

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

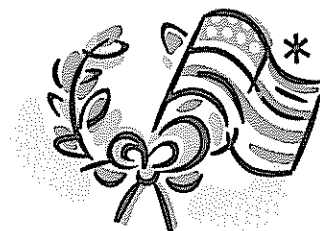
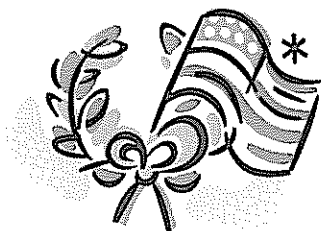
Thursday, May 24, 2007

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





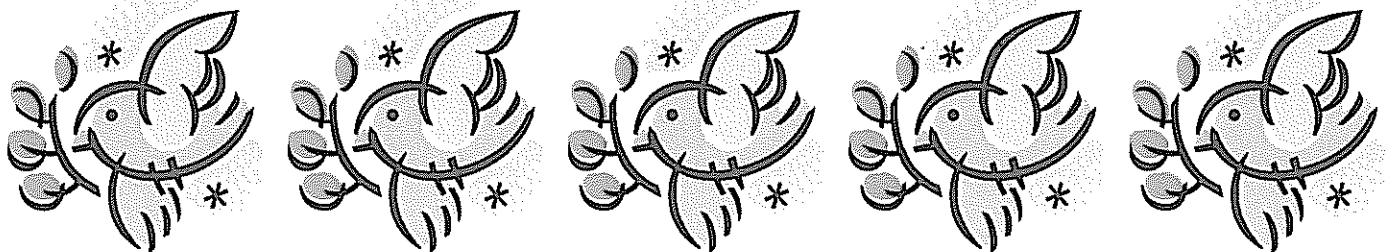
CHINO BASIN WATERMASTER

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

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II. BUSINESS ITEMS

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

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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*)

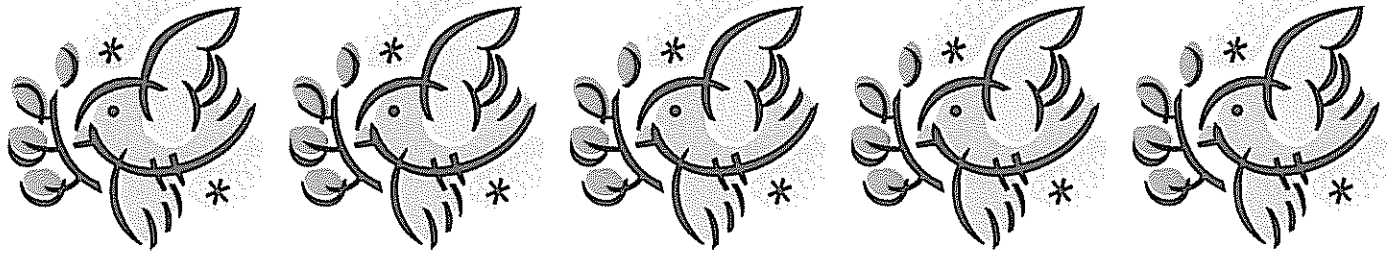
V. BOARD MEMBER COMMENTS

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
- 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 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 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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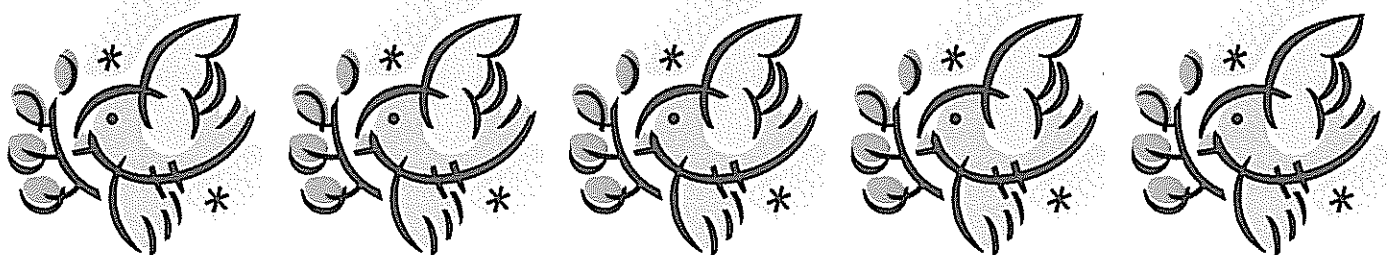


CHINO BASIN WATERMASTER

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
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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 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
<hr/>				
TOTAL CASH IN BANKS AND ON HAND				\$ 8,881,528
TOTAL CASH IN BANKS AND ON HAND				5,471,660
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
<hr/>				
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)
<hr/>						
Balances as of 3/31/2007	\$ 500	\$ 2,788,114	\$ -	\$ 434,046	\$ 5,658,868	\$ 8,881,528
<hr/>						
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>



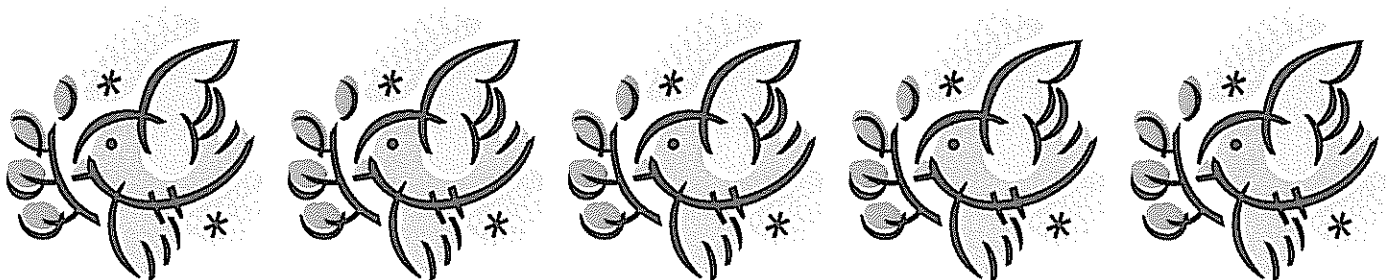
CHINO BASIN WATERMASTER

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.

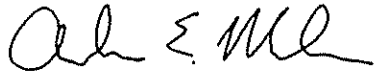
We appreciate the opportunity to serve the Watermaster and the Parties to the Judgment. Please call me if you have any questions or need additional information.

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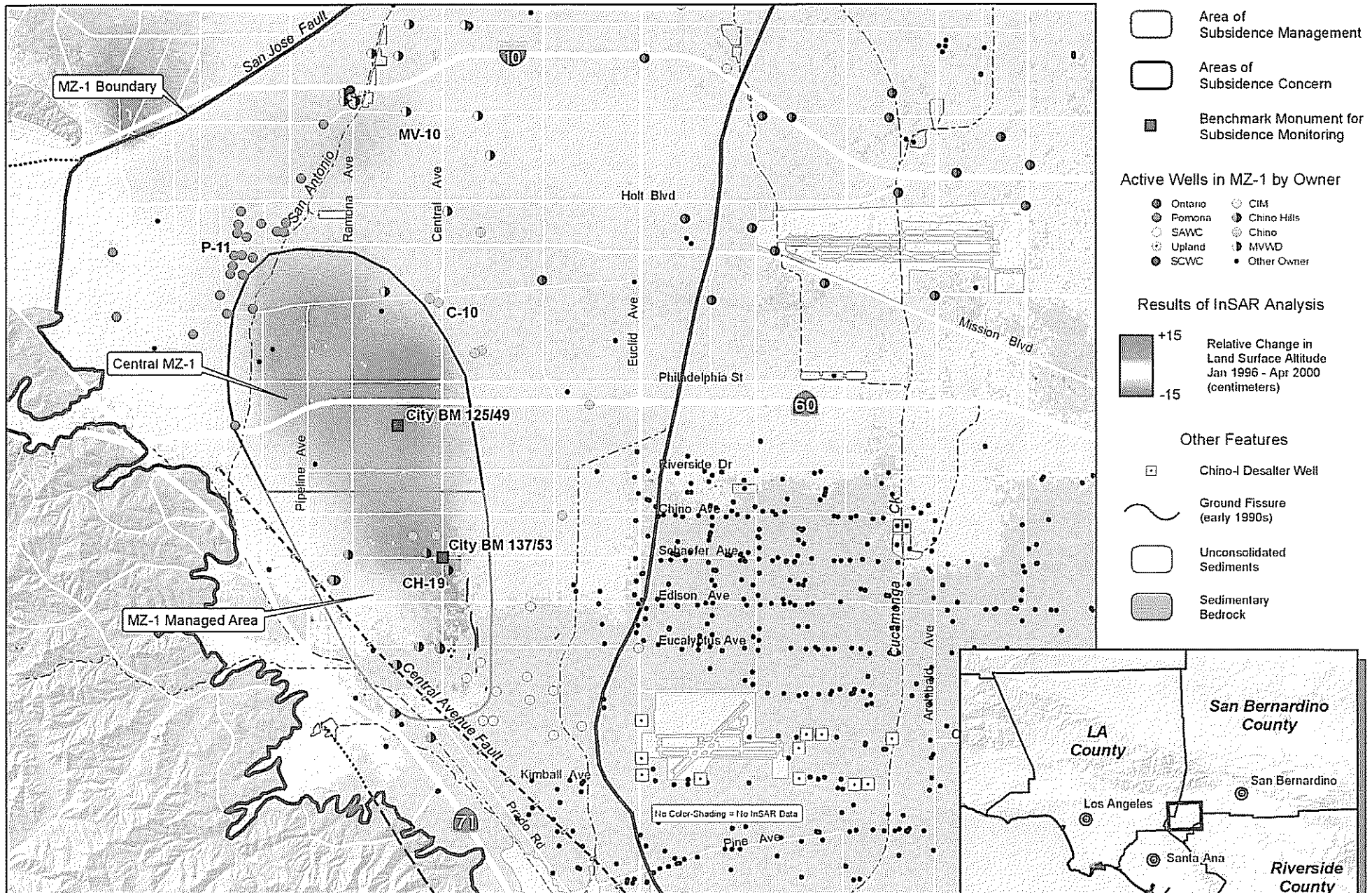
Table 1
Production in Management Zone 1 from Fiscal Year 1992/93 to the Present
 (acre-ft)

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	MVWD	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.

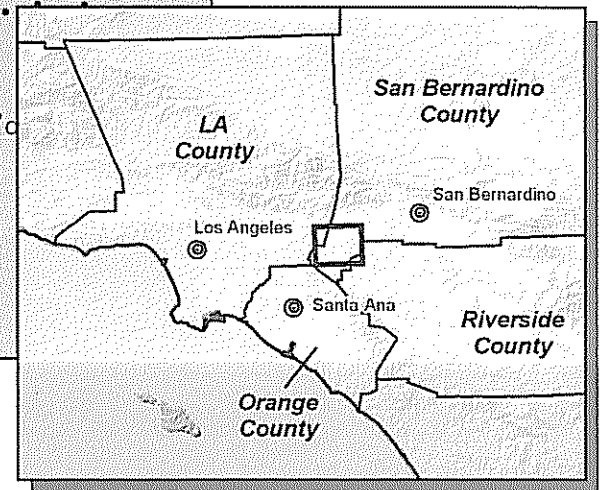


- Area of Subsidence Management
- Areas of Subsidence Concern
- Benchmark Monument for Subsidence Monitoring

- Active Wells in MZ-1 by Owner
- Ontario
 - Pomona
 - Upland
 - SCWC
 - CIM
 - Chino Hills
 - Chino
 - MVWD
 - Other Owner

- Results of InSAR Analysis
- +15
 - Relative Change in Land Surface Altitude Jan 1996 - Apr 2000 (centimeters)
 - 15

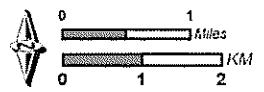
- Other Features
- Chino-I Desalter Well
 - Ground Fissure (early 1990s)
 - Unconsolidated Sediments
 - Sedimentary Bedrock



Subsidence Area in MZ-1

Figure 1

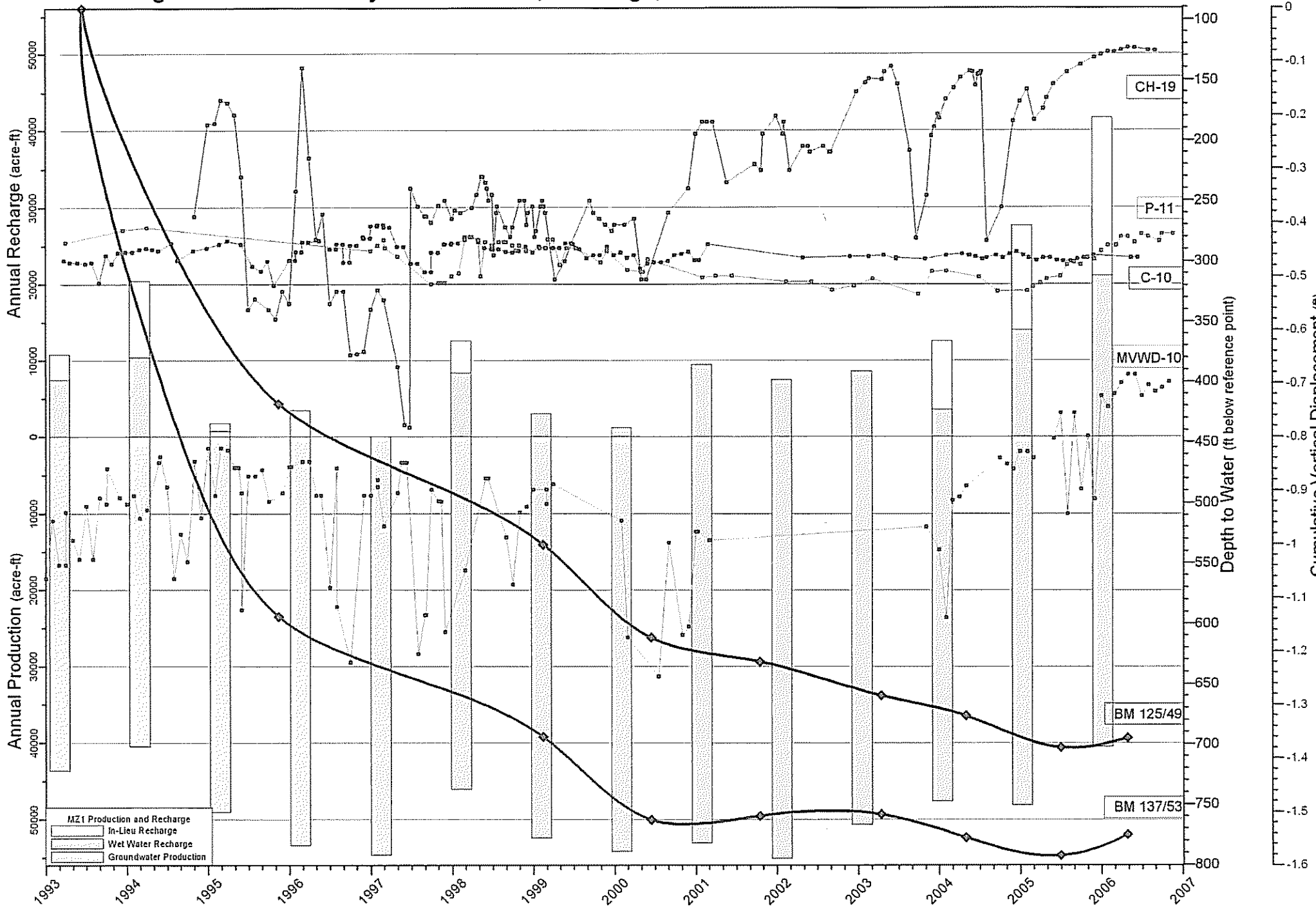
Chino Basin OBMP
Watermaster Staff Report



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 of 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

OCT 31 2006

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.

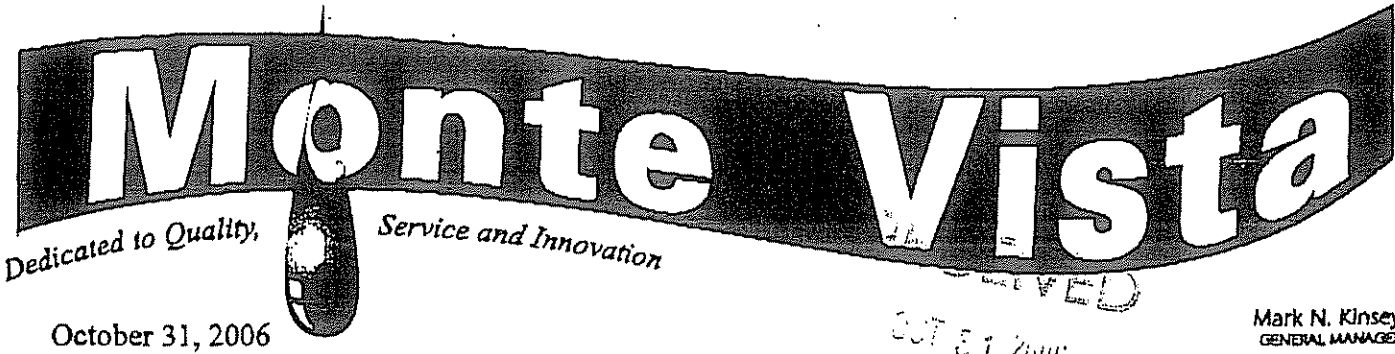
The information contained in this facsimile is intended only for the individual(s) named above. It may contain information that is confidential or privileged. If you are not an individual named above or the employee responsible for delivering this information to that individual, you are hereby notified 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.

COMMENTS:

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Mail

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Mark N. Kinsey
GENERAL MANAGER

October 31, 2006

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

CHINO BASIN WATERMASTER

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.

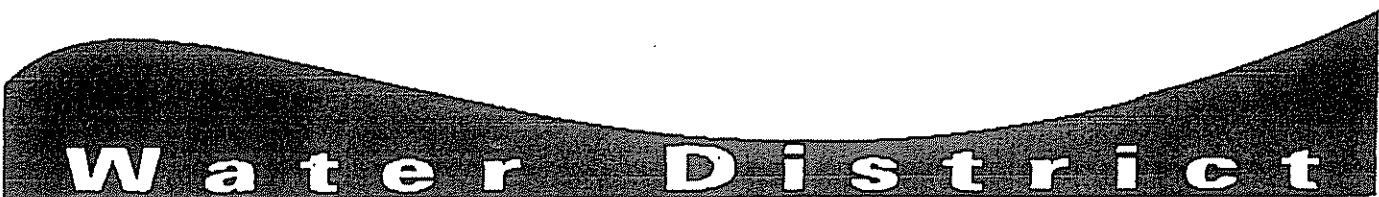
If you have any questions or require additional information concerning this matter, please call me at 624-0035, extension 170. Thank you.

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.

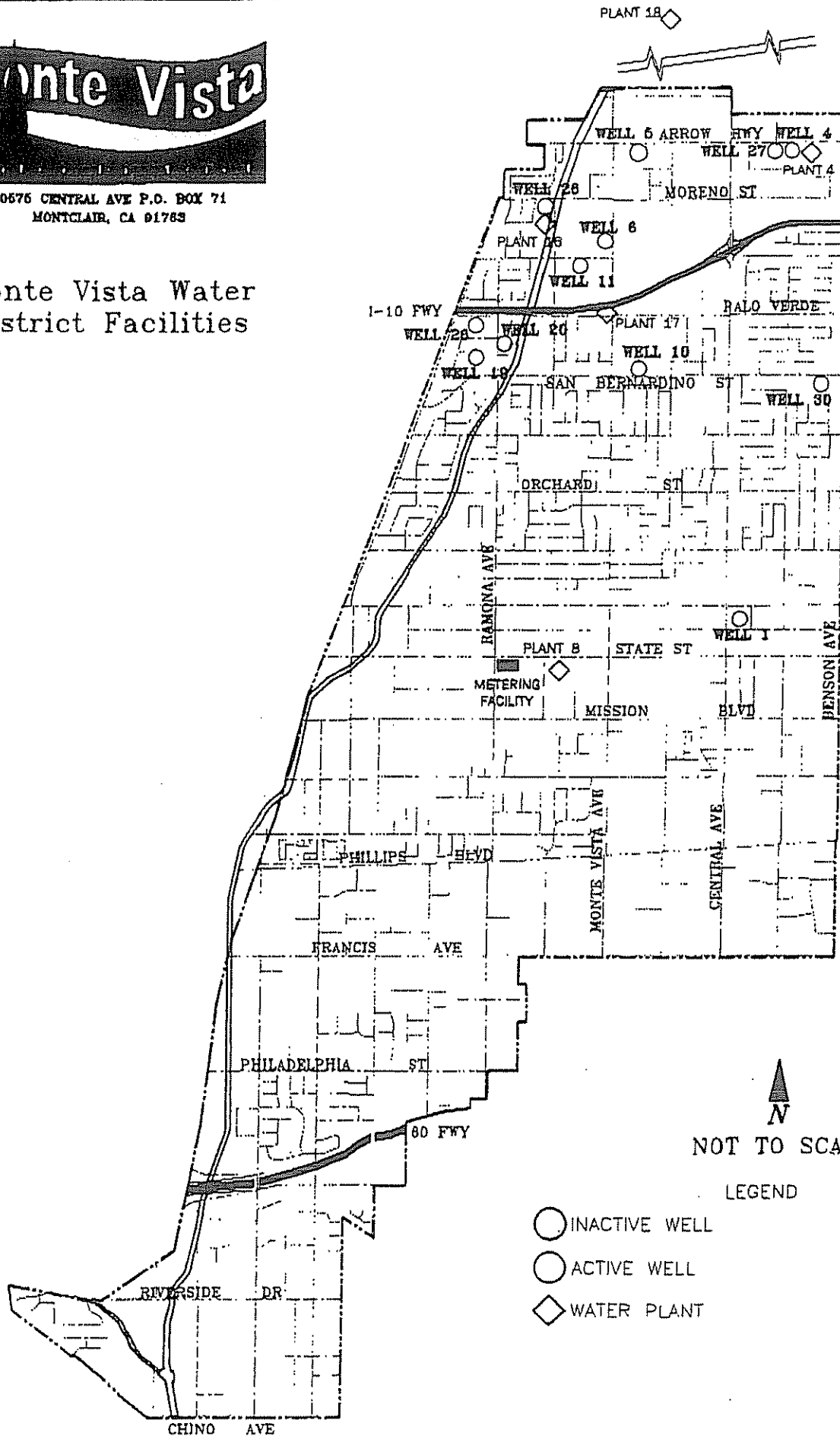
<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
30	9.0
Daily Total	
	71.5

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.

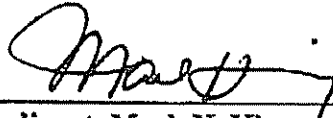
Material Physical Injury:

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).

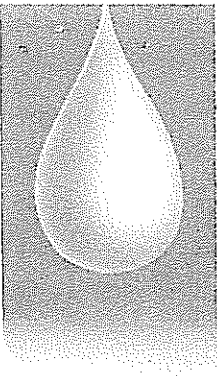
The following application for water transaction is attached with the notice of application.

- 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 agendize this proposed transfer at the earliest possible opportunity.

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

Very truly yours,

Michael 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

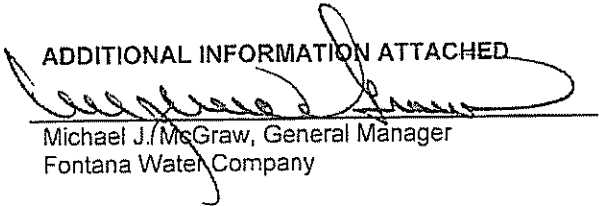
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

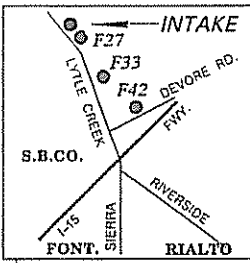
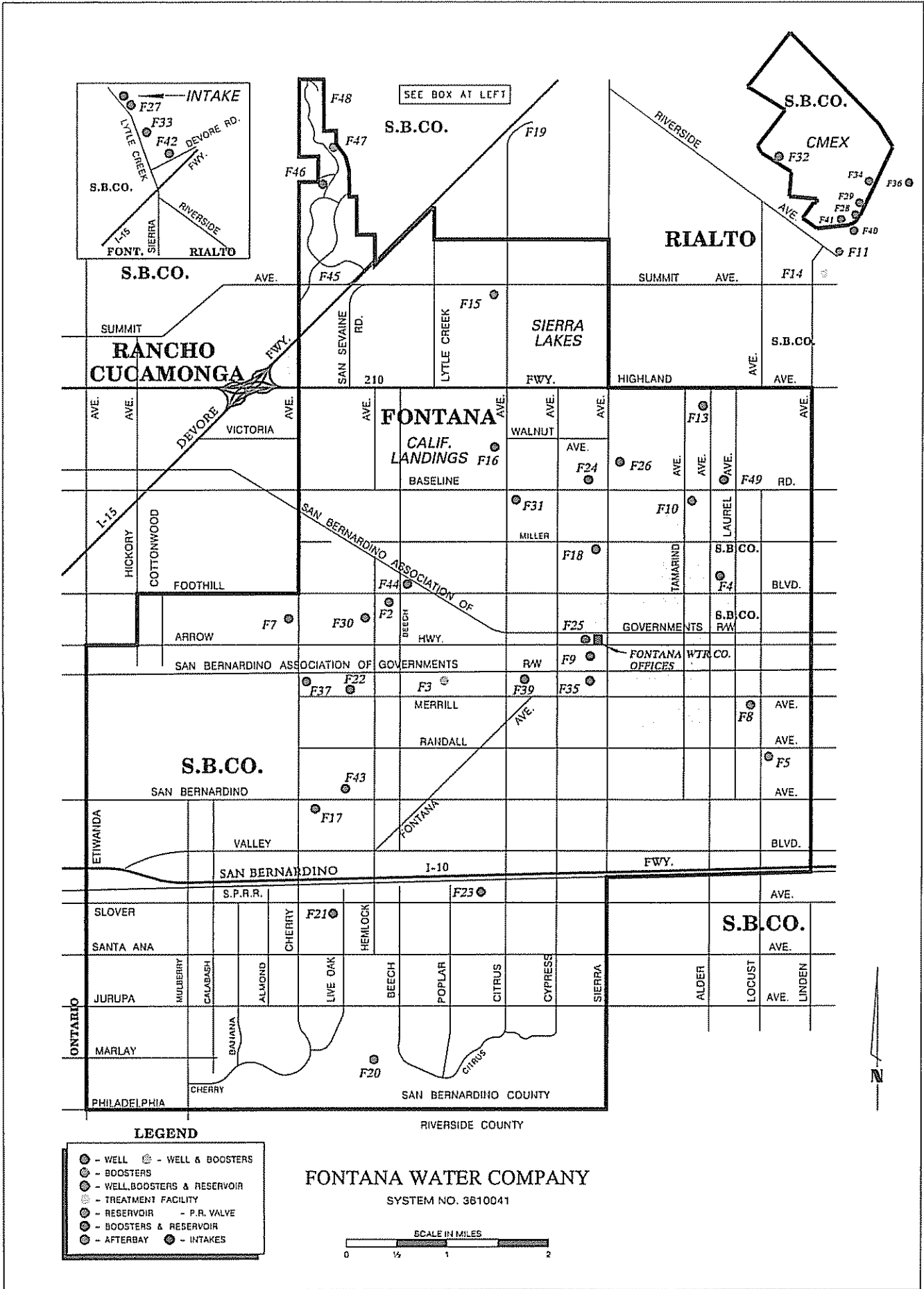
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

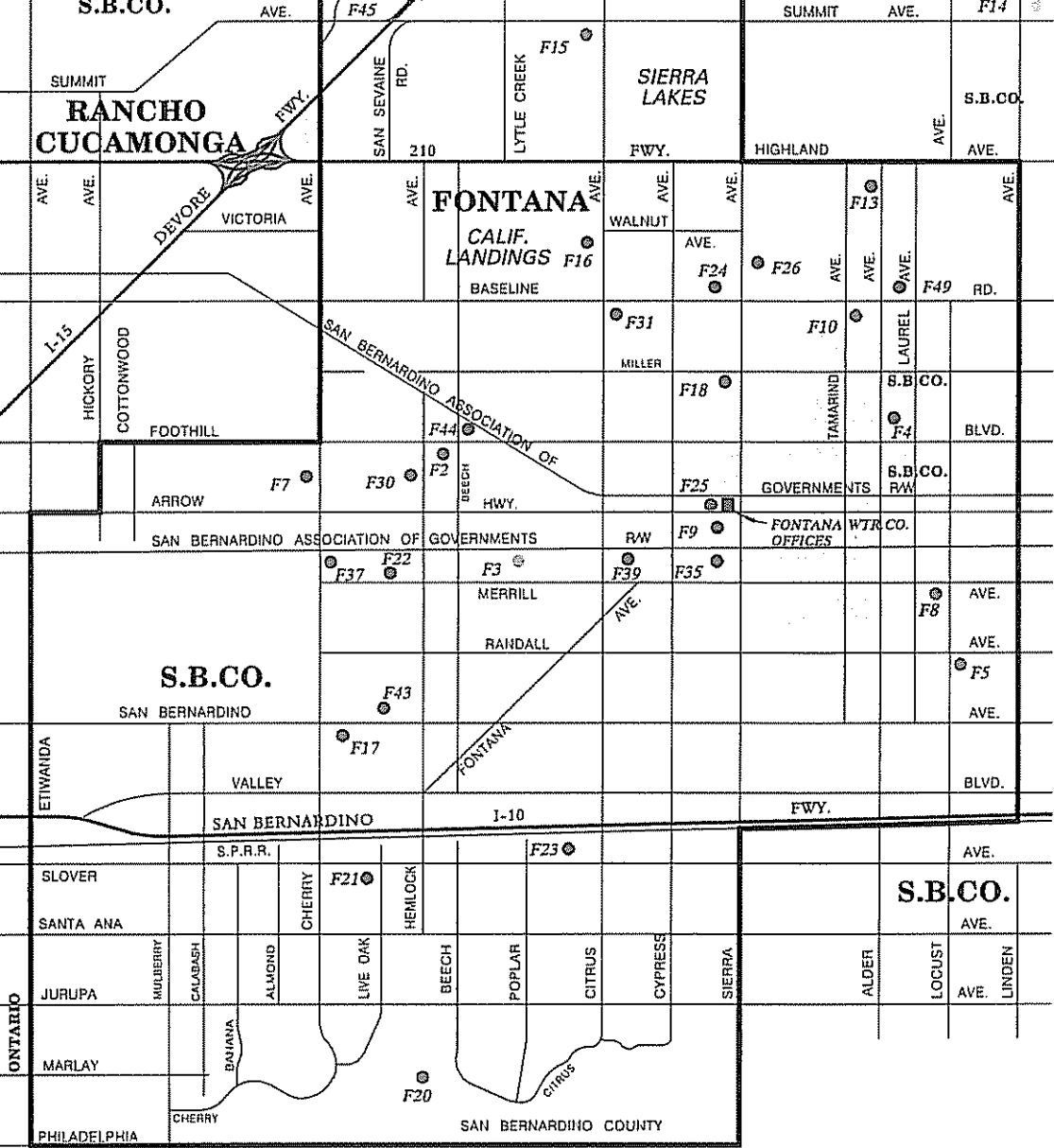
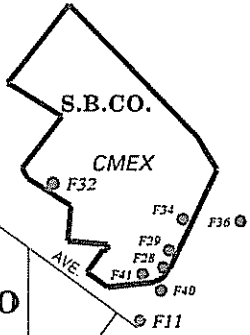
The subject water is a transfer of stored groundwater and annual production right from The Nicholson Trust to Fontana Water Company (FWC) of 7.694 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2006/2007. Recapture of the stored water is accomplished by the production of any 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.



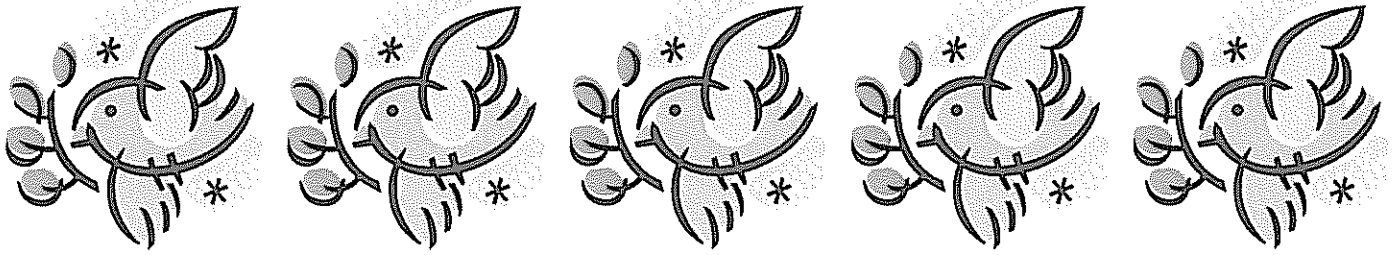
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- LEGEND**
- - WELL
 - ⊙ - WELL & BOOSTERS
 - ⊕ - BOOSTERS
 - ⊖ - WELL, BOOSTERS & RESERVOIR
 - ⊗ - TREATMENT FACILITY
 - ⊘ - RESERVOIR - P.R. VALVE
 - ⊙ - BOOSTERS & RESERVOIR
 - ⊖ - AFTERBAY
 - ⊙ - INTAKES

FONTANA WATER COMPANY
SYSTEM NO. 3810041

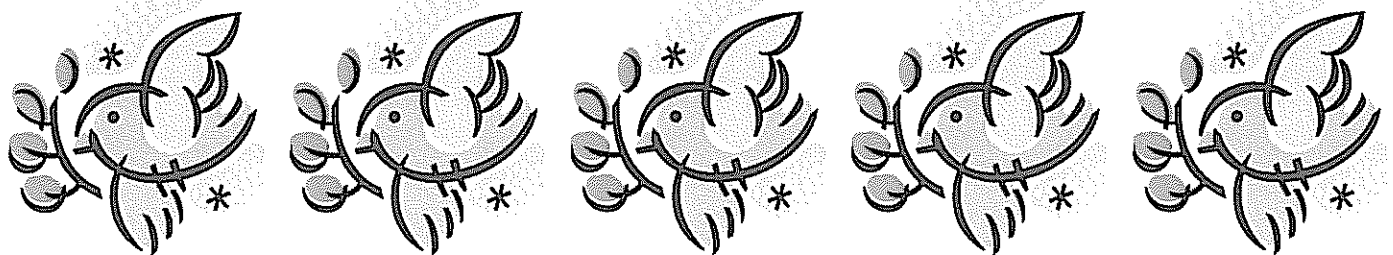




CHINO BASIN WATERMASTER

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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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. MZ1 LONG TERM PLAN – NO ACTION





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: Agricultural Pool, Appropriative Pool and Non-Agricultural Pool Members

SUBJECT: Management Zone 1 Long Term Plan for the Management of Subsidence

BACKGROUND

In 2002, Watermaster began implementation of its Interim Plan for Management of Subsidence. This plan involved the construction of extensive monitoring facilities and the formation of a Technical Committee in order to investigate the causes of subsidence in Management Zone 1. The Interim Plan also created a three year Forbearance Program whereby substitute water was provided to certain parties if they agreed to voluntarily reduce their pumping from certain wells listed in the Interim Plan. At the end of the initial three year period, the Forbearance Program was extended for another year. A key feature of the Interim Plan was that it was Watermaster's Plan that did not involve commitment from any party. Participation in the Technical Committee as well as in the Forbearance Program was completely voluntary for all parties.

On May 25, 2005, a workshop was held to update the Special Referee on progress of the Technical Committee investigation and on the development of a long-term plan for MZ1. After the workshop, the Special Referee issued a report to the Court that summarized the workshop and requested that Watermaster produce a Summary Report of the results of the Technical Committee investigation and provide "Guidance Criteria" to the MZ1 producers based on the results of the technical investigation. The Guidance Criteria consist mainly of setting a "control" water level of 245 feet below the reference point for the PA-7 piezometer at Ayala Park. Watermaster recommends that the producers in MZ1 not cause water levels to fall below the control level.

Draft Long Term Plan

The Summary Report and Guidance Criteria were adopted by the Watermaster Board on May 25, 2006. Since that time Watermaster has been working with the affected parties to develop a "Long Term Plan" for the management of subsidence in MZ1. Based on this outreach and the numerous meetings held with the MZ1 parties, Watermaster has formulated a draft proposal which outlines further monitoring and technical work to further refine Watermaster's understanding of the mechanisms of subsidence in MZ1.

Watermaster believes that the affected parties in MZ1 are sufficiently concerned with the potential to cause subsidence if they cause water levels to drop below the 245 foot control point, that the continuation of a voluntary program consistent with the approach utilized by the Interim Plan is the most efficient and effective means to manage subsidence in MZ1 on a long-term basis.

While the draft Long Term Plan has been distributed informally to the parties, it has not received formal distribution through the Pool process. This month the Long Term Plan is being presented as an information item and staff intends to request approval for the Plan in June.

Alternative Water Supply Proposal

Watermaster has also developed a draft alternative water supply proposal to assist the affected parties in voluntarily modifying their pumping in order to avoid causing water levels to drop below the guidance level. After many months of meeting with the technical committee and other affected parties, Watermaster believes this draft proposal will be the best opportunity to offer the affected parties with assistance to help them avoid deep zone pumping that may cause subsidence. Watermaster believes that the most helpful role it can play in this regard is to offer the parties a voluntary program through which they will be able to modify their production in a way that best suits their own water supply needs.

The concept of the alternative water supply proposal is to essentially continue the forbearance program which has effectively managed subsidence over the last several years. During the period of operation of the forbearance plan so far, Chino and Chino Hills have voluntarily reduced their pumping from certain wells and have instead been provided replacement water through Watermaster. Fortuitously, Watermaster has been able to satisfy these demands through the use of water intended to be delivered into the Metropolitan Water District Dry Year Yield Storage account. Since this water will not be available every year, the challenge of a long term water supply proposal is to find a source of water that will be reliably available over a long term.

Watermaster is currently working with the technical committee members to finalize the details of a proposal whereby excess WFA capacity is utilized to deliver replenishment water to participating MZ1 parties. Thus, through the MZ1 Long Term Plan, a mechanism for in lieu delivery of replenishment water would be created that could help Watermaster to meet its recharge needs in a way that does not require the construction of additional recharge facilities.

There is still many details to be resolved with this proposal and the consent of the WFA agencies will need to be obtained. For this reason, Watermaster has not yet brought forward the alternative water supply proposal as an information item.

While Watermaster is cognizant of the interest of the affected MZ1 parties to find a cost effective way to prevent them from causing water levels to fall below the 245 foot recommended level, there is necessary connection between the Long Term Plan and the alternative water supply proposal. Thus, while Watermaster intends to request approval for the Long Term Plan in June, the alternative water supply proposal will not be brought to the Pools for action until the logistical details and institutional approvals have been obtained.

1. PROBLEM DESCRIPTION AND MANAGEMENT GOALS

One of the earliest indications that land subsidence was occurring in Chino Basin was the appearance of ground fissures in the City of Chino. These fissures appeared as early as 1973, but an accelerated occurrence of ground fissuring ensued after 1991 and resulted in damage to existing infrastructure. The scientific studies that followed attributed the fissuring phenomenon to differential land subsidence caused by pumping of the underlying aquifer system and the consequent drainage and compaction of aquitard sediments.

In 1999, the Phase I Report of the Optimum Basin Management Program (OBMP) identified pumping-induced drawdown and subsequent aquifer-system compaction as the most likely cause of the land subsidence and ground fissuring observed in MZ-1. Program Element 4 of the OBMP – *Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1* called for the development and implementation of an interim management plan for MZ-1 that would:

- Minimize subsidence and fissuring in the short-term
- Collect information necessary to understand the extent, rate, and mechanisms of subsidence and fissuring
- Formulate a management plan to reduce to tolerable levels or abate future subsidence and fissuring

In 2000, the Implementation Plan in the Peace Agreement called for an aquifer-system and land subsidence investigation in the southwestern region of MZ-1 to support the development of a management plan for MZ-1 (second and third bullets above). This investigation was titled the *MZ-1 Interim Monitoring Program* (IMP). From 2001-2005, Watermaster developed, coordinated and conducted the IMP under the guidance of the MZ-1 Technical Committee, which is composed of representatives from all major MZ-1 producers and their technical consultants. Specifically, the producers represented on the MZ-1 Technical Committee include: the Agricultural Pool, City of Chino, City of Chino Hills, City of Ontario, City of Pomona, City of Upland, Monte Vista Water District, Southern California Water Company, and the State of California (CIM).

As of October 2005, the main conclusions derived from the investigation were:

1. Groundwater production from the deep, confined aquifer system in this area causes the greatest stress to the aquifer system. In other words, pumping of the deep aquifer system causes water level drawdowns that are much greater in magnitude and lateral extent than drawdowns caused by pumping of the shallow aquifer system.
2. Water level drawdowns due to pumping of the deep aquifer system can cause inelastic (permanent) compaction of the aquifer-system sediments, which results in permanent land subsidence. The initiation of inelastic compaction within the aquifer system was identified during this investigation when water levels fell below a depth of about 250 feet in the PA-7 piezometer at Ayala Park.
3. The current state of aquifer-system deformation in south MZ-1 (in the vicinity of Ayala Park) is essentially elastic. Very little inelastic (permanent) compaction is now occurring in this area, which is in contrast to the recent past when about 2.2 feet of land subsidence occurred, accompanied by ground fissuring, from about 1987-1995.
4. Through this study, a previously undetected barrier to groundwater flow was identified. The barrier is located within the deep aquifer system and is aligned with the historical zone of ground fissuring. Pumping from the deep aquifer system is limited to the area west of the barrier, and the resulting drawdowns do not propagate eastward across the barrier. Thus, compaction occurs within the deep



SECTION 1
PROBLEM DESCRIPTION AND MANAGEMENT GOALS

system on the west side of the barrier, but not on the east side, which causes concentrated differential subsidence across the barrier and creates the potential for ground fissuring.

5. InSAR and ground level survey data indicate that permanent subsidence in the central region of MZ-1 (north of Ayala Park) has occurred in the past and continues to occur today. The InSAR data also suggest that the groundwater barrier extends northward into central MZ-1. These observations suggest that the conditions that very likely caused ground fissuring near Ayala Park in the 1990s are also present in central MZ-1, and should be studied in more detail.

The investigation methods, results, and conclusions (listed above) are described in detail in the MZ-1 Summary Report (October 2005), which is included as Appendix A. The investigation provided enough information for Watermaster to develop Guidance Criteria for the MZ-1 producers in the investigation area that, if followed, would minimize the potential for subsidence and fissuring during the completion of the MZ-1 Subsidence Management Plan (this document). The Guidance Criteria are the basis for the MZ-1 Subsidence Management Plan (hereafter, the MZ-1 Plan) and are included in Section 4 of the MZ-1 Summary Report (Appendix A).

The goal of the MZ-1 Plan is:

To develop a pumping and recharge plan to reduce to tolerable levels or abate future land subsidence and ground fissuring.

This version of the MZ-1 Plan is specific to southwestern MZ-1 where:

1. Historical subsidence was accompanied by ground fissuring
2. The aquifer-system and land subsidence investigation was focused

However, the investigation also has shown that land subsidence is occurring (or could possibly occur) in other regions of MZ-1, and possibly in other regions of the Chino Basin. In addition, the hydrogeologic conditions that very likely caused ground fissuring in southwestern MZ-1 are also likely present in other regions of MZ-1. For these reasons, the Watermaster conducts aquifer-system and subsidence monitoring efforts to other regions of Chino Basin.

A key element of the MZ-1 Plan will be its *adaptive* nature. As new data are collected and periodically analyzed to evaluate the on-going effectiveness of the plan, the plan will be revised accordingly and approved through the Watermaster process.

Section 2 of this plan describes the current version of the MZ-1 Plan. Section 3 addresses the evaluation and periodic update of the MZ-1 Plan.



2. MZ-1 SUBSIDENCE MANAGEMENT PLAN

Managed Wells within the Area of Subsidence Management

Table 2-1 lists the existing wells (hereafter the Managed Wells) and their owners (hereafter the Parties) that are currently subject to the MZ-1 Plan. The Parties are the City of Chino, the City of Chino Hills, and the State of California. Figure 2-1 shows the Area of Subsidence Management (hereafter, the Managed Area). Within the boundaries of the Managed Area, both existing and newly-constructed wells are subject to being classified as Managed Wells.

The Managed Area was delineated based on:

- Measurements of historical land subsidence
- Proximity to historical ground fissuring
- Areal extent of intensive investigation of the MZ-1 Interim Monitoring Program (IMP)

The Managed Well designations were based upon the observed and/or predicted effects of pumping on groundwater levels and aquifer-system deformation. Managed Well designations for wells that pumped during the IMP were based on effects measured at the Ayala Park Piezometer/Extensometer Facility. Managed Well designations for wells that were not pumped during the IMP were based on analysis of well construction and geology.

Definition of Managed Well: Any production well (regardless of current status) located within the Managed Area that has casing perforations deeper than 400 feet below the ground surface.

The Guidance Level

The IMP showed that water-level drawdowns due to pumping of the deep aquifer system within the Managed Area can cause inelastic (non-recoverable) compaction of the aquifer-system sediments, which results in permanent land subsidence. The initiation of inelastic compaction within the aquifer system was identified during the IMP when water levels fell below a depth of about 250 feet in the PA-7 piezometer at Ayala Park.

Definition of the Guidance Level: The Guidance Level is a specified depth to water measured in Watermaster's PA-7 piezometer at Ayala Park. It is defined as the threshold water level at the onset of inelastic compaction of the aquifer system as recorded by the extensometer, minus 5 feet. The 5-foot reduction is meant to be a safety factor to ensure that inelastic compaction does not occur. The Guidance Level is established by Watermaster and subject to change based on the periodic review of monitoring data collected by Watermaster. The initial Guidance Level is 245 feet below the top of the well casing (ft-btoc) in PA-7.

Watermaster recommends that the Parties manage their groundwater production so that the water level in PA-7 remains above the Guidance Level. If the water level in PA-7 falls below the Guidance Level, Watermaster recommends that the Parties curtail their production from the Managed Wells as required to (1) allow for water-level recovery and (2) maintain the water level in PA-7 above the Guidance Level.

Data Exchange between Watermaster and the Parties

Watermaster will provide the Parties with current water level data from PA-7 beginning on Oct 1, 2007.



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

The Parties are requested to maintain accurate records of the operation of the Managed Wells, including production rates and on-off dates and times. The Parties are requested to provide these records to Watermaster monthly. The Parties are requested to promptly notify Watermaster of all operational changes made to maintain the water level in PA-7 above the Guidance Level.

Continued Monitoring within the Managed Area

Watermaster will continue the scope and frequency of monitoring that was implemented during the IMP within the Managed Area. These monitoring efforts are necessary to:

- Supply the Parties with the requisite information to comply with the MZ-1 Plan
- Assess the Parties' compliance with the MZ-1 Plan
- Evaluate the effectiveness of the MZ-1 Plan to reduce to tolerable levels or abate future land subsidence and ground fissuring.

In detail, Watermaster will continue the monitoring of:

Piezometric Levels. Watermaster recommends that the Parties allow Watermaster to continue monitoring piezometric levels at their wells listed in Table 2-2. Currently, a pressure-transducer/data-logger is installed at each of these wells and records one water level reading every 15 minutes. In addition, Watermaster will continue to record depth-specific water levels at the piezometers located at the Ayala Park Extensometer facility every 15 minutes.

Watermaster will maintain all pressure-transducers/data-loggers in good working order in an effort to collect a continuous and reliable record of piezometric levels within the Managed Area.

Aquifer-System Deformation. Watermaster will continue to record aquifer-system deformation at the Ayala Park Extensometer facility. At this facility, two extensometers, completed at 550 ft-bgs and 1,400 ft-bgs, will continue to record the vertical component of aquifer-system compression and/or expansion once every 15 minutes (synchronized with the piezometric measurements).

Watermaster will maintain the Ayala Park Extensometer facility in good working order in an effort to collect a continuous and reliable record of aquifer-system deformation at Ayala Park.

Vertical Ground-Surface Deformation. Watermaster will continue the monitoring of vertical ground-surface deformation via ground level surveying and remote sensing (Synthetic Aperture Radar Interferometry [InSAR]) techniques that were established during the IMP.

Currently, Watermaster is attempting to collect synchronous ground-level survey and InSAR data on a semi-annual frequency (Spring/Fall) over a two-year period. By the end of FY 2006/07, Watermaster will analyze and compare the survey and InSAR data sets, and recommend a new scope and frequency of data collection for both ground-level surveys and InSAR. Factors that will be considered during the comparative analysis and recommendation will be accuracy, reliability, areal extent, and cost.

Horizontal Ground-Surface Deformation. Watermaster will continue the monitoring of horizontal ground-surface displacement across the eastern side of the subsidence trough and the adjacent area east of the barrier/fissure zone. These data, obtained by electronic distance measurements (EDMs), are used to



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

characterize the horizontal component of land surface displacement caused by groundwater production on either side of the fissure zone. Currently, Watermaster is collecting EDMs on a semi-annual frequency (Spring/Fall) between east/west-aligned benchmarks on Eucalyptus, Edison, Schaefer, and Philadelphia Avenues. Watermaster will continue this monitoring effort.

Contemplated Testing and Monitoring within the Managed Area

Currently, Watermaster and the MZ-1 Technical Committee are contemplating additional testing and monitoring within the Managed Area. The following are considered prudent, but are not yet recommended or planned for future implementation:

- *Detailed monitoring of horizontal strain across the fissure zone by installing high-resolution instrumentation near the northern extent of the zone (i.e. just south of Schaefer Avenue).* This instrumentation will comprise three measurement technologies that function over a range of spanned distances (12 - 400 ft) and strain resolutions (1e-5 to 1e-8). Data from the highest-resolution, short-span strain gages and tiltmeters would be quasi-continuous, and, when plotted against quasi-continuous water level (stress) measurements in wells, would reveal stress-strain relationships at work in and immediately adjacent to the fissure zone.

These stress-strain relationships will be important criteria for the evaluation and update of the MZ-1 Plan. A plausible hypothesis is that pumping-induced subsidence east of the historical fissure zone could reduce the existing horizontal stress across the fissure zone, and forestall additional fissuring episodes. The detailed monitoring of horizontal strain across the fissure zone (or its northward extension) will test this hypothesis as groundwater production and associated drawdowns increase in areas east of the fissure zone.

- *An injection feasibility study at a production well within the Managed Area.* This test would help determine if aquifer injection is a viable tool to manage subsidence within the Managed Area.

Expanded Monitoring in Areas of Subsidence Concern

The results of the IMP showed that land subsidence and ground fissuring concerns are not spatially limited to the Managed Area. Specifically, the IMP showed that:

- Hydrogeologic conditions conducive to land subsidence are present in other areas of MZ-1 and the Chino Basin
- Land subsidence is occurring (or has occurred in the past) in other regions of MZ-1 and the Chino Basin
- Hydrogeologic conditions that presumably caused ground fissuring in southwestern MZ-1 are also present in other areas of MZ-1
- Groundwater production (and associated drawdowns) is active, planned, and/or proposed within or near these areas that are susceptible to subsidence and fissuring



SECTION 2
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For these reasons, Watermaster conducts limited monitoring of the aquifer system and land subsidence outside of the Managed Area (hereafter, Areas of Subsidence Concern). Figure 2-2 shows the three Areas of Subsidence Concern: Central MZ-1, Southeast Area, and Northeast Area.

Central MZ-1. All available data collected and analyzed during the IMP (including historical InSAR [1992-2000] and recent ground level surveys [2003-2005]) indicate that permanent subsidence in the central parts of MZ-1 (north of Ayala Park) has occurred in the past. The InSAR data also suggest that the groundwater barrier extends northward into central MZ-1. These observations suggest that the conditions that very likely caused ground fissuring near Ayala Park in the 1990s are also present in Central MZ-1.

Currently in Central MZ-1:

- In fiscal year 2005/06, Watermaster installed pressure-transducers/data-loggers in about 10 existing production wells within Central MZ-1 to record water levels once every 15 minutes. This initial data collection effort is a Watermaster attempt to better understand the relationships between nearby groundwater production, water levels, and the observed subsidence in Central MZ-1.
- Watermaster monitors vertical ground-surface deformation via ground level surveying and InSAR techniques as part of the same program that is conducted for the Managed Area. These data have revealed the extent, rate, and spatial distribution of land subsidence in Central MZ-1, and has revealed a zone of potential future ground fissuring.
- Watermaster conducts monitoring of horizontal ground-surface displacement across the zone of potential future ground fissuring (near the intersection of Central Avenue and Philadelphia Street). These data, obtained by EDMs on a semi-annual frequency (Spring/Fall) between east/west-aligned benchmarks on Philadelphia Street, are used to characterize the horizontal component of land surface displacement caused by groundwater production in the region. The data collected as part of this effort can be used to design a program for *detailed* monitoring of horizontal strain across this zone of potential ground fissuring, if deemed necessary by Watermaster.

Watermaster will continue the above listed monitoring efforts. If future data from existing monitoring efforts in this area indicate the potential for adverse impacts due to subsidence, Watermaster will revise the MZ-1 Plan pursuant to the process outlined in Section 3.

Southeast Area. All available data collected and analyzed during the IMP (including historical InSAR [1992-2000] and recent ground level surveys [2003-2005]) indicate that very little permanent subsidence has occurred in the Southeast Area (east of Ayala Park) since the early 1990s. However:

- the historical InSAR data is incoherent (absent) across much of this area
- the geologic conditions that are necessary for land subsidence and ground fissuring are present in this region
- Watermaster's historical records indicate that very little groundwater production has occurred within the deep aquifer system in this region, which would suggest that new groundwater production from the deep aquifer system could cause permanent land subsidence and ground fissuring
- some MZ-1 producers have plans to produce groundwater from the deep aquifer system in this region
- very little is known about the site-specific controls on subsidence and fissuring that are unique to this region, such as the drawdown threshold that would initiate inelastic compaction in the aquifer system,



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or the effects that land subsidence in this region would have on the historic fissure zone within the adjacent Managed Area

Currently in the Southeast Area:

- Watermaster monitors vertical ground-surface deformation via ground level surveying and InSAR techniques as part of the same program that is conducted for the Managed Area. These data reveal the extent, rate, and spatial distribution of land subsidence across a portion of the Southeast Area.
- Watermaster has installed pressure-transducers/data-loggers in about 16 existing production wells and monitoring wells within the Southeast Area to record water levels once every 15 minutes as part of the MZ-1 and HCMP monitoring programs.

Watermaster will continue the above listed monitoring efforts. If future data from existing monitoring efforts in this area indicate the potential for adverse impacts due to subsidence, Watermaster will revise the MZ-1 Plan pursuant to the process outlined in Section 3.

Northeast Area. All available data collected and analyzed during the IMP (including historical InSAR [1992-2000] and recent ground level surveys [2003-2005]) indicate that minor but persistent permanent subsidence has occurred in the Northeast Area since the early 1990s. The available data does not indicate that any areas are experiencing focused differential subsidence that would indicate the threat of ground fissuring.

Currently in the Northeast Area:

- Watermaster monitors vertical ground-surface deformation via ground level surveying and InSAR techniques as part of the same program that is conducted for the Managed Area. These data reveal the extent, rate, and spatial distribution of land subsidence across a portion of the Northeast Area.

Watermaster will continue the above listed monitoring efforts. If future data from existing monitoring efforts in this area indicate the potential for adverse impacts due to subsidence, Watermaster will revise the MZ-1 Plan pursuant to the process outlined in Section 3.



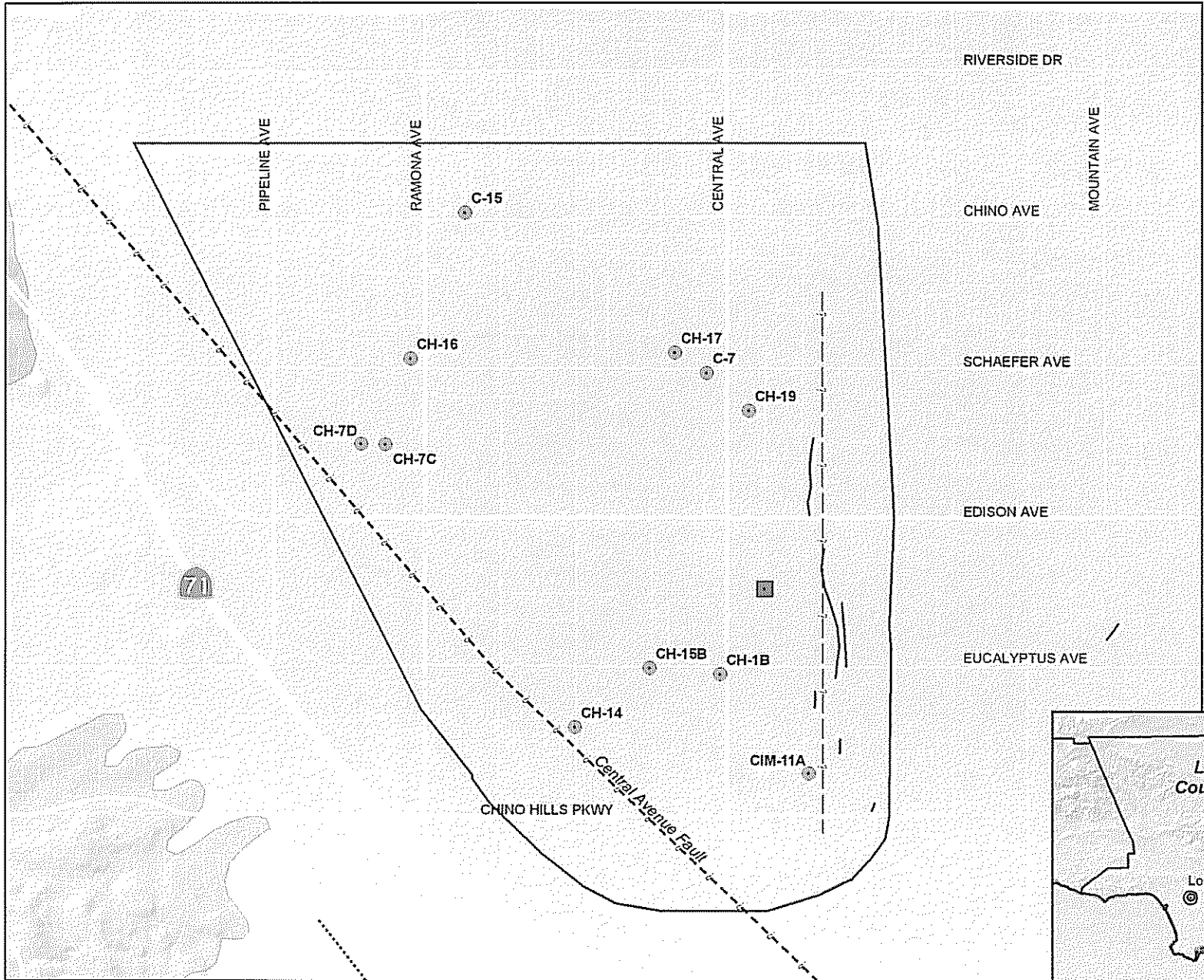
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
**Table 2-1
MZ-1 Managed Wells**

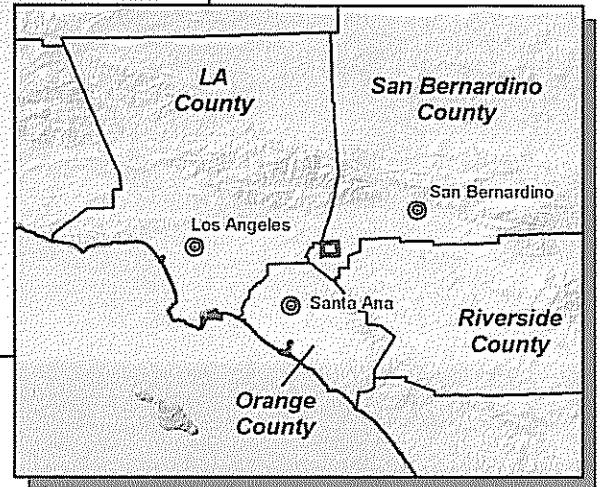
CBWM_ID	Owner	Well Name	Status	Screened Interval ft-bgs	Capacity gpm
600487	Chino Hills	1B	Inactive	440-470, 490-610, 720-900, 940-1180	up to 1200
600687	Chino Hills	7C	Not Equipped	550-950	--
600498	Chino Hills	7D	Inactive	320-400, 410-450, 490-810, 850-930	400
600495	Chino Hills	14	Inactive	350-860	300-400
600488	Chino Hills	15B	Active	360-440, 480-900	1500
600489	Chino Hills	16	Inactive	430-940	800
600499	Chino Hills	17	Inactive	300-460, 500-980	700
600500	Chino Hills	19	Active	340-420, 460-760, 800-1000	1100-1500
3600461	Chino	7	Not Equipped	180-780	
600670	Chino	15	Not Equipped	270-400, 626-820	
3602461	CIM	11A	Active	135-148, 174-187, 240-283, 405-465, 484-512, 518-540	500-600

**Table 2-2
Wells Used for Water Level Monitoring
During the MZ-1 Interim Monitoring Program**

CBWM_ID	Owner	Well Name	Status	Screened Interval ft-bgs	Capacity gpm
	Chino Hills	1A	Active	166-317	700-800
	Chino Hills	1B	Inactive	440-470, 490-610, 720-900, 940-1180	up to 1200
	Chino Hills	7C	Not Equipped	550-950	--
	Chino Hills	5	Active		
	Chino Hills	14	Inactive	350-860	300-400
	Chino Hills	15A	Not Equipped	190-310	--
	Chino Hills	15B	Active	360-440, 480-900	1500
	Chino Hills	16	Inactive	430-940	800
	Chino Hills	17	Inactive	300-460, 500-980	700
	Chino Hills	18	Not Equipped	420-460, 480-980	--
	Chino Hills	19	Active	340-420, 460-760, 800-1000	1100-1500
	Chino	4	Active	160-200, 200-275	350-750
	Chino	6	Active	200-375	500-750
	Chino	7	Not Equipped	180-780	
	Chino	15	Not Equipped	270-400, 626-820	
	Chino	Schaefer	Abandoned		
	Chino	YMCA	Abandoned		
	Chino	12th&G	Abandoned		
	CIM	1A	Active	160-213, 484-529	1100-1200
	CIM	11A	Active	135-148, 174-187, 240-283, 405-465, 484-512, 518-540	500-600
	CIM	MW-22DR	Monitoring	514.5-528.9	
	CIM	MW-24S	Monitoring	94-103.6	
	CIM	MW-24I	Monitoring	157.1-171.7	
	CIM	MW-33S	Monitoring	97.3-107	



-  MZ-1 Managed Well
-  Ayala Park Extensometer
-  Area of Subsidence Management
-  Ground Fissure (1994)
-  Approximate Location of Groundwater Barrier

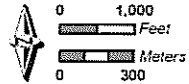


MZ-1 Managed Area and Managed Wells

Figure 2-1

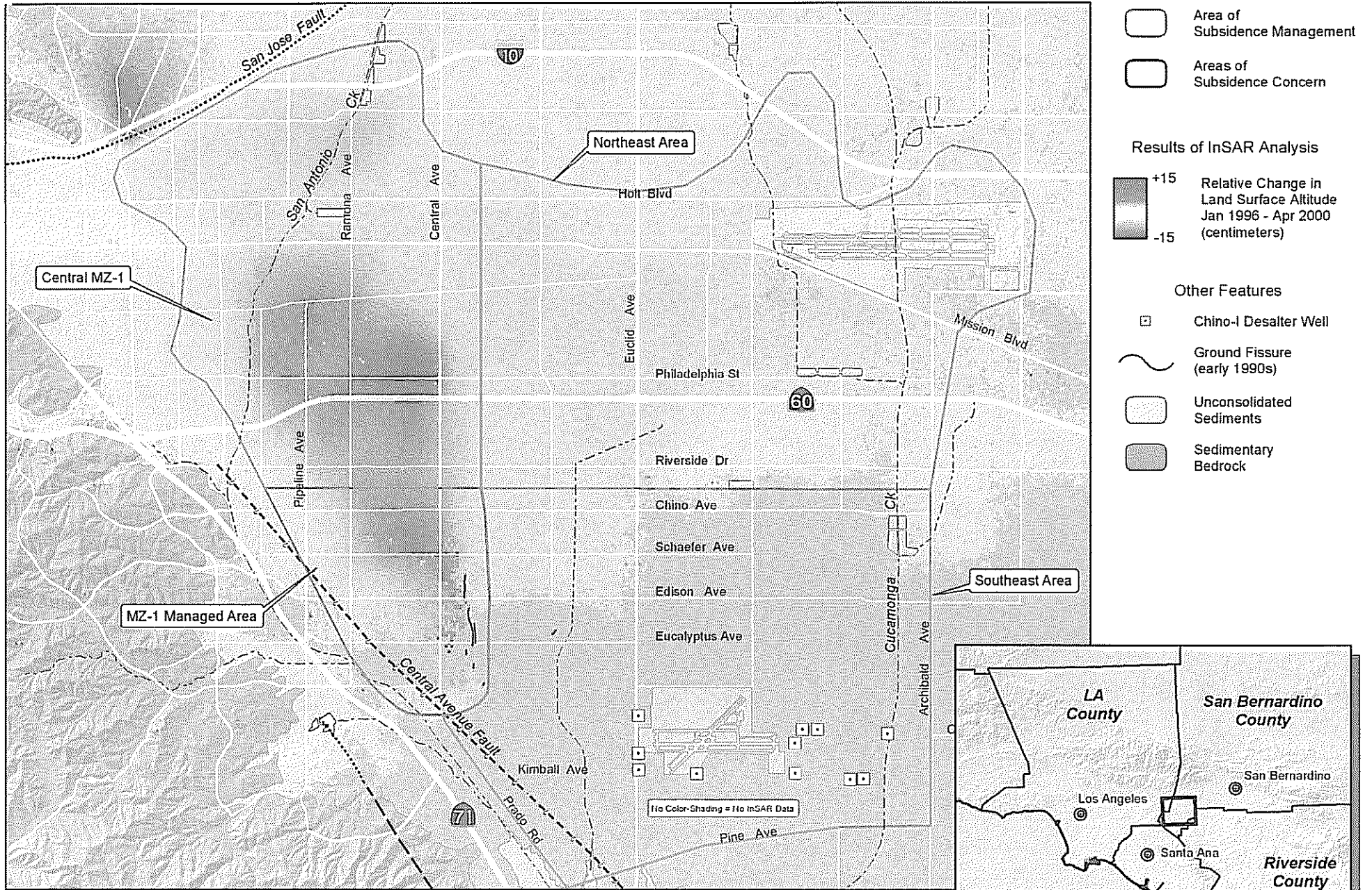


MZ-1 Subsidence Management Plan

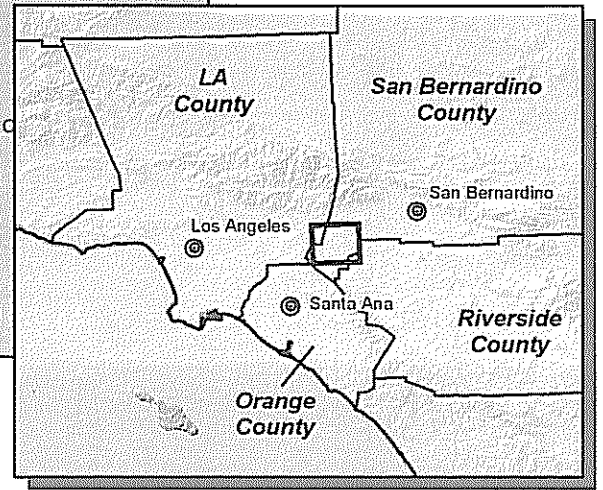


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Date: 20050318
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ENVIRONMENTAL INC.



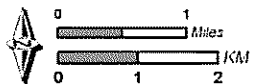
- Area of Subsidence Management
 - Areas of Subsidence Concern
- Results of InSAR Analysis**
- +15
 - 0
 - 15
- Relative Change in Land Surface Altitude Jan 1996 - Apr 2000 (centimeters)
- Other Features**
- Chino-I Desalter Well
 - Ground Fissure (early 1990s)
 - Unconsolidated Sediments
 - Sedimentary Bedrock



Subsidence Management Areas

Figure 2-2

Chino Basin OBMP
MZ-1 Subsidence Management Plan



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Date: 20080321
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3. EVALUATION AND UPDATE OF THE MZ-1 SUBSIDENCE MANAGEMENT PLAN

A key element of the MZ-1 Plan will be the verification of the protective nature of the plan as related to permanent land subsidence and ground fissuring. This verification will be accomplished through continued monitoring and reporting by Watermaster and revision of the MZ-1 Plan when appropriate. In this sense, the MZ-1 Plan will be adaptive.

Within the Managed Area, Watermaster recommends that all deep aquifer-system pumping cease for a continuous 30-day period at some time between the January 1 and March 31 of each year. The cessation of pumping is intended to allow for sufficient water level recovery at PA-7 to recognize inelastic compaction, if any, at the Ayala Park Extensometer.

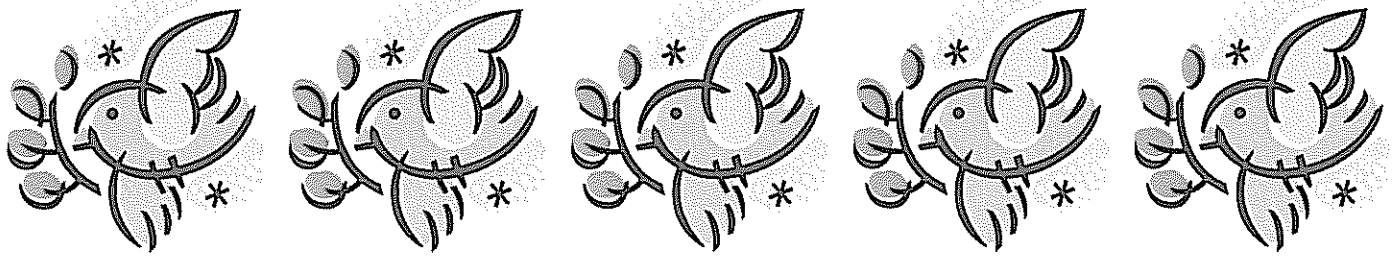
During April of each year, the MZ-1 Technical Committee will convene to review all available data collected and analyses performed over the past year, and to formally recommend revisions or additions to the MZ-1 Plan. These recommendations will be run through the Watermaster Process during May and, if approved, will be budgeted for and implemented during the following fiscal year.

At the conclusion of each fiscal year (June 30), Watermaster will produce a MZ-1 Annual Report that will include:

- Stress-strain diagrams from the Ayala Park Extensometer facility with interpretation
- Maps of ground surface deformation as measured by the ground level surveys and/or InSAR
- The revised MZ-1 Plan, that may include changes to:
 - The delineation of the Managed Area
 - The list of Managed Wells
 - Definition of the Guidance Level
 - On-going monitoring of the aquifer system and ground surface



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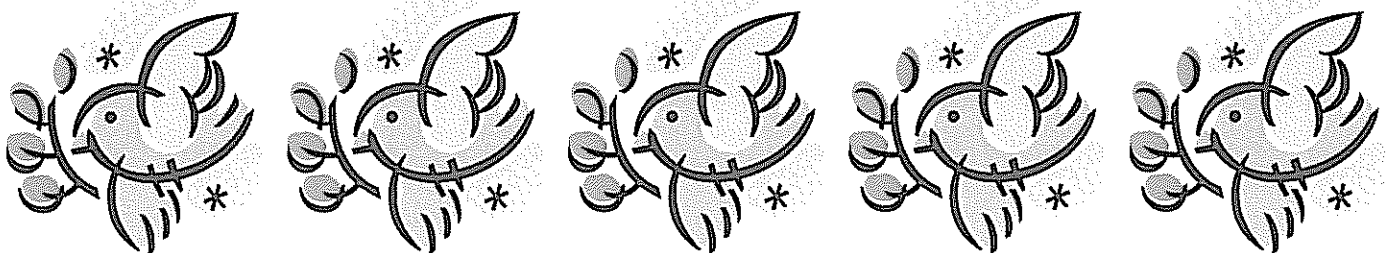


CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

2. Referee Report Regarding Status
Report Transmittal



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5 SPECIAL REFEREE
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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN BERNARDINO, RANCHO CUCAMONGA DIVISION
10

11
12 CHINO BASIN MUNICIPAL WATER
DISTRICT,

13
14 Plaintiff,

15 v.

16
17 THE CITY OF CHINO, et al.

18 Defendants.
19

CASE NO. RCV 51010

Judge: Honorable J. Michael Gunn

SPECIAL REFEREE'S COMMENTS
AND RECOMMENDATIONS
CONCERNING OBMP STATUS
REPORT 2006-02, FUTURE
DESALTING PLANS, AND MZ-1
LONG- TERM PLAN

Date: May 24, 2007

Time: 1:30 p.m.

Dept: 8

20 I.

21 INTRODUCTION

22 On February 16, 2007, Chino Basin Watermaster ("Watermaster") was asked to file: (1)
23 OBMP Status Report 2006—02; (2) a report on the status of plans for future desalting in Chino
24 Basin ("Chino Basin" or "Basin"); (3) a report on the status of Watermaster's long-term plan for
25 Management Zone 1 (MZ-1) and the publication of guidance criteria. (Order Re: Receiving
26 OBMP Status Reports and Annual Reports and Further Action, p.4.) On April 2, 2007,
27 Watermaster filed its "Transmittal of Status Report 2006-02" with attached Exhibits A, B and C
28 ("First Transmittal"). The First Transmittal includes Watermaster's response to the Court's

1 request for status reports on future desalting in the Basin and for a long-term plan for MZ-1. At
2 the request of the Special Referee,¹ Watermaster subsequently filed a “Transmittal of Revised
3 Exhibit C” with attached Exhibits C, C-1 and C-3 (“Second Transmittal”). The Second
4 Transmittal was filed on April 30, 2007. The Special Referee presents these comments and
5 recommendations concerning Watermaster’s transmittals for the Court’s consideration.²

6 II.

7 OBMP STATUS REPORT 2006—02

8 A. Status Report Highlights

9 Watermaster’s OBMP Status Report 2006—02 covers the period from July 2006 to
10 December 2006. The highlights of this status report are as follows:

- 11 • A revision of Watermaster’s groundwater models is currently underway. (See
12 discussion in Section III B below related to peer review of the Chino Basin
13 Numerical Groundwater Flow Model.)
- 14 • Several grant applications to expand the desalters were made under State
15 Proposition 50. Tentative approval for up to \$45 million in grants for desalter
16 expansion has been received.³
- 17 • Preparation of the 2006 State of the Basin Report (“SOBR-2006”) is underway:
18 OBMP Status Report 2006-02 indicates that a draft of the report will be available
19 in the spring of 2007.⁴
- 20 • OBMP Status Report 2006-02 indicates that the San Diego County Water
21 Authority began discussions with Watermaster to develop a storage and recovery
22 program in Chino Basin. Watermaster also is having discussions with Castaic

23
24 ¹ Watermaster’s First Transmittal Exhibit C was practically illegible. California Rules of Court,
rule 2.104 requires all papers filed in trial courts to be as legible as printing in type not smaller
25 than 12 points.

26 ² The filing of these comments and recommendations is late due to the filing of Watermaster’s
Second Transmittal on April 30, 2007.

27 ³ Watermaster’s First Transmittal mentions tentative approval for \$53 million for desalter
expansion. (See quotation in Section III A below.) OBMP Status Report 2006-02 does not
28 mention possible federal funding for desalters.

⁴ The final report is due in July 2007.

1 Lake Water Agency and Metropolitan Water District of Southern California
2 regarding new storage and recovery programs in Chino Basin.

3 **B. Comments Regarding SOBR-2006**

4 In anticipation of the publication of SOBR-2006 it is important to reiterate that the
5 concept of a SOBR as first envisioned during the OBMP development process was that a
6 baseline would be selected, against which changes in basin conditions would be compared. The
7 SOBR was intended to provide a means of assessing the effectiveness of the OBMP as its
8 various program elements were implemented. Thus, in its recent order the Court stated:

9 The State of the Basin Report is not intended to be a report on the state of OBMP
10 implementation. The OMBP status reports serve that role. Rather, the State of
11 the Basin Report is intended to be an engineering report on the physical state of
12 the basin, in which basin conditions are compared with a pre-OBMP baseline in
order to measure changes in basin conditions, the effectiveness of the OBMP, and
the effects of any reoperation of the basin.

13 (Order Re: Receiving OBMP Status Reports and Annual Report and Further Action,
14 *supra*, p. 3, lns. 9-14.)

15 We previously commented that the Initial State of the Basin Report should have included
16 a reconciliation of pumping and Safe Yield. Pumping was discussed in SOBR-2004, but there
17 was no reconciliation of pumping with Safe Yield. It is unclear whether total wet water recharge
18 has kept pace with increased production from the Basin, and it appears that wet water recharge,
19 and most notably replenishment, have been significantly depressed since 2000/2001. One of the
20 most fundamental of Watermaster's original charges is to address and report to the Court on
21 whether or not Safe Yield is being maintained and overproduction is being replenished. It is
22 important that Watermaster reconcile pumping and Safe Yield in SOBR-2006, and either
23 demonstrate that overproduction is being replenished as required by the Judgment, or explain
24 why it is not. There also remains confusion between the amounts of pumping as reported in
25 SOBR-2004 and as reported in the Annual Reports. Reconciliation of pumping with Safe Yield
26 should eliminate that confusion. A clear and complete reconciliation will be helpful to the Court
27 in its consideration of Watermaster Basin reoperation proposals.

28 ///

1 III.

2 WATERMASTER'S REPORT ON THE STATUS OF PLANS FOR FUTURE
3 DESALTING

4 A. Watermaster's Filings

5 Watermaster's First Transmittal includes little detail as to how Watermaster intends to
6 expand desalting capacity. The transmittal notes that "responsibilities under the Peace
7 Agreement" of Inland Empire Utilities Agency ("IEUA") and Western Municipal Water District
8 (WMWD) [for future desalters], have been assumed by the Chino Desalter Authority (CDA):

9 Even though Desalter I and II implementation and operation has been
10 assumed by CDA, the Peace Agreement still articulates various responsibilities
11 held by IEUA and Western relative to the initiation of further desalter capacity.
12 These responsibilities relate primarily to the pursuit of funding sources to assist in
13 alleviating the burden associated with the desalters. IEUA and Western, as well
14 as other Chino Basin parties, have been very active in pursuing grant funding to
15 assist in the construction of the next increment of desalter capacity. Attached here
16 as Exhibit "B" is the most recent Funding Priority Ranking for projects under
17 Proposition 50. According to this ranking, the CDA is ranked third for a grant of
18 \$15,000,000 and Western has been ranked 8th and 14th for desalter grants totaling
19 another \$33,000,000.

20 In addition, Western has currently been approved for over \$5 million in
21 grant funding for use on design and construction for desalter capacity. These
22 grant funds have an expiration date of November 2008 and are a current motivator
23 for the scheduling relating to the next increment of desalter capacity, as the parties
24 do not want to lose any funding opportunities.

25 (First Transmittal, p. 2, lns. 11-26.)

26 Both the First and Second Transmittals focus on the steps needed to finalize the "Peace II
27 Agreement" under the Stakeholder Non-Binding Term Sheet (adopted by Watermaster in May
28 2006). Exhibit C to the Second Transmittal (Revised Chronological Timeline of Peace II
Implementation April 2007) notes twelve steps to be completed before Peace II can be
implemented. (The thirteenth step is implementation actions for Peace II.)

29 The first four steps have already been completed. Steps five through ten are described as
30 "ongoing". Of particular importance are steps seven and eight. Step seven is the completion of a
31 physical project description. Watermaster strives to complete this step by June 1, 2007, but no
32 later than August 1, 2007. Watermaster states:

33 ///

1 The physical description will serve dual purposes: CEQA compliance and
2 impacts analysis for Court review and approval of proposed Peace II actions,
 including Re-Operation and Hydraulic Control requirements.

3 (Second Transmittal, Exh. C at ¶ 7.) It appears that “physical project description” as used in this
4 step refers to the description of the basin management actions proposed in Peace II, not to the
5 description of the plan for the Chino Creek Well Field desalter expansion. Step seven includes
6 the following comment:

7 Watermaster has an internal goal for completing the technical analysis of impacts
8 [presumably, of Peace II basin management actions] by the end of August.
 Obviously, an earlier designation of the proposed project will expedite the
9 technical analysis. (*Id.* at ¶ 3.)

10 Step eight is described as the evaluation of physical impacts of the Peace II basin
11 management actions. Watermaster notes that it will:

12 ... rely upon the [revised Wildermuth] model to evaluate the impacts of the
13 proposed physical project and the respective related elements contemplated by the
14 Peace II Term Sheet; e.g., Basin Re-Operation, Hydraulic Control, Storage and
 Recovery Agreements, Desalting.

15 (Second Transmittal, Exh. C at ¶ 8.) Recharge and replenishment are not mentioned in
16 this step, but they are appropriately included in Exhibit C-1, and should be a part of the
17 integrated project description. The Court may wish to schedule a hearing in September
18 on the status of work outlined in steps 7 and 8.

19 Steps ten and eleven also are of particular significance to the Court. Step ten is
20 the completion of legal instruments necessary for Peace II. This section notes that
21 conditional Court approval for Peace II will not be sought until all required legal
22 instruments have been finalized and all required studies have been completed. Step
23 eleven is obtaining conditional court approval for Peace II. The expected completion is
24 October- December 2007. Watermaster notes:

25 *Summary:* The transmittal of all legal documentation will be accompanied
26 by all required technical analysis and related studies.

27 *Note:* Court approval will be requested in a format consistent with the
28 Peace I process, i.e., conditioned upon compliance with CEQA.

(Second Transmittal, Exh. C at ¶ 11.)

1 Step twelve is completion of the CEQA process. The timeline for completion is
2 December 2007-September 2008: "Completion of the final documentation is dependent
3 upon multiple variables that will be resolved while the process is ongoing." (Second
4 Transmittal, Exh. C at ¶ 12.)

5 Watermaster's Second Transmittal, Exhibit C-1 also includes a timeline for
6 obtaining conditional approval of Peace II. According to Exhibit C-1 the expected
7 approval date is November 23, 2007. The Court may wish to set that hearing date, along
8 with a follow-up hearing date for Watermaster to report back to the Court with regard to
9 satisfaction of any conditions in its order.

10 In the Second Transmittal Watermaster, for the first time, provided the details as to when
11 it intends to expand desalting capacity. The timeframe details in Exhibits C-2 and C-3 of
12 Watermaster's Second Transmittal appear to be consistent with the engineering report made to
13 the Advisory Committee on March 22, 2007, as noted on pages 5 & 6 of the draft minutes of that
14 meeting:

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

1 It is essential that Watermaster reconcile its efforts to take advantage of the Regional
2 Board's Basin Plan Amendment with its Peace II efforts involving this Court. Presumably, a
3 supplemental filing would clarify that Watermaster will not commence hydraulic control
4 operations without court approval, to the extent that commencing hydraulic control operations is
5 inconsistent with the Judgment. In other words, Watermaster should report to the Court how
6 those commitments or representations are consistent with the Judgment, and how any
7 inconsistencies will be resolved. Watermaster's Second Transmittal notes only that:

8 ...Exhibit C also includes a more robust description of the physical actions
9 required to secure hydraulic control in accordance with the Regional Board
10 directives; namely the construction of the Chino Creek Well Field. Exhibits C-2
11 and C-3 contain summaries of the more detailed requirements that are associated
12 with the construction of the Chino Creek Well Field under 'Pragmatic' and
13 'Accelerated' schedules respectively. The two schedules have been submitted to
14 the Regional Water Quality Control Board and reflect similar overall completion
15 dates, regardless of some slightly accelerated intermediate construction
16 activities."

17 (Second Transmittal, p. 2, lns. 11-13.)

18 **B. Review of Chino Basin Numerical Groundwater Flow Model**

19 In its transmittal of OBMP Status Report 2006-02, Watermaster notes the importance of
20 the peer review conducted by Luhdorff & Scalmanini Consulting Engineers:

21 ...Of particular importance is the peer review by Mr. Scalmanini [Joseph
22 Scalmanini, Luhdorff and Scalmanini, Consulting Engineers and Technical Expert
23 advisor to the Special Referee] of the validity of the model to be used by
24 Watermaster in the planning and implementation of the ambitious Basin
25 management techniques anticipated under the Term Sheet. These Basin
26 management techniques will have a significant impact on the manner in which the
27 next increment of desalting capacity is designed, and so it has been difficult to
28 progress further with the desalter planning prior to finalization of the Term Sheet,
which has in turn been dependent on the review by Mr. Scalmanini. Mr.
Scalmanini's review began in July 2006 and his Report was provided to
Watermaster on March 21, 2007. The parties can now proceed to finalize the
Term Sheet.

(First Transmittal, p. 3, lns. 2-10.) The Review of Chino Basin Numerical Groundwater
Flow Model (Updated 2003 Model), prepared by Luhdorff & Scalmanini Consulting
Engineers, March 2007 ("LSCE Review Report") assessed Watermaster's Numerical
Groundwater Flow Model (the Updated 2003 Model) developed by Wildermuth
Environmental Inc. ("WEI Updated 2003 Model"). As noted in OBMP Status Report

1 2006-02, Watermaster's groundwater models are in the process of being revised. The
2 LSCE Review Report concludes that:

3 For planning level analysis, the existing model is a useful and applicable
4 tool to simulate approximate basin response to management actions that involve
5 the quantities and distribution of pumping and recharge in the basin... [¶] On the
6 other hand, there are a few issues in the model calibration and its application that
7 raise questions or the possibility of challenges to quantitative flow and storage
8 numbers that might be extracted from model output and subsequently used or
9 interpreted in implementation of basin management...While those issues do not
10 invalidate the model for use in planning level analyses, the ultimate intended use
11 of the model is sufficiently significant that those few issues should be addressed
12 before relying on, and using, model output for quantity-related purposes. From
13 interaction in this review with the model's authors, it is understood that such has
14 been the intent through WEI's development and calibration of a 2007
15 Watermaster Model, which has been in work since mid-2006. Thus it is
16 recommended that finalization of basin reoperation details be deferred until the
17 2007 Watermaster Model is completed.

18 (LSCE Review Report, p. 37.) The LSCE Review Report may be accessed through
19 Watermaster's website by using the link to documents on Watermaster's FTP server. For
20 convenience, two copies of the report will be lodged with the Court for its reference.

21 In Watermaster's Second Transmittal Exhibit C, the importance of Mr. Scalmanini's
22 ongoing coordination with Watermaster's engineering consultant, Mr. Wildermuth, is
23 emphasized:

24 Watermaster expects regular and routine communication between Mr.
25 Wildermuth and Mr. Scalmanini *to ensure maximum efficiency and accuracy in
26 court review of the subsequent evaluations of the physical impacts of the proposed
27 project* [italics added].

28 Watermaster expects regular and routine coordination between Mr.
Wildermuth and Mr. Scalmanini *to ensure efficient review* [italics added].

(Second Transmittal, Exh. C at pp. 2 & 3.) The Court may wish to encourage regular and routine
communication between Mr. Wildermuth and Mr. Scalmanini in its next order.

IV.

STATUS OF WATERMASTER'S LONG-TERM PLAN FOR MZ1 AND THE PUBLICATION OF GUIDANCE CRITERIA

In its First Transmittal, Watermaster states that the Board approved an MZ-1 Summary
Report and Guidance Criteria on May 25, 2006. (*Id.* at p. 4.) Watermaster indicates that a "draft
alternative water supply proposal" has been developed "to assist the affected parties in

1 voluntarily modifying their pumping in order to avoid causing water levels to drop below the
2 guidance level, which is 245 feet below the reference point for the PA-7 piezometer at Ayala
3 Park.” (*Ibid.*) Watermaster also states that a draft proposal for further monitoring and technical
4 work also has been developed. (*Ibid.*) Thus, from the First Transmittal it appears that these two
5 proposals will be circulated outside the MZ-1 Technical Committee as the long-term plan,
6 introducing it to the Pool process in April or May. (*Id.* at p. 5, lns. 6-8.)

7 In its Second Transmittal, Watermaster states: “[t]he [long-term] plan is virtually
8 complete. No substantial revisions are contemplated.” (Second Transmittal, Exh. C, at ¶ 9.)
9 Exhibit C-1 of the Second Transmittal specifically shows that the Long-Term Management Plan
10 for MZ-1 will be submitted to the Court on May 2, 2007, and Court review and approval will
11 occur on May 30, 2007. This timeframe might not permit adequate time for the Court to receive
12 any comments on or opposition to the plan. Further, we have not been notified of a hearing date
13 having been set for May 31, 2007. The Court may wish to request that Watermaster confirm
14 whether or not the dates in Exhibit C-1 are accurate.

15 VI.

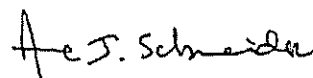
16 RECOMMENDATIONS

- 17 1. Watermaster’s Second Transmittal provides the Court with a timeframe for implementing
18 a long-term plan for MZ-1 and with a detailed timeframe for adding desalting capacity in
19 the Basin. (See Second Transmittal, Exh. C.) We recommend that the Court consider
20 issuing an order requiring Watermaster to comply with the Second Transmittal Exhibit C
21 schedule. We also recommend that the Court consider requiring Watermaster to report to
22 the Court any time Watermaster falls more than 30 days behind schedule to explain the
23 delay and present a revised schedule.
- 24 2. Any proposed plans for reoperation of the Basin will not be analyzed until the revisions
25 to Watermaster’s groundwater models are completed. We recommend the Court consider
26 encouraging Watermaster’s engineering consultant to closely coordinate with the Special
27 Referee’s Technical Expert concerning the progress of modification and application of
28 the models. As Watermaster emphasized in the Second Transmittal, this would “ensure

1 maximum efficiency and accuracy in court review of the subsequent evaluations of the
2 physical impacts of the proposed project.” (Second Transmittal Exh. C at ¶ 4.)

- 3 3. We recommend that the Court require that SOBR-2006 include a reconciliation of
4 pumping and safe yield as discussed in Section II B above to provide the Court with a
5 clear and complete basis for consideration of Watermaster Basin reoperation proposals.
6 The Court should remind Watermaster that a hearing date needs to be scheduled in early
7 September 2007 to receive SOBR-2006 and the Annual Report. Watermaster should
8 allow sufficient time after the filing of the reports for any comments to be received by the
9 Court. This hearing date should also be used for the Court to receive a report from
10 Watermaster on the status of steps 7 and 8 in Watermaster’s Second Transmittal Exhibit
11 C.
- 12 4. We recommend that the Court require Watermaster to submit a supplemental filing
13 before the next Court hearing explaining the relationship between achieving hydraulic
14 control to benefit from the Basin Plan Amendment and obtaining approval of the Court to
15 reoperate the Basin as envisioned in the Peace II Process. This supplemental filing
16 should affirm that Watermaster will not commence Basin reoperation without Court
17 approval to the extent such reoperation would not be consistent with the Judgment.
- 18 5. The Court should require Watermaster to submit a proposed schedule for filing and
19 obtaining Court approval of the Long-Term Plan for MZ-1.
- 20 6. The Court should require Watermaster to set a court date and give notice of a hearing, on
21 or before November 30, 2007, for the Court to consider conditional approval of the Peace
22 II Agreement.
- 23 7. With regard to the May 24, 2007 hearing to receive Watermaster’s transmittals,
24 depending on what responses are filed, the Court may wish to consider waiving
25 appearances by Counsel at the hearing.

26 Dated: May 2, 2007

27 

28 Anne J. Schneider, Special Referee



CHINO BASIN WATERMASTER

II. REPORTS / UPDATES

E. **INLAND EMPIRE UTILITIES AGENCY**

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



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

May 24, 2007

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

Recycled Water and Environmental Compliance Update---Tom Love
Summer Conservation and Delta Pump Issue----Rich Atwater
Landscape Alliance Update-Martha Davis

Written Updates:

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

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**IEUA REGIONAL WATER CONSERVATION
6-MONTH WORK PLAN
DRAFT**

June 2007	July 2007	August 2007	September 2007	October 2007	November 2007
<p>Memorial Weekend - End of June - MWD radio PSA's encouraging voluntary conservation</p> <p>Develop Magnetic singage for agency vehicles</p> <p>Develop Newspaper Ads & Articles supporting water reduction throughout summer months</p> <p>Irrigation Tune-up Messaging</p> <p>Water Conservation Resolution Adoption</p> <p>Regional Slogan: Wise water use creates a more sustainable lifestyle</p> <p>Establish Target numbers & schedule for connecting new recycled water customers</p>	<p>Develop Quarterly Newsletter Articles</p> <p>Residential Leaks</p> <p>Coordinate with MWD Regional Messaging Campaign</p> <p>Regional Newsletter to Big Box Stores and Professional Landscaping Companies</p> <p>School Education outreach for year round schools</p> <p>Special Event Educational Outreach</p> <p>Promote Regional Rebate Programs-through Point-of-Sale and Counter displays</p>	<p>Grocery Bag Inserts - Astrobright</p> <p>Retail Posters</p> <p>"CA Friendly" Landscape Conversion Workshop</p> <p>Distribute Regional Door hanger material for water wasters</p> <p>Recirculation of media materials, PSA's, Ads, etc.</p>	<p>Establish Landscape troubleshooting hotline "CA Friendly" Based</p> <p>School Education Outreach</p> <p>LA County Fair Display</p> <p>LA County Fair - Other Outreach Opportunities</p>	<p>"CA Friendly" Landscape Workshop</p> <p>Regional Water Fair - Oct. 20th</p> <p>Recirculation of Smart Watering Schedules & fall adjustments</p>	<p>Encourage "CA Friendly" planting</p> <p>Recirculation of regional rebate programs</p>

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Regional Conservation Programs

Monthly Report – April 2007

MWD Activities

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

Landscape Programs

- **Landscape Audit Program** - HydroEarth has completed 57 commercial audits. The completed sites' maps have been inputted onto GPS and the reports are currently being produced. To date no residential audits have been completed. The program consists of 150 commercial audits and 50 large landscape residential audits to be completed by September 2007.
- **Ontario Cares** - The City of Ontario is implementing a pilot project to integrate California-Friendly[®] into the city's existing Ontario Cares program to improve neighborhoods. A MWD consultant presented California-Friendly[®] templates to Ontario Cares inspection staff and landscape contractors. Two homes have been retrofitted using California-Friendly[®] protocols (example photos attached). IEUA is seeking approval from the U.S. Bureau of Reclamation to increase the rebate from \$300 to \$500 per site based on larger than average property sizes and the City's interest in adding California-Friendly[®] plantings.
- **Inland Empire Landscape Alliance** - The second meeting for the Landscape Alliance was held on April 12, 2007 at IEUA. The next meeting will be held at IEUA on September 13, at 4:00 pm. Over the next four months, staff will host a series of workshops to address landscape issues raised by the cities and to continue development of landscape policy and program recommendations, including a regional landscape ordinance. The first workshop is on California Friendly Landscapes and was held on April 25th at the Maloof Foundation.
- **California Friendly[®] Landscape Classes (formerly PDA)** - Several retail agencies are holding local PDA classes this year to educate their residents on California-Friendly[®] plants and efficient irrigation. CVWD held a PDA class on March 31 and approximately 50 residents attended.

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)** - There were 62 CII rebates issued in the month of February. The following is a list of the most recent rebate activity within the IEUA service area:
 - **High Efficiency Clothes Washers** - There were no clothes washers rebated for the months of February and March. The total for FY 06/07 is 64. To date, 399 commercial high efficiency clothes washers have been installed in our service area since FY 00/01.
 - **Conductivity Controller Cooling Tower** - A total of 16 conductivity controllers have been installed through the Save-a-Buck program since FY 00/01.
 - **ULF Toilets** - No ULFTs were rebated in February and March. The total number rebated is, 1,881 ULFTs in our service area since FY 00/01.
 - **Waterless Urinals** - No waterless urinals were installed in February and March. A total of 10 waterless urinals have been rebated for in the IEUA service area.
 - **ULFT Flushometers** - To date, 4 flushometers have been rebated in IEUA's service area.
 - **Water Broom** - To date, 695 water brooms have been rebated in IEUA's service area since FY 00/01.
 - **SmarTimer Controllers** - No SmarTimer Controllers were rebated in February and March. To date a total of 36 SmarTimers have been installed and rebated through the CII program in the IEUA service area.
- **Restaurant Spray Heads** - The third and final phase of the restaurant spray head program, conducted through the CUWCC, has been completed. The total installations within IEUA's service area for the three phases of the program to included 1234 spray heads.

Residential Rebate Programs

- **ULFT and HET Rebate Program** - Effective February 1, 2007, IEUA began processing the ULFT and HET rebates. In the month of April, 27 ULFT rebates were processed. This brings the total number of rebates processed for FY 06/07 to 131; 27 ULFT rebates and 4 HET rebates. Since the start of the program in 2002, a total of 2,963 rebates have been processed.

- **High Efficiency Clothes Washer Rebate** - The total number of rebates processed in March was 199 bringing the number of rebates issued for FY 06/07 to 1136. The total number of rebates processed since the rebate program began in 2002 is approximately 7,560.
- **“SmarTimer of Inland Empire” Program** - The program began in April 2006. To date, 25 SmarTimer Irrigation Controller rebates have been processed.
- **Rotating Nozzles for Pop-up Spray Heads** - The new rebate program for rotating nozzles commenced late January 2007. The incentive is \$4 per rotating nozzle to be replaced. The rotating nozzles save up to 6,600 gallons of water over five years. To date, 30 Rotating Nozzles have been processed.

Other Residential Programs

- **Multi-Family ULFT Program** - The Multi-Family ULFT retrofit program, conducted by Bottom Line Utility Solutions, Inc. has begun. In March, 1,196 toilets installations were completed bringing the total installed to 7,003 toilets.

School Education Programs

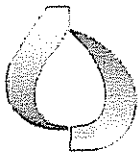
- **Garden in Every School** - In October, seven schools were chosen for the 2006/07 “Garden in Every School Program”. The selected schools are Litel Elementary in Chino Hills, El Rancho Elementary in Chino, Liberty Elementary in Ontario, Sycamore Elementary in Upland, Victoria Groves Elementary in Rancho Cucamonga, Buena Vista Arts-integrated School in Montclair and Poplar Elementary in Fontana. Designs have been completed for each garden. The majority of the irrigation has been installed at the respective sites. Planting has been completed at Sycamore Elementary, and is scheduled for the remaining schools during the last two weeks of April. Dates for the Garden dedications are noted in the calendar below.
- **National Theatre for Children** - The National Theatre for Children (NTC) performances at elementary schools within IEUA’s service area began late November and will continue through May 2007. Currently 36 performances have been scheduled. Through March, 29 performances have taken place. Eleven performances are scheduled for the month of April.
- **MWD Solar Cup 2007** - Four schools within IEUA’s service area are participating in the 2007 Solar Cup program. They include Rancho Cucamonga High School (CVWD), Montclair High School (MVWD), Upland High School (Upland) and Ayala High School (Chino Hills). The Solar Cup event will take place May 18-20, 2007, at Lake Skinner.
- **Chino Youth Museum** - Over the past year the Chino Youth Museum along with the City of Chino, MVWD, Chino Basin Water Conservation District and IEUA have been meeting to rejuvenate and improve the water exhibit that was constructed in 2002. The planning committee has received drawings from the consultant for the design of the new exhibit. Construction of the exhibit will begin in early summer.

Outreach

- **Water Fair** - The planning committee for the Water Fair 2007 is meeting monthly. The planning committee applied for the Community Partnering Program through MWD for funding assistance. The Water Fair 2007 will be held Saturday, October 20, 2007 at Montclair Plaza.
- **Water Education Water Awareness Committee (WEWAC)** – The WEWAC High School Video Contest has been modified to a Public Service Announcement (video) Contest. The four entries received by the April 13th deadline will be judged, and an awards ceremony will be held in May.

CALENDAR

May 2, 2007	CUWCC Steering Committee Meeting (Contra Costa Water District-Concord)
May 12, 2007	CVWD Water Awareness Day (Cucamonga Valley Water District)
May 18-20, 2007	MWD Solar Cup 2007 (Lake Skinner)
May 16, 2007	Sycamore Elementary Garden In Every School Dedication @ 10:00 AM
May 18, 2007	Litel Elementary Garden In Every School Dedication @ 2:30 PM
May 22, 2007	Poplar Elementary Garden in Every School Dedication @ 5:30 PM
May 25, 2007	Liberty Elementary Garden in Every School Dedication @ 9:00 AM
May - TBD	WEWAC High School Public Service Announcement Contest
June 1, 2007	El Rancho Elementary Garden in Every School Dedication 8:30 AM
June 5, 2007	Victoria Groves Elementary Garden in Every School Dedication @ 9:00 AM
June 13, 2007	Buena Vista Elementary Garden in Every School Dedication @ 1:00 PM
June 13, 2007	CUWCC Plenary Session (San Francisco Public Utilities Commission)



Inland Empire
UTILITIES AGENCY

Date: May 16, 2007
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (05/09/07)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: April Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

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Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Rich Atwater and Martha Davis
Inland Empire Utilities Agency

From: Letitia White, Alex Shockey, Susan Carr and Meredith Stanford
Traweek

Date: April 27, 2007

Re: April Monthly Legislative Update

Despite the fact that Congress was in recess for a good portion of the month, April has been busy for IEUA and our agenda on Capitol Hill. At the tail end of March, Senator Dianne Feinstein introduced the companion legislation to H.R. 122, called S. 1054. We have been in close touch with Dave Weiman and with Congressman Dreier's office on H.R. 122/S. 1054, its prospects in the Senate and possible Senate strategies. Also, Martha has been to town and had meetings on our digester project with House Agriculture Committee staff and Congressman Baca's staff. In addition, IFS met with Congressman Lewis' new water staffer to brief him on IEUA and its programs.

Fiscal Year 2007 Supplemental Appropriations Bill

Much of April in the House and Senate has been consumed with the Conference Report to the Fiscal Year 2007 Supplemental Appropriations Bill. This legislation is necessary to fund the war in Iraq and other "emergency" spending deemed necessary outside the normal budget process.

The House passed the \$124 billion bill on April 25th, with a slim 218-208 vote. The Senate passed the conference report on April 26th, 51-46. President Bush is likely to veto the bill, which will be sent to him next Tuesday, as it contains what he says are unacceptable timelines for withdrawal from Iraq. The bill would require removing combat troops from Iraq beginning as early as July 1 but no later than October 1 -- with a goal of complete redeployment by April 1, 2008. After that, a limited number of troops could remain for force protection, to train and equip Iraqi troops and for counterterrorism operations. Redeployment would occur only if the President certifies the Iraqi government is meeting diplomatic and security benchmarks endorsed by the White House, leaving the President in the position of having to endorse a pullout or admit his Iraq strategy is not working. The measure also would stipulate units sent to Iraq must be "fully mission capable," have adequate rest at home between tours of duty and ensure tours could not be extended beyond one year.

The measure also contains \$21.2 billion in additional spending above the President's request. Of the added funds, \$12 billion is either for the war, including \$4 billion for military operations, or related purposes like veterans' health, foreign aid, homeland security, nuclear nonproliferation, FBI counterterrorism operations and avian flu preparedness. The remainder is for Gulf Coast

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*Innovative Federal Strategies*_{LLC}

hurricane recovery, agriculture disaster aid, children's health insurance, low-income home energy assistance, wildfire suppression and rural county payments. At present, the House and Senate have not disclosed their intentions for the legislation post-veto.

Budget Resolution

The other major item in April has been the Budget Resolution. The House and Senate both passed their versions of the Fiscal Year 2008 Budget Resolution and are now in informal conference discussions. These discussions are mainly related to tax cut language (the Baucus Amendment) that was adopted overwhelmingly in the Senate. This tax cut language would use a projected \$132 billion surplus in 2012 to extend the President's tax cuts targeted at the middle class - - including the 10 percent tax bracket, child tax credit and marriage penalty relief - - extension of the estate tax at reduced 2009 levels, and the use of \$15 billion toward a \$50 billion plan to expand the State Children's Health Insurance Program. The Senate voted 97-1 to support this language but, if included in the conference agreement, offsets would be necessary or "pay-as-you-go" principles, which are very important to House Members, would be violated. The House's budget resolution doesn't specifically call for an extension of tax provisions but it includes language expressing support for extending middle-class tax cuts provided they are offset by tax increases or spending cuts.

Conferees are expected to be named next week at the earliest. Once appointed, conferees will feel some time pressure. House leaders are preparing to move fiscal year 2008 appropriations bills by early May, even if the final budget blueprint is not in place.

Water Resources Development Act (WRDA)

On a 394-25 vote on April 19th, the House passed the Water Resources Development Act (WRDA) over White House objections. This reauthorization bill was loaded with about \$15 billion dollars worth of Army Corps of Engineers water infrastructure projects that are popular in many congressional districts. The President voiced his disapproval of the cost of the bill but stopped short of a veto threat.

The Senate is expected to pass their version of the WRDA legislation as early as May. House Transportation and Infrastructure Chairman Oberstar and his Senate counterpart, Senate Environment and Public Works Chairwoman Boxer, have expressed their hope to send a conference report to the President quickly after that. If signed into law, this will mark the first time that this legislation has been reauthorized in seven years.

Farm Bill

On April 25th, Agriculture Secretary Johanns released the Administration's proposed legislative language for the conservation and credit titles of the 2007 farm bill and plans to send the energy and rural development titles next week. The Administration's conservation title consolidates several programs into an Environmental Quality Incentives Program, along with a new regional water enhancement program, a conservation security program, and an expansion of wetland reserves and calls for \$7.8 billion in additional funding and a restructuring of programs to make them easier to access and administer. For the credit title, the Administration highlighted the programs designed to help beginning and disadvantaged farmers get their start by cutting interest rates in half, deferring the first payment for a year, increasing the maximum loan rates, and giving them priority for direct farm ownership loans.

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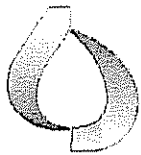
It remains unclear if the House and Senate Agriculture Committees intend to follow any of the Administration's proposals. The House Agriculture Chairman Peterson is expected to release a chairman's mark for his farm bill proposal when Congress finishes work on its FY08 Budget Resolution.

Immigration Reform

A group of Senators who have been working on a comprehensive immigration package during the month of April expect to have a package ready for debate in late May. The negotiators have agreed to use the Z visa to give undocumented workers benefits not available for future guestworkers. Homeland Security Secretary Chertoff and Commerce Secretary Gutierrez have been key players in the talks, which also include high profile Senators from both parties. Apparently the Administration's stepped-up involvement and its willingness to debate details have gone a long way in appeasing members with differing points of view. If the members of the group can hold together, this would be a bi-partisan immigration reform bill, the likes of which has not been seen in recent Congresses.

The House Judiciary Immigration Subcommittee is beginning the process of drafting an immigration reform bill with a series of hearings -- up to two a week -- on every aspect of the immigration issue. The House plan is to pass an immigration bill in July. In the Senate, lawmakers are considering moving an immigration proposal directly to the floor, bypassing the Judiciary Committee, which is overwhelmed with other issues.

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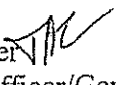



Inland Empire
UTILITIES AGENCY

Date: May 16, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/09/07)

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

Submitted by: Martha Davis 
Executive Manager of Policy Development

Subject: April Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

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MEMORANDUM

TO: Richard Atwater and Martha Davis
FROM: Jennifer West
DATE: April 27, 2007
RE: April Legislative Report

Policy Committee Deadline

Attached is the IEUA bill list that contains measures the agency is tracking. With a couple of exceptions, I have removed the "two-year bills" from the list that failed to pass out of their policy committees by the deadline. As such, most of the bills on the list are now headed for a fiscal committee.

Unemployment Insurance Legislative Update

Earlier this year IEUA asked Senator Gloria Negrete-McLeod to introduce legislation that would have prevented the practice of collecting unemployment insurance and pension benefits when an employee voluntarily retires from an agency. Since California Unemployment Insurance law is significantly intertwined with the federal unemployment insurance law (FUTA), it was unclear from the outset whether a change in California law could solve this problem.

After spending almost two months researching this issue, including numerous meetings with the Senate Labor Committee and EDD staff, it is clear that the IEUA fact situation that generated this problem cannot be resolved through a change in California law. Two weeks ago, we held an internal conference call with IEUA human resources staff and legal staff to confirm that this was in fact the case. Senator Negrete-McLeod has been informed of the situation and will change her bill on this topic, SB 642, to another subject later in the year or next year. We are very grateful for her assistance and for the assistance of her chief of staff.

AB 224 (Climate Change Planning and Recycled Water)

IEUA is a leading supporter of Assemblywoman Wolk's bill AB 224. The bill would require UWMPs and DWR planning documents to incorporate relevant climate change information. The bill would also require the SWRCB to study the increased use of recycled water in each region of the state for energy and potential green house gas emissions reductions. IEUA's early leadership on this issue had helped garner additional Southern California support for the bill. MWD recently moved into a full "support" position on the bill and ACWA has not taken a "support if amended" position, with very minor amendments needed. The bill now moves to Assembly Appropriations.

Inland Empire Utilities Agency Legislative Tracking 4/30/07 (Prepared by Geyer Associates)		
Bond Funding/Prop. 84 and 1E	Bill Summary	Status
SB 59 (Cogdill) Water Bond 08	Authorizes a \$3.9 billion water bond for the 2008 ballot. Includes \$2 billion for two surface storage facilities; \$500 million for local groundwater storage projects statewide; \$500 million for the development and implementation of a bay delta conservation plan; \$300 million for fish and game restoration projects; \$200 million to implement the water quality component of the CALFED Bay Delta Program; \$200 million for urban and agricultural water conservation programs; \$250 million for restoration of the San Joaquin and Sacramento River systems. The proponents of the measure are considering taking their measure straight to the ballot if it fails in the Legislature.	Senate Nat. Resources Failed passage Reconsideration Granted
SB 167 (Negrete McLeod) General Plans: planning grants	Establishes grant and loan program at the Office of Planning and Research for Prop. 84 (Chapter 9(c) \$90 million). Allows cities and counties to apply for funding to update their general plans.	Senate Approp. Hearing Postponed Amended 3/12/07
SB 292 (Wiggins) State Bond Funds: allocation	States legislative intent to develop grant criteria for two categories of funding in Prop. 84 – urban greening and regional planning. Both categories contain \$90 million each. (Chapter 9, (a) and (c))	Senate Approp. Amended 4/16/07
SB 378 (Steinberg) Flood Prevention Bond Act 2006	Specifies that the \$300 million in Prop. 1E for stormwater management would be made available through a joint SWRCB and DWR grant program. The bill authorizes the agencies to prepare guidelines by March 2008. The agencies are required to conduct outreach to disadvantaged communities. There are no north/south split provisions mentioned in the bill.	Senate Approp. Hearing 5/07/07 Amended 4/17/07

SB 424 (Denham) Flood Bond	States that \$16.4 million from Prop. 1E's flood protection corridors program should be spent on two specific projects in Stanislaus and Merced counties.	Senate Approp.
SB 732 (Steinberg) Prop. 84	Changes many provisions in Prop. 84, including the IRWMP program. States that DWR should revise the IRWMP guidelines in consultation with the SWRCB, DFG and DHS.	Senate Approp. Hearing 5/07/07 Amended 4/17/07
SB 1002 (Perata) Prop. 84	Senate Leadership alternative to Governor's bond proposal. Appropriates various Prop. 84 and Prop. 1E monies to different water supply grant monies. This include \$22 million for water recycling grants.	Senate Approp. Amended 4/18/07
AB 739 (Laird) Stormwater Discharge	Legislative intent to prioritize and develop criteria for awarding stormwater grants from Prop. 84. (Chapter 5, (m))	Assembly Approp. Amended 4/17/07
AB 783 (Arambula) Drinking Water Improvements	Makes changes to DHS grant funding in Prop. 84 for small and disadvantages communities. (Chapter 2, Section 7022)	Assembly Approp. Amended 4/18/07
AB 909 (Wolk) Mercury Monitoring	Allows stormwater grant funds in Prop. 84 to be used for grants to public agencies for addressing mercury contamination.	Assembly Approp. Amended 4/17/07
AB 1250 (Parra) IRWMP	Spot bill on the IRWMP program. \$1 billion is contained in this program in Prop. 84. ACWA sponsored.	Assembly Approp.
AB 1253 (Caballero) Land Use	Legislative intent to develop grant program for "sustainable communities" funding in Prop. 84. There is \$90 Million in this account.	Assembly Approp. Amended 4/17/07
AB 1297 (Arambula) IRWMP	Spot bill on the IRWMP.	Assembly Approp. Amended 4/12/07

AB 1303 (Smyth) Urban Greening Act 2007	Establishes an urban greening grant program for Prop. 84 funds. (Chapter 9, (a)).	Assembly Approp. Amended 4/09/07
AB 1489 (Huffman & Wolk) Resource Bond Funds	Requires IRWMP applicants to identify the manner in which the proposed project will contribute to meeting the performance standards included in the plan. Makes of number other program changes in Prop. 84 grant programs.	Assembly Approp. Amended 4/09/07
AB 1602 (Nunez) Sustainable Communities & Urban Greening	Establishes a grant program in the Resources Agency "Sustainable Communities and Urban Greening Grant Program." There is \$90 million in Prop. 84 for this purpose.	Assembly Approp.
Flood Control/Delta Conveyance		
SB 5 (Machado) Flood Management	Comprehensive flood management legislation backed by Senate leadership. It establishes the roles and responsibilities for the state of California, local governments and landowners in flood management.	Senate Rules Amended 4/25/07
SB 17 (Florez) Reclamation Board and Powers	Gives the "Central Valley Flood Protection Board" new authority over flood control activities in the Central Valley. The bill is backed by Senate leadership.	Senate Approp. Hearing 5/07/07
SCA 2 (Simitian) Bond	Places Delta bypass bond measure on the 2007 ballot.	Senate NR&W, E.R. &C.A., Approp.
SB 34 (Torlakson) Delta User Fee	Declares that the Reclamation Board, in consultation with DWR, establish a "beneficiary pays system" and collect user fees and assessments for levee maintenance and other flood control purposes in the Delta. States that a significant portion of the state bond funds approved in Prop. 1E be prioritized in conjunction with the "beneficiary pays system."	Senate Approp. Hearing 5/07/07 Amended 4/17/07

AB 5 (Wolk) Flood Protection	Gives priority for state funds to be given to local agencies that have adopted a local plan of flood protection. Prohibits local governments in the Central Valley from approving new development within high-risk flood prone areas, unless adequate flood protection is assured.	Assembly Local Gov. Amended 4/17/07
AB 1507 (Emmerson) Floodplain Management	Requires DWR to establish an Alluvial Fan Task Force.	Assembly Approp. Amended 4/09/07
Urban Water Management Plans/Conservation/Recycling		
SB 862 (Kuehl/ Steinberg) UWMP	Requires the UWMP to assess energy consumption and Bulletin 160. Contains all of the provisions of SB 1640 (Kuehl), 2006, except for the groundwater provisions. SB 1640 was vetoed last year because of the groundwater reporting language.	Senate Approp. Amended 4/25/07
AB 1376 (Berryhill) UWMP Comments	In developing an UWMP, the bill requires each water supplier to seek comments from city and county planning departments in the area served by the urban water supplier at least 60 days prior to the public hearing on the plan.	Assembly Approp. Amended 4/09/07
AB 1420 (Laird) Water Demand Management	Conditions water bond funding on whether an agency has implemented water demand management measures in the UWMP. IEUA has been working with MWD to try to address concerns.	Assembly Approp. Amended 4/18/07
AB 1435 (Salas) Water Charges	Requires a local water purveyor that supplies water to retail customers to institute a conservation rate structure based on the amount of water used for other than agricultural purposes for each customers that has a service connection for which a water meter has been installed.	Assembly WP&W
Groundwater		
SB 178 (Steinberg and Kuehl) Groundwater	Contains the groundwater components that were in SB 1640 from last year. That measure was vetoed.	Senate Approps. Suspense file
Water Quality/Water Supply		

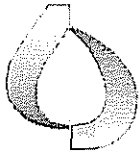
AB 559 (Ruskin) Public Water Systems	Requires DHS to identify treatment methods, technologies and other management options that reduce or eliminate the need to add disinfectants or additives to drinking water and report to the Legislature by 2009.	Assembly E.S. & T.M. Amended 4/17/07
AB 640 (De La Torre) WDR waivers	Requires a water replenishment district that serves more than one groundwater basin to compute its groundwater replenishment assessment on a per basin amount.	Assembly Appropriation Amended 3/28/07
AB 690 (Jones) Water Corp. Rates/Contamin ation	States that if a private water corporation receives monetary compensation for damage resulting from contamination of the utility's water supply, the PUC shall require the utility to equitably allocate the compensation between the ratepayers and investors of the utility.	Assembly Approp. Amended 4/18/07
AB 800 (Lieu & Krekorian) Discharge Notification	Shortens notification requirements for discharges of waste or hazardous materials under Porter-Cologne.	Assembly Approp. Amended 4/18/07
AB 1127 (Carter) Perchlorate	Would authorize DSH to contract with SAWPA for the purposes of assessing and treating drinking water for perchlorate contamination in and around the City of Rialto. Two year bill.	Assembly E.S. & T.M. Amended 4/17/07
	Compost	
SB 697 (Wiggins) Compost	Requires Caltrans to report to the Legislature by January 2008, regarding the amount of the following materials used over the past 5 years: compost; pesticides; chemical fertilizers; and mulch, compost and other products for erosion control. Requires Caltrans to develop a 10-year plan by January 31, 2008, to increase the use of mulch, compost, and mulch products in the state's highway landscape maintenance program while phasing out the use of pesticides and chemical fertilizers.	Senate Approp. Hearing 4/30/07 Amended 4/19/07
	Green Buildings/Climate Change	

AB 35 (Ruskin) State Green Buildings	Requires the California Integrated Waste Management Board by 2009 to adopt regulations for sustainable building standards for the construction or renovation of state buildings.	Assembly Approp. Amended 3/28/07
AB 109 (Nunez) Global warming	Spot bill to implement the California Global Warming Solutions Act of 2006.	Assembly Approp.
Positions/Recommended Positions		
SB 55 (Florez) Biosolids	Broadly defines "biosolids" to include any product with human waste, which would include some compost. Requires POTWs to certify to the regional boards that biosolids meet "the requirements and standards for any pollutant listed in the waste discharge requirement for the POTW, including, but not limited to, any requirements of standards governing the 126 priority toxic pollutants listed in 40 CFR 131.38. This list is designed for surface water issues and includes many compounds not found in biosolids.	Oppose Senate Approp. Amended 4/09/07
SB 201 (Florez) Recycled Water Leafy Green	We are asking that the author delete a section of the bill that requires extra field testing for recycled water. The section calls into question the safety of using recycled water for agricultural purposes and singles out recycled water as the only type of water needing special testing. 40% of recycled water in the state is used for agriculture.	Oppose unless amended Senate Approp. Amended 4/12/07
SB 1029 (Ducheny) Drinking water regulations	Places a time limit on the Department of Finance of 60 days to review drinking water regulations that are already adopted on the federal level. ACWA is the sponsor.	Recommend Support Senate Approps.
AB 224 (Wolk) Climate Change/Water Supply Planning	Requires DWR to assess the possible affects of climate change on water supply. Requires that this information be incorporated into state and local water planning documents. States that if DWR does not provide the information the requirement does not apply. Requires SWRCB to conduct a study on the energy savings and GHG reductions associated	Support Assembly Approp. Amended 4/25/07

	with increased use of recycled water and water conservation.	
AB 503 (Swanson) Overtime Notice/public agencies	Applies to all local agencies and special districts. Would prohibit an agency from requiring any employee entitled to receive overtime compensation pursuant to any federal statute or regulation to perform services outside the employee's normal work schedule unless a minimum of 8 hours' written notice of that work assignment has been provided to the employee.	Recommend Oppose Assembly Approp. Amended 4/19/07
AB 662 (Ruskin) Water use efficiency	Requires the California Energy Commission (CEC) to prescribe cost effective measures to promote the use of water efficient appliances.	Recommend Support Assembly Approps.
AB 566 (Plescia) Landscape Water Conservation	Requires the model landscape ordinance to include climate information for irrigation scheduling based on the California Irrigation Management Information System. IRWD sponsor.	Recommend Support Assembly Approp. Amended 4/16/07
AB 715 (Laird) Low-flush Water Closets	Phases in requirements that water closets and urinals have lower flush volumes, generally reducing toilets from 1.6 to 1.3 gallons per flush. Some older systems may not be able to operate efficiently under these low flow conditions. IEUA will work with CASA to seek an amendment that would recognize the limitation of older systems.	Recommend Support if Amended Assembly Approp.
AB 888 (Lieu & Laird) Green Building Standards	Requires CalEPA to develop and adopt building standards for commercial construction that meet or exceed the Leadership in Energy and Environmental Design (LEED) Gold Standard. Requires that by 2012 all new commercial buildings, 50,000 square feet or larger, meet these new standards. Small newly constructed buildings can waive this requirement for economic purposes.	Recommend Support Assembly Approp. Amended 4/11/07
AB 1260 (Caballero) Taxes and Fees	Clarifies how a public agency may provide notice when proposing a new, or increasing an existing, property-related fee or charge, and establishes a 120-day statute of limitations for any challenges to any property-related fee or charge. This bill is	Recommend Support Assembly

	sponsored by ACWA and was introduced in response to the <u>Big Horn</u> decision last fall.	Rev. and Tax 5/7
AB 1404 (Laird) Water use Reporting	Establishes comprehensive system for reporting water use. Specifically, <u>this bill</u> Requires the DWR, the SWRCB and the Department of Public Health (DPH) to develop, jointly, a coordinated water use reporting database.	Recommend Support Assembly Approps. 5/2
AB 1406 (Huffman) Recycled Water in Condos	Allows the use of recycled water in toilets and urinals in condominiums. Sponsored by IRWD.	Support Assembly Approp.
AB 1481 (De LaTorre) Water Recycling General Permit	Sponsored by LADWP. Requires that SWRCB prepare a general permit by 2010 for water recycling for landscape irrigation.	Support Assembly Approp
AB 1560 (Huffman) Building Standards	Requires the CEC to prescribe by regulation, water conservation design standards for new residential construction.	Recommend Support Assembly Approp.

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Inland Empire
UTILITIES AGENCY

Date: May 16, 2007
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (05/09/07)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: April Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

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April 27, 2007

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

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

The California Legislature ramped up policy committee hearings in April, as they weighed consideration of over 2,700 measures introduced in the 2007 session.

SB 463, co-sponsored by IEUA, successfully passed its first hurdle passing in April. The legislation, which seeks to further improve the biogas net metering program, passed unanimously out of the Senate Committee on Energy, Utilities and Commerce. Meanwhile, legislative committees approved a number of measures related to greenhouse gas regulation and renewable energy.

On the regulatory front, extensive efforts are currently in full stride on greenhouse gas reduction implementation. The Public Utilities Commission has also recently taken steps to being implementation of AB 1969, relating to small renewable energy projects, which IEUA successfully sponsored last year.

Chino Basin / OBMP Coalition

Status Report – January 2007

ENERGY/REGULATORY

Energy Efficiency Funding for Water Conservation Efforts

The proceeding at the California Public Utilities Commission to determine if energy efficiency funds should be spent on water conservation efforts suffered a delay this month. On April 23, the assigned commissioner Dian Grueneich issued a ruling that could delay implementation of the pilot programs by six months until January 1, 2007.

This delay could potentially jeopardize the feasibility of including these types of projects in the 2009-11 energy efficiency cycle. Discussions related the composition of projects to be included in this cycle have already begun to ramp up.

Specifically, the ruling orders the utilities to provide more in-depth information related to the potential energy savings associated with their proposed pilot projects by June 14th. After additional workshops, more comments from parties will be filed on June 19th. The ruling anticipates a Commission decision by October or December 2007.

DGI continues to actively participate in this proceeding, and will attend workshops and offer necessary comments and testimony to the Commission.

AB 1969 Implementation

On April 11, the utilities filed their plans to implement AB 1969 (Yee – 2006), a measure sponsored by IEUA. Southern California Edison proposed to offer a tariff that will allow any generator up to 1.5MW in size to receive the MPR, differentiated for time-of-use value.

In contrast, Pacific Gas & Electric Company only proposed to offer 90% of the MPR value, which DGI and IEUA hold to contradict the clear language of the legislation. PG&E also only proposed to open up the tariff to generators less than 1.0 MW in size at this point.

IEUA will be supplying comments to the Commission on these issues, among others, in early May. The comments will seek to ensure that AB 1969 is implemented in full compliance with the law and in a manner that will be simple and transparent for public water and wastewater agencies to enroll.

AB 32 – GREENHOUSE GAS REGULATION

Throughout April, the California Air Resources Board continued to hold a series of hearings and workshops on implementation of AB 32 (Nuñez – 2006) to reduce California’s greenhouse gas emissions (GHG) to 1990 levels.

Chief among the activities was the release of ARB staff’s recommendation for discrete early actions. AB 32 offers ARB the latitude to issue discrete regulations aimed at specific sectors in advance of the general regulatory adoption date of 2012. These discrete early actions may be adopted by January 2010.

On April 23, ARB staff released their three proposed discrete early actions:

- Adoption of low-carbon fuel standards
- More stringent refrigerant regulations
- Improved landfill methane capture.

Staff estimates that adoption of these early actions can achieve 13-26 million tons of CO₂ equivalent by 2020.

The staff report also noted current ongoing regulatory efforts that will have the ancillary benefit of reducing GHG emissions in the state. Listed among the two dozen efforts was manure management, with estimated 2020 GHG reductions of 1 million tons of CO₂ equivalent. It should be noted that no further regulations are contemplated by ARB with regard to waste management as part of the discrete early action process.

Also, on April 17th the Market Advisory Committee held a workshop to discuss progress in developing a regulatory framework to implement AB 32. The general strategy discussed was to pursue a “cap-and-trade” system.

The Environmental Justice Advisory Committee will also be holding a meeting on April 30. Items to be discussed include the proposed discrete early actions and concepts for mandatory reporting and the creation of a GHG inventory.

LEGISLATION

April opened with a flurry of policy committee hearings, as the Senate and Assembly began to wade through over 2,700 new measures introduced since the beginning of session. Fiscal measures must be approved by the policy committees prior to April 27.

Policy committees still have until May 11th to approve non-fiscal measures.

SB 463- Dairy Biogas Net Metering

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

The measure was unanimously approved by the Senate Committee on Energy, Utilities and Communications on an 8-0 vote.

CA SB 463	AUTHOR:	Negrete McLeod [D]
	TITLE:	Energy: Biogas Digester Customer-Generator
	INTRODUCED:	02/21/2007
	LAST AMEND:	03/28/2007
	DISPOSITION:	Pending
	LOCATION:	Senate Second Reading File
	SUMMARY:	Relates to existing law that provides if the electricity generated by the eligible biogas digester customer-generator exceeds the electricity supplied by the electrical corporation over a specified period, the customer-generator is a net electricity producer and the corporation retains any excess kilowatthours generated over the specified period. Provides the customer-generator would not be owed compensation for excess kilowatthours, unless the service provider enters into an agreement to do so.
	Position:	Support

Other Legislation

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

CA AB 94 **AUTHOR:** Levine [D]
TITLE: Renewable Energy
INTRODUCED: 12/20/2006
DISPOSITION: Pending
LOCATION: Assembly Natural Resources Committee
SUMMARY:
Revises the intent language so that the amount of electricity generated per year from eligible renewable energy resources is increased to an amount that equals at least 33% of the total electricity sold to retail customers in California per year by a specified date. Requires that each retail seller increase its total procurement of eligible renewable energy resources by at least an additional 1% of retail sales per year so that 33% of its retail sales are procured from eligible renewable energy resources.
VOTES:
04/09/2007 Assembly Utilities and Commerce P 7-3
Committee
Position: Watch

CA AB 109 **AUTHOR:** Nunez [D]
TITLE: Global Warming Solutions Act of 2006: Annual Report
INTRODUCED: 01/05/2007
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:
Requires the State Air Resources Board to report to the Legislature annually the status and progress of implementing the Global Warming Solutions Act of 2006. Requires the state to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions levels in 1990 to be achieved by 2020.
VOTES:
04/23/2007 Assembly Natural Resources Committee P 7-1
Position: Watch

CA AB 114 **AUTHOR:** Blakeslee [R]
TITLE: Public Resources: Carbon Dioxide Containment Program
INTRODUCED: 01/09/2007
DISPOSITION: Pending
LOCATION: Assembly Second Reading File
SUMMARY:
Requires the Energy Commission to develop a program to facilitate and encourage the implementation of cost effective containment, scrubbing, and capture technologies to decreases carbon dioxide emission from industrial processes.
VOTES:
04/23/2007 Assembly Natural Resources Committee P 9-0
Position: Watch

CA AB 118 **AUTHOR:** Nunez [D]
TITLE: Alternative Fuels and Vehicle Technologies: Funding

INTRODUCED: 01/09/2007
LAST AMEND: 04/17/2007
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:

Creates the Air Quality Improvement Program to fund air quality improvement projects relating to fuel and vehicle technologies and the Alternative Renewable Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Program to provide grants and revolving loans to specified entities to develop innovative technologies that transform the state's fuel and vehicle types. Requires the establishment of an advisory body to develop investment strategies to help implement the program.

VOTES:
04/23/2007 Assembly Transportation Committee P 9-4
Position: Watch

CA AB 140

AUTHOR: Garcia [R]
TITLE: Desert Water Agency
INTRODUCED: 01/16/2007
LAST AMEND: 04/12/2007
DISPOSITION: Pending
LOCATION: SENATE
SUMMARY:

Authorizes the Desert Water Agency to construct, operate, and maintain facilities for the generation of electricity that are hydroelectric or specified eligible renewable energy resources for the control, conservation, diversion, and transmission of water, and for the construction, treatment, and disposal of sewage, and to enter into contracts for the sale of electricity generated by the agency for a specified term.

VOTES:
04/09/2007 Assembly Utilities and Commerce P 12-0
Committee
04/17/2007 Assembly Environmental Safety and Toxic P 7-0
Materials Committee
04/23/2007 Assembly Floor P 73-0
Position: Watch

CA AB 242

AUTHOR: Blakeslee [R]
TITLE: Emissions of Greenhouse Gases: Reduction
INTRODUCED: 02/01/2007
LAST AMEND: 03/29/2007
DISPOSITION: Pending
LOCATION: Assembly Natural Resources Committee
SUMMARY:

Requires that an entity that has voluntarily reduced its emissions of greenhouse gases through cost-effective investments receive credit from the state Air Resources Board for early action. Authorizes an entity that has received credit for early action to further minimize its carbon footprint through the purchase of offsets for the emission of greenhouse gases as authorized by the board.

Position: Watch

CA AB 578 **AUTHOR:** Blakeslee [R]
TITLE: Energy: Distributed Energy Generation: Study
INTRODUCED: 02/21/2007
LAST AMEND: 04/16/2007
DISPOSITION: Pending
LOCATION: Assembly Rules Committee
SUMMARY:
 Requires the Energy Resources Conservation and Development Commission to study and submit a report to the Legislature and the Governor, on the impacts of distributed energy generation on the states distribution and transmission grid.
VOTES:
 04/09/2007 Assembly Utilities and Commerce P 11-0
 Committee
Position: Watch

CA AB 657 **AUTHOR:** Jeffries [R]
TITLE: Greenhouse Gas Emissions
INTRODUCED: 02/21/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
 Relates to existing law which designates the State Air Resources Board as the agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming.
Position: Watch

CA AB 739 **AUTHOR:** Laird [D]
TITLE: Stormwater Discharge
INTRODUCED: 02/22/2007
LAST AMEND: 04/17/2007
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:
 Requires the Water Resources Control Board to establish a coordinated approach to ensure the allocation of funds on behalf of stormwater management programs that are financed pursuant to specified bond laws address the highest priority needs throughout the state. Requires the board to expend certain funds made available by the initiative bond law for a stormwater contamination prevention and reduction program to achieve specified purposes and to develop a framework for municipal stormwater management.
Position: Watch

CA AB 938 **AUTHOR:** Calderon C [D]
TITLE: Water Districts: Urban Runoff
INTRODUCED: 02/22/2007
DISPOSITION: Pending
LOCATION: Assembly Local Government Committee
SUMMARY:
 Authorizes a local water district to acquire, construct, operate, maintain,

and furnish facilities for the diversion of urban runoff from a drainage course within that district, the treatment of the urban runoff, the return of the water to the drainage course, or the beneficial use of the water.
Position: Watch

CA AB 1207 AUTHOR: Smyth [R]
TITLE: Solid Waste: Biosolids
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: Assembly Natural Resources Committee
SUMMARY:
Relates to existing law that requires the State Water Resources Control Board to adopt minimum standards for solid waste facilities. Requires those minimum standards to include standards for the land application of biosolids which would include standards for the land application of biosolids according to sound principles of land use, agriculture, conservation, resource management, public health, and protection of ground water.
Position: Watch

CA AB 1285 AUTHOR: Parra [D]
TITLE: Taxation: Credits: Research and Development
INTRODUCED: 02/23/2007
LAST AMEND: 04/10/2007
DISPOSITION: Pending
LOCATION: Assembly Revenue and Taxation Committee
SUMMARY:
Relates to credits against the Personal Income Tax and Corporation Income Tax laws for increasing research expenses to provide complete conformity to the research credit and the alternative incremental credit allowed by federal income tax laws for only the amount paid or incurred by a taxpayer in connection with the qualified research to develop technologies that will reduce greenhouse gas emissions.
Position: Watch

CA AB 1327 AUTHOR: Ma [D]
TITLE: Environment: Green Building
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
States the intent of the Legislature to enact legislation to develop a uniform definition for green building and to extend tax and planning incentives to developers to build green buildings.
Position: Watch

CA AB 1428 AUTHOR: Galgiani [D]
TITLE: Energy: Agricultural Waste Customer-Generator
INTRODUCED: 02/23/2007
LAST AMEND: 04/17/2007
DISPOSITION: Pending
LOCATION: Assembly Second Reading File

SUMMARY:

Relates to existing law that requires electrical corporations with net energy metering to provide eligible biogas digester customer-generators, that commence operations by a specified date, with net energy metering, under a pilot program. Replaces that program for eligible biogas customer-generators with a pilot program for eligible agricultural waste customer-generators.

VOTES:

04/09/2007 Assembly Utilities and Commerce P 12-0
Committee

04/23/2007 Assembly Natural Resources Committee P 7-0
Position: Watch

CA AB 1506

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

INTRODUCED: 02/23/2007

LAST AMEND: 04/19/2007

DISPOSITION: Pending

FILE: 40

LOCATION: Assembly Second Reading File

SUMMARY:

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

VOTES:

04/17/2007 Assembly Jobs, Economic Development and P 6-0
The Economy Committee

04/23/2007 Assembly Revenue and Taxation Committee P 8-1
Position: Watch

CA AB 1532

AUTHOR: Parra [D]
TITLE: Air Resources: Crude Oil Imports
INTRODUCED: 02/23/2007
LAST AMEND: 04/18/2007
DISPOSITION: Pending
COMMITTEE: Assembly Utilities and Commerce Committee
HEARING: 05/07/2007 3:00 pm

SUMMARY:

Express the intent of the Legislature to enact legislation to ensure that the Low Carbon Fuel Standard does not increase the state's overall dependence on crude oil imports and that the state Air Resources Board determine and apply a greenhouse gas emissions value across all crude oil feed stocks.

Position: Watch

CA AB 1613

AUTHOR: Blakeslee [R]
TITLE: Energy: Waste Heat and Carbon Emissions Reduction

INTRODUCED: 02/23/2007
LAST AMEND: 04/17/2007
DISPOSITION: Pending
LOCATION: Assembly Second Reading File
SUMMARY:

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

VOTES:

04/23/2007 Assembly Utilities and Commerce P 12-0
Committee

Position: Watch

CA AB 1703

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

SUMMARY:

Repeals the provisions of the Porter-Cologne Water Quality Control Act. Requires the state Water Resources Control Board to develop minimum monitoring requirements for regulated municipalities that were subject to a storm water permit and minimum standard monitoring requirements for regulated industries to be included in all applicable storm water permits.

Position: Watch

CA EO 4

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

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

CA SB 9

AUTHOR: Lowenthal [D]
TITLE: Trade Corridor Improvement: Transportation Project
INTRODUCED: 12/04/2006
LAST AMEND: 04/10/2007
DISPOSITION: Pending

LOCATION: Senate Appropriations Committee

SUMMARY:

Relates to the Trade Corridor Improvement Transportation Project. Requires inclusion in a regional transportation plan. Requires for funding emphasis to be on consideration of specified emissions associated with the construction and operation of the project and the project's potential to reduce emissions associated with trade activity. Requires inclusion of a plan to mitigate emissions associated with their projects. Provides funding for projects that support movement of freight with zero emissions.

VOTES:

04/17/2007 Senate Transportation and Housing Committee P 7-3

Position: Watch

CA SB 19

AUTHOR: Lowenthal [D]

TITLE: Trade Corridor: Projects to Reduce Emissions: Funding

INTRODUCED: 12/04/2006

LAST AMEND: 04/10/2007

DISPOSITION: Pending

LOCATION: Senate Appropriations Committee

SUMMARY:

Relates to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Specifies a list of projects eligible for this funding. Require that the Air Resources Board ensure that these funds are supplemented and matched with funds from federal, state, local, and private sources to the maximum extent feasible. Requires applicants for this funding to include with their application for funding a plan to reduce emissions associated with goods movement activity.

VOTES:

04/17/2007 Senate Transportation and Housing Committee P 6-4

Position: Watch

CA SB 55

AUTHOR: Florez [D]

TITLE: Water Quality: Sewage Sludge

INTRODUCED: 01/10/2007

LAST AMEND: 04/09/2007

DISPOSITION: Pending

LOCATION: Senate Second Reading File

SUMMARY:

Relates to water quality and sewer sludge. Prohibits the treatment or land application of specified sewage sludge in violation of federal regulations. Requires a supplier of sludge to submit samples to a certified laboratory for testing. Relates to polluting chemicals including agricultural, industrial, personal care products and pharmaceuticals that may act as endocrine disrupters. Relates to pathogens.

VOTES:

04/24/2007 Senate Environmental Quality Committee P 6-1

Position: Watch, Watch

CA SB 210 **AUTHOR:** Kehoe [D]
TITLE: Greenhouse Gas Emissions: Fuel Standard
INTRODUCED: 02/08/2007
LAST AMEND: 03/20/2007
DISPOSITION: Pending
LOCATION: Senate Second Reading File
SUMMARY:
Requires the State Air Resources Board to adopt, implement, and enforce, a low-carbon fuel standard that achieves the maximum technologically feasible and cost-effective greenhouse emissions reductions, and at least a 10% reduction in greenhouse gas emissions.
VOTES:
03/27/2007 Senate Transportation and Housing P 7-4
 Committee
04/24/2007 Senate Environmental Quality Committee P 4-2
Position: Watch

CA SB 247 **AUTHOR:** Ashburn [R]
TITLE: Greenhouse Gases
INTRODUCED: 02/14/2007
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:
Relates to provisions of the California Global Warming Solutions Act of 2006 which designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming in order to reduce emissions of greenhouse gases.
Position: Watch

CA SB 375 **AUTHOR:** Steinberg [D]
TITLE: Transportation Planning: Travel Models: Reviews
INTRODUCED: 02/21/2007
LAST AMEND: 04/17/2007
DISPOSITION: Pending
COMMITTEE: Senate Transportation and Housing Committee
HEARING: 04/26/2007 9:00 am
SUMMARY:
Relates to guidelines for travel demand guidelines used in regional transportation plans, the requirement a regional transportation plan include a preferred growth scenario designed to achieve goals for the reduction of vehicle miles in the region, an environmental document under the Environmental Quality Act that examines specific impacts of a transportation project located in a local jurisdiction that has amended its general plan and the legislative body finds the project meets specified criteria.
VOTES:
04/24/2007 Senate Environmental Quality Committee P 5-2
Position: Watch

CA SB 411 **AUTHOR:** Simitian [D]
TITLE: Energy: Renewable Energy Resources

INTRODUCED: 02/21/2007
LAST AMEND: 04/18/2007
DISPOSITION: Pending
COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/26/2007 9:00 am
SUMMARY:

Requires a retail seller of electricity to increase its total procurement of eligible renewable resources so that at least 33% of its retail sales are procured from eligible renewable energy resources no later than specified date, in furtherance of achieving the greenhouse gas emissions limit adopted pursuant to the California Global Warming Solutions Act of 2006.

Position: Watch

CA SB 494

AUTHOR: Kehoe [D]
TITLE: Vehicular Air Pollution Control: Clean Alternative
INTRODUCED: 02/22/2007
LAST AMEND: 04/10/2007
DISPOSITION: Pending
LOCATION: Senate Second Reading File
SUMMARY:

relates to vehicular air pollution control. Requires the Air Resources Board to develop and adopt regulations that will ensure that an unspecified percentage of new passenger vehicles and light-duty trucks sold in the state each year are clean alternative vehicles, and that commencing by a specified date, a percentage of new passenger vehicles and light-duty trucks sold in the state each year are clean alternative vehicles.

VOTES:

03/27/2007 Senate Transportation and Housing Committee P 6-4

04/24/2007 Senate Environmental Quality Committee P 5-2

Position: Watch

CA SB 572

AUTHOR: Cogdill [R]
TITLE: California Global Warming Solutions Act
INTRODUCED: 02/22/2007
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:

Relates to global warming. Declares the intent of the Legislature to enact legislation urging the State Air Resources Board to consider emissions created by catastrophic wildfire, as well as the benefits created by carbon sequestration within forests.

Position: Watch

CA SB 660

AUTHOR: Perata [D]
TITLE: Renewable Energy Resources: Supplemental Energy
INTRODUCED: 02/23/2007
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee

SUMMARY:

States the intent of the Legislature to enact legislation to reform the awarding of supplemental energy payments pursuant to the Renewables Portfolio Standard program to accomplish certain objectives.

Position: Watch

CA SB 1001

AUTHOR: Perata [D]
TITLE: Regional Water Quality Control Boards
INTRODUCED: 02/23/2007
LAST AMEND: 04/17/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/07/2007 10:00 am

SUMMARY:

Relates to regional water boards and their responsibilities under the federal Clean Water Act and Porter-Cologne. Requires the State Water Resources Control Board, with the Department of Finance, to prepare a detailed report on the financial basis and programmatic effectiveness of its water quality programs. Requires the board to prepare and adopt regulations for each regional board to ensure compliance with water quality laws. Establishes procedures for the removal of a regional board from the programs.

VOTES:

04/24/2007 Senate Environmental Quality Committee P 5-2

Position: Watch

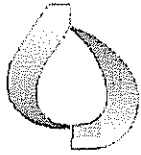
CA SB 1036

AUTHOR: Perata [D]
TITLE: Energy: Renewable Energy Resources
INTRODUCED: 02/23/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/07/2007 10:00 am

SUMMARY:

Repeals provisions providing for the New Renewable Resources Account within the Renewable Resource Trust Fund. Deletes the requirement that the Energy Commission award the production incentives and allocate and award supplemental energy payments to eligible renewable energy resources to cover above-market costs of renewable energy. Requires the Commission to terminate production incentives unless the project began generating electricity by a certain date.

Position: Watch



Inland Empire
UTILITIES AGENCY

Date: May 16, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/09/07)

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

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

Subject: April Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

Enclosure

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April 28, 2007

Legislative Report

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

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

SU: Legislative Report, April 2007

Highlights:

- ! Dreier Bill Passed House, Pending In Senate
- ! Feinstein Introduces Dreier Bill in Senate, Requests Committee Action
- ! Reps. Miller and Sanchez Introduce Similar – Senator Feinstein Recommends Revisions
- ! House-Senate Action on Farm Bill
- ! Farm Bill Language – Third Party (IEUA) Eligibility
- ! Rep. Millender-McDonald Dies, Active Supporter of Water Recycling
- ! News and Notes
- ! IEUA Working Partners

Dreier Bill Passes House, Now Pending in the Senate. The IEUA and CVWD's water recycling bill passed the House unanimously and is now pending in the Senate. It was referred to the Senate Energy and Natural Resources Committee, Water and Power Subcommittee. As discussed previously, the water recycling projects in this bill will produce approximately 100,000

acre-feet of new water annually. Reps. Calvert, Gary Miller, Grace Napolitano and Joe Baca are all cosponsors.

Feinstein Introduces Dreier Bill in Senate, Requests Committee Action. Senator Dianne Feinstein introduced the Senate “companion” bill. Both bills (Dreier and Feinstein) are now pending before the Energy Committee. She has also requested that the Committee take up the bill at the earliest opportunity. As a result of the August, 2006 committee hearing, the committee staff considers the bill as already “heard.” Therefore, additional hearings may not be necessary. We have asked that the bill be marked up as soon as possible. There are no issues with our bill and since last August, the Bureau determined that the IEUA and CVWD projects meet with their “feasibility” test.

Reps. Sanchez and Miller Recycling Bills. As previously reported, the two members +introduced identical bills to authorize Prado Basin Natural Treatment system, regional brine lines, desalters and other features. The Sanchez bill, H.R. 1175 and the Miller bill, H.R. 813 were introduced, referred to the Natural Resources Committee and then to the Water and Power Subcommittee. Senator Feinstein is concerned about the overall cost and has made recommendations that the program be “phased” over time, making the first phase of the bill less costly. Discussions are underway to reframe the bill, reduce the initial phase one costs, and reorder priorities. With these changes, the desalters become more important sooner.

Congressional Action on Farm Bill Initiated. The farm bill is fast becoming a major congressional priority. consideration is now just beginning. The current Farm Bill expires September. Several developments in the past month.

- * Hearings are now underway and various “marker” bills have been introduced.
- * Rep. Ron Kind (D-WI) has introduced a bill with a significant “renewable energy” provision and a provision making non-farmers eligible (like IEUA) for funding digesters and manure management.
- * There are at least four major marker bills in both the House and Senate.
- * Martha Davis attended a half-day conference in Washington at the end of April attended by almost 40 people from agriculture, environment and the states. The IEUA experience is the baseline for non-farmer ownership and management of off-farm digesters.
- * ACWA, AMWA and others have organized an effort on behalf of water interests. A white paper outlining desired provisions in the farm bill is presently being circulated.
- * Other ideas and legislative options are being circulated and evaluated.

Farm Bill Language – Third Party Eligibility. After the 2002 farm bill was enacted, and after a special provision was included for IEUA participation in digester funding, the USDA

rejected IEUA's program on the grounds that the NRCS only gives benefits to individual farmers. In 2003, a group from IEUA and the MPC met with the head of NRCS, but he was adamant. Benefits only go to individual farmers. Providing benefits to a third party (a co-op, group of farmers, a public utility) who might own and operate a digester was not within USDA's thinking. Language is being circulated to overcome this institutional obstacle. And, in fairness, USDA thinking/attitude is shifting (albeit slowly).

Rep. Millender-McDonald Dies. On a sad note, the California Delegation lost one of its most senior members, Rep. Juanita Millender-McDonald. In the 100th Congress, she served as Chair, House Administration Committee. In that capacity, she joined Speaker Pelosi and Majority Leader Hoyer in requesting the Green the Capitol Initiative. And she was, among other things, a champion of water recycling. A special election will be held to elect a replacement.

News and Notes. Pelosi Announces Green the Capitol Initiative. House of Representatives CAO (Chief Administrative Office) Submits Report to Speaker Pelosi – New Initiative to Green the Capitol. Key influence – US Green Building Council's LEED Standards. A final report will be delivered in June. **California Water Profile.** Low water year. **Drought in West.** Other western states, up and down the Rocky Mountains, experiencing drought. **Drought Relief Bill Attached to Iraq Funding Bill – Prompting Veto Threat.** As a result of the drought – a multi-billion drought relief bill. **Climate Change Reports.** More reports emerging – Southwest to face extended drought conditions. Water recycling will become more important in the immediate future. **BuRec EIS on Colorado River Shortage Allocations.** A preliminary review of the lengthy draft EIS reveals that Title XVI – water recycling – not considered an option to extend water supplies. **Texans Looking At Title XVI.** With the 110th Congress, it appears that Texas is reevaluating its interest in Title XVI. **North Carolina Embracing Water Recycling – Drought Inspired.** Drought conditions in southeast prompt interest in water recycling. **Friant (San Joaquin Valley) Settlement Proposal.** Friant Settlement Legislation was supposed to be marked up in the House Water and Power Subcommittee this month, but has been postponed as key issues are unresolved including whether or not the restoration project is consistent with the Budget Act, an intra-Friant water allocation dispute and the third party impacts – other water users in the San Joaquin Valley, Trinity River restoration funding, and others. An oversight hearing is expected at the end of the month in the Senate. **House Holds Perchlorate Oversight Hearing.** Rep. Hilda Solis held an oversight hearing on perchlorate at the end of April. **Rep. John Doolittle Requests Leave from Appropriations Committee.** In light of various issues, Rep. Doolittle has requested a temporary leave from the Committee. Among other things, he serves on the Energy and Water Appropriations Subcommittee and, earlier this year, when the Bureau presented its budget, led the questions about why Title XVI was so underfunded. **Senator Tim Johnson, Chair, Subcommittee on Water and Power is Making Progress.** Chairwoman Grace Napolitano's Senate counter-part is South Dakota Senator, Tim Johnson. He had a stroke-like attack early this year. His recovery is "on time" and he is making significant progress. His illness has slowed some of the Subcommittee's work, but that is expected to change shortly. **Bureau of Reclamation Conducts Congressional Briefing on Title XVI.** In late April, the Bureau briefed the House and Senate committee staff on their revised Title XVI process. Having

modified the process, they acknowledged that the Bureau was still likely to oppose all Title XVI authorizations.

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

- a. Metropolitan Water District of Southern California (MWD)
- b. Milk Producer's Council (MPC)
- c. Santa Ana Watershed Project Authority (SAWPA)
- d. Water Environment Federation (WEF)
- e. Association of California Water Agencies (ACWA)
- f. WaterReuse Association
- g. CALStart
- h. Orange County Water District (OCWD)
- i. Cucamonga Valley Water District (CVWD)
- j. Western Municipal Water District
- k. Chino Basin Watermaster

Regional Conservation Programs Monthly Report – April 2007

MWD Activities

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

Landscape Programs

- **Landscape Audit Program** - HydroEarth has completed 57 commercial audits. The completed sites' maps have been inputted onto GPS and the reports are currently being produced. To date no residential audits have been completed. The program consists of 150 commercial audits and 50 large landscape residential audits to be completed by September 2007.
- **Ontario Cares** - The City of Ontario is implementing a pilot project to integrate California-Friendly[®] into the city's existing Ontario Cares program to improve neighborhoods. A MWD consultant presented California-Friendly[®] templates to Ontario Cares inspection staff and landscape contractors. Two homes have been retrofitted using California-Friendly[®] protocols (example photos attached). IEUA is seeking approval from the U.S. Bureau of Reclamation to increase the rebate from \$300 to \$500 per site based on larger than average property sizes and the City's interest in adding California-Friendly[®] plantings.
- **Inland Empire Landscape Alliance** - The second meeting for the Landscape Alliance was held on April 12, 2007 at IEUA. The next meeting will be held at IEUA on September 13, at 4:00 pm. Over the next four months, staff will host a series of workshops to address landscape issues raised by the cities and to continue development of landscape policy and program recommendations, including a regional landscape ordinance. The first workshop is on California Friendly Landscapes and was held on April 25th at the Maloof Foundation.
- **California Friendly[®] Landscape Classes (formerly PDA)** - Several retail agencies are holding local PDA classes this year to educate their residents on California-Friendly[®] plants and efficient irrigation. CVWD held a PDA class on March 31 and approximately 50 residents attended.

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)** - There were 62 CII rebates issued in the month of February. The following is a list of the most recent rebate activity within the IEUA service area:
 - **High Efficiency Clothes Washers** - There were no clothes washers rebated for the months of February and March. The total for FY 06/07 is 64. To date, 399 commercial high efficiency clothes washers have been installed in our service area since FY 00/01.
 - **Conductivity Controller Cooling Tower** - A total of 16 conductivity controllers have been installed through the Save-a-Buck program since FY 00/01.
 - **ULF Toilets** - No ULFTs were rebated in February and March. The total number rebated is, 1,881 ULFTs in our service area since FY 00/01.
 - **Waterless Urinals** - No waterless urinals were installed in February and March. A total of 10 waterless urinals have been rebated for in the IEUA service area.
 - **ULFT Flushometers** - To date, 4 flushometers have been rebated in IEUA's service area.
 - **Water Broom** - To date, 695 water brooms have been rebated in IEUA's service area since FY 00/01.
 - **SmarTimer Controllers** - No SmarTimer Controllers were rebated in February and March. To date a total of 36 SmarTimers have been installed and rebated through the CII program in the IEUA service area.
- **Restaurant Spray Heads** - The third and final phase of the restaurant spray head program, conducted through the CUWCC, has been completed. The total installations within IEUA's service area for the three phases of the program to included 1234 spray heads.

Residential Rebate Programs

- **ULFT and HET Rebate Program** - Effective February 1, 2007, IEUA began processing the ULFT and HET rebates. In the month of April, 27 ULFT rebates were processed. This brings the total number of rebates processed for FY 06/07 to 131; 27 ULFT rebates and 4 HET rebates. Since the start of the program in 2002, a total of 2,963 rebates have been processed.

- **High Efficiency Clothes Washer Rebate** - The total number of rebates processed in March was 199 bringing the number of rebates issued for FY 06/07 to 1136. The total number of rebates processed since the rebate program began in 2002 is approximately 7,560.
- **“SmarTimer of Inland Empire” Program** - The program began in April 2006. To date, 25 SmarTimer Irrigation Controller rebates have been processed.
- **Rotating Nozzles for Pop-up Spray Heads** - The new rebate program for rotating nozzles commenced late January 2007. The incentive is \$4 per rotating nozzle to be replaced. The rotating nozzles save up to 6,600 gallons of water over five years. To date, 30 Rotating Nozzles have been processed.

Other Residential Programs

- **Multi-Family ULFT Program** - The Multi-Family ULFT retrofit program, conducted by Bottom Line Utility Solutions, Inc. has begun. In March, 1,196 toilets installations were completed bringing the total installed to 7,003 toilets.

School Education Programs

- **Garden in Every School** - In October, seven schools were chosen for the 2006/07 “Garden in Every School Program”. The selected schools are Litel Elementary in Chino Hills, El Rancho Elementary in Chino, Liberty Elementary in Ontario, Sycamore Elementary in Upland, Victoria Groves Elementary in Rancho Cucamonga, Buena Vista Arts-integrated School in Montclair and Poplar Elementary in Fontana. Designs have been completed for each garden. The majority of the irrigation has been installed at the respective sites. Planting has been completed at Sycamore Elementary, and is scheduled for the remaining schools during the last two weeks of April. Dates for the Garden dedications are noted in the calendar below.
- **National Theatre for Children** - The National Theatre for Children (NTC) performances at elementary schools within IEUA’s service area began late November and will continue through May 2007. Currently 36 performances have been scheduled. Through March, 29 performances have taken place. Eleven performances are scheduled for the month of April.
- **MWD Solar Cup 2007** - Four schools within IEUA’s service area are participating in the 2007 Solar Cup program. They include Rancho Cucamonga High School (CVWD), Montclair High School (MVWD), Upland High School (Upland) and Ayala High School (Chino Hills). The Solar Cup event will take place May 18-20, 2007, at Lake Skinner.
- **Chino Youth Museum** - Over the past year the Chino Youth Museum along with the City of Chino, MVWD, Chino Basin Water Conservation District and IEUA have been meeting to rejuvenate and improve the water exhibit that was constructed in 2002. The planning committee has received drawings from the consultant for the design of the new exhibit. Construction of the exhibit will begin in early summer.

Outreach

- **Water Fair** - The planning committee for the Water Fair 2007 is meeting monthly. The planning committee applied for the Community Partnering Program through MWD for funding assistance. The Water Fair 2007 will be held Saturday, October 20, 2007 at Montclair Plaza.
- **Water Education Water Awareness Committee (WEWAC)** – The WEWAC High School Video Contest has been modified to a Public Service Announcement (video) Contest. The four entries received by the April 13th deadline will be judged, and an awards ceremony will be held in May.

CALENDAR

May 2, 2007	CUWCC Steering Committee Meeting (Contra Costa Water District-Concord)
May 12, 2007	CVWD Water Awareness Day (Cucamonga Valley Water District)
May 18-20, 2007	MWD Solar Cup 2007 (Lake Skinner)
May 16, 2007	Sycamore Elementary Garden In Every School Dedication @ 10:00 AM
May 18, 2007	Litel Elementary Garden In Every School Dedication @ 2:30 PM
May 22, 2007	Poplar Elementary Garden in Every School Dedication @ 5:30 PM
May 25, 2007	Liberty Elementary Garden in Every School Dedication @ 9:00 AM
May - TBD	WEWAC High School Public Service Announcement Contest
June 1, 2007	El Rancho Elementary Garden in Every School Dedication 8:30 AM
June 5, 2007	Victoria Groves Elementary Garden in Every School Dedication @ 9:00 AM
June 13, 2007	Buena Vista Elementary Garden in Every School Dedication @ 1:00 PM
June 13, 2007	CUWCC Plenary Session (San Francisco Public Utilities Commission)



Date: May 16, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/09/07)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

Outreach/Tours

- May 23, 2007 Chino Rotary International delegation tour of IEUA facilities.

Calendar of Upcoming Events

- May 9, 2007, IERCA Compost give away at IEUA HQ in recognition of International Compost Awareness Week, 7:00 a.m. to 9:00 a.m. and 3:00 pm. to 5:00 p.m.
- May 10, 2007, Chino State of the City address, 11:30 a.m., Chino Neighborhood Activity Center.
- May 15, 2007, Chino Council Meeting, IEUA Board Room, 7:30 p.m.
- May 16, 2007, GIES Dedication Sycamore Elementary, Upland, 10 a.m.
- May 21, 2007, Chino Planning Commission Meeting, IEUA Board Room, 7:30 p.m.
- GIES Dedication.
- May 22, 2007, GIES Dedication Poplar Elementary, Fontana, 5:30 p.m.
- May 24, 2007, SAWPA *One Watershed* Workshop, IEUA Event Center, 3:30 p.m. with a reception following workshop.
- May 25, 2007, GIES Dedication, Liberty, Ontario, 9:00 a.m.
- May 30, 2007, IEUA Leadership Breakfast, Event Center, 7:30 a.m.
- June 1, 2007, El Rancho Elementary, Chino, 8:30 a.m.
- June 1, 2007, GIES Dedication Litel Elementary, Chino Hills, 2:30 p.m.
- June 5, 2007, Victoria Groves Elementary, Alta Loma, 9:00 a.m.
- June 13, 2007, Buena Vista Elementary, Montclair, 1:00 p.m.
- June 23, 2007, Chino Creek Wetlands and Educational Park dedication, 9:00 a.m.

- July 20, 2007, Inland Empire Regional Composting Facility dedication “Tentative” date

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

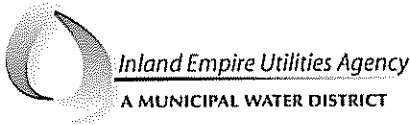
- Conservation tip (attached)

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.



Award Honoree

FOR IMMEDIATE RELEASE

Contact: Sondra Elrod (909) 993-1747

Date: May 4, 2007

**INLAND EMPIRE UTILITIES AGENCY HONORED WITH CALIFORNIA'S
PRESTIGIOUS FLEX YOUR POWER AWARD**

San Francisco, CA — Flex Your Power, California's statewide energy efficiency campaign, has recognized Inland Empire Utilities Agency as a leader in energy efficiency with a Flex Your Power Award. A total of 41 winners were selected from several hundred applicants for outstanding leadership in energy efficiency. Cumulatively, award winners over the last two years have saved more than \$172 million, one billion kilowatt hours and reduced greenhouse gas emissions equivalent to removing almost 85,000 cars from the road. This year's 5th Annual Flex Your Power Awards Ceremony will be held at 1:30 p.m. Saturday, May 5 at the San Francisco Concourse Exhibition Center.

The Inland Empire Utilities Agency was highlighted for its regional recycled water program that will displace approximately 100,000 acre-feet of energy intensive imported state water project water within the next 10 years. Utilization of this high-quality recycled water is expected to save approximately 35 MW of energy, reducing greenhouse gas emissions by 100,000 tons of CO₂ equivalents per year. Currently, about 10 percent of the total recycled water available is being used in Southern California. Therefore, a huge potential for additional energy savings (over 500 MW) and greenhouse gas reductions from aggressive development of recycled water supplies is a key cost effective strategy for California.

The Inland Empire Utilities Agency (IEUA) is a municipal water district with a population of 800,000. In 2001, IEUA adopted an energy action plan to promote water conservation and reduce energy consumption. The development of recycled water and its contribution to reducing greenhouse gas emissions is part of an integrated water management strategy for the IEUA and for California.

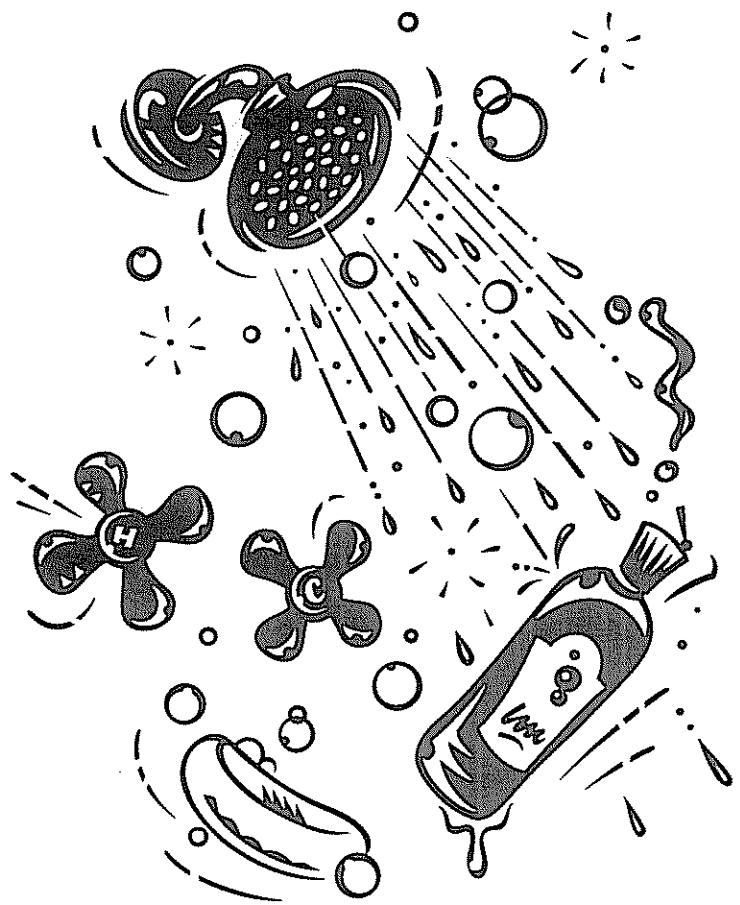
(More)

The population within IEUA's service area is projected to increase to 1,200,000 people in year 2025. The Inland Empire Regional Water Recycling Program (see www.ieua.org) will ultimately produce approximately 100,000 acre-feet of new water annually which will displace an equal amount in the future of imported water from the State Water Project. Each acre-foot of recycled water will save about 2,500 kWh versus pumping State Water Project supplies from Northern California.

Of the award winners, Director Walter McGuire of Flex Your Power said, "The awards present an opportunity for California to congratulate the leadership shown by this year's Flex Your Power award winners who have demonstrated that we can all save money and the environment. By reducing their energy use, this year's Flex Your Power award winners have saved more than \$30 million and reduced global warming emissions equivalent to taking 40,250 cars off the road."

In addition to the California Public Utilities Commission, Flex Your Power Award winners were selected by senior representatives from the California Independent System Operator, California Energy Commission, California Urban Water Conservation Council, League of California Cities, Los Angeles Department of Water and Power, Building Owners and Managers Association, Silicon Valley Leadership Group, and Southern California Edison. For more information on the 5th Annual Flex Your Power Awards, visit www.flexyourpower.org.

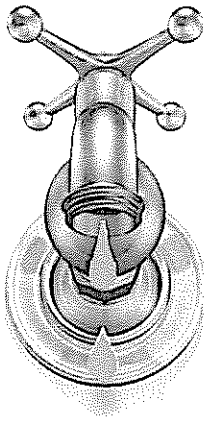
Conservation Tips for the Bathroom



where over half of all water use inside a house takes place:

- Do not let the water run while shaving or brushing teeth.
- Take short showers, maximum of 10 minutes, instead of baths. Turn off the water while soaping or shampooing.
- If you must use a tub, close the drain before turning on the water and fill the tub only half full.
- Never use your toilet as a wastebasket.
- Invest in a low-flow showerhead that uses 2.5 gallons or less per minute.

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IMPORTANT NOTICE

of Emergency Temporary Pipeline Shutdown April 16-24, 2007

THINGS TO DO NOW, BEFORE MONDAY, APRIL 16

Do not plant new landscaping until April 26.

- Set mowers for a higher cut than normal. Longer blades of grass help reduce evaporation. Or, avoid mowing altogether.
- Avoid fertilizing lawns and plants prior to the shutdown. Fertilizer encourages growth, which requires more water.
- Have a deep collection dish at the base of house plants. Fill the dish Sunday night so plants can draw on that water throughout the week. Fill large containers or trash bins and use that water for delicate plants.
- Until Saturday, deep-water trees and shrubs by either setting out soaker hoses or regular hoses set on a slow trickle. Water until the soil is soaked to a depth of about 8 – 12 inches.
- Do all laundry Saturday night and then avoid using the clothes washer during the period of shutdown.
- Do a normal, thorough watering of lawns, but not more than normal because extra water will be wasted. Hand water hot or dry spots of lawns. Set sprinkler timers to the "OFF" position Sunday night as the shutdown begins just after midnight.
- Wash vehicles on Saturday.
- Do final fill-ups of any large containers.

Sunday, April 15

Do not water landscapes or lawns. Do not wash cars.

TIPS DURING SHUTDOWN

- Take short showers (10 minutes). Soak, turn the water off, soap up, and then turn the water on, wash off. Do not use the warm shower as a sauna.
- Also, put a bucket in the shower to collect the water before the shower warms up. Use this water for plants.
- Use collected water in trash bins or bathtubs to hand-water houseplants and sensitive outdoor plants and those areas of the lawn that may show excessive stress (the hot spots).
- If you need to use your washing machine or dishwasher, run only full loads.
- Do not leave water running when washing dishes, brushing your teeth or shaving.
- Do not mow your lawns. Minimize the use of your lawn (i.e. playing on it, leaving vehicles on it) to reduce stress on the turf.

IEUA and its member agencies will make recycled water available for construction purposes.

For more information contact your local water provider:

City of Chino	909.591.9845	www.cityofchino.org
City of Chino Hills	909.364.2806	www.chinohills.org
City of Upland	909.291.2935	www.ci.upland.ca.us
Fontana Water Company	909.822.2201	www.fontanawater.com
Cucamonga Valley Water District	909.987.2591	www.cvwwater.com
Monte Vista Water District (Montclair and portions of Chino)	909.624.0035	www.mvwd.org

REMEMBER, when you leave a room you turn off the lights, so be sure to turn off the water when you are not using it!

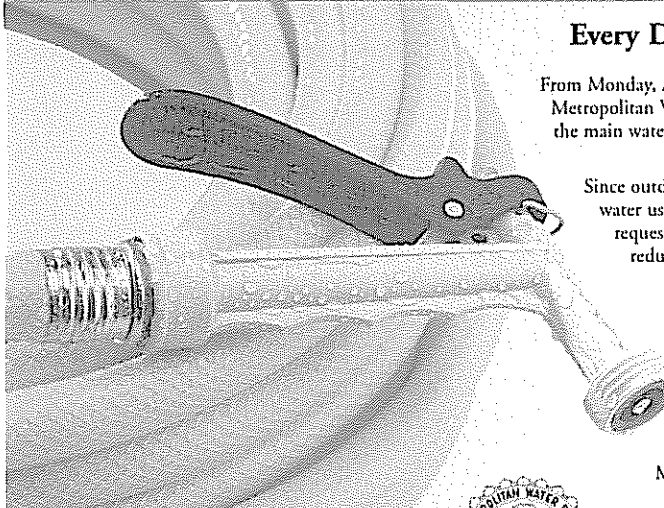
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IMPORTANT NOTICE

of Temporary Pipeline Shutdown

April 16 - 24, 2007

We are Working Together to Conserve



Every Drop of Water Saved Will Help

From Monday, April 16, through Tuesday, April 24, the Metropolitan Water District of Southern California will shut down the main water line that serves our region in order to make repairs.

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

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

The following are helpful tips for consumers in preparing for Metropolitan Water District's upcoming nine-day shutdown of the Rialto Feeder pipeline, in communities of Chino, Chino Hills, Montclair, Rancho Cucamonga, Upland and Fontana.



THINGS TO DO NOW, BEFORE APRIL 16

TODAY, THURSDAY, APRIL 12

- Do not plant new landscaping until April 26.
- Set mowers for a higher cut than normal. Longer blades of grass help reduce evaporation. Or, avoid mowing altogether.
- Avoid fertilizing lawns and plants prior to the shutdown. Fertilizer encourages growth, which requires more water.
- Have a deep collection dish at the base of house plants. Fill the dish Sunday night so plants can draw on that water throughout the week. Fill large containers or trash bins and use that water for delicate plants.
- Until Saturday, deep water trees and shrubs by either setting out soaker hoses or regular hoses set on a slow trickle. Water until the soil is soaked to a depth of about 8 - 12 inches.

FRIDAY, APRIL 13

- Do all laundry before Saturday night and then avoid using the clothes washer during the period of shutdown.

SATURDAY, APRIL 14

- Do a normal, thorough watering of lawns, but not more than normal because extra water will be wasted. Hand water hot or dry spots of lawns. Set sprinkler timers to the "OFF" position Saturday night as the shutdown begins just after midnight.
- Wash vehicles on Saturday.
- Do final fill-ups of any large containers.

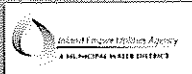
SUNDAY, APRIL 15

- Do not water landscapes or lawns. Do not wash cars.

TIPS DURING SHUTDOWN

- Take short showers (10 minutes max). Soak, turn the water off, soap up, and then turn the water on to wash off. Do not use the warm shower as a sauna.
- Also, put a bucket in the shower to collect the water before the shower warms up. Use this water for plants.
- Use collected water in trash bins or bathtubs to hand-water houseplants and sensitive outdoor plants and those areas of the lawn that may show excessive stress (the hot spots).
- If you need to use your washing machine or dishwasher, run only full loads.
- Do not leave water running when washing dishes, brushing your teeth or shaving.
- Do not mow your lawns. Minimize the use of your lawn (i.e. playing on it, leaving vehicles on it) to reduce stress on the turf.

For more water-saving tips, visit www.bewaterwise.com



IEUA and its member agencies will make recycled water available for construction purposes and other approved uses.

Residents should be aware that some municipal parks and landscape areas that are irrigated with recycled water will not be impacted by the shutdown.

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



City of Chino

909.591.9845

www.cityofchino.org

City of Chino Hills

909.364.2806

www.chinohills.org

City of Upland

909.291.2935

www.ci.upland.ca.us

Fontana Water Company

909.822.2201

www.fontanawater.com

Cucamonga Valley Water District

909.987.2591

www.crvwdwater.com

Monte Vista Water District (Montclair and portions of Chino)

909.624.0035

www.mvwd.org



REMEMBER, when you leave a room you turn off the lights, so be sure to turn off the water when you are not using it!

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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



ACWA COMMUNICATIONS OUTREACH ADVISORY

Association of California Water Agencies • 916.441.4545 • fax 916.325.2316 • www.acwa.com

April 24, 2007

ACWA Communications Outreach Advisory 07-13

SB 59 FAILS PASSAGE

Key Bill on Water Supply Fails in Senate Natural Resources and Water Committee

At the State Capitol Building in Sacramento this morning, the Senate Natural Resources and Water Committee convened to vote on SB 59, the Reliable Water Supply Bond Act of 2008 by Senator Dave Cogdill (R-Fresno). After more than an hour of comments from committee members and testimony from both supporters and the opposition, the final vote by the committee was 3-4-1 against passage of the bill.

The committee members voted as follows:

Committee Chair, Senator Darrell Steinberg (D-Sacramento) voted "No."
Committee Vice Chair, Senator Bob Margett (R-Glendora) voted "Aye."
Senator Dave Cogdill (R-Fresno) voted "Aye."
Senator Dennis Hollingsworth (R-Murrieta) voted "Aye."
Senator Christine Kehoe (D-San Diego) voted "No."
Senator Sheila Kuehl (D-Santa Monica) voted "No."
Senator Mike Machado (D-Linden) voted "Not Voting."
Senator Carole Migden (D-San Francisco) voted "No."

SB 59, which is part of the Governor's water infrastructure plan, would authorize a \$3.95 billion bond measure for water storage, as well as funding for Delta sustainability and water use efficiency.

After the vote, ACWA President Randy Fiorini joined Cogdill and other supporters at a press conference on the Capitol steps. Fiorini and others criticized the vote as short-sighted, and said, "We hope the Governor and the Legislature will continue to work to reach agreement on a comprehensive water infrastructure package in this legislative session. We remain hopeful that one way or another, California voters will get a chance to express their views on this issue."

Cogdill urged the committee to move the bill forward, and said sidelining the measure at this point would be disingenuous. "The goal of this bill is to put the question before the voters. The state will not spend any money. We're letting the voters decide."

Department of Water Resources Director Lester Snow said the Administration "aggressively supports" a full range of strategies, and surface storage must be part of the mix. "It's not a case of either / or. We need more conservation, more water recycling, more groundwater recharge and more surface storage. We are putting forward all of these."

Steinberg, committee chair, said the bill would be granted reconsideration as a courtesy to the author. He also noted that the bill's provisions would continue to be discussed as part of the state budget and other end-of-session negotiations.

SB 59 would have authorized funding for key improvements and programs recommended in ACWA's 2005 water policy document, *No Time to Waste: A Blueprint for California Water*. It also includes major water system improvements proposed by Governor Schwarzenegger in his Strategic Growth Plan.

For additional information on ACWA's response to the committee hearing, please contact Jennifer Persike, Director of Strategic Coordination and Public Affairs at 916-441-4545 or jenniferp@acwa.com.

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4-14-07

Water utility hires private investigator

By Brenda Dunkle

A local water district has hired a private investigator to investigate the circumstances surrounding a sewage spill in October and threatening phone calls made to employees at the Chino-based agency.

The Inland Empire Utilities Agency's board of directors on April 4 approved a contract with National Business Investigations Inc. of Wildomar for an amount not to exceed \$265,000. The board also approved adding the \$265,000 amount to its already adopted budget.

Approximately 760,000 gallons of sewage spilled onto El Prado Road near Kimball Avenue, south of Chino, on Oct. 22, according to Dean Martin, executive manager of finance and administration for IEUA. Mr. Martin said the spill was one of the largest from the agency.

The majority of the waste was re-routed to two emergency wastewater lagoons at the IEUA facility. He said the spill occurred in an open area, away from homes and businesses, near the IEUA plant. It was cleaned up by the next day, he said. The spill was

reported by the Chino Police Department, who helped block traffic from the area during the cleanup. City maintenance crews from Chino and Ontario were also involved in the cleanup, Mr. Martin said.

The IEUA manager said alarms, warning of an overflow, did go off. The private investigators are looking into why employees inside the plant did not act more quickly when they heard those alarms, according to Mr. Martin and IEUA board member John Anderson.

One employee has been put on administrative leave, related to the spill, according to Mr. Martin.

Mr. Anderson said the private investigators have interviewed employees about the spill. Both Mr. Martin and Mr. Anderson confirmed that use of employee security cards to enter the IEUA facility around the time of the spill is one of the issues being investigated.

Mr. Martin said that whenever a major incident occurs, the IEUA conducts a full review of procedures, including security.

Mr. Martin said the Chino Police Department has been

See SPILL, Page A2

Spill

Continued from Page A1

involved in the investigation and at one point "the FBI may have been involved."

Mr. Martin said the private

investigators hired this month are also looking into phone calls that threatened physical harm to employees. He said no calls have been received threatening the facility.

The investigation is expected to continue through June, Mr. Anderson said.

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Los Angeles Times
latimes.com

NEW Exchange *online rentals* in-store for no additional cost!

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TOTAL ACCESS

<http://www.latimes.com/news/local/la-me-canal7apr07,1.2857094.story>

Court rules Imperial Valley canal to be lined

The project will decrease seepage of Colorado River water flowing to San Diego County.

By Tony Perry
Times Staff Writer

April 7, 2007

SAN DIEGO — A federal court Friday lifted an injunction that had blocked the lining of the All-American Canal in Imperial Valley, a project meant to provide water to arid San Diego County and help California learn to live on a "water diet."

Environmentalists and business interests on both sides of the border had sued to block the \$200-million-plus project on the grounds that it would devastate farmers in the Mexicali Valley, where the aquifer is replenished by seepage from the canal.

But a panel of the 9th Circuit Court of Appeals in San Francisco rejected the litigants' arguments and said that a law signed by President Bush in December orders the Bureau of Reclamation to begin the project without delay.

Although more litigation is possible — water disputes in the Western U.S. are said to be measured in decades, not years — backers of the canal project said they hope the ruling ends the legal wrangling.

"This is truly a Good Friday," said Daniel S. Hentschke, attorney for the San Diego County Water Authority. "This is enormously important for San Diego and the entire state."

The lining project is meant to provide 67,000 acre-feet of water — enough for the home uses of more than 500,000 people — to San Diego County.

Without much groundwater, the county's decades-long hunt for its "own water" has taken on the aspect of a crusade. For the Metropolitan Water District of Southern California, lining the canal would mean it would sell less water to San Diego County and thus have it available for other customers in its six-county region. "It's a zero-sum game," said MWD assistant general manager Roger Patterson.

The canal takes water from the Colorado River and distributes it to 500,000 acres of farmland in the Imperial Valley, along with a sprinkling of cities with a total of about 140,000 residents. Built in 1940, the canal is unlined. It parallels the U.S.-Mexico border before turning northward.

For decades, seepage from the canal was not a problem. The Imperial Irrigation District has the largest entitlement of Colorado River water of any agency in the seven-state region that depends on the snaking river that winds from Colorado to the Gulf of Mexico. But in the 1990s, other states began blasting California as a "water hog" because districts in coastal Southern California were taking more than their entitlement.

After arm-twisting by the federal government, the Imperial district agreed in 2003 to sell water to San Diego County, the largest transfer of water from farms to cities in the nation. The federal government, which acts as "water-master," has warned that the days of California taking more than its share from the Colorado River would soon end.

The overall sales agreement is still in the courts. Water from lining the All-American and Coachella Valley canals is only part of the agreement. Lining of the Coachella Valley canal, which will provide 26,000 acre-feet, has been completed.

Environmentalists and business interests sued on numerous grounds, among them that the project would damage the environment, would violate various agreements with Mexico and is racially discriminatory because most of the farmers who would have their water reduced are Latino. About 76,000 acres of farmland in the Mexicali Valley would be harmed, the plaintiffs alleged.

U.S. Circuit Court Judge Sidney R. Thomas, writing for a three-judge panel, rejected all the arguments, lifting an injunction issued last year. Among other reasons, Thomas said that a 1944 treaty says that the Mexican government is allowed 1.5-million acre-feet of water from the river annually and is entitled to no more.

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IN BRIEF ORANGE COUNTY / COUNTYWIDE

Water treatment plant reopens after upgrades

From Times Staff and Wire Reports

April 1, 2007

Days after the Metropolitan Water District asked residents and businesses to limit their water consumption while a key facility underwent a series of upgrades, consumers can now rest easy.

The district's Robert B. Diemer Water Treatment Plant serving Orange County opened early Saturday, nearly a day ahead of schedule, after improvements were made to ensure the future availability of drinking water.

The plant supplies 95% of the water used in south Orange County and half of the countywide total.

The Yorba Linda facility was shut down March 25, prompting a potential water crisis prominently announced on Orange County freeway signs.

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4/10/09 Daily Bulletin

BRIEFLY

NEWS FROM AROUND
THE INLAND VALLEY

MVWD board seat open

MONTCLAIR — The Monte Vista Water District is accepting applications for the rest of the week to fill a spot on the board of directors, which recently became available after Director Robb Quincey resigned.

The new board member will serve a term from May until early December 2008.

Individuals applying for the appointment must be registered voters and live within the service area of the Monte Vista Water District, which includes Montclair, portions of Chino and the unincorporated area between Pomona, Chino Hills, Chino and Ontario, according to a news release.

Applications are available at the Monte Vista Water District office, 10575 Central Ave. in Montclair. The deadline to file the form is 5 p.m. Friday.

Information: (909)
624-0035, Ext. 160.

— Lori Consalvo, (909) 483-9391

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Southland's dry spell could get worse

Every place that supplies water to the region is dry — a pattern that could eventually produce what researchers call the perfect drought.

By Bettina Boxall
Times Staff Writer

March 31, 2007

Nature is pulling a triple whammy on Southern California this year. Whether it's the Sierra, the Southland or the Colorado River Basin, every place that provides water to the region is dry.

It's a rare and troubling pattern, and if it persists it could thrust the region into what researchers have dubbed the perfect Southern California drought: when nature shortchanges every major branch of the far-flung water network that sustains 18 million people.

Usually, it's reasonably wet in at least one of those places. But not this year.

The mountain snowpack vital to water imports from Northern California is at the lowest level in nearly two decades. The Los Angeles area has received record low rainfall this winter, contributing to an early wildfire season that included Friday's blaze in the Hollywood Hills. And the Colorado River system remains in the grip of one of the worst basin droughts in centuries.

"I have been concerned that we might be putting all the pieces in place to develop a new perfect drought," said UCLA geography professor Glen MacDonald, who has researched drought patterns in California and the Colorado River Basin over the last 1,000 years.

"You have extreme to severe drought extending over Southern California and also along the east and west slopes of the Sierra, and then you have it in the Colorado [basin], particularly Wyoming."

That, coupled with wet winter weather patterns in the southern Great Lakes region and the Northeast, MacDonald said, "is extremely similar to the last time we had a perfect drought, which was the late 1980s, early 1990s."

Thanks to a bountiful Sierra snowpack in the spring of 2006, the state's reservoirs are in good shape. Southern California water managers say they have ample supplies in reserve and are better prepared for a prolonged dry spell than they were two decades ago.

"We're watching this. We're not pleased. We're not worried, either," said Jeffrey Kightlinger, general manager of the Metropolitan Water District of Southern California, the region's major water wholesaler. "If it does continue, we have prepared ourselves for a multiple-year drought."

"It used to be we thought that geographic diversity was enough" protection, he added. "In 1990 or so, we realized it really wasn't."

Since then, the water district has constructed a large reservoir in Riverside County and is storing more water underground.

The region's water agencies have also promoted conservation and recycling during the last two decades, steps that have helped Los Angeles keep water demand relatively flat at the same time the city added 1 million more people.

"We believe we will be able to meet the needs of the city for the coming year and beyond," said Thomas Erb, director of water resources at the Los Angeles Department of Water and Power, which gets about half of its supplies from the Eastern Sierra.

The snowpack there is shaping up to be one of the lowest since the start of record-keeping in 1940. Twice during the 20th century — in the late 1950s and the early 1980s — drought strained all three regions that supply Southern California, said Scripps Institution of Oceanography hydrologist Hugo Hidalgo, who has studied drought patterns with MacDonald. "These events have been relatively rare."

They usually last for four or five years. But "the scary part," MacDonald said, is that ancient tree ring records indicate they can go on for a couple of decades — much longer than anything experienced in modern times.

"We believe that there were much more severe and prolonged simultaneous droughts in those regions during the period 1300 AD to about 900 AD," he added. "Once you start looking back in time, you realize that what we've seen in the historical record — the last 100, 150 years, where we have good measurements — that's really nothing compared to what nature can throw at us here."

MacDonald agreed that the state's large water districts "are actually doing a good job in terms of planning for a five- to seven-year drought."

But, he warned, "if you went into a decade or longer of persistent drought that affected the Sacramento [River Basin], the Los Angeles area and the Colorado, you would end up basically taxing all of those water storage facilities, from the dams on the Colorado to what we have here, to beyond the breaking point."

The big reservoirs in the Colorado system, which last year provided the Metropolitan Water District with 30% of its deliveries, are roughly half empty as a result of a drought that began in 2000. Federal officials have said that within a few years they may be forced to cut Colorado deliveries, although Arizona and Nevada would be hit before California, which has senior water rights in the lower basin.

As a result of this spring's skimpy Sierra snowpack — it's at 46% of the normal statewide average — the State Water Project will reduce deliveries

of Northern California water to the central and southern parts of the state, but not dramatically.

"One year a drought does not make, especially the way our system is plumbed. We have ample storage," said Arthur Hinojosa, chief of the hydrology branch for the California Department of Water Resources.

But he acknowledged that if the Sierra snowpack is poor again next winter, that "would probably create a lot of angst."

Maury Roos, the state's chief hydrologist, said that both groundwater and surface reservoir supplies were currently above average because of recent wet years — 2004-05 was the second-wettest year on record in Los Angeles. However, that "cushion won't be there for next winter" if the dry spell continues, he added.

"These dry years come often in pairs," Roos said. "There is a reasonable chance of that happening. Hopefully not."

Bill Patzert, the climatologist at NASA's Jet Propulsion Laboratory in La Cañada Flintridge, has said the Pacific is in an "El Niño-repellent" pattern that will favor drought in Southern California for years.

MacDonald said scientists have found that periods of simultaneous drought in Southern California, Northern California's Sacramento River Basin and the Colorado typically have been marked by cold water in the eastern Pacific off the North American coast — a condition that existed this winter.

A 2004 study by a team of researchers concluded that the western mega-droughts that occurred between 900 and 1300 took place during a warming period that drove up temperatures in the western Pacific, producing an upwelling of cool waters in the eastern Pacific that caused drier La Niña conditions to prevail. The researchers warned that global warming could promote severe drought in the West.

"This is the billion-dollar question," MacDonald said. "Will global warming push us into another prolonged perfect drought?"

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(INFOBOX BELOW)

How dry we are

The reservoirs have ample supplies, but it's clearly a low-water year for Southern California, which relies on the Sierra snowpack, the Colorado River and local precipitation for water. Here's a look at the statewide picture.

[See microfilm for full chart information]

Precipitation

Partial water year, from July 1 to last Sunday

	Inches	Average	% of
Eureka	30.58	93	
Redding	18.81	67	
Sacramento	9.99	57	
San Jose	7.98	61	
Fresno	4.80	50	
Bakersfield	2.44	45	
Los Angeles	2.47	18	
San Diego	3.39	36	

Sources: California Department of Water Resources Division of Flood Management, U.S. Bureau of Reclamation

Graphics reporting by Cheryl Brownstein-Santiago

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Audit of cleanup costs set

Rialto efforts to clean water to get a review

By Jason Pesick, Staff Writer
Inland Valley Daily Bulletin

Article Launched:04/23/2007 12:00:00 AM PDT

RIALTO - With the tab climbing to the \$20million mark, the City Council has agreed to get an audit of its expenditures to clean up drinking water contaminated with perchlorate.

The city's cleanup strategy has relied heavily on lawsuits against dozens of corporations and government entities it has accused of contributing to the problem, which could cost \$200million to \$300million to clean up.

"We need to assure the public that it's being spent wisely and properly," said Councilman Ed Scott, who said he called for the audit.

The audit is only intended to make sure no money is being wasted, not to question the city's legal strategy, Scott said.

At a recent council meeting, Councilman Joe Baca Jr. said the warrant resolution the council was supposed to approve showed an identical payment being made twice.

That turned out not to be the case, but Scott said he thinks the audit is important "to make sure billing and invoicing has been done properly." He said he also wants to make sure the attorneys are actually working the hours they say they are and that more than one attorney or consultant are not doing the same work.

Baca has also complained that he doesn't know exactly where the money is going. The city does not disclose all that the law firms are paid in the warrant resolutions to keep that information from the parties it is suing, said City Attorney Bob Owen.

The audit comes at a critical time during the city's efforts to clean up the chemical, which can be harmful to humans by interfering with the thyroid gland. In July, the city's legal team is scheduled to argue before the State Water Resources Control Board at hearings that could force three corporations to clean up much of the contamination.

"Now is not the time to blink," said Owen.

He said he is confident the audit will show the money is being spent properly.

In addition to the state board hearings, in 2004 the city sued 42 entities, including the Defense Department, San Bernardino County and a number of corporations, to get them to clean up the contamination. Last year, Rialto filed an additional suit against the county in state court.

Although Scott insisted that the majority of the council still supports the lawsuits and that the audit to be conducted by the firm McGladrey & Pullen LLP will have a narrow focus, Baca has used the opportunity to call into question the city's strategy.

"I'm concerned about there being a blank check out there for the attorneys," Baca said.

He said he wants to know exactly where the money is being spent, whether it is the wisest use of city resources and if there are other ways besides the lawsuits to clean up the perchlorate. He said he also wants to find out if city staff can do some of the work the city is paying attorneys and consultants to do.

Mayor Pro Tempore Winnie Hanson agreed with Scott that the audit is narrowly intended to make sure the money is being spent properly.

"It's not about the strategy," she said.

The \$20 million number includes the cost of the attorneys, experts to investigate the contamination, treatment systems to remove perchlorate from the drinking water and an informational campaign to keep the community informed. The number reflects the amount the city has spent since 1998, Owen said.

The city's water department charges a perchlorate fee to its customers to provide funds for the effort. If the city wins its suits, it will reimburse the ratepayers for those costs.

A few months ago, the council transferred \$5million from the General Fund to speed up the federal lawsuit, but Scott said the lawsuits have not been sped up, and he doesn't want the city to pay an additional \$5million every year.

Before the audit begins, Scott and Hanson, the members of the council's perchlorate committee, will meet with the auditors on Monday to discuss the scope of the audit. The cost of the audit should be clearer at that point.

Baca, who was elected to the council in November, has been critical of the city's strategy to clean up the perchlorate. He said the city should consider scaling back the lawsuits.

Other members of the council and Owen have said that the litigation is necessary in order to make sure the polluters - not taxpayers - pay to clean up the perchlorate.

Owen also argues that without the information the city has uncovered through the lawsuits, it would not have the evidence necessary to convince the state water board to order the polluters to clean up the perchlorate.

Owen warned against "playing politics with this important public-health issue."

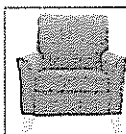
He said he is also concerned the suspected polluters will think there is dissension on the council over whether to continue pursuing them right before the state board hearings.

"It's very irresponsible for somebody to begin doing that," he said.

Contact writer Jason Pesick at (909) 386-3861 or via e-mail at jason.pesick@sbsun.com.

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MWD pipeline repairs put end to water-use alert

Jannise Johnson, Staff Writer

Article Launched: 04/22/2007 12:00:00 AM PDT

The Rialto Pipeline has been repaired several days ahead of schedule, halting the need for further water-conservation efforts by residents and businesses.

Metropolitan Water District of Southern California officials announced on Saturday that the necessary work had been finished.

Robert Muir, MWD spokesman, said the agency is relieved repairs took place in a timely fashion.

"We got it back up last night (Friday) around 6 p.m.," Muir said.

The MWD's original estimates were that the pipeline would be out of service until Tuesday. The agency on Monday shut down and began draining portions of the pipeline.

Officials knew by Thursday that the 30-mile pipeline would be up and running by the weekend, Muir said.

Recent tests on the pipeline revealed breaks in 85 stress wires in a segment of the pipe in Rancho Cucamonga. District officials are looking into the cause of the damage.

"We're investigating whether it was damaged by an outside third party," Muir said. "It might have been hit by someone digging in the area, but we don't have confirmation of that yet."

The cost of the repairs will be assessed at a later date, Muir said.

The pipeline supplies water

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to 1 million customers in businesses and residences in Fontana, Rancho Cucamonga, Chino, Chino Hills, Claremont, La Verne, Montclair, Ontario and Upland. The water is imported from Northern California.

Officials urged those affected by the shutdown to take steps to reduce consumption, and customers voluntarily reduced water use by up to 45percent, according to an MWD news release.

Requested conservation actions included consumers limiting showers to 10 minutes or less, using only full loads in home-washing machines and not leaving the water running while shaving, brushing teeth or washing dishes.

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