
6080 · Insurance	0	25,210	-25,210	0.0%
6110 · Dues and Subscriptions	12,693	16,750	-4,057	75.78%
6140 · WM Admin Expenses	1,474	6,500	-5,026	22.67%
6150 · Field Supplies	795	4,000	-3,205	19.88%
6170 · Travel & Transportation	8,733	19,350	-10,617	45.13%
6190 · Conferences & Seminars	21,073	22,500	-1,427	93.66%
6200 · Advisory Comm - WM Board	4,993	15,168	-10,175	32.92%
6300 · Watermaster Board Expenses	15,388	36,955	-21,567	41.64%
8300 · Appr PI-WM & Pool Admin	9,054	15,918	-6,864	56.88%
8400 · Agri Pool-WM & Pool Admin	8,288	18,633	-10,345	44.48%
8467 · Agri-Pool Legal Services	21,058	65,000	-43,942	32.4%
8470 · Ag Meeting Attend -Special	2,625	12,000	-9,375	21.88%
8500 · Non-Ag PI-WM & Pool Admin	3,090	6,694	-3,604	46.16%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-167,723	-408,749	241,026	41.03%
Subtotal G&A Expenditures	<u>458,650</u>	<u>772,341</u>	<u>-313,691</u>	<u>59.38%</u>
6900 · Optimum Basin Mgmt Plan	765,414	1,713,780	-948,366	44.66%
6950 · Mutual Agency Projects	7,806	5,000	2,806	156.12%
9501 · G&A Expenses Allocated-OBMP	59,483	142,015	-82,532	41.89%
Subtotal OBMP Expenditures	<u>832,703</u>	<u>1,860,795</u>	<u>-1,028,092</u>	<u>44.75%</u>
7101 · Production Monitoring	45,770	61,565	-15,795	74.35%
7102 · In-line Meter Installation	4,820	64,904	-60,084	7.43%
7103 · Grdwtr Quality Monitoring	55,036	149,713	-94,677	36.76%
7104 · Gdwtr Level Monitoring	70,654	191,953	-121,299	36.81%
7105 · Sur Wtr Qual Monitoring	1,678	32,247	-30,569	5.2%
7107 · Ground Level Monitoring	54,051	160,984	-106,933	33.58%
7108 · Hydraulic Control Monitoring	91,200	483,258	-392,058	18.87%
7109 · Recharge & Well Monitoring Prog	19,198	146,350	-127,153	13.12%
7200 · PE2- Comp Recharge Pgm	705,660	1,822,997	-1,117,337	38.71%
7300 · PE3&5-Water Supply/Desalte	325	4,676	-4,351	6.95%

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

	<u>Jul - Nov 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	83,489	578,762	-495,273	14.43%
7500 · PE6&7-CoopEfforts/SaltMgmt	104,087	310,507	-206,420	33.52%
7600 · PE8&9-StorageMgmt/Conj Use	10,928	6,698	4,230	163.15%
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	108,240	266,734	-158,494	40.58%
Subtotal Special Project Expenditures	<u>1,963,549</u>	<u>5,904,269</u>	<u>-3,940,720</u>	<u>33.26%</u>
Total Expense	<u>3,254,902</u>	<u>8,537,405</u>	<u>-5,282,503</u>	<u>38.13%</u>
Net Ordinary Income	2,029,125	-954,700	2,983,825	-212.54%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	<u>369,248</u>	<u>0</u>	<u>369,248</u>	<u>100.0%</u>
Total Other Income	<u>369,248</u>	<u>0</u>	<u>369,248</u>	<u>100.0%</u>
Other Expense				
5010 · Groundwater Replenishment	1,480,310			
9999 · To/(From) Reserves	<u>918,063</u>	<u>-954,700</u>	<u>1,872,763</u>	<u>-96.16%</u>
Total Other Expense	<u>2,398,373</u>	<u>-954,700</u>	<u>3,353,073</u>	<u>-251.22%</u>
Net Other Income	<u>-2,029,125</u>	<u>954,700</u>	<u>-2,983,825</u>	<u>-212.54%</u>
Net Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: February 8, 2007
February 20, 2007
February 22, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – January 2007

SUMMARY

Issue – Record of cash disbursements for the month of January 2007.

Recommendation – Staff recommends the Cash Disbursements for January 2007 be received and filed as presented.

Fiscal Impact – All funds disbursed were included in the FY 2006-07 Watermaster Budget.

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of January 2007 were \$515,263.00. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$212,201.38, Inland Empire Utilities Agency in the amount of \$55,337.71 and Hatch and Parent in the amount of \$34,006.24.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2007

Type	Date	Num	Name	Amount
Jan 07				
Bill Pmt -Check	1/4/2007	11044	MEDIA JIM	-995.00
Bill Pmt -Check	1/4/2007	11045	CITISTREET	-2,821.19
Bill Pmt -Check	1/4/2007	11046	CITISTREET	-2,821.19
Bill Pmt -Check	1/4/2007	11047	PARK PLACE COMPUTER SOLUTIONS, INC.	-4,725.00
Bill Pmt -Check	1/5/2007	11048	ADEX MEDICAL INC	-77.19
Bill Pmt -Check	1/5/2007	11049	AMERICAN GROUND WATER TRUST	-640.00
Bill Pmt -Check	1/5/2007	11050	APPLIED COMPUTER TECHNOLOGIES	-2,163.05
Bill Pmt -Check	1/5/2007	11051	ARROWHEAD MOUNTAIN SPRING WATER	-79.34
Bill Pmt -Check	1/5/2007	11052	BLACK & VEATCH CORPORATION	-2,126.45
Bill Pmt -Check	1/5/2007	11053	DIRECTV	-74.98
Bill Pmt -Check	1/5/2007	11054	ELLISON, SCHNEIDER & HARRIS, LLP	-20,079.45
Bill Pmt -Check	1/5/2007	11055	HSBC BUSINESS SOLUTIONS	-871.35
Bill Pmt -Check	1/5/2007	11056	INLAND COUNTIES INSURANCE SERVICES, INC.	-238.57
Bill Pmt -Check	1/5/2007	11057	OFFICE DEPOT	-1,090.73
Bill Pmt -Check	1/5/2007	11058	PAYCHEX	-182.52
Bill Pmt -Check	1/5/2007	11059	PUMP CHECK	-390.00
Bill Pmt -Check	1/5/2007	11060	REID & HELLYER	-4,001.63
Bill Pmt -Check	1/5/2007	11061	SPRINT	-397.43
Bill Pmt -Check	1/5/2007	11062	STANDARD INSURANCE CO.	-560.58
Bill Pmt -Check	1/5/2007	11063	STATE COMPENSATION INSURANCE FUND	-895.57
Bill Pmt -Check	1/5/2007	11064	UNION 76	-133.13
Bill Pmt -Check	1/5/2007	11065	UNITEK TECHNOLOGY INC.	-878.17
Bill Pmt -Check	1/5/2007	11066	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	1/5/2007	11067	VERIZON	-419.32
Bill Pmt -Check	1/5/2007	11068	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	1/5/2007	11069	INLAND EMPIRE UTILITIES AGENCY	-55,337.71
Bill Pmt -Check	1/5/2007	11070	INLAND EMPIRE UTILITIES AGENCY	-8,308.65
General Journal	1/5/2007	07/01/3	PAYROLL	-7,864.17
General Journal	1/5/2007	07/01/3	PAYROLL	-22,577.62
Bill Pmt -Check	1/11/2007	11071	JUAN POLLO	-147.61
Bill Pmt -Check	1/11/2007	11072	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-10,459.24
Bill Pmt -Check	1/11/2007	11073	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,098.63
Bill Pmt -Check	1/11/2007	11074	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,098.63
Bill Pmt -Check	1/11/2007	11075	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,098.63
General Journal	1/15/2007	07/01/6	PAYROLL	-7,449.39
General Journal	1/15/2007	07/01/6	PAYROLL	-22,597.27
Bill Pmt -Check	1/19/2007	11076	ACWA	-100.00
Bill Pmt -Check	1/19/2007	11077	ANDERSON, JOHN	-125.00
Bill Pmt -Check	1/19/2007	11078	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	1/19/2007	11079	HAMRICK, PAUL	-125.00
Bill Pmt -Check	1/19/2007	11080	IDEAL GRAPHICS	-537.13
Bill Pmt -Check	1/19/2007	11081	KUHN, BOB	-125.00
Bill Pmt -Check	1/19/2007	11082	MONTE VISTA WATER DIST	-250.00
Bill Pmt -Check	1/19/2007	11083	SOFTCHOICE	-1,054.00
Bill Pmt -Check	1/19/2007	11084	STANTEC CONSULTING, INC.	-859.00
Bill Pmt -Check	1/19/2007	11085	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	1/19/2007	11086	WILLIS, KENNETH	-125.00
Bill Pmt -Check	1/19/2007	11087	DE BOOM, NATHAN	-750.00
Bill Pmt -Check	1/19/2007	11088	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	1/19/2007	11089	FEENSTRA, BOB	-500.00
Bill Pmt -Check	1/19/2007	11090	Hettinga, Peter	-250.00
Bill Pmt -Check	1/19/2007	11091	HUITSING, JOHN	-375.00
Bill Pmt -Check	1/19/2007	11092	KOOPMAN, GENE	-375.00
Bill Pmt -Check	1/19/2007	11093	PIERSON, JEFFREY	-625.00
Bill Pmt -Check	1/19/2007	11094	PUMP CHECK	-2,551.25
Bill Pmt -Check	1/19/2007	11095	STATE WATER RESOURCES CONTROL BD	-549.70
Bill Pmt -Check	1/19/2007	11096	STATE WATER RESOURCES CONTROL BD	-909.70
Bill Pmt -Check	1/23/2007	11097	BANK OF AMERICA	-3,902.38
Bill Pmt -Check	1/23/2007	11098	ELLISON, SCHNEIDER & HARRIS, LLP	-9,190.00
Bill Pmt -Check	1/23/2007	11099	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	1/23/2007	11100	QUILL	-321.08
Bill Pmt -Check	1/23/2007	11101	R&D PEST SERVICES	-85.00
Bill Pmt -Check	1/23/2007	11102	SOFTCHOICE	-29.10
Bill Pmt -Check	1/23/2007	11103	TETRA TECH DIVISION	-2,475.00
Bill Pmt -Check	1/23/2007	11104	THE FURMAN GROUP, INC.	-2,615.00
Bill Pmt -Check	1/23/2007	11105	WHEELER METER MAINTENANCE	-1,650.00
Bill Pmt -Check	1/23/2007	11106	MCI	-907.73
Bill Pmt -Check	1/23/2007	11107	RICOH BUSINESS SYSTEMS-Maintenance	-1,192.79

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2007

Type	Date	Num	Name	Amount
Bill Pmt -Check	1/23/2007	11108	TREWEEK, GORDON	-2,732.78
Bill Pmt -Check	1/23/2007	11109	UNITED PARCEL SERVICE	-424.30
Bill Pmt -Check	1/23/2007	11110	ACWA SERVICES CORPORATION	-221.50
Bill Pmt -Check	1/23/2007	11111	AMERICAN GROUND WATER TRUST	-250.00
Bill Pmt -Check	1/23/2007	11112	CREATIVE BENEFITS, INC.	-1,120.00
Bill Pmt -Check	1/23/2007	11113	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	1/23/2007	11114	HATCH AND PARENT	-34,006.24
Bill Pmt -Check	1/23/2007	11115	PREMIERE GLOBAL SERVICES	-23.74
Bill Pmt -Check	1/23/2007	11116	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	1/23/2007	11117	STAULA, MARY L	-136.61
Bill Pmt -Check	1/23/2007	11118	VERIZON WIRELESS	-161.95
Bill Pmt -Check	1/23/2007	11119	A & R TIRE	-1,411.41
Bill Pmt -Check	1/23/2007	11120	BLACK & VEATCH CORPORATION	-5,995.00
Bill Pmt -Check	1/23/2007	11121	CALPERS	-3,058.44
Bill Pmt -Check	1/23/2007	11122	OFFICE DEPOT	-217.48
Bill Pmt -Check	1/23/2007	11123	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	1/23/2007	11124	STANDARD INSURANCE CO.	-560.58
Bill Pmt -Check	1/23/2007	11125	UNITEK TECHNOLOGY INC.	-317.86
Bill Pmt -Check	1/23/2007	11126	WILDERMUTH ENVIRONMENTAL INC	-212,201.38
Bill Pmt -Check	1/30/2007	11127	ARROWHEAD MOUNTAIN SPRING WATER	-13.09
Bill Pmt -Check	1/30/2007	11128	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	1/30/2007	11129	IDEAL GRAPHICS	-17.24
Bill Pmt -Check	1/30/2007	11130	INLAND EMPIRE UTILITIES AGENCY	-60.00
Bill Pmt -Check	1/30/2007	11131	LOWE'S	-235.39
Bill Pmt -Check	1/30/2007	11132	PETTY CASH	-752.85
Bill Pmt -Check	1/30/2007	11133	PUMP CHECK	-2,690.00
Bill Pmt -Check	1/30/2007	11134	PURCHASE POWER	-108.73
Bill Pmt -Check	1/30/2007	11135	SECURITY PRODUCTS, INC.	-106.22
Bill Pmt -Check	1/30/2007	11136	SPRINT	-377.45
Bill Pmt -Check	1/30/2007	11137	STANTEC CONSULTING, INC.	-152.11
Bill Pmt -Check	1/30/2007	11138	VERIZON	-45.39
Bill Pmt -Check	1/30/2007	11139	YUKON DISPOSAL SERVICE	-134.72
				-515,263.00

Jan 07

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH DECEMBER 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
Administrative Revenues										
Administrative Assessments			5,103,741		110,425				5,214,166	\$7,308,205
Interest Revenue			93,599	9,375	3,862			47	106,883	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	5,197,340	9,375	114,287	-	-	47	5,321,049	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	478,418								478,418	601,598
Watermaster Board-Advisory Committee	24,769								24,769	52,123
Pool Administration			10,588	40,734	3,391				54,713	118,245
Optimum Basin Mgmt Administration		1,000,603							1,000,603	1,855,795
OBMP Project Costs		2,096,943							2,096,943	5,904,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	513,187	3,097,546	10,588	40,734	3,391	-	-	375	3,665,821	8,537,405
Net Administrative/OBMP Income	(513,187)	(3,097,546)								
Allocate Net Admin Income To Pools	513,187		395,662	107,895	9,630				-	0
Allocate Net OBMP Income To Pools		3,097,546	2,388,177	651,241	58,128				-	0
Agricultural Expense Transfer			794,319	(794,319)					-	0
Total Expenses	3,588,746	5,550	71,150	-	-	375	3,665,821	8,537,405		
Net Administrative Income			1,608,594	3,825	43,137			(328)	1,655,228	(954,700)
Other Income/(Expense)										
Replenishment Water Purchases						369,248			369,248	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(1,535,520)			(1,535,520)	0
Net Other Income						(1,166,272)			(1,166,272)	0
Net Transfers To/(From) Reserves			1,608,594	3,825	43,137	(1,166,272)		(328)	488,956	(954,700)
Working Capital, July 1, 2006			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
Working Capital, End Of Period			6,047,751	474,386	230,121	(26,657)	158,251	1,614	6,885,466	
05/06 Assessable Production			124,315.140	33,899.960	3,025.832				161,240.932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

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

DEPOSITORIES:

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	3,730,748		
Zero Balance Account - Payroll		-		3,730,748
Vineyard Bank CD - Agricultural Pool				429,951
Local Agency Investment Fund - Sacramento				<u>2,073,222</u>
TOTAL CASH IN BANKS AND ON HAND				\$ 6,234,421
TOTAL CASH IN BANKS AND ON HAND				2,574,970
				\$ 3,659,451

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable			\$	(35,647)
Assessments Receivable				4,205,592
Prepaid Expenses, Deposits & Other Current Assets				(34,082)
(Decrease)/Increase in Liabilities: Accounts Payable				(51,741)
Accrued Payroll, Payroll Taxes & Other Current Liabilities				4,436
Transfer to/(from) Reserves				<u>(429,107)</u>
PERIOD INCREASE (DECREASE)				\$ 3,659,451

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 11/30/2006	\$ 500	\$ 72,603	\$ -	\$ 428,645	\$ 2,073,222	\$ 2,574,970
Deposits	-	4,205,688	-	1,306	-	4,206,994
Transfers	-	(59,187)	59,187	-	-	-
Withdrawals/Checks	-	(488,356)	(59,187)	-	-	(547,543)
Balances as of 12/31/2006	\$ 500	\$ 3,730,748	\$ -	\$ 429,951	\$ 2,073,222	\$ 6,234,421
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 3,658,145	\$ -	\$ 1,306	\$ -	\$ 3,659,451

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
TOTAL INVESTMENT TRANSACTIONS			\$ -	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 5.11% was the effective yield rate at the Quarter ended December 31, 2006

**INVESTMENT STATUS
December 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	\$ 2,073,222			
TOTAL INVESTMENTS	\$ 2,073,222			

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 December 2006

	<u>Jul - Dec 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
4100 · Administrative Assessments	5,214,166	0	5,214,166	100.0%
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	106,813	136,500	-29,687	78.25%
4999 · Uncategorized Income	70	0	70	100.0%
Total Income	<u>5,321,049</u>	<u>7,582,705</u>	<u>-2,261,656</u>	<u>70.17%</u>
Gross Profit	5,321,049	7,582,705	-2,261,656	70.17%
Expense				
6010 · Salary Costs	358,360	447,037	-88,677	80.16%
6020 · Office Building Expense	51,947	102,000	-50,053	50.93%
6030 · Office Supplies & Equip.	20,702	45,000	-24,298	46.0%
6040 · Postage & Printing Costs	47,848	78,500	-30,652	60.95%
6050 · Information Services	68,809	112,500	-43,691	61.16%
6060 · Contract Services	61,989	131,000	-69,011	47.32%
6080 · Insurance	15,108	25,210	-10,102	59.93%
6110 · Dues and Subscriptions	13,420	16,750	-3,330	80.12%
6140 · WM Admin Expenses	2,040	6,500	-4,460	31.39%
6150 · Field Supplies	872	4,000	-3,128	21.81%
6170 · Travel & Transportation	13,477	19,350	-5,873	69.65%
6190 · Conferences & Seminars	19,375	22,500	-3,125	86.11%
6200 · Advisory Comm - WM Board	6,605	15,168	-8,563	43.54%
6300 · Watermaster Board Expenses	18,164	36,955	-18,791	49.15%
8300 · Appr PI-WM & Pool Admin	10,588	15,918	-5,330	66.52%
8400 · Agri Pool-WM & Pool Admin	10,124	18,633	-8,509	54.34%
8467 · Agri-Pool Legal Services	25,059	65,000	-39,941	38.55%
8470 · Ag Meeting Attend -Special	5,550	12,000	-6,450	46.25%
8500 · Non-Ag PI-WM & Pool Admin	3,391	6,694	-3,303	50.66%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-195,527	-408,749	213,222	47.84%
	558,275	772,341	-214,066	72.28%
6900 · Optimum Basin Mgmt Plan	931,973	1,713,780	-781,807	54.38%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	68,630	142,015	-73,385	48.33%
	1,010,603	1,860,795	-850,192	54.31%
7101 · Production Monitoring	47,189	61,565	-14,376	76.65%
7102 · In-line Meter Installation	7,775	64,904	-57,129	11.98%
7103 · Grdwtr Quality Monitoring	73,296	149,713	-76,417	48.96%
7104 · Gdwtr Level Monitoring	80,830	191,953	-111,123	42.11%
7105 · Sur Wtr Qual Monitoring	1,678	32,247	-30,569	5.2%
7107 · Ground Level Monitoring	80,413	160,984	-80,571	49.95%
7108 · Hydraulic Control Monitoring	99,364	483,258	-383,894	20.56%
7109 · Recharge & Well Monitoring Prog	22,290	146,350	-124,060	15.23%
7200 · PE2- Comp Recharge Pgm	717,861	1,822,997	-1,105,136	39.38%

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

	<u>Jul - Dec 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7300 · PE3&5-Water Supply/Desalte	325	4,676	-4,351	6.95%
7400 · PE4- Mgmt Plan	88,029	578,762	-490,733	15.21%
7500 · PE6&7-CoopEfforts/SaltMgmt	131,656	310,507	-178,851	42.4%
7600 · PE8&9-StorageMgmt/Conj Use	10,928	6,698	4,230	163.15%
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	126,896	266,734	-139,838	47.57%
	<u>2,096,943</u>	<u>5,904,269</u>	<u>-3,807,326</u>	<u>35.52%</u>
Total Expense	<u>3,665,821</u>	<u>8,537,405</u>	<u>-4,871,584</u>	<u>42.94%</u>
Net Ordinary Income	1,655,228	-954,700	2,609,928	-173.38%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	369,248	0	369,248	100.0%
Total Other Income	<u>369,248</u>	<u>0</u>	<u>369,248</u>	<u>100.0%</u>
Other Expense				
5010 · Groundwater Replenishment	1,535,520	0	1,535,520	100.0%
9999 · To/(From) Reserves	488,956	-954,700	1,443,656	-51.22%
Total Other Expense	<u>2,024,476</u>	<u>-954,700</u>	<u>2,979,176</u>	<u>-212.05%</u>
Net Other Income	<u>-1,655,228</u>	<u>954,700</u>	<u>-2,609,928</u>	<u>-173.38%</u>
Net Income				



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006



CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2006

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CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2006

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Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Chino Basin Watermaster as of and for the year ended June 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the management of Chino Basin Watermaster. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative financial information has been derived from the Chino Basin Watermaster's 2005 basic financial statements which were audited by Conrad and Associates, L.L.P., who merged with Mayer Hoffman McCann P.C. as of January 1, 2006, and whose report dated August 19, 2005 expressed an unqualified opinion on the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2006, and respective changes in financial position and cash flows of the Chino Basin Watermaster for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Chino Basin Watermaster's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mayer Hoffman McCann P.C.

Irvine, California
August 10, 2006



CHINO BASIN WATERMASTER

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MANAGEMENT'S DISCUSSION AND ANALYSIS

BACKGROUND

The Chino Basin Watermaster (Watermaster) was established under a Judgment entered in the Superior Court of the State of California for the County of San Bernardino, entitled "Chino Basin Municipal Water District v. City of Chino, et al.," (originally Case No. SCV 164327, the file was transferred in August 1989 and assigned a new Case No. RCV 51010). The Judgment prescribes Watermaster's authorities and specifies classes of water production assessments to be used to fund certain activities. Those assessment categories are: administration, OBMP, special project and replenishment. Each class of assessment has a prescribed purpose and water production base. Assessment revenue is Watermaster's principal source of income.

Watermaster's operating revenues include not only funds for administrative, OBMP, special project and replenishment expenses collected in accordance with the annual budget, but also include money collected by appropriators to help pay for improvements to recharge basins within our boundaries and contributions received on behalf of expenditures related to cooperative projects as approved through the budget process.

The Unrestricted Net Asset amount listed on the Statement of Net Assets includes assessments on production of water in excess of production rights. These funds will be used to purchase replenishment water to mitigate annual overdraft in the coming year.

BASIC FINANCIAL STATEMENTS

To comply with new government accounting standards, all of Watermaster's assessment funds have been compiled into a single set of comprehensive interrelated financial statements. The financial statements that accompany this report include Statement of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows. The financial statements presented represent the year ended June 30, 2006 and June 30, 2005 for comparative purposes. Also included are various notes providing additional explanation and detail relating to this financial information.

The Statement of Net Assets lists Watermaster's total assets, liabilities, and net assets, or the amount of assets free of debt, as of June 30, 2006. The Statements of Revenues, Expenses and Changes in Net Assets list Watermaster's income for the year and its expenses. Additionally, these statements identify the gain or loss in net assets for the years ending 2006 and 2005. Finally, the Statements of Cash Flows indicate how cash was received and spent throughout the past year, highlighting the net change in cash and investments for 2006 and 2005.

SUMMARY OF FINANCIAL INFORMATION

For the year ended June 30, 2006 and June 30, 2005, Watermaster's Total Net Assets was \$6,402,407 and \$8,843,808 respectively. These balances include funds that will be required to purchase water to meet the replenishment obligation incurred during the previous fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006
(With comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Assets		
Current	\$ 8,251,351	\$ 9,770,452
Capital	<u>113,472</u>	<u>79,179</u>
Total Assets	8,364,823	9,849,631
Liabilities		
Current	1,877,816	940,226
Non current	<u>84,600</u>	<u>65,597</u>
Total Liabilities	1,962,416	1,005,823
Net Assets		
Invested in capital assets	113,472	79,179
Unrestricted	<u>6,288,935</u>	<u>8,764,629</u>
Total Net Assets	<u>\$ 6,402,407</u>	<u>\$ 8,843,808</u>

REVIEW OF REVENUES AND EXPENSES

Administrative assessment revenue remained basically unchanged from the previous year. There was a significant decrease in mutual agency project revenues over the prior year attributable to contributions from other agencies relating to cost sharing and financial contributions related to Watermaster's monitoring programs as the 2006 year reflected a reduction in costs incurred versus revenue. Replenishment assessment revenue decreased due to significant decreases in production in excess of rights.

There was a decrease in administrative expenditures, overall operating expenses (excluding replenishment activities) increased over the prior year from \$5,087,880. This increase in expenses relates to budgeted increases in OBMP related expenditures.

Non-operating revenue represented interest income of \$334,287 and \$211,595 for the years ending June 30, 2006 and June 30, 2005. This increase in income relates directly to the substantial increase in the deposits held to purchase replenishment water.

The financial condition of the Watermaster changed as indicated by the change in the Net Assets from the prior year in the amount of \$(2,441,401).

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006
(With comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Operating Revenues		
Administrative assessments (note 1)	\$ 4,895,755	\$ 4,881,245
Mutual agency project revenue	200,138	895,836
Replenishment water	6,548,139	8,097,108
MZ1 supplemental water assessments	0	1,625,000
Miscellaneous revenue	<u>42,500</u>	<u>3,865</u>
Total Operating Revenues	<u>11,686,532</u>	<u>15,503,054</u>
Operating Expenses		
Watermaster administration	594,421	707,233
Depreciation	31,714	27,462
Pool, Advisory and Board administration	211,505	151,477
Optimum Basin Management Plan	4,603,629	4,144,077
Mutual agency project costs	31,928	57,631
Groundwater replenishment	8,989,023	10,125,526
MZ1 imported water	<u>-</u>	<u>149,143</u>
Total Operating Expenses	<u>14,462,220</u>	<u>15,362,549</u>
Income from operations	<u>(2,775,688)</u>	<u>140,505</u>
Non-Operating Revenues		
Interest	<u>334,287</u>	<u>211,595</u>
Total Nonoperating Revenues	<u>334,287</u>	<u>211,595</u>
Change in net assets	(2,441,401)	352,100
Net assets at beginning of year	<u>8,843,808</u>	<u>8,491,708</u>
Total net assets at end of year	<u>\$ 6,402,407</u>	<u>\$ 8,843,808</u>

COMPARISON OF FY 2005-2006 ADMINISTRATION BUDGET TO ACTUAL REVENUES/EXPENSE

The revenue exceeded budget primarily from assessments related to replenishment obligations incurred and because actual cash on hand at the end of the fiscal year which was used to offset assessments, was less than forecasted when the budget was prepared.

Actual operating expenses fell short of the budget while the replenishment water purchases exceeded the budgeted amount. This was due to a reduction in planned expenses related to certain management zones within the Basin.

Administration recorded an increase in change in net assets for the year ending June 30, 2005, compared to a budgeted loss \$1,618,993 million. This planned operating deficit was the result of a budgeted usage of accumulated net assets.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2006

(with comparative totals for June 30, 2005)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and investments (note 2)	\$ 7,137,616	8,795,321
Accounts receivable	1,084,667	941,025
Prepaid expenses	<u>29,068</u>	<u>34,106</u>
Total current assets	<u>8,251,351</u>	<u>9,770,452</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation (note 3)	<u>113,472</u>	<u>79,179</u>
Total noncurrent assets	<u>113,472</u>	<u>79,179</u>
Total assets	<u>8,364,823</u>	<u>9,849,631</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	1,825,162	904,450
Accrued salaries and benefits	<u>52,654</u>	<u>35,776</u>
Total current liabilities	<u>1,877,816</u>	<u>940,226</u>
Noncurrent liabilities:		
Compensated absences (note 4)	<u>84,600</u>	<u>65,597</u>
Total noncurrent liabilities	<u>84,600</u>	<u>65,597</u>
Total liabilities	<u>1,962,416</u>	<u>1,005,823</u>
<u>Net Assets</u>		
Net assets:		
Invested in capital assets	113,472	79,179
Unrestricted	<u>6,288,936</u>	<u>8,764,629</u>
Total net assets	<u>\$ 6,402,408</u>	<u>8,843,808</u>

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2006

(with comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Administrative assessments (note 1)	\$ 4,895,755	4,881,245
Mutual agency project revenue	200,138	895,836
Replenishment water	6,548,139	8,097,108
Grant revenue	42,500	-
MZ1 supplemental water assessments	-	1,625,000
Miscellaneous revenue	-	<u>3,865</u>
Total operating revenues	<u>11,686,532</u>	<u>15,503,054</u>
Operating expenses:		
Watermaster administration	594,421	707,233
Depreciation	31,713	27,462
Pool, advisory and Board administration	211,505	151,477
Optimum Basin Management Plan	4,603,629	4,144,077
Mutual agency project costs	31,928	57,631
Groundwater replenishment	8,989,023	10,125,526
MZ1 imported water	-	<u>149,143</u>
Total operating expenses	<u>14,462,219</u>	<u>15,362,549</u>
Income (loss) from operations	<u>(2,775,687)</u>	<u>140,505</u>
Nonoperating revenues:		
Interest income	<u>334,287</u>	<u>211,595</u>
Total nonoperating revenues	<u>334,287</u>	<u>211,595</u>
Change in net assets	(2,441,400)	352,100
Net assets at beginning of year	<u>8,843,808</u>	<u>8,491,708</u>
Total net assets at end of year	<u>\$ 6,402,408</u>	<u>8,843,808</u>

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER
Statement of Cash Flows
Year ended June 30, 2006
(with comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from customers	\$ 11,300,252	12,205,233
Cash received from other agencies	242,638	2,524,702
Cash paid to employees for services	(1,002,721)	(884,016)
Cash paid to suppliers of goods and services	<u>(12,466,155)</u>	<u>(14,025,426)</u>
Net cash provided by (used for) operating activities	<u>(1,925,986)</u>	<u>(179,507)</u>
Cash flows from capital financing activities:		
Acquisition of capital assets	<u>(66,006)</u>	<u>-</u>
Net cash provided by (used for) capital financing activities	<u>(66,006)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>334,287</u>	<u>211,595</u>
Net cash provided by (used for) investing activities	<u>334,287</u>	<u>211,595</u>
Net increase (decrease) in cash	(1,657,705)	32,088
Cash and investments at the beginning of year	<u>8,795,321</u>	<u>8,763,233</u>
Cash and investments at the end of year	<u>\$ 7,137,616</u>	<u>8,795,321</u>
Reconciliation of operating income to net cash used for operating activities:		
Operating income (loss)	\$ (2,775,687)	140,505
Adjustment to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation	31,712	27,462
(Increase) decrease in accounts receivable	(143,642)	(773,120)
(Increase) decrease in prepaid expenses	5,038	1,942
Increase (decrease) in account payable	920,712	377,143
Increase (decrease) in accrued salaries and benefits	16,878	27,655
Increase (decrease) in compensated absences	<u>19,003</u>	<u>18,906</u>
Net cash used for operating activities	<u>\$ (1,925,986)</u>	<u>(179,507)</u>

Noncash investing, capital and financing activities:

There were no noncash investing, capital or financing activities during the fiscal years ended June 30, 2006 and June 30, 2005.

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

Year Ended June 30, 2006

(1) Reporting Entity and Summary of Significant Accounting Policies

Description of Reporting Entity

The Chino Basin Watermaster ("Watermaster") was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled "Chino Basin Municipal Water District v. City of Chino, et al.", signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as "Watermaster". Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee".

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year's production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2005-06 expenses are based on the 2004-05 production volume.

	2004-05	
	<u>Acre Feet</u>	<u>%</u>
Production Volume:		
Appropriative Pool	127,811	77.655
Agricultural Pool	34,450	20.931
Non-Agricultural Pool	<u>2,327</u>	<u>1.414</u>
Total Production Volume	<u>164,588</u>	<u>100.000</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

The Agricultural Pool members ratified an agreement with the Appropriative Pool at their meeting of June 16, 1988, wherein the Appropriative Pool assumes Agricultural Pool administrative expenses and special project cost allocations in exchange for an accelerated transfer of unpumped agricultural water to the Appropriative Pool. In addition the Agricultural Pool transferred all pool administrative reserves at June 30, 1988 to the Appropriative Pool effective July 1, 1988.

In July of 2000, the principal parties in the Basin signed an agreement, known as the Peace Agreement, which among other things formalized the commitment of the Basin parties to implement an Optimum Basin Management Program. The Peace Agreement was signed by all of the parties, and the Court has approved the agreement and ordered the Watermaster to proceed in accordance with the terms of the agreement. The Court has approved revisions to the Chino Basin Watermaster Rules and Regulations.

Basis of Accounting

The Watermaster is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Watermaster utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year.

Watermaster pools cash and investments of all fund balance reserves. Interest income earned by the pooled investments is allocated quarterly to the various reserves based on each reserve's average cash and investments balance.

Cash Equivalents

For the purposes of the statements of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The Watermaster capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Computer equipment and software	5 years
Office furniture and fixtures	7 years
Leasehold improvements	10 years
Automotive equipment	7 years

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Appropriative Interest Revenue Allocation

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2004-05 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2005-06 assessments. The amount of administrative assessment received for the year ended June 30, 2006 was \$4,895,755.

Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.

CHINO BASIN WATERMASTER
Notes to the Basic Financial Statements
(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	<u>\$7,137,616</u>
Total cash and investments	<u>\$7,137,616</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	1,431,133
Investments	<u>5,705,983</u>
Total cash and investments	<u>\$7,137,616</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Investments Authorized by the California Government Code and the Watermaster's Investment Policy

The table below identifies the investment types that are authorized for the Watermaster by the California Government Code and the Watermaster's investment policy. The table also identifies certain provisions of the California Government Code (or the Watermaster's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Investment Types	Authorized By Investment	*Maximum *Maximum Maturity	*Maximum Percentage Of Portfolio	*Maximum Investment In One Issuer
<u>Authorized by State Law</u>	<u>Policy</u>	<u>Maturity</u>	<u>Portfolio</u>	<u>Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Watermaster manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Watermaster's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Watermaster's investment by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>Total Amount</u>	<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>
Local Agency Investment Fund	<u>\$5,705,983</u>	<u>5,705,983</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,705,983</u>	<u>5,705,983</u>	<u>-</u>	<u>-</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Watermaster's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Total Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Local Agency Investment Fund	<u>\$5,705,983</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>5,705,983</u>
Total	<u>\$5,705,983</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>5,705,983</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Watermaster's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Watermaster deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2006, \$1,231,133 of the Watermaster's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon the Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(3) Capital Assets

Capital asset activity for the year ended June 30, 2006 is as follows:

	<u>Balances at</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at</u> <u>June 30, 2006</u>
Computer equipment and software	\$49,768	25,476	-	75,244
Office furniture and fixtures	36,371	5,920	-	42,291
Leasehold improvements	23,443	-	-	23,443
Automotive equipment	<u>55,874</u>	<u>34,610</u>	<u>-</u>	<u>90,484</u>
Total costs of depreciable assets	<u>165,456</u>	<u>66,006</u>	<u>-</u>	<u>231,462</u>
Less accumulated depreciation:				
Computer equipment and software	(36,372)	(10,064)	-	(46,436)
Office furniture and fixtures	(11,433)	(6,380)	-	(17,813)
Leasehold improvements	(4,688)	(2,345)	-	(7,033)
Automotive equipment	<u>(33,784)</u>	<u>(12,924)</u>	<u>-</u>	<u>(46,708)</u>
Total accumulated depreciation	<u>(86,277)</u>	<u>(31,713)</u>	<u>-</u>	<u>(117,990)</u>
Net capital assets	<u>\$79,179</u>	<u>34,293</u>	<u>-</u>	<u>113,472</u>

(4) Compensated Absences

Permanent Watermaster employees earn from 10 to 20 vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation. The amount of compensated absences outstanding as of June 30, 2006 was \$84,600.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(5) Deferred Compensation Plan

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. The amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the maximum legal amounts for deferred compensation plans. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2006, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

(6) Operating Lease

The Watermaster entered into a new lease for rent of office space on September 1, 2003, expiring August 30, 2013. The amount paid under this lease was \$62,460 for the year ended June 30, 2006. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2007	\$ 58,800
2008	58,800
2009	58,800
2010	58,800
2011	58,800
2012	58,800
2013	<u>9,800</u>
Total	<u>\$362,600</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(7) Defined Benefit Pension Plan (PERS)

The Chino Basin Watermaster contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contribution required by the employees on their behalf and for their account. The Watermaster is required to contribute at an actuarially determined rate. The current rate is 11.291% of annual covered payroll. The contribution requirements of plan members and the Watermaster are established and may be amended by PERS.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2005 to June 30, 2006 has been determined by an actuarial valuation of the plan as of June 30, 2003. The contribution rate indicated for the period is 11.291% of payroll for the Retirement Program. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2006, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2005 to June 30, 2006.

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2003
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	14 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(7) Defined Benefit Pension Plan (PERS), (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

Required Supplementary Information

Retirement Program

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>*UAAL As a % of Payroll</u>
6/30/01	\$192,890	178,838	14,052	92.7%	291,502	4.8%
6/30/02	294,441	262,540	31,901	89.2%	517,200	6.2%
6/30/03	419,723	391,922	27,801	93.4%	476,486	5.8%

* UAAL refers to unfunded actuarial accrued liability.

Information for the June 30, 2005 valuation date was not available for inclusion in the financial statements.

(8) Project Commitments

Under a financing agreement developed pursuant to the OBMP Recharge Master Plan, the Watermaster is obligated to pay for one-half of the fixed project costs for certain recharge facilities in the Chino Basin area that are being constructed to increase the recharge of imported water, storm water, and recycled water to the Chino Groundwater Basin. The recharge facilities being constructed will be owned by the Inland Empire Utilities Agency pursuant to a Recharge Operations Agreement. When complete, the recharge project will enable the Watermaster to increase annual recharge supplemental water to the Chino Groundwater Basin. In addition, stormwater and recycled water recharge would be increased. Fixed project costs include construction costs, debt service on the related bond financing and reserves for repair, replacement, improvement and debt service.

SUPPLEMENTARY INFORMATION

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CHINO BASIN WATERMASTER

Combining Schedule of Revenues, Expenses and Changes in Working Capital (by subfund)

For the Period July 1, 2005 through June 30, 2006

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
Administrative Revenues										
Administrative Assessments			4,829,595		66,160				4,895,755	\$3,984,888
Interest Revenue			307,788	16,958	9,462			79	334,287	78,330
Mutual Agency Project Revenue		200,138							200,138	0
Grant Income		42,500							42,500	0
Miscellaneous Income									-	0
Total Revenues	-	242,638	5,137,383	16,958	75,622	-	-	79	5,472,680	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	572,534								572,534	621,784
Watermaster Board-Advisory Committee	56,707								56,707	37,018
Pool Administration			20,015	130,683	4,100				154,798	91,153
Optimum Basin Mgmt Administration		1,455,200							1,455,200	1,019,183
OBMP Project Costs		3,148,429							3,148,429	3,733,694
Education Funds Use								375	375	375
Mutual Agency Project Costs	31,928								31,928	80,004
Total Administrative/OBMP Expenses	661,169	4,603,629	20,015	130,683	4,100			375	5,419,971	5,583,211
Net Administrative/OBMP Income	(661,169)	(4,360,991)							-	0
Allocate Net Admin Income To Pools	661,169		513,431	138,391	9,347				-	0
Allocate Net OBMP Income To Pools		4,360,991	3,386,526	912,812	61,653				-	0
Agricultural Expense Transfer			1,170,836	(1,170,836)					-	0
Total Expenses			5,090,808	11,050	75,100	-	-	375	5,419,971	5,583,211
Net Administrative Income			46,575	5,908	522			(296)	52,709	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						6,548,139			6,548,139	0
MZ1 Supplemental Water Assessments									-	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(8,989,023)			(8,989,023)	0
Net Other Income						(2,440,884)			(2,440,884)	(99,000)
Net Transfers To/(From) Reserves			46,575	5,908	522	(2,440,884)		(296)	(2,388,175)	(1,618,993)
Working Capital, July 1, 2005			4,450,869	464,653	187,298	3,580,499	158,251	2,238	8,843,808	
Working Capital, End Of Period			4,497,444	470,561	187,820	1,139,615	158,251	1,942	6,455,633	
04/05 Production			127,810.967	34,450.449	2,326.836				164,588.252	
04/05 Production Percentages			77.655%	20.931%	1.414%				100.000%	

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CHINO BASIN WATERMASTER

Combining Schedule of Revenues, Expenses and Changes in Working Capital (by subfund)

For the Period July 1, 2004 through June 30, 2005

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
			APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS			
Administrative Revenues										
Administrative Assessments			4,807,004		74,241				4,881,245	53,984,888
Interest Revenue			193,951	11,148	6,453			43	211,595	78,330
Mutual Agency Project Revenue		895,836							895,836	-
Miscellaneous Income	3,865								3,865	-
Total Revenues	3,865	895,836	5,000,955	11,148	80,694	-	-	43	5,992,541	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	734,695								734,695	621,784
Watermaster Board-Advisory Committee	47,159								47,159	37,018
Pool Administration			13,459	87,794	3,065				104,318	91,153
Optimum Basin Mgmt Administration		1,265,673							1,265,673	1,019,183
OBMP Project Costs		2,878,404							2,878,404	3,733,694
Education Funds Use								-	-	375
Mutual Agency Project Costs	57,631								57,631	80,004
Total Administrative/OBMP Expenses	839,485	4,144,077	13,459	87,794	3,065			-	5,087,880	5,583,211
Net Administrative/OBMP Income	(835,620)	(3,248,241)								
Allocate Net Admin Income To Pools	835,620		629,148	193,066	13,406				-	-
Allocate Net OBMP Income To Pools		3,248,241	2,445,639	750,491	52,111				-	-
Agricultural Expense Transfer			1,020,199	(1,020,199)					-	-
Total Expenses			4,108,446	11,152	68,581	-	-	-	5,087,880	5,583,211
Net Administrative Income			892,509	(4)	12,113			43	904,661	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						8,097,108			8,097,108	-
MZI Supplemental Water Assessments						1,625,000			1,625,000	2,179,500
Water Purchases									-	-
MZI Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(10,274,669)			(10,274,669)	-
Net Other Income						(552,561)			(552,561)	(99,000)
Net Transfers To/(From) Reserves			892,509	(4)	12,113	(552,561)		43	352,100	(1,618,993)
Working Capital, July 1, 2004			3,560,227	463,055	174,920	4,133,060	158,251	2,195	8,491,708	
Working Capital, End Of Period			4,452,736	463,051	187,033	3,580,499	158,251	2,238	8,843,808	
03/04 Production			136,795,139	41,978,182	2,914,774				181,688,095	
03/04 Production Percentages			75.291%	23.105%	1.604%				100.000%	



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. CHINO BASIN WATERMASTER INVESTMENT POLICY



RESOLUTION 07-01

RESOLUTION OF THE CHINO BASIN WATERMASTER,
SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING
A WATERMASTER INVESTMENT POLICY

WHEREAS, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

WHEREAS, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

WHEREAS, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

WHEREAS, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster Finance Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

WHEREAS, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

NOW, THEREFORE, BE IT RESOLVED, by the Chino Basin Watermaster that:

- Section 1. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Chief Financial Officer subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.
- Section 2. This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.

**Watermaster's Investment Policy originally adopted by the Advisory Committee on February 13, 1997 and the Watermaster Board on March 5, 1998.

APPROVED by the Advisory Committee this 22nd day of February 2007.
ADOPTED by the Watermaster Board on this 22nd day of February 2007.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 07-01, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES: Unanimous
NOES: 0
ABSENT: 0
ABSTAIN: 0

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

E. LOCAL AGENCY INVESTMENT FUND



RESOLUTION 07-02 OF CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730

PHONE: 909-484-3888

**AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under San Bernardino Superior Court Case No. WCV51010 (formerly Case No. SCV164327) entitled Chino Basin Municipal Water District V. City of Chino, et al., with powers to authorize the investment or deposit of surplus funds pursuant to the California Government Code, Section 53600; and

WHEREAS, upon filing of an appropriate resolution, local agencies are permitted to remit money to the State Treasurer for deposit in the fund for the purpose of investment; and pursuant to Section 16429.3 of said Government Code, such monies are not subject to impoundment of seizure by any state official or state agency.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record.

BE IT FURTHER RESOLVED, that the following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.

Ken Willis (NAME) Chairman of the Board (TITLE) _____ (SIGNATURE)

Bob Kuhn (NAME) Vice-Chair (TITLE) _____ (SIGNATURE)

Sandra Rose (NAME) Board Secretary/Treasurer (TITLE) _____ (SIGNATURE)

Kenneth R. Manning (NAME) Chief Executive Officer/Secretary (TITLE) _____ (SIGNATURE)

Sheri Rojo (NAME) C.F.O./Asst. G.M. (TITLE) _____ (SIGNATURE)

APPROVED by the Advisory Committee this 22nd day of February 2007.
ADOPTED by the Watermaster Board on this 22nd day of February 2007.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 07-02, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES: Unanimous
NOES: 0
ABSENT: 0
ABSTAIN: 0

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

F. NOTICE OF INTENT





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: February 22, 2006
TO: Committee Members
Watermaster Board Members
SUBJECT: Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

Summary

Issue – Reservation of Right to Re-determine Operating Safe Yield as per Chino Basin Watermaster Judgment.

Recommendation – Recommends the approval of the filing of Watermaster's "Notice of Intent to Change the Operating Safe Yield of the Chino Groundwater Basin".

Fiscal Impact - None

Discussion

In an effort to comply with the Judgment requirement that a five-year notice of change be provided should a re-determination of the operating safe yield of the Chino Basin be made, Watermaster has approved its Notice of Intent in each year since 1982.

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Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

PLEASE TAKE NOTICE that on this 22nd day of February 2007, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

**Approved by
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS**

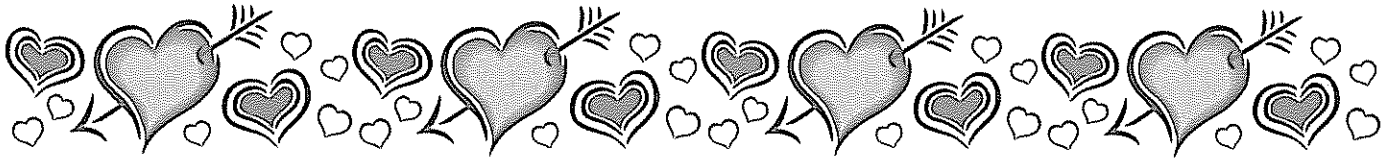
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Chair

By: _____
Chair

ATTEST:

By: _____
Secretary

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. ASSESSMENTS FOR FISCAL YEAR 2006-2007





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: February 8, 2007
February 20, 2007
February 22, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: FY 2006-2007 Assessment Package

SUMMARY

Issue – FY 2006-2007 Assessment Package

Recommendation – Staff recommends approval:

- Of the assessments and adoption of the resolution levying the assessments as presented.
- Of a reduction in the 2006/2007 adopted budget by \$565,000 as referenced in this report.
- To renegotiate the cost sharing agreement with Inland Empire Utilities Agency regarding the DWR grant repayment terms as referenced in this report.

BACKGROUND

The members of the Overlying Non-Agricultural Pool and the Appropriative Pool were sent a copy of their Water Activity Report that summarized their water activity for the previous year – including production, land use conversions, transfers and assignments – and each party was asked to verify the data gathered and summarized by Watermaster. The Water Activity Reports were received and discrepancies in the reports addressed and resolved.

Watermaster held an Assessment Package Workshop on October 30, 2006. The purpose of the workshop was to review the current year cash requirements pursuant to the adopted budget and the resulting impact on assessments. Discussed at the workshop was a breakdown of how assessments are calculated, which include adding administrative and OBMP budgeted costs, a small reserve balance and offsetting that number with cash on hand at the end of the previous fiscal year to determine the "funds required to be assessed". This number is divided by the previous year's production to result in a per acre-foot assessment.

Discussed at the workshop was the fact that Watermaster presents its budget for approval each March/April yet the money to fund the budget is not received until six months into the year, following approval of the assessment package. In past years, this has not been an issue as each year was under-expended according to the adopted

budget. The previous year was under-expended as well, but the amount under-expended was substantially less than in previous years, resulting in less cash on hand to sustain operations during the first few months of the fiscal year. This reduction of cash on hand has necessitated Watermaster to review the amount of operating reserves assessed annually. Previously through the assessment process, Watermaster included a reserve balance of 33% of administrative costs and 15% of OBMP costs to its annual "funds required to be assessed".

If all budgeted funds were expensed, Watermaster would need to consider alternative funding options to sustain operations during the first few months of a new fiscal year. Other options would include shortening the timeframe following the end of the fiscal year and when assessments are invoiced to the parties.

Many variables exist in determining the rate of assessment for a given year, the amount budgeted for costs, the amount of cash on hand and the amount of assessable production. For the 2006/2007 fiscal year, budgeted costs increased approximately \$750,000 for both administrative and OBMP costs, which by itself would necessitate an increase in costs. The cash on hand used to offset the rate decreased substantially. Another factor contributing to an overall increase in rates was the fact that production has declined over the previous fiscal year. These variables combined with staffs recommendation to increase the reserves generated large increases in all assessment categories.

Following discussions at the workshop, some options to mitigate the increases have been considered and are incorporated into the presented assessment package.

- The reserve balances for both Administrative and OBMP expenses are both set at 30%.
- Following a review of the adopted budget, costs for OBMP expenses have been reduced by \$565,000
 - Account 7108, Hydraulic Control Monitoring Program will be reduced by \$215,000. Staff recommends that the drilling, installation, surveying and monitoring of these wells be delayed until FY 2007/2008.
 - Account 7202, Recharge will be reduced by \$350,000. As part of Program Element 2, Watermaster had proposed two optional tasks (i) Develop FORTRAN Program to estimate recharge using SCADA Data and (ii) Estimate recharge and load into DataX. The parties have decided not to implement these two optional tasks at this time. In addition, the engineering tasks relating to the Vulcan Pit have been completed – staff does not anticipate further engineering activity on this task for this fiscal year. Staff further recommends postponing portions of the Recharge Master Plan until FY 2007/2008.
- The terms of the debt repayment by Watermaster to IEUA will be paid at the rate of \$750,000 for three years with the balance owed to IEUA paid in full during the fourth year.

The financial impact of these recommendations result in a per acre-foot administrative assessment of \$6.23 and an OBMP assessment of \$34.49. The amount assessed for debt service will decrease from \$1,608,000 as presented at the workshop to \$1,358,000 which will be invoiced based on each parties share of OSY.



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ASSESSMENT PACKAGE

FY 2006-2007

February 1, 2006

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**CHINO BASIN WATERMASTER
ASSESSMENT CALCULATION
FISCAL YEAR 2006-2007
RESERVES @ 30/30%**

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PRODUCTION BASIS

2004-2005 Production & Exchanges in Acre-Feet
2005-2006 Production & Exchanges in Acre-Feet

ASSESSMENT TOTALS (Acre-Feet)	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AGRICULTURAL POOL	
	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)
164,588,252	127,810,967	77.655%	34,450,449	20.931%	2,326,836	1.414%
161,240,932	124,315,140	77.099%	33,899,960	21.024%	3,025,832	1.877%

BUDGET

Administration, Advisory Committee & Watermaster Board (1)
OBMP & Special Projects
Expenses funded by General Admin & OBMP Assessments

	General Administration		General Administration		General Administration	
	OBMP	OBMP	OBMP	OBMP	OBMP	OBMP
Administration, Advisory Committee & Watermaster Board (1)	\$772,341	\$595,467	\$162,380	\$162,380	\$14,494	\$14,494
OBMP & Special Projects	5,592,064		\$4,311,425	\$4,311,425	\$1,175,699	\$1,175,699
Expenses funded by General Admin & OBMP Assessments	6,364,405	595,467	4,311,425	162,380	1,175,699	104,940

TOTAL BUDGET

	6,364,405	595,467	4,311,425	162,380	1,175,699	104,940
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Contributions from Outside Agencies

	(138,001)		(106,397)		(29,014)	(2,590)
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CASH DEMAND for FY 2006/2007

	6,226,404	595,467	4,205,028	162,380	1,146,685	102,350
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OPERATING RESERVE

Administrative 30%
OBMP 30%
Replenishment 0%

Administrative	\$231,702	\$178,640		\$48,714		\$4,348
OBMP	1,677,619		\$1,293,428		\$352,710	\$31,482
Replenishment	0		0		0	0

Less: Funds On Hand Utilized for Assessments (2)

	(1,571,249)		(1,211,417)		(330,346)	(29,486)
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FUNDS REQUIRED TO BE ASSESSED

	\$6,564,476	\$774,107	\$4,287,039	\$211,094	\$1,169,048	\$18,842
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2006-07 Proposed Assessments

General Administration Assessments
Minimum Assessments

General Administration Assessments	Per Acre-Foot	\$6.23	\$34.49	\$6.23	\$34.49	\$6.23
Minimum Assessments	Per Producer	\$5.00				\$5.00

Prior Year Assessments (For Information Only)

	Per Acre-Foot	\$5.92	\$22.02	\$5.92	\$22.02	\$5.92
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(1) Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment or Replenishment water purchases.
(2) Cash on Hand is June 30 fund balances less funds required for carryover replenishment obligations, SB 22 funds, Education funds, & Agricultural Pool Reserves.



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Water Production Summary

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	Percent of Safe Operating Yield	Assigned Share of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Net Ag Pool Reallocation	Water Transaction Activity	New Yield	Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	Total Production and Exchanges	Net Over-Production		Under Production Balances		
													85/15%	100%	Total Under-Produced	Carryover: Next Year Begin Bal	To Excess Carryover Account
Arrowhead Mtn Spring Water Co	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	259.794	0.000	259.794	0.000	259.794	0.000	0.000	0.000
Chino Hills, City Of	3.85%	2,111.422	1,994.699	0.000	(39.893)	2,086.031	110.500	462.120	6,724.879	458.263	2,380.755	2,839.018	0.000	0.000	3,885.861	2,111.422	1,774.439
Chino, City Of	7.36%	4,033.857	4,033.857	0.000	(80.677)	7,982.063	(5,227.600)	882.839	11,624.339	3,261.913	1,500.000	4,761.913	0.000	0.000	6,862.425	4,033.857	2,828.568
Cucamonga Valley Water District	6.60%	3,619.454	3,619.454	0.000	(72.389)	2,481.622	19,740.104	792.120	30,180.364	14,458.036	0.000	14,458.036	0.000	0.000	15,722.328	3,619.454	12,102.874
Desalter Authority	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16,475.802	0.000	16,475.802	0.000	16,475.801	0.000	0.000	0.000
Fontana Union Water Company	11.66%	6,391.736	0.000	0.000	0.000	3,325.728	(11,116.304)	1,398.840	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.00%	1.000	0.000	0.000	0.000	834.571	9,508.623	0.240	10,344.433	15,137.240	0.000	15,137.240	4,792.806	0.000	0.000	0.000	0.000
Golden State Water Company	0.75%	411.476	411.476	0.000	(8.229)	213.974	0.000	90.000	1,118.697	438.343	0.000	438.343	0.000	0.000	680.354	411.476	268.878
Inland Empire Utilities Agency	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.675	0.000	0.675	0.675	0.000	0.000	0.000	0.000
Jurupa Community Services District	3.76%	2,061.118	0.000	0.000	0.000	11,941.834	2,000.000	451.080	16,454.032	17,557.881	0.000	17,557.881	1,103.848	0.000	0.000	0.000	0.000
Los Serranos Country Club	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	1.20%	655.317	655.317	0.000	(13.106)	340.932	0.000	143.400	1,781.860	136.390	0.000	136.390	0.000	0.000	1,645.469	655.317	990.152
Metropolitan Water District	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000	0.000	1.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.23%	676.759	232.195	0.000	(4.643)	352.059	(1,050.000)	148.080	354.449	0.000	0.000	0.000	0.000	0.000	354.449	354.449	0.000
Monte Vista Water District	8.80%	4,823.954	0.000	0.000	0.000	2,564.849	6,104.600	1,055.640	14,549.042	8,337.713	8,500.000	16,837.713	2,288.671	0.000	0.000	0.000	0.000
Niagara Water Company	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	762.584	0.000	762.584	0.000	762.584	0.000	0.000	0.000
Nicholson Trust	0.01%	4.000	4.000	0.000	(0.080)	1.997	(8.623)	0.840	2.134	0.000	0.000	0.000	0.000	0.000	2.134	2.134	0.000
Norco, City Of	0.37%	201.545	201.545	0.000	(4.030)	104.990	0.000	44.160	548.209	0.000	0.000	0.000	0.000	0.000	548.209	201.545	346.664
Ontario, City Of	20.74%	11,373.816	65.706	0.000	(1.314)	7,060.525	16,499.100	2,489.040	37,486.873	28,419.444	1,208.000	29,627.444	0.000	0.000	7,859.429	7,859.429	0.000
Pomona, City Of	20.45%	11,215.852	3,338.032	0.000	(66.760)	5,835.502	(2,500.000)	2,454.480	20,277.106	9,945.481	4,083.800	14,029.281	0.000	0.000	6,247.825	6,247.825	0.000
San Antonio Water Company	2.75%	1,506.888	1,506.888	0.000	(30.137)	784.001	0.000	329.760	4,097.400	1,837.317	0.000	1,837.317	0.000	0.000	2,260.083	1,506.888	753.195
San Bernardino County Shtg Prk	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	12.640	0.000	12.640	12.640	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.37%	1,301.374	781.166	0.000	(15.623)	677.014	(2,000.000)	284.760	1,028.691	415.129	0.000	415.129	0.000	0.000	613.562	613.562	0.000
Upland, City Of	5.20%	2,852.401	2,852.401	0.000	(57.048)	1,484.124	14,549.000	624.240	22,305.118	2,201.744	3,001.000	5,202.744	0.000	0.000	17,102.374	2,852.401	14,249.973
West End Consolidated Water Company	1.73%	947.714	947.714	0.000	(18.954)	492.996	0.000	207.360	2,576.830	0.000	0.000	0.000	0.000	0.000	2,576.830	947.714	1,629.116
West Valley Water District	1.18%	644.317	644.317	0.000	(12.886)	335.226	0.000	141.000	1,751.974	0.000	0.000	0.000	0.000	0.000	1,751.974	644.317	1,107.657
	100%	54,834.000	21,288.767	0.000	(425.769)	48,900.039	46,609.400	11,999.999	183,206.430	120,117.387	20,673.555	140,790.942	8,198.640	17,499.179	68,113.306	32,061.790	36,051.516
Less Desalter Production												16,475.802					
Total Assessable Production												124,315.140					

1A 1B 1C 1D 1E 1F 1G 1H 1I 1J 1K 1L 1M 1N 1O 1P 1Q

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Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Storage Account Transactions

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	Storage and Recovery Program(s)				Excess Carry Over Account (ECO)						Local Supplemental Storage Account					Combined	
	Carryover Beginning Balance	2% Carryover Storage Loss	Storage Exchanges	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from	From Local Supplemental Storage	From Under Production	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Tranfers to / from	MZI 6,500 Eligible for Storage	Transfer to Excess Carryover	Ending Balance	Combined Storage Account Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000	784.764	(15.695)	(5,000.000)	2,456.492	1,774.439	0.000	8,395.070	(167.901)	0.000	59.860	(2,456.492)	5,830.537	5,830.537
Chino, City Of	0.000	0.000	0.000	0.000	6,122.281	(122.445)	0.000	0.000	2,828.568	8,828.404	3,583.108	(71.662)	0.000	114.357	0.000	3,625.803	12,454.207
Cucamonga Valley Water District	0.000	0.000	0.000	0.000	5,212.539	(104.250)	(2,500.000)	0.000	12,102.874	14,711.163	13,804.149	(276.082)	0.000	102.606	0.000	13,630.673	28,341.836
Desalter Authority	0.000	0.000	0.000	0.000	12,448.973	(248.979)	(11,579.128)	0.000	0.000	620.866	0.000	0.000	0.000	0.000	0.000	0.000	620.866
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2,091.803	(41.836)	0.000	181.196	0.000	2,231.164	2,231.164
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.031	0.000	0.031	0.031	0.031
Golden State Water Company	0.000	0.000	0.000	0.000	595.377	(11.907)	0.000	0.000	268.878	852.348	1,784.584	(35.691)	0.000	11.658	0.000	1,760.551	2,612.899
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	0.000	0.000	5,847.112	(116.942)	0.000	0.000	0.000	5,730.170	1,163.208	(23.264)	0.000	58.430	0.000	1,198.374	6,928.544
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	2,528.587	(50.571)	0.000	0.000	990.152	3,468.168	2,266.309	(45.326)	0.000	18.575	0.000	2,239.558	5,707.726
Metropolitan Water District	38,754.200	(775.084)	20,673.555	58,652.671	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	58,652.671
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	220.810	(4.416)	0.000	0.000	0.000	216.394	7,397.170	(147.943)	0.000	19.181	0.000	7,268.408	7,484.802
Monte Vista Water District	0.000	0.000	0.000	0.000	1,300.000	(26.000)	0.000	0.000	0.000	1,274.000	6,689.557	(133.791)	0.000	136.741	0.000	6,692.506	7,966.506
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.623	(0.012)	0.000	0.109	0.000	0.720	0.720
Norco, City Of	0.000	0.000	0.000	0.000	387.752	(7.755)	0.000	0.000	346.664	726.661	113.876	(2.277)	0.000	5.720	0.000	117.319	843.980
Ontario, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	15,642.390	(312.847)	0.000	322.414	0.000	15,651.957	15,651.957
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	15,168.426	(303.368)	0.000	317.937	0.000	15,182.995	15,182.995
San Antonio Water Company	0.000	0.000	0.000	0.000	11,598.448	(231.968)	(5,000.000)	0.000	753.195	7,119.675	850.358	(17.007)	0.000	42.715	0.000	876.066	7,995.741
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	559.956	(11.199)	0.000	36.886	0.000	585.643	585.643
Upland, City Of	0.000	0.000	0.000	0.000	6,512.994	(130.259)	(16,000.000)	0.000	14,249.973	4,632.708	8,440.091	(168.801)	0.000	80.860	0.000	8,352.150	12,984.858
West End Consolidated Water Company	0.000	0.000	0.000	0.000	18,071.764	(361.435)	(14,425.000)	0.000	1,629.116	4,914.445	534.723	(10.694)	0.000	26.860	0.000	550.889	5,465.334
West Valley Water District	0.000	0.000	0.000	0.000	4,448.975	(88.979)	(2,500.000)	0.000	1,107.657	2,967.653	363.599	(7.271)	0.000	18.264	0.000	374.592	3,342.245
	38,754.200	(775.084)	20,673.555	58,652.671	76,080.376	(1,521.601)	(57,004.128)	2,456.492	36,051.516	56,062.655	88,848.999	(1,776.972)	0.000	1,554.400	(2,456.492)	86,169.935	200,885.261
	2A	2B	2C	2D	2E	2F	2G	2H	2I	2J	2K	2L	2M	2N	2O	2P	2Q



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Assessment Fee Summary

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	Appropriative Pool			Ag Pool SY Reallocation			Replenishment Assessments			85/15 Water Transaction Activity			ASSESSMENTS DUE				
	AF Production	\$6.23 AF/Admin	\$34.49 AF/OBMP	AF Total Reallocation	\$211,094.00 \$4.32 AF/Admin	\$1,169,048.00 \$23.91 AF/OBMP	\$37.65 AF/15%	\$213.35 AF/85%	\$251.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	Pomona Credit	Previous Year Adj	Total Production Based	MZ1 Supplemental Water	Recharge Debt Payment	Total Due
Arrowhead Mtn Spring Water Co	259.794	1,618.52	8,960.30	0.000	0.00	0.00	0.00	0.00	65,208.29	0.00	0.00	0.00	0.00	75,787.11	0.00	0.00	75,787.11
Chino Hills, City Of	2,839.018	17,687.08	97,917.72	2,086.031	9,005.08	49,870.51	8,030.57	0.00	0.00	(160,650.00)	29,027.07	2,567.35	0.00	53,455.37	0.00	52,296.58	105,751.95
Chino, City Of	4,761.913	29,666.72	164,238.38	7,982.063	34,457.35	190,826.34	13,469.75	0.00	0.00	0.00	48,687.40	4,904.69	0.00	486,250.63	0.00	99,908.06	586,158.69
Cucamonga Valley Water District	14,458.036	90,073.56	498,657.66	2,481.622	10,712.78	59,327.86	40,896.63	0.00	0.00	(81,675.00)	147,823.80	4,400.69	0.00	770,217.99	0.00	89,641.58	859,859.57
Fontana Union Water Company	0.000	5.00	0.00	3,325.728	14,356.66	79,507.83	0.00	0.00	0.00	0.00	0.00	7,771.37	0.00	101,640.87	0.00	158,302.06	259,942.93
Fontana Water Company	15,137.240	94,305.00	522,083.39	834.571	3,602.71	19,951.99	42,817.85	1,022,545.16	0.00	(63,281.71)	154,768.21	1.33	0.00	1,796,793.94	0.00	27.16	1,796,821.10
Golden State Water Company	438.343	2,730.87	15,118.43	213.974	923.69	5,115.46	1,239.91	0.00	0.00	0.00	4,481.76	500.00	0.00	30,110.14	0.00	10,185.00	40,295.14
Inland Empire Utilities Agency	0.675	5.00	23.28	0.000	0.00	0.00	1.91	144.01	0.00	0.00	6.90	0.00	0.00	181.10	0.00	0.00	181.10
Jurupa Community Services District	17,557.881	109,385.60	605,571.30	11,941.834	51,551.07	285,492.15	49,664.98	235,505.97	0.00	0.00	179,517.65	2,506.01	0.00	1,519,194.74	0.00	51,047.22	1,570,241.96
Los Serranos Country Club	0.000	5.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	5.00
Marygold Mutual Water Company	136.390	849.71	4,704.09	340.932	1,471.75	8,150.63	0.00	0.00	0.00	0.00	0.00	796.67	0.00	15,972.85	0.00	16,228.10	32,200.95
Metropolitan Water District	1.000	6.23	34.49	0.000	0.00	0.00	0.00	0.00	251.00	0.00	0.00	0.00	0.00	291.72	0.00	0.00	291.72
Monte Vista Irrigation Company	0.000	5.00	0.00	352.059	1,519.78	8,416.63	0.00	0.00	0.00	(37,485.00)	0.00	822.67	0.00	(26,720.91)	0.00	16,757.72	(9,963.19)
Monte Vista Water District	16,837.713	104,898.95	580,732.73	2,564.849	11,072.06	61,317.56	47,627.89	488,287.96	0.00	0.00	172,154.42	5,864.70	0.00	1,471,956.27	0.00	119,463.26	1,591,419.53
Niagara Water Company	762.584	4,750.90	26,301.52	0.000	0.00	0.00	0.00	0.00	191,408.58	0.00	0.00	0.00	0.00	222,461.00	0.00	0.00	222,461.00
Nicholson Trust	0.000	5.00	0.00	1.997	8.62	47.74	0.00	0.00	0.00	0.00	0.00	4.67	0.00	66.03	0.00	95.06	161.09
Norco, City Of	0.000	5.00	0.00	104.990	453.23	2,509.98	0.00	0.00	0.00	0.00	0.00	245.33	0.00	3,213.54	0.00	4,997.44	8,210.98
Ontario, City Of	29,627.444	184,578.97	1,021,850.53	7,060.525	30,479.21	168,795.22	83,805.47	0.00	0.00	0.00	302,920.91	13,828.07	0.00	1,806,258.38	0.00	281,676.36	2,087,934.74
Pomona, City Of	14,029.281	87,402.42	483,869.90	5,835.502	25,190.97	139,508.72	0.00	0.00	0.00	0.00	0.00	(53,030.93)	0.00	682,941.08	0.00	277,765.32	960,706.40
San Antonio Water Company	1,837.317	11,446.48	63,369.06	784.001	3,384.41	18,743.03	5,197.11	0.00	0.00	(168,750.00)	18,785.34	1,832.01	0.00	(45,992.54)	0.00	37,317.84	(8,674.70)
San Bernardino County Shtg Prk	12.640	78.75	435.97	0.000	0.00	0.00	35.76	2,696.74	0.00	0.00	129.24	0.00	0.00	3,376.46	0.00	0.00	3,376.46
Santa Ana River Water Company	415.129	2,586.25	14,317.78	677.014	2,922.57	16,185.30	1,174.25	0.00	0.00	(69,900.00)	4,244.41	1,582.01	0.00	(26,887.42)	0.00	32,225.34	5,337.92
Upland, City Of	5,202.744	32,413.09	179,442.63	1,484.124	6,406.74	35,480.80	14,716.71	0.00	0.00	(534,000.00)	53,194.59	3,468.02	0.00	(208,877.41)	0.00	70,643.16	(138,234.25)
West End Consolidated Water Company	0.000	5.00	0.00	492.996	2,128.19	11,786.01	0.00	0.00	0.00	0.00	0.00	1,152.01	0.00	15,071.21	0.00	23,466.24	38,537.45
West Valley Water District	0.000	5.00	0.00	335.226	1,447.12	8,014.21	0.00	0.00	0.00	0.00	0.00	783.34	0.00	10,249.67	0.00	15,956.50	26,206.17
	124,315.140	774,519.12	4,287,629.18	48,900.039	211,094.00	1,169,048.00	308,678.80	1,749,179.84	256,867.88	(1,115,741.71)	1,115,741.71	0.00	0.00	8,757,016.81	0.00	1,358,000.00	10,115,016.81
	3A	3B	3C	3D	3E	3F	3G	3H	3I	3J	3K	3L	3M	3N	3O	3P	3Q



Assessment Year 2006-2007 (Production Year 2005-2006)

Watermaster Replenishment Calculation

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Cost of Replenishment Water per acre foot:			Company	AF Production and Exchanges	85/15 Producers	Fee Assessment
MWD Replenishment Rate		\$238.00	Arrowhead Mtn Spring Water	259.79		-
Projected Spreading - IEUA Surcharge		\$9.00	Chino Hills, City Of	2,839.02	2,839.02	\$8,030.57
Projected Spreading - OCWD Connection Fee		\$2.00	Chino, City Of	4,761.91	4,761.91	\$13,469.75
Projected Spreading - Watermaster Maintenance		\$2.00	Cucamonga Valley Water Dist	14,458.04	14,458.04	\$40,896.63
Total Replenishment Cost per acre foot		\$251.00	Desalter Authority	16,475.80		-
			Fontana Union Water Compa	0.00	0.00	\$0.00
			Fontana Water Company	15,137.24	15,137.24	\$42,817.85
			Golden State Water Company	438.34	438.34	\$1,239.91
			Inland Empire Utilities Agency	0.68	0.68	\$1.91
			Jurupa Community Services D	17,557.88	17,557.88	\$49,664.98
			Los Serranos Country Club	0.00	0.00	\$0.00
			Marygold Mutual Water Comp	136.39		-
			Metropolitan Water District	1.00		-
			Monte Vista Irrigation Compan	0.00	0.00	\$0.00
			Monte Vista Water District	16,837.71	16,837.71	\$47,627.89
			Niagara Water Company	762.58		-
			Nicholson Trust	0.00	0.00	\$0.00
			Norco, City Of	0.00	0.00	\$0.00
			Ontario, City Of	29,627.44	29,627.44	\$83,805.47
			Pomona, City Of	14,029.28		-
			San Antonio Water Company	1,837.32	1,837.32	\$5,197.11
			San Bernardino County Shtg	12.64	12.64	\$35.76
			Santa Ana River Water Comp	415.13	415.13	\$1,174.25
			Upland, City Of	5,202.74	5,202.74	\$14,716.71
			West End Consolidated Water	0.00	0.00	\$0.00
			West Valley Water District	0.00	0.00	\$0.00
				140,790.94	109,126.09	** \$308,678.80

Replenishment Obligation:	AF	@ \$251.00
Appropriative - 100	1,023.38	\$256,867.88
Appropriative - 15/85	8,198.64	\$2,057,858.64
Non-Agricultural - 100	27.92	\$7,008.42
	9,249.94	\$2,321,734.94

** Fee assessment total is 15% of Appropriate 15/85 replenishment obligation



Assessment Year 2006-2007 (Production Year 2005-2006)

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Pool 3 Water Transactions

	Water Transactions				
	Assigned Rights	General Transfer	Transfer from ECO Account	Recharged Recycled Water	Total Water Transactions
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	(5,000.000)	5,000.000	110.500	110.500
Chino, City Of	0.000	(5,350.000)	0.000	122.400	(5,227.600)
Cucamonga Valley Water District	11,116.304	5,850.000	2,500.000	273.800	19,740.104
Desalter Authority	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	(11,116.304)	0.000	0.000	0.000	(11,116.304)
Fontana Water Company	0.000	9,508.623	0.000	0.000	9,508.623
Golden State Water Company	0.000	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	2,000.000	0.000	0.000	2,000.000
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	(1,050.000)	0.000	0.000	(1,050.000)
Monte Vista Water District	0.000	6,050.000	0.000	54.600	6,104.600
Niagara Water Company	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	(8.623)	0.000	0.000	(8.623)
Norco, City Of	0.000	0.000	0.000	0.000	0.000
Ontario, City Of	0.000	16,000.000	0.000	499.100	16,499.100
Pomona, City Of	0.000	(2,500.000)	0.000	0.000	(2,500.000)
San Antonio Water Company	0.000	(5,000.000)	5,000.000	0.000	0.000
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	(2,000.000)	0.000	0.000	(2,000.000)
Upland, City Of	0.000	(1,575.000)	16,000.000	124.000	14,549.000
West End Consolidated Water Company	0.000	(14,425.000)	14,425.000	0.000	0.000
West Valley Water District	0.000	(2,500.000)	2,500.000	0.000	0.000
	0.000	0.000	45,425.000	1,184.400	46,609.400
	4A	4B	4C	4D	4E



Chino Basin Watermaster Assessment Breakdown 2006-2007 Water Transactions

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Assessment Year 2006-2007 (Production Year 2005-2006)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15% WM Pays	
Cucamonga Valley Water District	Chino, City Of	5/10/2006	5,350.000	220.00	1,177,000.00	0.00	0.00	
	Pomona, City Of	5/30/2006	2,500.000	226.90	567,250.00	0.00	0.00	
	West Valley Water District	1/10/2006	500.000	210.00	105,000.00	0.00	0.00	
Fontana Water Company	Cucamonga Valley Water District	5/11/2006	2,500.000	217.80	544,500.00	462,825.00	81,675.00	Cucamonga Valley Water District
	Nicholson Trust	4/14/2006	8.623	217.80	1,878.09	1,596.38	281.71	Fontana Water Company
	San Antonio Water Company	6/26/2006	5,000.000	225.00	1,125,000.00	956,250.00	168,750.00	San Antonio Water Company
	West Valley Water District	4/7/2006	2,000.000	210.00	420,000.00	357,000.00	63,000.00	Fontana Water Company
Jurupa Community Services District	Santa Ana River Water Company	6/30/2006	2,000.000	233.00	466,000.00	396,100.00	69,900.00	Santa Ana River Water Company
Monte Vista Water District	Chino Hills, City Of	10/18/2005	5,000.000	214.20	1,071,000.00	910,350.00	160,650.00	Chino Hills, City Of
	Monte Vista Irrigation Company	7/20/2005	1,050.000	238.00	249,900.00	212,415.00	37,485.00	Monte Vista Irrigation Company
Ontario, City Of	Upland, City Of	8/1/2005	16,000.000	222.50	3,560,000.00	3,026,000.00	534,000.00	Upland, City Of
Pomona, City Of	Upland, City Of	10/5/2005	0.000	0.00	0.00	0.00	0.00	<i>This transaction was approved for 1,000 AF, but never occurred.</i>
Upland, City Of	West End Consolidated Water Company	8/1/2005	14,425.000	49.00	706,825.00	0.00	0.00	<i>The 85/15 Rule does not apply because the water was immediately re-sold.</i>
			56,333.623		\$9,994,353.09	\$6,322,536.38	\$1,115,741.71	

Total Credits \$1,115,741.71



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Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Agricultural Pool Reallocation Summary

	Assigned Share of Operating Safe Yield (AF)	Reallocation of Agricultural Pool Safe Yield				Net Ag Pool Reallocation
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	2,111.422	1,263.128	987.346	2,250.473	(164.442)	2,086.031
Chino, City Of	4,033.857	2,413.096	5,883.120	8,296.216	(314.153)	7,982.063
Cucamonga Valley Water District	3,619.454	2,165.128	598.364	2,763.492	(281.870)	2,481.622
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	6,391.736	3,823.496	0.000	3,823.496	(497.768)	3,325.728
Fontana Water Company	1.000	0.656	834.000	834.656	(0.085)	834.571
Golden State Water Company	411.476	246.000	0.000	246.000	(32.026)	213.974
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	2,061.118	1,232.952	10,869.396	12,102.348	(160.514)	11,941.834
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	655.317	391.960	0.000	391.960	(51.028)	340.932
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	676.759	404.752	0.000	404.752	(52.693)	352.059
Monte Vista Water District	4,823.954	2,885.416	55.075	2,940.491	(375.642)	2,564.849
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	4.000	2.296	0.000	2.296	(0.299)	1.997
Norco, City Of	201.545	120.704	0.000	120.704	(15.714)	104.990
Ontario, City Of	11,373.816	6,803.376	1,142.857	7,946.233	(885.708)	7,060.525
Pomona, City Of	11,215.852	6,708.912	0.000	6,708.912	(873.410)	5,835.502
San Antonio Water Company	1,506.888	901.344	0.000	901.344	(117.343)	784.001
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	1,301.374	778.344	0.000	778.344	(101.330)	677.014
Upland, City Of	2,852.401	1,706.256	0.000	1,706.256	(222.132)	1,484.124
West End Consolidated Water Company	947.714	566.784	0.000	566.784	(73.788)	492.996
West Valley Water District	644.317	385.400	0.000	385.400	(50.174)	335.226
	54,834.000	32,800.000	20,370.158	53,170.157	(4,270.118)	48,900.039

5A

5B

5C

5D

5E

5F



Chino Basin Watermaster Assessment Breakdown 2006-2007 Land Use Conversion Summary

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Assessment Year 2006-2007 (Production Year 2005-2006)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.00
Agricultural Total Pool Production	(33,899.96)
Early Transfer	(32,800.00)
Total Land Use Conversions	(20,370.16)
Under(Over) Production:	(4,270.12)

	Prior Converted	Acres Converted @ 1.3 af/ac		Total Prior to Peace Agrmt Converted AF	Acres Converted @ 2.0 af/ac		Total Land Use Conversations Acre-Feet
		Acres	Acre Feet		Acres	Acre Feet	
Chino Hills, City Of	0.000	670.266	871.346	871.346	58.000	116.000	987.346
Chino, City Of	196.235	1,454.750	1,891.175	2,087.410	1,897.855	3,795.710	5,883.120
Cucamonga Valley Water Distric	0.000	460.280	598.364	598.364	0.000	0.000	598.364
Fontana Water Company	0.000	0.000	0.000	0.000	417.000	834.000	834.000
Jurupa Community Services Dist	0.000	2,756.920	3,583.996	3,583.996	3,642.700	7,285.400	10,869.396
Monte Vista Water District	0.000	28.150	36.595	36.595	9.240	18.480	55.075
Ontario, City Of	209.400	527.044	685.157	894.557	124.150	248.300	1,142.857
	405.635	5,897.410	7,666.600	8,072.200	6,148.945	12,297.890	20,370.158



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 2 Water Production Summary

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	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Assigned Share of Operating Safe Yield (AF)	Water Transaction Activity	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
									Total Under-Produced	Carryover: Next Year Begin Bal	To Local Storage Account
Ameron Inc	97.858	0.000	(1.957)	97.858	0.000	193.759	0.000	0.000	193.759	97.858	95.901
Angelica Textile Service	0.000	0.000	0.000	18.789	0.000	18.789	27.759	8.970	0.000	0.000	0.000
California Speedway	1,000.000	0.000	(20.000)	1,000.000	0.000	1,980.000	506.377	0.000	1,473.622	1,000.000	473.622
California Steel Industries Inc	1,300.000	0.000	(26.000)	1,300.000	0.000	2,574.000	595.700	0.000	1,978.300	1,300.000	678.300
CCG Ontario, Llc	630.274	0.000	(12.605)	630.274	0.000	1,247.943	0.000	0.000	1,247.943	630.274	617.669
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	17.090	17.089	0.000	0.000	0.000
Praxair Inc	427.446	0.000	(8.548)	427.446	0.000	846.344	146.431	0.000	699.913	427.446	272.467
Reliant Energy Etiwanda	954.540	0.000	(19.090)	954.540	0.000	1,889.990	769.096	0.000	1,120.893	954.540	166.353
San Bernardino Cty (Chino Airport)	133.870	0.000	(2.677)	133.870	0.000	265.063	65.073	0.000	199.989	133.870	66.119
Southern California Edison Company	27.959	0.000	(0.559)	27.959	0.000	55.359	0.000	0.000	55.359	27.959	27.400
Space Center Mira Loma Inc.	0.000	0.000	0.000	104.121	91.512	195.632	197.495	1.863	0.000	0.000	0.000
Sunkist Growers Inc	1,873.402	0.000	(37.468)	1,873.402	0.000	3,709.336	435.929	0.000	3,273.406	1,873.402	1,400.004
Swan Lake Mobile Home Park	464.240	0.000	(9.284)	464.240	0.000	919.196	260.762	0.000	658.433	464.240	194.193
Vulcan Materials Company	317.844	0.000	(6.356)	317.844	0.000	629.332	4.119	0.000	625.213	317.844	307.369
West Venture Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	7,227.434	0.000	(144.544)	7,350.343	91.512	14,524.743	3,025.832	27.922	11,526.830	7,227.433	4,299.397



Assessment Year 2006-2007 (Production Year 2005-2006)

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Pool 2 Water / Storage Account Transactions

	Local Storage Account			
	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from Annual	Ending Balance
Ameron Inc	1,853.853	(37.077)	95.901	1,912.677
Angelica Textile Service	0.000	0.000	0.000	0.000
California Speedway	715.389	(14.307)	473.622	1,174.704
California Steel Industries Inc	2,600.000	(52.000)	678.300	3,226.300
CCG Ontario, Llc	8,223.414	(164.468)	617.669	8,676.615
General Electric Company	0.000	0.000	0.000	0.000
Kaiser Ventures Inc	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000
Praxair Inc	4,114.936	(82.298)	272.467	4,305.105
Reliant Energy Etiwanda	5,954.138	(119.082)	166.353	6,001.409
San Bernardino Cty (Chino Airport)	124.132	(2.482)	66.119	187.769
Southern California Edison Company	167.754	(3.355)	27.400	191.799
Space Center Mira Loma Inc.	93.379	(1.867)	(91.512)	0.000
Sunkist Growers Inc	11,362.358	(227.247)	1,400.004	12,535.115
Swan Lake Mobile Home Park	2,172.520	(43.450)	194.193	2,323.263
Vulcan Materials Company	8,506.323	(170.126)	307.369	8,643.566
West Venture Development	0.000	0.000	0.000	0.000
	45,888.196	(917.759)	4,207.885	49,178.322



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 2 Assessment Fee Summary

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	AF Production	Non-Agricultural Pool		Replenishment Assessments		Previous Year Adj	Total Assessments Due
		\$6.23 Per AF Admin	\$34.49 Per AF OBMP	AF Exceeding Safe Yield	\$251.00 Per AF		
Ameron Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Angelica Textile Service	27.759	172.94	957.42	8.970	2,251.47	0.00	3,381.83
California Speedway	506.377	3,154.73	17,464.95	0.000	0.00	0.00	20,619.68
California Steel Industries Inc	595.700	3,711.21	20,545.69	0.000	0.00	0.00	24,256.90
CCG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
General Electric Company	17.090	106.47	589.43	17.089	4,289.59	0.00	4,985.49
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Loving Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Praxair Inc	146.431	912.27	5,050.41	0.000	0.00	0.00	5,962.67
Reliant Energy Etiwanda	769.096	4,791.47	26,526.13	0.000	0.00	0.00	31,317.60
San Bernardino Cty (Chino Airport)	65.073	405.41	2,244.38	0.000	0.00	0.00	2,649.79
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Space Center Mira Loma Inc.	197.495	1,230.40	6,811.62	1.863	467.36	0.00	8,509.38
Sunkist Growers Inc	435.929	2,715.84	15,035.19	0.000	0.00	0.00	17,751.03
Swan Lake Mobile Home Park	260.762	1,624.55	8,993.69	0.000	0.00	0.00	10,618.24
Vulcan Materials Company	4.119	25.66	142.05	0.000	0.00	0.00	167.71
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00
	3,025.832	18,850.93	104,360.95	27.922	7,008.42	0.00	130,220.31

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
1A	Percent of Safe Operating Yield	The Party's yearly percentage of operating safe yield as delineated in the judgment.
1B	Assigned Share of Operating Safe Yield (AF)	The Party's yearly volume of operating safe yield as delineated in the judgment.
1C	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
1D	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
1E	2% Carryover Storage Loss	Carryover beginning balance [1C] \times 0.02.
1F	Net Ag Pool Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [5F]. The calculations that lead to this are made on Page 5.
1G	Water Transaction Activity	Water transactions. Copied from [4E]. The calculations that lead to this are made on Page 4.
1H	New Yield	New yield \times percent share of operating safe yield [1A].
1I	Annual Production Right	Current Year Production Rights. [1B] + [1C] + [1D] + [1E] + [1F] + [1G] + [1H].
1J	Actual Fiscal Year Production	Actual production from CBWM's production system (as verified by each party on their Water Activity Report).
1K	Storage and Recovery Program(s)	Total exchanges for the period including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each party on their Water Activity Report).
1L	Total Production and Exchanges	Actual production [1J] $+$ Storage and Recovery exchanges [1K]. Includes a sub note subtracting Desalter production.
1M	Net Over-Production—85/15%	For 85/15 rule participants: Production rights [1I] $-$ total production and exchanges [1L], equaling less than zero.
1N	Net Over-Production—100%	For non-85/15 rule participants: Production rights [1I] $-$ total production and exchanges [1L], equaling less than zero.
1O	Under Production Balances—Total Under-Produced	Production rights [1I] $-$ total production and exchanges [1L], equaling more than zero.
1P	Under Production Balances—Carryover: Next Year Begin Bal	Either total under-produced [1O] or share of operating safe yield [1B], whichever is less.
1Q	Under Production Balances—To Excess Carryover Account	Total under produced [1O] $-$ carryover to next year [1P].

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
2A	Storage and Recovery Program(s)—Carryover Beginning Balance	The beginning balance in each S&R partner's account. This number carries forward from the ending balance in the previous period Assessment Package.
2B	Storage and Recovery Program(s)—2% Carryover Storage Loss	Carryover beginning balance [2A] \times 0.02.
2C	Storage and Recovery Program(s)—Storage Exchanges	Total exchanges with each S&R partner for the period, including MZ1 forbearance and DYY deliveries.
2D	Storage and Recovery Program(s)—Ending Balance	The current balance in each S&R partner's account. [2A] + [2B] + [2C].
2E	Excess Carryover Account (ECO)—Carryover Beginning Balance	The beginning balance in the ECO account. This carries forward from the ending balance in the previous period Assessment Package.
2F	Excess Carryover Account (ECO)—2% Carryover Storage Loss	ECO beginning balance [2E] \times 0.02.
2G	Excess Carryover Account (ECO)—Transfers to / from	Total of water transferred to the Annual Account.
2H	Excess Carryover Account (ECO)—From Local Supplemental Storage	Total of water transfers from Local Supplemental Storage.
2I	Excess Carryover Account (ECO)—From Under Production	Total of water transferred from the Annual Account due to under production.
2J	Excess Carryover Account (ECO)—Ending Balance	The current balance in each ECO account. [2E] + [2F] + [2G] + [2H] + [2I].
2K	Local Supplemental Storage Account—Carryover Beginning Balance	The beginning balance in the Local Supplemental Storage account. This number carries forward from the ending balance in previous period Assessment Package.
2L	Local Supplemental Storage Account—2% Carryover Storage Loss	Local Supplemental Storage account beginning balance [2K] \times 0.02.
2M	Local Supplemental Storage Account—Transfers to / from	General transfers to the Local Supplemental Storage account.
2N	Local Supplemental Storage Account—MZI 6,500 Eligible for Storage	Total MZI amount eligible for storage \times percent share of safe yield [1A].
2O	Local Supplemental Storage Account—Transfer to Excess Carryover	Local Supplemental Storage water transferred to the ECO account.
2P	Local Supplemental Storage Account—Ending Balance	The current balance in each Local Supplemental Storage account. [2K] + [2L] + [2M] + [2N] + [2O].
2Q	Combined—Combined Storage Account Balance	The combined amount in all storage accounts [2J] + [2P].

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
3A	AF Production	Total production and exchanges, excluding Desalter production. Copied from [1L].
3B	Appropriative Pool—AF/Admin	Production [3A] <times> per acre foot Admin fee.
3C	Appropriative Pool—AF/OBMP	Production [3A] <times> per acre foot OBMP fee.
3D	Ag Pool SY Reallocation—AF Total Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [1F] and [5F].
3E	Ag Pool SY Reallocation—AF/Admin	Party Ag Pool reallocation [3D] <divided by> Total Ag Pool Reallocation [3D Total] <times> total dollar amount needed for Ag Pool administration.
3F	Ag Pool SY Reallocation—AF/OBMP	Party Ag Pool reallocation [3D] <divided by> Total Ag Pool Reallocation [3D Total] <times> total dollar amount needed for Ag Pool OBMP.
3G	Replenishment Assessments—AF/15%	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount.
3H	Replenishment Assessments—AF/85% Assessments	For parties participating in the 85/15 Rule: Total overproduced [1M] <times> 85% of the replenishment rate.
3I	Replenishment Assessments—AF/100%	For parties not participating in the 85/15 Rule: Total overproduced [1M] <times> 100% of the replenishment rate.
3J	85/15 Water Transaction Activity—15% Producer Credits	For parties participating in the 85/15 Rule: Credit amount equals 15% of the cost of the water purchased.
3K	85/15 Water Transaction Activity—15% Pro-rated Debits	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount.
3L	Pomona Credit	Debit amount to Pomona <times> -1 <times> percent share of operating safe yield [1A].
3M	Previous Year Adj	This number reflects the difference between the assessment amount reported in the last period Assessment Package and the adjusted assessment amount from a revised package, if necessary.
3N	ASSESSMENTS DUE—Total Production Based	Total fees assessed based on party production. [3B] + [3C] + [3E] + [3F] + [3G] + [3H] + [3I] + [3J] + [3K] + [3L] + [3M].
3O	ASSESSMENTS DUE—MZ1 Supplemental Water	Total AF required to purchase <times> AF price <times> percent share of operating safe yield [1A].
3P	ASSESSMENTS DUE—Recharge Debt Payment	Total recharge debt payment <times> percent share of operating safe yield [1A].
3Q	ASSESSMENTS DUE—Total Due	Total production based assessments [3N] + MZ1 Supplemental Water [3O] + Recharge Debt Payment [3P].

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
4A	Water Transactions—Assigned Rights	Total of assignment transactions for this period.
4B	Water Transactions—General Transfer	Total of water transfers between parties for this period.
4C	Water Transactions—Transfer from ECO Account	Water transferred from ECO Account [2G], excluding Desalter transfer.
4D	Water Transactions—Recharged Recycled Water	Recycled water recharged during the period, as allocated to IEUA parties based on EDUs.
4E	Water Transactions—Total Water Transactions	Total water transactions. [4A]+ [4B] + [4C] + [4D].

REPORT REFERENCE	NAME	DESCRIPTION
5A	Assigned Share of Operating Safe Yield (AF)	The Party's yearly volume of operating safe yield as delineated in the judgment. Copied from [1B].
5B	Reallocation of Agricultural Pool Safe Yield—32,800 AF Early Transfer	The Party's percent share of operating safe yield [1A] multiplied by 32,800.
5C	Reallocation of Agricultural Pool Safe Yield—Land Use Conversions	Total land use conversions claimed (as verified by each party on their Water Activity Report).
5D	Reallocation of Agricultural Pool Safe Yield—Potential for Reallocation (AF)	Ag Pool early transfer [5B] <plus> land use conversions [5C].
5E	Reallocation of Agricultural Pool Safe Yield—Difference: Potential vs. Net	(Total Ag Pool Safe Yield <minus> total Ag Pool production <minus> Ag Pool early transfer [5A] <minus> land use conversions [5C]) <times> party's percent share of operating safe yield [1A].
5F	Reallocation of Agricultural Pool Safe Yield—Net Ag Pool Reallocation	Net Ag Pool reallocation to each party. [5D] + [5E].



CHINO BASIN WATERMASTER

II. 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

February 22, 2007

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

Presentation – Tom Love

- **On the status of the Recycled Water Program (current construction projects, new users, and recharge activities).**

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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Recycled Water Program

Status Report
February 2007

Recycled Water Policy (2000)

“Recycled Water can be used for a number of applications including Irrigation, Industrial Processes, Groundwater Recharge, and Environmental Enhancement. The Goal of the IEUA is to achieve Maximum Reuse of all available Recycled Water.”

Regional Recycled Water Program Summary

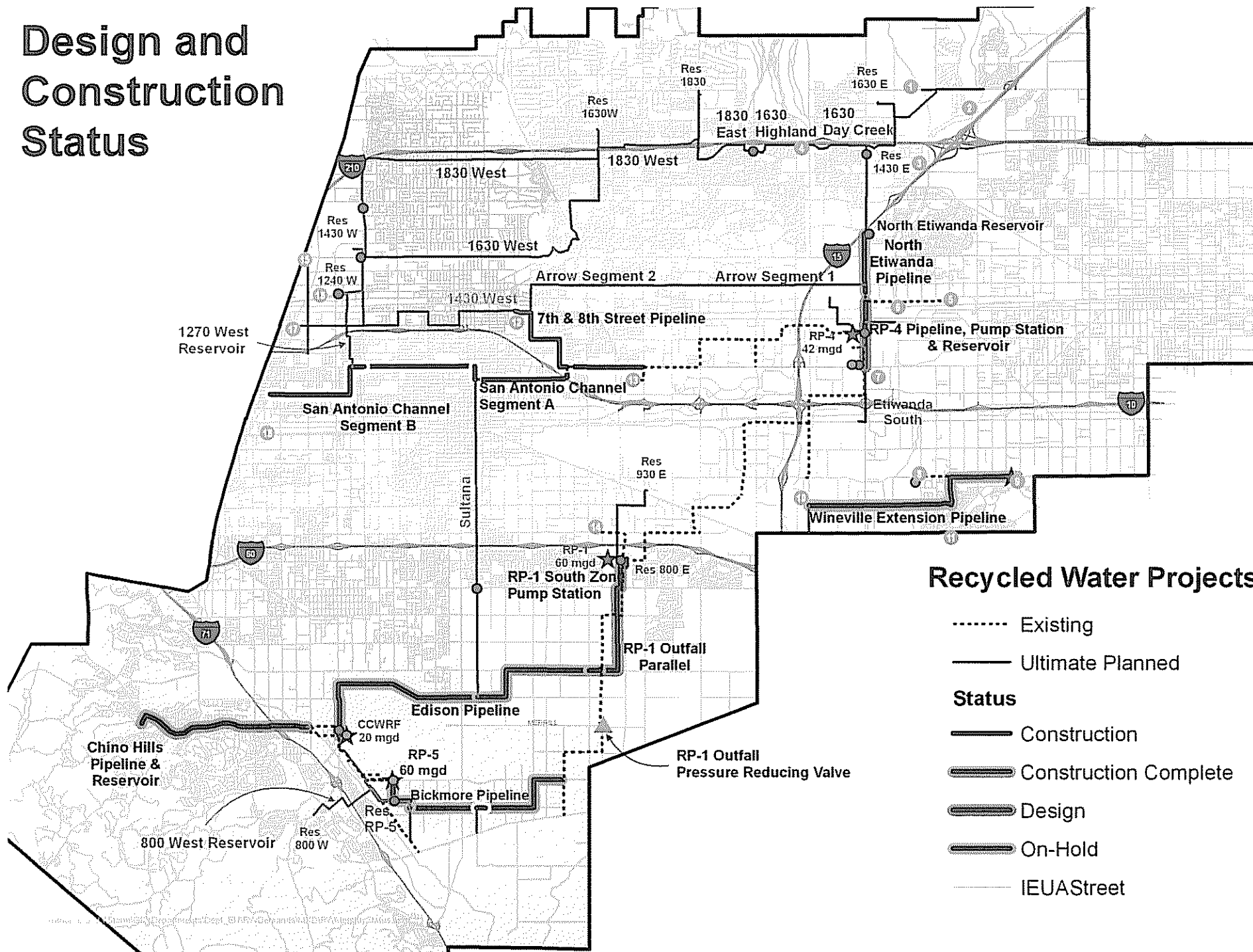
Program Phase	Number of Customers	Potential Demand (AFY)	Capital Cost (millions)
Previous System	100	7,420	-
2003/05 (Phase I)	110	13,100	\$27
2005-2007	190	16,200	\$43
2005-2008	220	13,200	\$37
2008-2010	440	10,000	\$30
2010-2012	210	13,900	\$35
2012-2014	140	14,580	\$25
Beyond 2014	350	6,600	TBD
Total	1,900	95,000	\$197

* Includes potential customers near existing facilities. Current deliveries 12,000 AFY.

Current Project Funding Summary

Recycled Water Project Summary 2006/2007					
	Project Budget	Grant & Loan Funds	Local Funding	Demand Served	On-Line Date
Projects Under Construction in FY 2006/07					
Edison & Eucalyptus Recycled Water Pipeline	\$ 9,100,000	\$ 7,075,000	\$ 2,025,000	2,633	Oct-06
San Antonio Channel Pipeline (Segment A)	\$ 5,600,000	\$ 5,600,000	\$ -	675	Apr-07
San Antonio Channel Pipeline (Segment B)	\$ 9,400,000	\$ 9,400,000	\$ -	1,844	Feb-08
RP-1 South Zone Pump Station	\$ 4,000,000	\$ 4,000,000	\$ -	12,500	Jun-07
7th & 8th Street Basins Pipeline	\$ 3,300,000	\$ 1,644,000	\$ 1,656,000	1,750	May-07
RP-4 Reservoirs & Pump Station	\$11,500,000	\$ 10,500,000	\$ 1,000,000	22,000	Oct-07
Chino Hills Storage	\$ 4,000,000	\$ 4,000,000	\$ -	2,200	Oct-07
	\$46,900,000	\$ 42,219,000	\$ 4,681,000	43,602	
Design Phase Projects 2006/07 (1)					
North Etiwand Pipeline, Reservoir, Pump Station	\$19,100,000	\$ 19,100,000	\$ -	TBD	TBD
Chino Hills Reservoir and Pipeline	\$ 6,100,000	\$ 6,100,000	\$ -	TBD	TBD
RP-1 Outfall Parallel Pipeline	\$10,000,000	\$ 10,000,000	\$ -	TBD	TBD
(1) Funding goal for projects under design is 100% grants and loans. Funding applications are in process					

Design and Construction Status



Construction Schedule Completion Dates

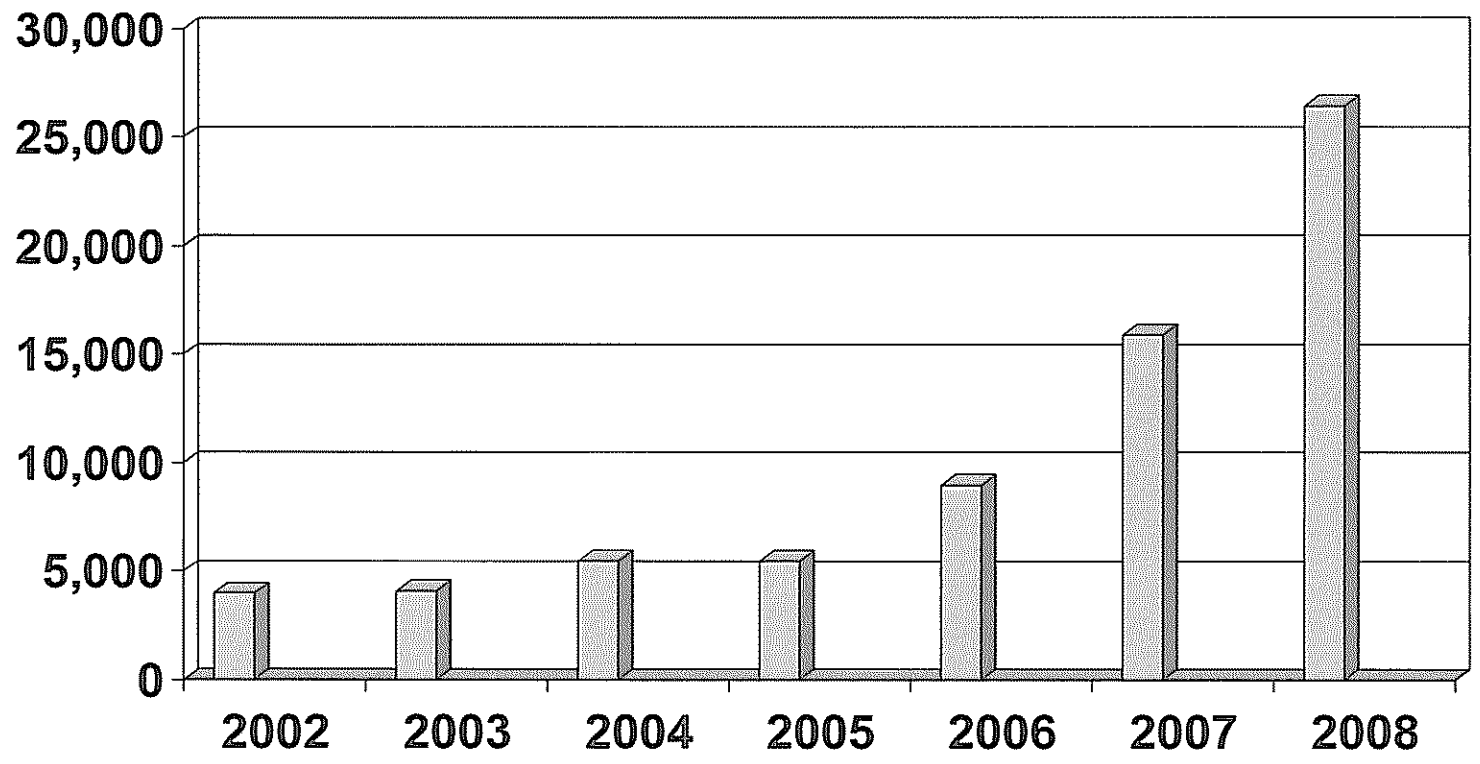
- SACP - A March 07
- SACP - B Spring 08
- 7th & 8th Street May 08
- RP-1 South Zone PS June 07
- RP-4 Reservoirs*, PS October 07

* Construction start July 2007

Customer Development

- Haven Business Park – February (2 AFY)
- Pittsburgh Business Center – February (2 AFY)
- Piemonte Development – February (6 AFY)
- Chino Hills High & Wickman Elementary – March (30 AFY)
- Alterra Park – March (20 AFY)
- Butterfield Ranch Park – March (15 AFY)
- Warmington Homes – February (10 AFY)
- California Co-generation – April (211 AFY)
- Other irrigation customers – April (45 AFY)

Recycled Water Deliveries (AFY)



Operations

- New Recycled Water Operations Department
- Operating Conditions 2007
 - RP-4 Flows Increase by 3 MGD (June)
 - RP-4 Flows Increase Again by 5 MGD (Nov)
 - RP-1 Outfall Flow Capacity Increase
 - RP-1/CCWRF Interconnected

Recycled Water Activities/Issues

- Site Acquisition for Storage
- Phase II Recharge Permit
- New Customer Connections
 - Ag Customers
 - Industrial (commercial Laundries)
- Local Laterals
- Extraterritorial Service

LEGEND

Future Pipelines	Future Regional Tanks	Future Booster Stations	Priority
			A
			B
			C
			D
			E
			F
			G
			H

- Pressure Reducing Valve
- Spreading Basins
- Regional Plant
- Existing Pipelines
- Freeways
- Major streets
- City of Chico
- City of Ukiah
- City of Rancho Cucamonga
- City of Merced
- City of Fontana
- City of Ontario
- City of Chico Hills
- San Bernardino County
- IEUA Service Area

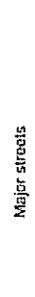
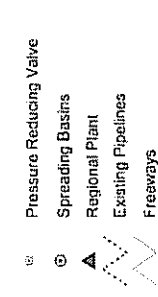
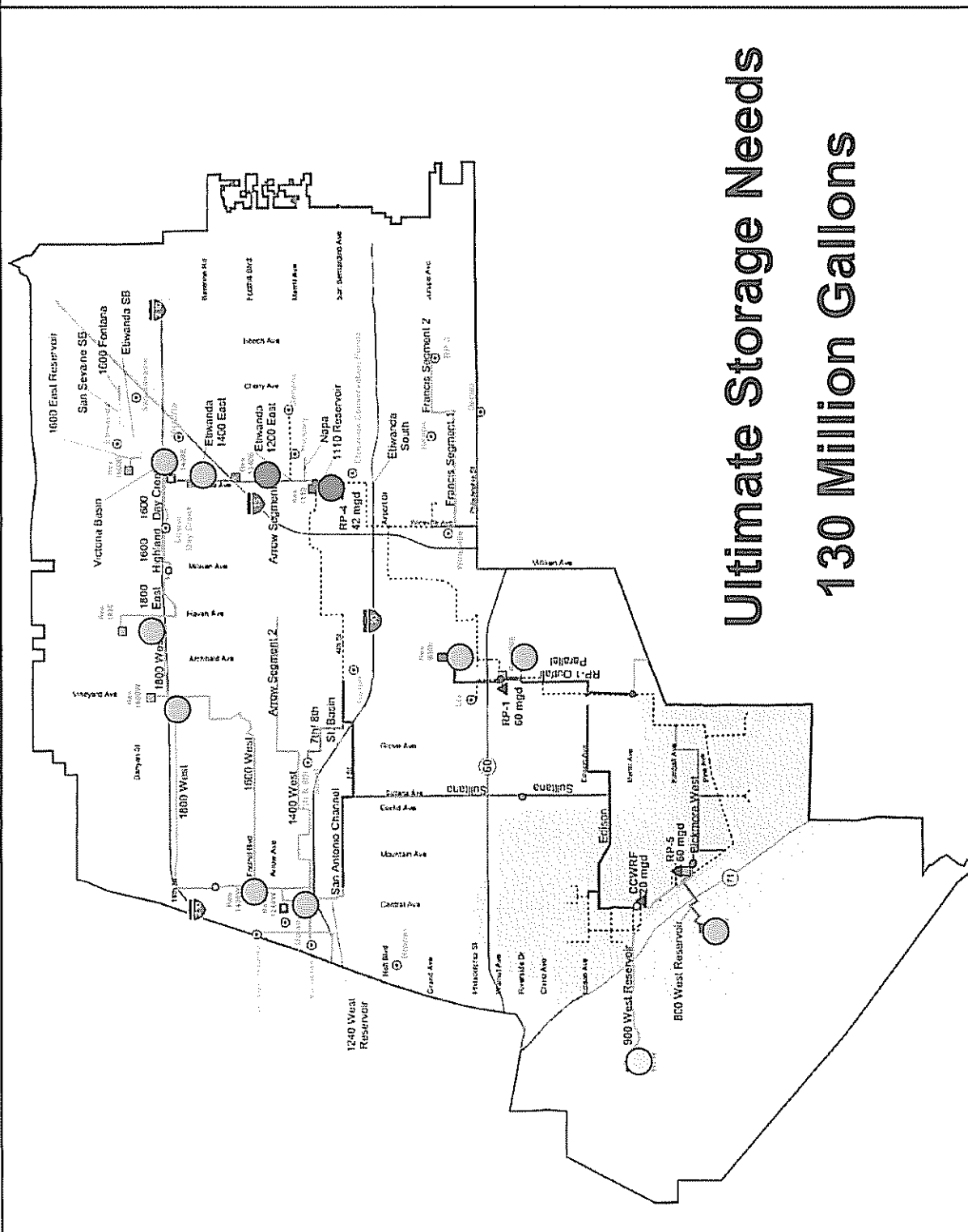


Figure 8 - 4
Phasing of Recommended Projects



Ultimate Storage Needs
130 Million Gallons

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Regional Conservation Programs

Monthly Report – February 2007

MWD Activities

- **California-Friendly[®] Marketing Campaign** - MWD is currently planning the next phase of their California Friendly[®] marketing campaign for spring 2007. The 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.

Landscape Programs

- **Landscape Audit Program** - HydroEarth has completed 18 commercial audits. The completed sites' maps have been inputted onto GPS and the reports are currently being produced. To date no residential audits have been completed. The program consists 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 retrofitted using California-Friendly[®] protocols (example photos attached). IEUA is seeking approval from the U.S. Bureau of Reclamation to increase the rebate from \$300 to \$500 per site based on larger than average property sizes and the City's interest in adding California-Friendly[®] plantings.
- **Inland Empire Landscape Alliance** - The formation of the Inland Empire Landscape Alliance is underway. 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 kickoff workshop is being rescheduled at the request of a number of agencies for March.
- **PDA Landscape Classes** - Several retail agencies are holding local PDA classes this year to educate their residents on California-Friendly[®] plants and efficient irrigation. The City of Ontario is holding the first PDA class of 2007 on February 10th, and the City of Upland, MVWD and CVWD have PDA classes scheduled in March (see calendar).

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)** - There were numerous CII rebates issued in the month of December; a total of 352 rebates. The following is a list of the most recent rebate activity within the IEUA service area:
 - **High Efficiency Clothes Washers** - There were 27 clothes washers rebated for the month of December bringing the total for FY 06/07 to 62. To date 397 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 December bringing the total to 16 conductivity controllers installed through the Save-a-Buck program since FY 00/01.
 - **ULF Toilets** - 319 ULFTs were rebated in December bringing the total to 1,821 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.
 - **ULFT Flushometers** - 4 flushometers were rebated in December. These are the first flushometers installed and rebated for in IEUA's service area.
 - **Water Broom** - 1 water broom was rebated in December bringing the total to 695 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. Within Phase I & II approximately 1,192 spray heads were installed. Phase III is underway and 42 spray heads have been installed.

Residential Rebate Programs

- **ULFT & HET Rebate Program** - In the month of January, 6 ULFT rebates were processed. This brings the total number of rebates processed for FY 06/07 to 104; 102 ULFT rebates and 2 HET rebates. Since the start of the program in 2002, a total of 2,936 rebates have been processed.
- **High Efficiency Clothes Washer Rebate** - The total number of rebates processed in January was 110 bringing the number of rebates issued for FY 06/07 to 779. The total number of rebates processed since the rebate program began in 2002 is approximately 7,203.
- **"SmarTimer of Inland Empire" Program** - One SmarTimer was rebated in January. Since the start of the program in April 2006, 8 SmarTimer Irrigation Controller rebates have been processed.
- **Rotating Nozzles for Pop-up Spray Heads** - The new rebate program for rotating nozzles will kick off late January 2007. The incentive is \$4 per rotating nozzle replaced. The rotating nozzles save up to 6,600 gallons of water over five years.

Other Residential Programs

- **Multi-Family ULFT Program** - The Multi-Family ULFT retrofit program, conducted by Bottom Line Utility Solutions, Inc. is underway. In December, 902 toilet installations were completed bringing the total installed to 2,938 toilets.

School Education Programs

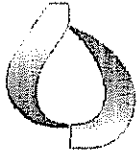
- **Garden in Every School** - In October seven schools were chosen for the 2006/07 Garden in Every School Program. The selected schools are Litel Elementary in Chino Hills, El Rancho Elementary in Chino, Liberty Elementary in Ontario, Sycamore Elementary in Upland, Victoria Groves Elementary in Rancho Cucamonga, Buena Vista Arts-integrated School in Montclair and Poplar Elementary in Fontana. Currently designs are being created for each garden. Schools began breaking ground to prepare sites for irrigation installation in December. Planting will begin in February and continue through April.
- **National Theatre for Children** - The National Theatre for Children (NTC) performances at elementary schools within IEUA's service area began late November and will continue through May 2007. Currently 35 performances have been scheduled.
- **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.
- **MWD Solar Cup 2007** - The Solar Cup 2007 program kicked off with two boat-building workshops in December with a record high of 47 teams participating. The next workshop is February 3rd, and workshops will continue till May. 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). The Solar Cup event will take place May 18-20, 2007.
- **Chino Youth Museum** - Over the past year the Chino Youth Museum along with the City of Chino, MVWD, Chino Basin Water Conservation District and IEUA have been meeting to rejuvenate and improve the water exhibit that was constructed in 2002. The planning committee has received drawings from the consultant for the design of the new exhibit. Construction of the exhibit will begin in February. Sponsors of the new exhibit, including MWD will present checks to the Chino Youth Museum at the City of Chino Council Meeting on February 6th, 2007.

Outreach

- **Water Fair** - The planning committee began meeting for the Water Fair 2007 in December. In addition to the participating agencies for the 2006 event, Three Valleys MWD has joined in the planning and implementation of the 2007 event. The planning committee applied for the Community Partnering Program through MWD for funding assistance. The Water Fair 2007 will be held next fall.
- **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)** - The applications for the Edu-Grant program, which awards teachers and their classes \$500 to conduct water focused lessons and projects, were due November 10th. The committee reviewed the applications early December and have selected the following schools to receive Edu-Grants: Nogales High School in La Puente (3), Rorimer Elementary School in La Puente (3), Upland High School in Upland (1).

CALENDAR

February 7, 2007	CUWCC Steering Committee Meeting (MWD)
February 10, 2007	PDA Mini-Landscape Class (City of Ontario)
March 1, 2007	Leadership Breakfast (IEUA)
March 3, 2007	PDA Landscape Series-Design Class (City of Upland)
March 10, 2007	PDA Mini-Landscape Class (Monte Vista Water District)
March 14, 2007	CUWCC Plenary Session (City of Santa Barbara)
March 17, 2007	PDA Landscape Series-Plants Class (City of Upland)
March 24, 2007	PDA Landscape Series-Systems Class (City of Upland)
March 31, 2007	PDA Landscape Series-W&F Class (City of Upland)
March 31, 2007	PDA Mini-Landscape Class (Cucamonga Valley Water District)
April 13, 2007	CVWD Kids Environmental Festival (Cucamonga Valley Water District)
May 18-20, 2007	MWD Solar Cup 2007 (Lake Skinner)



Inland Empire
UTILITIES AGENCY

Date: February 21, 2007
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (02/14/07)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: January Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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Enclosure

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Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Rich Atwater and Martha Davis, IEUA

From: Letitia White and Alex Shockey

Date: January 31, 2007

Re: January Monthly Legislative Update

The month of January has been very busy and productive for the Inland Empire Utilities Agency in Washington DC. Congressman David Dreier introduced our bill, H.R. 122, on the first day of the 110th Congress. On January 16th we visited House and Senate offices to discuss our bill and were very well received.

The month of January has also been a very busy for the U.S. Congress, although fairly contentious. The House and Senate have both been logging long hours, in keeping with their election year pledges. The House has completed work on its "100 Hour Agenda" as well as a continuing resolution (CR) which will fund the 10 remaining appropriations bills from fiscal year 2007.

Items passed by the House as part of the "100 Hour Agenda" include the following:

1. A bill to raise the minimum wage
2. Legislation to implement the 9/11 Commission recommendations
3. A bill allowing stem-cell research with federal dollars
4. A bill that would cut interest rates on student loans
5. Legislation to end some federal subsidies for oil companies

Republicans in the House have taken issue with the way the Democratic Leadership has "rammed" through these bills with no committee hearings and no opportunity to amend the bills either in committee or on the House floor.

Republican Members were also up in arms over the Democratic CR, which, like the "100 Hour Agenda" did not see any committee action or allow any opportunity for Member amendments. The clock is ticking on the continuing resolution though, as the current continuing resolution expires on February 15th. Passed by the House on January 31st with a 286-140 vote, the CR included no earmarks for any Member special projects. It now moves to the Senate, where Democratic leaders will have a much tougher task in obtaining the necessary 60 votes to cut off debate and pass the bill before the current CR expires. If the Senate amends the bill, it would have to go to conference with the House, which would considerably delay the process and push up against the February 15th deadline.

Like the House, the Senate has also been hard at work, although its pace is far slower due to Senate rules which allow for almost unlimited floor debate time and the ability to offer

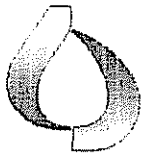
Suite 800 • 525 Ninth Street, NW • Washington, DC 20004 • 202-347-5990 • Fax 202-347-5941

Innovative Federal Strategies, LLC

amendments. It has passed ethics reform legislation and continues work on minimum wage reform, small business tax breaks, an embryonic stem cell research bill and a resolution on Iraq war policy.

President Bush's Budget comes out next week on February 5th and the Congress will turn its focus on fiscal year 2008. Members of Congress and Senators have set deadlines for appropriations requests, most of which fall in the mid-to-late February range. The buzz is that there will be fewer earmarks in fiscal year 2008 with a much tougher process for "scrubbing" earmark requests at both the Member and Appropriations Committee level. Members will be required to place their names next to earmarks in the appropriations bills and reports and no Member wants to face the embarrassment of a bad earmark!

We will be preparing for the fiscal year 2008 appropriations process with white papers, forms and many questions for you on your priorities to ensure that we are ready for any questions that may arise from Congressional staff!



Inland Empire
UTILITIES AGENCY

Date: February 21, 2007
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (02/14/07)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: January Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

Enclosure

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BILL GEYER
JENNIFER WEST



GEYER
ASSOCIATES

CONSULTING AND ADVOCACY IN CALIFORNIA GOVERNMENT 1029 K ST., SUITE 33, SACRAMENTO, CA 95814, (916) 444-9346 FAX: (916) 444-7484, EMAIL: geyerw@pacbell.net

MEMORANDUM

TO: Richard W. Atwater, Martha Davis
FROM: Jennifer West
DATE: February 1, 2007
RE: January Legislative Report

Budget Shortfall and More Bonds Proposed

After a year in which the state was able to use surging revenues to significantly increase education spending and repay debts, the situation for 2007-08 is much tougher. The Governor's Budget proposes major redirection of transportation funds, reductions in social services, and a variety of other actions to eliminate a shortfall of approximately \$2.4 billion. But since the proposed budget was released, personal tax receipts have dropped significantly, and as a result, the Legislative Analyst's Office is warning that California may face an even more serious deficit in May.

The Governor's Budget also proposes \$29.4 billion in additional bonds for the 2008 and 2010 ballots. The center piece of new bond proposal is a \$4 billion water bond that contains two surface storage facilities. Last week Senator Perata countered with his own water plan that does not include surface storage. Senator Perata announced that he would be carrying Prop. 84 and 1E implementing legislation that would increase water conservation and efficiency, and provide additional groundwater storage.

Proposition 84/1E Implementation

With the backdrop of this worsening budget situation, the Governor and Legislature have begun releasing plans for the roll out of the \$42.7 billion bond package that was passed by voters in November. In general, the Governor's Budget proposes that these funds be spent over the next four years and roughly one-fourth of the bond proceeds are included in the 07-08 proposal.

Of these funds, the Governor's Budget proposes to spend \$4.9 billion for flood control projects, from both Prop. 84 and 1E and \$4.6 billion on a variety of resources projects from Prop. 84. Of most interest to IEUA, will be the funding and possible programmatic changes for the Integrated Regional Water Management program, the flood corridors program and the funding for the Santa Ana River Parkway.

IRWMP -- Propositions 50 and 84

On January 18, the SWRCB and DWR jointly recommended that the remaining Proposition 50 funding for the IRWMP program be awarded to those plans that were ranked, but not funded in round one of the grant program. If approved by SWRCB, and funded by the Legislature in the budget process, then SAWPA would receive a \$25 million grant for the Santa Ana Regional IRWMP under Proposition 50. IEUA will be working closely with SAWPA to ensure that this action is formally approved and that the Legislature includes additional funding for this action in the budget.

Proposition 84 contains \$1 billion for the IRWMP and \$114 million from this program specifically for the Santa Ana Region. There are a number of interest groups that are calling for implementation legislation that will establish governance and additional bond criteria for the IRWMP.

Santa Ana River Parkway

The 07-08 budget proposed \$9.8 million of a total of \$45 million for the development of the Santa Ana River Parkway. Under Proposition 84, the parkway will be developed by the California Coastal Conservancy and Orange, San Bernardino and Riverside counties will each receive \$10 million for parkway development projects. The Conservancy has discretion over where to spend the remaining \$15 million. The Conservancy is now developing an implementation plan for the parkway. Sam Schuchat, executive director of the Conservancy, will be at IEUA on March 1 to learn more about the agency and potential projects for the parkway.

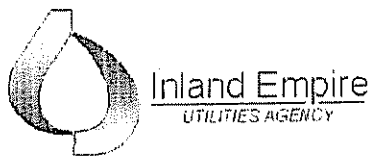
**Inland Empire Utilities Agency
Legislative Tracking 2/1/07**

SB 5 (Machado) Flood Management	Comprehensive flood management legislation backed by Senate leadership. It establishes the roles and responsibilities for the state of California, local governments and landowners in flood management. Geyer Associates has been participating in Senator Machado's stakeholder meetings on this bill.	Introduced
SB 8 (Kuehl) Environmental Justice	Includes "Environmental justice" as one of 12 programs in the California Bay-Delta Program.	Introduced
SB 17 (Florez) Reclamation Board and Powers	Gives the "Central Valley Flood Protection Board" new authority over flood control activities in the Central Valley. Specifically, the bill renames the Reclamation Board and increases its membership from 7 to 9 people. Creates ex parte rules and conflict of interest requirements governing the Board's activities. The bill is backed by Senate leadership.	Introduced
SB 27 (Simitian) Delta ByPass Canal	Authorizes the issuance of \$5 billion in bonds to build a water conveyance facility around the Delta, under certain conditions. Declares that this is necessary for the protection of fish and wildlife in the Delta and for the protection of the state's water supply.	Introduced
SCA 2 (Simitian) Bond	Places Delta bypass bond measure on the 2007 ballot.	Introduced
SB 34 (Toriakson) Delta User Fee	Declares that the Reclamation Board, in consultation with DWR, establish a "beneficiary pays system" and collect user fees and assessments for levee maintenance and other flood control purposes in the Delta. States that a significant portion of the state bond funds approved in Prop. 1E be prioritized in conjunction with the "beneficiary pays system."	Introduced
SB 59 (Cogdill) Water Bond 08	<u>Authorizes a \$3.9 billion water bond for the 2008 ballot.</u> Includes \$2 billion for two surface storage facilities; \$500 million for local groundwater storage projects statewide; \$500 million for the development and implementation of a bay delta conservation plan; \$300 million for fish and game restoration projects; \$200 million to implement the water quality component of the CALFED Bay Delta Program; \$200 million for urban and agricultural water conservation programs; \$250 million for restoration of the San Joaquin and	Introduced

	<p>Sacramento River systems.</p> <p>The proponents of the measure are considering taking their measure straight to the ballot if it fails in the Legislature. They have begun organizing for the campaign, including polling.</p>	
AB 5 (Wolk) Flood Protection	Gives priority for state funds to be given to local agencies that have adopted a local plan of flood protection. Prohibits local governments in the Central Valley from approving new development within high-risk flood prone areas, unless adequate flood protection is assured.	Introduced
AB 19 (Devore) Santa Ana Water Quality	<p>Establishes the Santa Ana Regional Water Quality Improvement Fund and would authorize the developer of a development project, if the developer has become subject to regulations by the Santa Ana RWQB, to agree to pay a fee to the appropriate city or county, based on the acreage and density of the proposed development project, for deposit in the Fund.</p> <p>Funds could be spent on research relating to urban runoff to be conducted by certain educational institutions, as specified, for formulation of mitigation measures for proposed development projects, and for approved mitigation projects.</p>	Introduced
AB 35 (Ruskin) State Green Buildings	Requires the California Integrated Waste Management Board by 2009 to adopt regulations for sustainable building standards for the construction or renovation of state buildings.	Introduced
AB 41 (LaMalfa) Surface Storage	Legislative intent language to use bond funds from Proposition 1E and Proposition 84 to address California's "critical lack of adequate surface storage."	Introduced
AB 109 (Nunez) Global warming	Spot bill to implement the California Global Warming Solutions Act of 2006.	Introduced
AB 118 (Nunez) GHG/AB 32	Legislative intent to provide ongoing funding for alternative fuel research, development and deployment in order to meeting the state's GHG reductions goals.	Introduced
Positions/Recommended Positions		
SB 55 (Florez) Biosolids	<p>Broadly defines "biosolids" to include any product with human waste, which would include some compost.</p> <p>Requires POTWs to certify to the regional boards that</p>	Recommend Oppose

	<p>biosolids meet "the requirements and standards for any pollutant listed in the waste discharge requirement for the POTW, including, but not limited to, any requirements of standards governing the 126 priority toxic pollutants listed in 40 CFR 131.38. This list is designed for surface water issues and includes many compounds not found in biosolids.</p> <p>POTWs would be required to submit the certification to the person/facility and county that accepts the biosolids, and may be required to indemnify the receiving part "for any liability for remediation costs associated with the disposal or processing of the sewage sludge. It further requires POTWs to certify to haulers that the biosolids are nonhazardous.</p> <p>Requires CDFA, SWRCB, IWMB, CARB to conduct a study of biosolids and its reuse options.</p>	
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Date: February 21, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (02/14/07)

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

Submitted by: Martha Davis *MD*
Executive Manager of Policy Development

Subject: January Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

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February 1, 2007

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

Please find attached the status report from The Dolphin Group for the month of January 2007.

January was a busy month at the Capitol as legislators worked to meet the January 26th deadline to submit proposals for new legislation in the 2007 session. All bills must be formally introduced by February 23rd. Policy committee hearings are expected to begin in earnest in March.

In addition to a continued focus on renewable energy, water will be one of the key policy issues for 2007. Governor Schwarzenegger made it clear in his recent State of the State address that statewide water policy will be a focal point for his Administration this year, specifically calling for additional investments in our water infrastructure. The State Legislature continues the trend with several pieces of legislation recently introduced. We are in a dynamic time period for discussion regarding the Sacramento-San Joaquin Delta and California's water supply. This dialogue is critical for the continued reliability of water delivery to Southern California.

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Chino Basin / OBMP Coalition

Status Report – January 2007

ENERGY/REGULATORY

Energy Efficiency Funding for Water Conservation Efforts

On January 15th, the major investor-owned utilities submitted applications to the California Public Utilities Commission to approve a \$10 million pilot program to expand energy efficiency portfolios to include “embedded savings” through water conservation efforts. The CPUC hopes to approve the program in time for a July 2007 launch of the 12-month pilot.

In order to facilitate this relatively optimistic time-schedule, a prehearing conference was held on January 30th. At that hearing, CPUC Commissioner Dian Grueneich and the assigned Administrative Law Judge acknowledged that the Commission’s previous directions as to what should be included in the applications were not adequately clear. They expect to issue a further clarifying ruling in the coming weeks.

The schedule to adjudicate the applications was discussed as well. Comments from parties on the proposals will be due in mid-February, with workshops to be held in March and April. Under this aggressive schedule, the CPUC could approve the programs in May.

DGI has reviewed the applications by the utilities. In general, the applications appear to have focused on the mechanics of launching collaborative water savings programs, but offer little detail as to how verification and evaluation methodologies will be developed; a vital step to the future expansion of the program. The applications also lack a strategic vision as to what results must be realized in the projects to garner solid information that will be available as the 2009-11 energy efficiency cycles will be developed in 2008.

DGI will work with IEUA to develop and submit formal comments, as well as participate in upcoming workshops and hearings to assist the Commission and the utilities in formulating a meaningful program.

AB 1969 Implementation

DGI met with representatives of Southern California Edison on January 17th to discuss the implementation of Assembly Bill 1969 (Yee - 2006).

Edison is currently preparing an advice filing to submit to the CPUC for approval. The advice filing will include a standard tariff that will be available for eligible customers, and is expected to be filed by late February. If there are no protests, the filing usually takes effect within 30 days. If protests are filed by parties, then the energy division of the CPUC issues a proposed resolution for vote by the Commission.

Edison has agreed to share the draft filings with DGI so that issues can be resolved prior to filing the proposal. DGI will continue to work with SCE and other utilities to ensure proper implementation of the legislation.

Edison Cancels Rate Hike

On January 25th, the California Public Utilities Commission voted to approve the request of Southern California Edison to cancel a scheduled increase of electricity rates. The 6% increase had been approved in mid-2006, but was postponed shortly thereafter.

Edison credits lower-than-expected natural gas prices and unusually high revenues collected during the summer heat wave for the cancellation of the increase.

FISCAL ISSUES

Legislative attention has quickly turned toward implementation of the infrastructure bonds, the 2007-08 State Budget, and other matters.

The non-partisan Legislative Analyst Office (LAO) recently issued a 56 page report outlining implementation issues for the \$42.7 billion in infrastructure bonds authorized by voters last fall. The report stressed the need for the state to exercise its oversight role to ensure the best use of the bond funds, and warned that the legislature must balance the desire to quickly allocate the bond money with the needs of current state programs.

Last week, the Governor signed an executive order to establish guidelines and procedures for spending Strategic Growth Plan bond funds "efficiently, effectively and in the best interests of Californians", and directed the Department of Finance to create a Web site for the public to readily access information on how bond proceeds are being utilized.

Both these developments followed in the wake of the Governor's State of the State address where he called for another major expansion in public works spending.

Telling lawmakers that the bonds passed in November 2006 are a “good down payment,” the Governor plans on asking for an additional \$29.4 billion in infrastructure bonds to be approved by the voters in the 2008 and 2010 elections. He will also ask lawmakers for \$13.9 billion in revenue bonds for prisons, water storage and smaller expenses such as a new DNA laboratory. Included in these proposals are \$4.5 billion for two new reservoirs as well as underground water storage.

However, in order to send his borrowing plan to the ballot he will need a two-thirds vote of the Legislature. Such a vote can only be achieved with Democratic and Republican cooperation.

KEY LEGISLATIVE COMMITTEE ASSIGNMENTS

The following appointments have been made to the respective legislative committees with jurisdiction over water, energy and local government issues:

Assembly Committee on Water, Parks and Wildlife

Lois Wolk, Chair (D-Davis)
Bill Maze, Vice Chair (R-Visalia)
Joel Anderson (R-La Mesa)
Tom Berryhill (R-Modesto)
Anna Caballero (D-Salinas)
Charles Calderon (D-Montebello)
Jared Huffman (D-San Rafael)
Doug La Malfa (R-Chico)
Ted Lieu (D-Torrence)
Gene Mullin (D-South San Francisco)
Pedro Nava (D-Santa Barbara)
Nicole Parra (D-Hanford)
Mary Salas (D-Chula Vista)

Senate Committee on Natural Resources & Water

Darrell Steinberg, Chair (D-Sacramento)
Bob Margett, Vice Chair (R-San Ramon)
Dennis Hollingsworth (R-Murrieta)
Christine Kehoe (D-San Diego)
Sheila Kuehl (D-Santa Monica)
Michael Machado (D-Linden)
Carole Migden (D-San Francisco)

Assembly Committee on Local Government

Anna Caballero, Chair (D-Salinas)
Guy Houston, Vice Chair (D-San Ramon)
Hector De La Torre (D-South Gate)
Sally Lieber (D-Mountain View)
Lori Saldaña (D-San Diego)
Cameron Smyth (R-Santa Clarita)
Nell Soto (D-Pomona)

Senate Committee on Local Government

Gloria Negrete-McLeod, Chair (D-Chino)
Dave Cox, Vice Chair (R-Fair Oaks)
Tom Harmon (R-Huntington Beach)
Christine Kehoe (D-San Diego)
Michael Machado (D-Linden)

Assembly Committee on Utilities and Commerce

Lloyd Levine, Chair (D-Van Nuys)
Rick Keene, Vice Chair (R-Chico)
Karen Bass (D-Los Angeles)
Sam Blakeslee (R-San Luis Obispo)
Mike Davis (D-Los Angeles)
Mervyn Dymally (D-Compton)
Jared Huffman (D-San Rafael)
Dave Jones (D-Sacramento)
Paul Krekorian (D-Burbank)
Laura Richardson (D-Long Beach)
Cameron Smyth (R-Santa Clarita)
Van Tran (R-Garden Grove)

Senate Committee on Energy, Utilities and Communications

Christine Kehoe, Chair (D-San Diego)
Robert Dutton, Vice Chair (R-Rancho Cucamonga)
Jim Battin (R-La Quinta)
Ron Calderon (D-Montebello)
Dave Cox (R-Fair Oaks)
Alex Padilla (D-Pacoima)
Mark Ridley-Thomas (D-Los Angeles)
Joe Simitian (D-Palo Alto)
Patricia Wiggins (D-Santa Rosa)

LEGISLATION

CA AB 6 **AUTHOR:** Houston [R]
TITLE: Greenhouse Gases: Market-Based Compliance Mechanisms
INTRODUCED: 12/04/2006
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Requires the State Air Resources Board to adopt market-based compliance mechanisms to reduce emissions of greenhouse gases.
STATUS:
12/04/2006 INTRODUCED.
Position: Watch

CA AB 94 **AUTHOR:** Levine [D]
TITLE: Renewable Energy
INTRODUCED: 12/20/2006
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Revises the intent language so that the amount of electricity generated per year from eligible renewable energy resources is increased to an amount that equals at least 33% of the total electricity sold to retail customers in California per year by a specified date. Requires that each retail seller increase its total procurement of eligible renewable energy resources by at least an additional 1% of retail sales per year so that 33% of its retail sales are procured from eligible renewable energy resources.
STATUS:
12/20/2006 INTRODUCED.
Position: Watch

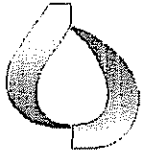
CA AB 109 **AUTHOR:** Nunez [D]
TITLE: Global Warming Solutions Act of 2006: Annual Report
INTRODUCED: 01/05/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Requires the State Air Resources Board to report to the Legislature annually the status and progress of implementing the Global Warming Solutions Act of 2006. Requires the state to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions levels in 1990 to be achieved by 2020.
STATUS:
01/05/2007 INTRODUCED.
Position: Watch

CA AB 114

AUTHOR: Blakeslee [R]
TITLE: Public Resources: Carbon Dioxide Containment Program
INTRODUCED: 01/09/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Requires the Energy Commission to develop a program to facilitate and encourage the implementation of cost effective containment, scrubbing, and capture technologies to decrease carbon dioxide emission from industrial processes.

STATUS:
01/09/2007 INTRODUCED.
Position: Watch



Inland Empire
UTILITIES AGENCY

Date: February 21, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (02/14/07)

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

Submitted by: Martha Davis *MD*
Executive Manager of Policy Development

Subject: January Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

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Agricultural Resources

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

January 28, 2007

Legislative Report

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

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

SU: Legislative Report, January 2007

Highlights:

- 110th Congress – Congressional Assignments
- Dreier Introduces IEUA and CVWD water recycling bills
- Boxer, Feinstein and Baca Introduce Perchlorate Bills
- USDA Releases Farm Bill Recommendations
- Administration Budget to Be Submitted to Congress, Early February
- News and Notes
- IEUA Working Partners

110th Congress – Underway. On January 4, the 110th Congress convened. Three weeks later, the State of the Union was presented by the President. The new House and Senate leadership began considering legislation the following week.

- * Rep. Nick Joe Rahll (D-WV), Chair, House Committee on Natural Resources, and Senator Bingaman (D-NM) spent the month organizing their respective committees – these committees have jurisdiction on the Bureau of Reclamation, Title XVI water recycling program, as well as major elements of energy policy. The Committee will hold

its first formal meeting in early February.

- * Rep. Grace Napolitano (D-CA) was tapped to become Chair, Subcommittee on Water and Power, and in the Senate, Sen. Tim Johnson (D-SD) was selected to chair the same Subcommittee. Senator Johnson has been ill, and others will "fill in" during the until he returns (now anticipated to likely occur in about 90-120 days). These subcommittees have responsibility for the water recycling project bills, water recycling policy legislation, CALFED, and other Bureau of Reclamation issues. The ranking Republican in the House Subcommittee will be Rep. Cathy McMorris Rogers whose serves a large, sprawling, largely rural congressional district in Eastern Washington. When Ranking Full Committee Member, Rep. Don Young, announced her selection for this subcommittee, McMorris Rogers indicated that water recycling was one of her priorities. The ranking Subcommittee member in the Senate will be Sen. Bob Corker (R-TN), a freshman.
- * Rep. Joe Baca (D-CA), on the House Ag Committee, was selected to serve as Chair, Subcommittee on Department (USDA) Operations, Oversight, Nutrition and Forestry. These programs represent about 60-65% of the Farm Bill (slated to be written later this year). This assignment will enable Mr. Baca to be a major player in the Farm Bill. The Dairy Subcommittee will be chaired by Rep. Leonard Boswell (D-IA).
- * Senator Barbara Boxer is now Chair, Senate Committee on Environment and Public Works. This committee has jurisdiction over the Corps of Engineers (WRDA), Clean Water (Clean Water Act, Safe Water Drinking Act, and similar issues). This includes Climate Change policy and issues such as perchlorate. Senator Boxer is also a senior member of the Senate Commerce Committee.
- * Senator Feinstein is now Chair, Subcommittee on Interior-EPA Appropriations. This includes jurisdiction for annual appropriations for the US Department of the Interior (all agencies except the Bureau of Reclamation) and all of the EPA.

Rep. Dreier Introduces Water Recycling Bill. On the first day of the 110th Congress, Rep. David Dreier introduced the IEUA and CVWD Title XVI water recycling bill. Cosponsors include Rep. Calvert, Gary Miller and Grace Napolitano and was referred to the House Natural Resources Committee. Reps. Gary Miller and Loretta Sanchez are working out details on their recycling bill.

Boxer, Feinstein and Baca Introduce Legislation to Address Perchlorate Issues. Rep. Baca in the House and Senators Boxer and Feinstein have introduced several bills to address various aspects of the perchlorate issue.

Administration Announces Farm Bill Recommendations. The USDA, at the end of January, released a comprehensive set of recommendations for consideration by the Congress in the preparation of the Farm Bill. In the proposed Energy Title (Title IX), the USDA

recommended, over 10 years, \$500 Million to establish a Bioenergy and Bioporducts Research Program, \$500 Million for Rural alternative energy and energy efficiency grants, \$2.1 Billion in loan guarantees for ethanol and an additional \$150 million for biomass research competitive grants, focusing on cellulosic ethanol. This becomes the “starting point” for Farm Bill deliberations.

Budget for Fiscal Year 2008 – To Be Submitted to Congress. On January 23rd, the President appeared before a joint session of Congress for the annual “State of the Union.” As is the usual practice, the Budget is submitted to the Congress a short time later. It is scheduled for release on Monday, February 5. Each Department and Agency has scheduled “briefings” for that day. Over the next several weeks, the budget and supporting documents will be submitted to Congress and published on the internet.

News and Notes. California House Members on the Natural Resources Committee. Rep. Elton Gallegly and Rep. Ken Calvert on the GOP side. Dems include Rep. George Miller, Rep. Hilda Solis (a return to the Committee after an absence of one Congress), Rep. Lois Capps and Rep. Jim Costa (who is also chairing a subcommittee – with jurisdiction on mines and mineral policy). *CALFED’s Joe Grindstaff Briefs Congress.* Former SAWPA Director, Joe Grindstaff was in Washington briefing the Administration, Delegation and Committees on “climate change” and water policy. *Boxer’s Committee to Hold Hearings on Perchlorate.* In early February the EPW Committee will hold hearings on perchlorate. *Interior Department To Act on Invasive Species on Colorado River.* Interior is actively developing a multi-state effort to “contain” mussels at Lake Mead. One scientist called it the “one of the worst invasive species in the entire world.” This is a potentially serious threat to the Colorado River water. *Senator Feinstein’s on Title XVI.* Senator Feinstein continues to consider various approaches to water recycling legislation. *ACWA DC Conference.* ACWA annual DC Conference will take place in mid-February. *AWWA and Water Environment Federation Discussing Merger.* AWWA and WEF have had preliminary talks – with WEF proposing a merger of the two water organizations. Talks are suspended for now, but WEF has urged that they continue. *Synagro – Being Acquired by the Carlyle Group.* Synagro, the company that built the IEUA digester is being acquired by the Carlyle, a powerful international consulting company. *IEUA and Cucamonga Valley in DC for Delegation Meetings – Agenda Setting for 2007.* GM Rich Atwater and Cucamonga Valley’s Robert DeLoach along with CVWD Board Member, Kathy Tiegs were in DC meeting with the Delegation and Committees on water recycling – urging that the water recycling bills be considered and passed as quickly as possible. *Lt. Governor Garamendi in DC.* At the end of January, Lt. Governor Garamendi was in Washington. He outlined his priorities, including climate change, energy and water. *Climate Change – and Energy Policy – Dominating the Resource Agenda.* With the new Congress, two issues, both related, are getting immediate attention – Climate Change and Energy. Hearings are being held. Reports issued and media attention occurs daily. *Water Recycling Projects Being Advanced in Northern California, Other Western States.* Water agencies in Northern California are now seeking legislation to advance water recycling projects at various places throughout the Bay Area. Other Western States are also seeking Title XVI programs. The interest in this program continues to grow.

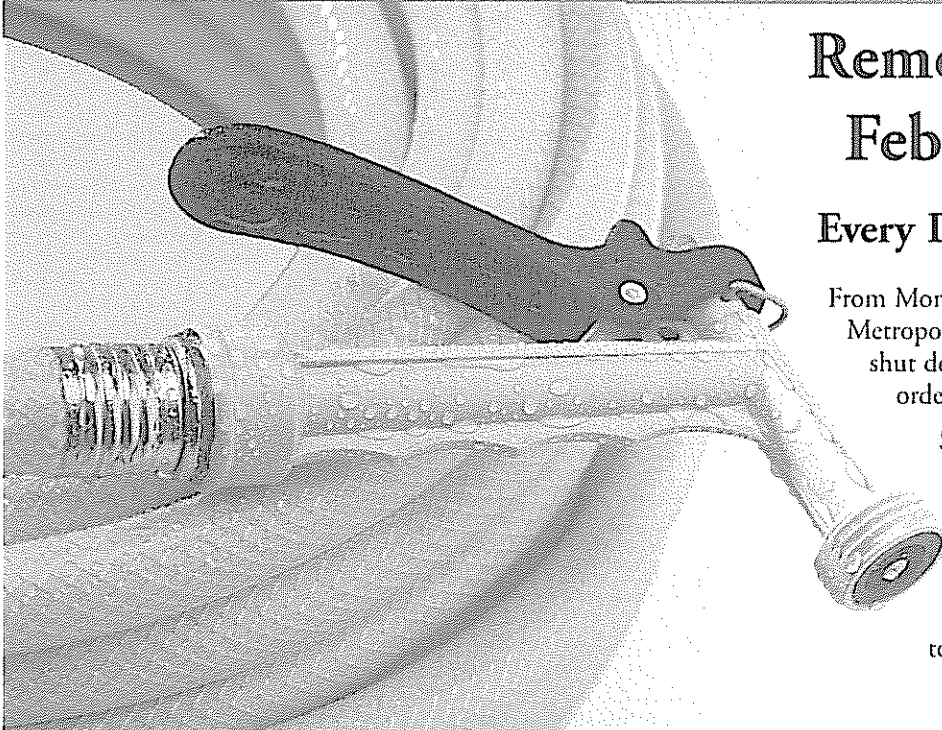
With drought condition continuing to move back and forth across the West, Title XVI continues to gain in importance. *BuRec's Rick Martin – Key Water Recycling Program Official to Retire.* Rick Martin, one of the Bureau's most senior officials associated with the Title XVI program has advised colleagues and friends that he plans to retire next month. Rick was a huge supporter of the water recycling program. He was deeply involved in the Southern California water recycling study which Secretary Lujan initiated in 1991 and Congress enacted in 1992.

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

IMPORTANT NOTICE

of Temporary Pipeline Shut Down



Remember to Conserve
February 5 -11, 2007

Every Drop of Water Saved Will Help

From Monday, February 5, through Sunday, February 11, the Metropolitan Water District of Southern California, will shut down the main water line that serves our region in order to perform improvements.

Since outdoor water use accounts for about 60 percent of the water used in a typical home, the local water suppliers are requesting that all outdoor water use be significantly reduced as well as all non-essential indoor water use.

During this shut down your cooperation is essential to help ensure sufficient water supplies are available.

For more information, residents are encouraged to contact their water provider directly.



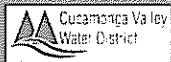
City of Chino 909.464.8368 www.cityofchino.org

City of Chino Hills 909.364.2806 www.chinohills.org



City of Ontario 909.395.2678 www.ci.ontario.ca.us

City of Upland 909.291.2935 www.ci.upland.ca.us



Fontana Water Company 909.822.2201 www.fontanawater.com

Cucamonga Valley Water District 909.987.2591 www.cvwdwater.com



Monte Vista Water District 909.624.0035 www.mvwd.org
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Date: February 21, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (02/14/07)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

Outreach/Tours

None.

Calendar of Upcoming Events

- February 6, 2007, IEUA/MWD check presentation to City of Chino Youth Museum, 7:30 p.m. Chino City Hall
- February 26, 2007, SAWPA Legislative Reception, Senator Hotel, Sacramento, 5:30 p.m. to 7:00 p.m.
- March 1, 2007, IEUA Leadership Breakfast, Event Center, 7:30 a.m.
- March 1, 2007, MWD Chairman Tim Brick reception, Galleano Winery, 4:30 p.m.
- March 21, 2007, Water Agencies of the Inland Empire (IEUA, CVWD, EMWD, WMWD, and others), Chops Steakhouse, Sacramento, 5:30 p.m. to 7:30 p.m.
- June 2, 2007, Chino Creek Wetlands and Educational Park dedication, 10:00 a.m.

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- Eight-Page ad, February 28, 2008

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:SE



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



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City Council candidates debate high water rates

By Jason Newell, Staff Writer
Inland Valley Daily Bulletin

Article Launched:01/20/2007 12:00:00 AM PST

CLAREMONT - High water rates and a planned sports park drew the election-season spotlight on Thursday night, as seven City Council candidates clashed publicly for the first time.

Appearing at an Active Claremont-sponsored forum, the hopefuls weighed in on the possibility of taking over the water company and how best to deal with a shortage of youth sports fields, among other issues.

Linda Elderkin, Michael John Keenan, Michael Maglio, Jackie McHenry, Opanyi Naslali, Sam Pedroza and Peter Yao are in the hunt for three open seats.

Voters will decide March 6.

Water rates, a perennial Claremont election issue, surfaced early on, as candidates were asked about a proposal to seize water rights and equipment through eminent domain.

Such a move - fueled by city leaders' repeated complaints that Southern California Water Co. is overcharging Claremont residents - would require the city to pay the water company anywhere from \$40 million to \$120 million.

McHenry, a one-term incumbent, said Thursday the city would have to pass along the cost of the purchase in whatever new water rates it would set - meaning any would-be savings wouldn't be seen for decades, at the earliest.

"There are going to be higher water rates for maybe 30 or 40 years, because that's how long it's going to take to pay off those bonds," she said.

She favors putting the idea of putting the issue to the public for an advisory vote, she said.

Keenan, a professional window cleaner, said he favored "home rule of Claremont's resources." Like McHenry, he would support an advisory vote on eminent domain, he said.

Yao, the mayor and an advocate of the eminent domain route, said the move would benefit generations to come, even if there would be little difference in the immediate future.

"My gut feel is that we'll break even," he said. "In other words, your water bill is not likely to see any increase based on what we think the water company will increase."

Pedroza, who finished third in 2005's race for two seats, said the city needs local control one way or another - suggesting one alternative to taking over the water company might be to partner with La Verne, which has its own water company.

"It just blows me away that we're paying what we're paying for our water, having so much of our own local water," he said.

Maglio, supervisor of a paper distribution center, said the city "should quickly move to try and purchase the water company."

"Either way, your rates and my rates are going to rise incrementally with whatever changes need to be done with that water company," he said. "It might as well be under our control, our management."

Elderkin, a former planning commissioner, said she favors gaining as much local control as possible in the long term. But with several other expensive needs - including a new park and police station - the city first needs to realistically identify how it will fund everything, she said.

Naslali, a former urban planner and past council candidate, echoed the sentiment, said the council needs to examine its many needs and how to pay for them, "so that we are not doing them piecemeal."

"By doing them piecemeal, we do not have the full picture of the costs we are going to incur," he said.

Candidates also split on the future of Padua Avenue Park, which would provide lighted sports fields in the northeastern portion of the city. Nearby residents have opposed the project over concerns about the lighting and increased traffic.

Citing the neighbors' opposition, Nasiali said the city needs to "change direction" on the park. He said a mining pit north of the city yard might be better suited for more sports fields.

Elderkin, past president of Claremont Little League, lamented that nothing has been done to ease the demand for sports practice fields in the past decade.

"I've seen absolutely no progress in this city in getting more sports fields, lighted or otherwise, for our sports community," she said.

She said Padua Park has already gone through an extensive approval process and should move forward.

Yao, a supporter of the park, said the city is investing \$900,000 to start grading the site this spring.

"The purpose for grading it is to show the state that we're serious about the park" so that it will be more likely to provide grant money, Yao said.

Keenan said he supports youth sports opportunities, but questioned the location.

"I don't like to see lights all up there," he said. "I think that we need that ... space as a buffer to the wilderness."

McHenry said she wants all new development to be compatible with surrounding neighborhoods.

"This park does not have the buy-in of the neighbors," she said. "There's another way to do it than to have lights at Padua Park."

Like Nasiali, she suggested lighted sports fields might work better in the mining pit.

Pedroza, chairman of the city's Youth Sports Facility Committee, said the city will have an estimated 6,000 youth sports participants by 2010.

"Padua Park alone isn't going to address that," he said. "We need to look at Padua Park and perhaps other fields."

Maglio, who said he supports more lighted facilities, said many residents believe the lights will help to deter criminals rather than attract them, as some have suggested.

"I think it's going to be a project of the City Council to make sure that we are compatible with the neighborhoods and to make sure that the lights are not so very intrusive on people," he said.

Staff writer Jason Newell can be reached by e-mail at jason.newell@dailybulletin.com, or by phone at (909) 483-9338.

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Colonies settlement scrutinized

Taxpayers' group says county should've sought public input

By Jeff Horwitz and Selicia Kennedy-Ross, Staff Writers
Inland Valley Daily Bulletin

Article Launched:01/21/2007 12:00:00 AM PST

A group critical of the county's \$102 million settlement with the Colonies Partners LP has accused the county's Board of Supervisors of illegally acting in secret when in November it settled the developer's flood-control suit.

In a letter delivered to county attorneys on Friday, the attorney for San Bernardino County Taxpayers for a Fair Resolution indicated the Board of Supervisors violated the Ralph M. Brown Act by not offering the public an opportunity to comment on the settlement before it was approved.

Consequently, the letter demands, county supervisors must admit they erred and rescind the agreement.

"The public had no chance to comment on the issue," said the attorney, C. Robert Ferguson. "None. Nada."

He would not comment on whether his client intends to make a legal challenge to the settlement because of the alleged public-meeting violations or on other grounds.

County Counsel Ruth Stringer and county spokesman David Wert both said the complaint was unwarranted.

Though "(we) don't put a big sign that says public comment on each item on the agenda," Stringer said, the public can and has commented before the board's closed session meetings in years past.

"The overall Colonies issue had been before the public for quite some time," Wert said. "It's hard to say that anyone following that issue didn't know what's at stake."

The dispute began in 2002, when the Colonies sued the county over flood-control rights on its Upland land, part of which has been used to build a housing development and shopping center. The developer claimed the county violated its rights by building a massive outlet for floodwaters on its property - but not the 67-acre retention basin needed to contain a deluge.

Three trial courts weighed in on the case before it was settled in late November for \$102 million dollars, \$22 million in an immediate electronic transfer and another \$80 million to be paid in either installments or through a bond.

In the most recent ruling on the case, county Superior Court Judge Christopher J. Warner found that the county had acted in bad faith and thus forfeited its rights to the Colonies property.

Ferguson's letter was received only days before the board is slated to take steps toward a bond that would provide \$80 million to pay off the remaining debt to the Colonies and another \$22 million to replenish the flood-control agency's emergency reserves. The bond comes before the board at its meeting Tuesday.

Especially disappointing, Ferguson said, is that the board didn't announce the terms of its settlement with the Colonies before approving it.

At its Nov. 28 meeting, the board was slated to consider a settlement that would have given the Colonies surplus county land. Instead, it announced that it had approved the cash deal over the objections of supervisors Josie Gonzales and Dennis Hansberger.

"What the county did in terms of misleading the public, I believe that to be terribly egregious," Ferguson said.

Attorneys for Californians Aware, an open-government advocacy group, said state law requires supervisors to give members of the public a chance to comment on agenda items before they take action.

But while the public's right to speak should have been explicitly noted on the front on the board's Nov. 28 agenda, said the group's attorneys, a lot depends on whether the board adhered to its usual routine.

Getting a court to force the county to rescind the settlement based on an open-meeting violation would be an uphill battle, said Terry Francke, Californians Aware's general counsel. A clause in the Brown Act states that, even if a violation of the law took place, a court cannot rescind a legislative body's actions if it would hurt a third party such as the Colonies.

"You have a company that relied on (the board's) word and it would be unfair to the company to go back on a deal like this," Francke said.

The way the settlement was handled is not uncommon for governing boards, Francke said.

"Generally, if the legislative body and the attorney advising it reach a point in litigation where a settlement looks appealing, then they definitely don't want the public to be aware of and commenting on the litigation," he said. "They want it to be a done deal by the time the public finds out."

Exotic mussels found at water plant

By TIM REITERMAN
Times Staff Writer

A destructive mussel found earlier this month in Lake Mead now has been discovered at intakes for the aqueduct system that carries water from the Colorado River to Southern California, raising fears that the invasive species could inflict costly damage to pipelines, aquatic life and waterways in California.

Officials said Friday that bivalve mollusks collected by Metropolitan Water District divers Wednesday were determined to be quagga mussels, which are native to Eastern Europe and have spread across the United States along with their troublesome relative, the zebra mussel.

The infestation discovered Jan. 6 in Lake Mead near Las Vegas was the first in the West. The mussels found last week at an MWD plant at Lake Havasu and a pumping station two miles to the west were the first confirmed in California. A single quagga mussel was found Friday by California Department of Fish and Game divers about 14 miles away on the Colorado River.

"We do not feel there is any

danger or impact to the safety of drinking water supplies," MWD Chief Operating Officer Debra Man told a teleconference. "It is something we ... want to ensure does not spread."

For years, wildlife and water officials in the West have been concerned about the possible arrival of the quagga mussel, which was discovered in the Great Lakes about 20 years ago and later spread to the Mississippi River.

The prolific quagga mussels cluster by the millions and feed voraciously on phytoplankton, creating organic waste products that eat up oxygen and release toxic byproducts. Colonies of the mussels clog water intakes and outfall pipes and leave fewer nutrients to support the food chain of fish.

The mussels can spread by attaching themselves to boats or floating objects, or their larvae can drift downstream. Officials say there is no known way to eradicate the mussels, so they can only try to contain them to prevent costly problems or an unpleasant odor and taste in water supplies.

Ric De Leon, MWD's microbiology manager, said that chlori-

nation can kill the larvae and that copper sulfate can be applied to adults. But he said that the mussels also can be killed by drying them out — and that a three-week scheduled maintenance shutdown in March will provide that opportunity.

De Leon said most parts of the 242-mile aqueduct can either be drained or treated with chemicals.

MWD officials were encouraged that adult mussels apparently had not reached one of their facilities about 10 miles from Lake Havasu. But a multi-agency task force is continuing to investigate to determine the extent of the infestation through inspections, diving and testing.

MWD spokesman Bob Muir said the agency plans to increase boat inspections at its recreational reservoirs, including Diamond Valley Lake in Riverside County.

"This is not the first time we have dealt with a nuisance species on the Colorado River," he said. "We have controlled Asiatic clams ... by chlorinating the aqueduct system, so we're used to taking aggressive action."

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Jurupa district again breaks rules on water testing

By Sahra Susman, Staff Writer
Inland Valley Daily Bulletin

Article Launched:01/11/2007 12:00:00 AM PST

The Jurupa Community Services District has once again violated the state Department of Health Services testing requirements for water quality.

The district has not been fined.

However, unlike last April, the violation is not excess nitrate levels. Rather, the district failed to complete a second test within 24 hours of a laboratory test result that exceeded the state's nitrate level goal of 35 milligrams per liter.

On Dec. 5, water samples taken from the 980 zone were analyzed twice for nitrate levels and were found to contain levels of 41.8 mg/L and 39 mg/L, according to a letter dated Dec. 26 from the Department of Health Services to the district.

"It (the district) is in violation for not conducting a secondary test within 24 hours of a test that showed nitrate levels of 39 mg/L," said Andrea De Leon, public affairs and government relations spokeswoman for the district.

De Leon said a second test should have been taken the next day and was not. When district officials realized six days later that the second samples had not been taken, they conducted another test Dec. 12. This time, the nitrate levels read 34 mg/L, below the state goal.

Nitrates have been linked to health problems including complications in newborn babies and those with compromised immune systems.

"If (the lack of a second test) was an honest mistake, that's fine," said district board member R.M. "Cook" Barela. "But we just got fined for something similar to this a few months ago, so it's unacceptable for this to happen again."

The district was fined by the state in April 2006 for failing to collect both daily and weekly laboratory samples and for the failure to collect field samples when introducing a high nitrate source or adjusting flow that would do the same.

JCSD was required to provide notification of the violations to the public.

"I'm looking to him (General Manager Eldon Horst) to put into place some kind of checkpoints to prevent this from ever happening again," Barela said.

Horst said the most recent violation was the result of a management issue.

"This is an issue as to why certain steps (were not taken) - that would result in the sample, but didn't result in any diminishment of water quality," he said.

State officials agreed the delay in testing did not endanger the public.

"The drinking water meets all drinking water standards and is safe for consumption," said state Department of Health Services spokeswoman Patti Roberts.

"This violation was more of a procedural violation and not considered a threat to public health," she said. "The purpose of this notice was to warn JCSD that similar occurrences in the future will result in a citation, possibly with a fine and public notification."

De Leon said the state's limit for nitrates is 45 mg/L and that the district was "well under the contamination level."

She added the district notified the state of their violation before they would otherwise have reported their testing results.

"It was JCSD that contacted the state to notice them that they were in violation," De Leon said.

The Department of Health Service's office requires results from the current month's testing to be submitted by the 10th of the following month.

Barela also said he was concerned the district board was not made aware of the violation immediately, instead they were notified on Jan. 4.

The letter, which was received by the district on Jan. 3, was not announced at the Jan. 8 district board meeting, Barela said.

Horst said he didn't think a public announcement was necessary.

"I notified my board," Horst said. "From a management perspective, I thought that they should be aware. There is (was) no reason to issue a public notification regarding this notice."

Barela, who is on the district's water committee, said he wants the committee to consider a change of policy in the notification of violation process so that board directors are immediately notified.

Staff writer Sahra Susman can be reached by e-mail at sahra.susman@dailybulletin.com, or by phone at (909) 483-9356.

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Eunice Ulloa hopes to keep Chino a nice place to live

Article Launched:01/11/2007 11:00:00 PM PST

Eunice Ulloa has lived in the city of Chino for more than 27 years. She has long loved the area and has spent much of her time working to make it a better place.

Ulloa is a member of the City Council and has been since 1984. In that time she has also been mayor and was, for a short time, off of council when she ran for county supervisor. She lost that race to Gary Ovitt and subsequently ran for council again and was re-elected 2006.

Ulloa has been married for 32 years to her husband Bob. The couple lives on what she calls a small farm in the city of Chino.

"We have a goat, turkeys, geese, ducks, chickens, dogs, cats, tortoises, a bunch of fish, a bunny and four horses," said Ulloa who added that she loves living in a farm setting smack dab in the middle of the city.

Over the years, Ulloa has enjoyed working with residents to make the city a better place.

"This is a wonderful city and community," said Ulloa, adding that after 22 years of service she still has new ideas and concepts to share with residents.

"The city of Chino is growing and it's a place I like living and one that I also enjoy serving," she added.

For many years, Ulloa has been an avid supporter of the Chino Mounted Posse, an all-volunteer group that acts as ambassadors for the city of Chino Police Department.

Capt. Stuart Jones, a 21-year police department veteran who has worked with Ulloa over the years, said that her dedication and devotion to service is key to helping it keep that old town charm.

"She was key in helping to bring back the Mounted Posse to our department," said Jones. "The posse has been active now more than 20 years and it has been a very good, positive thing for our department."

The mounted posse actually was not new to the city, Jones said, as it began back in the late 1940s but it fell to the wayside.

"Eunice, along with Jim Anthony who was the chief of Police at the time, worked to get it started up again and it's been going strong now for over 20 years and has more than 32 members who also volunteer their time and animals to participate in the program," said Jones. "The posse is a help and support to our department. They are also truly remarkable ambassadors for us out there in the community which has not only embraced but also views them in an extremely positive light."

But Ulloa is more than just a city council person working on issues that matter to those she serves. She is also the general manager of the Chino Basin Water Conservation District, which is located in the city of Montclair. The Chino Basin Water Conservation District serves the cities of Montclair, Chino, part of Chino Hills, as well as the cities of Rancho Cucamonga, Ontario and Upland.

"The goal of this agency is to capture storm water runoff as well as accept imported and recycled water into percolation basins which allows water to go directly back into the ground water basin," said Ulloa.

Besides having a conservation garden on site, which sees more than 6,000 visitors each year, the Chino Basin Water Conservation District offers many public education programs to schools in the area, said Ulloa.

"Through natural processes the water is filtered and is then pumped out by cities and water agencies and served to residents and businesses," said Ulloa.

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Authority is questioned on perchlorate penalties

Jason Pesick, Staff Writer
San Bernardino County Sun

Article Launched:01/28/2007 12:00:00 AM PST

RIALTO - It has been 10 years since the chemical perchlorate was first detected in the city's drinking water.

So far, multiple lawsuits and a state agency have failed to solve the problem.

"You have a very chaotic and undisciplined process out there," said Michael Whitehead, president of the San Gabriel Valley Water Co., which owns the Fontana Water Co.

The issue is now before the Santa Ana Regional Water Quality Control Board, which as a division of the State Water Resources Control Board may be able to clean up the mess.

But the process the board has had to follow has generated questions about whether the body is up to the task and what the proper role of the U.S. Environmental Protection Agency is in the issue.

Perchlorate, which can harm humans by interfering with the thyroid gland, is a chemical used in the production of rocket fuels and explosives. It was first detected in the Rialto-Colton Basin in 1997. Traveling south from Rialto's north end, it has now made its way into neighboring Colton.

The regional board first became involved in the basin in 2002, when the state lowered its recommended maximum perchlorate level from 18 parts per billion to 4 and a number of drinking water wells were shut down.

Earlier this year, as the board was considering whether to issue an order to require alleged polluters Black & Decker, Goodrich and PyroSpectacular to clean up the perchlorate, Emhart Industries Inc., a division of Black & Decker, said the board was biased and should not decide the outcome.

To overcome that challenge, the board appointed former state water board director Walt Pettit in October to hear the case and issue final cleanup orders. The following month, Goodrich filed a complaint with the state board, calling the appointment "unlawful," "inappropriate" and "improper." More recently, Goodrich and Black & Decker asked Pettit to halt the hearing, threatening to challenge his validity in court.

The challenges are all evidence that the EPA, which has been successful in getting polluters to clean up perchlorate contamination in Baldwin Park, should handle the issue as a Superfund site, Whitehead said.

"This is bigger than what they can handle," Whitehead said of the regional board.

He said the EPA brings more resources and authority to a problem.

Kurt Berchtold, the regional board's assistant executive officer, said he's not surprised by the suspected polluters' challenges of the process.

"It appears to us that the parties don't want to have a hearing on this matter," he said.

A hearing is tentatively scheduled to take place March 30.

"We remain confident that the procedure that the regional board established is appropriate," said.

He also said the board's proposed order is more aggressive than what the EPA would have proposed. He said EPA officials have told him they would not require the polluters to provide cities and water companies with replacement water or reimbursement of previous costs spent cleaning up the contamination, as the regional board's proposed order does.

EPA officials said they haven't ruled out the idea of taking the lead on the project. The federal agency would declare the area a

Superfund site if the regional board is unable to clean up the contamination, said Kevin Mayer, the EPA's regional perchlorate coordinator.

Mayer said the EPA is currently working with the regional board.

Mayer also said if the EPA had taken the lead, the process might be moving along just as slowly, in part because it would take the agency a year just to name the area a Superfund site.

"I wish we were a silver bullet," he said.

Wayne Praskins, a Superfund project manager, said the EPA decided to assist the regional board but not to take over the project.

"I think we haven't done it because we felt the board is doing a good job," he said.

Rialto's city attorney, Bob Owen, who has led an effort to sue 42 suspected polluters, said the city did not want to go the Superfund route because it would take too long.

Owen also said he fears a Superfund site could create a negative stigma for the city that would hamper new development and be subject to less local control than the regional board process.

"When a community is less than thrilled about EPA getting involved, we have to think about that," Mayer said.

Owen said he thinks the board is doing as much as it can to pin down elusive parties. He also said he expects suspected polluters to file suit challenging the board's decision to delegate its authority to Pettit.

Sujatha Jahagirdar, a clean-water advocate with the environmental group Environment California, said she is pleased with the regional board's proposed cleanup, which to her is a clear sign of progress.

"Obviously, the cleanup in Rialto has dragged on way too long," she said.

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Board seeks bond to repay developer

Article Launched:01/24/2007 01:00:00 AM PST

SAN BERNARDINO - By unanimous vote Tuesday, the San Bernardino County Board of Supervisors approved laying the groundwork for a \$102-million, 30-year bond to pay off the county's debt to developer Colonies Partners LP.

The board approved the settlement by a bare majority in November, after four years of litigation over flood-control rights on the Colonies' Upland property. Supervisors Dennis Hansberger and Josie Gonzales opposed the deal, but said Tuesday there was no point in protesting authorization needed to issue the bonds, an intermediary step in the process.

According to Norm Kanold, the assistant county administrator, the bond would be repaid over 30 years at a rate of interest between 4.5 percent and 5.5 percent. The interest would cost the county an additional \$110 million.

At the meeting, an attorney for a group opposed to the settlement urged the board to reconsider the deal.

"The agreement was settled outside of the advice of counsel," said C. Robert Ferguson, who represents San Bernardino County Taxpayers for a Fair Resolution. "All the quotes I've heard from members of this body suggest you didn't have the necessary information."

- Jeff Horwitz, (909) 486-3856

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