

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

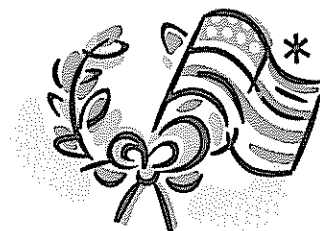
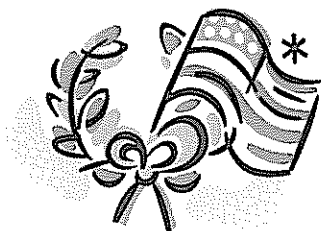
Thursday, May 24, 2007

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





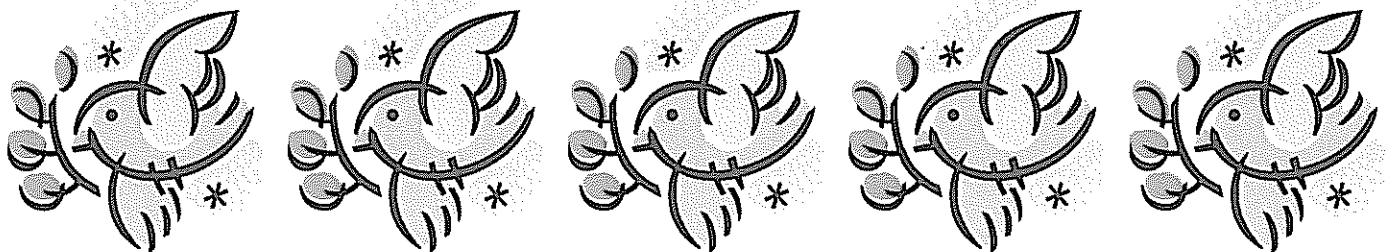
CHINO BASIN WATERMASTER

Thursday, May 24, 2007

9:00 a.m. – Advisory Committee Meeting
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(Lunch will be served)

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – May 24, 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 April 26, 2007 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2007 *(Page 17)*
2. Combining Schedule for the Period July 1, 2006 through March 31, 2007 *(Page 21)*
3. Treasurer's Report of Financial Affairs for the Period March 1, 2007 through March 31, 2007 *(Page 23)*
4. Profit & Loss Budget vs. Actual July 2006 through March 2007 *(Page 25)*

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 500 acre-feet of water from West Valley Water District's storage account to Monte Vista Water District. This lease is made first from WWVD's net underproduction, if any, in Fiscal Year 2006-07, with any remainder to be recaptured from storage. Date of Application: October 31, 2006 *(Page 27)*
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust water in storage in the amount of 0.720 acre-feet, and annual production right in the amount of 6.974 acre-feet *(Page 57)*

II. BUSINESS ITEMS

A. MEMORANDUM OF AGREEMENT 2006-2008 MANAGEMENT ZONE 3 MONITORING PROGRAM

Consider Approval for the Memorandum of Agreement between Chino Basin Watermaster and Inland Empire Utilities Agency for the 2006-2008 Management Zone 3 Monitoring Program *(Page 73)*

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Information Only Item: MZ1 Long Term Plan Presentation *(Page 79)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application
2. Referee Report Regarding Status Report Transmittal *(Page 95)*

3. Sunding Report

B. ENGINEERING REPORT

1. 2007 Watermaster Model Update

C. FINANCIAL UPDATES

1. Budget Presentation

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update

E. INLAND EMPIRE UTILITIES AGENCY

1. Recycled Water and Environmental Compliance Update- Tom Love
2. Summer Conservation and Delta Pump Issue – Rich Atwater
3. Landscape Alliance Update – Martha Davis
4. Draft Water Conservation Work Plan (*Page 107*)
5. Monthly Water Conservation Programs (*Page 109*)
6. Monthly Imported Water Deliveries Report (*handout*)
7. State and Federal Legislative Report (*Page 111*)
8. Community Outreach/Public Relations Report (*Page 153*)

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

1. Newspaper Articles (*Page 163*)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

June 14, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 19, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

11:00 a.m. – May 24, 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

I. CONSENT CALENDAR

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II. BUSINESS ITEMS

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- 3. Sunding Report

B. ENGINEERING REPORT

- 1. 2007 Watermaster Model Update

C. FINANCIAL UPDATES

- 1. Budget Presentation

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update

E. INLAND EMPIRE UTILITIES AGENCY REPORT

- 1. Landscape Alliance Update

IV. INFORMATION

- 1. Newspaper Articles (*Page 163*)

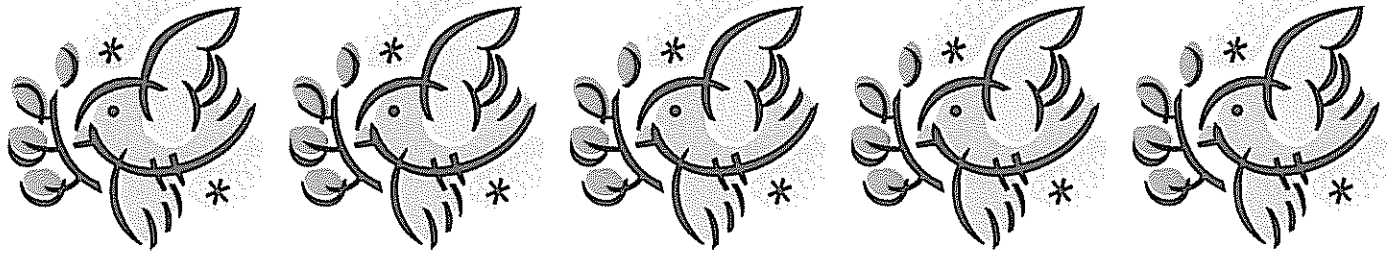
V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

June 14, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 19, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

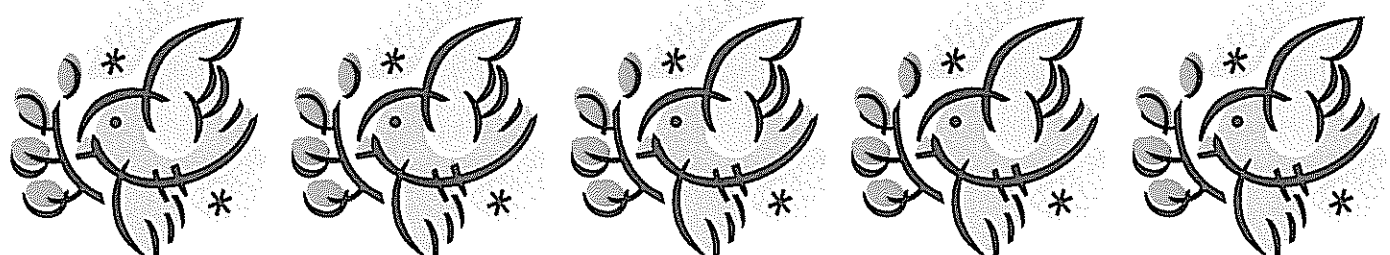


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – April 24, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

April 26, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on April 26, 2007 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Raul Garibay	City of Pomona
Robert DeLoach	Cucamonga Valley Water District
J. Arnold Rodriguez	Santa Ana River Water Company
Mark Kinsey	Monte Vista Water District
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company
Charles Moorrees	San Antonio Water Company

Non-Agricultural Pool

Kevin Sage	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jeff Pierson	Agricultural Pool, Crops
Bob Feenstra	Agricultural Pool, Dairy
Pete Hall	State of California CIM
Rick Rees	State of California CIM
Nathan deBoom	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

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

Gary Meyerhofer	Carollo Engineering
Marty Zvirbulis	Cucamonga Valley Water District
Bill Kruger	City of Chino Hills
John Rossi	Western Municipal Water District
Gil Aldaco	City of Chino Basin Watermaster
Tom Love	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District
Steve Lee	Reid & Hellyer
Tom Crowley	West Valley Water District
Rich Atwater	Inland Empire Utilities Agency

Chair Jeske called the Advisory Committee meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning noted Business Item C. is being pulled from the agenda and will be brought back at a later date.

I. CONSENT CALENDAR

A. MINUTES

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

B. FINANCIAL REPORTS

- 1. Cash Disbursements for the month of March 2007
- 2. Combining Schedule 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
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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
- 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

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

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

II. BUSINESS ITEMS

A. CONTRACT WITH GARY MEYERHOFER

Mr. Manning stated at the March 8, 2007 Appropriative and Non-Agricultural Pool meeting Mr. Rossi from Western Municipal Water District gave a presentation and a recommendation that Inland Empire Utilities Agency (IEUA), Western Municipal Water District (WMWD), and Three Valleys Municipal Water District (TVMWD) get together and hire a consultant that would assist in the development of the Desalter Expansion Program. Because there are so many different moving parts, upcoming court dates, and Regional Board deadlines; we need somebody that would be directly involved in pulling the project together in order to insure all bases are being covered. Mr. Manning and Mr. Jeske were tasked to meet with three prospective candidates and after the review process it was decided Gary Meyerhofer at Carollo Engineers would be the person recommended for the job. Mr. Meyerhofer has a great deal of knowledge about the basin, he knows the parties that are involved, and he has worked on similar projects in the past. Included in the meeting package is Mr. Meyerhofer's resume and a copy of the task order is also attached to outline the duties that he would be performing. There is a maximum dollar amount set at \$75,000 dollars for this position which will be paid by each of the three agencies (IEUA, WMWD, and TVMWD) at \$25,000 dollars each. Chino Basin Watermaster will be doing the hiring and the overseeing of Mr. Meyerhofer. Staff is anticipating this project will take between four and six months to be completed. Updates as to the progress on this project will be given monthly at the regularly scheduled meetings.

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

Moved to approve the contract for project facilitation of the Chino Basin Desalters from Gary Meyerhofer at Carollo Engineers, as presented

B. SAN DIEGO COUNTY WATER AUTHORITY MOU

Mr. Manning stated this item is regarding the ongoing work that Chino Basin Watermaster is doing with various agencies on storage and recovery agreements. Staff is working with Castaic Lake Water Agency, San Diego County Water Authority, and Metropolitan Water District (MET) to expand storage and recovery programs within this basin. Staff has met with San Diego County Water Authority and they are very interested in working with us and have consented to assisting in a study that would examine the physical facilities within this basin to see if there are any fatal flaws to the process of combining the agencies into a storage and recovery program. Mr. Manning stated there is approximately 250,000 acre-feet in storage presently. Metropolitan Water District has 100,000 acre-feet and wants to expand to 150,000 acre-feet. Both San Diego and Castaic have not specifically stated how much water they are interested in storing, although, it is in the ranges of 50,000 to 70,000 acre-feet; those details will be worked out during the course of the study. Staff has requested that Black and Veatch prepare a scope of work and a copy of that is in the meeting package. San Diego has consented to paying for 1/3 of the cost of the program. Mr. Manning stated this item has been approved by all three Pools; however, the Agricultural Pool requested a 90 day hold off on starting the study to allow more time to work with Metropolitan Water District on a compatible Long Range Program and an extension on the Dry Year Yield Program. Staff is recommending we go ahead and approve the agreement with San Diego County Water Authority contingent upon getting approval from Castaic Lake Water Agency for a similar agreement to fund the study; with that we will have enough participants to move forward and perform the study and find out if we have compatibility within the three agencies to work on a storage and recovery program. Mr. Manning stated San Diego has expressed an interest in being involved in this basin. Mr. Kinsey stated at the April Appropriative Pool meeting Monte Vista Water District brought up the matter regarding Western Municipal Water District (WMWD) and Three Valleys Municipal Water District (TVMWD) participating in this program although they are not participating financially in the MOU. Mr. Manning stated he has spoken to TVMWD and has not spoken to WMWD about potentially participating financially in this study. A brief discussion ensued with regard to financial responsibilities on this project. Mr. Kinsey inquired about the 90 day delay in starting the study. Mr. Manning stated the Appropriators will be kept informed and another confidential session will take place after the next Appropriator Pool meeting. We are having continuous meetings with MET, WMWD, TVMWD, and IEUA and staff will keep all the parties apprised of any new information. A discussion regarding the Dry Year Yield Program ensued. Mr. Atwater stated if any member of the Appropriative Pool or Advisory Committee wants to participate at the table and any meetings with MET, all are welcome. Mr. DeLoach inquired about the 90 day wait period and its affect on the MOU. Mr. Manning stated waiting 90 days will not affect the study and noted there is a contingency within the MOU that we must have an agreement with Castaic Water Agency before we move forward and we are not there yet with Castaic. A discussion ensued with regard to this matter.

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

Moved to approve the MOU with San Diego County Water Authority regarding analysis of storage and recovery opportunities in Chino Basin although Watermaster staff must wait 90 days prior to starting the study, as presented

C. VOLUME VOTE

This item was pulled from the agenda.

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

Counsel Fife stated the Santa Ana River Water Right Application process began in 1999 with the fully appropriated streams hearing and our signing of the Orange County Accord. We have been preparing for this hearing for the past seven years and now we are in the final stages for our hearing in May 2007. All testimonies and exhibits, everything that we plan to present at the hearing will be sent in advance of the hearing. There is a copy of the Notice of Intent to Appear on the back table. Counsel Fife stated we will be using Ken

Manning, Mark Wildermuth, Mr. Dodson, and a Botanist to talk about riparian habitat, and then the chair of the Santa Ana Sucker Conservation team from SAWPA will also be testifying on our behalf. We will also have a very helpful policy statement from the City of Ontario and the City of Chino will be filing a policy statement in our favor shortly. We did have a pre-hearing conference last Thursday which went very well for Chino Basin; we are the only applicant who has no protests against our application. We were able to convince the Department of Fish and Game to dismiss its protest. We verbally put out a request at the pre-hearing conference that since we are the only party with no protests and given that an application that has no protests can be granted without a hearing, we did not think it was right that anybody should be able to cross examine us or present any evidence about our project. This was agreed upon by the other parties present at the hearing. The attorney for the Center of Biological Diversity stated they have no problem at all with the Chino Basin; they are not going to cross examine us. The hearing officer then instructed counsel to go get stipulations which counsel is now collecting. We now have stipulations from most of the non-applicants that they will neither cross examine us nor will they present any evidence about our application. On Monday when our testimony is received we are going to present a follow up letter that states nobody has protested us and everybody has agreed not to cross examine or present any evidence about the Chino Basin.

B. ENGINEERING REPORT

1. Review of Scalmanini Report

Mr. Wildermuth stated this report was given at all the April Pool meetings and noted he would give the presentation again to this committee or would just answer questions. The committee members noted Mr. Wildermuth did not need to give the presentation at this meeting. Mr. Kinsey inquired if the Scalmanini Report was going to be filed with the court. Counsel Fife stated this report was done at the request of the parties and not by the court; therefore, the report will not be filed with the court. The report was intended as a peer review and would not be relevant to what the court would want or need with regard to its content. Mr. Kinsey inquired regarding the portion of the Scalmanini Report that discussed re-operation assumptions. Counsel Fife stated the use of the model in light of the revisions is dealt with in Counsel Slater's report; the revisions are in process and have been in process and were actually budgeted for by Watermaster prior to the Scalmanini Report. Counsel Fife stated the Scalmanini Report did in fact state the model being used is adequate for the purposes that it was intended to be used for even though there were recommendations to make the model better. A discussion ensued with regard to the report and the model.

C. FINANCIAL UPDATES

1. Budget Advisory Committee Update

Ms. Rojo stated this committee has met twice now and will be meeting again in the near future. Ms. Rojo stated the major question that came out of the last meeting was how and when to implement the recommendations. Staff will be working on the extended budget this year and is looking to come up with options for stabilizing Watermaster assessments. Updates on the progress of this committee will continue to be given at the Watermaster meetings. Mr. Garibay stated one of the topics discussed at the last Budget Advisory Committee meeting was that the current method of assessing costs was somewhat simplistic. Another topic for the group was to take a look at the reserve policy that Watermaster currently has in place. There was discussion on the issue of being able to develop a plan to obtain Water Activity Reports earlier in order to get the Assessment Package out in a more timely manner. This committee is looking at developing a three to five year budget. There were also discussions regarding the judgment that requires Watermaster to charge minor parties a minimum \$5.00 dollar assessment to help recover administration costs.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated there is an update on the back table on some of the legislative issues. There were approximately 3,000 bills introduced before the deadline of February 23, 2007. Many of those are considered to be spot bills which are filed with not a lot of wording or content and will then be changed later to reflect the real issues. The Legislative Analyst Office (LAO) has done a report on policy areas which turned out to be very interesting on some of the areas on which they reported. The LAO analysis includes advising the legislature to proceed carefully regarding implementation of Proposition 1E and Proposition 84 in terms of the intent of the voters. The LAO also questioned funding for the State Water Project given that the Department of Water Resources budget includes 72 new positions and encouraged legislative oversight of the funds. In addition, the LAO urged the legislature not to move forward on surface storage proposals until cost sharing agreements are in place. Also the LAO recommended that water users have the full responsibility for funding the projects included in the Bay Delta Conservation Plans and recommended that funds for the South Delta Improvement Program not be funded because in their opinion, funding would be premature. Senator Machado is considering legislating to a 500 year flood standard, but is undecided if that standard should only be for the Central Valley or statewide. One of the bills that Watermaster has been following very closely is the Simitian SB 27 bill which has currently been amended to change the nature of the bill from what would include the by pass facility to more of a support for existing activities within the Delta. Mr. Manning stated SB 862 was resubmitted which is Sheila Kuehl's bill in which she has added Steinberg as a co-author. This is the redo of the old SB 810 which became SB 1620 and is now SB 862; the Water Resource Bill. There will be a lot of people getting on board and supporting this bill. A discussion ensued with regard to legislation and water issues.

2. Recharge Update

Mr. Treweek stated the most recent recharge update spreadsheet is available on the back table for review. Mr. Treweek noted Watermaster has met our recharge obligations and has added water to the Dry Year Yield Storage Account. Staff recognizes that the Cyclic Account that we have with Metropolitan Water District will expire at the end of 2007, and staff has decided not to recharge any more water until that account gets extended. Staff has shutdown bringing in any imported water and the only water we have now is the runoff and the small amounts of recycled water for recharge efforts.

E. INLAND EMPIRE UTILITIES AGENCY1. Foothill Water Supply Reliability Report

Mr. Love gave his report on the Southern California Foothill Communities Regional Water Supply Reliability Program. Mr. Love noted some of the program features will include this project being regional in scope and the possibility to develop a federal and local funding partnership. There will be shifts in focus toward local management strategies and a reduction dependence on imported supply reliability, and it can reduce the need to construct costly above ground storage facilities. Mr. Love reviewed the list of program development partners. The main project components such as emergency interconnections from the San Gabriel Valley Municipal Water District pipeline to the Water Facilities Authority, Three Valleys Municipal Water District and Cucamonga Valley Water District treatment plants in the Eastern San Gabriel Valley and Inland Empire, recharge connections from the SGVMWD was reviewed. Another main component will be the recharge connections from the SGVMWD pipeline in the Chino Basin. We will build an interconnection from the Metropolitan Water District Foothill Feeder to the SGVMWD pipeline in the San Dimas/La Verne area. There will be a 14 mile imported replenishment water pipeline from Azusa into the Raymond Basin terminating in Pasadena. All of these are part of the main project components and extremely important to the study. Mr. Love reviewed the budget for this project and noted the proposed WSRP budget is at \$50,000,000 dollars. Some of the current activities include a preliminary design for WFA/TVMWD emergency connection and the replenishment connection is complete, the initial funding requested from participating

agencies is \$5,000 each, the conceptual design and the preliminary CEQA kick-off will be in May, and there will be a stakeholder meeting in May.

2. Rialto Pipeline Shut Down
No comment was made regarding this item.
3. Summer Water Conservation Needs
Mr. Atwater stated he and Martha Davis will have a meeting with the conservation coordinators next week and at that meeting we will be focusing on public education and voluntary conservation this summer. Mr. Atwater stated he, John Rossi, and Rick Hanson will be at Metropolitan Water District to discuss the rate increases that go into effect January 1, 2008. This is the first time in about three or four years that we have increased the raw water rate. Mr. Atwater noted this year we will be doing a study on how to keep the replenishment rate at an affordable level. A discussion ensued with regard to rate increases.
4. Monthly Water Conservation Programs Report
No comment was made regarding this item.
5. Monthly Imported Water Deliveries Report
No comment was made regarding this item.
6. State and Federal Legislative Report
No comment was made regarding this item.
7. Community Outreach/Public Relations Report
No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Rossi commented on the \$460,000 contract on the Chino II expansion that the City of Ontario, Jurupa Community Services, and Western Municipal Water District agreed to move forward utilizing matching monies with the \$5M dollar grant that Western received for that expansion. Mr. Rossi stated Metropolitan Water District is going to be sending out a notice of their intent to shut off the interruptible Agricultural deliveries; this is a very significant issue. Mr. Rossi commented on the recently formed Groundwater Coalition and the efforts being made on educating the state legislature on the importance of groundwater.

IV. INFORMATION

1. Newspaper Articles
No comment was made regarding this item.
2. Capital Project Budget Approval for MWD Turnout CB14 Discharge Facilities Relocation
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

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

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

Secretary: _____

Minutes Approved: _____

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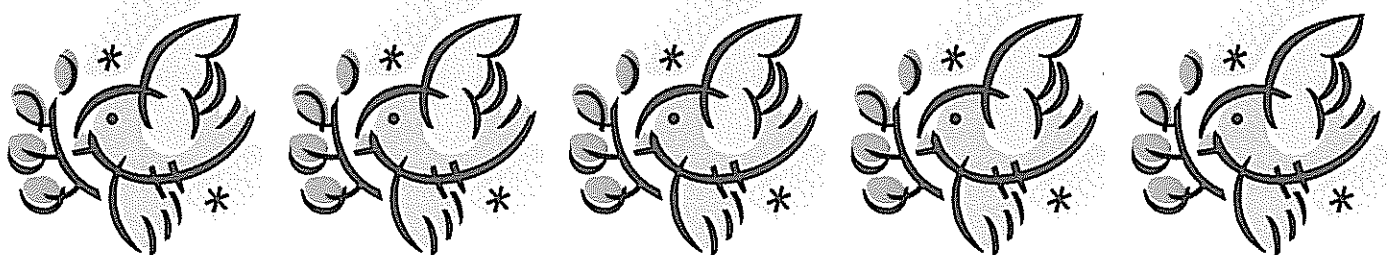


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – April 24, 2007



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

April 26, 2007

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on April 26, 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
Gene Koopman	Agricultural Pool, Dairy

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

Raul Garibay	City of Pomona
Gil Aldaco	City of Chino
Ken Jeske	City of Ontario

The Watermaster Board Meeting was called to order by Chair Willis at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

Business Item 2C Volume Vote was pulled from agenda because it is not a Watermaster Board item.

I. CONSENT CALENDAR

A. MINUTES

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

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2007
2. Combining Schedule 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

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
- 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

*Motion by Bowman, second by Bowcock, and by unanimous vote
 Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

A. CONTRACT WITH GARY MEYERHOFER

Mr. Manning stated at the March 8, 2007 Appropriative and Non-Agricultural Pool meeting Mr. Rossi from Western Municipal Water District gave a presentation and a recommendation that Inland Empire Utilities Agency (IEUA), Western Municipal Water District (WMWD), and Three Valleys Municipal Water District (TVMWD) get together and hire a consultant that would assist in the development of the Desalter Expansion Program. Because there are so many different moving parts, upcoming court dates, and Regional Board deadlines; we need somebody that would be directly involved in pulling all those issues together in order to insure all bases are being covered. Mr. Manning and Mr. Jeske were tasked to meet with three prospective candidates and after the review process it was decided Gary Meyerhofer at Carollo Engineers would be the person recommended for the job. Mr. Meyerhofer has great deal of knowledge about the basin, he knows the parties that are involved, and he has worked on similar projects in the past. Included in the meeting package is Mr. Meyerhofer's resume and a copy of the task order is also attached to outline the duties that he would be performing. Mr. Manning stated Mr. Meyerhofer is present today if you get a chance to say hello and talk with him after the meeting. Mr. Manning noted here is a maximum dollar amount set at \$75,000 dollars for this position which will be paid by each of the three agencies (IEUA, WMWD, and TVMWD) at \$25,000 dollars each. Chino Basin Watermaster will be doing the hiring and the overseeing of Mr. Meyerhofer. Staff is anticipating this project will take between four and six months to be completed. Updates as to the progress on this project will be given monthly at the regularly scheduled meetings. Mr. Manning stated this item has been approved by all three Pools and the Advisory Committee and staff is seeking an approval from the Watermaster Board.

*Motion by Catlin, second by Bowman, and by unanimous vote
 Moved to approve the contract for project facilitation of the Chino Basin Desalters from Gary Meyerhofer at Carollo Engineers, as presented*

B. SAN DIEGO COUNTY WATER AUTHORITY MOU

Mr. Manning stated this item is regarding the ongoing work that Chino Basin Watermaster is doing with various agencies on storage and recovery agreements. Staff is working with Castaic Lake Water Agency, San Diego County Water Authority, and Metropolitan Water District (MET) to expand storage and recovery programs within this basin. Staff has met with San Diego County Water Authority and they are very interested in working with us and have consented to assisting in a study that would examine the physical facilities within this basin to see if there are any fatal flaws to the process of combining the agencies into a storage and recovery program. Mr. Manning stated there is approximately 250,000 acre-feet in storage presently. Metropolitan Water District has 100,000 acre-feet and wants to expand to 150,000 acre-feet. Both San Diego and Castaic have not specifically stated how much water they are interested in storing, although, it is in the ranges of 50,000 to 70,000 acre-feet; those details will be worked out during

the course of the study. Staff has requested that Black and Veatch prepare a scope of work and a copy of that is in the meeting package. San Diego has consented to paying for 1/3 of the cost of the program. Mr. Manning stated this item has been approved by all three Pools and the Advisory Committee; however, both the Agricultural Pool and the Advisory Committee requested a 90 day hold off on starting the study to allow more time to work with Metropolitan Water District on a compatible Long Range Program and an extension on the Dry Year Yield Program. Mr. Manning stated waiting 90 days will not affect the study and noted there is a contingency within the MOU that we must have an agreement with Castaic Water Agency before we move forward and we are not there yet with Castaic. Staff is recommending we go ahead and approve the agreement with San Diego County Water Authority with the 90 day delay in starting the study. Chair Willis inquired if Watermaster staff has met personally with Castaic Water Agency. Mr. Manning stated one of the very first meetings that he attended as the new CEO of Watermaster was with Castaic's staff regarding a storage agreement. Mr. Manning noted since that meeting Castaic has had a change of staff and he is still working on scheduling meetings with them. Mr. Koopman stated while he supported the motion that was made by the Advisory Committee there is a concern regarding a portion of the Black & Veatch scope of work. Mr. Koopman asked if in that scope of work an Agricultural Pool meeting as well as a meeting with Inland Empire Utilities Agency could be added. Mr. Manning stated he has spoken with Black & Veatch and expressed there needed to be two changes made to their scope of work; 1) a meeting with an Agricultural Pool representative(s), and 2) a meeting with Inland Empire Utilities Agency. A discussion ensued with regard to financial responsibilities. Mr. Manning stated a comment that was made at the Advisory Committee meeting by Monte Vista Water District is they would like to see Three Valleys Municipal Water District and Western Municipal Water District participate in this study as well since they are two direct beneficiaries.

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

Moved to approve the MOU with San Diego County Water Authority regarding analysis of storage and recovery opportunities in Chino Basin although Watermaster staff must wait 90 days prior to starting the study, as presented

C. VOLUME VOTE

This item was pulled from the agenda.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing

Counsel Slater stated with regard to the Santa Ana River Water Rights Application, we are moving closer to the hearing which is scheduled for May 2, 3, and 4, 2007. Counsel has continued to make progress in all areas. There was a draft water rights stipulation presented to the board last month and at that meeting gave counsel direction to finalize the stipulation; that was completed. The water rights issues are essentially at rest which is very important. In addition to finalizing the water rights stipulation as a result of the fact that counsel was able to resolve all outstanding protests against the Watermaster's application, counsel then made a motion to the board and to the other parties via a stipulation reduce the scope of the hearing by eliminating cross examination of Watermaster and its witnesses. This is important since no party had protested application, counsel made the point that it would be wasteful for the parties to cross examine an application they had no objection to. Ultimately at the hearing and through follow up correspondence, the other interested parties to the proceeding will not be allowed to cross examine Watermaster witnesses. The only cross examination will be performed, if any, by the State Board staff. This has allowed counsel to further limit the witnesses that we need to provide for oral testimony. All of the written testimony has previously been filed along with our exhibits; the record is now complete. The risk associated with opposition to the Watermaster position is also reduced.

2. Peace II

Counsel Slater stated the parties are aware we are getting closer to our scheduled May hearing in front of the court to discuss our proposed schedule for proceeding with and completing the Peace II process. Counsel had previously filed a proposed schedule. Since the date we made the filing we have had some recent developments and improvements, which in the opinion of counsel and if supported by the Watermaster Board members counsel would like to file a revised schedule which means we could dispense the hearing scheduled for May 24, 2007 which would be of great interest to the board. When the Peace II Term Sheet was negotiated there were certain conditions precedent which were identified in that Term Sheet. The conditions that were precedent were sequential in terms of there being identified and were all prerequisites to the court issuing a final binding order. Between the time that we negotiated the original Term Sheet and the present time, we began to explore with the parties and the Special Referee the complexities around trying to get a final binding order in a timely way. Counsel Slater stated the California Environmental Quality Act (CEQA) which governs parties' performance when they are a public agency they must comply with CEQA. CEQA has a processing time periods and they can be extended. One of the concerns that counsel, staff, and parties had was we could be delayed in implementing some of the agreements to get us to the next step while we waited for the public processing of the CEQA aspects. We could also be at risk while waiting for court to make a decision for some period of time. We were all concerned about delay associated with the underlying agreement and having an opportunity to revisit the CEQA strategy internally we are hopefully that we can pursue a more expeditious CEQA processing. Counsel has discussed with the court a way in which the court can make its decision based upon a full analysis of potential impacts done by Wildermuth Environmental under the model and through the Watermaster process and the court would do exactly what they did in 2000, which is to issue a conditional order. The conditional order would not become final until the CEQA process was completed. We could present our case to the court in the legal instruments, the Socio Economic Report, and the Wildermuth work. The court could then issue a conditional order which would be binding so long as the condition gets met; the condition being the completion of the CEQA process. Counsel Slater stated while having a conversation with the Special Referee it was suggested that we should file a revised schedule; a copy of the revised schedule is available on the back table. The narrative works in relation with the gant chart which is also available on the back table. Counsel is asking for Board approval to take these items to the court and ask for that conditional approval. The second item that is pertinent to this revised schedule is we have received the long awaited Scalmanini Report. Counsel Slater noted the Scalmanini Report was not a court requirement, this was a requirement the parties imposed upon yourselves. This was a requirement to get pier review of the Wildermuth model for its utility and planning purposes; that review took nine months to be completed. There is a memo on the back table written by Counsel Slater that takes a look at the report and compares it to the purpose for which the report was being requested. Counsel Slater stated that in his opinion as Watermaster counsel, we asked Ludhorf & Scalmanini as the Special Assistant to the court to examine the propriety of using the model for planning purposes. Counsel Slater stated that report says that indeed the model was and is appropriate for planning purposes. The report does go on to do other things; it comes up with a suite of proposed recommendations to be included in improvements in the model on a go forward basis that would be used by Watermaster at the time we go to court with all of the Peace II documents. Counsel Slater stated that Mr. Wildermuth was already going to do or has started on the recommendations made in the report. Counsel Slater stated we are taking the balance of comments by Mr. Scalmanini as superfluous to which the review was requested. We are now prepared to go to the next phase which is the physical project description releasing for peoples input and review and then for Mr. Wildermuth to begin the technical analysis of the project. Counsel Slater stated he is seeking a motion at this time to file the proposed revised schedule which will allow us to avoid a hearing on May 24, 2007. A discussion ensued with regard to Counsel Slater's comments and requested motion.

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

Moved to approve the filing of the Revised Timeline – Chronological Next Steps for the Peace II process with the court and dispense the hearing of May 23, 2007, as presented

B. ENGINEERING REPORT

1. Review of Scalmanini Report

Mr. Wildermuth gave a presentation "Progress Report on Watermaster's Groundwater Model Update". Mr. Wildermuth stated Wildermuth Environmental (WE) and Watermaster staff developed a series of model updates and has included costs for this in Watermaster's 2006-2007 budget. There were specific questions to be answered with the new model such as, what does the new equilibrium look like when re-operation is terminated, what will the impact of re-operation be on subsidence in the MZ1 area, and what will be the impact on riparian resources in the Prado Reservoir area be like from new desalter pumping and re-operation? Mr. Wildermuth stated he plans to incorporate the latest information from new wells and monitoring programs, extend calibration from 11 to about 40 years, incorporate vadose zone flow and transport models, and develop a localized high resolution compaction model for part of MZ1. WE will also be working on refining the boundary conditions for the Rialto/Colton fault and Bloomington divide, incorporating non-linear evapotranspiration functions for riparian vegetation, revising projected groundwater pumping and replenishment plans. The updated model runs will incorporate state-of-the-art visualization software and VLA processing. Mr. Wildermuth stated the purpose of this new model is to update Watermaster's previous model based on new hydrogeologic information collected since 2002. New data sources since 2002 include, subsidence investigation in MZ1, nine new HCMP well clusters, Chino II Desalter wells and other new monitoring wells, new appropriator wells, and OBMP water-level and water-quality monitoring programs. A discussion ensued with regard to Mr. Wildermuth's presentation.

C. FINANCIAL UPDATES

1. Budget Advisory Committee Update

Ms. Rojo stated this committee has met twice now and will be meeting again in the near future. Ms. Rojo stated the major question that came out of the last meeting was how and when to implement these issues. Staff will be working on the extended budget this year and is looking to come up with options for somewhat stabilizing the Watermaster assessments. Updates on the progress of this committee will continue to be given at the Watermaster meetings. Mr. Garibay stated one of the topics discussed at the last Budget Advisory Committee meeting was the current method of assessing costs was somewhat simplistic. Another topic for the group was to take a look at the reserve policy that Watermaster currently has in place. There was discussion on the issue on being able to develop a plan to obtain Water Activity Reports earlier in order to get the Assessment Package out in a more timely manner. This committee is looking at developing a three to five year budget. There were also discussions regarding the judgment that requires Watermaster to charge minor parties a minimum \$5.00 dollar assessment to help recover administration costs.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is an update on the back table on some of the legislative issues. There were approximately 3,000 bills introduced before the deadline of February 23, 2007. Many of those are considered to be spot bills which are filed with not a lot of wording or content and will then be changed later to reflect the real issues. The Legislative Analyst Office (LAO) has done a report on policy areas which turned out to be very interesting on some of the areas on which they reported. The LAO analysis includes advising the legislature to proceed carefully regarding implementation of Proposition 1E and Proposition 84 in terms of the intent of the voters. The LAO also questioned funding for the Sate Water Project given that the Department of Water Resources budget includes 72 new positions and encouraged legislative oversight of the funds. In addition, the LAO urged the legislature

not to move forward on surface storage proposals until cost sharing agreements are in place. Also the LAO recommended that water users have the full responsibility for funding the projects included in the Bay Delta Conservation Plans and recommended that funds for the South Delta Improvement Program not be funded because in their opinion, funding would be premature. Senator Machado is considering legislating a 500 year flood standard, but is undecided if that standard should only be for the Central Valley or a statewide. One of the bills that Watermaster has been following very closely is the Simitian SB 27 bill which has currently been amended to change the nature of the bill from what would include the by pass facility to more of a support for existing activities within the Delta. Mr. Manning stated SB 862 was resubmitted which is Sheila Kuehl's bill in which she has added Steinberg as a co-author. This is the redo of the old SB 810 which became SB 1620 and is now SB 862; the Water Resource Bill. There will be a lot of people getting on board and supporting this bill. A discussion ensued with regard to legislation and water issues.

2. Recharge Update

Mr. Treweek stated the most recent recharge update spreadsheet is available on the back table for review. Mr. Treweek noted Watermaster has met our recharge obligations and has added to the Dry Year Yield Storage Account. Staff has recognized that the Cyclic Account that we have with Metropolitan Water District will expire at the end of 2007, so staff has decided not to recharge any more water until that account gets extended. Staff has shutdown bringing in any imported water and the only water we have now is the runoff and the small amounts of recycled water for recharge efforts.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

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

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

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**

The Watermaster Board meeting was adjourned by Chair Willis at 12:00 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 April 2007
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through March 31, 2007
3. Treasurer's Report of Financial Affairs for the Period February 1, 2007 through March 31, 2007
4. Profit & Loss Budget vs. Actual July 2006 through March 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: May 15, 2007
May 17, 2007
May 24, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – April 2007

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for April 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 April 2007 were \$2,235,570.85. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$1,613,579.81, Wildermuth Environmental Inc. in the amount of \$322,646.91, and Hatch and Parent in the amount of \$108,722.84.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
April 2007

Type	Date	Num	Name	Amount
Apr 07				
Bill Pmt -Check	4/3/2007	11278	A & R TIRE	-326.41
Bill Pmt -Check	4/3/2007	11279	APPLIED COMPUTER TECHNOLOGIES	-3,066.10
Bill Pmt -Check	4/3/2007	11280	CHAMPION NEWSPAPERS	-35.00
Bill Pmt -Check	4/3/2007	11281	HSBC BUSINESS SOLUTIONS	-551.83
Bill Pmt -Check	4/3/2007	11282	IDEAL GRAPHICS	-347.50
Bill Pmt -Check	4/3/2007	11283	INLAND COUNTIES INSURANCE SERVICES, INC.	-202.46
Bill Pmt -Check	4/3/2007	11284	LOS ANGELES TIMES	-42.40
Bill Pmt -Check	4/3/2007	11285	MEDIA JIM	-900.00
Bill Pmt -Check	4/3/2007	11286	OFFICE DEPOT	-495.53
Bill Pmt -Check	4/3/2007	11287	PAYCHEX	-182.52
Bill Pmt -Check	4/3/2007	11288	PURCHASE POWER	-2,733.36
Bill Pmt -Check	4/3/2007	11289	R&D PEST SERVICES	-85.00
Bill Pmt -Check	4/3/2007	11290	REID & HELLYER	-5,648.44
Bill Pmt -Check	4/3/2007	11291	STANDARD INSURANCE CO.	-564.24
Bill Pmt -Check	4/3/2007	11292	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	4/3/2007	11293	UNITEK TECHNOLOGY INC.	-607.71
Bill Pmt -Check	4/3/2007	11294	VERIZON	-424.69
Bill Pmt -Check	4/3/2007	11295	VISION SERVICE PLAN	-72.22
Bill Pmt -Check	4/3/2007	11296	WATER EDUCATION FOUNDATION	-50.00
Bill Pmt -Check	4/3/2007	11297	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	4/3/2007	11298	AWWA	-1,305.00
Bill Pmt -Check	4/6/2007	11299	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	4/6/2007	11300	GEOTECHNICAL SERVICES	-1,230.13
Bill Pmt -Check	4/6/2007	11301	INLAND COUNTIES INSURANCE SERVICES, INC.	-220.78
Bill Pmt -Check	4/6/2007	11302	LIATTI & ASSOCIATES	-237.20
Bill Pmt -Check	4/6/2007	11303	PUMP CHECK	-825.00
Bill Pmt -Check	4/6/2007	11304	STATE COMPENSATION INSURANCE FUND	-1,315.98
Bill Pmt -Check	4/6/2007	11305	THE FURMAN GROUP, INC.	-2,560.00
Bill Pmt -Check	4/6/2007	11306	UNION 76	-271.29
Bill Pmt -Check	4/6/2007	11307	WHEELER METER MAINTENANCE	-3,300.00
Bill Pmt -Check	4/6/2007	11308	CITISTREET	-3,652.94
Bill Pmt -Check	4/6/2007	11309	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,190.34
Bill Pmt -Check	4/6/2007	11310	CITISTREET	-2,000.00
Bill Pmt -Check	4/6/2007	11311	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,190.34
General Journal	4/7/2007	70403	PAYROLL	-6,581.13
General Journal	4/7/2007	70403	PAYROLL	-22,314.49
Bill Pmt -Check	4/11/2007	11312	OFFICE DEPOT	-223.02
Bill Pmt -Check	4/11/2007	11313	ACWA SERVICES CORPORATION	-235.70
Bill Pmt -Check	4/11/2007	11314	MAYER HOFFMAN MC CANN P.C.	-95.00
Bill Pmt -Check	4/11/2007	11315	MCI	-927.55
Bill Pmt -Check	4/11/2007	11316	PARK PLACE COMPUTER SOLUTIONS, INC.	-4,875.00
Bill Pmt -Check	4/11/2007	11317	PREMIERE GLOBAL SERVICES	-178.65
Bill Pmt -Check	4/11/2007	11318	RICOH BUSINESS SYSTEMS-Maintenance	-42.00
Bill Pmt -Check	4/11/2007	11319	UNITED PARCEL SERVICE	-418.13
Bill Pmt -Check	4/11/2007	11320	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	4/18/2007	11321	ALL PRO PLUMBING, HEATING & AIR	-88.00
Bill Pmt -Check	4/18/2007	11322	JUAN POLLO	-140.06
Bill Pmt -Check	4/19/2007	11323	BANK OF AMERICA	-3,012.19
Bill Pmt -Check	4/19/2007	11324	BLACK & VEATCH CORPORATION	-1,390.00
Bill Pmt -Check	4/19/2007	11325	BOWCOCK, ROBERT	-250.00
Bill Pmt -Check	4/19/2007	11326	BOWMAN, JIM	-125.00
Bill Pmt -Check	4/19/2007	11327	DE BOOM, NATHAN	-375.00
Bill Pmt -Check	4/19/2007	11328	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	4/19/2007	11329	ELLISON, SCHNEIDER & HARRIS, LLP	-32,870.43
Bill Pmt -Check	4/19/2007	11330	FEENSTRA, BOB	-625.00
Bill Pmt -Check	4/19/2007	11331	HATCH AND PARENT	-108,722.84
Bill Pmt -Check	4/19/2007	11332	Hettinga, Peter	-375.00
Bill Pmt -Check	4/19/2007	11333	HUITSING, JOHN	-375.00
Bill Pmt -Check	4/19/2007	11334	INLAND EMPIRE UTILITIES AGENCY	-1,613,579.81
Bill Pmt -Check	4/19/2007	11335	KOOPMAN, GENE	-250.00
Bill Pmt -Check	4/19/2007	11336	KUHN, BOB	-125.00
Bill Pmt -Check	4/19/2007	11337	MONTE VISTA WATER DIST	-375.00
Bill Pmt -Check	4/19/2007	11338	PIERSON, JEFFREY	-1,000.00
Bill Pmt -Check	4/19/2007	11339	TOM DODSON & ASSOCIATES	-900.00
Bill Pmt -Check	4/19/2007	11340	VERIZON WIRELESS	-162.30
Bill Pmt -Check	4/19/2007	11341	WESTERN DENTAL SERVICES, INC.	-22.35
Bill Pmt -Check	4/19/2007	11342	WILDERMUTH ENVIRONMENTAL INC	-322,646.91
Bill Pmt -Check	4/19/2007	11343	WILLIS, KENNETH	-125.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
April 2007

Type	Date	Num	Name	Amount
Bill Pmt -Check	4/19/2007	11344	CALPERS	-3,058.44
Bill Pmt -Check	4/19/2007	11345	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	4/19/2007	11346	PETTY CASH	-487.21
Bill Pmt -Check	4/19/2007	11347	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	4/19/2007	11348	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	4/19/2007	11349	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	4/19/2007	11350	RICOH BUSINESS SYSTEMS-Maintenance	-1,569.61
Bill Pmt -Check	4/19/2007	11351	STAULA, MARY L	-136.61
Bill Pmt -Check	4/19/2007	11352	THREE VALLEYS MUNICIPAL WATER DIST	-15.00
Bill Pmt -Check	4/19/2007	11353	TOM DODSON & ASSOCIATES	-300.00
Bill Pmt -Check	4/19/2007	11354	WESTERN DENTAL SERVICES, INC.	-22.35
General Journal	4/21/2007	70405	PAYROLL	-6,581.13
General Journal	4/21/2007	70405	PAYROLL	-22,314.49
Bill Pmt -Check	4/30/2007	11355	A & R TIRE	-15.96
Bill Pmt -Check	4/30/2007	11356	ARROWHEAD MOUNTAIN SPRING WATER	-73.02
Bill Pmt -Check	4/30/2007	11357	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	4/30/2007	11358	DIRECTV	-74.98
Bill Pmt -Check	4/30/2007	11359	MARK IV COMMUNICATIONS, INC.	-175.00
Bill Pmt -Check	4/30/2007	11360	OFFICE DEPOT	-399.99
Bill Pmt -Check	4/30/2007	11361	PETTY CASH	-309.88
Bill Pmt -Check	4/30/2007	11362	RAUCH COMMUNICATION CONSULTANTS, LLC	-7,198.50
Bill Pmt -Check	4/30/2007	11363	SPRINT	-293.84
Bill Pmt -Check	4/30/2007	11364	STANDARD INSURANCE CO.	-565.63
Bill Pmt -Check	4/30/2007	11365	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	4/30/2007	11366	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	4/30/2007	11367	VISION SERVICE PLAN	-36.11
Bill Pmt -Check	4/30/2007	11368	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	4/30/2007	11369	GLENN LUKOS ASSOCIATES	-1,668.00
				-2,235,570.85

Apr 07

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH MARCH 31, 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			7,800,290		123,212				7,923,502	\$7,308,205
Interest Revenue			158,855	12,629	5,938			67	177,489	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	7,959,145	12,629	129,150	-	-	67	8,100,991	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	679,859								679,859	601,598
Watermaster Board-Advisory Committee	37,124								37,124	52,123
Pool Administration			16,646	64,099	5,033				85,778	118,245
Optimum Basin Mgmt Administration		1,718,754							1,718,754	1,855,795
OBMP Project Costs		3,309,816							3,309,816	5,089,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	726,983	5,028,570	16,646	64,099	5,033	-	-	375	5,841,706	7,722,405
Net Administrative/OBMP Income	(726,983)	(5,028,570)								
Allocate Net Admin Income To Pools	726,983		560,497	152,844	13,642				-	0
Allocate Net OBMP Income To Pools		5,028,570	3,876,977	1,057,227	94,366				-	0
Agricultural Expense Transfer			1,258,915	(1,258,915)					-	0
Total Expenses	5,713,035	15,255	113,041	-	-	375	5,841,706	7,722,405		
Net Administrative Income			2,246,110	(2,626)	16,109		(308)		2,259,285	(139,700)
Other Income/(Expense)										
Replenishment Water Purchases						2,690,983			2,690,983	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(3,238,515)			(3,238,515)	0
Net Other Income						(547,532)			(547,532)	0
Net Transfers To/(From) Reserves			2,246,110	(2,626)	16,109	(547,532)		(308)	1,711,753	(139,700)
Working Capital, July 1, 2006			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
Working Capital, End Of Period			6,685,267	467,935	203,093	592,083	158,251	1,634	8,108,263	
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
MARCH 1 THROUGH MARCH 31, 2007**

DEPOSITORIES:

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	2,788,114		
Zero Balance Account - Payroll		-		2,788,114
Vineyard Bank CD - Agricultural Pool				434,046
Local Agency Investment Fund - Sacramento				5,658,868
TOTAL CASH IN BANKS AND ON HAND				\$ 8,881,528
TOTAL CASH IN BANKS AND ON HAND				5,471,660
	3/31/2007			
	2/28/2007			
PERIOD INCREASE (DECREASE)				\$ 3,409,868

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable			\$	(382,198)
Assessments Receivable				(1,119,740)
Prepaid Expenses, Deposits & Other Current Assets				164,075
(Decrease)/Increase in Liabilities: Accounts Payable				1,722,026
Accrued Payroll, Payroll Taxes & Other Current Liabilities				7,963
Transfer to/(from) Reserves				3,017,742
PERIOD INCREASE (DECREASE)				\$ 3,409,868

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Govt'I Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 2/28/2007	\$ 500	\$ (291,477)	\$ (28,941)	\$ 432,710	\$ 5,358,868	\$ 5,471,660
Deposits	-	4,068,953	-	1,336	-	4,070,289
Transfers	-	(387,710)	87,710	-	300,000	-
Withdrawals/Checks	-	(601,652)	(58,769)	-	-	(660,421)
Balances as of 3/31/2007	\$ 500	\$ 2,788,114	\$ -	\$ 434,046	\$ 5,658,868	\$ 8,881,528
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 3,079,591	\$ 28,941	\$ 1,336	\$ 300,000	\$ 3,409,868

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
MARCH 1 THROUGH MARCH 31, 2007**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
3/6/2007	Withdrawal	L.A.I.F.	\$ (1,200,000)				
3/29/2007	Deposit	L.A.I.F.	\$ 1,500,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 300,000	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 5.17% was the effective yield rate at the Quarter ended March 31, 2007

**INVESTMENT STATUS
March 31, 2007**

<u>Financial Institution</u>	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 5,658,868			
TOTAL INVESTMENTS	\$ 5,658,868			

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 - Mar 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%
4110 · Admin Asmnts-Approp Pool	7,800,290	7,227,619	572,671	107.92%
4120 · Admin Asmnts-Non-Agri Pool	123,212	80,586	42,626	152.9%
4700 · Non Operating Revenues	177,489	136,500	40,989	130.03%
Total Income	8,100,991	7,582,705	518,286	106.84%
Gross Profit	8,100,991	7,582,705	518,286	106.84%
Expense				
6010 · Salary Costs	530,929	447,037	83,892	118.77%
6020 · Office Building Expense	82,497	102,000	-19,503	80.88%
6030 · Office Supplies & Equip.	27,744	45,000	-17,256	61.65%
6040 · Postage & Printing Costs	68,452	78,500	-10,048	87.2%
6050 · Information Services	100,487	112,500	-12,013	89.32%
6060 · Contract Services	99,038	131,000	-31,962	75.6%
6080 · Insurance	15,108	25,210	-10,102	59.93%
6110 · Dues and Subscriptions	14,782	16,750	-1,968	88.25%
6140 · WM Admin Expenses	2,367	6,500	-4,133	36.41%
6150 · Field Supplies	872	4,000	-3,128	21.81%
6170 · Travel & Transportation	19,090	19,350	-260	98.66%
6190 · Conferences & Seminars	24,388	22,500	1,888	108.39%
6200 · Advisory Comm - WM Board	10,846	15,168	-4,322	71.5%
6300 · Watermaster Board Expenses	26,279	36,955	-10,676	71.11%
8300 · Appr PI-WM & Pool Admin	16,646	15,918	728	104.58%
8400 · Agri Pool-WM & Pool Admin	15,255	18,633	-3,378	81.87%
8467 · Agri-Pool Legal Services	40,694	65,000	-24,306	62.61%
8470 · Ag Meeting Attend -Special	8,150	12,000	-3,850	67.92%
8500 · Non-Ag PI-WM & Pool Admin	5,033	6,694	-1,661	75.19%
6500 · Education Funds Use Expens	375	375		100.0%
9500 · Allocated G&A Expenditures	-305,897	-408,749	102,852	74.84%
Subtotal G&A Expenditures	803,136	772,341	30,795	103.99%
6900 · Optimum Basin Mgmt Plan	1,604,558	1,713,780	-109,222	93.63%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	114,196	142,015	-27,819	80.41%
Subtotal OBMP Expenditures	1,728,754	1,860,795	-132,041	92.9%
7101 · Production Monitoring	69,410	61,565	7,845	112.74%
7102 · In-line Meter Installation	25,004	64,904	-39,900	38.53%
7103 · Grdwtr Quality Monitoring	109,775	149,713	-39,938	73.32%
7104 · Gdwtr Level Monitoring	134,923	191,953	-57,030	70.29%
7105 · Sur Wtr Qual Monitoring	4,515	32,247	-27,732	14.0%
7107 · Ground Level Monitoring	93,170	160,984	-67,814	57.88%
7108 · Hydraulic Control Monitoring	194,603	268,258	-73,655	72.54%
7109 · Recharge & Well Monitoring Prog	46,465	146,350	-99,885	31.75%
7200 · PE2- Comp Recharge Pgm	746,818	1,472,997	-726,179	50.7%
7300 · PE3&5-Water Supply/Desalte	2,016	4,676	-2,660	43.11%
7400 · PE4- Mgmt Plan	142,217	578,762	-436,545	24.57%

	<u>Jul '06 - Mar 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7500 · PE6&7-CoopEfforts/SaltMgmt	174,972	310,507	-135,535	56.35%
7600 · PE8&9-StorageMgmt/Conj Use	15,813	6,698	9,115	236.09%
7690 · Recharge Improvement Debt Pymt	1,358,415	1,358,000	415	100.03%
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	191,701	266,734	-75,033	71.87%
	<u>3,309,816</u>	<u>5,089,269</u>	<u>-1,779,453</u>	<u>65.04%</u>
Total Expense	<u>5,841,707</u>	<u>7,722,405</u>	<u>-1,880,698</u>	<u>75.65%</u>
Net Ordinary Income	<u>2,259,284</u>	<u>-139,700</u>	<u>2,398,984</u>	<u>-1,617.24%</u>
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	2,683,974	0	2,683,974	100.0%
4220 · Non-Ag Pool-Replenishment	7,009	0	7,009	100.0%
Total Other Income	<u>2,690,983</u>	<u>0</u>	<u>2,690,983</u>	<u>100.0%</u>
Other Expense				
5010 · Groundwater Replenishment	3,238,515			
9999 · To/(From) Reserves	1,711,753	-139,700	1,851,453	-1,225.31%
Total Other Expense	<u>4,950,267</u>	<u>-139,700</u>	<u>5,089,967</u>	<u>-3,543.5%</u>
Net Other Income	<u>-2,259,284</u>	<u>139,700</u>	<u>-2,398,984</u>	<u>-1,617.24%</u>
Net Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>



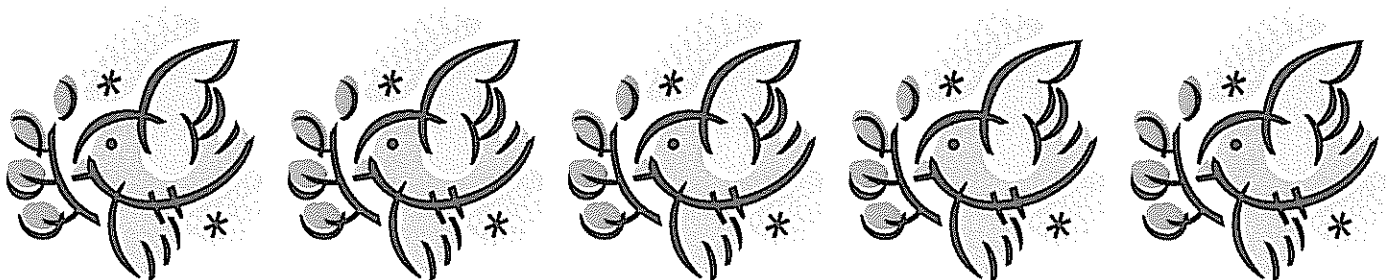
CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 500 acre-feet of water from West Valley Water District's storage account to Monte Vista Water District. This lease is made first from WVWD's net underproduction, if any, in Fiscal Year 2006-07, with any remainder to be recaptured from storage. Date of application: October 31, 2006

2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the Nicholson Trust water in storage in the amount of 0.720 acre-feet, and annual production right in the amount of 6.974 acre-feet





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: Monte Vista Water District (MVWD) lease of West Valley Water District (WVWD) water production rights in the Chino Basin for fiscal year 2006/07

SUMMARY

Issue –

Recommendation – Watermaster approve MVWD application dated October 31, 2006 that transfers 500 acre-ft of WVWD production rights for fiscal year 2006/07, provided that Watermaster continue its current practice of prioritizing supplemental water recharge in Management Zone 1, pursuant to the recommendation made in Wildermuth Environmental Inc.'s April 4, 2007 analysis of material physical injury for this proposed transfer.

Fiscal Impact –

BACKGROUND

See the attached report by Wildermuth Environmental, Inc regarding *Material physical injury analysis – Monte Vista Water District (MVWD) lease of West Valley Water District (WVWD) water production rights in the Chino Basin for fiscal year 2006/07*, dated December 7, 2006.

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

December 8, 2006

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **October 31, 2006** Date of this notice: **December 8, 2006**

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

- A. Notice of Sale or Transfer –The lease and/or purchase of 500 acre-feet of water from West Valley Water District’s storage account to Monte Vista Water District. This lease is made first from WVWD’s net underproduction, if any, in Fiscal Year 2006-07, 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:	December 14, 2006
Non-Agricultural Pool:	December 14, 2006
Agricultural Pool:	December 19, 2006

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: December 8, 2006

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

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April 4, 2007

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

Subject: Material physical injury analysis – Monte Vista Water District (MVWD) lease of West Valley Water District (WVWD) water production rights in the Chino Basin for fiscal year 2006/07

Dear Mr. Manning:

Per your direction, Wildermuth Environmental, Inc. (WEI) has prepared an assessment of material physical injury for the above referenced transfer of production rights pursuant to the Peace Agreement and Watermaster's Rules and Regulations. Our analysis is presented below. It is sequentially organized to provide a summary of the transfer request, Watermaster review process for transfers pursuant the Peace Agreement and Watermaster Rules and Regulations, background and existing Management Zone I conditions, and analysis of the actual transfer request.

As discussed in more detail within the balance of this report, the results of this analysis indicate that the proposed transfer of 500 acre-ft in production rights between MVWD and WVWD will not result in any new subsidence or material physical injury.

Transfer Summary

On October 31, 2006, the MVWD submitted an Application to Recapture Water in Storage to Watermaster. Attached to this application was an Application for the Sale or Transfer of Right to Produce Water from Storage, dated September 12, 2006. In the latter application, the transferring party is the WVWD and the receiving party is the MVWD. In the October 31, 2006 MVWD transmittal letter that accompanied these applications to Watermaster, the description of the proposed and complete transaction is:

“This letter is to notify Watermaster of the lease and/or purchase of 500 acre-ft of water from West Valley Water District's storage account. This lease is made first from WVWD's net under production, if any, in Fiscal 2006-07, with any remainder to be recaptured from storage.

This lease/transfer will be utilized by the District to offset a portion of its projected Fiscal Year 2006-07 replenishment obligation within the Chino Basin. Attached is an executed application for lease or transfer of a right to produce water from storage and a recapture plan for consideration by Watermaster.”

Per MVWD's recapture plan, the transfer will be utilized to offset over-production associated with groundwater deliveries to its retail customers, to the city of Chino Hills and from MVWD's participation in Metropolitan Water District of Southern California's Dry-Year Storage Account in-lieu delivery program. Under the Dry-Year program, “in-lieu” of actual groundwater production, MVWD “exchanges”

groundwater production rights with Metropolitan for an equivalent amount of water on the surface for treatment and distribution. While not actually produced, groundwater exchanged under this program is considered production for the purpose of determining Watermaster assessments and MVWD production in excess of annual production rights.

Watermaster Review Process.

The Peace Agreement provides a process for the review of all proposed transfers (see Section 5.3 Transfers, pages 31 through 32). The following citations are relevant to this review.

“Section 5.3 (a) Watermaster will ensure that any party to the judgment may Transfer water in a manner that is consistent with this Agreement, the OBMP and the law. Watermaster shall not approve a Transfer if it is inconsistent with the terms of the Agreement or will cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Transfer of water shall be fully and reasonably mitigated as a condition of approval. In the event that the Material Physical Injury cannot be fully and reasonably mitigated, the request for Transfer must be denied.”

“Section 5.3 (b)(ii) Watermaster shall approve the Transfer of water as provided in the Judgment so long as the individual Transfer does not result in any Material Physical Injury to any party or the Basin. Watermaster may approve a proposed Transfer with conditions that fully and reasonably mitigate any threatened or potential Material Physical Injury;”

The Watermaster Rules and Regulations essentially restate these requirements with one important exception.

“Section 9.3 Integrated Watermaster Review. In reviewing Transfers under these Rules and Regulations, Watermaster shall exercise reasonable discretion. Watermaster shall review each proposed Transfer based upon the record before it and considering the potential impacts of the proposed Transfer alone. However, Watermaster shall also consider the cumulative impacts of Transfers generally when carrying out its responsibilities to implement the OBMP and recharge and monitoring programs authorized by these Rules and Regulations and the Judgment.”

Accordingly, review of transfer requests must consider the potential cumulative impacts that may affect Watermaster’s responsibilities under the Peace Agreement, its Rules and Regulations and the Judgment.

The primary material physical injury concern regarding this transfer is subsidence; specifically, subsidence that could occur as a result of this transfer or the cumulative impact of similar transfers if this transfer is used as a precedent to allow other transfers. Figure 1 shows the areas of subsidence in MZ-1. Inelastic subsidence in the southern portion of MZ-1 (MZ-1 Managed Area) appears to have been eliminated, based on Watermaster’s ground-level monitoring programs, and it is likely that inelastic subsidence will not significantly occur in the future if the Watermaster-proposed long-term management plan is implemented.

MZ-1 Background Conditions

This section contains a description of historical groundwater pumping, recharge, groundwater levels and subsidence in MZ-1 for the period that includes fiscal year 1992/93 through 2005/06. This period was chosen because it contains the most reliable combination of groundwater level and subsidence information.

Groundwater Pumping. Table 1 lists the annual groundwater pumping estimates in MZ-1 from fiscal year 1992/93 through 2005/06, a 14-year period. The Peace Agreement became effective in fiscal 2000/01. Table 1 therefore includes statistics to characterize the Peace Agreement period separate and apart from the pre-Peace Agreement period. This table shows that groundwater pumping in MZ-1 during the six-year period of fiscal year 2000/01 through 2005/06 ranged from a minimum of about 40,500 acre-ft/yr to a maximum of about 55,100 acre-ft/yr, totaled about 295,000 acre-ft, and averaged about 49,200 acre-ft/yr.

For the prior eight-year period of fiscal year 1992/93 through 1999/00, groundwater pumping in MZ-1 ranged from a minimum of about 40,500 acre-ft/yr to a maximum of about 54,700 acre-ft/yr, totaled about 393,900 acre-ft, and averaged about 49,200 acre-ft/yr.

The average annual pumping and the maximum and minimum years' pumping are almost identical between the two periods. Pumping by Pomona, MVWD, and the California Institution for Men (CIM) has increased since the Peace Agreement has been in effect. Pumping by Upland, Chino, Chino Hills, Ontario, the San Antonio Water Company, the Golden State Water Company, and the aggregate of all other pumpers has decreased. That said the pumping by Pomona, MVWD and Chino Hills has dropped dramatically in the last three years of the Peace Agreement period, 2003/04 through 2005/06, as these agencies have been participating in in-lieu recharge for the Dry Year Yield (DYY) program.

Groundwater Recharge. Table 2 lists the annual recharge estimates in MZ-1 from fiscal year 1992/93 through October 2006. As in the case of Table 1, Table 2 includes statistics that characterize the Peace Agreement period separate and apart from the pre-Peace Agreement period. This table shows that the wet-water recharge of imported water during the six-year period of fiscal year 2000/01 through 2005/06 ranged from a minimum of about 3,600 acre-ft/yr to a maximum of about 18,900 acre-ft/yr, totaled about 49,900 acre-ft, and averaged about 8,300 acre-ft/yr.

The storm water recharge estimates are incomplete, but, based on partial estimates for the Montclair and Brooks Street Basins from fiscal year 2000/01 through 2002/03, contained in the 2004 State of the Basin Report, and estimates prepared by Watermaster staff for fiscal year 2004/05 and 2005/06, the storm water recharge during the six-year period of Fiscal 2000/01 through 2005/06 ranged from a minimum of about 900 acre-ft/yr to a maximum of about 6,700 acre-ft/yr, totaled about 16,000 acre-ft, and averaged about 3,900 acre-ft/yr. Total stormwater recharge was actually greater.

During the three-year period of fiscal year 2003/04 through 2005/06, the in-lieu recharge of the MZ-1 Appropriators through the DYY program ranged from a minimum of about 9,000 acre-ft/yr to a maximum of about 20,600 acre-ft/yr, totaled about 43,200 acre-ft, and averaged about 14,400 acre-ft/yr. During this three-year period MVWD was responsible for 19,765 acre-ft, or nearly forty-six percent of the in-lieu recharge occurring in MZ-1. There was no in-lieu recharge in MZ-1 for the period 2000/01 through 2002/03.

In total, about 109,000 acre-ft of artificial recharge has occurred in MZ-1 since the Peace Agreement became effective. Of this recharge, about 60 percent is from wet-water recharge and about 40 percent is from in-lieu means. All in-lieu recharge has occurred in the last three years of the six-year period.

Groundwater Levels. Figure 2 displays the groundwater level time histories for three key wells in Watermaster's MZ-1 monitoring program: CH-19, C-10, P-11, and MV-10.

CH-19 is a deep well located in the MZ-1 Managed Area (perforated from 340-1,000 ft-bgs). Water levels in CH-19 have fluctuated by more than 300 feet (to depths of over 400 ft-bgs) due to pumping at the well and/or nearby deep wells. Since the implementation of the MZ-1 Interim Management Program in 2002, water levels have recovered at CH-19 to depths of less than 125 ft-bgs largely due to decreased pumping from the deep aquifer within the MZ-1 Managed Area.

C-10 is a deep well located just northeast of Central MZ-1 (perforated from 355-1,090 ft-bgs). Non-pumping water levels in C-10 have fluctuated by no more than 50 feet (between depths of 270 to 320 ft-bgs). Since 2000, water levels have been relatively stable at C-10.

P-11 is a well located just northwest of Central MZ-1 (perforated from 168-550 ft-bgs). Non-pumping water levels in P-11 have fluctuated by no more than 55 feet (between depths of 270 to 325 ft-bgs). From 1994 to about 2005, water levels at P-11 generally declined from about 270 ft-bgs to about 325 ft-bgs. Since 2005 water levels at P-11 have increased to about 280 ft-bgs.

MV-10 is a well located about two miles north of Central MZ-1 (perforated from 520-1,084 ft-bgs). From 1993 to 2004, non-pumping water levels in MV-10 fluctuated by about 65 feet (between 455 to 520 ft-bgs). From early 2004 to mid-2006, water levels have steadily increased at MV-10 by about 100 feet (from 500 to 400 ft-bgs).

Subsidence. Land subsidence has been measured in MZ-1 since the early 1990s via conventional ground level surveys. A subset of these data is displayed in Figure 2 (a benchmark in the MZ-1 Managed Area [BM-137/53 at the intersection of Schaefer and Central Avenues] and a benchmark in Central MZ-1 [BM-125/49 at the intersection of Walnut and Monte Vista Avenues]). Since 1993, subsidence has occurred in a similar pattern at both benchmarks: rapid subsidence in the early 1990s followed by a gradual slowing of subsidence from 1995-2005. Then, during the spring 2005 to spring 2006 period, both benchmarks recorded a slight rebound of the land surface. The rebound in the MZ-1 Managed Area is closely tied to the recovery of groundwater levels in the deep aquifer (as evidenced by CH-19 in Figure 2), which is due to decreased pumping from the deep aquifer. This conclusion is supported by the data that was collected and analyzed as part of the MZ-1 Interim Management Program.

The causes of rebound in Central MZ-1 are not as well understood due to the lack of a comprehensive land subsidence monitoring program in that area. This rebound does however appear to coincide with the resumption of wet-water recharge in MZ-1 since the Peace Agreement (with significant increases occurring in 2003/04 through 2005/06), with decreases in production associated with MZ-1 producers participation in in-lieu recharge through the Metropolitan DYY program, and with general water level recovery throughout MZ-1.

Summary of Groundwater Conditions in MZ1. Figure 2 shows the time history of recharge for fiscal years 1992/93 through 2005/06 in comparison to groundwater pumping in MZ-1, groundwater levels at four wells in MZ-1, and ground levels at two permanent benchmarks in MZ-1. This chart was prepared to

compare these time histories and to see the temporal relationship among pumping, recharge, groundwater levels, and ground levels. The following observations can be made:

- Groundwater pumping in MZ-1 in aggregate during the Peace Agreement period is about equal to the pre-Peace Agreement period, although internal pumping by some entities has increased and by others has decreased. Groundwater pumping in aggregate has declined significantly over the last three years of the Peace Agreement period.
- Recharge in MZ-1 in aggregate during the Peace Agreement period has increased about 400 percent over the pre-Peace Agreement period through both wet-water and in-lieu means. Most of this increase has occurred during the last three years of the Peace Agreement period.
- Groundwater levels in the deep aquifer in the MZ-1 Managed Area have increased dramatically during the Peace Agreement period with most of this increase occurring in the last three years of the Peace Agreement period. Groundwater level data in Central MZ-1 is scarce due to a lack of wells in this area. But in the Pomona well field directly to the northwest of Central MZ-1, water levels have recovered by about 45 ft over the last two years. In the Chino area directly to the north-northeast of Central MZ-1, water levels have remained relatively constant for the past six years. In the northern portions of MZ-1, water levels have recovered by as much as 100 feet over the last two years.
- The rate of subsidence has decreased over time. Sometime in early 2005, there was a change in curvature in the ground level time histories, indicating a reversal in subsidence (rebound) of the ground surface. This correlates temporally to the in-lieu recharge in the period 2003/04 to 2005/06; a large wet-water replenishment year in 2005/06; and a reduction in pumping by Chino Hills, MVWD, and Pomona.

Analysis of the Transfer for Material Physical Injury

The primary material physical injury concern regarding this transfer is subsidence; specifically, subsidence that could occur as a result of this transfer or the cumulative impact of similar transfers if this transfer is used as a precedent to allow other transfers.

Figure 1 shows the areas of subsidence in MZ-1. Subsidence in the southern portion of MZ-1 (MZ-1 Managed Area) appears to have been eliminated, based on Watermaster's ground-level monitoring programs, and it is likely that subsidence will not significantly occur in the future if the Watermaster-proposed management plan is implemented.

Subsidence in the central portion of MZ-1 (Central MZ-1) appears to have occurred in the recent past and, as described above, may have temporarily abated. Allowing transfers of un-pumped water from another Appropriator pumper in Management Zone 2 or 3 (MZ-2 or MZ-3) could result in lowering the recharge relative to pumping in MZ-1, which could subsequently result in lower groundwater levels, and may restart subsidence in Central MZ-1. The reconnaissance-level analysis presented below is an attempt to characterize the likelihood of this transfer reactivating subsidence in Central MZ-1.

Given the above description of groundwater conditions in MZ-1 and the current state of subsidence, WEI evaluated the potential for material physical injury for the proposed transfer under two future operational scenarios:

- Pumping and recharge activities in 2006/07 would be similar to the last three years.

- Pumping and recharge activities during a DYY take period.

Pumping and Recharge Activities in 2006/07 Similar to Last Three Years. Under this scenario, there would be a continuation of the recent status quo with the exception that Watermaster replenishment in 2006/07 would be 500 acre-ft less in MZ-2 and/or MZ-3. The DYY storage account is about half full, and it was assumed that the continuation of in-lieu recharge will occur at a comparable rate for the next three years. It was also assumed that there will be replenishment water available, and Watermaster will, as is its current practice, prioritize the use of recharge basins in MZ-1 for replenishment during the next three years. There will be no new subsidence in MZ-1 from this transfer if the rate of recharge is maintained in MZ-1 and the reduction in wet-water recharge that occurs because of this transfer happens in either MZ-2 and/or MZ-3.

Pumping and Recharge Activities during a DYY Take Period. Under this scenario, the DYY parties would reduce their collective demand from Metropolitan for direct deliveries to their treatment plants, and there would be no replenishment water available for Watermaster. The maximum required shift from imported water to groundwater by MZ-1 Appropriators is 14,263 acre-ft/yr (City of Chino – 1,159 acre-ft/yr; City of Chino Hills – 1,148 acre-ft/yr; City of Ontario – 8,076 acre-ft/yr of which about 2,692 acre-ft/yr will be produced from MZ-1; City of Pomona – 2,000 acre-ft/yr; City of Upland – 3,001 acre-ft/yr; and MVWD – 3,963 acre-ft/yr). For a three-year period, this would total 42,789 acre-ft. In application, the total MZ-1 requirement during any take period will not exceed 42.8 percent of the water stored in Metropolitan's DYY storage account. As of June 30, 2006, about 85 percent of the 54,000 acre-ft in Metropolitan's DYY storage account had been recharged in MZ-1. If the current practice of filling the DYY account continues, there will be a net increase in storage in MZ-1 of about 42,000 acre-ft at the end of each 100,000 acre-ft put and take cycle.

In our professional opinion, there will likely be some subsidence resulting from the DYY program take and that the additional subsidence from a one-time reduction of wet-water recharge of 500 acre-ft in MZ-1 during fiscal 2006/07 would be negligible; even if Metropolitan makes a call on its DYY for the subsequent year. This additional negligible subsidence would not cause a material physical injury.

Conclusions and Recommendations

It is our professional opinion that the proposed transfer, given the reasonable expectation of Watermaster's continued practice of prioritizing replenishment and DYY recharge to MZ-1, will not result in new subsidence and or any other material physical injury. This opinion pertains only to the proposed transfer discussed herein and does not extend to other similar transfers in the future. Should Metropolitan make a call on its DYY account in 2006/07 or later, this transfer could cause a negligible amount of subsidence; however, this subsidence will not result in a material physical injury.

As mentioned above in the section entitled *Subsidence*, the precise cause(s) of subsidence in Central MZ-1 are not entirely understood, and the relative contributions of recharge and local pumping to subsidence have not been estimated. While this transfer does not result in material physical injury, it should not be considered precedence for the approval of future transfers. We are concerned that a future proliferation of transfers of unused production rights and water in storage from MZ-2 and MZ-3 into MZ-1 will erode the recent progress in controlling subsidence in Central MZ-1. We recommend that, until the science is done to understand the causes of subsidence in Central MZ-1, Watermaster, with the exception of the proposed transfer discussed herein, exercise restraint in approving future transfers into MZ-1.

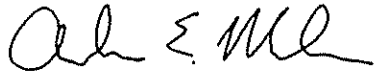
We appreciate the opportunity to serve the Watermaster and the Parties to the Judgment. Please call me if you have any questions or need additional information.

Very truly yours,

Wildermuth Environmental, Inc.



Mark J. Wildermuth, PE
President
Wildermuth Environmental, Inc.



Andrew E. Malone
Associate
Wildermuth Environmental, Inc.

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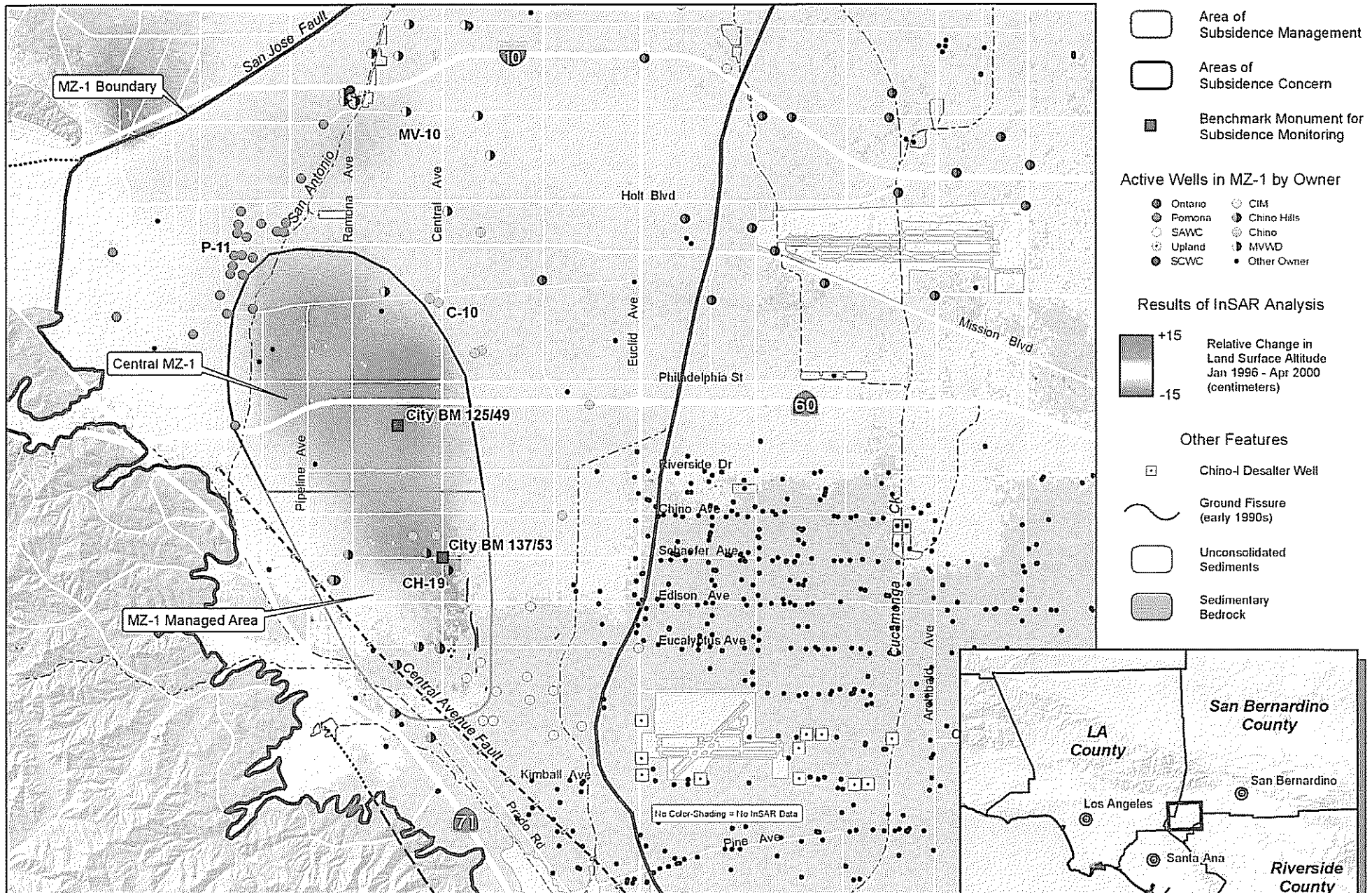
Table 1
Production in Management Zone 1 from Fiscal Year 1992/93 to the Present
(acre-ft)

Year	MZ-1 Pumpers										Total
	Upland	Pomona	MVWD	Chino	Chino Hills	Ontario	CIM	San Antonio Water Company	Golden State Water Company	All Others	
1992/93	2,373	8,736	5,901	5,940	3,668	6,119	3,112	1,061	367	6,357	43,633
1993/94	2,182	10,052	5,788	4,130	3,710	4,591	3,629	740	199	5,483	40,505
1994/95	3,010	12,861	7,134	6,947	3,692	4,417	2,949	0	251	7,828	49,089
1995/96	2,490	16,517	6,167	9,145	4,128	5,799	3,274	0	306	5,596	53,421
1996/97	1,887	16,732	9,126	9,526	2,245	5,706	2,733	24	576	6,095	54,650
1997/98	1,924	14,124	6,829	7,574	2,909	5,718	2,660	0	380	3,902	46,020
1998/99	2,276	16,564	8,624	9,097	4,362	4,628	2,298	0	243	4,342	52,433
1999/00	1,731	18,966	9,313	8,438	4,264	4,588	2,531	10	482	3,853	54,176
2000/01	2,577	17,453	10,505	6,506	4,239	4,755	3,317	0	372	3,335	53,059
2001/02	2,390	17,666	13,405	5,526	3,605	4,836	3,883	0	225	3,548	55,084
2002/03	1,783	17,571	13,330	5,291	2,031	3,736	3,403	0	260	3,221	50,625
2003/04	1,929	16,110	13,056	5,381	2,416	1,263	3,974	0	171	3,356	47,657
2004/05	1,674	15,981	10,299	5,453	2,477	4,505	4,449	0	216	3,085	48,139
2005/06	1,394	9,763	8,585	5,084	852	5,589	6,384	0	438	2,378	40,467
Totals through 1999/00	17,872	114,552	58,882	60,797	28,977	41,567	23,185	1,835	2,803	43,456	393,926
Average through 1999/00	2,234	14,319	7,360	7,600	3,622	5,196	2,898	229	350	5,432	49,241
Totals 2000/01 through 2005/06	11,745	94,544	69,180	33,242	15,620	24,684	25,411	0	1,682	18,923	295,032
Average 2000/01 through 2005/06	1,958	15,757	11,530	5,540	2,603	4,114	4,235	0	280	3,154	49,172

Table 2
Recharge in Management Zone 1 from Fiscal Year 1992/93 to the Present
 (acre-ft)

Year	Wet-Water Recharge ¹					Cyclic, Mini Conjunctive Use, In Lieu Exchange for Replenishment, and DYY In Lieu Deliveries ^{1,2}						Total Less Storm Water and Local Runoff	Total	
	6,500 AFY Peace Agreement Obligation	Replenishment	Cyclic	DYY	Storm Water and Local Runoff ³	Subtotal	Upland	Pomona	MWWD	Chino	Chino Hills			Subtotal
1992/93	0	6,444	945	0	0	7,389	936	1,593	289	356	189	3,363	10,752	10,752
1993/94	0	4,886	5,467	0	0	10,353	3,696	6,361	0	0	0	10,057	20,410	20,410
1994/95	0	716	0	0	0	716	0	1,051	0	0	0	1,051	1,767	1,767
1995/96	0	0	0	0	0	0	1,487	0	1,697	0	285	3,469	3,469	3,469
1996/97	0	17	0	0	0	17	0	0	0	0	0	0	17	17
1997/98	0	8,323	0	0	0	8,323	1,252	1,841	1,146	0	0	4,239	12,562	12,562
1998/99	0	3,032	0	0	0	3,032	0	0	0	0	0	0	3,032	3,032
1999/00	0	214	1,001	0	0	1,215	0	0	0	0	0	0	1,215	1,215
2000/01	6,530	0	0	0	2,890	9,420	0	0	0	0	0	0	6,530	9,420
2001/02	6,500	0	0	0	877	7,377	0	0	0	0	0	0	6,500	7,377
2002/03	6,499	0	0	0	2,004	8,503	0	0	0	0	0	0	6,499	8,503
2003/04	3,558	0	0	0	0	3,558	0	0	4,215	3,265	1,500	8,980	12,538	12,538
2004/05	7,887	0	0	0	6,735	14,622	2,012	0	7,050	1,892	2,669	13,623	21,510	28,245
2005/06	1,526	17,397	0	0	3,413	22,336	3,001	4,084	8,500	1,500	3,550	20,635	39,558	42,971
Totals through 1999/00	0	23,632	7,413	0	0	31,045	7,371	10,846	3,132	356	474	22,179	53,224	53,224
Average through 1999/00	0	2,954	927	0	na	3,881	921	1,356	447	45	59	2,772	6,653	6,653
Totals 2000/01 through 2005/06	32,500	17,397	0	0	15,919	65,816	5,013	4,084	19,765	6,657	7,719	43,238	93,135	109,054
Average 2000/01 through 2005/06	5,417	2,900	0	0	3,184	10,969	1,671	1,361	6,588	2,219	2,573	14,413	24,535	27,918

1 -- Replenishment and DYY wet water recharge based on, in order of priority, MWDCS purchases from Danni Maurizio, Annual Report Appendices, Annual Recharge plans actuals report
 2 -- DYY started in 2003/04. DYY In-Lieu Recharge from Danni Maurizio; average is for three-year DYY period 2003/4 through 2005/06.
 3 -- From 2004 State of the Basin Report Table 6-1 and from 2004/05 afterwards from Gordon Treweek. Records are incomplete prior to 2004/05 and actual recharge is significantly larger.

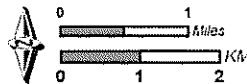


Subsidence Area in MZ-1

Figure 1



Chino Basin OBMP
 Watermaster Staff Report



Author: AEM
 Date: 20061206
 File: Figure_1_mxd

Produced by:
 WILDERMUTH ENVIRONMENTAL INC.

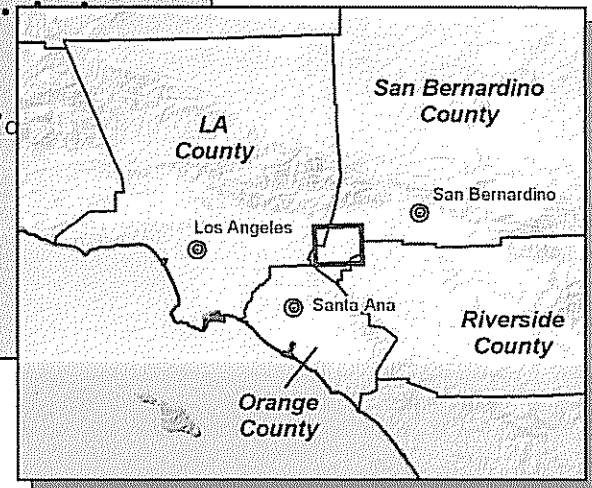
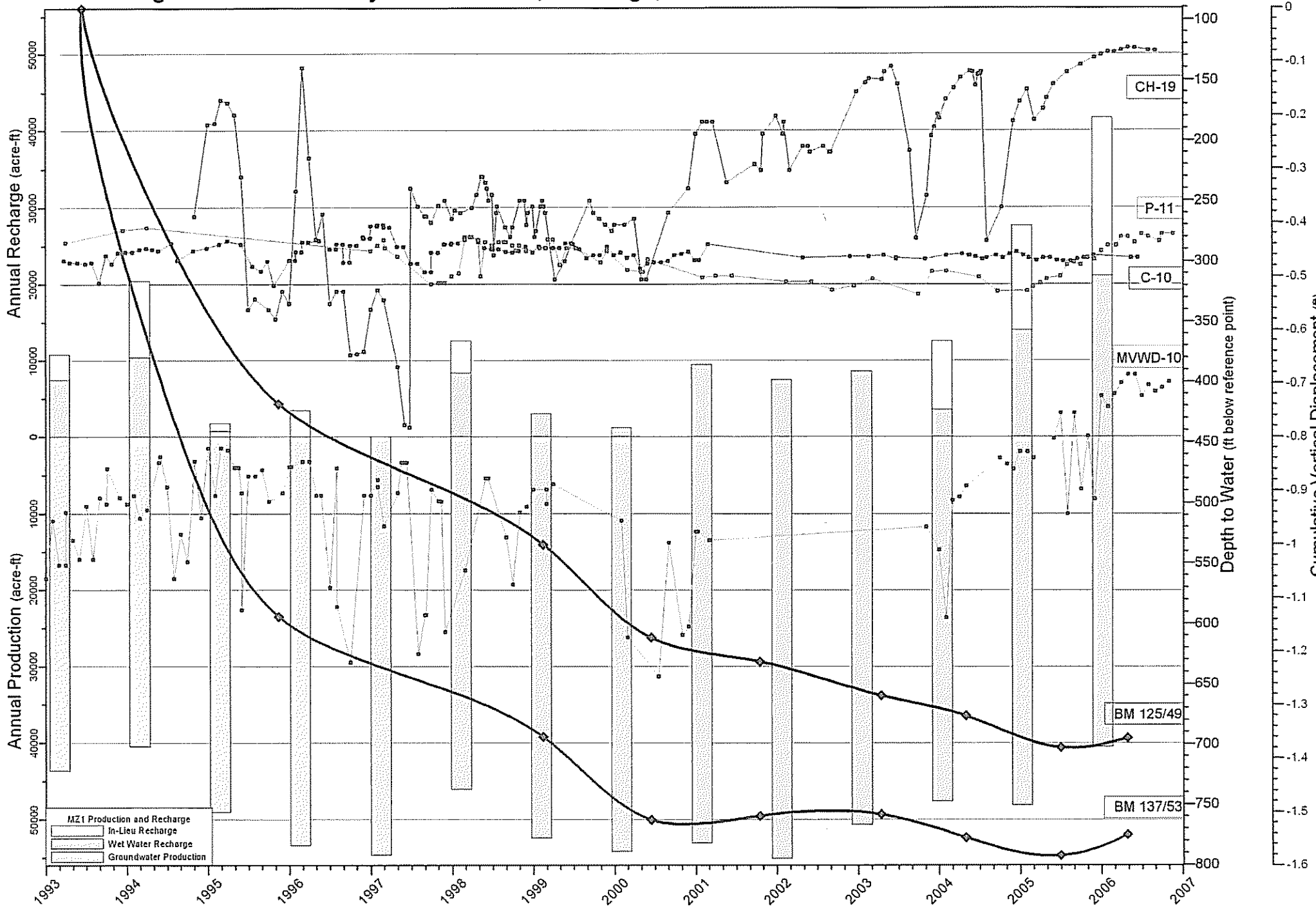


Figure 2 - Time History of Production, Recharge, Groundwater Levels, and Ground Levels in MZ-1





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: December 8, 2006
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – The lease and/or purchase of 500 acre-feet from West Valley Water District's storage account to Monte Vista Water District. The lease is made first from WVWD's net underproduction, if any, in Fiscal Year 2006-07, 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. Watermaster approve the transaction, provided that Watermaster continue its current practice of prioritizing supplemental water recharge in Management Zone 1, pursuant to the recommendation made in Wildermuth Environmental Inc.'s December 7, 2006 analysis of material physical injury for this proposed transfer.

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – The lease and/or purchase of 500 acre-feet from West Valley Water District's storage account to Monte Vista Water District. The lease is made first from WVWD's net underproduction, if any, in Fiscal Year 2006-07, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on December 8, 2006 along with the materials submitted by the requestors.

DISCUSSION

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Watermaster pursuant to the Peace Agreement and the Rules & Regulations. Wildermuth Environmental conducted an analysis if material physical injury for the proposed transfer and that analysis is reported on in the attached report. The report states that the proposed transfer will not result in new subsidence or any other material physical injury, provided that Watermaster continue its current practice of prioritizing supplemental water recharge in Management Zone 1. This opinion pertains only to this proposed transfer and does not extend to other similar transfers in the future.



RECEIVED

LOT 81 4000

CHINO BASIN WATERMASTER

10575 Central Avenue
Montclair, California 91763

Telephone (909) 624-0035
Fax (909) 624-0037

TO: Ken Manning		FROM: Mark Kinsey	
COMPANY/AGENCY: Chino Basin Watermaster		SUBJECT:	
FAX NUMBER:	DATE: 10/31/2006	TIME: 9:35:31 AM	TOTAL PAGES: 8

Please deliver these pages to the person(s) listed above. If you have difficulty receiving this transmission or if any pages are missing or illegible, please call and ask to speak to the sender listed above.

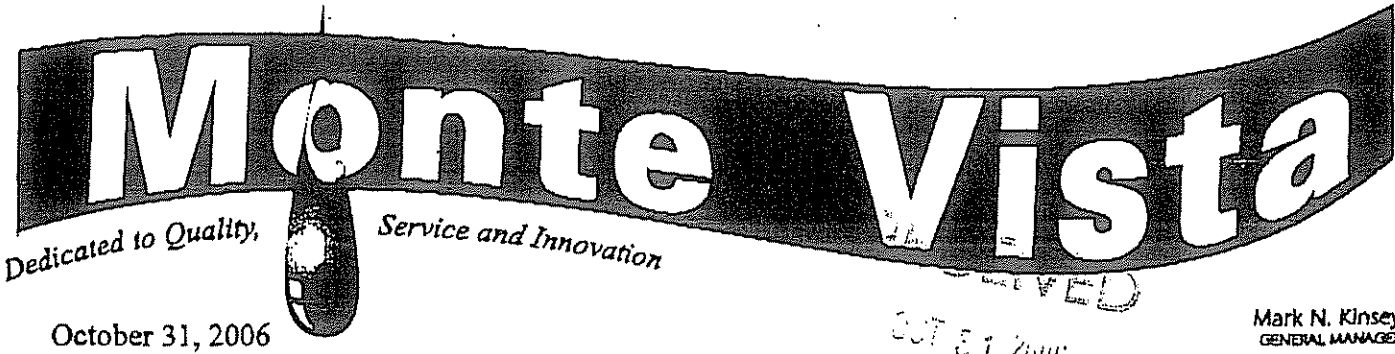
The information contained in this facsimile is intended only for the individual(s) named above. It may contain information that is confidential or privileged. If you are not an individual named above or the employee responsible for delivering this information to that individual, you are hereby notified that any copying or distribution of the information contained in this facsimile is strictly prohibited. If you have received this facsimile in error, please notify the sender immediately by telephone at the number given above. Thank you for your cooperation.

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October 31, 2006

Mark N. Kinsey
GENERAL MANAGER

RECEIVED
OCT 31 2006
CHINO BASIN WATERMASTER

Mr. Ken Manning, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Lease of Water Production Rights in the Chino Basin: Fiscal Year 2006-07

Dear Ken:

This letter is to notify Watermaster of the lease and/or purchase of 500 acre-feet of water from West Valley Water District's storage account. This lease is made first from WVWD's net underproduction, if any, in Fiscal Year 2006-07, with any remainder to be recaptured from storage.

This lease/transfer will be utilized by the District to offset a portion of its projected Fiscal Year 2006-07 replenishment obligation within the Chino Basin. Attached is an executed application for lease or transfer of a right to produce water from storage and a recapture plan for consideration by Watermaster. Please agendize this item at the earliest possible opportunity.

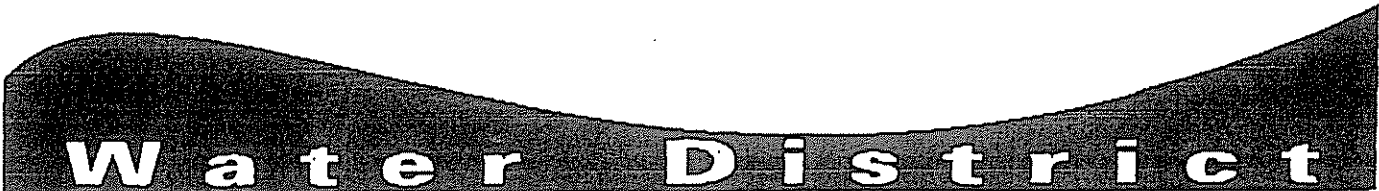
If you have any questions or require additional information concerning this matter, please call me at 624-0035, extension 170. Thank you.

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments



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Form 4

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

APPLICANT

Monte Vista Water District			September 12, 2006	_____
Name of Party			Date Requested	Date Approved
10575 Central Avenue			500 Acre-feet	_____ Acre-feet
Street Address			Amount Requested	Amount Approved
Montclair	CA	91763	500 - 1,000 AF/month	1 month
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: (909) 624-0035			Facsimile: (909) 624-0037	

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
- [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)

Recapture by pumping.

PLACE OF USE OF WATER TO BE RECAPTURED

For use within the Monte Vista Water District and City of Chino Hills service areas.

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

Recapture to occur at regular production wells.

WATER QUALITY AND WATER LEVELS

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

Static water levels range from 504' to 533' below ground levels. Nitrate water quality data for District wells range from 19 to 70 ppm.

MATERIAL PHYSICAL INJURY

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

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

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED

Yes [X] No []

Mark N. Kinsey

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 # _____

MONTE VISTA WATER DISTRICT

Recapture Plan

Location of where the recaptured water will be extracted by the District is within Management Zone 1 of the Chino Basin and will be accomplished by any or all of the 10 wells owned and operated by the District. The approximate daily production capacity of these wells is noted below.

The 500 AF transfer will be utilized for delivery to the District's retail customers, for delivery to the City of Chino Hills, or to offset the District's Fiscal Year 2006-07 replenishment obligation resulting from actual groundwater production or from the District's participation in in-lieu deliveries to Metropolitan's Dry-Year Yield Storage Account within the Chino Basin.

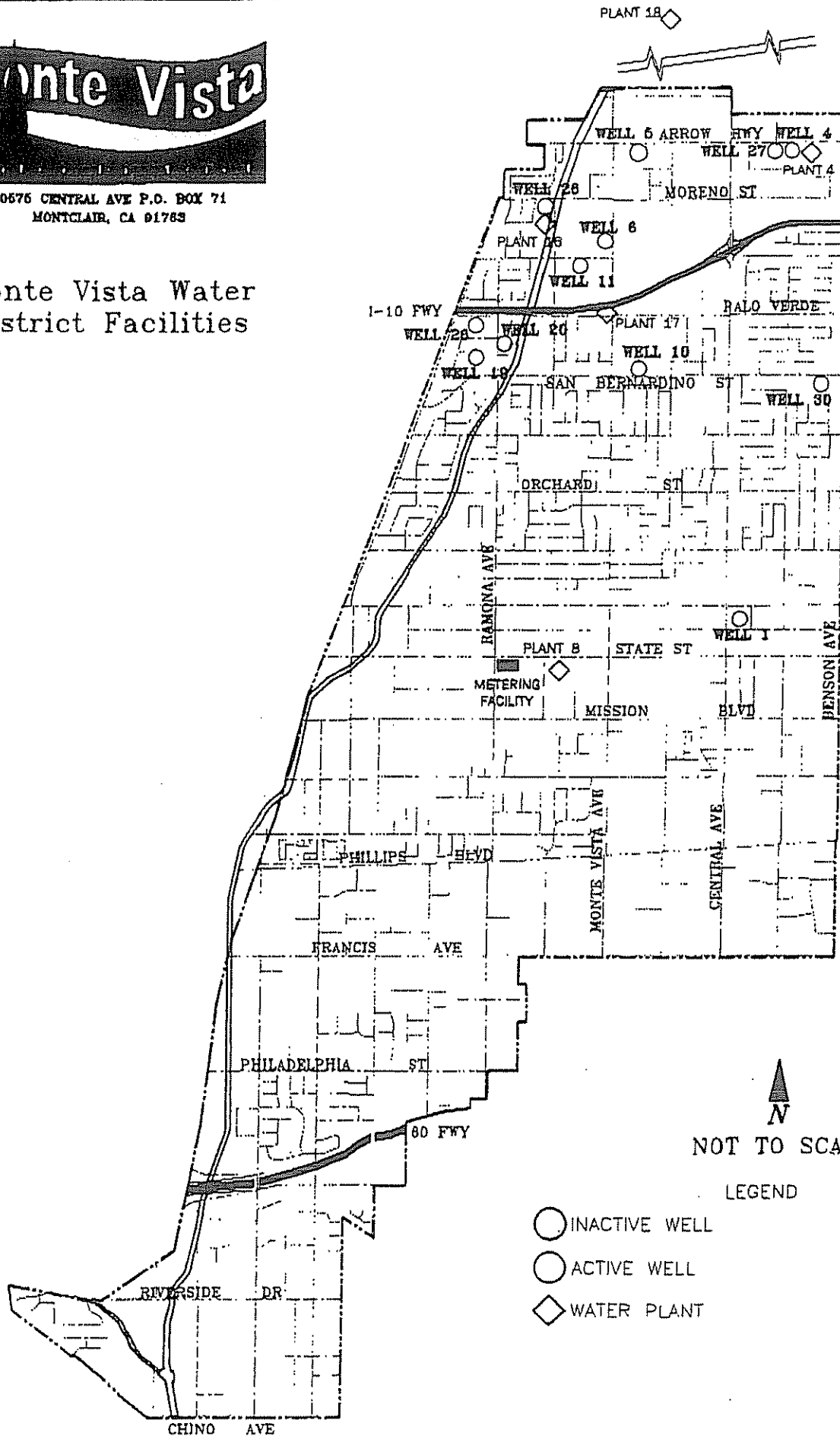
<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
30	9.0
Daily Total	
	71.5

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



10676 CENTRAL AVE P.O. BOX 71
MONTCLAIR, CA 91783

Monte Vista Water District Facilities



N
NOT TO SCALE

LEGEND

- INACTIVE WELL
- ACTIVE WELL
- ◇ WATER PLANT

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

Transfer from Local Storage Agreement: 25

Date Requested: **September 12, 2006**

Transferring Party: **West Valley Water District**

Date Approved:

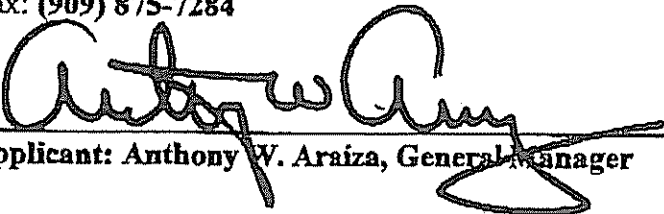
Address: **855 West Base Line
Rialto, California 92377-0920**

Amount Requested (AF): **500**

Telephone: **(909) 875-1804**

Amount Approved (AF):

Fax: **(909) 875-7284**


Applicant: **Anthony W. Araiza, General Manager**

Attach Recapture Form 4

Receiving Party: **Monte Vista Water District**

Address: **10575 Central Avenue
Montclair, California 91763**

Telephone: **(909) 624-0035**

Fax: **(909) 624-0037**

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

Water Quality and Water Levels:

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

Static water levels range from 504' to 533' below ground levels. Nitrate concentrations range between 19 to 70 ppm.

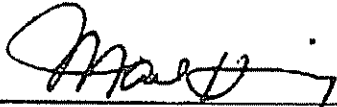
Material Physical Injury:

Is the applicant aware of any potential material physical injury to a part to the Judgment or the Basin that may be caused by the action covered by the application? Yes No

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 part to the Judgment or the Basin?

N/A

Additional information attached? Yes No



Applicant: Mark N. Kinsey, General Manager

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 Number:

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 5, 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: **March 15, 2007**

Date of this notice: **April 5, 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 The Nicholson Trust water in storage in the amount of 0.720 acre-feet, and annual production right in the amount of 6.974 acre-feet.

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

Appropriative Pool: April 12, 2007

Non-Agricultural Pool: April 12 2007

Agricultural Pool: April 17, 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: April 5, 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: April 5, 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 The Nicholson Trust water in storage in the amount of 0.720 acre-feet, and annual production right in the amount of 6.974 acre-feet.

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).

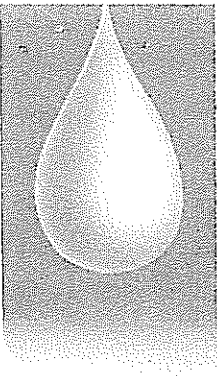
The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer –Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust water in storage in the amount of 0.720 acre-feet, and annual production right in the amount of 6.974 acre-feet.

Notice of the water transaction identified above was mailed on April 5, 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

March 15, 2007

MAR 15 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 and Annual Production Right
Chino Basin-Fiscal Year 2006/2007

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust water in storage and annual production right in the amount of 7.694 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 5, along with the company's Recapture Plan for consideration by Watermaster. Please aendize this proposed transfer at the earliest possible opportunity.

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

Very truly yours,

Michael J. McGraw
General Manager

MJM:bf
Enclosures



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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

The Nicholson Trust
Name of Party

March 13, 2007
Date Requested

Date Approved

11142 Garvey Avenue
Street Address

.720 Acre-feet
Amount Requested

Acre-feet
Amount Approved

El Monte CA 91737
City State Zip Code

Telephone: (626) 448-6183

Facsimile: (626) 448-5530

Robert H. Nicholson, Jr., Trustee
The Nicholson Trust
Robert H. Nicholson, Jr., Trustee

TRANSFER TO:

Fontana Water Company
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue
Street Address

Fontana CA 92335
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?

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>March 13, 2007</u>	_____
Name of Party			Date Requested	Date Approved
<u>8440 Nuevo Avenue</u>			<u>0.720</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: The Nicholson Trust

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Fontana Water Company's service area (see attached map)
Management Zone 3

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

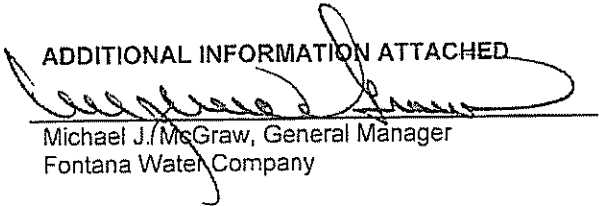
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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?

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
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 - 2007

Commencing on July 1, 2006 and terminating on June 30, 2007, The Nicholson Trust ("Transferor") hereby transfers to Fontana Water Company ("Transferee") the quantity of 6.974 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

TO BE EXECUTED by both Transferor and Transferee, and to be accomplished 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?

Recapture by Fontana Water Company accomplished by pumping of 15 wells-static 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 potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the applicant? 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]

Robert H. Nicholson, Jr., Trustee
The Nicholson Trust
Robert H. Nicholson, Jr., Trustee

Michael J. McGraw
Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

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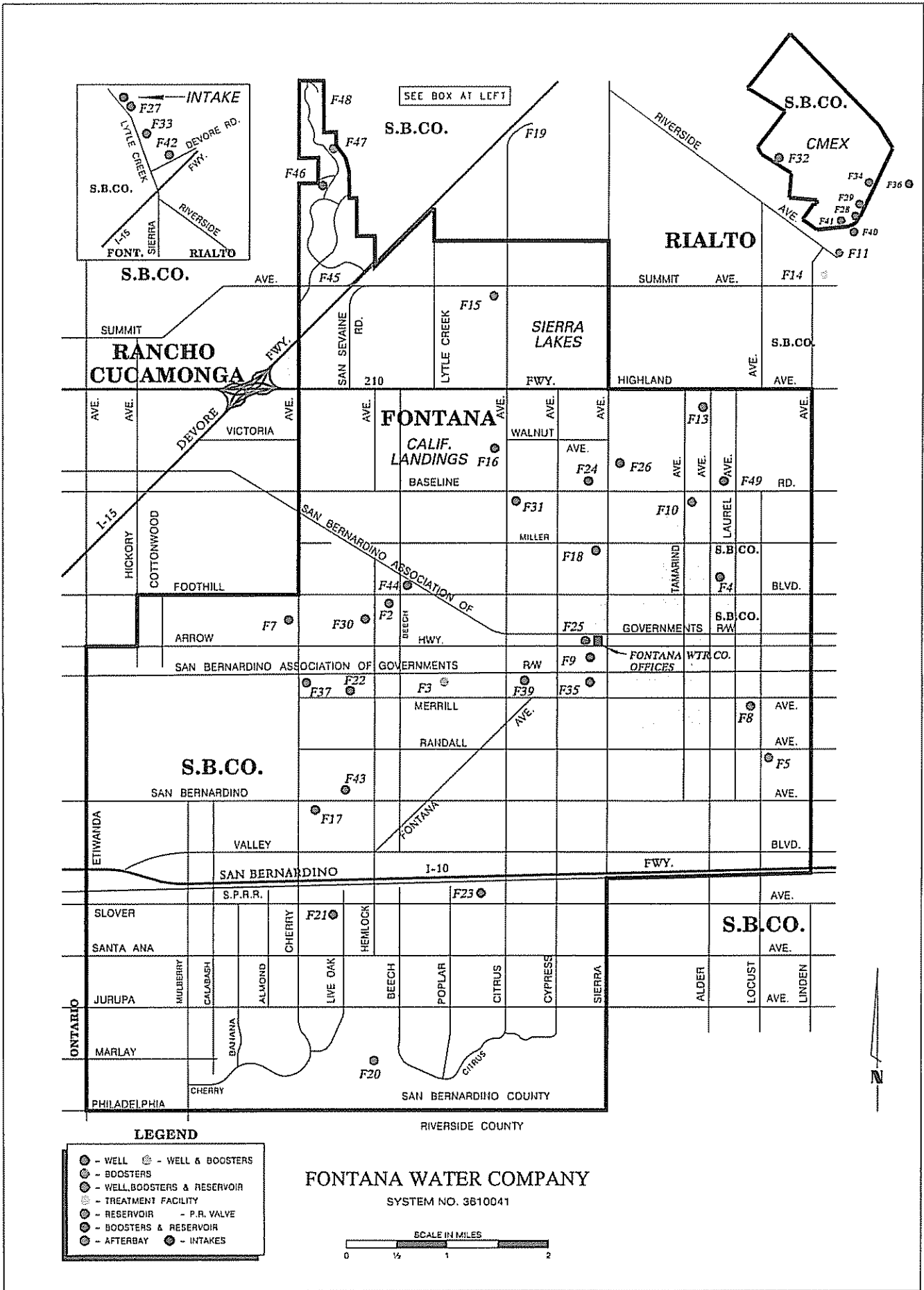
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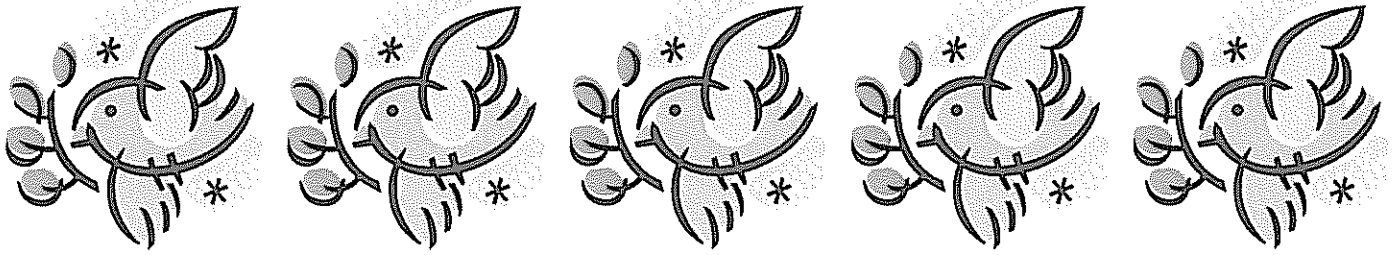
FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater and annual production right from The Nicholson Trust to Fontana Water Company (FWC) of 7.694 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 Acre-Feet/Day</u>
F23A	-	10.6
F21A	-	5.7
F37A	-	5.7
F7A	-	11.0
F22A	-	8.2
F24A	-	8.4
F26A	-	8.6
F31A	-	7.3
F2A	-	10.6
F30A	-	5.1
F44A	-	11.0
F44B	-	10.6
F44C	-	10.6
F17B	-	5.7
F17C	-	7.1
Daily Total		<u>126.2</u>

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

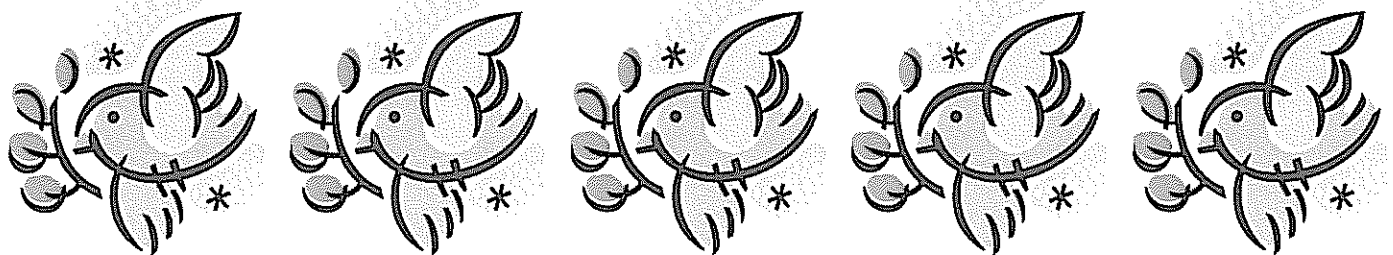




CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

- A. **MEMORANDUM OF AGREEMENT:
2006-2008 MANAGEMENT ZONE 3
MONITORING AGREEMENT**





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: May 15, 2007
May 17, 2007
May 24, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Memorandum of Agreement: 2006-2008 Management Zone 3 Monitoring Program

SUMMARY

Issue – An Annual Monitoring Plan (AMP) and budget, was developed jointly by Chino Basin Watermaster (Watermaster) and the Inland Empire Utilities Agency (IEUA) pursuant to the *Agreement for Cooperative Efforts, Common Monitoring Programs* dated June 2004. The Management Zone 3 (MZ3) Monitoring Program was not specifically included in the AMP; consequently this Memorandum of Agreement (MOA) defines the responsibilities and cost sharing between IEUA and Watermaster for the MZ3 Monitoring Program.

Recommendation – Approve the MOA between IEUA and Watermaster.

BACKGROUND

The Watermaster and IEUA are performing a groundwater investigation to characterize groundwater levels and quality in MZ3. MZ3 is a part of the Chino Basin where groundwater is tributary to wells owned by the Jurupa Community Services District (JCSD) and includes areas that underlie all or part of the Fontana Water Company, Marygold Mutual Water Company, Cucamonga Valley Water District, and the City of Ontario. The Regional Water Quality Control Board (Regional Board) sent a letter to IEUA dated July 13, 2000, that describes their concern that the historical recharge of recycled water at IEUA's Regional Plant No. 3 (RP3) may have caused groundwater contamination at wells downgradient of RP3. Other sources of groundwater contamination in the area include Kaiser Steel Mill, Alumax, other industries, and historical agricultural activities, including citrus groves and hog feed lots. Recently, several municipal wells have been shut down in MZ3 due to perchlorate and nitrate in the groundwater.

The water quality tributary to JCSD wells in MZ3 has not been thoroughly characterized; however, there are indications that the water quality tributary to JCSD wells is poor. Nitrate concentrations at some JCSD wells have exceeded the maximum contaminant level and are either not used, used for emergency purposes, or blended with other wells with lower nitrate concentrations. The groundwater plumes (total dissolved solids [TDS] and total organic carbon [TOC]) from the former Kaiser Steel Mill are not fully characterized as to all contaminants and current plume extent. Monitoring at the Kaiser plume ceased in the mid 1990's.

IEUA applied for and was awarded a Local Groundwater Assistance Fund (AB303) Grant for \$250,000 from the California Department of Water Resources (DWR) to assist in the MZ3 Monitoring Program. Upon completion, the project will further the understanding of Chino Groundwater Basin characteristics to meet the goals and objectives of the Optimum Basin Management Program (OBMP). IEUA and Watermaster are conducting groundwater investigations to characterize the MZ3 area. In addition to sampling existing wells, IEUA and Watermaster will drill, install, develop, and sample two nested multiple-depth monitoring wells in the projected path of the Kaiser Steel Mill plume. The two nests of monitoring wells and water quality data collected from existing MZ3 wells – partially funded by this AB303 grant – will help to characterize and monitor the Kaiser plume, which is the most immediate threat to the downgradient potable supply wells.

DISCUSSION

IEUA has contracted with Best Drilling and Pump, Inc., with an estimated drilling cost of \$545,876 for the MZ-3 wells. The AB303 grant provides funds for two tasks: *Task 5. Drill, Install, and Develop Two Multi-Level Piezometers* and *Task 6. Sample Wells in the Monitoring Program*. Ultimately, IEUA will be reimbursed by DWR for \$250,000 for these two tasks. Watermaster will reimburse IEUA the actual drilling costs (estimated to be \$545,876) plus IEUA costs for grant administration, plans and specifications, bid administration, ROW negotiations, and construction management (\$89,627), minus the grant (\$250,000) by the end of FY 2006/07. Costs for construction of the monitoring wells and the monitoring program sampling have already been included in the 2006/2007 Watermaster budget. Attached is a copy of the MOA.

Memorandum of Agreement

2006-2008 Management Zone 3 Monitoring Program

Introduction

An Annual Monitoring Plan (AMP) and budget, was developed jointly by Chino Basin Watermaster (Watermaster) and the Inland Empire Utilities Agency (IEUA) pursuant to the *Agreement for Cooperative Efforts, Common Monitoring Programs* dated June 2004. This Agreement created an Operating Committee whose purpose is the development, execution, and management of the monitoring programs conducted by Watermaster and IEUA. The Management Zone 3 (MZ3) Monitoring Program was not specifically included in the AMP; consequently this Memorandum of Agreement (MOA) defines the responsibilities and cost sharing between IEUA and Watermaster for the MZ3 Monitoring Program.

Management Zone 3 Monitoring Program

IEUA applied for and was awarded a Local Groundwater Assistance Fund (AB303) Grant for \$250,000 from the California Department of Water Resources (DWR) to assist in the MZ3 Monitoring Program. Upon completion, the project will further the understanding of Chino Groundwater Basin characteristics to meet the goals and objectives of the Optimum Basin Management Program (OBMP). IEUA and Watermaster are conducting groundwater investigations to characterize the MZ3 area. In addition to sampling existing wells, IEUA and Watermaster will drill, install, develop, and sample two nested multiple-depth monitoring wells (also referred to herein as piezometers) in the projected path of the Kaiser Steel Mill plume. The two nests of monitoring wells and water quality data collected from existing MZ3 wells – funded by this AB303 grant – will help to characterize and monitor the Kaiser plume, which is the most immediate threat to the downgradient potable supply wells.

Because of the need to recharge recycled water in MZ3 in fulfillment of the goals and objectives of the OBMP, this project is critically important to all stakeholders in Chino Basin and not just the agencies that overlie MZ3. The project will allow the Watermaster to optimize the use of recycled water and increase local water supply reliability through better conjunctive management of the Chino Basin.

Responsibilities and Cost Sharing

IEUA and Watermaster agree to the following division of responsibilities and cost sharing. All costs associated with Watermaster's technical consultant, Wildermuth Environmental, Inc. (WEI) will be borne by Watermaster. Table 1 provides the cost breakdown by task as of September 30, 2006.

- *Task 1. Project Administration and Public Outreach.* Watermaster will be responsible for all project administration and public outreach with the exception of specific grant administration tasks that will be conducted by IEUA. WEI will be responsible for submitting quarterly reports to IEUA to be forwarded to DWR. This task is 61 percent complete.
- *Task 2. Compile Historical Data and Reports.* This task is 100 percent Watermaster responsibility and cost share. This task is also complete.
- *Task 3. Describe Hydrogeology and Groundwater Conditions in the Study Area.* This task is 100 percent Watermaster responsibility and cost share. This task is also complete.
- *Task 4. Locate Existing Wells for Water Quality Characterization of the Study Area.* This task is 100 percent Watermaster responsibility and cost share. This task is also complete.
- *Task 5. Drill, Install, and Develop Two Multi-Level Piezometers.* WEI, on behalf of Watermaster and IEUA, will obtain easements and assist in land acquisition, if required. As a court-appointed entity, Watermaster cannot own real property, therefore, IEUA will purchase land for the monitoring wells, if necessary. Currently, both wells are planned to be drilled and constructed in



**MEMORANDUM OF AGREEMENT
2006-2008 MANAGEMENT ZONE 3 MONITORING PROGRAM**

the right-of way of roads within the jurisdiction of the City of Ontario. WEI, on behalf of Watermaster and IEUA, developed draft plans and specifications for drilling, installation, development, and equipping of the monitoring wells. IEUA reviewed and finalized these plans and specifications (including right-of-way negotiations with permit agencies for the proposed well sites), prepared a bid document, received bids, and awarded a contract to the selected drilling firm. WEI will provide geologists for construction oversight during the drilling, installation, development, and equipping of the monitoring wells. IEUA will pay the drilling contractor based on monthly invoices for progress billing. IEUA will request the matching funds from DWR. Watermaster will reimburse IEUA that portion of the drilling costs not covered by the grant by the end of fiscal year (FY) 2006/07. This task is 8 percent complete.

- *Task 6. Sample Wells in the MZ-3 Monitoring Program.* This task is 100 percent Watermaster responsibility and cost share, with the exception of that portion that will be funded by the AB 303 grant. WEI, on behalf of Watermaster and IEUA, will collect all requisite groundwater samples from existing wells and the new monitoring wells. The grant requires that four quarters of groundwater samples be collected from all wells in the monitoring program, including the new monitoring wells. IEUA has requested a grant extension from DWR, and it is anticipated that the final samples will be collected in Spring 2008. Watermaster has already collected four rounds of samples from existing wells and has incurred costs of \$60,018, as of September 30, 2006 - \$30,009 of which counts towards IEUA's matching portion of the grant. This task is 80 percent complete. The AB 303 grant will fund up to \$37,404 for this task. All costs in excess of this amount, e.g., for future rounds of water quality sampling will be paid for by Watermaster.
- *Task 7. Technical Memorandum.* WEI, on behalf of Watermaster and IEUA, will prepare the draft and final technical memorandum for the MZ3 Monitoring Program. It is anticipated that the technical memorandum will be completed in Summer 2008. This task is 100 percent Watermaster responsibility and cost share. This task is 0 percent complete.

Table 1: Costs as Represented in the AB303 Grant

Task Number and Description	IEUA Budget	AB303 Budget	Total Budget	Percent Complete this Period	Cumulative Percent Complete	Percent Remaining	Cost this Period	Cumulative Cost
Task 1: Project Administration and Public Outreach	\$ 18,268	\$ -	\$ 18,268	3%	61%	39%	\$ -495	\$ 11,196
Task 2: Compile Historical Data and Reports	\$ 3,156	\$ -	\$ 3,156	0%	100%	0%	\$ -	\$ 3,156
Task 3: Describe Hydrogeology and Groundwater Conditions in the Study Area	\$ 10,528	\$ -	\$ 10,528	0%	100%	0%	\$ -	\$ 10,528
Task 4: Locate Existing Wells for Water Quality Characterization of the Study Area	\$ 7,578	\$ -	\$ 7,578	0%	100%	0%	\$ -	\$ 7,578
Task 5: Drill, Install, and Develop Two Multi-Level Piezometers	\$ 247,364	\$ 212,596	\$ 459,960	1%	8%	92%	\$ 4,618	\$ 34,663
Task 6: Sample Wells in Monitoring Program	\$ 37,404	\$ 37,404	\$ 74,808	23%	80%	20%	\$ 16,899	\$ 60,018
Task 7: Technical Memoranda	\$ 32,372	\$ -	\$ 32,372	0%	0%	100%	\$ -	\$ -
Total	\$ 356,670	\$ 250,000	\$ 606,670	4%	21%	79%	\$ 22,012	\$ 127,140



MEMORANDUM OF AGREEMENT
2006-2008 MANAGEMENT ZONE 3 MONITORING PROGRAM

Table 2: Current Costs Based on Actual Work Completed and Drilling Contract

Phase	MZ-3 Well Construction Costs
Environmental Review	\$1,254
Design	\$28,204
Construction	\$545,876
Construction Management	\$32,905
Contingency	\$27,264
Total Projected Cost	\$635,503

Summary of Cost Sharing

IEUA has contracted with Best Drilling and Pump, Inc., with an estimated drilling cost of \$545,876 for the MZ-3 wells. The AB303 grant provides funds for two tasks: *Task 5. Drill, Install, and Develop Two Multi-Level Piezometers* and *Task 6. Sample Wells in the Monitoring Program*. Ultimately, IEUA will be reimbursed by DWR for \$250,000 for these two tasks. Watermaster will reimburse IEUA the actual drilling costs (estimated to be \$545,876) plus IEUA costs for grant administration, plans and specifications, bid administration, ROW negotiations, and construction management (\$89,627), minus the grant (\$250,000) by the end of FY 2006/07. Upon completion of the MZ-3 Monitoring Program, Title obtained to any land and the piezometers shall vest with IEUA and be free and clear of all encumbrances. IEUA shall dispose of the equipment as it deems practical, unless mutually agreed to by the parties. If at any time in the future, should the MZ-3 monitoring well facilities require modification and or destruction, these activities and costs would be the responsibility of the Chino Basin Watermaster.

The term of this MOA will run from July 1, 2006 through September 30, 2008.

Approved:

CHINO BASIN WATERMASTER

By: _____ Date: _____

Title: _____

INLAND EMPIRE UTILITIES AGENCY

By: _____ Date: _____

Title: _____



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