

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

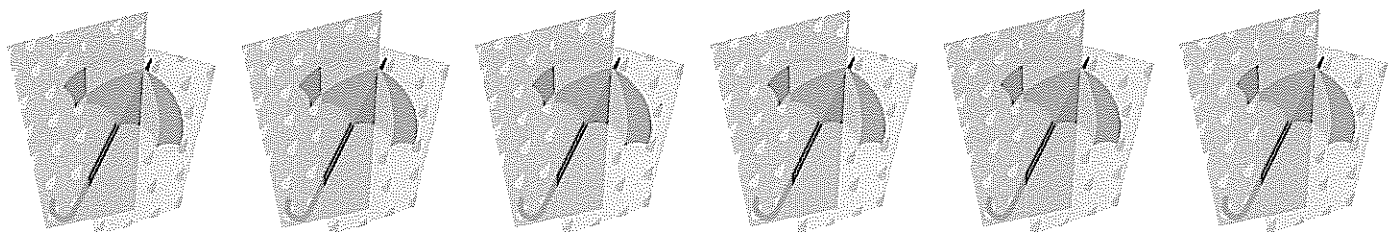
Thursday, April 26, 2007

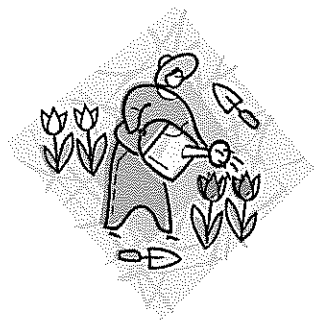
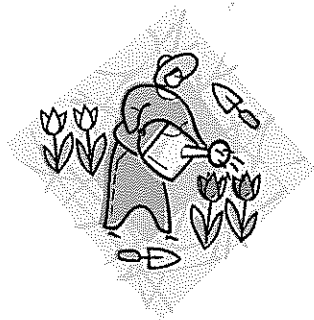
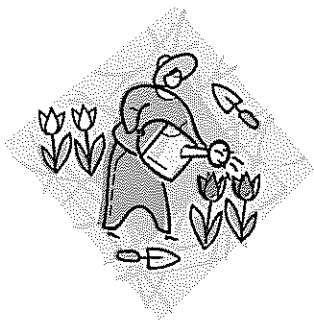
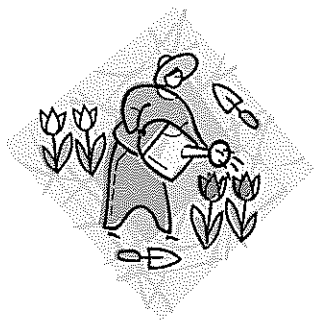
9:00 a.m. – Advisory Committee Meeting
11:00 a.m. – Watermaster Board Meeting

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





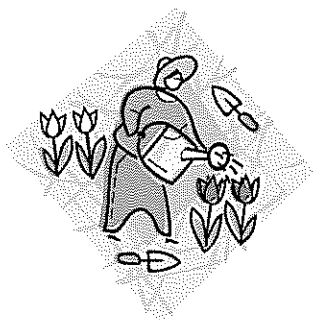
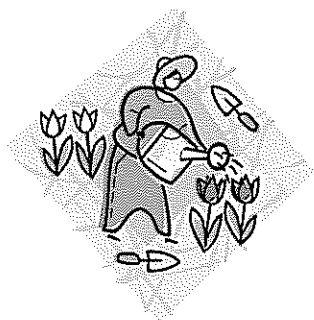
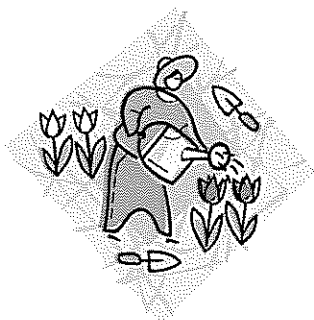
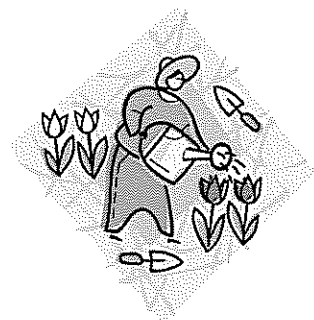
CHINO BASIN WATERMASTER

Thursday, April 26, 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. – April 26, 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 Advisory Committee Meeting held March 22, 2007 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2007 *(Page 17)*
2. Combining Schedule for the Period July 1, 2006 through February 28, 2007 *(Page 21)*
3. Treasurer's Report of Financial Affairs for the Period February 1, 2007 through February 28, 2007 *(Page 23)*
4. Profit & Loss Budget vs. Actual July 2006 through February 2007 *(Page 25)*

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 1,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006-2007. Date of Application: February 12, 2007 *(Page 27)*
2. **Consider Approval for Notice of Sale or Transfer** – The one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage. Date of Application: February 9, 2007 *(Page 42)*

II. BUSINESS ITEMS

A. CONTRACT WITH GARY MEYERHOFER

Consider Approval of the Contract for the Project Facilitation of Chino Basin Desalters from Gary Meyerhofer at Carollo Engineers *(Page 57)*

B. SAN DIEGO COUNTY WATER AUTHORITY MOU

Consider Approval for the Memorandum with San Diego County Water Authority regarding analysis of Storage and Recovery opportunities in Chino Basin *(Page 73)*

C. VOLUME VOTE

Consider Approval of the 2007 Volume Vote *(Page 83)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing

B. ENGINEERING REPORT

1. Review of Scalmanini Report

C. FINANCIAL UPDATES

1. Budget Advisory Committee Update

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update

E. INLAND EMPIRE UTILITIES AGENCY

1. Foothill Water Supply Reliability Report (oral)
2. Rialto Pipeline Shut Down (oral)
3. Summer Water Conservation Needs (oral)
4. Monthly Water Conservation Programs Report (*Page 89*)
5. Monthly Imported Water Deliveries Report (*Handout*)
6. State and Federal Legislative Report (*Page 95*)
7. Community Outreach/Public Relations Report (*Page 127*)

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

1. Newspaper Articles (*Page 129*)
2. Capital Project Budget Approval for MWD Turnout CB14 Discharge Facilities Relocation (*Page 169*)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting
May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

* Appropriative & Non-Agricultural Pool Meeting changed from May 10, 2007 to **May 17, 2007**

Meeting Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – April 26, 2007
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

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2. Peace II

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1. Budget Advisory Committee Update

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1. Legislative Update
2. Recharge Update

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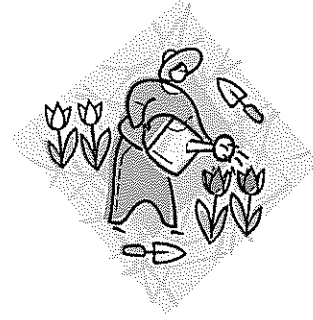
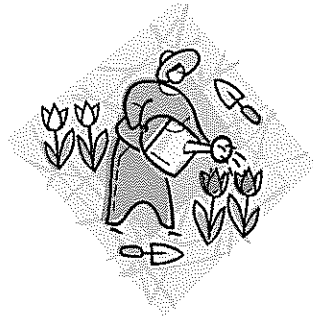
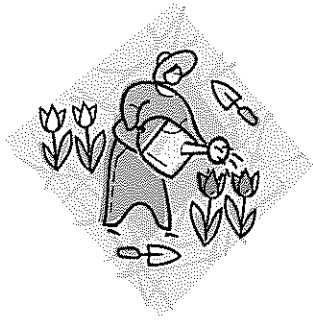
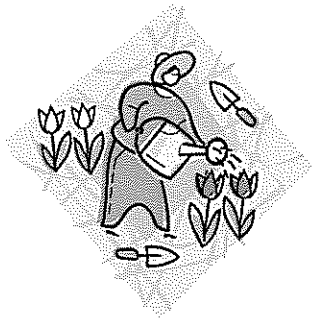
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Meeting Adjourn

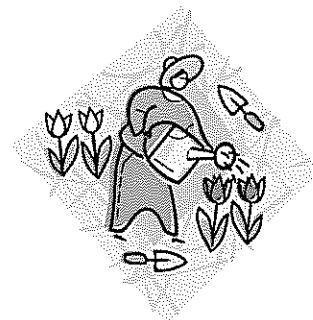
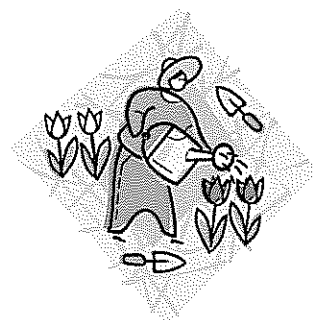
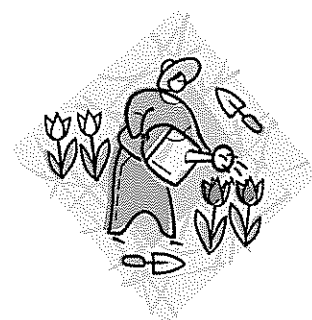


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – March 22, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

March 22, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on March 22, 2007 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District
Raul Garibay	City of Pomona
Anthony La	City of Upland
Dave Crosley	City of Chino
J. Arnold Rodriguez	Santa Ana River Water Company
Mark Kinsey	Monte Vista Water District
Mike McGraw	Fontana Water Company
Chris Diggs	Fontana Union Water Company
Justin Brokaw	Marygold Mutual Water Company
Charles Moorrees	San Antonio Water Company

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jeff Pierson	Agricultural Pool, Crops
Bob Feenstra	Agricultural Pool, Dairy

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
Terry Catlin	Inland Empire Utilities Agency
Ken Willis	West End Consolidated Water Company
Charles Field	Western Municipal Water District

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Bill Kruger	City of Chino Hills
Andy Campbell	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
John Anderson	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District
Steve Lee	Reid & Hellyer
Tom Crowley	West Valley Water District

Chair Jeske called the Advisory Committee meeting to order at 9:04 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held February 22, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2007
2. Combining Schedule for the Period July 1, 2006 through January 31, 2007
3. Treasurer's Report of Financial Affairs for the Period January 1, 2007 through January 31, 2007
4. Profit & Loss Budget vs. Actual July 2006 through January 2007

C. RESOLUTION 07-03

A Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2006-2007

D. STATUS REPORT 2006-02

Consider Approval of Status Report 2006-02

E. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Date of application: January 22, 2007

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

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

II. BUSINESS ITEMS**A. PROPOSAL TO PERFORM THE SOCIOECONOMIC IMPACT ANALYSIS OF OBMP AND PEACE AGREEMENT**

Mr. Manning stated the stakeholder non-binding term sheet calls for us to update the earlier analysis and Watermaster staff is proposing that Dr. Sunding, who performed the macro socioeconomic analysis, do the micro study as well. The proposal that is presented today is for a time and materials contract with Dr. Sunding. Staff is recommending moving forward with the scoping portion of the activity and then based upon Dr. Sunding's analysis of the amount of time and the costs associated with performing the analysis this proposal will be brought back for another review incorporating the scoping plan and updated costs. Mr. Kinsey noted at the Appropriative Pool meeting this item was discussed in a two step process. Mr. Kinsey noted he has concerns with the work that Dr. Sunding will be performing because it is stated it is to be confidential; however, several parties have assured him information would be readily available. Mr. Kinsey inquired if there are no problems with people seeing the information, then why is the contract not amended to remove the words confidential to allow parties to see Dr. Sunding's collected information at will. Counsel Fife stated this structure was proposed because this is how the macro analysis contract was adopted and all parties seemed comfortable with the way that contract was set up. The concerns addressed at the Appropriative and Non-Agricultural Pool meeting was that Dr. Sunding will be meeting individually with agencies and parties who are not public entities may be giving him protected /non-public information. This is a way to allow those entities to be open and candid with Dr. Sunding without worrying that something will get into the public record. Counsel Fife stated we do not have a strong commitment to however we do this contract, whether it is directly through Watermaster or whether it is through legal counsel and therefore protected by the attorney/client privilege. The way the discussion and

motion went at the Appropriative and Non-Agricultural pool meeting, the parties indicated they were more comfortable leaving the contract with legal counsel and the attorney/client privileges with the assurance, just as we did with the macro analysis. We have no interest in not having this be a completely open process. A discussion ensued with regard to this matter. Mr. Kinsey commented once more regarding the contract being a confidential one and how much it concerns him. Chair Jeske stated the City of Ontario is a public company and that the contract being confidential or not does not matter to them; however, there are representatives from the Agricultural Pool, the Non-Agricultural Pool, and other entities who are not public agencies and might want to voice their opinions on this matter. Mr. McGraw stated as a representative of a privately held company, they would like to see the contract remain confidential. Mr. Bowcock stated he also would like the confidentiality maintained in this matter. Mr. Kinsey noted he understands confidentiality, although, he wants access to Dr. Sunding's assumptions, calculations, and analytical work that are associated to cost and benefit allocations. Mr. Kinsey suggested the contract be between Chino Basin Watermaster and Berkeley Economic Consulting, Inc. (BEC) instead of Hatch & Parent and BEC and then to include verbiage that state meetings with individual parties be kept confidential. A discussion ensued with regard to this matter. Chair Jeske stated the contract which is being brought forward today is the first step for Dr. Sunding to meet with the agencies for scoping to bring a budget item forward. Counsel Fife stated this is a time and materials contract and it can be altered at any time. Mr. Manning commented on the scoping session and noted after that portion is completed Dr. Sunding will be returning with the actual scope of work including costs and that will be sent through the Watermaster process.

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

Moved to approve the proposal to perform the Socioeconomic Impact Analysis of OBMP and Peace Agreement between Dr. David Sunding, Berkeley Economic Consulting, Inc. and Chino Basin Watermaster, as presented

B. ASR AGREEMENT BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE UTILITIES AGENCY AND MONTE VISTA WATER DISTRICT

Mr. Manning stated in December 2005 the Pools approved the Monte Vista Water District (MVWD) application for recharge into the basin and in January, 2006, the Advisory Committee and Watermaster Board took action to approve that application as well. Mr. Manning stated what Monte Vista Water District had applied for is to recharge, through injection, up to 3,500 acre-feet of treated State Project water in its wells one, four, thirty, and thirty two. That agreement was subject to a permit that would be issued by either the Regional Board or the Inland Empire Utilities/Chino Basin Watermaster through its Maximum Benefit permits. Monte Vista has decided to request IEUA/CBWM covering and is making an application for that. Mr. Manning stated Inland Empire Utilities Agency has agreed to approve this contract in content and they are also asking Monte Vista Water District to work with them on some side letters with regard to provisions on other items. Mr. Manning noted this was approved unanimously by all the Pools. Mr. Kinsey stated IEUA has asked MVWD to participate with them on a water softener rebate program which is an effort to minimize salt loading on the sewer system.

Motion by Garibay, second by Feenstra, and by unanimous vote

Moved to approve the agreement between Chino Basin Watermaster, Inland Empire Utilities Agency and Monte Vista Water District regarding incorporation of groundwater injection with State Project Water by Monte Vista Water District in the Chino Basin Watermaster and Inland Empire Utilities Agency permit R8-2005-0033, as presented

C. FILE WATERMASTER STATUS REPORT 2006-02 WITH THE COURT

Mr. Manning stated this report was just approved on the Consent Calendar and staff is now asking for approval to file the transmittal to the court pursuant to the February 16, 2007 court order.

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

Moved to approve filing the transmittal of Status Report 2006-02 to the court pursuant to the February 16, 2007 court order, as presented

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

Counsel Fife stated legal counsel is fully engaged in preparing for the hearing on May 2, 2007 with a pre-hearing conference scheduled for April 5, 2007. On March 21, 2007, the notices of intent to appear at the hearing were due for all parties; we did file ours and there is a copy of that available on the back table. There are also copies from the other applicants' parties who provided us with courtesy copies; we do not have the official list from the State Board yet. Counsel has been in discussions with the parties who are protesting our application; the one remaining protest was from the Department of Fish and Game (DFG) and they have now withdrawn their protest and a copy of that stipulation is on the back table. The stipulation was not finalized until Monday of this week; because it was a very favorable stipulation we wanted to get it finalized as quickly as possible prior to the notices of intent to appear were issued. We did have a special Board meeting which took place via a teleconference call on Tuesday afternoon. The sole purpose of that special Board meeting was to approve the signing of the stipulation. The copy on the back table has been signed by legal counsel who was authorized at the special Board meeting to sign the stipulation; we still do not have the actual signature back from DFG. Counsel Fife stated Watermaster will be going to the State Board hearing in May with an uncontested application. Counsel Fife stated he is working on a stipulation with all of the other applicant parties concerning relative priority of the water rights and the protection of other legal users. We are hopeful that if the applicants can come to a stipulation amongst themselves that those issues will be off the table for the hearing. Counsel Fife stated we are hopeful that we will be filing this stipulation with the State Board prior to the April 5th pre-hearing which may require constitute another special Board meeting to consider the approval of this additional stipulation. A discussion ensued with regard to this matter.

2. Peace II Process

Counsel Fife stated there are copies of the Scalmanini Report on the back table; this report was received yesterday. Mr. Garibay inquired about the discussion of new yield and the model in the report. Mr. Manning stated this is a very long report and it was just received at Watermaster yesterday; not a lot of people including him have had ample opportunity to review this report in any great detail. Mr. Manning stated in his brief review he felt Mr. Scalmanini was saying that the model does a fine job although it does need to be continually recalibrated; we have conveyed to Mr. Scalmanini that we are doing that and that Wildermuth Environmental is continually updating the model. Chair Jeske stated he also needs time to analyze this long report and requested the report be put on the April agenda to allow for additional discussion.

3. Potential Intervention

Counsel Fife stated the AQUA Capital Management Company intervention was tabled by all the Pools and will be brought back at a later date for review and/or discussion.

4. MZ1 Long Term Plan

Counsel Fife stated one of the items the court has asked us to report on is the progress of the MZ1 negotiations in developing a Long Term Plan. Counsel Fife stated in the last few Watermaster meetings staff has put forward a proposal for a long term plan and we have been discussing internally the strategy for moving that forward. What took place with the interim plan was that we did not produce an agreement amongst the MZ1 parties, it was Watermaster's plan and Watermaster put the plan out, the parties agreed to voluntarily participate in that plan. As we discuss how to move the MZ1 process forward, staff has come to the opinion that that is also the best way to do the Long Term Plan. Staff and Counsel have formulated a plan that we think is good, that works, and will prevent further subsidence in MZ1. Staff is proposing that we put forward the plan as a Watermaster plan and the water supply elements of it will be a voluntary program which parties can participate in or not. On the back table are two documents; one is a textual Long Term Plan and the second document is an alternative water supply proposal which we also think is effective and will work for all parties. These are being put forward as an information item today in order to give the parties time for review; this will be brought back in the future for consideration through the Watermaster process. A discussion ensued with regard to this item and counsel's comments.

B. FINANCIAL REPORT

1. Technology Update

Mr. Manning stated he has asked Ms. Rojo to put together a presentation regarding some of the work that Watermaster staff has been doing to try and bring together our technical information into a computerized information system that works for the benefit of us all. Ms. Rojo stated our current computer data systems include information on: Well Water Levels, Storm & Supplemental Water Recharge, Well Production, Assessment Package, Timekeeping, Human Resources, Administration, and Records Management. Well water levels captures depth to water, level methodology, well level reference points, well elevation readings, and reporting by date. Storm & supplemental water recharge captures imported, recycled and storm water by recharge basin and management zone. Well production captures production by quarter, status, meter type, and user and owner maintenance. Assessment package captures production, agricultural pool reallocation, water transactions, replenishment calculation, storage and recovery programs, land use conversions, and assessment generation. Timekeeping captures electronic time entry paid by pay period, employee service accruals, and project and task tracking. Human resources captures employee data and incorporates benefits tracking, automatic accruals, salary history, payroll deduction tracking, and job descriptions. Administration captures minute order tracking, resolution tracking, records management, library holdings, and our rolodex. Staff is currently working on future systems that will include; Budget Development and Tracking, Land Use Conversion Detail, Voluntary Agreements, Meter Installation, Calibration and Repair, and Data Management.

2. Budget Advisory Committee Update

Ms. Rojo stated this newly formed committee met for the first time on March 19, 2007 and it went very well. Since this was our first meeting staff will have a detailed report at the April meeting on the progress of this committee.

C. ENGINEERING REPORT

1. Regional Board Letter Dated February 14, 2007

Mr. Wildermuth stated on February 14, 2007 the Regional Board sent to a letter to Inland Empire Utilities Agency (IEUA) and to Chino Basin Watermaster (CBWM) letting them know that they are falling short on our Maximum Benefit commitments as to Hydraulic Control. There is a Hydraulic Monitoring Report that was released last April 2006. There was some modeling work done by Wildermuth Environmental which showed there was a small amount of leakage occurring through the Santa Ana River west of the Chino I Desalter. There was a meeting last November in which we discussed this issue; Orange County water district

also attended this meeting. At that time Mr. Thibeault suggested he would be coming back to IEUA and CBWM with a letter asking for a schedule to get in compliance. The February 14th letter is an official notification to IEUA and CBWM to prepare that schedule with milestones and to show compliance by November 2009. Mr. Thibeault's definition of compliance is to have the solution in place and operating, not necessarily achieving complete Hydraulic Control, but the solution needs to be in place and operating in 2009. In the February 14th letter we were given until mid March to prepare that schedule. Subsequently IEUA and CBWM have written a letter stating they needed more time to prepare the schedule. Watermaster's staff has been working the schedule and staff has put out its first draft and it is out for review by IEUA and we have asked Scott Burton to look at it. The schedule is very detailed and it suggests that the best we can do is to have these wells on line around May, 2012. In an informal conversation with the Regional Board they appeared to be discontented with the 2012 timeframe and asked for a second schedule; one that would show the most optimum schedule with milestones. Both of these schedules will go through the Watermaster process and will also be reviewed by some of the senior staff at the Chino Desalter Authority. A discussion ensued with regard to the report given by Mr. Wildermuth.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated he has spent the last two days in Sacramento with the Groundwater Resources Association who has recently formed a coalition which held their first legislative meetings. After the meeting, a group of the parties from the coalition went over to the capitol to talk about groundwater issues. One of the things that is being found out about water agencies is that legislatures do not understand what groundwater is. When discussing storage the immediate thought is above ground storage instead of underground storage and this coalition will be attempting to educate legislatures on these types of issues as well as many other water issues. This was a very beneficial conference overall.

2. Recharge Update

No comment was made regarding this item.

3. Progress Report on Desalter Expansion

Mr. Manning stated in discussions with Western Municipal Water District, the City of Ontario, Jurupa Community Services, and our consulting firms, it was Western's recommendation that because of all the moving pieces it was felt that we needed to have a project facilitator brought on board. Mr. Jeske and Mr. Manning were put in charge of gathering resumes and interviewing potential candidates for the job. That has been done and the recommendation we are making is that Mr. Gary Meyerhofer be hired. Staff is working on that contract now and once it is completed it will go through the Watermaster process in April. The costs for Mr. Meyerhofer will be funded by Western Municipal Water District, Inland Empire Utilities Agency, and possibly Three Valleys Municipal Water District. Chair Jeske noted Mr. Meyerhofer is with the firm Carollo Engineering and was one of the resumes handed out at the last Appropriative and Non-Agricultural Pool meeting. Carollo Engineering is the firm who put together the draft Feasibility Report for Western Municipal Water District, and the City of Ontario.

E. INLAND EMPIRE UTILITIES AGENCY

1. Phase II Recycled Water Groundwater Recharge Update

Mr. Campbell gave an update to the recharge improvement project starting with the first public hearing in December 2003 and the permit being issued in April 2005. Deliveries from July 2005 to July 2006 were reviewed in detail. Anticipated start-ups will be the RP3 Basin in September, 2007 and the Declez Basin in April, 2008. Lysimeter-based monitoring was successful and demonstrated that the soil aquifer treatment is effective. Inland Empire Utilities Agency is beginning the Phase II permit process for recycled water groundwater recharge. A timeline for the Phase II process was reviewed in detail. Phase II recharge

start-up with the permit anticipated on June 1, 2007 will include the start-ups of the 8th Street Basin in June, 2007 and Brooks Basin in June 2008. Future start-ups will include Victoria Basin, Etiwanda Spreading Grounds, and San Sevaine Basins. The recycled water recharge operational controls deliver outside the storm season (April 15 to October 15) recycled water will also be scheduled around basin maintenance, diluent water availability, monitoring of water quality, and pipeline construction and maintenance. Mr. Campbell stated the Phase I was a success and is performing very well with TOC reduction of 75%, TN reduction of 50%, and yielded 3,844 acre-feet recharged to date. Mr. Campbell summarized the Phase II update by showing a chart titled, "Potential Source Water Recharge Capacities for the Chino Basin Recycled Water Groundwater Recharge Program" and discussed the chart in detail. Several questions were presented and discussed regarding the presentation.

2. Monthly Water Conservation Programs Report

No comment was made regarding this item.

3. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

4. State and Federal Legislative Report

Ms. Davis stated on Tuesday the State Water Resources Control Board approved the SAWPA Integrated Regional Water Management Plan Application which means the Recycled Water Program will be receiving \$4.5 million dollars. It will have to be appropriated in this year's budget. Ms. Davis stated HR 122 was successful in getting out of the House; this is the authorization for the federal title 16 cost share for the Recycled Water Program. We are now working on the Senate side to try and get that bill moved through committee. Ms. Davis noted she had meetings last week with the senate staff on this issue.

5. Community Outreach/Public Relations Report

No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen stated the good news from Metropolitan Water District (MWD) is the local resource planning grant program will be presented to the MWD board in April. After that it could open up for more funding for local resource development. Mr. Hansen stated there has been success in getting the MWD board to reduce water rates. The hearing on that will be next month. This could drop the rate by \$5.00 dollars. We will be working on a long range financial plan from MWD. Mr. Hansen stated the other good news is that there has been a group that has been working together called the Foothill Area Reliability Group which includes six MWD member agencies, Inland Empire Utilities Agency, Three Valleys Municipal Water District, Upper San Gabriel Water District, San Marino Water District, Pasadena Water District, Foothill Municipal Water District, along with the groundwater basins; this group has been working on some federal funding for interconnects, more efficient use of local resources, and has been successful in getting language in the Water Resource Development Act (WORDA) for \$5M for some work on emergency connections.

IV. INFORMATION

1. Metropolitan Water District Letter

No comment was made regarding this item.

2. 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.

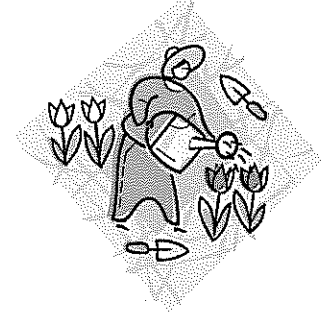
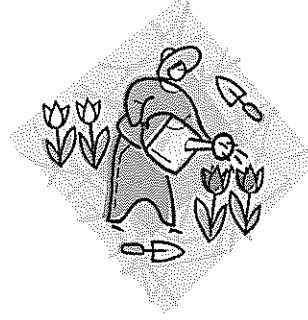
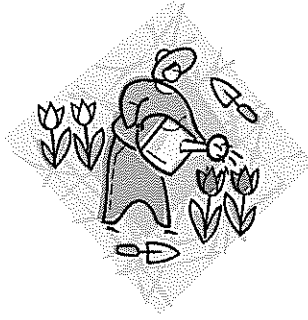
VII. FUTURE MEETINGS

March 22, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
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
April 12, 2007	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
April 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee meeting was adjourned by Chair Jeske at 10:40 a.m.

Secretary: _____

Minutes Approved: _____

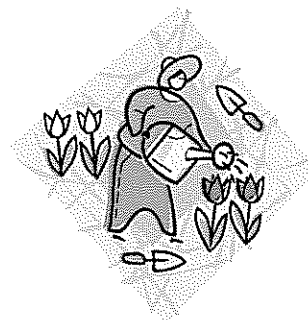
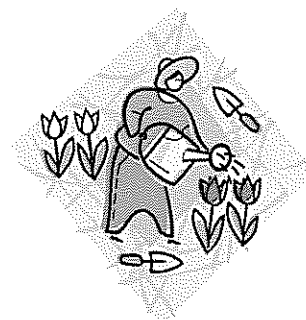


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – March 22, 2007



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

March 22, 2007

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on March 22, 2007 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Sandra Rose	Monte Vista Water District
Terry Catlin	Inland Empire Utilities Agency
Jim Bowman	City of Ontario
Charles Field	Western Municipal Water District
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Jeff Pierson	Agricultural Pool, Crops
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
Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Mark Kinsey	Monte Vista Water District
Bill Kruger	City of Chino Hills
John Anderson	Inland Empire Utilities Agency
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
David De Jesus	Three Valleys Municipal Water District

The Watermaster Board Meeting was called to order by Chair Willis at 11:02 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held February 22, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2007
2. Combining Schedule for the Period July 1, 2006 through January 31, 2007
3. Treasurer's Report of Financial Affairs for the Period January 1, 2007 through January 31, 2007
4. Profit & Loss Budget vs. Actual July 2006 through January 2007

C. RESOLUTION 07-03

A Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2006-2007

Item D. Pulled for Question and Discussion:

D. STATUS REPORT 2006-02

Consider Approval of Status Report 2006-02

Mr. Kuhn stated in reviewing this item he came up with a couple of questions. On the introductory page on page 29 of the meeting packet, the second bullet point down, Mr. Kuhn inquired if we are in fact extending the period from thirty years to sixty years. Mr. Wildermuth stated the reason why we are extending the planning period is because in about 2031 Peace II will be implemented further in to the future. We are going to acknowledge that the operation yield in the basin has increased and we are also going to be doing replenishment for the desalters. We will have pulled the basin down, we would have not done all the recharge during the prior thirty years; we will then shift it to equilibrium and the question will be then is, "Will it be able to maintain the new yield?" If you look at the reports that have been produced it shows that everything changes very gradually and it takes a long time to recognize what the true changes are. From a modeling perspective we just run the forecast period out; this is a safety check to see that the basin is still not out of balance and to try and determine what that new equilibrium looks like. Mr. Kuhn offered comment on Mr. Wildermuth's explanation. Counsel Slater stated the original Peace Agreement has a rollover provision in it and the potential life of the original is actually sixty years. There are some mechanisms that require a trigger to roll it over. Counsel Slater stated for an example of that rollover, the Appropriative Pool as the Agricultural Pool has the right to rollover the Peace Agreement for an additional thirty years upon majority vote of one of those pools. Mr. Kuhn stated he did not have an objection on this; he just wanted to make sure he knew what he was voting on. Mr. Kuhn inquired on bullet point number three in that it means that the grants are \$45M and not that our consultant is going to use \$45M and asked if the language written in that document could be written so that it is clearer as to what it really needs to say.

E. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007. Date of application: January 22, 2007

F. CERTIFICATE OF COMMENDATION FOR JOHN ANDERSON

Consider Approval of Certificate of Commendation for John Anderson

G. CERTIFICATE OF COMMENDATION FOR AL LOPEZ

Consider Approval of Certificate of Commendation for Al Lopez

Motion by Rose, second by Kuhn, and by unanimous vote

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

II. BUSINESS ITEMS**A. PROPOSAL TO PERFORM THE SOCIOECONOMIC IMPACT ANALYSIS OF OBMP AND PEACE AGREEMENT**

Mr. Manning stated the stakeholder non-binding term sheet calls for us to perform a micro economic study Watermaster staff is proposing that Dr. Sunding, who performed the macro socioeconomic analysis, do the micro study as well. The proposal that is presented today is for a time and materials contract with Dr. Sunding. Staff is recommending moving forward with the scoping portion of the activity and then based upon Dr. Sunding's analysis of the amount of time and the costs associated with performing the analysis this proposal will be brought back for another review, incorporating the scoping plan and anticipated costs. Mr. Manning commented on the scoping session and noted after that portion is completed Dr. Sunding will be returning with the actual scope of work, including costs which will be sent through the Watermaster process. Mr. Manning stated this item was approved unanimously by the Pools and the Advisory Committee. Mr. Manning noted there was some debate whether the contract should be through legal counsel which is the way the contract was processed for the macro study or the contract should be through Chino Basin Watermaster. The final determination was that, this portion of the scoping element, will be through Hatch & Parent under client/attorney privilege. There will be discussion once the final contract is brought forth. Mr. Kuhn inquired if in the contract where it denotes \$160,000 dollars to insert the word, "Not to exceed." Counsel Slater stated since the contract is going to be managed as an expert witness contract, staff could instruct counsel in managing that contract to ensure a "not to exceed" number will be given to legal counsel. Mr. Kuhn stated as one board member, he feels it should be Watermaster doing the hiring to keep this transaction as transparent as possible. Mr. Manning stated we have made assertions to all the parties that amongst the parties this process will be very transparent. The reason for the attorney/client aspect of this is to protect those parties such as the overlying non-agricultural, the private water purveyors, and the agricultural interests within the basin. If they were giving information to Dr. Sunding that they wanted to have protected, that stipulation would give them the privacy cover they desired. A lengthy discussion ensued with regard to this matter. Counsel Slater stated staff and counsel is recommending a process which is more or less designed to protect the expert in preparing a report because people can be diverse in their demands and anytime a person picks up a telephone and has open access, people might place burdens on the expert that are going to have implications for cost.

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

Moved to approve the proposal to perform the scoping aspect of the Socioeconomic Impact Analysis of OBMP and Peace Agreement between Dr. David Sunding, Berkeley Economic Consulting, Inc. and Chino Basin Watermaster through Hatch & Parent, as presented

B. ASR AGREEMENT BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE UTILITIES AGENCY AND MONTE VISTA WATER DISTRICT

Mr. Manning stated in December, 2005, the Pools approved the Monte Vista Water District (MVWD) application for recharge into the basin and in January, 2006, the Advisory Committee and Watermaster Board took action to approve that application as well. Mr. Manning stated what Monte Vista Water District had applied for is to recharge, through injection, up to 3,500 acre-feet of treated State Project water in its wells one, four, thirty, and thirty two. That agreement was subject to a permit that would be issued by either the Regional Board or the Inland Empire Utilities/Chino Basin Watermaster through its Maximum Benefit permits. Monte Vista has decided to request IEUA/CBWM covering and is making an application for that. Mr. Manning stated Inland Empire Utilities Agency has agreed to approve this contract in content and they are also asking Monte Vista Water District to work with them on some side letters with regard to provisions on other items. Mr. Manning noted this was approved unanimously by all the Pools. Mr. Manning stated IEUA has asked MVWD to participate with them on a water softener rebate program which is an effort to minimize salt loading on the sewer system.

Motion by Rose, second by Catlin, and by unanimous vote

Moved to approve the agreement between Chino Basin Watermaster, Inland Empire Utilities Agency and Monte Vista Water District regarding incorporation of groundwater injection with State Project Water by Monte Vista Water District in the Chino Basin Watermaster and Inland Empire Utilities Agency permit R8-2005-0033, as presented

C. FILE WATERMASTER STATUS REPORT 2006-02 WITH THE COURT

Mr. Manning stated this report was just approved on the Consent Calendar and staff is now asking for approval to file the transmittal to the court pursuant to the February 16, 2007 court order.

Motion by Catlin, second by Rose, and by unanimous vote

Moved to approve filing the transmittal of Status Report 2006-02 to the court pursuant to the February 16, 2007 court order, as presented

III. REPORTS/UPDATES

A. GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

Counsel Slater stated this is the subject of a telephone conference call that took place earlier this week. As we reported last month, we are set to initiate a hearing on May 2, 2007 with the State Water Resource Control Board concerning the fate of the Chino Basin Water Rights Application. Counsel Slater stated he is pleased to report there is now no opposition to the Watermaster application which is excellent news. This news will definitely affect the presentation to the State Water Resource Control Board; we will still need to show them substantial evidence to support the application but this effectively eliminates the opposition. We have filed our intent to appear which references our specific witnesses and that paperwork is available on the back table.

2. Peace II Process

Counsel Slater stated the highly anticipated Scalmanini Report was received yesterday and distributed to the parties via email. Counsel Slater noted he is anticipating hearing reviews on the report once the parties have ample time to digest the report. Counsel Slater stated his summary of the report is as follows; we had requirement under the Peace II Term Sheet that the Wildermuth/Watermaster model be evaluated by an independent expert for purposes of examining whether that model, as a tool, was an appropriate tool for planning purposes. The independent review by Mr. Scalmanini, the outside expert, says it is a proper tool for that purpose. The report also identifies that there are things that can be done in the future calibrations and use of the model that will make an even more efficient tool. Our view is, with regard to the task at hand, the referee's report checks the box and says the model is appropriate and then there are some things in the report that suggest to us that in our future communications with the court through the on going process that we need to clear up any misunderstandings with regard to Peace II. Counsel Slater stated we all will have ample time to review the several pages of material and to offer comments at the next meeting towards our next steps.

3. Potential Intervention

Counsel Slater stated the AQUA Capital Management Company intervention was tabled by all the Pools and will be brought back at a later date for review and/or discussion.

4. MZ1 Long Term Plan

Counsel Slater stated one of the items the court has asked us to report on is the progress of the MZ1 negotiations in developing a Long Term Plan. Counsel Slater stated in the last few Watermaster meetings staff has put forward a proposal for a long term plan and we have been discussing internally the strategy for moving that forward. What took place with the interim plan was that we did not produce an agreement amongst the MZ1 parties, it was

Watermaster's plan and Watermaster put the plan out, the parties agreed to voluntarily participate in that plan. As we discuss how to move the MZ1 process forward, staff has come to the opinion that that is also the best way to do the Long Term Plan. Staff and Counsel have formulated a plan that we think is good, that works, and will prevent further subsidence in MZ1. Staff is proposing that we put forward the plan as a Watermaster plan and the water supply elements of it will be a voluntary program which parties can participate in or not. On the back table are two documents; one is a textual Long Term Plan and the second document is an alternative water supply proposal which we also think is effective and will work for all parties. These are being put forward as an information item today in order to give the parties time for review; this will be brought back in the future for consideration through the Watermaster process. A discussion ensued with regard to this item and counsel's comments.

Added Comment:

Counsel Fife stated we had a special meeting earlier this week to consider one stipulation and we may need to have another special meeting sometime within the next week. Counsel Fife stated there is a second stipulation that counsel is working on with all of the applicants and this was discussed during the closed session last month. This is a stipulation regarding the water rights and the relative priorities it has between the applicants; we do not have the stipulation complete, however, there is a draft that was just emailed during this meeting that will be handed out. It is a draft and has not been reviewed by legal counsel. We will need to be able to file this stipulation with the State Board prior to our pre-hearing conference on April 5, 2007; we will not have the time to meet with this board or the pools prior to the April 5th date for approval so another special meeting via a conference call may need to be scheduled for approval. Mr. Kuhn asked that this item be added to the agenda now for consideration. Counsel Slater stated since the stipulation is procedural there is no opposition to our pending application, this is procedural design to reduce your burden and costs in presenting your case in front of the State Board. Since there is no opposition, counsel is asking this committee to give counsel, rather than having to reconvene, in coordination with staff the latitude to complete the stipulation to their satisfaction in advance of the hearing. We can add that to the agenda on the basis the stipulation has just become known to us. Mr. Kuhn stated he would make the motion to add this to the agenda, however, asked for just a moment to read the stipulation.

Motion by Kuhn, second by Catlin, and by unanimous vote

Moved to add this item to the agenda for vote, as presented

A discussion ensued with regard to the stipulation and the pending motion for counsel to complete the stipulation. Chair Willis asked for a brief moment to allow all parties to read the stipulation.

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

Moved to approve the handed out stipulation and give counsel approval to sign and further edit the stipulation as they feel necessary in advance of the hearing, as presented

B. FINANCIAL REPORT

1. Technology Update

Mr. Manning stated he has asked Ms. Rojo to put together a presentation regarding some of the work that Watermaster staff has been doing to try and bring together our technical information into a computerized information system that works for the benefit of us all. Ms. Rojo stated our current computer data systems include information on: Well Water Levels, Storm & Supplemental Water Recharge, Well Production, Assessment Package, Timekeeping, Human Resources, Administration, and Records Management. Well water levels captures depth to water, level methodology, well level reference points, well elevation

readings, and reporting by date. Storm & supplemental water recharge captures imported, recycled and storm water by recharge basin and management zone. Well production captures production by quarter, status, meter type, and user and owner maintenance. Assessment package captures production, agricultural pool reallocation, water transactions, replenishment calculation, storage and recovery programs, land use conversions, and assessment generation. Timekeeping captures electronic time entry paid by pay period, employee service accruals, and project and task tracking. Human resources captures employee data and incorporates benefits tracking, automatic accruals, salary history, payroll deduction tracking, and job descriptions. Administration captures minute order tracking, resolution tracking, records management, library holdings, and our rolodex. Staff is currently working on future systems that will include; Budget Development and Tracking, Land Use Conversion Detail, Voluntary Agreements, Meter Installation, Calibration and Repair, and Data Management.

2. Budget Advisory Committee Update

Ms. Rojo stated this newly formed committee met for the first time on March 19, 2007 and it went very well. Since this was our first meeting staff will have a detailed report at the April meeting on the progress of this committee.

C. ENGINEERING REPORT

1. Regional Board Letter Dated February 14, 2007

Mr. Wildermuth stated on February 14, 2007 the Regional Board sent a letter to Inland Empire Utilities Agency (IEUA) and to Chino Basin Watermaster (CBWM) letting them know that they are falling short on our Maximum Benefit commitments as to Hydraulic Control. There is a Hydraulic Monitoring Report that was released last April 2006. There was some modeling work done by Wildermuth Environmental which showed there was a small amount of leakage occurring through the Santa Ana River west of the Chino I Desalter. There was a meeting last November in which we discussed this issue; Orange County water district also attended this meeting. At that time Mr. Thibeault suggested he would be coming back to IEUA and CBWM with a letter asking for a schedule to get in compliance. The February 14th letter is an official notification to IEUA and CBWM to prepare that schedule with milestones and to show compliance by November 2009. Mr. Thibeault's definition of compliance is to have the solution in place and operating, not necessarily achieving complete Hydraulic Control, but the solution needs to be in place and operating in 2009. In the February 14th letter we were given until mid March to prepare that schedule. Subsequently IEUA and CBWM have written a letter stating they needed more time to prepare the schedule. Watermaster's staff has been working the schedule and staff has put out its first draft and it is out for review by IEUA and we have asked Scott Burton to look at it. The schedule is very detailed and it suggests that the best we can do is to have these wells on line around May, 2012. In an informal conversation with the Regional Board they appeared to be discontented with the 2012 timeframe and asked for a second schedule; one that would show the most optimum schedule with milestones. Both of these schedules will go through the Watermaster process and will also be reviewed by some of the senior staff at the Chino Desalter Authority. A discussion ensued with regard to the report given by Mr. Wildermuth.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated he has spent the last two days in Sacramento with the Groundwater Resources Association who has recently formed a coalition which held their first legislative meetings. After the meeting, a group of the parties from the coalition went over to the capitol to talk about groundwater issues. One of the things that is being found out about water agencies is that legislatures do not understand what groundwater is. When discussing storage the immediate thought is above ground storage instead of underground storage and this coalition will be attempting to educate legislatures on these types of issues as well as many other water issues. This was a very beneficial conference overall.

2. Recharge Update

Mr. Manning stated the pumps to the basins presently are turned off and we have currently met all our obligations for recharge.

3. Progress Report on Desalter Expansion

Mr. Manning stated in discussions with Western Municipal Water District, the City of Ontario, Jurupa Community Services, and our consulting firms, it was Western's recommendation that because of all the moving pieces it was felt that we needed to have a project facilitator brought on board. Mr. Jeske and Mr. Manning were put in charge of gathering resumes and interviewing potential candidates for the job. That has been done and the recommendation we are making is that Mr. Gary Meyerhofer be hired. Staff is working on that contract now and once it is completed it will go through the Watermaster process in April. The costs for Mr. Meyerhofer will be funded by Western Municipal Water District, Inland Empire Utilities Agency, and possibly Three Valleys Municipal Water District. Chair Jeske noted Mr. Meyerhofer is with the firm Carollo Engineering and was one of the resumes handed out at the last Appropriative and Non-Agricultural Pool meeting. Carollo Engineering is the firm who put together the draft Feasibility Report for Western Municipal Water District, and the City of Ontario.

IV. INFORMATION1. Metropolitan Water District Letter

No comment was made regarding this item.

2. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

Mr. Manning presented Mr. Anderson with a plaque of recognition of service while on the Board at Chino Basin Watermaster. Mr. Anderson was thanked for all that he has accomplished while serving on the Board.

VII. FUTURE MEETINGS

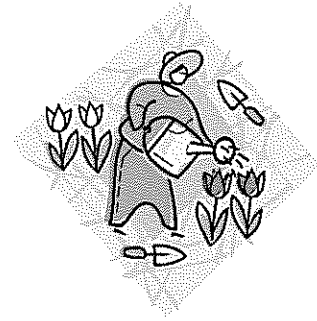
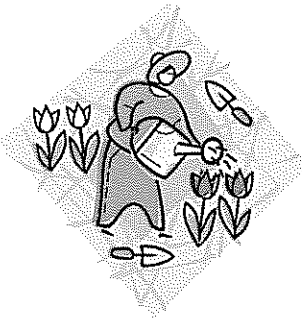
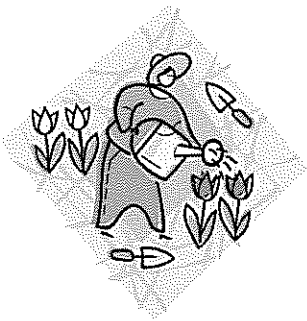
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April 26, 2007	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board meeting was adjourned by Chair Willis at 12:40 p.m.

Secretary: _____

Minutes Approved: _____

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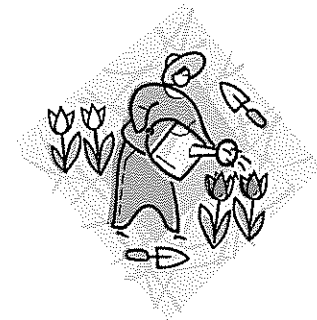
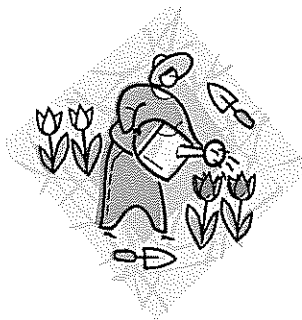
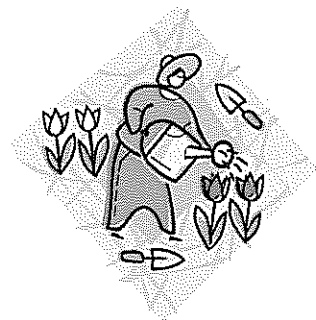
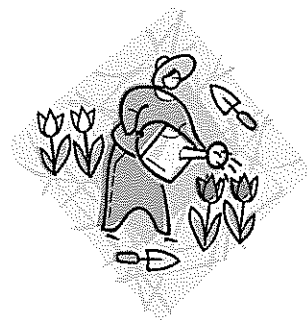


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2007
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through February 28, 2007
3. Treasurer's Report of Financial Affairs for the Period February 1, 2007 through February 28, 2007
4. Profit & Loss Budget vs. Actual July 2006 through February 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: April 12, 2007
April 17, 2007
April 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – March 2007

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for March 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 March 2007 were \$689,361.20. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$228,568.02, Hatch and Parent in the amount of \$65,515.30, and Ellison, Schneider & Harris, LLP in the amount of 56,059.42.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2007

Type	Date	Num	Name	Amount
Mar 07				
Bill Pmt -Check	3/6/2007	11211	MEDIA JIM	-900.00
General Journal	3/7/2007	07/02/8	PAYROLL	-6,562.20
General Journal	3/7/2007	07/02/8	PAYROLL	-22,378.35
Check	3/8/2007	11212	MONTE VISTA IRRIGATION COMPANY	-9,963.18
Check	3/8/2007	11213	UPLAND, CITY OF	-138,234.25
Check	3/8/2007	11214	SAN ANTONIO WATER COMPANY	-8,674.72
Bill Pmt -Check	3/8/2007	11215	APPLIED COMPUTER TECHNOLOGIES	-3,066.10
Bill Pmt -Check	3/8/2007	11216	COMPUSA, INC.	-1,648.34
Bill Pmt -Check	3/8/2007	11217	COMPUTER NETWORK	-315.46
Bill Pmt -Check	3/8/2007	11218	DIRECTV	-74.98
Bill Pmt -Check	3/8/2007	11219	FIELD, CHARLES	-125.00
Bill Pmt -Check	3/8/2007	11220	HSBC BUSINESS SOLUTIONS	-537.25
Bill Pmt -Check	3/8/2007	11221	MAYER HOFFMAN MC CANN P.C.	-6,850.00
Bill Pmt -Check	3/8/2007	11222	MONTE VISTA WATER DIST	-375.00
Bill Pmt -Check	3/8/2007	11223	PARK PLACE COMPUTER SOLUTIONS, INC.	-5,625.00
Bill Pmt -Check	3/8/2007	11224	PAYCHEX	-182.52
Bill Pmt -Check	3/8/2007	11225	PREMIERE GLOBAL SERVICES	-50.41
Bill Pmt -Check	3/8/2007	11226	RAUCH COMMUNICATION CONSULTANTS, LLC	-882.87
Bill Pmt -Check	3/8/2007	11227	REID & HELLYER	-5,529.95
Bill Pmt -Check	3/8/2007	11228	SAGE, KEVIN	-125.00
Bill Pmt -Check	3/8/2007	11229	SOUTHERN CALIFORNIA WATER COMMITTEE	-290.00
Bill Pmt -Check	3/8/2007	11230	SPRINT	-294.43
Bill Pmt -Check	3/8/2007	11231	STANTEC CONSULTING, INC.	-37.50
Bill Pmt -Check	3/8/2007	11232	THE FURMAN GROUP, INC.	-2,635.00
Bill Pmt -Check	3/8/2007	11233	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	3/8/2007	11234	VERIZON	-388.38
Bill Pmt -Check	3/8/2007	11235	WEST VALLEY ELECTRIC	-2,055.00
Bill Pmt -Check	3/8/2007	11236	WHEELER METER MAINTENANCE	-1,650.00
Bill Pmt -Check	3/8/2007	11237	WILLIS, KENNETH	-125.00
Bill Pmt -Check	3/8/2007	11238	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	3/15/2007	11262	CITISTREET	-3,652.94
Bill Pmt -Check	3/15/2007	11263	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,190.34
Bill Pmt -Check	3/15/2007	11264	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-6,970.25
Bill Pmt -Check	3/15/2007	11239	A & R TIRE	-48.31
Bill Pmt -Check	3/15/2007	11240	ACWA SERVICES CORPORATION	-235.70
Bill Pmt -Check	3/15/2007	11241	BANK OF AMERICA	-3,098.24
Bill Pmt -Check	3/15/2007	11242	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	3/15/2007	11243	CITISTREET	-3,652.94
Bill Pmt -Check	3/15/2007	11244	DAILY BULLETIN	-184.80
Bill Pmt -Check	3/15/2007	11245	ESRI	-390.00
Bill Pmt -Check	3/15/2007	11246	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	3/15/2007	11247	HAMRICK, PAUL	-250.00
Bill Pmt -Check	3/15/2007	11248	HATCH AND PARENT	-65,515.30
Bill Pmt -Check	3/15/2007	11249	HOSTETLER, DAN	-125.00
Bill Pmt -Check	3/15/2007	11250	INLAND EMPIRE UTILITIES AGENCY	-10,000.00
Bill Pmt -Check	3/15/2007	11251	MCI	-923.48
Bill Pmt -Check	3/15/2007	11252	OFFICE DEPOT	-822.97
Bill Pmt -Check	3/15/2007	11253	PUMP CHECK	-2,167.50
Bill Pmt -Check	3/15/2007	11254	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	3/15/2007	11255	STATE COMPENSATION INSURANCE FUND	-898.41
Bill Pmt -Check	3/15/2007	11256	STATE OF CALIFORNIA BOARD OF EQUALIZATI...	-3,425.86
Bill Pmt -Check	3/15/2007	11257	UNION 76	-152.95
Bill Pmt -Check	3/15/2007	11258	UNITED PARCEL SERVICE	-360.90
Bill Pmt -Check	3/15/2007	11259	VERIZON WIRELESS	-161.70
Bill Pmt -Check	3/15/2007	11260	WEST VALLEY ELECTRIC	-290.33
Bill Pmt -Check	3/15/2007	11261	RICOH BUSINESS SYSTEMS-Maintenance	-1,047.00
General Journal	3/16/2007	70303	PAYROLL	-6,553.18
General Journal	3/16/2007	70303	PAYROLL	-22,378.35
General Journal	3/24/2007	70305	PAYROLL	-6,329.40
General Journal	3/24/2007	70305	PAYROLL	-23,508.84
Bill Pmt -Check	3/27/2007	11265	ARROWHEAD MOUNTAIN SPRING WATER	-43.43
Bill Pmt -Check	3/27/2007	11266	BLACK & VEATCH CORPORATION	-1,772.50
Bill Pmt -Check	3/27/2007	11267	CAL CPA	-457.00
Bill Pmt -Check	3/27/2007	11268	CALPERS	-3,058.44
Bill Pmt -Check	3/27/2007	11269	COMPUSA, INC.	-34.47
Bill Pmt -Check	3/27/2007	11270	DIRECTV	-74.98
Bill Pmt -Check	3/27/2007	11271	ELLISON, SCHNEIDER & HARRIS, LLP	-56,059.42
Bill Pmt -Check	3/27/2007	11272	OFFICE DEPOT	-536.83

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2007

Type	Date	Num	Name	Amount
Bill Pmt -Check	3/27/2007	11273	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	3/27/2007	11274	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,245.92
Bill Pmt -Check	3/27/2007	11275	SPRINT	-294.43
Bill Pmt -Check	3/27/2007	11276	STAULA, MARY L	-136.61
Bill Pmt -Check	3/27/2007	11277	WILDERMUTH ENVIRONMENTAL INC	-228,568.02
Mar 07				<u>-689,361.20</u>

CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE
PERIOD JULY 1, 2006 THROUGH FEBRUARY 28, 2007

	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			94,866	10,797	3,862			47	109,572	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	5,198,607	10,797	114,287	-	-	47	5,323,738	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	648,216								648,216	601,598
Watermaster Board-Advisory Committee	34,001								34,001	52,123
Pool Administration			15,013	53,762	4,533				73,308	118,245
Optimum Basin Mgmt Administration		1,449,515							1,449,515	1,855,795
OBMP Project Costs		3,148,499							3,148,499	5,904,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	20,000								20,000	5,000
Total Administrative/OBMP Expenses	702,217	4,598,014	15,013	53,762	4,533			375	5,373,914	8,537,405
Net Administrative/OBMP Income	(702,217)	(4,598,014)								
Allocate Net Admin Income To Pools	702,217		541,402	147,637	13,178				-	0
Allocate Net OBMP Income To Pools		4,598,014	3,545,023	966,705	86,286				-	0
Agricultural Expense Transfer			1,162,554	(1,162,554)					-	0
Total Expenses			5,263,992	5,550	103,997	-	-	375	5,373,914	8,537,405
Net Administrative Income			(65,385)	5,247	10,290			(328)	(50,176)	(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						(1,625,062)			(1,625,062)	0
Net Other Income			-	-	-	(1,255,814)	-	-	(1,255,814)	0
Net Transfers To/(From) Reserves			(65,385)	5,247	10,290	(1,255,814)	-	(328)	(1,305,990)	(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			4,373,772	475,808	197,274	(116,199)	158,251	1,614	5,090,520	
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
FEBRUARY 1 THROUGH FEBRUARY 28, 2007**

DEPOSITORIES:

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	(291,477)		
Zero Balance Account - Payroll		(28,941)		(320,418)
Vineyard Bank CD - Agricultural Pool				432,710
Local Agency Investment Fund - Sacramento				5,358,868
TOTAL CASH IN BANKS AND ON HAND	2/28/2007		\$	5,471,660
TOTAL CASH IN BANKS AND ON HAND	1/31/2007			6,553,657
PERIOD INCREASE (DECREASE)			\$	(1,081,997)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:			\$	-
Accounts Receivable				352,735
Assessments Receivable				(95,502)
Prepaid Expenses, Deposits & Other Current Assets				(896,418)
(Decrease)/Increase in Liabilities				(37,528)
Accounts Payable				(405,284)
Accrued Payroll, Payroll Taxes & Other Current Liabilities				
Transfer to/(from) Reserves				
PERIOD INCREASE (DECREASE)			\$	(1,081,997)

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 1/31/2007	\$ 500	\$ 462,846	\$ -	\$ 431,443	\$ 5,658,868	\$ 6,553,657
Deposits	-	353,031	-	1,267	-	354,298
Transfers	-	241,676	58,324	-	(300,000)	-
Withdrawals/Checks	-	(1,349,030)	(87,265)	-	-	(1,436,295)
Balances as of 2/28/2007	\$ 500	\$ (291,477)	\$ (28,941)	\$ 432,710	\$ 5,358,868	\$ 5,471,660
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (754,323)	\$ (28,941)	\$ 1,267	\$ (300,000)	\$ (1,081,997)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
FEBRUARY 1 THROUGH FEBRUARY 28, 2007**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
2/22/2007	Withdrawal		\$ 300,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 300,000	-			

* 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
February 28, 2007**

<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	\$ 5,358,868			
TOTAL INVESTMENTS	\$ 5,358,868			

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,

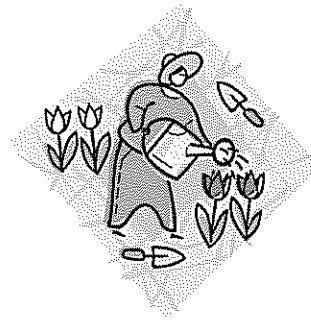
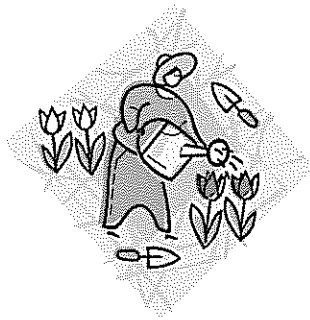
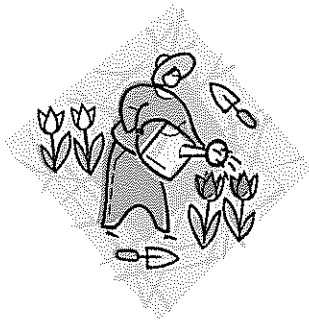


Sheri M. Rojo, CPA
Chief Financial Officer & Assistant General Manager
Chino Basin Watermaster

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2006 through February 2007

	<u>Jul '06 - Feb 07</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	109,572	136,500	-26,928	80.3%
Total Income	5,323,739	7,582,705	-2,258,966	70.2%
Gross Profit	5,323,739	7,582,705	-2,258,966	70.2%
Expense				
6010 · Salary Costs	498,849	447,037	51,812	111.6%
6020 · Office Building Expense	74,566	102,000	-27,434	73.1%
6030 · Office Supplies & Equip.	24,075	45,000	-20,925	53.5%
6040 · Postage & Printing Costs	60,612	78,500	-17,888	77.2%
6050 · Information Services	98,050	112,500	-14,450	87.2%
6060 · Contract Services	85,076	131,000	-45,924	64.9%
6080 · Insurance	15,108	25,210	-10,102	59.9%
6110 · Dues and Subscriptions	14,406	16,750	-2,344	86.0%
6140 · WM Admin Expenses	2,090	6,500	-4,410	32.2%
6150 · Field Supplies	872	4,000	-3,128	21.8%
6170 · Travel & Transportation	17,854	19,350	-1,496	92.3%
6190 · Conferences & Seminars	23,495	22,500	995	104.4%
6200 · Advisory Comm - WM Board	10,126	15,168	-5,042	66.8%
6300 · Watermaster Board Expenses	23,875	36,955	-13,080	64.6%
8300 · Appr PI-WM & Pool Admin	15,013	15,918	-905	94.3%
8400 · Agri Pool-WM & Pool Admin	13,166	18,633	-5,467	70.7%
8467 · Agri-Pool Legal Services	35,046	65,000	-29,954	53.9%
8470 · Ag Meeting Attend -Special	5,550	12,000	-6,450	46.3%
8500 · Non-Ag PI-WM & Pool Admin	4,533	6,694	-2,161	67.7%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-256,837	-408,749	151,912	62.8%
6900 · Optimum Basin Mgmt Plan	1,356,709	1,713,780	-357,071	79.2%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	92,806	142,015	-49,209	65.3%
7101 · Production Monitoring	64,011	61,565	2,446	104.0%
7102 · In-line Meter Installation	20,457	64,904	-44,447	31.5%
7103 · Grdwtr Quality Monitoring	103,452	149,713	-46,261	69.1%
7104 · Gdwtr Level Monitoring	115,729	191,953	-76,224	60.3%
7105 · Sur Wtr Qual Monitoring	3,932	32,247	-28,315	12.2%
7107 · Ground Level Monitoring	87,980	160,984	-73,004	54.7%
7108 · Hydraulic Control Monitoring	156,703	483,258	-326,555	32.4%
7109 · Recharge & Well Monitoring Prog	43,823	146,350	-102,527	29.9%
7200 · PE2- Comp Recharge Pgm	734,205	1,822,997	-1,088,792	40.3%
7300 · PE3&5-Water Supply/Desalte	841	4,676	-3,835	18.0%
7400 · PE4- Mgmt Plan	133,652	578,762	-445,110	23.1%
7500 · PE6&7-CoopEfforts/SaltMgmt	148,344	310,507	-162,163	47.8%
7600 · PE8&9-StorageMgmt/Conj Use	12,926	6,698	6,228	193.0%
7690 · Recharge Improvement Debt Pymt	1,358,415	1,608,000	-249,586	84.5%

	<u>Jul '06 - Feb 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	164,031	266,734	-102,703	61.5%
Total Expense	<u>5,373,914</u>	<u>8,537,405</u>	<u>-3,163,491</u>	<u>62.9%</u>
Net Ordinary Income	-50,176	-954,700	904,524	5.3%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	369,248	0	369,252	100.0%
Total Other Income	<u>369,248</u>	<u>0</u>	<u>369,252</u>	<u>100.0%</u>
Other Expense				
5010 · Groundwater Replenishment	1,625,062	0	1,625,062	100.0%
9999 · To/(From) Reserves	-1,305,990	-954,700	-351,290	136.8%
Total Other Expense	<u>319,072</u>	<u>-954,700</u>	<u>1,273,772</u>	<u>-33.4%</u>
Net Other Income	<u>50,176</u>	<u>954,700</u>	<u>-904,524</u>	<u>5.3%</u>
Net Income				

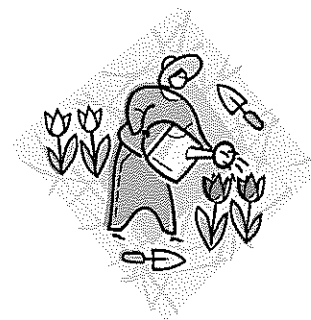
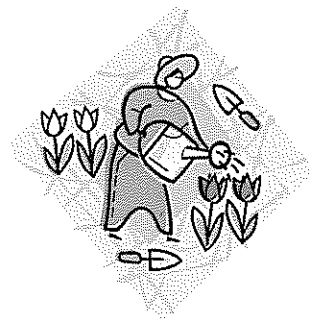
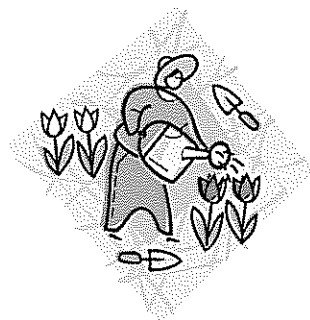
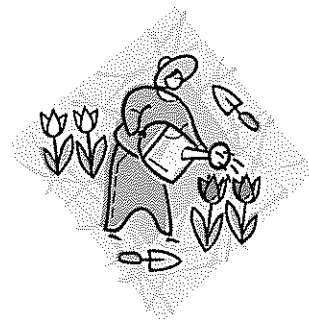


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from West Valley Water District Water in storage in the amount of 1,000 af to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006-2007
2. **Consider Approval for Notice of Sale or Transfer** – The one-year lease of 5,230 af of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

March 1, 2007

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **February 12, 2007**

Date of this notice: **March 1, 2007**

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

- A. Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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

Appropriative Pool: March 8, 2007

Non-Agricultural Pool: March 8 2007

Agricultural Pool: March 20, 2007

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: March 1, 2007

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: March 1, 2007
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

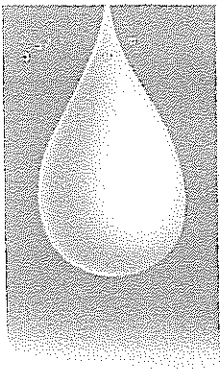
The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Notice of the water transaction identified above was mailed on March 1, 2007 along with the materials submitted by the requestors.

DISCUSSION

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



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

8440 NUEVO AVENUE • P.O. BOX 987, FONTANA, CALIFORNIA 92334 • (909) 822-2201

February 12, 2007

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

Subject: Purchase of Water in Storage
Chino Basin-Fiscal Year 2006/2007

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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

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

Very truly yours,

Michael McGraw
General Manager

MJM:bf
Enclosures

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

West Valley Water District
Name of Party

December 18, 2006

Date Requested

Date Approved

855 West Baseline Avenue
Street Address

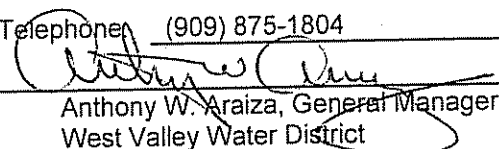
1000 Acre-feet
Amount Requested

1000 Acre-feet
Amount Approved

Rialto CA 92377
City State Zip Code

Telephone: (909) 875-1804

Facsimile: (909) 875-7284


Anthony W. Araiza, General Manager
West Valley Water District

TRANSFER TO:

Fontana Water Company
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue
Street Address

Fontana CA 92334
City State Zip Code

Telephone: (909) 822-2201

Facsimile: (909) 823-5046

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

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

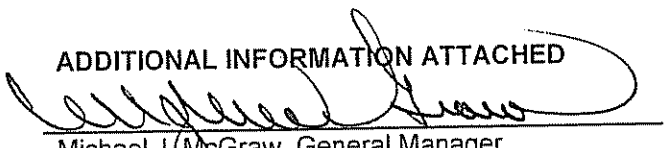
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

Fontana Water Company			February 12, 2007	
Name of Party			Date Requested	Date Approved
8440 Nuevo Avenue			1000 Acre-feet	Acre-feet
Street Address			Amount Requested	Amount Approved
Fontana	CA	92335		
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: (909) 822-2201			Facsimile: (909) 823-5046	

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

[] Pump when other sources of supply are curtailed

[X] Pump to meet current or future demand over and above production right

[] Pump as necessary to stabilize future assessment amounts

[] Other, explain _____

	N/A
--	-----

Within Fontana Water Company's Service Area

N/A

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

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

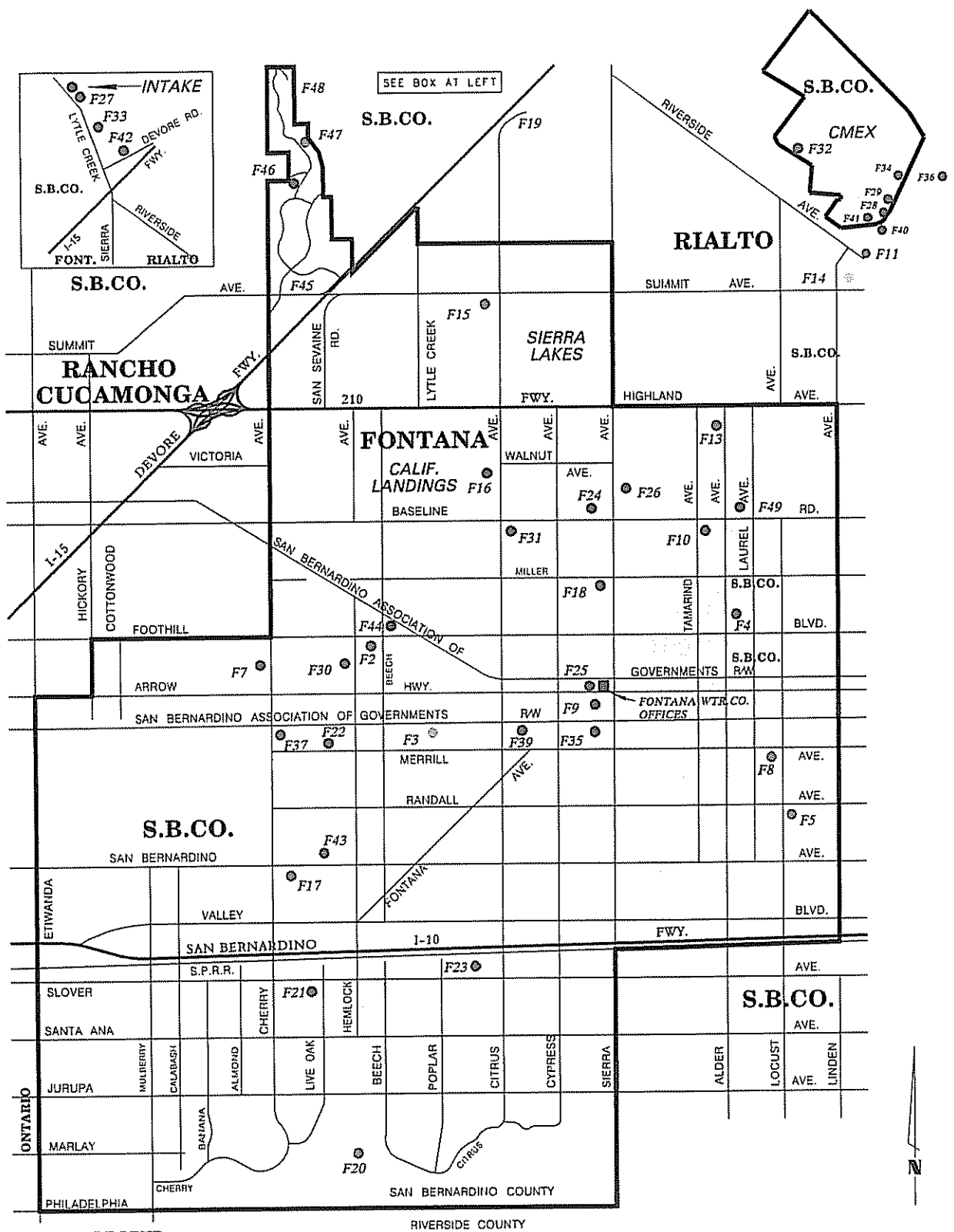
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater from West Valley Water District to Fontana Water Company (FWC) of 1000 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2006/2007. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

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

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



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

March 1, 2007

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **February 9, 2007**

Date of this notice: **March 1, 2007**

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

- A. Notice of Sale or Transfer – the one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

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

Appropriative Pool: March 8, 2007

Non-Agricultural Pool: March 8 2007

Agricultural Pool: March 20, 2007

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: March 1, 2007

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: March 1, 2007
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – the one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – the one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on March 1, 2007 along with the materials submitted by the requestors.

DISCUSSION

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

DENNIS R. YATES
Mayor

EUNICE M. ULLOA
Mayor Pro Tem



FEB 14 2007

GLENN DUNCAN
EARL C. ELROD
TOM HAUGHEY
Council Members

GLEN ROJAS
City Manager

CITY of CHINO

February 9, 2006

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

Dear Mr. Manning:

Subject: Annual Lease of Water Production Rights

This letter is to notify Watermaster of the one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

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

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

Sincerely,

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

DGC: ml

Cc: Mohamed El-Amamy (Ontario)
Gil Aldaco
Sheri Rojo (CBWM)



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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

<u>City of Chino</u> Name of Party <u>13220 Central Avenue</u> Street Address <u>Chino</u> <u>CA</u> <u>91710</u> City State Zip Code Telephone: <u>909-927-7577</u>	<u>2/14/2007</u> Date Requested Date Approved <u>5,230</u> Acre-feet _____ Acre-feet Amount Requested Amount Approved Facsimile: <u>909-591-6829</u>
--	---

DAVE CROSBY
Applicant (Dave Crosby, Environmental & Water Manager)

TRANSFER TO:

City of Ontario **Attach Recapture Form 4**
Name of Party

1425 S. Bon View
Street Address

Ontario CA 91761
City State Zip Code
Telephone: 909-395-2681 Facsimile: 909-395-2601

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

WATER QUALITY AND WATER LEVELS

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

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [☒] No [☐]

Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

<u>City Of Ontario</u>			<u>February 14, 2007</u>	_____
Name of Party			Date Requested	Date Approved
<u>1425 S. Bon View Avenue</u>			<u>5,230</u> Acre-feet	_____ Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Ontario</u>	<u>CA</u>	<u>91761</u>	<u>Varies</u>	<u>July 1, 2006 – June 30, 2007</u>
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>909-395-2600</u>			Facsimile: <u>909-395-2601</u>	

IS THIS AN AMENDMENT TO A PREVIOUSLY APPROVED APPLICATION? ☐ YES ☒ NO
IF YES, ATTACH APPLICATION TO BE AMENDED

IDENTITY OF PERSON THAT STORED THE WATER: _____

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Management zones 1, 2 and 3

N/A

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

WATER QUALITY AND WATER LEVELS

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

Recapture by Ontario will be accomplished by pumping 23 wells. Static level varies from 270 feet to 530 feet. Of the wells routinely pumped, nitrate levels vary from less than 5 to 40 mg/L.

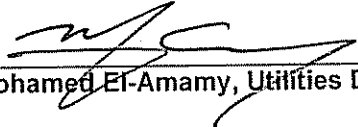
MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [X] No []


 Mohamed El-Amamy, Utilities Director

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

CITY OF ONTARIO

Recapture Plan

The subject water is a transfer of stored groundwater from the City of Chino located within Management Zones 2 to the City of Ontario in the amount of 5,230 acre-feet to satisfy a portion of the City's replenishment obligation for FY 2006-2007. Recapture of the stored water is accomplished by the production of any or all of the 20 wells owned and operated by the City with Management Zones 2 or 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows.

Well No.	Capacity acre-feet/day
9	7.8
16	3.2
17	7.2
18	5.3
19	2.5
20	3.4
24	8.4
25	6.2
26	5.7
27	4.9
29	11.2
30	14.1
31	13.1
35	8.6
36	8.3
37	13.4
38	11.4
39	8.6
40	13.4
41	11.0
167.9	

A map showing the locations of these wells is attached. The rate of extraction can vary significantly, depending upon system demand and seasonal changes.

**APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD**

Fiscal Year 2006 - 2007

Commencing on July 1, 2006 and terminating on June 30, 2007, The City of Chino ("Transferor") hereby transfers to The City of Ontario ("Transferee") the quantity of 5,230 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

None

MATERIAL PHYSICAL INJURY

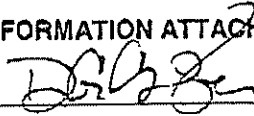
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

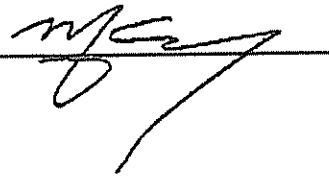
ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Dave Crosley
Transferor



Mohamed El-Amamy
Transferee



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

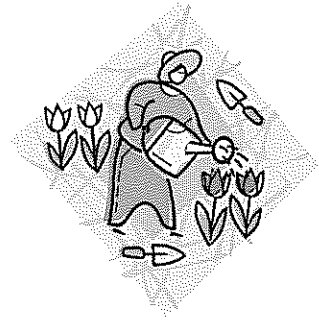
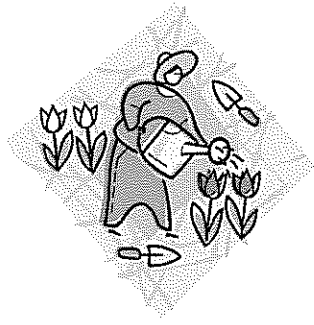
DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

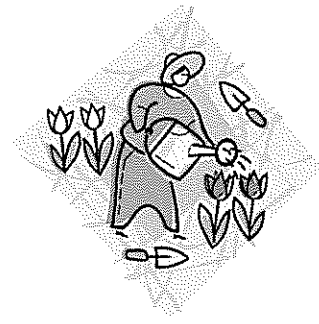
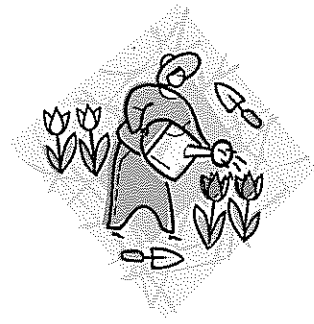
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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

- A. CONTRACT FOR PROJECT
FACILITATION OF CHINO BASIN
DESALTERS WITH GARY
MEYERHOFER, CAROLLO
ENGINEERS





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: April 12, 2007
April 17, 2007
April 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Retention of Project Facilitator for Chino Basin Desalters

Summary

Issue – Retention of Desalter Project Coordinator to coordinate tasks relating to the implementation of next increment of desalter capacity.

Recommendation – Approve the Contract and Task Order #1 with Carollo Engineers to provide professional services at competitive rates for an amount not to exceed \$75,000.00.

Fiscal Impact – No fiscal impact on the Watermaster budget. All costs, up to the task order authorization of \$75,000, are being reimbursed by IEUA, Western MWD and Three Valley's MWD.

Section VII of the Peace Agreement sets forth the basic commitments of the Parties with respect to future desalters. Among these obligations, Western Municipal Water District ("Western") and the Inland Empire Utilities Agency ("IEUA") assumed responsibilities relating to obtaining funding to support the expansion of desalting capacity. Both Western and IEUA have been successful in raising third party funds that can be used to substantially reduce the capital costs that may be incurred in the construction of the future desalters in a cumulative amount which may exceed \$40 million. Approximately \$7 million has been fully approved and must be spent as soon as September 2008.

On March 1, 2007, the parties involved with the development of desalter expansion met to discuss each agency's progress. Included in the discussion was a recap of the commitments to both the Regional Water Quality Control Board and the Court for the development of desalters as well as the draft schedule

for completion of the project. It was agreed by the parties that in order to meet the short time schedule to utilize the \$7 million in grant funding that must be spent by September 2008, and to ensure that the project stays on schedule with respect to the other funding opportunities, as well as with the schedules provided to the Court and to the Regional Board, that there should be a project coordinator. No one party felt that it has the available staff to devote the time required for this task. The parties therefore agreed to hire a project coordinator tasked with the responsibility of keeping the project on schedule and to assist in the synchronization of tasks with other agencies.

Given the tight timelines with commitments to the court and regional board, as well as the multiple parties involved, it was decided that IEUA, Western MWD and Three Valley's MWD would each fund 33.3% of the cost to hire a qualified individual to be responsible for maintenance of project schedules, grant funding and CEQA. The task order for this project will have a cap of \$75,000. This amount will be provided to Watermaster in advance in an amount of \$25,000 from each agency.

At the march 8, 2007 Appropriative Pool meeting, Mr. Rossi gave a presentation regarding this proposal and discussed the need for the project coordinator and the need to move forward expeditiously to take advantage of the available funding opportunities.

Following this meeting, Ken Jeske and Ken Manning interviewed three candidates for the position. Based on these interviews they recommend Gary Meyerhofer of Carollo Engineers. The recommendation is based on the candidate's knowledge and experience working on projects of a similar size and magnitude as well as his willingness to spend the anticipated time required. Another factor is Mr. Meyerhofer's knowledge of the Basin and his established relationships with many of the parties.



*Dedicated to creative,
responsive, quality solutions
for those we serve.*

April 5, 2007
300.20

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

Attention: Mr. Ken Manning

Subject: Project Facilitation of Chino Basin Desalters

Dear Mr. Manning:

Please find attached our proposed contract and task order for consulting engineering services. These documents address our scope of work, budget and schedule for the project facilitation and coordination for the Chino Basin Desalters.

After your review of these documents please call me if you have any questions. I look forward to working with you and others on these exciting projects.

Sincerely,

CAROLLO ENGINEERS, P.C.

A handwritten signature in black ink, appearing to read 'G. Meyerhofer', written over the printed name.

Gary Meyerhofer, P.E.

GMP:tba

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*Dedicated to creative,
responsive, quality solutions
for those we serve.*

April 5, 2007

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

Attention: Mr. Ken Manning

Subject: Proposal for Project Facilitation of Chino Basin Desalters

Dear Mr. Manning:

We propose to render professional engineering services in connection with the project facilitation and coordination of the Chino Basin Desalters (hereinafter called the Project).

Carollo Engineers, A Professional Corporation, (ENGINEER) asserts that it possesses the qualifications to perform the necessary professional services in connection with the Project and will be responsible to the level of competency maintained by engineers under the same or similar circumstances.

The services furnished by Carollo will be defined by Task Orders which will set forth our Scope of Work, Time of Performance, and Payment. We would expect to start our services promptly after receipt of your acceptance of this proposal and to complete our services within approximately three months.

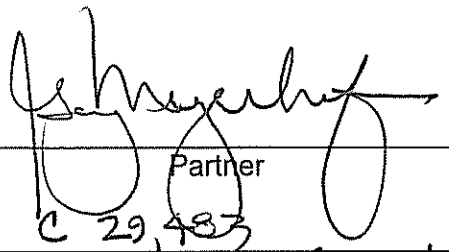
This proposal, the provisions contained in the Schedule of Payment and Conditions and Task Orders attached hereto represent the entire understanding between Carollo and Chino Basin Watermaster in respect to the Project and may only be modified in writing signed by both of us. Please sign the enclosed copy of this letter in the space provided below and return it to us.

Sincerely,

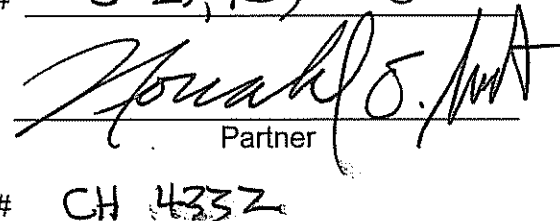
CAROLLO ENGINEERS,
A Professional Corporation

CHINO BASIN WATERMASTER

Accepted this _____ day of _____,
2007

By: 
Partner
PE# C 29,483

By: _____
Officer

By: 
Partner
PE# CH 4332

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Schedule of Payments and Conditions

1. Payment to Engineer

The ENGINEER shall bill the OWNER monthly indicating the services performed and the cost of such services according to the attached fee schedule:

2. Miscellaneous

If, at any time, ENGINEER has reason to believe that the costs which ENGINEER expects to incur in the performance of this Agreement will exceed that which has been estimated, ENGINEER shall notify OWNER and provide a revised estimate for professional services and costs and request that OWNER approve such estimate. In the absence of OWNER's concurrence, ENGINEER shall not be obligated to continue performance under this Agreement or otherwise incur costs in excess of the estimate set forth.

3. Legal Relations

OWNER agrees to indemnify, hold harmless and defend ENGINEER and any and all of their principals, agents and employees from and against all claims, loss, liability, suits and damages including attorney's fees, charges or expenses to which they or any of them may be put or subjected to arising out of or resulting from the performance of this Agreement which claim, damage, loss or expense exceeds the total compensation received by ENGINEER hereunder including claims or alleged claims by third parties and all other claims relating to the Project from any cause including negligent acts, errors and omissions, strict liability, breach of contract or breach of alleged warranty or fiduciary duty on the part of the ENGINEER.

With respect to claims, damages, losses and expenses which are related to hazardous waste, pollutants, or toxic materials, or asbestos on or about the OWNER's property or as a result of performance of ENGINEER's services under this Agreement, the OWNER shall, to the extent permitted by law, defend, indemnify and hold harmless the ENGINEER and its employees, subconsultants or agents from and against all such claims, damages and losses, including attorney's fees resulting from claims against ENGINEER related thereto.

The OWNER shall make freely available to the ENGINEER for examination and copy all directly pertinent books, documents, papers, and records of the OWNER involving transactions related to this Agreement.

The ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over Contractor's methods of determining prices, or other competitive bidding or market conditions or safety conditions, practices or omissions on the site.

Any cost estimates provided by ENGINEER will be made on the basis of his experience and judgement. ENGINEER cannot and does not guarantee that proposals, bids or actual Project construction costs will not vary from cost estimates prepared by him.

If the project involves construction of any kind, the parties agree the OWNER and ENGINEER shall be indemnified to the fullest extent permitted by law for all claims, damages, losses and expenses arising out of or resulting from Contractor's performance of work including injury to any worker on the job site except for the sole negligence of

OWNER or ENGINEER. OWNER and ENGINEER shall be named as additional primary insured(s) by Contractor's General Liability and Builders All Risk insurance policies without offset and all Construction Documents and insurance certificates shall include wording acceptable to the parties herein with reference to such provisions.

ENGINEER shall not be responsible for the means, methods, techniques, sequences, or procedures of construction selected by contractors or the safety precautions and programs incident to the work of contractors and will not be responsible for Contractor's failure to carry out work in accordance with the Contract Documents.

The services to be performed by ENGINEER are intended solely for the benefit of the OWNER. No person or entity not a signatory to this Agreement shall be entitled to rely on the ENGINEER's performance of its services hereunder, and no right to assert a claim against the ENGINEER by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance or non-performance of the ENGINEER's services hereunder.

with the terminating party prior to termination.

If this Agreement is terminated in whole or in part by the OWNER for reasons of default by the ENGINEER, a negotiated adjustment in the price provided for in this Agreement shall be made, however, no amount shall be allowed for anticipated profit or unperformed services. If termination for default is effected by the ENGINEER the negotiated adjustment shall include a reasonable profit. The equitable adjustment of any termination shall provide payment to the ENGINEER for services rendered and expenses incurred prior to the termination, in addition to termination settlement costs reasonably incurred by the ENGINEER relating to obligations and commitments as a result of entering into this Agreement.

4. Termination of Agreement

This Agreement may be terminated in whole or in part in writing by either party in the event of substantial failure by the other party to fulfill its obligations under this Agreement through no fault of the terminating party; providing that no such termination may be effected unless the other party is given 1) not less than thirty (30) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and 2) an opportunity for consultation

**CAROLLO ENGINEERS, PC
FEE SCHEDULE**

**As of March 1, 2007
California**

	<u>Hourly Rate</u>
Engineers/Scientists	
Assistant Professional	\$122.00
Professional	157.00
Project Professional	187.00
Lead Project Professional	202.00
Senior Professional	222.00
Senior Process Specialist	300.00
Technicians	
Technicians	95.00
Senior Technicians	135.00
Construction Services	
Inspector	116.00
Senior Inspector	126.00
Senior Construction Manager	191.00
Support Staff	
Document Processing / Clerical	85.00
Project Equipment Communication Expense (PECE) Per DL Hour	9.00
Other Direct Expenses	
Travel and Subsistence	at cost
Mileage	.485/mile
Subconsultant	cost + 10%
Other Direct Cost	cost + 10%
Expert Witness	Rate x 2.0

This fee schedule is subject to annual revisions due to labor adjustments.

TASK ORDER NO. 01

CHINO BASIN WATERMASTER
(OWNER)

AND

CAROLLO ENGINEERS, A Professional Corporation

This Task Order is issued by the OWNER and accepted by ENGINEER pursuant to the mutual promises, covenants and conditions contained in the Agreement between the above named parties dated the _____ day of _____, 2007, in connection with THE Chino Basin Desalter.

ENGINEER'S SERVICES

Carollo will provide the services of Mr. Gary Meyerhofer who will serve as the facilitator for the Chino Basin Desalters. In this role, he will be responsible initially for coordination of the projects schedules, grant funding applications and other services as requested by the Chino Basin Watermaster.

TIME OF PERFORMANCE

Task Order No. 1 is estimated to take approximately half time of Mr. Meyerhofer over two to three months.

PAYMENT

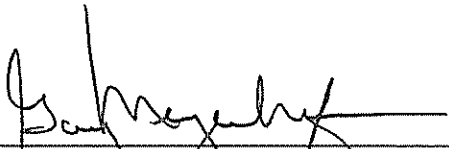
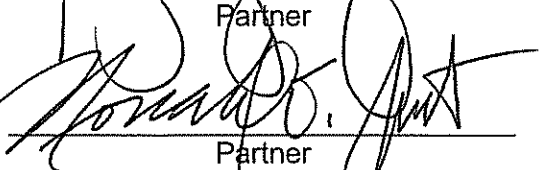
Payment for services will be on a time and materials basis needed on Carollo's March 2007 Fee Schedule with a not to exceed upper limit of \$75,000.

EFFECTIVE DATE

This Task Order No. 01 is effective as of the _____ day of _____, 2007

IN WITNESS WHEREOF, duly authorized representatives of the OWNER and of the ENGINEER have executed this Task Order No. 1 evidencing its issuance by OWNER and acceptance by ENGINEER.

CAROLLO ENGINEERS,
A Professional Corporation

By: 
Partner
By: 
Partner

CHINO BASIN WATERMASTER

Accepted this _____ day of _____,
2007

By: _____
Officer

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Gary J. Meyerhofer

Education

MS Environmental Engineering, University of California, Davis, 1977

BS Civil Engineering, Loyola University, Los Angeles, California, 1975

Licenses

Civil Engineer, California

Professional Engineer, Michigan, Wisconsin

Professional Affiliations

American Water Works Association

Mr. Meyerhofer, a partner with Carollo Engineers, has 26 years of experience in environmental engineering with emphasis in the planning, design, and construction of water supply, treatment, and distribution facilities. His experience includes the preparation of water master plans, and water quality studies, as well as pre- and final design of water treatment and distribution facilities. He has also served as construction manager for several water treatment plant projects. Mr. Meyerhofer's project management and engineering experience encompasses the following areas:

Planning and Infrastructure

- Project engineer providing expertise in the area of surface water supply and water quality for the preparation of a 20-Year Comprehensive Water Master Plan for the Victor Valley Water District, California. The project includes development of a hydraulic computer model using H₂ONET[®], field testing to calibrate the model to actual field conditions, identification of water supply concerns, and evaluation of options. The project also includes preparation of an Urban Water Management Plan, evaluation of the District's 16 storage tanks for seismic vulnerabilities, and a financial analysis to analyze revenues and establish a new rate structure.
- Project manager for the design of water storage and pumping facilities for the City of Folsom, California, and City of Galt, California. Storage facilities consisted of 3- and 4-million-gallon steel tanks, respectively. Pumping facilities consisted of 3,000 and 2,500 gallons-per-minute, respectively.
- Project manager in the preparation of several water system master plans for cities and water districts throughout California. This included serving as project manager for an update of the master plan for the Treated Water Division of the Contra Costa Water District, California. Tasks included: analysis of existing system; calculation of current and future water requirements; determination of required transmission, treatment, storage, and distribution facilities; cost-estimating of the facilities; computer modeling of the distribution system; and development of a capital improvement program.
- Project engineer for the water system master plan for the City of Lakeport, California, and a transmission system analysis for the City of Fairfield, California, to determine optimum siting for a new water treatment plant.
- Project engineer for the development of a water management study for the Modesto, California, area. The objective of the study was to evaluate alternatives and recommend a plan that protects the long-term availability of local water supplies and meets future water demands in a cost-effective manner. After completion of this study, he served as project manager for a follow-up study to evaluate surface water treatment and delivery alternatives for the same study area.
- Project engineer for a storm drainage master plan completed for the City of Watsonville, California. This project included the development of planning criteria, analysis of existing facilities, prediction of 5-, 10-, 50-, and 100-year runoff flows, evaluation of alternatives for stormwater management, development of a capital improvement program, and financial planning.
- Project engineer for development of the facilities plan for the wastewater treatment plant serving Walt Disney World, Florida.
- Preparation of an industrial waste study conducted for a metal plater and finishing company.
- Completion of a planning improvements and energy conservation study for the Lindsay-Strathmore Irrigation District.

Water Quality and Treatment

- Project director for the new Water Works Park II Water Treatment Plant, a \$275-million design/build/maintain project for the City of Detroit Water and Sewerage Department, Michigan. The new water treatment plant is a conventional process with intermediate ozonation with an initial capacity of 240 mgd and an ultimate capacity of 320 mgd. As project director, Mr. Meyerhofer was responsible for all day-to-day operations of the project. In this capacity, he served as the lead of a 400-person/50-firm team. He was responsible for all design, construction, maintenance, procurement, financial, scheduling, and safety aspects of this project. This project included a new 320-mgd pump station and pipelines up to 96 inches in diameter. The project also included a 10-million-gallon buried concrete reservoir as well as contact time modifications to an existing 20-million-gallon buried concrete reservoir.
- Contract manager for the development of the new 20-mgd water treatment plant for Mountain House Community Services District, California. Responsible for defining the contract terms, conditions, cost, and schedule, in conjunction with our partner, Western Summit Construction Company.
- Contract manager for a \$20-million design/build project for the City of Olathe, Kansas. In this role, Mr. Meyerhofer developed the contracts for Carollo to hire a general contractor to build the modification and 20-mgd expansion of the City's existing water treatment plant.
- Project manager for the predesign and design of a new diversion structure and intake on the San Gabriel River for the San Gabriel River Water Committee, California. Nine diversion alternatives were screened during the predesign resulting in the selection of an Obermeyer weir. The intake is sized to divert a flow up to 100 mgd.
- Deputy project manager for the predesign and design of ozone facilities for the Metropolitan Water District of Southern California's 520-mgd Weymouth Filtration Plant. The project consists of adding LOX storage, ozone generation facilities, and ozone contactors. Besides these facilities, new 12-foot diameter plant raw water and ozone effluent pipelines are being added as well as plant flash mix, sulfuric acid, caustic acid, hydrogen peroxide, and sodium hypochlorite storage and feed facilities.
- Principal-in-charge for the predesign, design, and construction of a new 25-mgd microfiltration membrane plant for the Kenosha Water Utility, Wisconsin. The plant takes water from Lake Michigan and treats it through hollow-fiber, low-pressure Memcor Memtec membranes.
- Project manager for the predesign for the expansion of the Sacramento River Water Treatment Plant for the City of Sacramento, California, Utilities Department. This 100-mgd expansion included investigation of river intake alternatives, conventional treatment process alternatives, ozonation, pumping, clearwell, and transmission system improvements. The cost of expansion improvements was estimated to range between \$100 and \$150 million.
- Project manager for the water treatment program for the Carmichael Water District (CWD), California. This program was designed to help CWD meet the Surface Water Treatment Rule. CWD currently withdraws its surface supply via Ranney Collectors in the American River. The program was comprised of a water quality monitoring study, an alternative water supply analysis, and a siting study and predesign for a new 20-mgd water treatment plant.
- Project manager for the predesign of the Fairbairn Water Treatment Plant Expansion for the City of Sacramento, California. The project involved the expansion of the plant from 100 mgd to 200 mgd. Elements of the project included the addition of a 20-million-gallon buried concrete reservoir, an expansion of the intake pump station in the American River, additional grit basins, flocculation/sedimentation basins, filters, and the construction of washwater reclamation facilities, chemical storage area, and a 10,000-square-foot water quality laboratory.
- Project manager for the design of improvements to the Bollman Water Treatment Plant for the Contra Costa Water District, California. Improvements to the plant included the addition of filters and chemical storage tanks and modification of the plant's flocculation basins, chemical feed equipment, and access roads. Mr. Meyerhofer also

served as project manager during construction of these improvements.

filter operation, and the use of ozone and activated carbon.

- Project manager for the design of the expansion of the Waterman Treatment Plant for the City of Fairfield, California. Expansion facilities consisted of the addition of new filters, low-lift and high-lift pumps, and intake screens. Also included in the project were the modification of the plant's flocculation basins and chemical storage systems. Mr. Meyerhofer also served as project manager during construction of these improvements.

- Project engineer for the design of the new 100-mgd Santa Teresa Water Treatment Plant for the City of San Jose, California. Mr. Meyerhofer was responsible for the design of the flocculation and sedimentation basins and the washwater return facilities for this plant.

- Project engineer for the predesign and design of improvements to the City of Folsom, California, Water Treatment Plant. He was responsible for the design of the flocculation basins and bulk-hydrated lime storage and feed system.

- Project manager for the planning, design, and construction of a new 10,000-square-foot water quality laboratory for the City of Sacramento, California. This state-of-the-art facility provides the necessary space and equipment for analysis of samples to determine compliance to existing and future drinking water regulations.

- Project engineer for a comprehensive joint water quality study conducted for the East Bay Municipal Utility District, California, and Contra Costa Water District, California. The study included the collection of historical raw and treated water quality data for seven alternative supplies, an extensive one-year sampling program at these alternative sources for the analysis of mineral, particulate, organic, microbiological, and aesthetic parameters, and the evaluation of this data in terms of their impact on health, aesthetics, treatment costs, consumer costs, and industrial costs.

- Operated the pilot facility used in the Los Angeles Aqueduct Water Quality Improvement Program conducted for the Los Angeles Department of Water and Power, California. The pilot study investigated various chemicals and dosages, tapered flocculation rates, types of filter media, modes of

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