

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

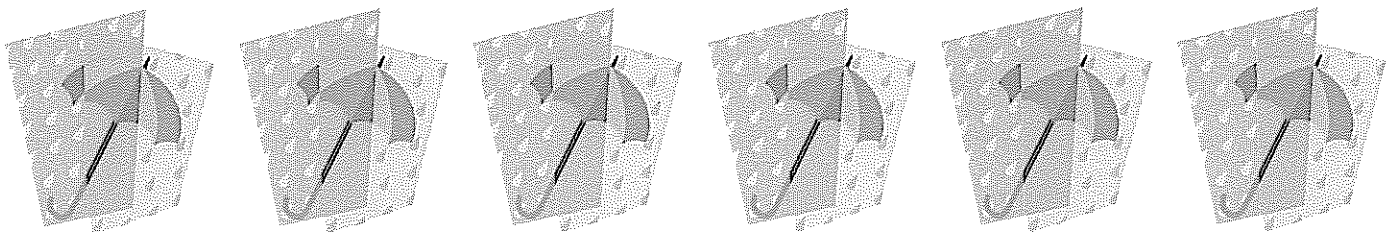
Thursday, April 26, 2007

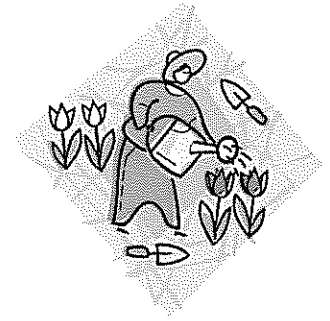
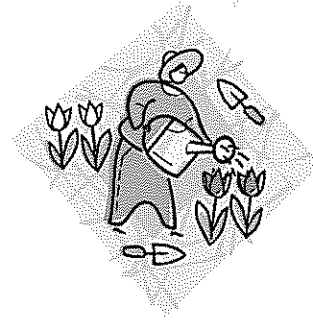
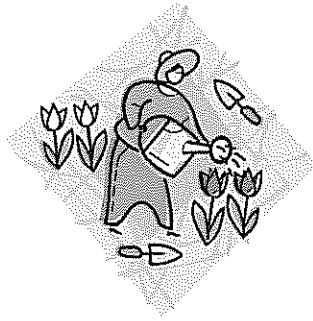
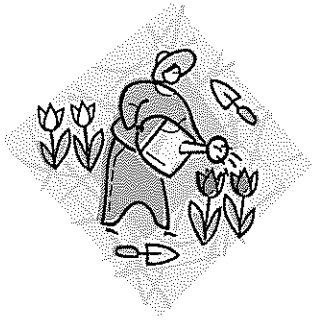
9:00 a.m. – Advisory Committee Meeting
11:00 a.m. – Watermaster Board Meeting

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





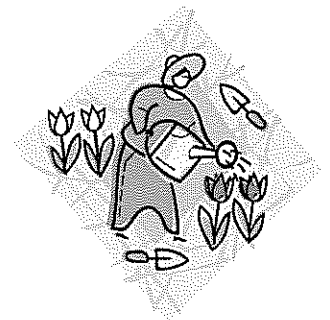
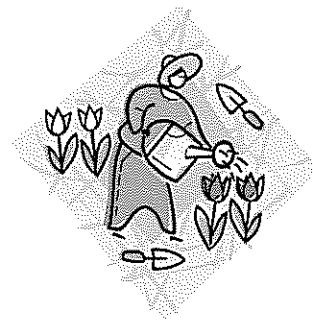
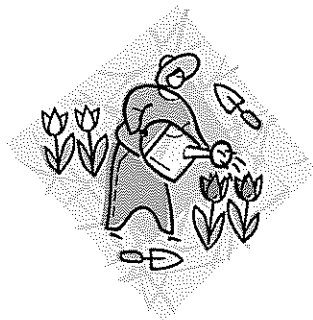
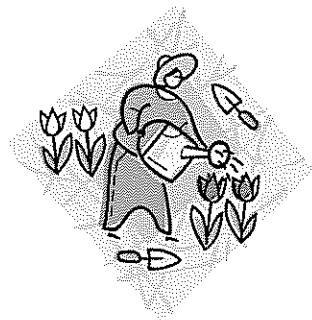
CHINO BASIN WATERMASTER

Thursday, April 26, 2007

9:00 a.m. – Advisory Committee Meeting
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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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- 1. Santa Ana River Water Right Application
- 2. Peace II

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

IV. INFORMATION

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V. BOARD MEMBER COMMENTS

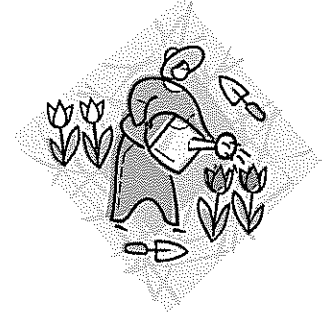
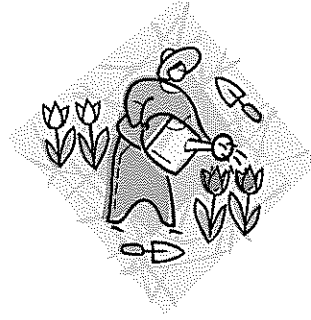
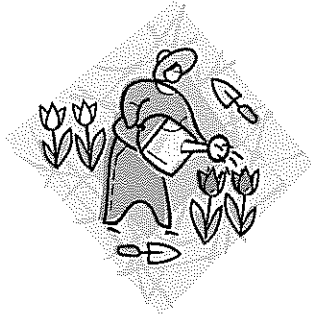
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Meeting Adjourn

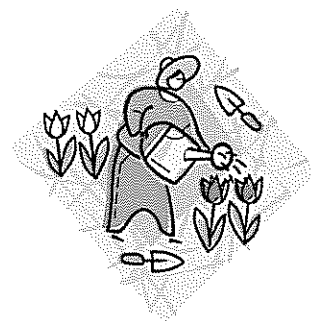


CHINO BASIN WATERMASTER

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 Decluz 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.

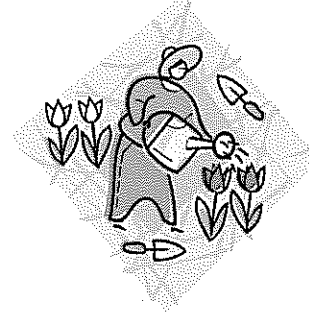
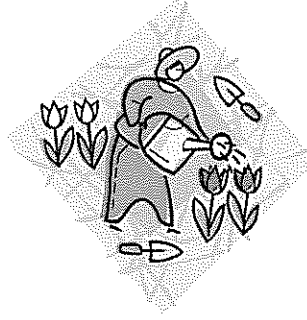
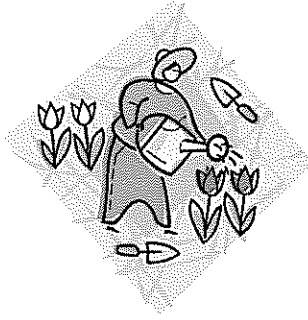
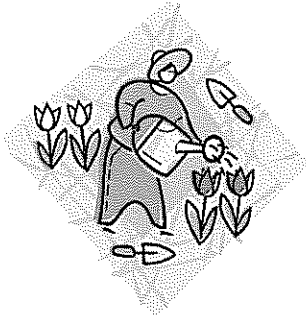
VII. FUTURE MEETINGS

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: _____

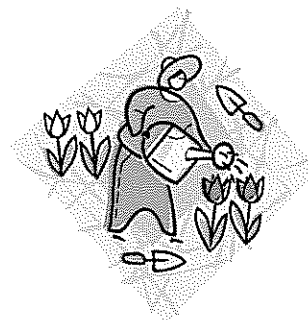
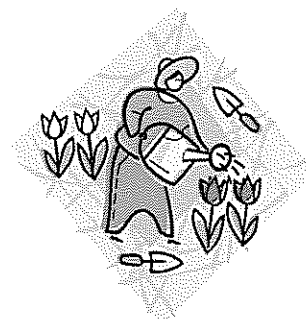


CHINO BASIN WATERMASTER

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 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

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. INFORMATION

1. 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

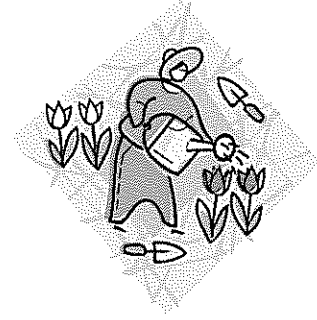
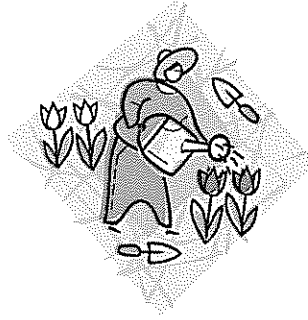
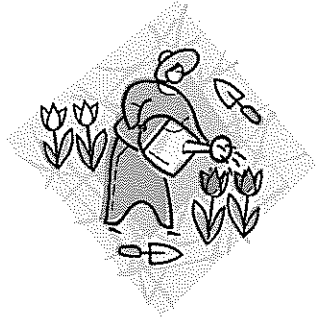
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April 26, 2007	11:00 a.m.	Watermaster Board Meeting

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

Secretary: _____

Minutes Approved: _____

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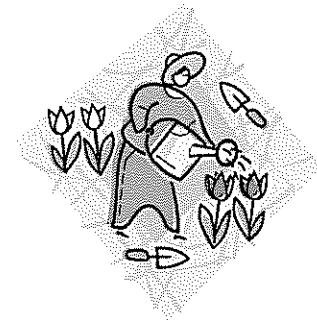
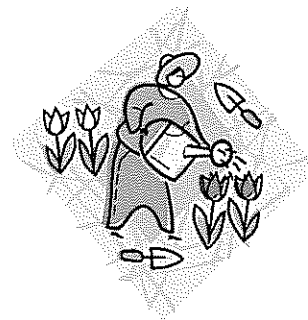
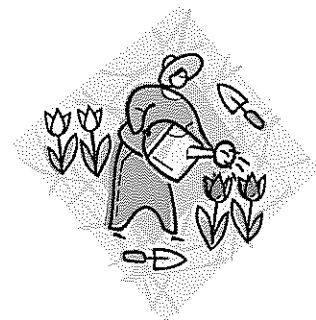
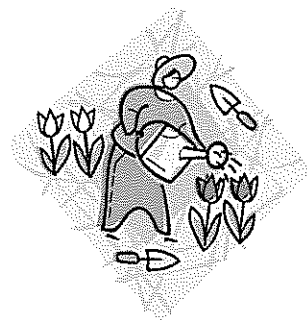


CHINO BASIN WATERMASTER

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

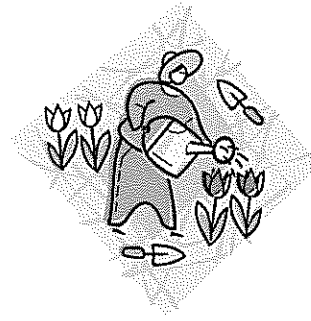
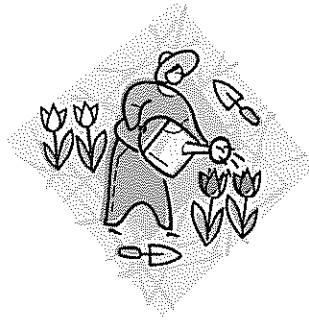
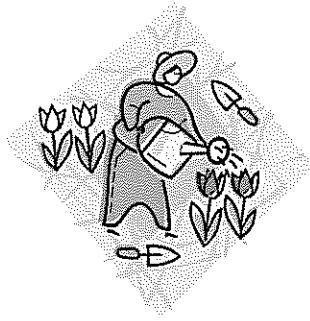
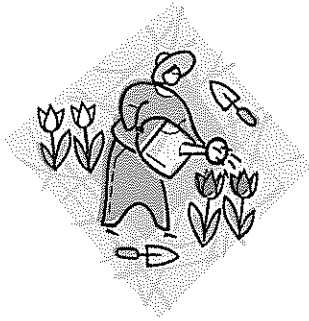
Respectfully submitted,



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

	<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	5,373,914	8,537,405	-3,163,491	62.9%
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	369,248	0	369,252	100.0%
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	319,072	-954,700	1,273,772	-33.4%
Net Other Income	50,176	954,700	-904,524	5.3%
Net Income				

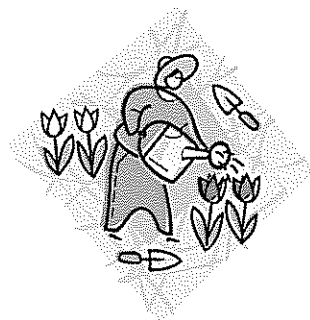
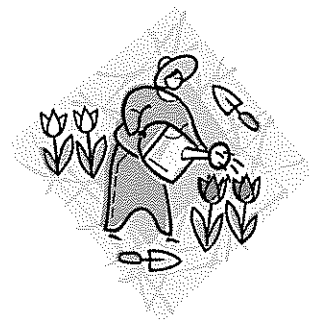


CHINO BASIN WATERMASTER

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).

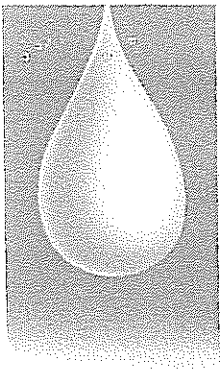
The following application for water transaction is attached with the notice of application.

- 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,

A handwritten signature in cursive script, appearing to read "Michael McGraw".

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 # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

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

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

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

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

Within Fontana Water Company's Service Area

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

N/A

WATER QUALITY AND WATER LEVELS

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


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

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED Yes [] No [X]



Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

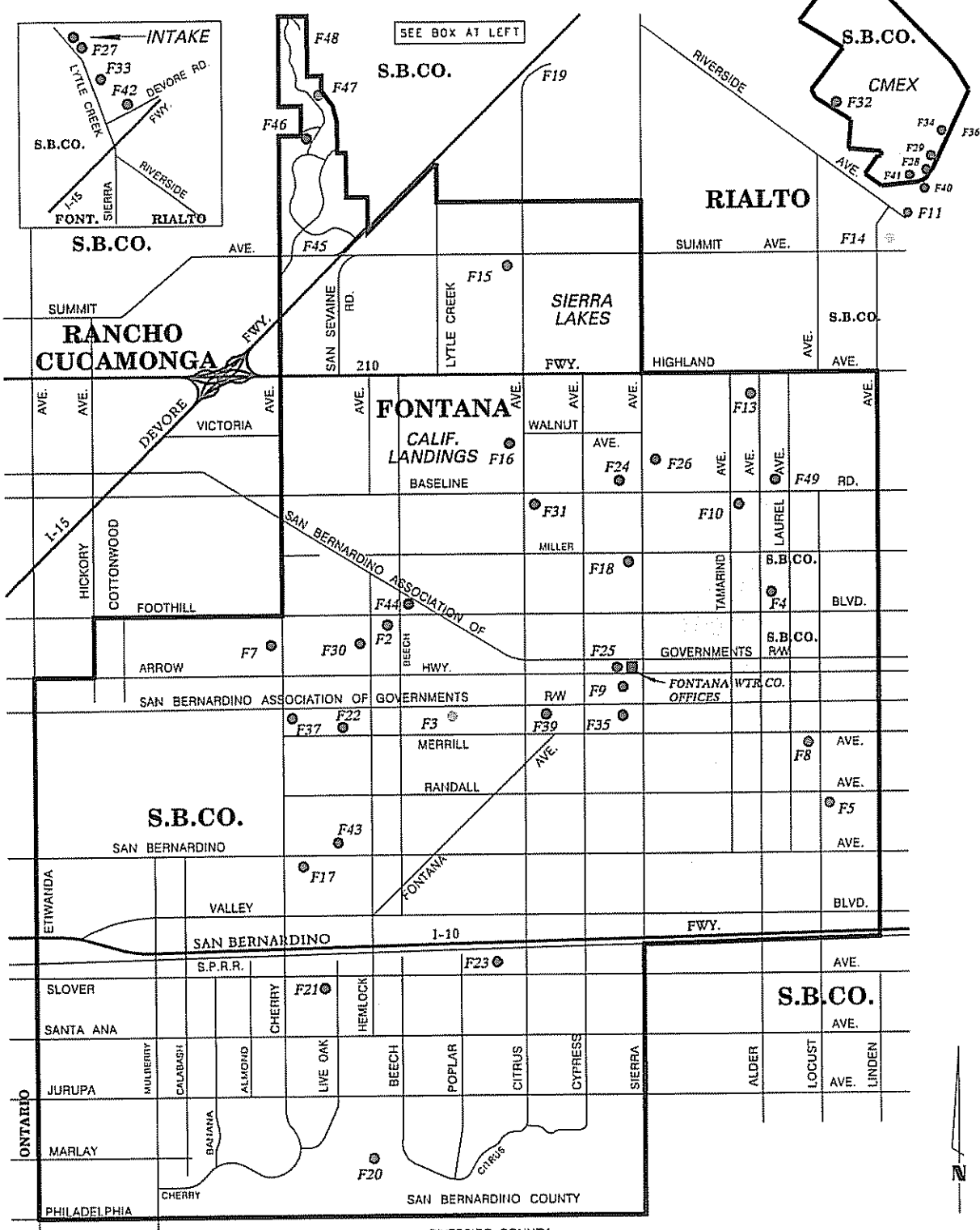
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater from 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		<u>7.1</u>
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.



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

FONTANA WATER COMPANY
SYSTEM NO. 3610041



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

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 # _____

City of Chino
Name of Party

2/14/2007
Date Requested Date Approved

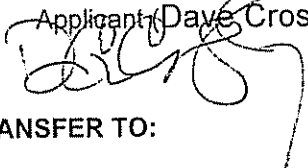
13220 Central Avenue
Street Address

5,230 Acre-feet _____ Acre-feet
Amount Requested Amount Approved

Chino CA 91710
City State Zip Code

Telephone: 909-927-7577 Facsimile: 909-591-6829

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



TRANSFER TO:

City of Ontario
Name of Party

Attach Recapture Form 4

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

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

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

IDENTITY OF PERSON THAT STORED THE WATER: _____

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

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?

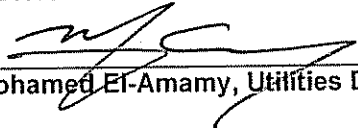
Recapture by Ontario will be accomplished by pumping 23 wells. Static level varies from 270 feet to 530 feet. Of the wells routinely pumped, nitrate levels vary form less than 5 to 40 mg/L.

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... (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

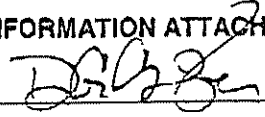
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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: _____

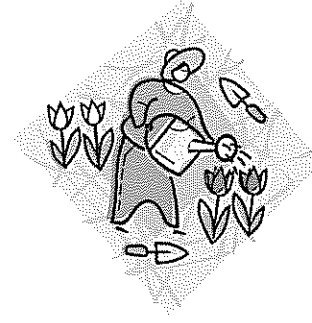
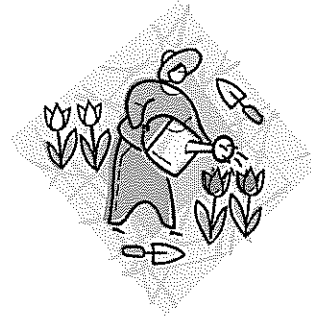
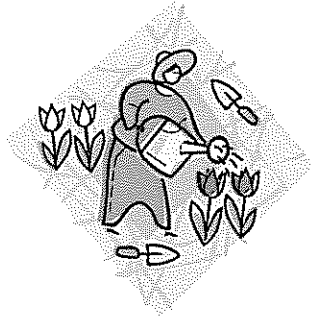
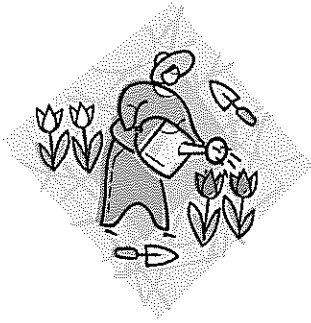
DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

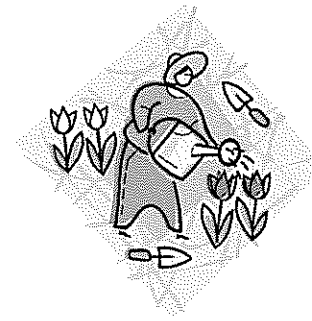
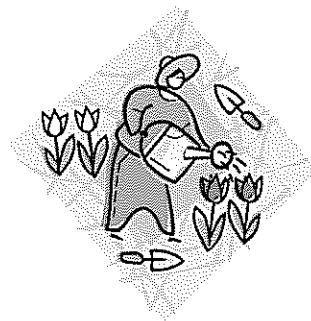
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CHINO BASIN WATERMASTER

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 'Gary Meyerhofer', written over the typed 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.

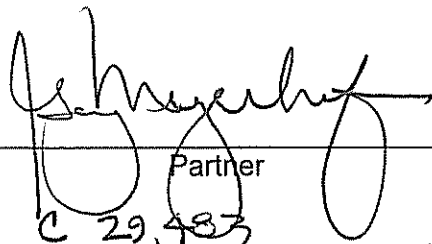
This proposal, the provisions contained in the Schedule of Payment and Conditions and Task Orders attached hereto represent the entire understanding between Carollo and Chino Basin Watermaster in respect to the Project and may only be modified in writing signed by both of us. Please sign the enclosed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

Sincerely,

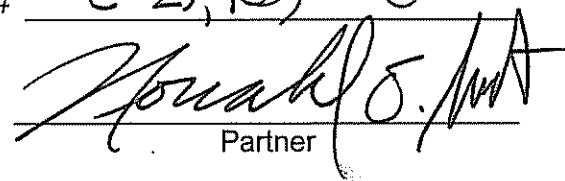
CAROLLO ENGINEERS,
A Professional Corporation

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.

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

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.

**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

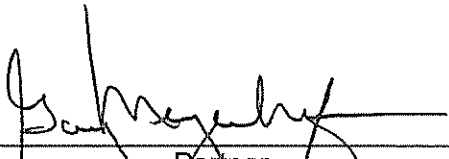
Payment for services will be on a time and materials basis needed on Carollo's March 2007 Fee Schedule with a not to exceed upper limit of \$75,000.

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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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. SAN DIEGO COUNTY WATER DISTRICT MOU





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: Memorandum with San Diego County Water Authority regarding analysis of Storage and Recovery opportunities in Chino Basin

SUMMARY

Issue – Approval of Cost-Sharing Memorandum with San Diego County Water Authority regarding analysis of Storage and Recovery opportunities in Chino Basin

Recommendation – Approve the Cost Sharing Memorandum

Fiscal Impact – Watermaster cost of one-third of the project analysis with a cap of \$150,000

BACKGROUND

Section 5.2 of the Peace Agreement creates a Storage and Recovery Program whose goal is to attract storage partners from outside the Basin who will contribute benefits to the Basin through the participation in the Program

Watermaster has been in discussion with Castaic Lake Water Agency ("Castaic"), San Diego County Water Authority ("SDCWA"), and the Metropolitan Water District of Southern California ("MWD") about potential participation in the Storage and Recovery Program. MWD already has a 100,000 acre-foot storage account within the Storage and Recovery Program.

As described under the Peace Agreement, storage in the Chino Basin, including storage under the Storage and Recovery Program, occurs under a 500,000 acre-foot "safe harbor," meaning that was the amount analyzed under the Optimum Basin Management Program Programmatic Environmental Impact Report ("OBMP PEIR"). It may be possible to store further quantities of water beyond the initial 500,000, but further CEQA analysis will need to be performed for any additional storage.

Currently, approximately 250,000 acre feet is stored within Local Storage accounts. The current agreement with MWD utilizes another 100,000 acre-feet. Thus, an additional 150,000 acre-feet of storage capacity remains unallocated under the "safe harbor." In addition, under the Stakeholder Non-Binding Term Sheet, it is proposed that approximately 50,000 acre-feet of water stored in Local Storage by the Non-Agricultural Pool may be utilized for the Storage and Recovery Program.

Currently, MWD is interested in an expansion of its agreement from 100,000 acre-feet to 150,000 acre-feet. Castaic has indicated a desire to utilize approximately 50,000 acre-feet of storage capacity. SDCWA has indicated a desire to utilize between 60,000 and 95,000 acre-feet.

It is possible that each of these proposals can be accommodated within the remaining "safe harbor" storage space. However, limiting factors may exist apart from the simple availability of storage capacity. This limiting factors include put and take capabilities of the Chino Basin parties, which is in turn influenced by available facilities, and proposed schedules regarding such puts and takes. It is possible that any such limitations could be overcome through the construction of additional facilities, but in that case it will be important to know in advance the nature and cost of those facilities.

Watermaster has requested an estimate from Black & Veatch regarding a scope of work for a study that will consider these factors in the context of the proposals by Castaic, SDCWA and MWD. This estimate is attached to the subject Memorandum of Understanding ("MOU") as Exhibit A.

Watermaster has proposed to SDCWA to perform the study and to share the costs equally between the participating agencies. Watermaster has also made this proposal to MWD who has indicated informally that it may wish to participate in the study through some type of separate study, rather than through a cost-sharing agreement with these other agencies. Thus, Watermaster and SDCWA have proposed a cost sharing agreement whereby the costs of the study would be shared equally with one-third of the costs to each agency.

Black & Veatch has estimated that the study could be performed for approximately \$125,000. SDCWA has agreed to pay one-third of the cost with a cap of \$49,999.

Prior to Watermaster's execution of the MOU, Watermaster will need to secure Castaic's agreement to assume the other one-third of the cost. With this contingency, Staff recommends approval of the MOU.



March 23, 2007
B&V Project No. 834341.1501

Mr. Kenneth Manning, P.E.
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

**Subject: Expanded Chino Basin Storage and
Recovery (S&R) Program**

Dear Mr. Manning:

Black & Veatch is pleased to present this Letter Proposal for providing assistance to the Watermaster on your Expanded Chino Basin S&R Program. We believe this assignment is a logical extension of our past and on-going work for you. We offer the Watermaster:

- ▼ ***Cost Effective, Flexible Approach.*** The Castaic Lake Water Agency (CLWA), Metropolitan Water District of Southern California (Metropolitan), and San Diego County Water authority (SDCWA) have expressed interest in participating in an Expanded S&R Program. The key to project success will be timely assessment of a feasible, workable program(s). This letter proposal presents a five-step project approach. We look forward to working with you to refine these ideas and to implement another successful project.
- ▼ ***Knowledgeable, Responsive Team.*** As the proposed Project Director, I am excited by the caliber of the individuals who will comprise our “lean and mean” team: Andrew Lazenby, Dirk Reed, and Kristi Kuhlmann. We will be assisted as required by Mark Wildermuth and specialists from Wildermuth Environmental. Our team understands groundwater management issues, and we have worked with the Watermaster and the other project stakeholders. We are excited about the way the cooperative program is progressing and look forward to playing a role on the next phase of project implementation.

The remaining pages of this Letter Proposal are organized as follows: Scope of Work, Assigned Personnel, and Budget.

SCOPE OF WORK

The project tasks are summarized in Table 1 and described in more detail below.

Table 1: Summary of Project Tasks

Task
1. Conduct Project Meetings
2. Define Available and Required Assets
3. Define S&R Program Size, Constraints, and Institutional Arrangements
4. Develop Put/Take Schedule for Program(s)
5. Determine Program Costs

Task 1: Conduct Project Meetings

Successful implementation and coordination of the project objectives will involve several meetings between program participants. These participants include the Chino Basin Watermaster and Appropriate Pool Stakeholders, Western Municipal Water District (Western), Three Valley's Municipal Water District (Three Valleys), CLWA, Metropolitan, and SDCWA. Project meetings will address level of interest in conducting additional storage in the Basin, asset inventory review, and overall project coordination.

We have included in our budget the following meetings:

- ▼ One meeting each with eight Chino Basin appropriators (8 meetings).
- ▼ One meeting each with Western and Three Valleys (2 meetings).
- ▼ One project coordination meeting per month over the estimated 4-month project duration (4 meetings).

Subtasks:

- ▼ Meet with Basin Appropriators To Determine Level of Interest and Update Asset Inventory
- ▼ Meet with TVMWD and WMWD To Determine Level of Interest and Update Asset Inventory
- ▼ Conduct As-needed Meetings with CLWA, Metropolitan, SDCWA, and Watermaster Staff

Task 2: Define Available and Required Assets

The objective under this task will be to develop the mechanism by which additional S&R are conducted in the Basin. This task will also focus on the facility requirements to conduct additional storage operations in the Basin. Black & Veatch developed an S&R Facility Cost Model that was used to evaluate the facility requirements for the Dry-Year Yield (DYY) Program with Metropolitan. The facility assumptions used in this model for participating agencies will be updated under this task.

An evaluation of the available wet water recharge, in-lieu exchange, direct export, and aquifer storage and recovery (ASR) opportunities will also be reviewed. The evaluation may show that the remaining in-lieu shift capabilities of the appropriators may be limited. Therefore, opportunities to integrate other program partners, such as Western and Three Valleys, will be evaluated. This evaluation will determine how the participating agencies (i.e., CLWA, Metropolitan, and SDCWA) put water in and take water out of the Basin.

Subtasks:

- ▼ Update S&R Program Facility Cost Model with Updated Asset Information
- ▼ Review and Evaluate Available Wet Water Recharge Capacity in Basin
- ▼ Review Current In-Lieu Exchange (shift) Capacity of Basin Appropriators
- ▼ Review Direct Export Opportunities
- ▼ Review ASR Opportunities with Basin Appropriators and Program Partners
- ▼ Use Updated S&R Program Facility/Cost Model To Determine Required Facilities

Task 3: Define S&R Program Size, Constraints, and Institutional Arrangements

A review of the Basin appropriator water supply plans and facility requirements will be conducted to help define the size of storage program that could be developed in the Basin. We understand that there may be water quality restrictions on the ability to export treated water from the Basin to the participating agencies using Metropolitan's conveyance facilities. Therefore, we will also review opportunities to utilize other agencies facilities, such as Western's and Three Valleys', for direct export. These restrictions will be reviewed, defined, and used to determine the feasibility of conducting direct export. This task will also focus on defining the institutional arrangements and interagency coordination requirements to conduct all three storage and recovery programs together.

Subtasks:

- ▼ Confirm/Define Size of S&R Program(s) and Put/Take Mechanism
- ▼ Define Water Quality constraints When Using Metropolitan's Facilities for Direct Export
- ▼ Define Water Quality constraints When Using Other Facilities (i.e., Western and Three Valleys' facilities) for Direct Export
- ▼ Define Institutional Arrangements Required To Wheel Water Through Metropolitan's Facilities

Task 4: Develop Put/Take Schedule for Program(s)

This task will focus on the developing the appropriate put and take schedule for each of the participating agencies. A key decision under this task will be to determine whether a put or take cycle is first conducted in the Basin. This will most likely be a policy decision and may include a discussion at one of more of the Watermaster's regularly scheduled Basin management meetings. Seasonal pumping restrictions and capabilities for each of the appropriators will be reviewed, in addition to the current DYY Program commitments. Current Basin management activities,

appropriator water supply plans, and current DYY commitments will be evaluated together to develop the appropriate put/take schedule.

Subtasks:

- ▼ Define Whether Put or Take Is Conducted First at Program Start-up
- ▼ Review Seasonal Pumping and Imported Water Deliveries for Basin Appropriators
- ▼ Review Current DYY Program Commitments and constraints on System (if any)
- ▼ Develop Put/Take Schedule for Agency Program(s)

Task 5: Determine Program Costs

As developed under Task No. 2, our Team developed a facility cost model that was used to define the facility requirements and associated costs for the DYY Program. Once the appropriator assets are updated in the facility cost model, we will use the model to determine the costs associated with the required facilities. Current construction project pricing and cost information from our Team's collective cost estimating experience will be used to develop estimated program costs. These costs can be further expanded into a unit water cost that can ultimately be used for comparison with alternative storage options.

Subtasks:

- ▼ Use S&R Program Facility/Cost Model To Determine Capital and O&M Costs for Required Assets
- ▼ Determine Unit Water Cost for Program(s)

ASSIGNED PERSONNEL

The Watermaster is a highly valued Black & Veatch client, and we are dedicated to meeting your standards and exceeding your expectations. I will be the Project Director, Andrew Lazenby will be the Project Manager, and Dirk Reed and Kristi Kuhlmann will provide technical support. Mark Wildermuth and his staff will be available as required to assist with groundwater modeling, and preparation of the put/take schedule. We are high on the learning curve!

Our team brings: a unique understanding of Watermaster requirements. Mark and I have worked with Watermaster since the initial development of the Chino Basin Optimum Basin Management Program (OBMP), and Andrew has been a part of this triumvirate since joining Black & Veatch in 1998. More recently, Dirk and Kristi have played major roles on Watermaster programs. Our team will be able to "hit the ground running" on the Expanded S&R Program. Our grasp of the issues and our understanding of the way you and the other project Stakeholders like things done will streamline and expedite the project.

BUDGET

The proposed budget summarized in Table 2 below and presented in detail in the spreadsheet in Attachment A, is based on the Scope of Work tasks above.

Table 2: Summary of Effort and Cost

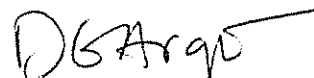
Task Description	Hours	Cost
Task 1 – Conduct Project Meetings	144	\$28,377
Task 2 – Define Available and Required Assets	278	39,413
Task 3 – Define S&R Program Size, constraints, and Institutional Arrangements	128	\$18,200
Task 4 – Develop Put/Take Schedule for Program(s)	132	\$23,495
Task 5 – Determine Program Costs	116	\$15,515
Total	798	\$125,000

In closing, I wish to reaffirm Black & Veatch’s commitment to serving Watermaster as an extension of your staff. We are dedicated to building upon Lessons Learned to ensure that next phase of the Expanded S&R Program will proceed with “No Surprises.” Our goal is to meet and exceed your expectations.

We look forward to discussing our ideas with you in more detail.

Very truly yours,

BLACK & VEATCH CORPORATION



David G. Argo, P.E.
Senior Vice President

Attachment

ATTACHMENT A

**CHINO BASIN WATERMASTER
STORAGE & RECOVERY PROGRAM DEVELOPMENT REPORT
(SDCWA, CLWA, and MWD Programs)**

Scope and Fee Estimate

Task	Project Director	Project Manager	Project Engineer	Staff Engineer	Clerical	Total Hours	Total Labor	Total Expenses	Total WEI	Total Cost
Task 1--Conduct Project Meetings.										28,377
1.1 Meet with Basin Appropriators to determine level of interest and update asset inventory. (1)	16	32	16	0	16	80	12,640	937		13,577
1.2 Meet with TVMWD and WMWD to determine level of interest and develop asset inventory. (2)	4	8	4	0	8	24	3,520	810	1,000	5,330
1.3 Conduct as-needed meetings with Metropolitan, SDCWA, CLWA and Watermaster staff. (3)	8	16	8	0	8	40	6,320	1,150	2,000	9,470
Task 2--Define Available and Required Assets										39,413
2.1 Update S&R Program facility cost model with updated asset information.	2	8	16	32	4	62	7,880	543		8,423
2.2 Review and evaluate available wet water recharge capacity in Basin.	2	8	8	16	4	38	5,000	333		5,333
2.3 Review current in-lieu exchange (shift) capacity of Basin Appropriators.	2	8	8	8	4	30	4,080	263		4,343
2.4 Review direct export opportunities with Program Partners.	4	8	12	16	4	44	6,040	385		6,425
2.5 Review ASR opportunities with Basin Appropriators and Program Partners.	4	8	8	12	4	36	5,060	315		5,375
2.6 Use updated S&R Program facility/cost model to determine required facilities.	4	8	20	32	4	68	8,920	595		9,515
Task 3--Define S&R Program Size, Constraints, and Institutional Arrangements										18,200
3.1 Confirm/define size of S&R Program(s) and Put-Take mechanism (in-lieu, wet water recharge, or ASR).	2	8	12	16	4	42	5,520	368		5,888
3.2 Define water quality constraints when using Metropolitan's facilities for direct export.	2	8	12	16	4	42	5,520	368		5,888
3.3 Define institutional arrangements required to wheel water through Metropolitan's facilities.	4	8	12	16	4	44	6,040	385		6,425
Task 4--Develop Put/Take Schedule for Program(s)										23,495
4.1 Define whether put or take is conducted first at Program startup (policy decision).	2	4	4	4	4	18	2,480	158	1,000	3,638
4.2 Review seasonal pumping and imported water deliveries for Basin Appropriators.	2	8	12	16	4	42	5,520	368		5,888
4.3 Review current DYY program commitments and constraints on system, if any.	2	4	8	12	4	30	3,920	263		4,183
4.4 Develop put/take schedule for Agency program(s).	2	4	16	16	4	42	5,420	368	4,000	9,788
Task 5--Determine Program Costs										15,515
5.1 Use S&R Program facility/cost model to determine capital and O&M costs for required assets.	2	16	24	24	24	90	11,040	788		11,828
5.2 Determine unit water cost for program(s).	2	4	8	8	4	26	3,460	228		3,688
Total	66	168	208	244	112	798	108,380	8,620	8,000	125,000

Notes:

- (1) Assumes 1 meeting each with 8 Appropriators.
(2) Assumes 1 meeting each with WMWD and TVMWD (total 2 meetings).
(3) Assumes one meeting per month over the estimated 4 month project duration (total 4 meetings).

**COST-SHARING MEMORANDUM OF UNDERSTANDING
BETWEEN THE
SAN DIEGO COUNTY WATER AUTHORITY
AND THE
CHINO BASIN WATERMASTER**

WHEREAS, the Chino Basin Watermaster (“Watermaster”) is responsible for administering the Judgment entered in *Chino Basin Municipal Water District v City of Chino, et al.*, pursuant to which all water rights in the Basin were adjudicated and all authority for management of storage was granted to Watermaster; and

WHEREAS, the San Diego County Water Authority (“SDCWA”) is interested in pursuing cost-effective conjunctive use opportunities; and

WHEREAS, substantial storage assets exist in the Chino Groundwater Basin which can be utilized for the mutual benefit of both the parties to the Chino Basin Judgment (“Judgment Parties”) and the SDCWA; and

WHEREAS, the Judgment Parties are presently implementing a Court-approved Optimum Basin Management Program (“OBMP”) providing for the use of up to 500,000 acre-feet of available storage capacity; and

WHEREAS, a Programmatic Environmental Impact Report (“PEIR”) for the OBMP was approved by the Inland Empire Utilities Agency (“IEUA”), a Judgment Party, in June of 2000; and

WHEREAS, Watermaster created a Storage and Recovery Program to facilitate the beneficial use of the storage space in the Chino Basin and approximately 250,000 acre-feet of water is now being stored within the Chino Basin; and

WHEREAS, Watermaster has entered into an agreement with IEUA and Three-Valleys Municipal Water District (“TVWD”) for the use of up to 100,000 acre-feet of storage capacity and is presently participating in discussions among the Metropolitan Water District of Southern California (“MWD”), IEUA, TVWD and Western Municipal Water District (“WMWD”) to increase the quantity of storage capacity under that agreement from 100,000 to 150,000 acre-feet; and

WHEREAS, if Watermaster elects to approve an expansion of the existing agreement with MWD, up to 100,000 acre-feet of additional storage capacity under the OBMP and would be available to SDCWA and others; and

WHEREAS, SDCWA and Watermaster desire the completion of an evaluation of the capital costs that may be incurred by the Judgment parties under a storage agreement with SDCWA, including but not limited to the costs associated with the potential accommodation, storage and recovery of presently stored water within the Overlying (Non-Ag Pool), MWD replenishment water, or other water on behalf of SDCWA.

WHEREAS, Watermaster has obtained an initial cost estimate for the first phase of such an evaluation to provide information on an approximation of improvements and potential capital costs and that estimate is attached hereto as Exhibit "A."

NOW THEREFORE BE IT RESOLVED AND AGREED BY THE SDCWA AND WATERMASTER THAT:

1. Watermaster will retain Black & Veatch to perform the tasks set forth in Exhibit A for a cost not to exceed \$150,000.
2. SDCWA agrees to timely reimburse Watermaster for one-third of the costs identified in Exhibit A in an amount not to exceed \$49,999.
3. Prior to Watermaster's execution of this cost-sharing memorandum, it will need to arrange a similar memorandum with another storage partner to pay another one-third of the costs.
4. The Tasks will be performed as soon as practicable and in no event, later than 90 days from the date of execution of this cost-sharing memorandum.
5. Black & Veatch will issue its findings in written and verbal communications, jointly to Watermaster and SDCWA.
6. SDCWA will provide its estimated schedule for put and take of water into the Basin to both Black & Veatch and Watermaster within fourteen days of the date of execution of this cost-sharing memorandum.
7. SDCWA acknowledges that any storage agreement with Watermaster is subject to Court approval and that the parties' joint participation in this cost-sharing MOU pre-commits SDCWA or Watermaster to any specific agreement or outcome.

for CHINO BASIN WATERMASTER

for SAN DIEGO COUNTY WATER
AUTHORITY

Date: _____

Date: _____



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

C. VOLUME VOTE





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 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Volume Votes

SUMMARY

Issue – The Appropriative Pool, the Non-Ag Pool and the Advisory Committee need to adopt the volume vote for the upcoming calendar year.

Recommendation – It is recommended that each Committee take action to adopt their respective volume votes for the upcoming calendar year.

Fiscal Impact – None.

BACKGROUND

Following the approval of each Assessment Package, volume vote calculations are performed and agencies are allocated a voting percentage. The Appropriative Pool Committee, the Non-Agricultural Pool Committee and the Advisory Committee adopt the Volume Vote which is prepared according to their respective rules.

DISCUSSION

The Volume Votes are calculated based on a combination of safe yield rights and assessments paid. If there are any questions regarding the calculations, please contact Ms. Sheri Rojo at 909-484-3888 or by email at srojo@cbwm.org.

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ADVISORY COMMITTEE

ALLOCATION OF VOLUME VOTE(2)

Fiscal Year 2006-2007 (Based on 2005-2006 Production)

APPROPRIATIVE POOL	ALLOCATED VOTE	ABSENT	REALLOCATION OF VOTE	VOLUME VOTE
Chino, City of	5.42		0.00	5.42
Chino Hills, City of	1.92		0.00	1.92
Cucamonga Valley Water District	6.38		0.00	6.38
Fontana Union Water Company	5.55		0.00	5.55
Fontana Water Co.	3.51		0.00	3.51
Jurupa Community Services District	7.46		0.00	7.46
Monte Vista Water District	8.30		0.00	8.30
Ontario, City of	17.25		0.00	17.25
Pomona, City of	12.03		0.00	12.03
Upland, City of	1.95		0.00	1.95
San Antonio Water Company	2.61		0.00	2.61
Santa Ana River Water Co.	2.61		0.00	2.61
	74.99	0.00	0.00	74.99
OVERLYING AGRICULTURAL POOL				20.00
OVERLYING NON-AGRICULTURAL POOL				5.00
TOTAL				99.99

- (1) Allocation of Volume Vote between pools determined by total assessments paid, not including 85% & 100% replenishment water.
 (2) If an appropriator is absent, his vote is reallocated to the remaining members in attendance.

Motion: _____

Date: _____

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APPROPRIATIVE POOL

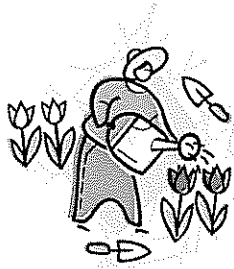
ALLOCATION OF VOLUME VOTE

Fiscal Year 2006-2007 (Based on 2005-2006 Production)

	2006-2007 Assessments (1)	Assmt Vote	O S Y Vote	Allocated Vote	Calculation of Minor Rep Vote		
					Minor Rep Vote	Nominee	No Vote
Arrowhead Mtn. Spring Water Co *	10,579	0.64	0.00	0.64	0.64		
Chino Hills, City of	105,752	6.40	19.25	25.65			
Chino, City of	586,159	35.46	36.79	72.25			
Cucamonga Valley Water District	859,860	52.01	33.01	85.02			
Desalter Authority	0	0.00	0.00	0.00			
Fontana Union Water Company	259,943	15.72	58.29	74.01			
Fontana Water Company	774,276	46.84	0.01	46.85			
Golden State Water Company*	40,295	2.44	3.75	6.19	6.19		
Inland Empire Utilities Agency*	37	0.00	0.00	0.00	0.00		
Jurupa Community Services District	1,334,736	80.74	18.80	99.54			
Los Serranos Country Club	5	0.00	0.00	0.00			
Marygold Mutual Water Company*	32,201	1.95	5.98	7.93	7.93		
Metropolitan Water Dist of So Calif	41	0.00	0.00	0.00			
Monte Vista Irrigation Co. *	0	0.00	6.17	6.17	6.17		
Monte Vista Water District	1,103,132	66.73	43.99	110.72			
Niagara Bottling Company, LLC*	31,052	1.88	0.00	1.88	1.88		
Nicholson Trust*	161	0.01	0.03	0.04	0.04		
Norco, City of*	8,211	0.50	1.84	2.34	2.34		
Ontario, City of	2,087,935	126.30	103.71	230.01			
Pomona, City of	960,706	58.11	102.27	160.38			
Santa Ana River Water Company	5,338	0.32	11.87	12.19	12.19		
San Antonio Water Company*	0	0.00	13.74	13.74	13.74		
San Bernardino County (Shooting Park)*	679	0.04	0.00	0.04	0.04		
Upland, City of	0	0.00	26.01	26.01			
West End Consolidated Water Co*	38,537	2.33	8.64	10.97	10.97		
West Valley Water District*	26,207	1.59	5.88	7.47	7.47		
	8,265,842	500	500	1,000	69.59	0.00	0.00
			500.01	1,000			

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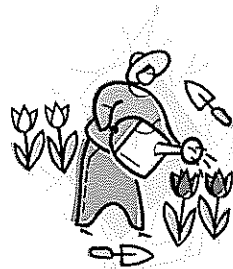


CHINO BASIN WATERMASTER

II. REPORTS / UPDATES

E. INLAND EMPIRE UTILITIES AGENCY

4. Monthly Water Conservation Programs Report
5. Monthly Imported Water Deliveries Report
6. State and Federal Legislative Reports
7. Community Outreach/Public Relations Report



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

April 26, 2007

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

- Foothill Water Supply Reliability Report
- Rialto Pipeline Shut Down - oral
- Summer Water Conservation Needs – oral

Written Updates:

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

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Regional Conservation Programs

Monthly Report – March 2007

MWD Activities

- **California-Friendly® Marketing Campaign** - In the next phase of the California Friendly® marketing campaign, MWD will be working with retail stores like Home Depot and Lowes to promote California Friendly® devices. They will encourage stores to use point of purchase displays to promote rebates and water saving devices. The process of working with the retail stores and distributing displays and will begin over the next few months.
- **PAC Recommendations** - The PAC committee, coordinated by MWD, has been meeting since November 2006 to discuss recommendations for the CII program. In February the committee decided on several recommendations that will go to the MWD Board in May. These include proposals for several new CII rebates including two landscape rebates, rebates for high efficiency/multi-load clothes washers, one pmt per flush urinals, synthetic turf, dry vacuum pumps and rotator nozzles for large landscapes such as golf courses. They are also recommending that excess rebate funding be used for the installation of various water saving devices.

Landscape Programs

- **Landscape Audit Program** - HydroEarth has completed 30 commercial audits. The completed sites' maps have been inputted onto GPS and the reports are currently being produced. To date no residential audits have been completed. The program consists of 150 commercial audits and 50 large landscape residential audits to be completed by September 2007.
- **Ontario Cares** - The City of Ontario is implementing a pilot project to integrate California-Friendly® into the city's existing Ontario Cares program to improve neighborhoods. A MWD consultant presented California-Friendly® templates to Ontario Cares inspection staff and landscape contractors. Two homes have been retrofitted using California-Friendly® protocols (example photos attached). IEUA is seeking approval from the U.S. Bureau of Reclamation to increase the rebate from \$300 to \$500 per site based on larger than average property sizes and the City's interest in adding California-Friendly® plantings.
- **Inland Empire Landscape Alliance** - The kickoff workshop for the Landscape Alliance was held on March 8, 2007 at IEUA. The next meeting will be held at IEUA on April 12, at 4:00 pm.
- **California Friendly® Landscape Classes (formerly PDA)** - Several retail agencies are holding local PDA classes this year to educate their residents on California-Friendly® plants and efficient irrigation. The City of Ontario held the first PDA class of 2007 on February 10th and twenty residents attended. MVWD held its PDA class on March 10 and it was very well attended by 26 customers, CVWD has a PDA class scheduled on March 31(see calendar). The City of Upland cancelled it's classes due to low attendance.

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)** - There were 62 CII rebates issued in the month of January. The following is a list of the most recent rebate activity within the IEUA service area:
 - **High Efficiency Clothes Washers** - There were 2 clothes washers rebated for the month of January bringing the total for FY 06/07 to 64. To date 399 commercial high efficiency clothes washers have been installed in our service area since FY 00/01. February's data was not available at this time because of the change in processing the rebates.
 - **Conductivity Controller Cooling Tower** - 1 controller was installed in December bringing the total to 16 conductivity controllers installed through the Save-a-Buck program since FY 00/01.
 - **ULF Toilets** - 60 ULFTs were rebated in January bringing the total to 1,881 ULFTs in our service area since FY 00/01
 - **Waterless Urinals** - 6 waterless urinals were installed in the month of July. This was the second installation of waterless urinals rebated for in the IEUA service area bringing the total to 10.
 - **ULFT Flushometers** - 4 flushometers were rebated in December. These are the first flushometers installed and rebated for in IEUA's service area.
 - **Water Broom** - 1 water broom was rebated in December bringing the total to 695 since FY 00/01.
 - **SmarTimer Controllers** - 14 SmarTimer Controllers were rebated in July. This brings the total to 36 SmarTimers installed and rebated through the CII program in the IEUA service area.
- **Restaurant Spray Heads** - The third and final phase of the restaurant spray head program, conducted through the CUWCC, has been completed. During Phase III 42 spray heads were installed in IEUA's service area. This brings the total installations within IEUA's service area for the three phases of the program to approximately 1,234 spray heads.

Residential Rebate Programs

- **ULFT & HET Rebate Program** - In the month of January, 6 ULFT rebates were processed. This brings the total number of rebates processed for FY 06/07 to 104; 102 ULFT rebates and 2 HET rebates. Since the start of the program in 2002, a total of 2,936 rebates have been processed. Effective February 1, 2007, IEUA will begin processing the ULFT and HET rebates. No activity to report for February.

- **High Efficiency Clothes Washer Rebate** - The total number of rebates processed in February was 158 bringing the number of rebates issued for FY 06/07 to 937. The total number of rebates processed since the rebate program began in 2002 is approximately 7,361 No update at this time.
- **“SmarTimer of Inland Empire” Program** - 8 SmarTimers were rebated in February. Since the start of the program in April 2006, 25 SmarTimer Irrigation Controller rebates have been processed.
- **Rotating Nozzles for Pop-up Spray Heads** - The new rebate program for rotating nozzles will commenced late January 2007. The incentive is \$4 per rotating nozzle replaced. The rotating nozzles save up to 6,600 gallons of water over five years. We received and processed one rebate for 30 Rotating Nozzles and it was a customer of CVWD.

Other Residential Programs

- **Multi-Family ULFT Program** - The Multi-Family ULFT retrofit program, conducted by Bottom Line Utility Solutions, Inc. is underway. In February, 1820 toilet installations were completed bringing the total installed to 5,807 toilets.

School Education Programs

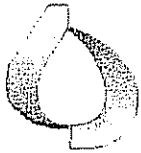
- **Garden in Every School** - In October seven schools was chosen for the 2006/07 Garden in Every School Program. The selected schools are Litel Elementary in Chino Hills, El Rancho Elementary in Chino, Liberty Elementary in Ontario, Sycamore Elementary in Upland, Victoria Groves Elementary in Rancho Cucamonga, Buena Vista Arts-integrated School in Montclair and Poplar Elementary in Fontana. Currently designs are being created for each garden. Schools began breaking ground to prepare sites for irrigation installation in December. Planting will begin in March and continue through April.
- **National Theatre for Children** - The National Theatre for Children (NTC) performances at elementary schools within IEUA’s service area began late November and will continue through May 2007. Currently 36 performances have been scheduled. Through March, 29 performances have taken place.
- **Groundwater Model** - Chino Hills’ and IEUA’s staffs are now in the process of learning how to operate the model. It is anticipated that the model will be ready for presentations in spring 2007.
- **MWD Solar Cup 2007** - The Solar Cup 2007 program kicked off with two boat-building workshops in December with a record high of 47 teams participating. Workshops will continue through May. Four schools within IEUA’s service area have been accepted as participants for the 2007 Solar Cup program including Rancho Cucamonga High School (CVWD), Montclair High School (MVWD), Upland High School (Upland) and Ayala High School (Chino Hills). The Solar Cup event will take place May 18-20, 2007.
- **Chino Youth Museum** - Over the past year the Chino Youth Museum along with the City of Chino, MVWD, Chino Basin Water Conservation District and IEUA have been meeting to rejuvenate and improve the water exhibit that was constructed in 2002. The planning committee has received drawings from the consultant for the design of the new exhibit. Construction of the exhibit will begin in March.

Outreach

- **Water Education Water Awareness Committee (WEWAC)** – The WEWAC High School Video Contest has been modified to a Public Service Announcement (video) Contest. Applications were sent out late fall, and the deadline for the videos is April 13, 2007.

CALENDAR

March 17, 2007	PDA Landscape Series-Plants Class (City of Upland)
March 24, 2007	PDA Landscape Series-Systems Class (City of Upland)
March 31, 2007	PDA Landscape Series-W&F Class (City of Upland)
March 31, 2007	PDA Mini-Landscape Class (Cucamonga Valley Water District)
April 13, 2007	CVWD Kids Environmental Festival (Cucamonga Valley Water District)
May 2, 2007	CUWCC Steering Committee Meeting (Contra Costa Water District-Concord)
May 12, 2007	CVWD Water Awareness Day (Cucamonga Valley Water District)
May 18-20, 2007	MWD Solar Cup 2007 (Lake Skinner)
June 13, 2007	CUWCC Plenary Session (San Francisco Public Utilities Commission)



Inland Empire
UTILITIES AGENCY

Date: April 18, 2007
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (04/11/07)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: March Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

Enclosure

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Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Rich Atwater and Martha Davis
Inland Empire Utilities Agency

From: Letitia White, Alex Shockey and Meredith Stanford Traweek

Date: March 31, 2007

Re: March Monthly Legislative Update

The month of March has been a busy one for the Congress, especially with regards to budget and appropriations matters. House Members have now submitted their appropriations requests to the Appropriations Subcommittees. House and Senate Appropriations Committees have started holding hearings on agency budget requests for fiscal year 2008.

The process for members to make appropriations requests has been slowed somewhat due to confusion over a new House Rule which requires all House Members to write a letter of "certification" to accompany each request. This certification must state that neither the Member nor their spouse has any "financial interest" in the request. Confusion arose because there was no definition of "financial interest" included in the House Rule. The Ethics Committee attempted to clarify the situation on March 27.

On March 23, the House passed by a narrow margin the Emergency Supplemental Appropriations bill for fiscal year 2007. Meant to fund ongoing military operations pertaining to the global war on terror in Iraq and Afghanistan, the House bill now contains \$21 billion in emergency spending that was not requested by the President. The total cost of the House supplemental is \$124 billion. Some of the additional spending includes \$3.7 billion for agriculture disaster relief, \$1.3 billion for levees in New Orleans and \$1 billion for avian influenza.

The Senate passed its version of the Emergency Supplemental Appropriations bill for fiscal year 2007 on March 29. Like the House version, it includes additional spending over the President's request as well as benchmark requirements for ending the war in Iraq. The total cost of the Senate bill is \$123.2 billion. The Supplemental will now go to a House-Senate conference committee to iron out differences in the two bills. The final product will then be sent to the President who has forcefully stated that he would veto it if they remain in their current form.

The House and Senate have also each introduced a fiscal year 2008 budget resolution. This measure is a blueprint or guide for both mandatory and discretionary spending and revenues. Both the House and Senate measures propose funding above the President's total request for fiscal year 2008.

Innovative Federal Strategies LLC

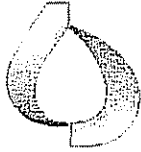
On March 29, the House approved its budget resolution - - a \$2.9 trillion measure - - on a 216-210 vote after the easy defeat of alternative substitutes.

The measure estimates a \$153 billion surplus by Fiscal year 2012, while imposing pay-as-you-go rules requiring future tax cuts and entitlement spending to be offset. The resolution would also increase discretionary spending by \$24 billion, and it includes several "reserve" funds to ensure such priorities as the farm bill and relief from the alternative minimum tax can be accommodated. The resolution does not specifically spell out how to pay for those priorities, leaving the decisions up to the committees of jurisdiction.

The Senate passed its budget resolution, which is very similar to the House version, on Friday, March 23 by a 52-47 vote. The similarity of the bills will greatly simplify the House-Senate conference committee. One major difference between the two plans, however, is that the Senate-passed budget does not project a surplus for 2012 while the House resolution projects a \$153 billion surplus in 2012.

The House will adjourn on March 30 and come back into session on April 16 while the Senate will adjourn on March 30 for only one week. Upon their return, the conference report on the supplemental spending bill, the conference report on the budget resolution and the Fiscal year 2008 defense authorization bill will be among the first orders of business.

Also on tap in the House in the weeks and months ahead is legislation to lessen the impact of the alternative minimum tax on middle-class families and to close tax loopholes. Legislation to extend the State Children's Health Insurance Program, Head Start and No Child Left Behind provisions are also expected. On energy, the House will vote on measures aimed at reducing dependence on oil. Lobbying and ethics reform will also come up, as will overhauls of immigration and election laws. Other priorities on the agenda include expanding broadband Internet access to rural areas, boosting the use of renewable fuels and treating mental health services the same as other medical coverage.



Inland Empire
UTILITIES AGENCY

Date: April 18, 2007
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (04/11/07)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: March Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

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MEMORANDUM

TO: Richard W. Atwater and Martha Davis

FROM: Jennifer West
Geyer Associates

DATE: March 30, 2007

RE: March Legislative Report

A flurry of legislative activity is underway at the California Legislature. Many of the bills introduced in January and February and now being amended and set for hearing in April. All bills that fail to move out of their first policy committee in April will miss a legislative deadline and become "two-year bills", which means they can be taken up for consideration next year.

Your bill list contains a number of recommended positions on legislation. They are:

AB 224 (Wolk) Water Planning – Recommend Support

The measure requires DWR to assess the possible effects of climate change on water supply and states that this information be incorporated into state and local water planning documents, including Urban Water Management Plans. AB 224 states that if DWR does not provide the information, then the requirement does not apply.

Requires SWRCB to conduct a study on the energy savings and GHG reductions associated with increased use of recycled water and water conservation. IEUA's involvement as a "supporter" will give the agency broader latitude in refining the recycled water section and other key provisions. The bill is still a work in progress.

AB 1406 (Huffman) Recycled Water in Condos – Recommend Support

The measure allows the use of recycled water in toilets and urinals in condominiums. Sponsored by IRWD.

AB 1481 (De LaTorre) Water Recycling General Permit-- Recommend Support

The measure requires that SWRCB prepare a general permit by 2010 for water recycling for landscape irrigation. Sponsored by LADWP.

Inland Empire Utilities Agency Legislative Tracking 3/30/07 (Prepared by Geyer Associates)		
Bond Funding/Prop. 84 and 1E	Bill Summary	Status
SB 59 (Cogdill) Water Bond 08	<u>Authorizes a \$3.9 billion water bond for the 2008 ballot.</u> Includes \$2 billion for two surface storage facilities; \$500 million for local groundwater storage projects statewide; \$500 million for the development and implementation of a bay delta conservation plan; \$300 million for fish and game restoration projects; \$200 million to implement the water quality component of the CALFED Bay Delta Program; \$200 million for urban and agricultural water conservation programs; \$250 million for restoration of the San Joaquin and Sacramento River systems. The proponents of the measure are considering taking their measure straight to the ballot if it fails in the Legislature	Senate Nat. Resources 4/24
SB 167 (Negrete McLeod) General Plans: planning grants	Establishes grant and loan program at the Office of Planning and Research for Prop. 84 (Chapter 9(c) \$90 million). Allows cities and counties to apply for funding to update their general plans.	Senate Approp. 4/16 Amended 3/12/07
SB 187 (Ducheny) Salton Sea Restoration Fund	Legislative intent language to specify how Prop. 84 funds would be spent on the Salton Sea.	Senate Nat. Resources 4/24 Amended 3/20/07
SB 292 (Wiggins) State Bond Funds: allocation	States legislative intent to develop grant criteria for two categories of funding in Prop. 84 – urban greening and regional planning. Both categories contain \$90 million each. (Chapter 9, (a) and (c))	Senate Rules

SB 378 (Steinberg) Flood Prevention Bond Act 2006	Specifies that the \$300 million in Prop. 1E for stormwater management would be made available through a joint SWRCB and DWR grant program. The bill authorizes the agencies to prepare guidelines by March 2008. The agencies are required to conduct outreach to disadvantaged communities. There are no north/south split provisions mentioned in the bill.	Senate NR&W 4/24
SB 424 (Denham) Flood Bond	States that \$16.4 million from Prop. 1E's flood protection corridors program should be spent on two specific projects in Stanislaus and Merced counties.	Senate NR&W
SB 732 (Steinberg) Prop. 84	Changes many provisions in Prop. 84, including the IRWMP program. States that DWR should revise the IRWMP guidelines in consultation with the SWRCB, DFG and DHS.	Senate NR&W 4/24
SB 917 (Migden) Watershed Conservation Protection Plan	Creates the "Watershed Conservation Protection Fund" administered by the Resources Agency.	Senate NR&W 4/24
SB 1002 (Perata) Prop. 84	Appropriates \$50 million to DHS for grants to small communities for drinking water system improvements. Appropriates \$15 million to DWR to complete feasibility studies for new surface storage under Cal-Fed. Appropriates \$15 million to DWR to develop a plan for reoperation of the state's flood protection and water supply system.	Senate NR&W 4/24
AB 41 (LaMalfa) Surface Storage	Legislative intent language to use bond funds from Proposition 1E and Proposition 84 to address California's "critical lack of adequate surface storage."	Assembly
AB 655 (Swanson) Public Contracts	Provides that any entity awarding bond funds must consider the employment practices of the bidder with respect to hiring residents from low income areas.	Assembly J., E.D., & E.
AB 739 (Laird) Stormwater Discharge	Legislative intent to prioritize and develop criteria for awarding stormwater grants from Prop. 84. (Chapter 5, (m))	Assembly E.S. & T.M. 4/17
AB 783 (Arambula) Drinking Water Improvements	Makes changes to DHS grant funding in Prop. 84 for small and disadvantages communities. (Chapter 2, Section 7022)	Assembly E.S. & T.M.

AB 822 (Levine) Urban Greening Projects	Appropriates \$2 million in Prop. 84 for urban greening projects. Establishes a grant program under the Resources Agency for this purpose. (Chapter 9, (a)).	Assembly Nat Resources 4/9
AB 832 (Bass) Environment Bond Funds	Prop. 84 spot bill.	Assembly
AB 909 (Wolk) Mercury Monitoring	Allows stormwater grant funds in Prop. 84 to be used for grants to public agencies for addressing mercury contamination.	Assembly E.S. & T.M.
AB 992 (Brownley) Roads: Stormwater Containment	Intent language to give priorities in awarding transportation bond funds to projects that address stormwater contamination.	Assembly
AB 1026 (Caballero) Water Quality: Leafy Green Vegetables	Intent language to present to voters a bond measure to fund the treatment of water sources used to wash leafy green vegetables, for the purpose of preventing "dangerous contamination of critical food supply."	Assembly
AB 1250 (Parra) IRWMP	Spot bill on the IRWMP program. \$1 billion is contained in this program in Prop. 84. ACWA sponsored.	Assembly WP&W
AB 1253 (Caballero) Land Use	Legislative intent to develop grant program for "sustainable communities" funding in Prop. 84. There is \$90 Million in this account.	Assembly
AB 1284 (Eng) Water Quality	Makes changes to the IRWMP program in Prop. 84. States that all local agencies that are water suppliers within the boundaries of an IRWMP plan should be allowed to become a member of the group. Requires the IRWMP to address water pollution that poses a threat to human health and to identify disadvantaged communities in the area within the IRWM plan boundary.	Assembly E.S. & T.M.
AB 1297 (Arambula) IRWMP	Spot bill on the IRWMP.	Assembly WP&W
AB 1303 (Smyth) Urban Greening Act 2007	Establishes an urban greening grant program for Prop. 84 funds. (Chapter 9, (a)).	Assembly Nat Resources 4/7

AB 1315 (Ruskin) Flood Protection	Legislative intent to establish program goals and priorities for selecting flood projects for funding from Prop. 84 and Prop. 1E.	Assembly
AB 1380 (Ruskin) Bond Funds:	Spot bill on Prop. 84 and Prop. 1E.	Assembly
AB 1489 (Huffman & Wolk) Resource Bond Funds	Requires IRWMP applicants to identify the manner in which the proposed project will contribute to meeting the performance standards included in the plan. Makes of number other program changes in Prop. 84 grant programs.	Assembly WP&W 4/18
AB 1602 (Nunez) Sustainable Communities & Urban Greening	Establishes a grant program in the Resources Agency "Sustainable Communities and Urban Greening Grant Program." There is \$90 million in Prop. 84 for this purpose.	Assembly
AB 1641 (Huff) Natural Resources	Spot bill on conservancy funding in Prop. 84.	Assembly
AB 1664 (Strickland) State Bond Funds	States the legislature's intent that in allocating bond funding the state give preference to a project that would raise water or sewer rates by 100% that is a result of an enforcement order.	Assembly WP&W
Flood Control/Delta Conveyance		
SB 5 (Machado) Flood Management	Comprehensive flood management legislation backed by Senate leadership. It establishes the roles and responsibilities for the state of California, local governments and landowners in flood management.	Senate Nat. Resources 4/10 Amended 3/26/07
SB 17 (Florez) Reclamation Board and Powers	Gives the "Central Valley Flood Protection Board" new authority over flood control activities in the Central Valley. The bill is backed by Senate leadership.	Senate NR&W 4/24

SB 27 (Simitian) Delta ByPass Canal	<p>SB 27 (Simitian) now reflects an agreement between Senator Simitian and Senator Steinberg for moving the bill forward.</p> <p>The bill will be completely rewritten, it would direct that the Secretary of Resources Agency to take necessary actions to ensure that the Delta Vision process stays on track. In several sections of the bill, it encourages implementation of a program for sustainable management of the Delta in 2008. The language provides that should the efforts of the Blue Ribbon Task Force and Delta Vision Committee fall short, the Legislature intends to move in "all due haste" to develop its own program for sustainable management of the Delta.</p>	Senate NR&W 4/10
SCA 2 (Simitian) Bond	Places Delta bypass bond measure on the 2007 ballot.	Senate NR&W, E.R. &C.A., Approp.
SB 34 (Torlakson) Delta User Fee	Declares that the Reclamation Board, in consultation with DWR, establish a "beneficiary pays system" and collect user fees and assessments for levee maintenance and other flood control purposes in the Delta. States that a significant portion of the state bond funds approved in Prop. 1E be prioritized in conjunction with the "beneficiary pays system."	Senate Rules 4/10 Amended 3/20/07
SB 310 (Machado) State Water Project	Spot bill on the State Water Project.	Senate Rules
SB 326 (Aanestad) Water Resources	Legislative intent to fund water storage and conveyance facilities.	Senate Rules
SB 399 (Dutton) Water Infrastructure	States legislative intent that additional conveyance will be needed in California due to global warming.	Senate Rules

AB 5 (Wolk) Flood Protection	Gives priority for state funds to be given to local agencies that have adopted a local plan of flood protection. Prohibits local governments in the Central Valley from approving new development within high-risk flood prone areas, unless adequate flood protection is assured.	Assembly WP&W Hearing 4/10/07
AB 930 (Jones) Flood	Legislative intent to establish a flood plain management task force.	Assembly WP&W Amended 3/26/07
AB 1507 (Emmerson) Floodplain Management	Requires DWR to establish an Alluvial Fan Task Force.	Assembly WPW
Urban Water Management Plans/Conservation/Recycling		
SB 825 (Padilla) Water Conservation Policy	Intent language to promote water conservation, water recycling and water efficiency.	Senate Rules
SB 1030 (Negrete McLeod) Urban Water Suppliers	Spot bill on the UWMP regarding water demand management.	Senate Rules
SB 862 (Kuehl/ Steinberg) UWMP	Requires the UWMP to assess energy consumption and Bulletin 160. Contains all of the provisions of SB 1640 (Kuehl), 2006, except for the groundwater provisions. SB 1640 was vetoed last year because of the groundwater reporting language.	Senate NR&W 4/10
AB 566 (Plescia) Landscape Water Conservation	Requires the model landscape ordinance to include climate information for irrigation scheduling based on the California Irrigation Management Information System.	Assembly
AB 715 (Laird) Low-flush Water Closets	Spot bill on low flush toilets.	Assembly Housing & Comm. Develop. 4/11/07

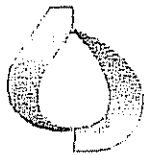
AB 1132 (Berryhill) Graywater Irrigation	Allows a tax credit for the costs paid or incurred for the installation of a graywater irrigation system.	Assembly Revenue & Taxation
AB 1376 (Berryhill) UWMP Comments	In developing an UWMP, the bill requires each water supplier to seek comments from city and county planning departments in the area served by the urban water supplier at least 60 days prior to the public hearing on the plan.	Assembly WP&W
AB 1404 (Laird) Water Use	Requires DWR, SWRCB and DHS to jointly, in consultation with water suppliers and stakeholders, to develop and implement a coordinated water use reporting database. By 2010 these agencies would notify all identified water users and water suppliers to report water use information.	Assembly WP&W
AB 1420 (Laird) Water Demand Management	Conditions water bond funding on whether an agency has implemented water demand management measures in the UWMP.	Assembly WP&W 4/24
AB 1435 (Salas) Water Charges	Requires a local water purveyor that supplies water to retail customers to institute a conservation rate structure based on the amount of water used for other than agricultural purposes for each customers that has a service connection for which a water meter has been installed.	Assembly WP&W
AB 1560 (Huffman) Building Standards	Requires the CEC to prescribe by regulation, water conservation design standards for new residential construction.	Assembly
Groundwater		
SB 178 (Steinberg and Kuehl) Groundwater	Contains the groundwater components that were in SB 1640 from last year. That measure was vetoed.	Senate Approps. 4/16
SB 395 (Cox) Groundwater Aquifers	Spot bill on groundwater in the Central Valley.	Senate Rules
Water Quality/Water Supply		
SB 516 (Aanestad) Water Quality	Spot bill on water quality penalties.	Senate E.Q.

SB 1029 (Ducheny) Drinking Water Standards	Requires the enforcement of primary and secondary drinking water standards by DHS.	Senate Health Hearing 4/11/07
AB 19 (Devore) Santa Ana Water Quality	Establishes the Santa Ana Regional Water Quality Improvement Fund and would authorize the developer of a development project, if the developer has become subject to regulations by the Santa Ana RWQB, to agree to pay a fee to the appropriate city or county, based on the acreage and density of the proposed development project, for deposit in the Fund.	Assembly E.S. & T.M.
AB 559 (Ruskin) Public Water Systems	Requires DHS to identify treatment methods, technologies and other management options that reduce or eliminate the need to add disinfectants or additives to drinking water and report to the Legislature by 2009.	Assembly E.S. & T.M.
AB 640 (De La Torre) WDR waivers	Spot bill on waste discharge requirements.	Assembly E.S. & T.M. 4/10/07
AB 690 (Jones) Water Corp. Rates/Contamin ation	States that if a private water corporation receives monetary compensation for damage resulting from contamination of the utility's water supply, the PUC shall require the utility to equitably allocate the compensation between the ratepayers and investors of the utility.	Assembly WP&W
AB 800 (Lieu & Krekorian) Discharge Notification	Shortens notification requirements for discharges of waste or hazardous materials under Porter-Cologne.	Assembly E.S. & T.M. Hearing 4/10/07
AB 938 (Calderon) Urban Runoff	Authorizes local water districts to acquire, construct, operate, maintain and furnish facilities for the diversion of urban runoff.	Assembly WP&W
AB 1127 (Carter) Perchlorate	Requires DHS by 2008 to prepare and submit a report reviewing state standards for perchlorate in drinking water, which is currently 6 ppb.	Assembly E.S. & T.M.
AB 1703 (La Malfa) Storm Water Monitoring	Spot bill on storm water	Assembly E.S. & T.M.
	Compost	

SB 697 (Wiggins) Compost	Spot bill on compost.	Senate Rules
AB 1150 (Lieu) Solid Waste Transformation	Spot bill on compost	Assembly Nat Resources
AB 1207 (Smyth) Biosolids	Requires the CIWMB to prescribe minimum standards for land application of biosolids.	Assembly Nat Resources
Green Buildings/Climate Change		
AB 35 (Ruskin) State Green Buildings	Requires the California Integrated Waste Management Board by 2009 to adopt regulations for sustainable building standards for the construction or renovation of state buildings.	Assembly Nat Resources
AB 224 (Wolk) Water Supply Planning	Requires DWR to include an analysis of the effects of climate change on future water supplies in B-160 and UWMPs. Requires SWRCB and RWQCB to consider climate change when updating basin plans. Requires every agricultural water supplier to prepare and adopt an ag. water management plan.	Assembly WP&W Hearing 4/10/07
AB 888 (Lieu & Laird) Green Building Standards	Requires the Building Standards Commission to develop standards to ensure that green building elements are integrated into the standards.	Assembly
AB 109 (Nunez) Global warming	Spot bill to implement the California Global Warming Solutions Act of 2006.	Assembly Nat Resources
AB 1327 (Ma) Green Building	Legislative intent to develop a uniform definition for "green building" and to extend tax and planning incentives to developers to build green.	Assembly
Employment/Local Public Agencies		
AB 489 (Calderon) MWD Overtime	Will be amended in next 30 days to address a different subject, according to MWD lobbyist.	Assembly P.E , R & SS

AB 503 (Swanson) Overtime Notice/public agencies	Applies to all local agencies and special districts. Would prohibit an agency from requiring any employee entitled to receive overtime compensation pursuant to any federal statute or regulation to perform services outside the employee's normal work schedule unless a minimum of 8 hours' written notice of that work assignment has been provided to the employee.	Assembly P.E., R & SS Amended 3/26/07
AB 928 (Solorio) OCWD	Technical changes to the OCWD authorizing act	Assembly
SB 435 (Cogdill) Water Districts	Legislative intent to facilitate cooperation between local governments and water districts to establish community walking trails.	Senate Rules
Positions/Recommended Positions		
SB 55 (Florez) Biosolids	<p>Broadly defines "biosolids" to include any product with human waste, which would include some compost.</p> <p>Requires POTWs to certify to the regional boards that biosolids meet "the requirements and standards for any pollutant listed in the waste discharge requirement for the POTW, including, but not limited to, any requirements of standards governing the 126 priority toxic pollutants listed in 40 CFR 131.38. This list is designed for surface water issues and includes many compounds not found in biosolids.</p> <p>POTWs would be required to submit the certification to the person/facility and county that accepts the biosolids, and may be required to indemnify the receiving part "for any liability for remediation costs associated with the disposal or processing of the sewage sludge. It further requires POTWs to certify to haulers that the biosolids are nonhazardous.</p> <p>Requires CDFA, SWRCB, IWMB, CARB to conduct a study of biosolids and its reuse options.</p>	Oppose Senate Enviro. Quality 4/16/07

SB 201 (Florez) Recycled Water Leafy Green	<p>We are asking that the author delete a section of the bill that requires extra field testing for recycled water. The section calls into question the safety of using recycled water for agricultural purposes and singles out recycled water as the only type of water needing special testing. 40% of recycled water in the state is used for agriculture.</p>	<p>Oppose unless amended</p> <p>Senate Health Committee</p>
SB 642 (Negrete-McLeod) Unemployment	<p>States the legislature's intent to not require public employers to pay unemployment insurance benefits to former employees that voluntarily retire from the agency and are receiving pension benefits from that agency. IEUA sponsored.</p> <p>The author is seeking to incorporate IEUA's bill language into the annual Senate Labor Committee omnibus legislation. The Committee consultant is still considering whether or not this would be appropriate. Items included in omnibus bills are usually noncontroversial and will be pulled out if any party objects.</p>	<p>Sponsor</p> <p>Senate Rules</p>
AB 224 (Wolk) Climate Change/Water Supply Planning	<p>Requires DWR to assess the possible affects of climate change on water supply. Requires that this information be incorporated into state and local water planning documents. States that if DWR does not provide the information the requirement does not apply.</p> <p>Requires SWRCB to conduct a study on the energy savings and GHG reductions associated with increased use of recycled water and water conservation.</p> <p>Bill is still a work in progress. IEUA's involvement as a "supporter" will give the agency broader latitude in refining the recycled water section and other key provisions.</p>	<p>Recommend Support</p> <p>W.P. W 4/10</p>
AB 1406 (Huffman) Recycled Water in Condos	<p>Allows the use of recycled water in toilets and urinals in condominiums. Sponsored by IRWD.</p>	<p>Recommend Support</p>
AB 1481 (De LaTorre) Water Recycling General Permit	<p>Sponsored by LADWP. Requires that SWRCB to prepare a general permit by 2010 for water recycling for landscape irrigation.</p>	<p>Recommend Support</p>



Inland Empire
UTILITIES AGENCY

Date: April 18, 2007
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (04/11/07)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: March Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

Enclosure

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March 29, 2007

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

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

The California Legislature spent the month of March preparing for upcoming policies committee hearings, which will occupy the Assembly and Senate for the months of April and May.

Meanwhile, the California Air Resources Board continued to hold hearings and workshops on the implementation of AB 32, and the California Public Utilities Commission began discussions on expanding small renewable generation projects.

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Chino Basin / OBMP Coalition

Status Report – January 2007

ENERGY/REGULATORY

Energy Efficiency Funding for Water Conservation Efforts

The ongoing proceeding at the California Public Utilities Commission related to pilot projects to examine energy savings associated with water conservation efforts was not particularly active in March, after a flurry of activity in February.

On March 6th, the Dolphin Group submitted reply comments to the Commission. The comments urged the Commission to not overly complicate the requirements for approval of the pilot programs. Various parties had supplied comments urging the Commission to insist on a lengthy list of prerequisites prior to approving the pilot programs. The Commission will issue a scoping memo in mid-April which is expected to include a schedule for workshops and hearings to facilitate approval of the pilot programs by July 2007.

On a parallel track, the Commission has begun the process of discussing the 2009-11 energy efficiency cycle. The currently proposed pilot program schedule may not provide results in time to fully incorporate the findings from the pilots into the next cycle.

DGI comments in this proceeding on behalf of IEUA have consistently urged the Commission to specifically recognize the potential of these types of projects for consideration in the next cycle, including the possibility of reserving funds for later in the cycle to be dedicated to these programs.

AB 1969 Implementation

On March 12, the CPUC issued a ruling requiring the utilities to file a tariff and/or standard contract to implement AB 1969 by April 11, 2007. Comments will be allowed by parties in early May.

The ruling also asks the utilities to consider expanding the concept of AB 1969 to other customers beyond water and wastewater agencies. DGI is concerned that the lengthy process for approval of the tariffs outlined by the rulings, as well as the additional consideration of expanding the concept of standard contracts for small renewable generation projects could delay the implementation of AB 1969, which became law on January 1st. DGI is engaging in discussions with CPUC staff and will offer comments when appropriate to expedite implementation of the statute.

AB 32 – GREENHOUSE GAS REGULATION

The California Air Resources Board continued to hold a flurry of hearings and workshops in March related to the implementation of AB 32 (Nuñez – 2006).

On March 5-7, a symposium was held on greenhouse gas emissions and potential avenues that ARB could employ to achieve the required emissions reductions envisioned by AB 32. Specifically, presentations were made related to manure management and wastewater treatment.

Additionally, on March 15th the first meeting of the Environmental Justice Advisory Committee was held. The committee will advise ARB on various implementation methodologies, particularly as they related to “market-based” versus direct regulation to achieve emissions reductions.

AB 32 specifically requires ARB to pursue emissions reductions strategies earlier than the 2012 implementation deadline as “discrete early actions”. ARB staff is expected to introduce their recommendations at a workshop to be held on April 23rd. Expectations are that the recommendations will be very narrow in scope, relating largely to low-carbon fuel standards, energy generation and more stringent refrigerant regulations.

LEGISLATION

Few policy committee hearings occurred in the month of March, as most of the legislation was introduced just prior to the February 23rd deadline was still within 30 days of introduction, barring any amendments or formal consideration by the Assembly or Senate.

However, in late March legislators began to amend a large number of bills, and measures started to be scheduled for policy committee hearings. Throughout April and May, most policy committees will meet at least every two weeks. Fiscal measures must be approved by the policy committees prior to April 27.

SB 463- Dairy Biogas Net Metering

This measure, sponsored by IEUA, will allow an investor-owned utility to purchase surplus generation from an eligible biogas net metering customer. This allowance currently exists in the net metering statute for solar and wind self-generation.

CA SB 463	AUTHOR:	Negrete McLeod [D]
	TITLE:	Energy: Biogas Digester Customer-Generator
	INTRODUCED:	02/21/2007
	DISPOSITION:	Pending
	LOCATION:	Senate Energy, Utilities and Communications Committee
	SUMMARY:	Provides that an electrical corporation would retain any excess

kilowatthours generated if the electrical corporation and the eligible biogas digester customer-generator have entered into a contract for the purchase and sale of excess electricity generated during periods if the eligible biogas digester customer-generator is a net electricity producer.
Position: Support

Other Legislation

- CA AB 6 **AUTHOR:** Houston [R]
 TITLE: Greenhouse Gases; Market-Based Compliance Mechanisms
INTRODUCED: 12/04/2006
DISPOSITION: Pending
LOCATION: Assembly Natural Resources Committee
SUMMARY:
Requires the State Air Resources Board to adopt market-based compliance mechanisms to reduce emissions of greenhouse gases.
Position: Watch
- CA AB 94 **AUTHOR:** Levine [D]
 TITLE: Renewable Energy
INTRODUCED: 12/20/2006
DISPOSITION: Pending
COMMITTEE: Assembly Utilities and Commerce Committee
HEARING: 04/09/2007 3:00 pm
SUMMARY:
Revises the intent language so that the amount of electricity generated per year from eligible renewable energy resources is increased to an amount that equals at least 33% of the total electricity sold to retail customers in California per year by a specified date. Requires that each retail seller increase its total procurement of eligible renewable energy resources by at least an additional 1% of retail sales per year so that 33% of its retail sales are procured from eligible renewable energy resources.
Position: Watch
- CA AB 109 **AUTHOR:** Nunez [D]
 TITLE: Global Warming Solutions Act of 2006: Annual Report
INTRODUCED: 01/05/2007
DISPOSITION: Pending
LOCATION: Assembly Natural Resources Committee
SUMMARY:
Requires the State Air Resources Board to report to the Legislature annually the status and progress of implementing the Global Warming Solutions Act of 2006. Requires the state to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions levels in 1990 to be achieved by 2020.
Position: Watch
- CA AB 114 **AUTHOR:** Blakeslee [R]
 TITLE: Public Resources: Carbon Dioxide Containment

	<p> INTRODUCED: Program 01/09/2007 DISPOSITION: Pending LOCATION: Assembly Natural Resources Committee SUMMARY: Requires the Energy Commission to develop a program to facilitate and encourage the implementation of cost effective containment, scrubbing, and capture technologies to decreases carbon dioxide emission from industrial processes. Position: Watch </p>
CA AB 118	<p> AUTHOR: Nunez [D] TITLE: Alternative Fuels: Funding INTRODUCED: 01/09/2007 DISPOSITION: Pending LOCATION: ASSEMBLY SUMMARY: Declares legislative intent to provide ongoing funding for alternative fuel research, development, and deployment in order to advance the state's leadership in clean technologies, meet the state's clean air and greenhouse gas emission reduction standards, develop public-private partnerships, and ensure a reliable fuel supply. Position: Watch </p>
CA AB 140	<p> AUTHOR: Garcia [R] TITLE: Desert Water Agency INTRODUCED: 01/16/2007 DISPOSITION: Pending COMMITTEE: Assembly Utilities and Commerce Committee HEARING: 04/09/2007 3:00 pm SUMMARY: Authorizes the Desert Water Agency to develop energy for the construction, treatment, and disposal of sewage. Position: Watch </p>
CA AB 242	<p> AUTHOR: Blakeslee [R] TITLE: Energy Policy: Emissions of Greenhouse Gases INTRODUCED: 02/01/2007 DISPOSITION: Pending LOCATION: ASSEMBLY SUMMARY: Makes legislative findings and declarations regarding the policy and intent of the state with regard to reductions in emissions of greenhouse gases. Position: Watch </p>
CA AB 578	<p> AUTHOR: Blakeslee [R] TITLE: Energy: Renewable Energy Generation: Study INTRODUCED: 02/21/2007 DISPOSITION: Pending LOCATION: Assembly Utilities and Commerce Committee SUMMARY: </p>

Requires the Energy Resources Conservation and Development Commission to study and submit a report to the Legislature and the Governor, on the impacts of renewable energy generation on the states distribution and transmission grid.

Position: Watch

CA AB 657

AUTHOR: Jeffries [R]
TITLE: Greenhouse Gas Emissions
INTRODUCED: 02/21/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Relates to existing law which designates the State Air Resources Board as the agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming.

Position: Watch

CA AB 739

AUTHOR: Laird [D]
TITLE: Stormwater Discharge
INTRODUCED: 02/22/2007
DISPOSITION: Pending
LOCATION: Assembly Environmental Safety and Toxic Materials Committee
SUMMARY:

Requires the Water Resources Control Board to develop a comprehensive framework for assessing the effectiveness, as measured by receiving water quality, of stormwater management programs. Requires the state board and regional boards to include requirements for evaluating and reporting on program and effectiveness in stormwater permits.

Position: Watch

CA AB 938

AUTHOR: Calderon C [D]
TITLE: Water Districts: Urban Runoff
INTRODUCED: 02/22/2007
DISPOSITION: Pending
LOCATION: Assembly Water, Parks and Wildlife Committee
SUMMARY:

Authorizes a local water district to acquire, construct, operate, maintain, and furnish facilities for the diversion of urban runoff from a drainage course within that district, the treatment of the urban runoff, the return of the water to the drainage course, or the beneficial use of the water.

Position: Watch

CA AB 1207

AUTHOR: Smyth [R]
TITLE: Solid Waste: Biosolids
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: Assembly Natural Resources Committee
SUMMARY:

Relates to existing law that requires the State Water Resources Control Board to adopt minimum standards for solid waste facilities. Requires

those minimum standards to include standards for the land application of biosolids which would include standards for the land application of biosolids according to sound principles of land use, agriculture, conservation, resource management, public health, and protection of ground water.

Position: Watch

CA AB 1285

AUTHOR: Parra [D]
TITLE: Clean Equipment and Technology Investment Initiative
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Declares the intent of the Legislature to enact the Clean Equipment and Technology Investment Initiative of 2007, for taxable years beginning on or after January 1, 2008 and before January 1, 2014, to exempt from the sales and use taxes the purchases of specified manufacturing equipment and to allow a deduction from, or a credit against, taxes for research and development expenses of new products for the purpose of reducing greenhouse gas emissions.

Position: Watch

CA AB 1327

AUTHOR: Ma [D]
TITLE: Environment: Green Building
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

States the intent of the Legislature to enact legislation to develop a uniform definition for green building and to extend tax and planning incentives to developers to build green buildings.

Position: Watch

CA AB 1428

AUTHOR: Galgiani [D]
TITLE: Energy: Biomass Conversion Customer Generator
INTRODUCED: 02/23/2007
DISPOSITION: Pending
COMMITTEE: Assembly Utilities and Commerce Committee
HEARING: 04/09/2007 3:00 pm
SUMMARY:

Authorizes California State University, Fresno, to receive a bill of credit to a benefit account, electricity supplied to the electrical grid by a biomass conversion facility. Requires the commission to adopt a rate tariff for the benefiting account. Requires electrical corporations to provide eligible biomass conversion customer-generators with net energy meeting under a pilot program.

Position: Watch

CA AB 1506

AUTHOR: Arambula [D]
TITLE: Energy Independence/Early Adapter Bus Incentive Act

INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Authorizes a small business financial development corporations to provide direct loans and loan guarantees for capital expenditures that reduce greenhouse gas emissions or generate renewable energy. Authorizes the Infrastructure and Economic Development Bank to make loans on capital equipment directly result in a measurable reduction of greenhouse gas emissions.

Position: Watch

CA AB 1532 **AUTHOR:** Parra [D]
TITLE: Energy: Eligible Resources Recovery Projects Pilot
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Requires electrical corporations to provide eligible resource recovery projects with net energy metering under a pilot program. Prescribes conditions under which these customers may participate in the pilot program established by the bill and would require the electrical corporation to file a standard tariff providing for net energy metering for eligible resource recovery projects.

Position: Watch

CA AB 1613 **AUTHOR:** Blakeslee [R]
TITLE: Energy: Waste Heat and Carbon Emissions Reduction
INTRODUCED: 02/23/2007
DISPOSITION: Pending
COMMITTEE: Assembly Utilities and Commerce Committee
HEARING: 04/09/2007 3:00 pm
SUMMARY:

Enacts the waste heat and carbon emissions reduction act. Requires a load-serving entity to purchase the incidental electricity generated by eligible customers utilizing distributed generation that employs combined heat and power technology that comply with the regulations, or interim guidelines. Requires that the rates be time or use rates that encourage energy conservation and net generation of electricity during periods of peak system demand. Relates to state building energy efficiency.

Position: Watch

CA AB 1703 **AUTHOR:** La Malfa [R]
TITLE: Water: Storm Water Monitoring Requirements
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: Assembly Environmental Safety and Toxic Materials Committee
SUMMARY:

Repeals the provisions of the Porter-Cologne Water Quality Control Act. Requires the state Water Resources Control Board to develop minimum

monitoring requirements for regulated municipalities that were subject to a storm water permit and minimum standard monitoring requirements for regulated industries to be included in all applicable storm water permits.

Position: Watch

CA EO 4

AUTHOR: Office of the Governor
TITLE: Low Carbon Emissions
INTRODUCED: 01/18/2007
LOCATION: Filed with Secretary of State
SUMMARY:

(Executive Order 01-01) Establishes a Low Carbon Fuel Standard for transportation fuels sold in state. Requires by 2020 the standard will reduce the carbon intensity of California's passenger vehicle fuels by at least 10 percent. Provides the standard shall apply to all refiners, blenders, producers or importers of fuels in the state and shall be measured on a full fuels cycle basis and may be met by market-based methods. Gives providers credits towards future obligations or traded to other providers.

Position: Watch

CA SB 9

AUTHOR: Lowenthal [D]
TITLE: Trade Corridor Improvement: Transportation Project
INTRODUCED: 12/04/2006
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:

Amends existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act. Requires a sum to be transferred to the Trade Corridors Improvement Fund. Provides for infrastructure improvements along federally designated Trade Corridors of National Significance. Sets forth the intent of the Legislature to enact legislation that establishes a process for the selection of transportation projects.

Position: Watch

CA SB 19

AUTHOR: Lowenthal [D]
TITLE: Trade Corridor: Projects to Reduce Emissions: Funding
INTRODUCED: 12/04/2006
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:

Declares the intent of the Legislature to enact legislation that establishes conditions and criteria for projects funded under provisions of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

Position: Watch

CA SB 55

AUTHOR: Florez [D]
TITLE: Water Quality: Sewage Sludge
INTRODUCED: 01/10/2007
DISPOSITION: Pending

COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/16/2007 1:30 pm
SUMMARY:

Requires a publicly owned treatment works to submit a certification to the regional water quality board that any sewage sludge transferred from a facility for disposal or further processing meets the requirements and standards for any pollutants listed in the waste requirements. Requires such treatment works to submit the certification to any person or facility that accepts sewage sludge from that works for disposal or processing. Authorizes a person or facility for indemnification.
Position: Watch, Watch

CA SB 210 **AUTHOR:** Kehoe [D]
TITLE: Greenhouse Gas Emissions: Fuel Standard
INTRODUCED: 02/08/2007
LAST AMEND: 03/20/2007
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee
SUMMARY:

Requires the State Air Resources Board to adopt, implement, and enforce, a low-carbon fuel standard that achieves the maximum technologically feasible and cost-effective greenhouse emissions reductions, and at least a 10% reduction in greenhouse gas emissions.
Position: Watch

CA SB 247 **AUTHOR:** Ashburn [R]
TITLE: Greenhouse Gases
INTRODUCED: 02/14/2007
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:

Relates to provisions of the California Global Warming Solutions Act of 2006 which designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming in order to reduce emissions of greenhouse gases.
Position: Watch

CA SB 375 **AUTHOR:** Steinberg [D]
TITLE: CEQA: Urban Infill Projects
INTRODUCED: 02/21/2007
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee
SUMMARY:

Relates to an urban infill effect on the environment if revisions in the project would avoid or mitigate that effect. Provides that a project may be within 1/2 mile of a major transit stop or result in a reduction of vehicle miles traveled by residents of the project when compared to the average vehicle miles traveled within the county or major metropolitan area.
Position: Watch

Position: Watch

CA SB 1001 **AUTHOR:** Perata [D]
TITLE: Regional Water Quality Control Boards: Membership
INTRODUCED: 02/23/2007
DISPOSITION: Pending
COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/16/2007 1:30 pm
SUMMARY:
Amends the Porter-Cologne Water Quality Control Act. Relates to the membership of regional water quality control boards.
Position: Watch

CA SB 1036 **AUTHOR:** Perata [D]
TITLE: Energy: Renewable Energy Resources
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
SUMMARY:
Repeals provisions providing for the New Renewable Resources Account within the Renewable Resource Trust Fund. Deletes the requirement that the Energy Commission award the production incentives and allocate and award supplemental energy payments to eligible renewable energy resources to cover above-market costs of renewable energy. Requires the Commission to terminate production incentives unless the project began generating electricity by a certain date.
Position: Watch

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Date: April 18, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (04/11/07)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

Outreach/Tours

- Attended City of Fontana's Arbor Day celebration with over 300 elementary students in attendance.
- March 16, 2007, use of HQ by Chino PD for training March 22 and April 20, 2007, tour of HQ for design companies.
- March 22 and April 20, 2007, tour of HQ for design companies.
- March 28, 2007, Chino Creek Wetlands and Educational Park presentation to Chino Kiwanis Club.
- March 27, 2007, DWR Proposition 84 workshop, Board Room.

Calendar of Upcoming Events

- April 2, 2007, Chino Planning Commission meeting, IEUA Board Room, 7:30 p.m.
- April 3, 2007, Chino Council meeting, IEUA Board Room, 7:30 p.m.
- April 10, 2007, San Bernardino County State of the County Address, Ontario Convention Center, 11:30 a.m.
- April 16, 2007, nine-day shutdown of MWD Rialto Pipeline.
- April 26, 2007, San Bernardino County planning meeting, Event Center
- April 26, 2007, Chino Basin 2 Desalter dedication, 4:00 p.m.
- June 2, 2007, Chino Creek Wetlands and Educational Park dedication, 10:00 a.m.

**OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER
CAMPAIGN**

- March Conservation tip (attached)
- March 28, 2007, Civic Leadership ad (attached)

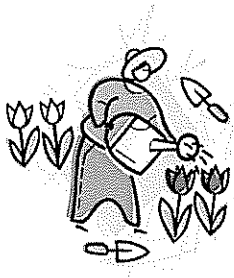
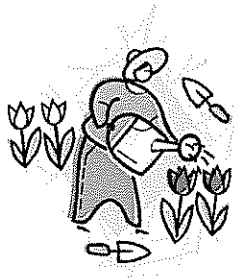
PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

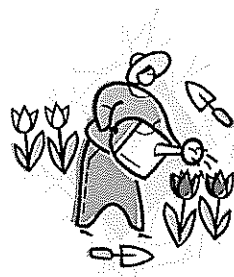
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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



GLOBAL REPORT

FINANCIAL TIMES

A selection of world business stories presented by special arrangement with the Financial Times



DIEGO AZUBEL/ European Pressphoto Agency

SCARCITY: Chinese play in a nearly dried-up area of the Yangtze River in Chongqing last month. Water levels approached record lows because of droughts

Water crisis looms worldwide

Parched nations are offering billions of dollars in contracts to boost supplies. The U.N. says 40% of the population will suffer shortages by 2050.

By LESLIE CRAWFORD
Financial Times

Opportunities for water companies are flowing around the world because of looming shortages and decades of underinvestment.

China, Saudi Arabia and Algeria, where water shortages have become acute, are placing billions of dollars of contracts out to bid to improve water supplies for their growing populations. The trend is expected to grow, as 40% of the world's population will suffer water shortages by 2050, according to the United Nations Development Program. Global warming is expected to exacerbate the problem.

China plans to contract for water services for an additional 100 cities by 2010.

"The government knows it has a water crisis that is holding back development," said Jean Louis Chaussade, chief executive of Suez, a French utility.

China last year announced a \$125-billion investment program to improve water treatment and recycling facilities after a chemical spill forced the city of Harbin, in northeast China, to cut off water supplies to 3.8 million people for five days in November 2005. China has already privatized water services for 155 million people.

Investment in water treatment will allow Beijing to use recycled water to fill its swimming pools during the 2008 Olympic Games.

Saudi Arabia began privatizing water services after shortages sparked riots last November in Jeddah. Loay Ahmed Musallam, the deputy water minister, said the first contract to manage water supplies for Riyadh would be awarded this year. By 2010, private companies will provide water for half the population, he added.

Saudi Arabia plans to invest \$37 billion over five years to improve water pipelines. Leaks cost 1 million cubic meters of water a day — the output of seven desalination plants — the minister said.

Even after putting contracts out to

bid, governments still face politically sensitive decisions. In Saudi Arabia, for example, water tariffs are among the lowest in the world. Musallam said Saudis consumed twice as much water as Britons in spite of living in one of the driest parts of the globe. The government is introducing measures to encourage water conservation.

Algeria has introduced public-private partnerships to finance billions of dollars for desalination plants after suffering acute water shortages five years ago.

"Western Algeria had running water only one day out of every 18 at the peak of the crisis, in 2002. The rationing also affected Algiers," said Christopher Gasson, publisher of Global Water Intelligence. "At that point, water became a political priority, and the government is now investing heavily in desalination," he said.

Even in the U.S., the shortfall between actual investment and the industry's real needs is estimated to be \$122 billion for waste water treatment and \$180 billion for drinking water over the next 12 years, said Michael Dean of the Environmental Protection Agency. "People take for granted clean, safe, inexpensive water, but the old ways of pay-

ing for water in the U.S. no longer meet our needs," Dean said.

Water services in the U.S. are mainly owned by municipalities, which fiercely resist privatization.

Gasson says decades of underinvestment are catching up with the water industry. "Either tariffs or subsidies will have to rise. We are at an inflection point. Investment now is unavoidable," he said.

David Lloyd Owen, a British consultant, estimated the investment shortfall for the global water industry at \$1.2 trillion over the next 20 years. "The question is how to overcome political resistance to the involvement of the private sector," he said.

"The water industry is one of the most conservative in the world. By and large, it is still run by bureaucrats and engineers," Owen said. "There is also a passionate and well-organized lobby against privatization."

He sees more room for the private sector as technology for desalination and recycling come to play an increasing role in the industry. Banks are also becoming more creative in matching the financing of capital outlays in the industry with the long lives of water treatment facilities.

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THE MAIL

*Daily
Bulletin
4/17/84*

Ayala had it right on Delta water plan

As a longtime Ontario businessman and dairy advocate, our own state Sen. Ruben S. Ayala led the fight for the Delta fix known as the Peripheral Canal in 1982.

Sen. Ayala knew this project better than anyone in the California Legislature and almost brought it home to the finish line. His biggest supporters were the Southern California dairy farmers through Milk Producers Council leadership, who knew that if growth and farming were going to continue in California there needed to be adequate water for all.

Unfortunately the canal was never built.

Dan Walters is correct. ("Canal still best fix for state's Delta water," April 4)

Twenty-five years later, it's still the right fix for California's water problems.

Check the archives and with Sen. Ayala. The answers are there to get the job done.

Fortunately for California, Sen. Ayala is alive and well and could support a water fix for California.

BOB FEENSTRA
Ontario

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Department of Water Resources
California Water News
A daily compilation for DWR personnel of significant news articles and comment

April 6, 2007

1. Top Item

Permanent drought predicted for Southwest; Study says global warming threatens to create a Dust Bowl-like period. Water politics could also get heated
Los Angeles Times – 4/6/07
By Alan Zarembo and Bettina Boxall, staff writers

The driest periods of the last century — the Dust Bowl of the 1930s and the droughts of the 1950s — may become the norm in the Southwest United States within decades because of global warming, according to a study released Thursday

The research suggests that the transformation may already be underway. Much of the region has been in a severe drought since 2000, which the study's analysis of computer climate models shows as the beginning of a long dry period.

The study, published online in the journal *Science*, predicted a permanent drought by 2050 throughout the Southwest — one of the fastest-growing regions in the nation.

The data tell "a story which is pretty darn scary and very strong," said Jonathan Overpeck, a climate researcher at the University of Arizona who was not involved in the study.

Richard Seager, a research scientist at Lamont-Doherty Earth Observatory at Columbia University and the lead author of the study, said the changes would force an adjustment to the social and economic order from Colorado to California.

"There are going to be some tough decisions on how to allocate water," he said. "Is it going to be the cities, or is it going to be agriculture?"

Seager said the projections, based on 19 computer models, showed a surprising level of agreement. "There is only one model that does not have a drying trend," he said.

Philip Mote, an atmospheric scientist at the University of Washington who was not involved in the study, added, "There is a convergence of the models that is very strong and very worrisome."

The future effect of global warming is the subject of a United Nations report to be released today in Brussels, the second of four installments being unveiled this year.

The first report from the Intergovernmental Panel on Climate Change was released in February. It declared that global warming had become a "runaway train" and that human activities were "very likely" to blame.

The landmark report helped shift the long and rancorous political debate over climate change from whether man-made warming was real to what could be done about it.

The mechanics and patterns of drought in the Southwest have been the focus of increased scrutiny in recent years.

During the last period of significant, prolonged drought — the Medieval Climate Optimum from about the years 900 to 1300 — the region experienced dry periods that lasted as long as 20 years, scientists say.

Drought research has largely focused on the workings of air currents that arise from variations in sea-surface temperature in the Pacific Ocean known as El Niño and La Niña.

The most significant in terms of drought is La Niña. During La Niña years, precipitation belts shift north, parching the Southwest.

The latest study investigated the possibility of a broader, global climatic mechanism that could cause drought. Specifically, they looked at the Hadley cell, one of the planet's most powerful atmospheric circulation patterns, driving weather in the tropics and subtropics.

Within the cell, air rises at the equator, moves toward the poles and descends over the subtropics.

Increasing levels of greenhouse gases, the researchers said, warms the atmosphere, which expands the poleward reach of the Hadley cell. Dry air, which suppresses precipitation, then descends over a wider expanse of the Mediterranean region, the Middle East and North America.

All of those areas would be similarly affected, though the study examined only the effect on North America in a swath reaching from Kansas to California and south into Mexico.

The researchers tested a "middle of the road" scenario of future carbon dioxide emissions to predict rainfall and evaporation. They assumed that emissions would rise until 2050 and then decline. The carbon dioxide concentration in the atmosphere would be 720 parts per million in 2100, compared with about 380 parts per million today.

The computer models, on average, found about a 15% decline in surface moisture — which is calculated by subtracting evaporation from precipitation — from 2021 to 2040, as compared with the average from 1950 to 2000.

A 15% drop led to the conditions that caused the Dust Bowl in the Great Plains and the northern Rockies during the 1930s.

Even without the circulation changes, global warming intensifies existing patterns of vapor transport, causing dry areas to get drier and wet areas to get wetter. When it rains, it is likely to rain harder, but scientists said that was unlikely to make up for losses from a shifting climate.

Kelly Redmond, deputy director of the Western Regional Climate Center in Reno, who was not involved in the study, said he thought the region would still have periodic wet years that were part of the natural climate variation.

But, he added, "In the future we may see fewer such very wet years."

Although the computer models show the drying has already started, they are not accurate enough to know whether the drought is the result of global warming or a natural variation.

"It's really hard to tell," said Connie Woodhouse, a paleoclimatologist at the University of Arizona. "It may well be one of the first events we can attribute to global warming."

The U.S. and southern Europe will be better prepared to deal with frequent drought than most African nations.

For the U.S., the biggest problem would be water shortages. The seven Colorado River Basin states — Colorado, Wyoming, Utah, Nevada, New Mexico, Arizona and California — would battle each other for diminished river flows.

Mexico, which has a share of the Colorado River under a 1944 treaty and has complained of U.S. diversions in the past, would join the struggle.

Inevitably, water would be reallocated from agriculture, which uses most of the West's supply, to urban users, drying up farms. California would come under pressure to build desalination plants on the coast, despite environmental concerns.

"This is a situation that is going to cause water wars," said Kevin Trenberth, a scientist at the National Center for Atmospheric Research in Boulder, Colo.

"If there's not enough water to meet everybody's allocation, how do you divide it up?"

Officials from seven states recently forged an agreement on the current drought, which has left the Colorado River's big reservoirs — Lake Powell and Lake Mead — about half-empty. Without some very wet years, federal water managers say, Lake Mead may never refill.

In the next couple of years, water deliveries may have to be reduced to Arizona and Nevada, whose water rights are second to California. #
http://www.latimes.com/news/science/la-sci-swdrought6apr06.0,7403662_full_story?coll=la-home-headlines
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Water board gets new member

RANCHO CUCAMONGA
— Ron Sakala, 60, has been

appointed to the Cucamonga Valley Water District Board of Directors.

Sakala will fill the vacancy left after the retirement of Robert Neufeld last month. Sakala's term will run to November 2008, the next general election.

Sakala is a member of the city's Public Library Foundation Board and chairman of the Chamber of Commerce Board of Directors.

A resident of the community since 1972, Sakala is the senior vice president and community banking manager for Vineyard Bank.

Information: (909) 987-2591, www.cvwdwater.com

— Wendy Leung, (909) 483-9376

3/8/07 Daily Bulletin

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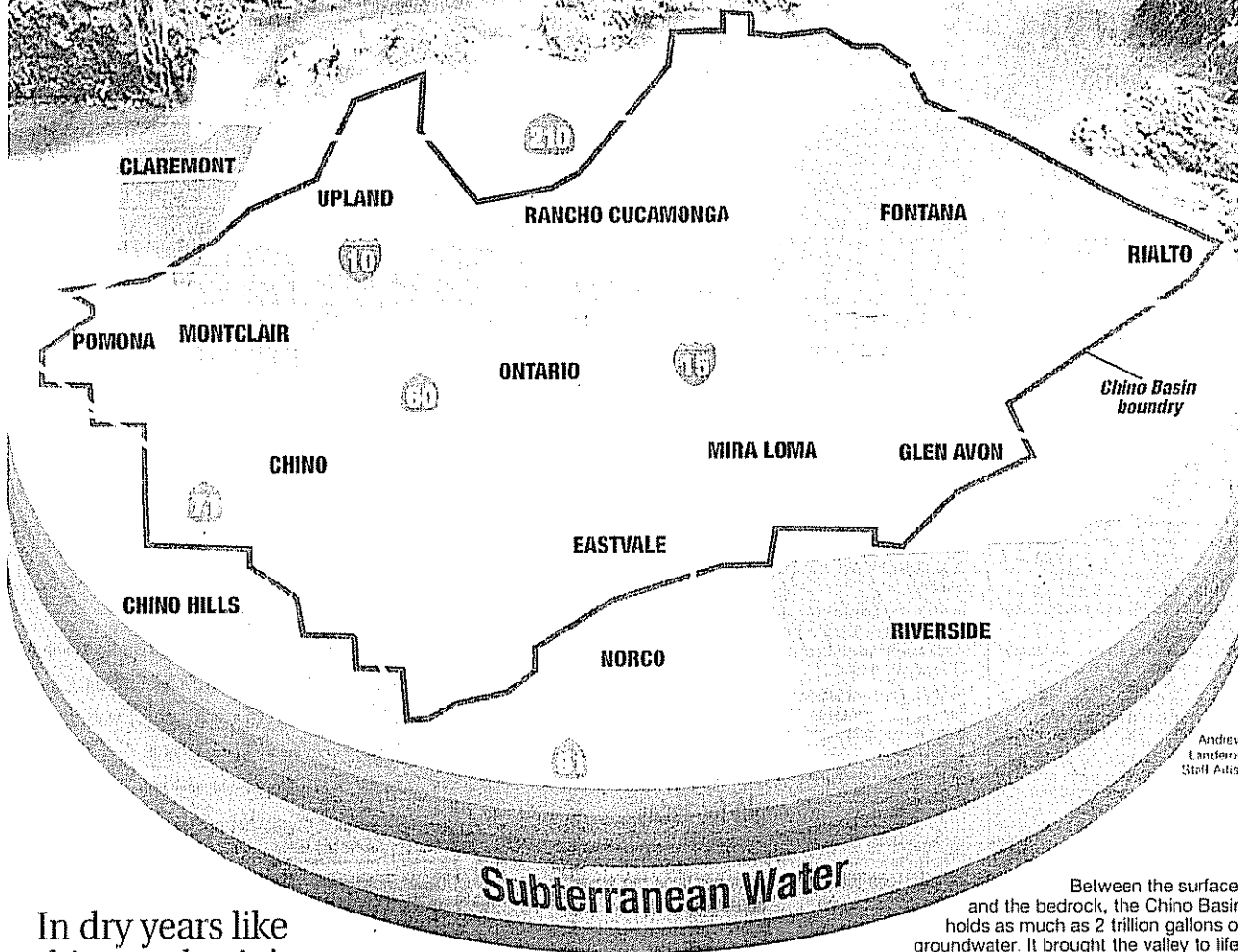
Daily Bulletin

SUNDAY | MARCH 11, 2007

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Gold under our feet



Andrew Landeros
Staff Artist

Between the surface and the bedrock, the Chino Basin holds as much as 2 trillion gallons of groundwater. It brought the valley to life, and remains a key to its future

In dry years like this one, basin's water supply makes life bearable

By Mark Petix
Staff Writer

RANCHO CUCAMONGA — In a desert passing for a greenbelt, nature is fickle

And extreme
Two years ago, the region had one of the wettest years on record

This year, barely a splash

So where will our water come from?

More than half the answer is right under our feet

"It's hard to look over the land and imagine an underground lake," said Ken Manning, CEO of the Chino Basin Watermaster, the agency that oversees much of the Inland Valley's water supply

But under the valley, between the surface and the bedrock, sits some two trillion gallons of water

It's the area's original

faucet, the first line of defense against thirst

Dry years like this are a sharp reminder just how important the basin is

While one dry year doesn't make a drought, U.S. Weather Service Forecaster Stan Wasowski says the season will not be kind to the valley

The Ontario area has received only 2.68 inches of rain since July, a fraction of the 10.19 inches it usually receives by now

With less than four months left in the weather year, he said the area won't come close to reaching its average annual rainfall total of 20.47 inches

"Nope," he said. "Once you get past Jan. 31 and all you have is a percentage of normal rainfall, you never recover"

So once again, agriculture, business, industry and consumers will lean

See **BASIN** | Page A4



INSIDE

WET WARS

For more than a century, water has meant power in the Inland Valley. It hasn't always been pretty. Page A4

OPTION TO BUY

Survey shows that IV residents who live in cities where water is privately owned pay more for service. Page A5

ON DAILYBULLETIN.COM

WATER WORKS

Special online content: Much more on public vs. private water agencies

MORE INFO

Check out the Chino Basin Watermaster at www.cbwm.org



BASIN

Continued from Page A1

heavily on the basin that provided more than half the 310,000 acre-feet of local and imported water used in 2004-05

With 325,851 gallons of water in each acre foot, the basin might as well be holding liquid gold

Imagine something like a giant bathtub, an aquifer with 220 square miles of permeable rock tilting downward from Fontana and Rancho Cucamonga to Corona's Prado Dam.

It's one of about 40 groundwater basins in the Santa Ana Watershed, which covers northwest Riverside County, southwest San Bernardino County and part of Los Angeles County.

The groundwater the Chino Basin and others store brought the region to life, and remains a key to its future.

But the basin that quenches the Inland Valley is a delicate resource.

Since 1977, it's been the Watermaster's job to protect the basin from overuse.

It's called overdraft, when more water is pumped out of the ground than nature, or man, can replace.

Water levels drop, and eventually groundwater is out of reach of the more than 800 wells that help keep the valley alive.

"It's easy to screw it up," Manning said.

The valley was headed that way in the 1970s when the courts created the Rancho Cucamonga-based Watermaster agency to protect the area's precious groundwater supply.

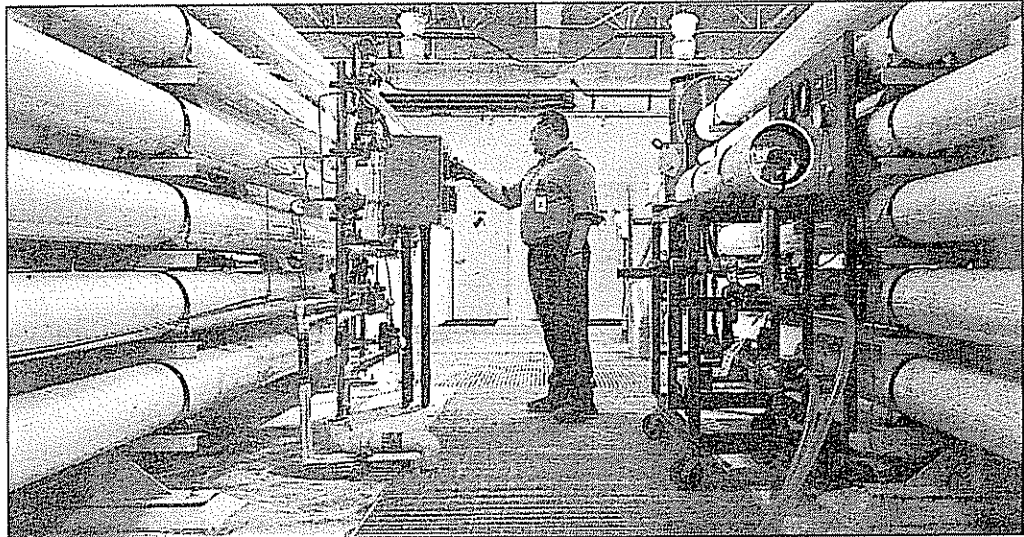
"There came a time historically when the extractions at the basin would be more than what was recharged," said Geoffrey Vanden Heuvel of J & D Star Dairy in Chino, a member of the Watermaster board.

"It's a very big basin, but it's not appropriate public policy to mine water."

Science now tells the Watermaster how much groundwater can be taken in a given year for industry, agriculture and thirsty consumers

Drought fighters

The hundreds of people representing agriculture, water agen-



Thomas R. Cordova/Staff Photographer

Chief Operator Moustafa Aly works in one of the Chino Basin desalter plants.

cies, business and industry that Manning works with are doing much more than basic conservation

In the past few years they've taken bold steps to create a "drought-free" valley, using a mix of imported, desalted and reclaimed water to aggressively replenish the basin.

They've expanded and improved 20 recharge basins during a two-year, \$50-million project that last year added 18,000 acre-feet of groundwater.

That's triple the usual amount of stormwater and imported water that seeps back into the ground each year.

Two new desalter plants remove nitrates and other solids from groundwater, adding another 15,000 acre-feet to the system each year.

Every gallon counts

The average family uses about half an acre-foot of water a year, Vanden Heuvel said.

With the valley's population expected to almost double in the next 15 years, he said the Watermaster must be ready to serve the water needs of about 1.2 million people.

Manning said the agency is planning 25 to 30 years ahead.

It will add four recharge basins in coming years, expand its use of recycled water and deal with contamination from Ontario International and Chino airports.

It has an agreement with the Metropolitan Water District to

store 100,000 acre-feet of water for use in dry years, and eventually hopes to store up to 500,000 acre-feet of MWD water.

It will add a third desalter that Manning said will bump the combined amount of treated water each year from 15,000 acre-feet to 40,000 acre-feet by 2015.

Ready to help

The past decade has seen tremendous change in the Chino Basin, said Mark Stuart, southern district chief for the California Department of Water Resources.

"They've come a long way in 10 years," he said. "Ten years ago I would say they were fairly primitive in terms of management of the groundwater basin. But they've taken a pretty aggressive look at resupply."

While the basin and region still depend on water imported from Northern California, Stuart said Inland Empire water officials have made the most of what they have.

"They're doing what's right, all the way from the San Bernardino mountains and the upper watershed to the Chino Basin and even to the folks down at Prado Dam and Orange County," he said. "They're all trying to do the best they can."

The West Valley Water District in Rialto doesn't need Chino Basin groundwater — for now.

But General Manager Anthony "Butch" Araiza of the West Valley Water District in

Rialto said the district will turn to the Watermaster for help in the future.

He said it's reassuring to know the Watermaster is working hard to protect — and increase — its water supply.

"What they're doing in the Chino Basin is exciting," Araiza said.

"They've worked to solve a lot of problems there, and we're grateful for what they're doing. They do a great job."

'Super' players

The Chino Watermaster is dealing with many of the issues the San Gabriel Valley faced after its growth boom in the 1950s and '60s.

Carol Williams, executive officer for the San Gabriel Basin Watermaster, said she's impressed with what's she's seeing from the Chino Watermaster.

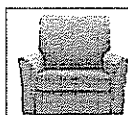
"It's a great thing . . ." she said. "It's so important."

Manning said the Watermaster has partnered with 21 public and private local water agencies to make that happen.

"The water departments, these guys are the heroes," Manning said.

"We're the coach. We call the plays, but other people execute them, and they execute them like Peyton Manning in the Super Bowl."

Staff writer Mark Petix can be reached by e-mail at mark.petix@dailybulletin.com, or by phone at (909) 483-9355.



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When it comes to water rates, public costs less than private

By Will Bigham, Staff Writer

Article Launched: 03/11/2007 12:00:00 AM PST

A survey of water rates in the Inland Valley appears to confirm suspicions in Claremont and Fontana - the only cities where water is controlled by a private, for-profit company - that their water rates are higher than in cities that control their own water supplies

Claremont and Fontana, where average monthly rates per family are \$39.94 and \$38.16, respectively, have higher rates than the Inland Valley's other cities, each of which have local control over water, either through municipal government or a public water district

The highest average monthly rate for a city-owned or public water utility is \$37.63, in Upland. Montclair's is the lowest, at \$26.23

"Just looking at the rate of increase of water rates over the last 10 years, it's way in excess of the cost of living," Claremont Mayor Peter Yao said. "And Golden State (Water Co.) has never been able to explain why they had to increase rates. We don't think they have Claremont's interests at heart."

Representatives for the private water companies warn that the appearance of higher rates is deceiving

Municipalities' costs for providing water are supplanted by property taxes, bonds and other revenue streams that are not reflected

in water bills, but are ultimately shouldered by taxpayers

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"They have access to tax revenue that we don't," said Michael McGraw, Fontana Water Co. general manager. "The money that we need to upgrade our water system has to come from customers."

Additionally, water fees from a private company can appear higher because customer fees must cover the cost of administrators whose jobs consist only of water service. With cities, much of the administrative work for the water system is done by staff whose jobs only partly consist of water.

"(Private companies') entire job is water," said Roland Richards, Chino Hills' revenue supervisor, "but for ours, you can take someone who is working in water and another area, and only a portion of his salary and benefits comes in through water."

Rates used for comparison are from Black & Veatch's 2006 California Water Rate Survey, considered an industry standard

The survey calculation includes the monthly service fee for a <MD+,%30.%55.%70>5/<MD-,%0,%55,%70>8-inch meter - the typical size for a single-family home - and the charge for a single-month use of 11,000 gallons of water

To gain control over the city's water, Claremont City Council members are now seriously considering an eminent-domain seizure of Golden State Water Co.'s holdings in the city

Many Claremonters are suspicious of Golden State's recent request to the state Public Utilities Commission - which regulates and must approve changes to public water utilities' rates - to calculate water rates on a statewide basis

Because Golden State owns water rights in remote California cities where water delivery is more expensive, Claremont officials fear the statewide calculation would result in unfairly high rates for the city's customers

If Claremont were to purchase Golden State's water apparatus in the city, future city councils would be the rate-

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selling body, not the PUC

"We get out of the whole process of the PUC approving our water rates, and future generations will be the beneficiaries, because they will be in control of their water rates." Councilman Corey Calaycay said

Although Fontana has not seen a similar push to purchase the city's private water company, city officials and the Fontana Unified School District are contesting two sets of rate increases being considered by the PUC that Fontana Water Co says are needed to fund mainline replacements and a \$35 million upgrade of a surface water treatment plant

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OUR PAST

History shows that in the Inland Valley, water is what decides success

Joe Blackstock, Columnist
Inland Valley Daily Bulletin

Article Launched:03/11/2007 12:00:00 AM PST

Gold and wonderful weather might have brought settlers to California, but it was water that kept them here.

In the southern part of the state, water has always meant power, and controlling its sources and supplies has been the cause of countless legal battles and even some physical combat.

Control of water in San Antonio Canyon, which is split by the Los Angeles-San Bernardino county line, has always been important to much of the Inland Valley.

In 1897, interests from Ontario and Pomona agreed the water from the canyon would be controlled by the San Antonio Water Co., set up 125 years ago by Ontario founder George Chaffey. San Antonio, for a short while, provided water to both communities.

However, a battle there a few years later was somewhat settled by a fire hose.

This fight was about one of water's valuable attributes: its ability to generate electricity.

On one side of the battle was the Sierra Power Co., whose hydroelectric plant in the canyon mouth provided power to Pomona through one of the world's earliest long-distance electric transmission lines. It was among the holdings of William G. Kerckhoff, later a founder of Southern California Gas Co.

On the other side was San Antonio, whose water Sierra used to generate electricity in the canyon.

Around 1901, San Antonio decided to build its own power plant just upstream. When blasting began near the Sierra site, it caused short circuits and other damage to Kerckhoff's equipment.

An angry Kerckhoff got a court order preventing the San Antonio contractor from continuing, according to a 1935 book about his life. However, his engineer phoned the next morning saying the contractor was going ahead anyway.

The engineer decided to turn a fire hose on the men setting the dynamite charges, effectively keeping them from their work until Kerckhoff got an injunction that halted the blasting.

After four weeks of negotiations, the two companies settled their differences without needing a judge, or a fire hose.

In 1891, water briefly made attorney Patrick C. Tonner the most hated man in Pomona.

Tonner announced that he represented Lugarda Palomares, whose family had been one of the original owners of Rancho San Jose in eastern Los Angeles County.

He told those who had bought former San Jose lands that they must pay Palomares up to \$150 an acre for water rights they thought they already owned.

Tonner became the target of the residents' anger especially after Palomares, who didn't speak English, issued a statement saying she never gave him authority to make such a demand. She maintained he only was asked to dispose of some of her Pomona land.

Tonner left town for a while because he was "in personal danger." Meanwhile, Palomares told panicked landowners she would provide each, without charge, clear title to their water rights.

Tonner later returned and lived the rest of his life in Pomona. He never did reveal whether this was a scheme to enrich himself or just a misunderstanding.

While water makes everything grow, the absence of it can kill the ambitions of those who would be citymakers.

About 1891, the community called Rochester appeared in today's Rancho Cucamonga, south of Foothill Boulevard along Rochester Avenue.

Charles W. Smith, founder of the community, bought land at the base of the mountains to collect water to irrigate the lots in his new city a few miles to the south

The only flaw in his plan was that Chaffey had years before bought up the rights to all the surface water from the San Gabriel Mountains above Etiwanda.

The holders of those water rights took Smith to court and successfully argued that having land in the foothills didn't mean he owned its water.

Those new landowners in Rochester struggled for a while using the few wells that existed, but in dry years anybody trying to farm there just couldn't make it.

The little community simply faded away, and much of the land was sold off for vineyards to people who had the foresight to get that most precious of treasures: water.

Joe Blackstock writes on Inland Valley history. He can be reached by e-mail at j_blackstock@dailybulletin.com, or by phone at (909) 483-9382.

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IEUA manages wastewater for future uses

By Matt Wrye, Staff Writer
Inland Valley Daily Bulletin

Article Launched:03/08/2007 11:00:00 PM PST

Call it renewable magic.

Contaminated storm and wastewater trickles in, sparkling H2O comes out.

Smelly cow manure faces its next journey after being dumped into large digesters.

Its reincarnation? Methane gas and fertilizer.

This place is oozing with sludge and crawling with water science brainiacs, all in a 97-acre city of concrete, pipes, filters, computers, office cubicles and one super hi-tech control room.

It's the Chino Valley's very own Inland Empire Utilities Agency, a growing multimillion dollar public wastewater management agency.

While the water wholesaler has been supplying local cities with reusable outside water since the 1950s, it's the agency's most recent experiments that are gaining attention from farmers and other water agencies nationwide.

"It's free labor," said Don Foley, a senior operator, as he pointed to 12.5 million gallons of brown, cloudy water in a treatment tank. "But we have to pump air in here to keep these guys alive."

Foley was eluding to the agency's invisible work force - thousands of rotifers, protozoan, amoeba and other single-cell, complex microorganisms and bacteria that feed on water contaminants at the facility.

He stood above one of several water treatment areas at the agency's main office, Regional Plant No. 5, or "RP5," on Kimball Avenue, just west of Chino Airport.

"We've taken what nature has given us and sped it up," he said, describing the treatment process.

An in-depth look into this world of sanitization might help you appreciate the next time you turn on sprinklers or wash down a driveway.

Through preliminary treatment facilities, incoming water is filtered through bar screens and grit chambers, where materials like egg shells, coffee grounds and sand are separated. Hydrogen sulfide is then removed from the wastewater before it moves on to primary treatment, where solids are separated from the water and coagulants added in afterward.

Then comes the magic, the "free labor," as Foley puts it. Microorganisms feed on organic solids in a secondary treatment process, which helps eat away any remaining waste before water is shipped through a tertiary filter process.

But the bugs can be a bit picky, especially when they're treating 15 million gallons of water at RP5 every day and 60 million agency-wide.

"Since this is a biological process, we've got to watch this carefully," Foley said. "We make adjustments to balance everything you can think of."

His workers feel most comfortable under exact amounts of heat and oxygen, and it's all just a few touch-screen buttons away. Foley and other staff monitor the most minute of details, making sure levels of water and solids are just right before shipping them to the next stage.

What's even more amazing about this pipeline jungle is that it's completely self-sufficient. With decomposition, energy recovery and fertilizer processing facilities, plus your everyday office restroom and kitchen use, the plant uses about 2 million gallons of

water per month, which it supplies to itself

The plant's methane gas, a by-product of its waste decomposition, is used to power generators which create between 3 megawatts and 5 megawatts of power every day for RP5 and other facilities

"We put the energy on a grid, so it's actually available to every (site)," Foley said. "Our goal is to use 100 percent of the methane gas."

Most of the plant's treated water goes right back to the households that sent it there, only this time for outdoor use. About 10 million gallons of treated overflow are released daily into Chino Creek.

For many families living in the Inland Empire, the grant- and publicly funded agency's complex system is out of sight and out of mind.

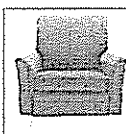
But for the IEUA, it's more than just a job, and staff workers are trying to get their community on the band wagon.

"We're trying to get people educated, get them more involved with us," said John Anderson, president of the IEUA board of directors. "We're trying to set an example on how to conserve water."

An increasing population in the area is pushing the agency to plan for the future. RP5 is tripling its methane gas/energy recovery facilities and has enough land to expand water treatment to 60 million gallons in the future.

"Chino, Fontana and Ontario still have a ways to go," Anderson said about growth forecasts in those cities. "New generations are coming along, and those homes are all going to want water. We're trying to plan for that future, be ready for that."

Matt Wrye can be reached at (909) 483-9367 or by e-mail at matt.wrye@dailybulletin.com.



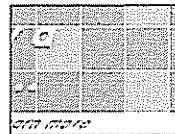
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Senate should OK projects to recycle water

Article Launched: 03/07/2007 12:00:00 AM PST



Now that the House has passed Congressman David Dreier's water recycling bill, we look to the U.S. Senate to help make two important local projects a reality.

It's not a given. Dreier's bill to authorize federal participation in two Inland Valley initiatives passed the House in July, but failed to make it through the Senate. So Dreier, R-Glendora, reintroduced the resolution on the first day of the current congressional session, with cosponsorship by local Reps. Joe Baca, D-San Bernardino; Ken Calvert, R-Riverside; Gary Miller, R-Brea; and Grace Napolitano, D-Santa Fe Springs, chairwoman of the House subcommittee on water and power.

The bill authorizes the Interior Department to contribute up to 25 percent of the design, planning and construction costs of recycling projects by the Inland Empire Utilities Agency and the Cucamonga Valley Water District. Up to \$20 million would go to the IEUA project and up to \$10 million to the Cucamonga Valley project, which together would reclaim 100,000 acre feet of water annually.

Recycled water is not added to the drinking supply, but is used for landscape and agricultural irrigation, construction and industrial cooling. But every gallon of water that is recycled means

a gallon of drinking water does not have to be used for those purposes, so in effect the projects will mean a big increase in the Inland Valley's overall water supply - drinking and otherwise. These two projects are expected to meet the needs of 300,000 residents upon completion.

There's nothing more important to Southern California than securing and increasing our water supply. As our population continues to grow and as other fast-developing Western states draw a larger share of Colorado River water, conservation, groundwater reclamation and recycling will play an ever larger part.

The U.S. Bureau of Reclamation has already recognized the Inland Empire Water Recycling Initiative as one of the most cost-effective projects around.

Now, we need Sens. Dianne Feinstein and Barbara Boxer to push this bill through the

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Scientist: Water peril is here to stay

Andrew Silva, Staff Writer
San Bernardino County Sun

Article Launched:03/04/2007 12:00:00 AM PST

SAN BERNARDINO - The lake will return.

A 1903 photo shows folks relaxing in rowboats at Urbita Springs, roughly the same spot as today's Inland Center.

Indeed, much of the area around Interstates 10 and 215 was a swampy marshland for hundreds of years or longer.

After 18 years creating a model of how water moves through the porous, sand-filled bathtub that underlies San Bernardino, scientist Wes Danskin concludes that Mother Nature can overwhelm any efforts to keep the soil dry along south E Street

"Our job is to accept it and try to work around it," said Danskin, a hydrologist with the U.S. Geological Survey. "No rational amount of water can be pumped out to de-water the area."

That doesn't mean Inland Center will become our local version of Atlantis.

And you don't need to equip your car with pontoons to go to Target.

The "lake" will stay underground.

But high groundwater does pose a real danger.

Groundwater backs up against the San Jacinto Fault, which runs through San Bernardino from the Cajon Pass and passes underneath the high-sweeping connector roads at the junction of I-10 and I-215.

When the San Jacinto or nearby San Andreas Fault cuts loose with a major earthquake, water-logged sandy soil will turn into goo, in a phenomenon called liquefaction.

Not only will the ground shake like a demonic bowl of Jell-O, buildings and other structures will be instantly perched on soft mud and could tip or buckle.

It was concern over effects of the high groundwater that led to the idea of building a lake downtown to store excess water.

The North Lake project is also envisioned as a way to revitalize a rundown, low-income area. It would require bulldozing 173 houses and 264 apartments and duplexes.

Even with a man-made lake in place to drain off extra groundwater, a powerful winter could lead to soggy soil in vulnerable areas.

"You're never going to completely tame Mother Nature," said Bob Reiter, watermaster and former general manager of the San Bernardino Valley Municipal Water District, known as Muni, the main water wholesaler in the area. "You can minimize the duration of period you're at major risk."

Muni has been working with the city of San Bernardino for years to build the lake, which still would be years from construction.

With or without the North Lake, the groundwater model developed by Danskin and his colleagues will allow water managers to predict what will happen after a big winter and to move water around to reduce the effects.

Reiter said storing water underground from a wet winter in the Bunker Hill Basin is the wrong thing to do. Bunker Hill is the name of the groundwater basin from the foothills of the surrounding mountains to the San Jacinto Fault.

"The last thing you want to do is spend 20 years drying something out and then be the idiot who fills it back up," Reiter said.

As recently as 1998, the water level at Muni headquarters on South E Street was only 5 feet below the surface, flooding the basement. Today, it's about 45 feet deep, a level thought to be safe.

The water district has spent the last two decades planning and building pipelines and storage facilities to shuttle water around.

"Instead of waiting until the freight train hits you, you try to put on the brakes before it hits," Reiter said.

The now balding and graying Danskin said he started working on the model when he had long dark hair and his usual work uniform was sandals and shorts.

Originally planned as a four-year project, the multimillion-dollar effort stretched to nearly two decades as he kept realizing more data and information were needed. A summary of the report including links to his data is at <http://ca.water.usgs.gov/sanbern/>.

This area is amazing for its abundance of water, Danskin said. Some local streams have had higher flows than most of the streams in the Eastern Sierra Nevada mountains.

"You just happen to be lucky you have 10,000-foot mountains in the path of the Pacific storm track," Danskin said, plus the great sandbox in which to catch all that water. "This is an unusual place. It's not just where Route 66 comes through."

In contrast, a well located a few miles away on the north side of the mountains in the Mojave Desert could be pulling up water that's been there for thousands of years because there is so little natural recharge, he said.

Danskin's model is an amazing piece of work and will be used for generations to come, officials said. Even parties that are normally at odds in water disputes and pollution lawsuits have agreed the model will be the standard.

And after crunching numbers and staring at data for all these years, Danskin is certain of one thing: "The lake will return."

In the meantime, big winter leads to big underground lake. Add the Big One and it equals big disaster.

Related link: <http://ca.water.usgs.gov/sanbern/>

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Water at prisons still bad

Nitrates from dairy runoff remain despite millions spent

By Mason Stockstill, Staff Writer
Inland Valley Daily Bulletin

Article Launched:02/24/2007 12:00:00 AM PST

CHINO - After spending millions on a facility to clean up groundwater at the California Institution for Men, officials said the plant has not done its job.

The Department of Health Services reports that at various inspection times since 2001, CIM has exceeded the allowable nitrate level in the water supplied to the distribution system.

Special Section: **Criminal Neglect**

DHS issued a compliance order to CIM in 2005 after finding the treatment plant was in need of improvements and not performing properly.

The order required numerous improvements and possible expansion to the system if it could not be found capable of treating CIM's current source capacity

Corrosion is one of the problems identified, said Terry Thornton, spokeswoman for the California Department of Corrections and Rehabilitations.

"Continued degeneration of various controls and valves also contributed to why it is shut down," she said.

Because of the water contamination, which includes high nitrates, CIM administrators regularly issue memos warning visiting parents not to give water from the prison's taps to infants younger than 6 months old. Pregnant women are also warned away from the water.

"Excessive levels of nitrate in drinking water have caused serious illness and sometimes death in infants less than 6 months of age," read one memo distributed in 2005 at the prison.

More than a decade ago, the state budget included a \$5.5 million line item for construction of the denitrification plant, payable from the Public Safety Bond Act of 1996. That's on top of the nearly \$1 million approved in 1994 for plans and engineering work prior to building the plant.

But is the denitrification system fighting a losing battle?

The groundwater in and around the prison grounds is high in nitrates, mostly caused by runoff from decades of agricultural use in Chino.

"Dairies and other agricultural operations in Chino basin are one of the sources of nitrogen or salt in Chino basin," said Kurt Berchtold, assistant executive officer of Santa Ana Regional Water Quality Control Board, which serves Chino basin in its coverage area.

Other contaminants are present in the groundwater, according to the California Department of Health Services and the Chino Basin Water Master. Previous tests have turned up chloroform, tetrachloroethylene, toluene, carbon tetrachloride and trichloroethane.

"I'm personally concerned because this is a huge taxpayer concern," CIM Correctional Officer Marty Aroian said

Aroian said he began drinking mostly bottled water in the early 1990s when somebody at the institution began questioning the water quality.

"The problem with the water as I understand is excess nitrates from dairies. Most workers here do not drink the water," he said

"The people who do drink it are the inmates."

Nearby California Institution for Women, which draws groundwater from some of the same wells used by CIM, provides bottled water to its inmates

"About 15 years ago CIW began getting their water from CIM because the wells here were considered to be so high in nitrates," said Lt. Larry Aaron, administrative assistant at CIW.

The cost for CIW to supply inmates with bottled water, which also includes bagged ice and five gallon jugs used for cooking, is \$43,520 monthly.

Aaron said in 2001 CIW began to give all of the inmates bottled water because the warden at the time, John Dovey, didn't want to take any chances with the health of women, especially pregnant ones.

"Since pregnant women didn't have the option, he decided to be proactive because he didn't know what high nitrates would do to an unborn child," Aaron said.

According to DHS, consuming elevated levels of nitrate or nitrite are particularly dangerous to infants and pregnant women because they can reduce oxygen in the blood

CDCR expects the denitrification plant to be operating properly in the 2008-09 fiscal year, Thornton said.

"A consultant has been hired and identified what needs to be repaired to make it operational," she said.

Currently the repairs and upgrades are being designed.

"Once the consultant has completed the design we'll have a construction cost estimate," Thornton said.

DHS conducted a field inspection at CIM in January to follow up on the progress of the needed repairs, but Patti Roberts, DHS spokeswoman, said the findings were represented as they were in 2005 when the compliance order was issued.

She said the department will perform another nitrate inspection in March.

BY THE NUMBERS

2,251 - California Institution for Women inmates
\$43,520 - Monthly amount spent on bottled water and ice at CIW
\$6.5 million - Amount spent to construct a denitrification plant

Staff writer Shelli DeRobertis contributed to this article.

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Water agency under scrutiny

Claremont frustrated in attempts to view PVPA's land-use study

By Will Bigham, Staff Writer
Inland Valley Daily Bulletin

Article Launched:02/23/2007 12:00:00 AM PST

Until recently, the Pomona Valley Protective Association kept a very low profile.

It spent much of the past century spreading and securing local groundwater, and there was very little public desire to know the private organization's internal discussions

Obtain Public Information: **Freedom Friday**

But that low profile disappeared two weeks ago when news leaked that it was considering the sale of nearly one square mile of open space in northeast Claremont - land the PVPA says it no longer needs for water spreading - to a residential developer.

Representatives of the group say it has conducted an engineering study that proves the land is no longer needed, but it has refused to make the document public.

With city residents strongly opposed to development on the land, City Council members and candidates want access to the engineering study and greater access to the group's future plans for its Claremont land.

"At this point in time, we seem to be getting no information," Mayor Peter Yao said. "Everything we're getting right now is rumors.

"They claim that they have an engineering report ... I'd sure love to see that report. And if they have any future plans for developing that property, we'd sure like to know what they are."

At last week's City Council meeting, Councilwoman Sandy Baldonado told the city attorney to review whether the now-private protective association should be subject to the Brown Act, a state law that establishes openness guidelines for local public agencies.

A legislative body is subject to the act if it meets one of several different definitions of "legislative body" contained in the act.

The definition that Claremont officials believe the PVPA may fall under is: "A board ... that governs a private corporation" that "receives funds from a local agency" must have a voting member who is also a member of a public shareholder's governing body.

The association meets the first and third requirements.

Tom Thomas, an Upland City Council member and president of the board of the Upland-controlled San Antonio Water Co., was appointed by the Upland council as a voting member of the association.

Both the city and the water company own shares in the protective association.

The other requirement - that the group must receive funds from one of its public shareholders - does not appear to be met.

The group's annual budget, which its representatives have said is less than \$500,000, is fully funded through leases on its land held by mining companies and from royalties from materials those companies extract from the land, said John Schatz, PVPA's attorney.

Because there is no transfer of funds to the group from the city of Upland, San Antonio Water Co. or the city of Pomona - PVPA's three public shareholders - the group is not subject to the Brown Act, said Dennis Winston, a Los Angeles attorney who in 2005 successfully sued the San Antonio Water Co. to force it to comply with the Brown Act.

Although the association is currently self-sustaining, it could potentially need money from its shareholders - including its public shareholders - if there is not enough money from mining companies to fund its budget, Thomas said this week.

If the group did receive funds from one of its public shareholders, it would then appear to be subject to the Brown Act, Winston said.

Staff writer Will Bigham can be reached by e-mail at will.bigham@dailybulletin.com, or by phone at (909) 483-8553.

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News from around the Inland Valley

Article Launched:02/18/2007 12:00:00 AM PST

JCSD searches for new board member

The Jurupa Community Services District is accepting applications to fill a vacancy on its board of directors.

District residents interested in serving on the board must submit their resumes by noon March 5.

Interested parties may submit applications to General Manager Eldon Horst, JCSD, 11201 Harrel St , Mira Loma 91752.

The board expects to make an appointment on March 12. Information: (951) 685-7434

- *Sahra Susman, (909) 483-9356*

Representative to attend conference

Jurupa Community Services District board member R.M. "Cook" Barella is attending the Association of California Water Agencies 2007 Washington, D.C., conference as the district representative.

The conference provides the opportunity for state water officials to meet directly with their federal counterparts to discuss local water issues.

Barella said he is interested in seeking federal money to help the district absorb growing water infrastructure costs.

- *Sahra Susman, (909) 483-9356*

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Retired farmer still involved in the Chino community

By Matt Wrye, Staff Writer
Inland Valley Daily Bulletin

Article Launched:02/22/2007 11:00:00 PM PST

As a young man, John Anderson watched 10-inch water pipelines go in the ground near his family's farm.

Now he sees 40-inch lines installed everywhere.

For years, Anderson could easily bump into two of the most popular dairy farmers in town, the Arvidson family and Scott brothers.

Nowadays, seeing his neighbors around Chino is like trying to find a needle in a haystack.

Yet even these examples won't do the 72-year-old's story justice.

For about a half-century, the forces of human nature have drastically changed the life of Anderson and several other Chino Valley families.

"We had to adapt and go with the flow ever since about 1950," said the Chino native, adding how he never imagined thousands of homes, retail malls and warehouses would pop up so quickly.

Born in Los Angeles in 1934, the infant was brought home to a valley he would work and live in for his entire life.

His grandfather had come to Chino in 1884 after pulling up stakes in Sweden, and it's the same land his father started farming in 1900.

A grower of white rose potatoes, cabbage, cauliflower and sweet corn, Anderson lived on two homesteads at the same intersection, Schaefer and Benson avenues, for most of his life. Industrial and office buildings crowd those two roads today.

"I lived on the homestead I grew up on and moved right across the street when I got married," Anderson said.

To the east was grape vineyards, to the north, orange and lemon trees, and to the south were more farms.

"West? That's where the residential was starting to build," Anderson remembers.

When the produce market changed in the mid-1970s, Anderson followed. Farming families had to find a new niche since frozen vegetables, which supermarkets bought nationally instead of locally, turned a better profit.

While others traded in their greens for cows, Anderson entered a new farming phase in 1985, growing fresh green dairy feed - wheat, oats and alfalfa.

It was a temporary phase, since a growing number of newcomers from Los Angeles and Orange counties were moving to the area. From 1985 until 2003, Anderson sold off his parcels of land one-by-one in Chino and Ontario to developers.

While Anderson lives in town today, in his eyes, the town came to him.

Looking back, the retired farmer feels he knows what the future holds for local dairies.

"Three-quarters of our dairies that we had from the 1960s to '90s are gone," he said. "In about 10 more years or so, you probably won't find one dairy in the valley."

But don't ever describe Anderson as sad about that fact. He has adapted to these changes, and he's done quite well.

Today, after more than 60 years of farming, Anderson serves as president of the Inland Empire Utilities Agency, a water wholesaler/recycler serving several cities in the Inland Empire.

"John has worked with water all of his life," said Wyatt Troxel, vice president of the agency. "He's worked to ensure that our community has reliable, high-quality water supplies to meet our current and future demands. Our water reclamation and conservation programs are John's legacy in the valley."

Working for the agency and still involved in weekly Boy Scout meetings, Anderson has his hands full, and he's loving every minute of it.

"I enjoy working in the community," he said. "I enjoy every bit of it."

Matt Wrye can be reached at (909) 483-9367 or by e-mail at matt.wrye@dailybulletin.com.

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Conserve water during repair - and for long haul

Article Launched:04/05/2007 12:00:00 AM PDT

Inland Valley residents are again being called upon to reduce their water use for about nine days so that a critical pipeline can be repaired.

Local water customers have responded quite well to such calls in the past, and we're confident they will do so in this instance. We'd like to see them not only cut back significantly for the nine days, but also use the occasion to make some reductions in their long-term water consumption. Signs of drought are gathering.

Here's the immediate problem: The Rialto Feeder pipeline, which provides water imported from Northern California to nine local cities, has a severely damaged section. Repairs are scheduled from April 16 to 24. The damage was discovered last week in Rancho Cucamonga, and the Metropolitan Water District wants to fix its pipeline before summer heat drives up water demand.

It varies widely from city to city, but overall about 30 percent of the water used in the nine affected cities is imported. Customers in Chino, Chino Hills, Claremont, Fontana, La Verne, Montclair, Ontario, Rancho Cucamonga and Upland will need to conserve water for the nine days or so.

Residents who have helped to accommodate pipeline repairs in the past few years know the drill. It's especially important to cut outdoor water use to almost nothing as of April 16: Don't water lawns and landscapes, don't fill swimming pools and spas, don't hand wash cars, don't hose down driveways or sidewalks. And don't put in your spring plantings until the shutdown is over.

Indoors, cut back by running only full loads in clothes washers and dishwashers, taking shorter showers, and not running the water while you hand-wash dishes, brush your teeth or shave.

And obviously, it would be best to water your lawn, fill your spa and wash your clothes and your car on April 15, so you can start out the conservation period in good shape.

When a Claremont section of the same major pipeline needed repair in June 2004, water agencies hoped for 20 percent to 30 percent conservation, but instead saw as much as 50 percent cutbacks. So we're confident local residents will rise to the temporary challenge once again.

But there are water challenges that go far beyond this repair job.

This has so far been the driest rain year on record for parts of Southern California. The Sierra snowpack, which provides the Northern California water we import, is 46 percent of normal for this time of year. And the Colorado River Basin is experiencing one of the worst droughts in centuries, according to scientists.

Southern California does not have a water delivery problem this year, but if next year is as dry as this one both locally and in the Sierra Nevada, we could be in trouble.

That's why it makes sense to make small changes now that will save you water over the long haul.

When you put in your spring plants - after April 24, of course - why not use native plants such as ceonothus and toyon? Once they're established, you almost never have to water them; after all, they have lived on our foothill and mountain slopes for millennia, so they're suited for dry conditions. Take a look at the possibilities at the Rancho Santa Ana Botanic Garden in Claremont, or head to your nursery and ask for native plants and other species that require little water.

And wherever possible, install drip irrigation instead of sprinklers to avoid water loss from evaporation.

A few little changes in your yard will save you water - and lots of money - and help boost the local water supply for years to come.

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Goats used for weed abatement in Chino water basin

By Christina Chanes Nystrom, Correspondent
Inland Valley Daily Bulletin

Article Launched:03/22/2007 11:00:00 PM PDT

The Chino Basin Water Conservation District has a new weapon on the war on weeds - 10 baby goats that were just born in the past week.

For the past five years, Boer goats from South Africa have been helping the agency deal with weeds by eating them, saving a ton of money while helping to keep the area free of unwanted brush.

Last week, three goats gave birth and now the new arrivals are home, resting comfortably, getting up and getting acquainted with the world around them.

The goats live in district facilities and are cared for by veterinarian Liz Gonzales, who has made sure they receive their shots and medical services they require.

Gonzales, who works at the Chino Hills Small Animal Hospital as a veteran, said the babies and their mothers are doing well.

"Usually we're here on hand to help the mothers when they give birth," said Gonzales. "But this year, they did it on their own. Mother Nature just took her course."

Gonzales said she donates her services as a vet to the agency because she feels they do a good service in the community.

"The basin is one place that helps the entire community," said Gonzales.

Gonzales and her husband, George, own Ranchito Tivo Boer Goats, a weed-abatement and brush-control service which offers goats to those seeking to get rid of weeds while cutting back on the use of herbicides.

George Gonzales said, while he is in the business to make money, they also want to make sure they do their part and support projects that are worthwhile.

"The basin does a tremendous job in our community and it's an agency we are proud to support," he said.

Before the new arrival of the baby goats there were 11 goats living at the CBWCD, George said.

"Now with the 10 new babies, there are more than 20 of them that will be able to help control the weeds that grow in and around the basin area," he said.

His wife said Ranchito Tivo Boer Goats is actually a goat-breeding service, and the process takes a time.

"The breeding process takes about three weeks," she added. "This year we had three so it took just over two months to make sure that they had time to mate."

She said the gestation cycle for a goat is five months.

"At that point it's just a matter of whether or not the goat will be able to give birth on her own or if she'll need help," said Gonzales. "Either way, once the babies are born we come and check on them and since the staff is here most of the time, they keep an eye out to make sure that everything is okay."

George said he and his wife are certain goats can help cities and other agencies to get rid of weeds.

"Goats are a good way to clear an area, but they also help tremendously when it comes to fire prevention," he added.

"Fires burn hot and if you get rid of the brush that fuels it, then you are limiting the feeding of the fire.

"In many cases that can not only save lives, but also homes."

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Flood advice expected

State panel to study safety of building on flood plains

George Watson, Staff Writer
San Bernardino County Sun

Article Launched:03/28/2007 12:00:00 AM PDT

Community leaders finally can expect to receive useful information about building on hazardous flood plains found in the foothills below the many mountain ranges across Southern California

That's because the state has reached a deal to partner with the Water Resources Institute at Cal State San Bernardino to study alluvial fans.

The fans - the buildup of sediment that flows off mountains and fills the canyons below - are becoming home to more and more people, leading to concerns about safety for residents and vast property damage.

It's been a long time coming. About 2 1/2 years have passed since the Legislature approved a bill later signed into law for the Alluvial Fan Task Force. Still, results won't be arriving anytime soon because the task force has yet to convene.

But after much delay, the deal between the state and the institute shows that the plan is finally moving forward, said Susan Lien Longville, director of the Water Resources Institute.

"We have a huge task ahead of us," Lien Longville said. "But this is really important. It's going to be more of a risk to people as we continue toward sprawl."

The term "alluvial fan" became part of this region's lexicon in 2003 when a Christmas Day flood of raging water, trees and boulders killed 16 people - including nine children - and destroyed homes and other property below the San Bernardino Mountains.

Approximately 15 people will be asked to join the task force, said Ricardo Pineda, chief of the state Department of Water Resources' flood-plain-management branch.

Members will include scientists, consultants, planners, elected leaders, flood-control authorities, builders and conservationists.

Lien Longville said she wants to have "some major players on board" to ensure the task force's efforts are received well by city council members and county supervisors throughout Southern California.

Pineda hopes to begin scheduling meetings of the task force by summer.

The goal? To create a model ordinance for communities that face the potential of alluvial-fan flooding.

"Hopefully, we'll be making wiser decisions," Lien Longville said.

Pineda and Lien Longville discussed how the task force's role will be advisory, not regulatory. That had been a concern for at least one local building leader who wondered whether the task force would lead to another level of government.

Bureaucratic red tape has held up the formation of the task force, officials say. So much time has passed that the law, signed in October 2004 by Gov. Arnold Schwarzenegger, expired Jan. 1. Assemblyman Bill Emmerson, R-Redlands, is expected to file a new bill with the same language, enabling the task force to continue having the backing of the Legislature.

Understanding alluvial fans' role in flooding is critical for this region because of the wildfire phenomenon.

For up to five years after a destructive wildfire, experts say, the power of a debris flow made up of water, dirt, brush, trees and boulders can increase by a factor of 40. The increase is so dramatic because denuded slopes don't have vegetation to slow the flow's path.

"We're still not out of the woods, in terms of flooding dangers, from the Old Fire and Grand Prix Fire of 2003," Pineda said.

And as population growth in Orange and Los Angeles counties continues, more people are expected to be moving directly onto flood-prone areas that builders avoided in the past.

By 2020, developers are expected to have built homes for up to 4 million more people on alluvial fans in San Bernardino, Riverside and neighboring counties, flood-plain-management estimates show.

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Water content of snowpack at low level

By Samantha Young, The Associated Press
Inland Valley Daily Bulletin

Article Launched:03/29/2007 12:00:00 AM PDT

SACRAMENTO - The water content in the Sierra snowpack is at its lowest level in nearly two decades, leading to concern that California may not be able to fulfill its water obligations to cities and farms if dry conditions persist for another year.

The latest measurements were taken Wednesday near South Lake Tahoe during the fourth snow survey of the season by the state Department of Water Resources. This survey is considered the most important because state hydrologists use it to predict water supplies and deliveries for the summer months.

The water content in the snowpack along the 400-mile-long range averaged 46 percent of normal. That's the lowest level since 1990, when it was 40 percent of normal.

"If you start putting dry winters together, you deplete the reservoirs," department spokesman Don Strickland said. "We're hoping we don't run into that."

State hydrologists had hoped for a wetter March to boost the snowpack. March storms typically add about 10 percent to 15 percent more snow in the Sierra.

Frank Gehrke, the department's snow survey section chief, said the storm that passed over the Sierra on Monday boosted the snowpack by about two inches but wasn't enough to recover from a dry month.

"Instead of seeing an increase of five or six inches in March, we lost eight or nine inches," Gehrke said. "That's a pretty bleak month."

Sierra snowmelt provides more than a third of the state's drinking and irrigation water and is the lifeblood of the State Water Project, which provides water to more than 23 million people and 775,000 acres of farmland.

In addition, about a quarter of the state's power comes from hydroelectric plants that rely on heavy mountain runoff during the spring and summer months.

In the Los Angeles area, which is experiencing its lowest rainfall year on record, water managers said the region has enough in storage and from other sources to offset any potential cutbacks in state water deliveries this year.

"It's always worrisome in a year like this, but you're not going to see any rationing in Los Angeles," said Jeffrey Kightlinger, executive director of The Metropolitan Water District of Southern California. "We expect it to be cyclical."

The Southern California water agency imports 2.1 million acre feet of water - of which 16 percent comes from the state. It has more than 2.5 million acre feet in storage, Kightlinger said.

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Claremont may take over water company

Election results could provide impetus for buy

By Will Bigham, Staff Writer
Inland Valley Daily Bulletin

Article Launched:03/11/2007 12:00:00 AM PST

CLAREMONT - A shift in power on the City Council following Tuesday's election vastly improves the odds Claremont will make another move to take over the city's water service

Purchasing the private Golden State Water Co 's holdings in the city has long been a priority, but friendly negotiations reached an impasse in mid-2005 when Golden State rejected what it considered a lowball offer from the city estimated at between \$40 million and \$45 million.

The city's only recourse after that - eminent domain proceedings - needed the support of four of five council members, but only three favored the option

But with Councilwoman Jackie McHenry - an opponent of eminent domain - voted out of office last week, the reconfigured council is poised to take another look at the eminent domain option.

"The purchase of the water company, and the need for local control of our water, resonated well with voters because they were thinking that something needs to be done," Councilman-elect Sam Pedroza said. "The way the system is set up now with Golden State is not working."

Claremont residents and city leaders have long maintained Golden State's water rates are too high. That concern led to years-long discussions of purchasing Golden State

"We didn't move forward with very much in the last couple years; we dealt with micro-managing issues," Councilwoman Ellen Taylor said.

Before moving forward with a purchase of the water company - which would include Golden State's water delivery apparatus in the city, its water rights, and possibly its 47-percent share of the Pomona Valley Protective Association's holdings - the city must first conduct a detailed analysis to determine the value of Golden State's Claremont holdings, City Manager Jeff Parker said.

In 2005, Golden State, then named the Southern California Water Co., told the city that the value of its holdings, not including its share of PVPA, was more than \$100 million.

The city balked at the figure, and representatives for Golden State believe the value of its holdings has only increased in the past two years.

The added cost of Golden State's PVPA holdings "could be tens of millions more than the \$100 million," said Joel Dickson, senior vice president of Golden State.

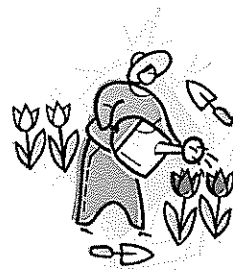
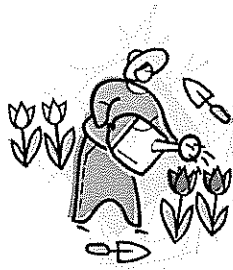
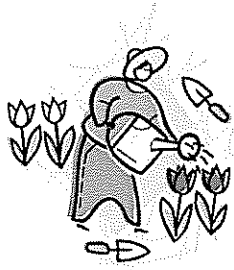
"It would be a very risky proposition for Claremont to take over Golden State, and it would be the customer who would be at risk," Dickson said. "Claremont customers would pay higher rates for at least 30 years."

If the City Council decides to pursue the purchase of Golden State through eminent domain, the cost ultimately would be decided in court, Parker asserted

The city would then issue bonds to pay for the acquisition, and fund repayment of the bonds through increases in water rates during a 30-year period.

"The cost part of it, absolutely, there's a point where it's no longer feasible," Pedroza said. "But this is water, and water, being a natural resource, it's beyond just what we think the system is worth. There's also a benefit to the city in having local control "

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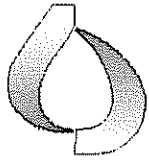


CHINO BASIN WATERMASTER

IV. INFORMATION

2. Capital Project Budget Approval for MWD Turnout CB14 Discharge Facilities Relocation





Date: March 21, 2007

To: The Honorable Board of Directors

Through: Finance, Legal and Administration Committee (3/14/07)

Through: Engineering, Operations and Biosolids Management Committee (3/14/07)

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

Submitted by: Thomas A. Love
Executive Manager of Engineering

Neil W. Clifton
Manager of Energy, Engineering and Construction Management

Subject: Capital Project Budget Approval for MWD Turnout CB14 Discharge
Facilities Relocation

RECOMMENDATION

1. Approve capital project budget for design and construction of MWD turnout CB14 discharge facilities relocation for the amount of \$200,000; and
2. Authorize the Chief Executive Officer/General Manager to finalize and execute reimbursement agreements with San Bernardino County Flood Control District and Chino Basin Watermaster.

BACKGROUND

IEUA recharges imported water in spreading basins along the Etiwanda Channel using MWD turnout CB14. The discharge pipeline, owned by MWD, runs from CB14 through a meter structure to a discharge structure located at the north end of the New Etiwanda Debris Basin, which is currently under construction. Upon completion of the new basin, the area in which the discharge structure is located will become a conservation preserve. Neither MWD nor IEUA will have access to the structure for maintenance or demolition if it is abandoned in the future. A new structure discharging directly to the new basin is needed to assure the continued, long-term ability to discharge.

Further, IEUA desires to take ownership of the existing discharge facilities. Once ownership is transferred, the existing discharge structure will become a risk, particularly if it is abandoned but cannot be demolished. Once the transfer is completed and the new discharge facilities are operational, and prior to the area becoming conservation preserve, the old discharge structure will be demolished.

The total project costs for the design and construction of the discharge facilities relocation are as follows:

Project Phase	Project Costs
Environmental	--
Design	\$21,000
Construction	\$160,000
Construction Management	\$3,000
Contingency	\$16,000
Total	\$200,000

The project schedule is as follows:

Project Phase	Completion Date
Design	April 2007
Construction	May 2007

PRIOR BOARD ACTION

There has been no prior Board action.

IMPACT ON BUDGET

This project was not budgeted for this fiscal year. Therefore, the Recharge Water Fund (RW) reserves will be reduced by \$200,000 in order to fund this project.