CHINO BASIN WATERMASTER

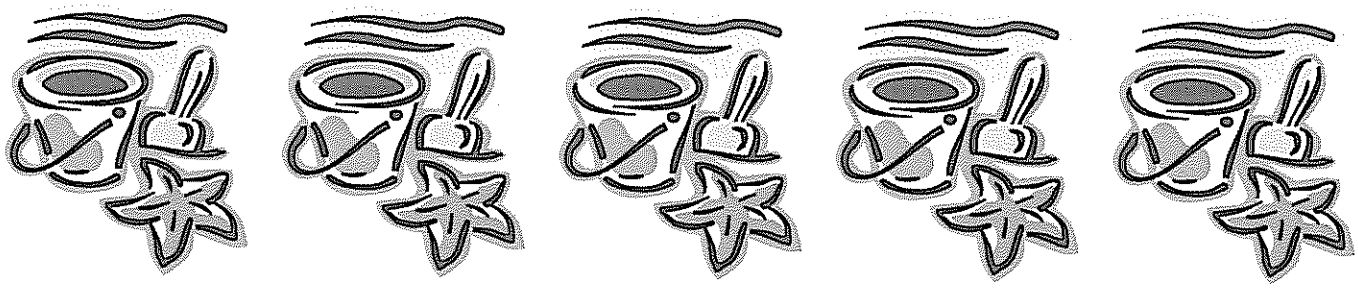
NOTICE OF MEETINGS

Thursday, June 28, 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



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Thursday, June 28, 2007

9:00 a.m. – Advisory Committee Meeting
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AGENDA PACKAGE

CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
9:00 a.m. – June 28, 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 May 24, 2007 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2007 *(Page 15)*
2. Watermaster Visa Check Detail *(Page 19)*
3. Combining Schedule for the Period July 1, 2006 through April 30, 2007 *(Page 21)*
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through April 30, 2007 *(Page 23)*
5. Profit & Loss Budget vs. Actual July 2006 through April 2007 *(Page 25)*

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer – The City of Upland has agreed to purchase from West End Consolidated Water Company a portion of West End's water in storage in the amount of 3,800 acre-feet. The 85/15 rule does not apply and a recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company. Date of application: April 11, 2007 *(Page 27)*

II. BUSINESS ITEMS

A. MZ1 LONG TERM PLAN AND MZ1 PLEADING

Consider Approval for the Monitoring Zone 1 Long Term Plan and to Receive and File the MZ1 Pleading with the Court *(Page 37)*

B. 2007/2008 BUDGET

Consider Approval for the Chino Basin Watermaster 2007/2008 Budget *(Page 85)*

C. MICRO-ECONOMIC ANALYSIS STUDY

Consider Approval for the Scoping Work for the Micro-Economic Analysis Study Performed by Dr. David Sunding *(Page 109)*

D. VOLUME VOTE
Discuss and Consider Adoption of the Volume Vote *(Page 115)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT
1. Santa Ana River Hearing Closing Brief *(Page 119)*

B. ENGINEERING REPORT
1. Model Update

C. CEO/STAFF REPORT
1. Legislative Update
2. Recharge Update
3. Dry Year Yield Report

E. INLAND EMPIRE UTILITIES AGENCY
1. Drought Plan for 2008 – Rich Atwater - Verbal
2. Summer Conservation Efforts - Verbal
3. Status of Delta SWP Pumping Issues - Verbal
4. Monthly Water Conservation Programs *(Page 182)*
5. Monthly Imported Water Deliveries Report - Handout
6. State and Federal Legislative Report *(Page 185)*
7. Community Outreach/Public Relations Report *(Page 221)*

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION
1. Newspaper Articles *(Page 227)*

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

June 28, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting
July 12, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 24, 2007	9:00 a.m.	GRCC Meeting
July 26, 2007	9:00 a.m.	Advisory Committee Meeting
July 26, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

CHINO BASIN WATERMASTER

NOTICE OF MEETINGS

Thursday, June 28, 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
WATERMASTER BOARD MEETING
11:00 a.m. – June 28, 2007
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

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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.

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A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing Closing Brief *(Page 119)*

B. ENGINEERING REPORT

1. Model Update

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Dry Year Yield Report

IV. INFORMATION

1. Newspaper Articles *(Page 227)*

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Board meeting for the purpose of discussion and possible action regarding Personnel Matters and/or Potential Litigation.

VIII. FUTURE MEETINGS

June 28, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting
July 12, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 24, 2007	9:00 a.m.	GRCC Meeting
July 26, 2007	9:00 a.m.	Advisory Committee Meeting
July 26, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – May 24, 2007

Draft Minutes

CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

May 24, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on May 24, 2007 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

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

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)

Agricultural Pool

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

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Gary Meyerhofer	Carollo Engineering
Steve Orr	Richards Watson Gershon
Marty Zvirbulis	Cucamonga Valley Water District
Bill Kruger	City of Chino Hills
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
Jennifer Novak	State of California

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

AGENDA - ADDITIONS/REORDER
There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held April 26, 2007

B. FINANCIAL REPORTS

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

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

Motion by DeLoach, second by Garibay, and by unanimous vote
Moved to approve Consent Calendar Items A through C, as presented

II. BUSINESS ITEMS

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

Mr. Manning stated this Memorandum of Agreement (MOA) is for the Management Zone 3 (MZ3) area and is for Chino Basin Watermaster to engage in the construction and development of two wells that are funded by the AB 303 grant. In July, 2002, there was a letter from the Regional Board expressing some concern about the MZ3 contaminants. At that point in time Chino Basin Watermaster staff initiated the monitoring program and started monitoring the existing wells within the area and staff has been looking at additional wells. Inland Empire Utilities Agency (IEUA) was able to acquire an AB 303 grant that allowed us to get $250,000 to fund a portion of these wells. The arrangements are simple in terms; the cost of the wells are about $545,000, additional IEUA expenses are approximately $90,000 dollars and all will be paid by Chino Basin Watermaster minus the $250,000 grant funds. This grant will be administered by IEUA staff. Mr. Manning stated staff is seeking approval for this MOU at this time.

Motion by DeLoach, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve the Memorandum of Agreement 2006-2008 for the Management Zone 3 Monitoring Program, as presented

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Mr. Manning stated this item is on the agenda for information only and to begin answering questions. Staff intends to bring this item back next month for approval. In 2002, Chino Basin Watermaster began its interim plan for the management of subsidence which called for a forbearance program to be established. A technical committee was established at that time.

That committee worked with Wildermuth Environmental Inc. to develop a scientific approach to understanding what was going on in the subsidence area. In May, 2005, we had a workshop with the Special Referee and her technical assistant whereby we explained the information we had developed at that point in time. At the same time staff was developing Guidance Criteria. The Guidance Criteria was adopted by the Watermaster Board in May 2006 and it is now May, 2007, and the court is anxious for the adoption of a Long Term Plan (LTP). The court has made it clear over the last six months that they believe staff has enough information based upon the workshop to develop a Long Term Plan. Mr. Manning stated in conversations we have had in the past basically we have two separate elements here; we have the LTP and the Alternative Water Supply Program that we are developing. The Alternative Water Supply Program is an important element and staff is going to continue to develop that program. However, the LTP itself stands independently from the Alternative Water Supply Program. Staff is working with the parties in MZ1 to develop the water program and if the parties in MZ1 decide that there is a hybrid or variation of this program that they feel would work better, staff will work with them to help initiate that plan as well. This item is on the agenda as notification that staff is going to be working through this and hopes to have it approved in June for the Long Term Plan. Mr. Manning stated that Counsel Fife and he have an appointment with the City of Chino Hills on May 31, 2007 to discuss the program. The City of Chino Hills has expressed some concerns with the plan as it has been presented. Staff will report on that meeting with Chino Hills at the June meeting. Mr. Kruger stated with regards to Mr. Manning's comments, the City of Chino Hills agrees this item needs to be further discussed because the plan that is being presented does not satisfy the needs of Chino Hills. Mr. Crosley inquired if the written comments that the City of Chino had submitted to the Chino Basin Watermaster were going to be distributed. Mr. Manning stated the comments were received and they will be distributed at the appropriate time to the parties. Chair Jeske noted he was pleased to hear that a meeting was finally scheduled for Chino Basin Watermaster staff and the City of Chino Hills staff to reconcile this situation.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

   Counsel Fife stated the hearing regarding the Santa Ana River Water Rights Application took place starting on Wednesday, May 2, 2007 and it was finished on Tuesday, May 8, 2007. It was a very good hearing for Chino Basin Watermaster. We had no opposition to our evidence and we worked out deals with all the parties in advance of the hearing. Counsel now needs to finish up our closing brief and submit a proposal to the State Board for our permit and we are anticipating filing the brief by June 6, 2007. The relationship with Orange County was very cordial and we worked out a very detailed stipulation with them in advance that took some of the harder issues off the table. All in all the hearing went extremely well and there is a DVD copy of the entire hearing for any party who would like a copy.

2. Referee Report Regarding Status Report Transmittal

   Counsel Fife stated Chino Basin Watermaster served all the parties with the actual transmittal from the Special Referee; a copy of that transmittal is in the meeting packet and there is a scheduled hearing today at 1:30 p.m. We have not only had Watermaster's submittals of the Status Report and the Referee's comments about the Status Report, we also had a pleading by the Conservation District joining in the Referee's recommendations. A few days ago we had received a pleading from Monte Vista Water District (MVWD). Both of these pleadings were served on the parties. The substance of the MVWD pleading was requesting the court, in addition to all of the recommendations made by the Special Referee, to also order Chino Basin Watermaster to hold a scoping workshop on the economic report by Dr. Sunding. MVWD requested the workshop be held by July 1, 2007; staff had already intended to schedule that workshop and we were going to talk about that at today's meeting, we wanted to schedule that immediately. A notice was sent out yesterday regarding the workshop for Dr. Sunding's scoping analysis which has been

scheduled for June 7, 2007 from 1:00 to 3:00 p.m. here at the Chino Basin Watermaster office. The morning of June 7, 2007, Dr. Sunding will be made available for individual 30 minute appointments with parties who have not yet met with him or would like to have an additional meeting. Dr. Sunding has met with several parties already; if any party wants to schedule a meeting with Dr. Sunding on that morning, please call the Watermaster office to set that appointment. Counsel is going to attend the hearing this afternoon and we are anticipating obtaining an order that looks a lot like what the Referee recommended in her report.

3. Sunding Report
   Counsel Fife stated this item was covered in the previous item and no further comments were made.

B. ENGINEERING REPORT

1. 2007 Watermaster Model Update
   It was noted this presentation was given at the Pool meetings and the Advisory Committee members opted to skip the presentation for this meeting. Mr. Wildermuth stated the full presentation would be given at the Watermaster Board meeting later today if any party wishes to stay and see it then.

C. FINANCIAL UPDATES

1. Budget Presentation
   Mr. Manning stated as mentioned at the pool meetings earlier this month, the 2007/2008 Watermaster budget was not ready to be presented at the pool meetings and that it is ready to be presented today at the Advisory Committee and the Watermaster Board meetings in draft form. The actual 2007/2008 budget will be presented for approval on the June agendas. Ms. Rojo stated the Appropriative Pool formed a Budget Advisory Committee and they have been meeting over the last couple months to go over some of the issues relating to the budget and assessment process. Ms. Rojo stated she will cover in her presentation some of those issues discussed at the Budget Advisory Committee and at the Budget Workshop which was recently held. Ms. Rojo commented on the Watermaster Assessments and noted Watermaster is primarily a budget driven organization. Ms. Rojo stated at the very first meeting of the Budget Advisory Committee the subject of options for stabilizing assessments was discussed. Ms. Rojo reviewed the 2005/2006 and 2006/2007 budgets and the differences for the assessments in various categories. An optional assessment calculation was also presented. Ms. Rojo discussed the Assessment History from the 2001/2002 through 2006/2007 fiscal years. The administrative costs for the 2007/2008 budget which included Cola @ 4%, Reduction in Public Relations/Outside Consultants, and a new and reduced increase in Information Technology. Ms. Rojo reviewed budgeted work and accounting of categories for general OBMP Engineering, Production Monitoring, In-Line Meter Installation/Maintenance, Groundwater Quality Monitoring, Groundwater Level Monitoring, Recharge Basin Water Quality Monitoring, Ground Level Monitoring, Hydraulic Control Monitoring, Recharge and Well Monitoring, PE2 Comprehensive Recharge Program, PE3/5 Water Supply Plan – Desalter, PE4 Management Zone Strategies, PE6/7 Cooperative Efforts/Salt Management, PE8/9 Storage Management/Conjunctive Use, and the Inactive Well Protection Program. A lengthy discussion regarding abandoned wells ensued. Mr. Manning stated the actual budget will be presented next month for approval on the June agendas.

D. CEO/STAFF REPORT

1. Legislative Update
   Mr. Manning stated a detailed legislative report was given at the recent pool meetings and in adding to those comments, yesterday the Senate passed the Water Resources Development Act (WRDA). The President has expressed some concerns about it in the past and whether or not that is enough for him not to pass it, we do not know. Mr. Manning

stated in the Inland Empire Utilities Agency section of the packet starting on page 111 are very detailed reports regarding both federal and state legislative issues.

2. Recharge Update
No comment was made regarding this item.

E. INLAND EMPIRE UTILITIES AGENCY

1. Recycled Water and Environmental Compliance Update- Tom Love
Mr. Love gave his presentation on Environmental Compliance & Recycled Water Systems. A chart of recycled water use in acre-feet from March 2006 to March 2007 was reviewed. Mr. Love discussed the new upcoming connections in Chino, Chino Hills, and Ontario. It was noted there will be 1,350 acre-feet of new usage in April through July 2007. The projected ground water recharge for each of the Chino basins was reviewed. The recycled water projects estimated completion dates for the 7th & 8th street pipelines are April 2007, South Zone Pump Station for June 2007, RP4 1158 PZ Pump Station for April 2008, San Antonio Channel Pipeline Segment B for spring of 2008, and RP4 1158 Zone Reservoirs for spring 2008 were discussed. Mr. Love discussed the upcoming pipeline cleaning and what it will take to meet the summer time demands. The Rialto Feeder shutdown was discussed. Mr. Love stated the Chino Creek Wetlands consist of a detention pond, surface flow wetlands, sub-surface flow wetlands and a wetland stream. The total flow rate will be 1-2 MGD. Under normal operating conditions, the wetlands will be fed recycled water from a 10" recycled water line from the RP-5 RWPS. In the event of a storm the recycled water feed will be shut off and overflows from the detention pond will escape through the spillway and travel to the El Prado Road culverts in the stream. Photos of the Chino Creek Wetlands were reviewed. Mr. Love reviewed the Water Quality Compliance Summary and the Air Quality Compliance from January 2007 to present.

2. Summer Conservation and Delta Pump Issue – Rich Atwater
Mr. Atwater stated Southern California is having the driest year in record. Northern California and the High Sierras is about a third of their normal record. The Colorado River Basin is still in its sixth or seventh year of drought. Last Friday, Rick Hansen, John Rossi, and he participated in Metropolitan Water District Managers meeting; Jeff Kightlinger, the manager of MWD, talked extensively about the litigation on the Delta Pumps. The new news is that only about 25 shrimp were found when normally thousands are found. The result of all that with the litigation and the issues of the Fish & Game Permit for the Delta Pumps is this is going to add fuel to curtailment of pumping this fall; and that was also the conclusion of the MWD staff. A discussion regarding Mr. Atwater's comments ensued. If next year is dry, we are probably looking at a 2008 Drought Allocation Plan. In fact, in June, at the next meeting of the member agencies, the MWD staff will start working on a draft drought plan for next year. A discussion regarding drought allocations ensued.

3. Landscape Alliance Update
Mr. Atwater stated the Landscape Alliance began in March and IEUA has held a few workshops. The goal is to wrap up this program by the end of the year. With the drought, outdoor landscaping is going to be critical. The Metropolitan Water District will be having upcoming spots on the radio that will be running all summer about a voluntary 10% conservation message. IEUA is continuing our programs in working with home owners and landscapers in the area to reduce water usage for outdoor landscaping.

4. Draft Water Conservation Work Plan
No comment was made regarding this item.

5. Monthly Water Conservation Programs
No comment was made regarding this item.

6. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

7. State and Federal Legislative Report
   No comment was made regarding this item.

8. Community Outreach/Public Relations Report
   No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen commented on the possible drought issues and noted there are public information pieces that will hit in the papers this weekend. Three Valleys will be holding their leadership breakfast in a few weeks at the Sheraton Fairplex in Pomona and the speaker is Dr. Eric Scott who is a paleontologist. Mr. Hansen noted the he has seen Dr. Scott's presentations before and they are very entertaining and all are invited to that breakfast which will start at 7:30 a.m.

IV. INFORMATION

1. Newspaper Articles
   No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

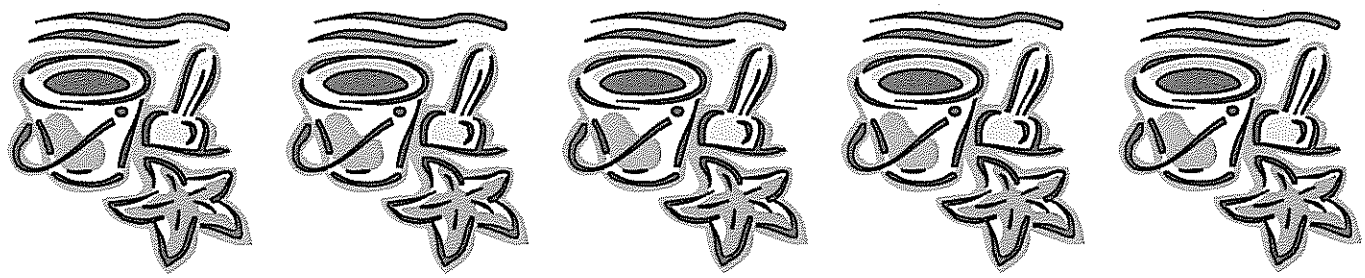
VII. FUTURE MEETINGS

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

The Advisory Committee meeting was adjourned by Chair Jeske at 10:17 a.m.

Secretary: _____

Minutes Approved: _____

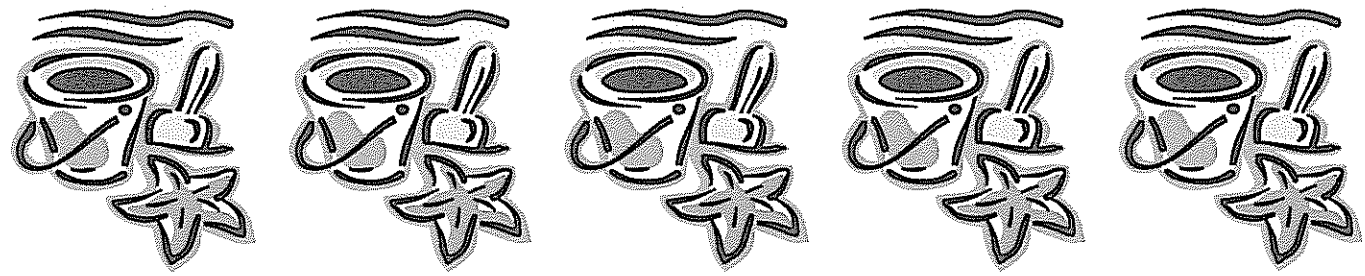


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – May 24, 2007



Draft Minutes

CHINO BASIN WATERMASTER

WATERMASTER BOARD MEETING

May 24, 2007

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 24, 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
David DeJesus	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Jeff Pierson	Agricultural Pool, Crops

Watermaster Staff Present

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

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Dave Crosley	City of Chino Basin Watermaster
Bill Kruger	City of Chino Hills
Gary Meyerhofer	Carollo Engineering
Rick Hansen	Three Valleys Municipal Water District
Raul Garibay	City of Pomona
Martha Davis	Inland Empire Utilities Agency
Ken Jeske	City of Ontario
Steve Orr	Richards Watson Gershon

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held April 26, 2007

B. FINANCIAL REPORTS

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

Ms. Rose asked that a more detailed breakdown of the Credit Card Statements be made available with the other financial reports which are supplied in the meeting packets. Ms. Rojo stated she would put that in starting on the June meeting packages.

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

Motion by Rose, second by Pierson, and by unanimous vote
Moved to approve Consent Calendar Items A through C, as presented

II. BUSINESS ITEMS

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

Mr. Manning stated this Memorandum of Agreement (MOA) is for the Management Zone 3 (MZ3) area and is for Chino Basin Watermaster to engage in the construction and development of two wells that are funded by the AB 303 grant. In July, 2002, there was a letter from the Regional Board expressing some concern about the MZ3 contaminants. At that point in time Chino Basin Watermaster staff initiated the monitoring program and started monitoring the existing wells within the area and staff has been looking at additional wells. Inland Empire Utilities Agency (IEUA) was able to acquire an AB 303 grant that allowed us to get $250,000 to fund a portion of these wells. The arrangements are simple in terms; the cost of the wells are about $545,000, additional IEUA expenses are approximately $90,000 dollars and all will be paid by Chino Basin Watermaster minus the $250,000 grant funds. This grant will be administered by IEUA staff. Mr. Manning stated staff is seeking approval for this MOU at this time.

Motion by DeJesus, second by Rose, and by unanimous vote – Non-Ag concurred
Moved to approve the Memorandum of Agreement 2006-2008 for the Management Zone 3 Monitoring Program, as presented

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Mr. Manning stated this item is on the agenda for information only and to begin answering questions. Staff intends to bring this item back next month for approval. In 2002, Chino Basin Watermaster began its interim plan for the management of subsidence which called for a forbearance program to be established. A technical committee was established at that time. That committee worked with Wildermuth Environmental Inc. to develop a scientific approach to understanding what was going on in the subsidence area. In May, 2005, we had a workshop with the Special Referee and her technical assistant whereby we explained the information we had developed at that point in time. At the same time staff was developing Guidance Criteria. The Guidance Criteria was adopted by the Watermaster Board in May 2006 and it is now May, 2007, and the court is anxious for the adoption of a Long Term Plan (LTP). The court has made

it clear over the last six months that they believe staff has enough information based upon the workshop to develop a Long Term Plan. Mr. Manning stated in conversations we have had in the past, we have two separate elements here; we have the LTP and an Alternative Water Supply Program that we are developing. The Alternative Water Supply Program is an important element and staff is going to continue to develop that program. However, the LTP itself stands independently from the Alternative Water Supply Program. Staff is working with the parties in MZ1 to develop the water program and if the parties in MZ1 decide that there is a hybrid or variation of this program that they feel would work better, staff will work with them to help initiate that plan as well. This item is on the agenda as notification that staff is going to be working through this and hopes to have it approved in June for the Long Term Plan. Mr. Manning stated that Counsel Fife and he have an appointment with the City of Chino Hills on May 31, 2007 to discuss the program. The City of Chino Hills has expressed some concerns with the plan as it has been presented. Staff will report on that meeting with Chino Hills at the June meeting. Mr. Kruger stated Chino Hills is very concerned about the stated water plan has a city there needs to be in control for our destiny. There are residents who need to be provided good water at a reasonable rate. The City of Chino Hills is unable to accept taking a large portion of water on a purchase basis that is not in their control and they are objecting the plan as it exists. Mr. Vanden Heuvel inquired if the Water Supply Plan being presented leaves in place any pumping volume that the City of Chino Hills would have in their control or will all of it be taken from them and then they would utilize an outside source. Mr. Manning stated this is, as stated several times in the past, a voluntary program and the science that was developed established a level which we know if the pumpers within that zone pump below, that they are going to create a condition where subsidence could occur. We have built in a number of criteria into the Water Supply Program. Mr. Wildermuth stated the basic plan provides for a managed water level condition and allows the pumpers in that area to pump. There is no control telling them they cannot pump; we merely say we know that if the water level passes through or drops below a certain threshold that subsidence could begin. The plan says that we will provide them with that information. We know which wells we should be concerned about and existing wells that may lead to that water level falling below that trigger level. We are asking that you do what you can and to try and coordinate with each other to try and not pump below that level. There is no one telling Chino Hills or the City of Chino, or anyone that they can't pump. We have made estimates of what could be pumped on a seasonal basis and that information has been provided to all the parties in the area. The plan itself is not a command and control; Watermaster's responsibility to the parties is to provide the information to the parties only. Mr. Vanden Heuvel inquired if staff had a calculation of amount of yield that the various parties that pump out of that area could get and still stay above the danger line. Mr. Wildermuth stated that calculation has been made. A lengthy discussion ensued with regard to this matter and the issue concerning the City of Chino Hills. Chair Willis asked the City of Chino Hills if they agreed or disagreed with the technical data that has been produced by the Board's consultants regarding subsidence. Mr. Kruger stated they have no way of refuting it; the City of Chino Hills does not disagree. Mr. Manning stated we have hopes that on the 31st we can mutually work out some arrangement. Mr. Bowcock stated Chino Basin Watermaster is providing technical information and they are not acting as a mediator, they are basically providing technical information to producers in MZ1 and if MZ1 producers choose they may seek injunctions upon each other but Watermaster will not engage in that activity. Counsel Slater stated the Judgment itself has certain things that were reserved to the parties at the time the Judgment was entered. One of those included disputes between specific producers about the effects one producer might have on another. In the Peace Agreement, there was a provision that related to an action or a compulsion by Watermaster to a party to move a specific facility. Watermaster was extremely careful in not deviating from a policy of allowing each producer to have control over their facilities and to exclusively limit its conduct to publishing Guidance Criteria. The plan being proposed is the publishing of Guidance Criteria which is in effect, information about the consequences of production. The second element which is completely severable and not part of the plan is how to provide access to water for Chino Hills in the event that there are consequences associated with producing. The historical treatment within the Judgment has been to reserve disputes regarding individual facilities to the individual parties as they have not

waived any rights. It would be a question of policy for this Board to become legally involved, however, the past practice has been hands off.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

Counsel Slater stated the hearing went forward as expected on May 2, 3, and 4, 2007. Counsel Slater stated Michael Fife, Mark Wildermuth, and Ken Manning did a great job. We even heard from the hearing officer that the presentation was professional and effective. There was no opposition to our application, and our mission was accomplished in terms of the presentation. Counsel Slater noted that it appeared the State Board lacked staff and resources and the responsibility for drafting our decision is likely to fall on the hearing officer. That can actually result in further delays for us. Counsel Fife stated we had a number of stipulations going into the hearing which was very effective for the presentation of our case. We had good witnesses; SAWPA lent us the head of the Sucker Committee who testified very clearly in our favor. Most of the load was carried by Ken Manning and Mark Wildermuth, they were on almost every panel and they did a fantastic job at this four day hearing. We are in the process right now of drafting our closing briefs and those briefs will be due June 6, 2007. Counsel Fife noted the hearing was recorded on a DVD and if any one is interested in obtaining a copy of those four days; let staff know and they will get a copy of that DVD.

2. Referee Report Regarding Status Report Transmittal

Counsel Slater stated we received the Special Referee's report and we were pleased by the report because it relied on Watermaster's transmittal in making the recommendations. We are fully prepared to respond to each of the recommendations in a report. We are perfectly comfortable with those recommendations and notably the schedule was acceptable to the referee and she has asked the court to allow us to proceed in accordance with that proposed schedule. If we are not in a position to adopt a plan for MZ1 in accordance with the schedule proposed with the court we are going to have to file a subsequent pleading with the court to tell them when we will file. If we deviate from the proposed schedule, we are going to have to tell the court why we are deviating and this can be expected to be part of the routine until we conclude this issue. We are pleased with the report we have seen joinders filed and we have also seen a pleading that was filed by Monte Vista Water District.

3. Sunding Report

Counsel Slater stated in the Peace II Term Sheet, specifically there is a requirement that there be a Watermaster sponsored workshop on the scoping associated with Dr. Sunding's report. There was some concern that the process would not be public and that it would be controlled by legal counsel. As was stated at the last Board meeting in April, what staff is trying to do is establish a control point up until the public report so we could begin the process of public input. The ultimate decision regarding the scoping lied with the Watermaster process and this Board. In response to the Monte Vista Water District's (MVWD) pleading, we have indicated to MVWD counsel that we have no opposition and in fact we were intending to comply with the provision. In the interim a notice has gone out proposing a scheduled workshop on June 7, 2007 with Dr. Sunding. The court is aware of that workshop date and on that basis we believe this afternoons order will be a non-event.

Mr. Vanden Heuvel inquired as to the status of the Peace II matter because it is not listed on the agenda and he has been absent the past few months from the Watermaster Board meetings. Counsel Slater stated that he prepared a memo and distributed it to the Board in advance of the last Board meeting regarding the requirement under the Peace II Term Sheet and the context of the Scalmanini Report. Counsel's view was there actually are three categories of comments by Mr. Scalmanini and one related to improvements on the model; he listed a dozen or so areas for suggested improvement in the model. Mr. Wildermuth had previously stated that he had already begun to make those improvements

and they were in process. We made a parallel commitment to the court that all of those improvements would be made before we ran an analysis on the new project description. Those features were clearly acknowledged and addressed. The second item is quoted in the Referee's report and was in our transmittal; on a planning level the model was appropriate for use. However, on a future run that the model needed to be upgraded and matched against the precise project we proposed to implement, because earlier runs had a more vague definition of what the project was. They were definitional but they not exactly what the parties were proposing to do. The court is now expecting from us and we have already proposed to produce the precise project description that we are intending to implement and then analyze those impacts. There was a third set of comments in the document which would be characterized as interesting but superfluous to the purpose of the report and that is where the Special Referee's special assistant wondered how the data was being interpreted and used in the deal making process. That is based on subjective views that we cannot corroborate. Mr. Vanden Heuvel stated that he has read the Scalmanini Report and noted that his memory of the Peace II deal and of the give and take that we engaged in that led up to the adoption of the Peace II deal to have Scalmanini review the model. What triggered the Agricultural Pool concern about mining and the extent of mining that was in the original submittal on what now is known as Peace II. Mr. Vanden Heuvel stated there was some volleying on the numbers and he had made a counter proposal of significantly less mining and 400,000 was agreed to at that time as a place holder. We also agreed to do whatever the science would allow us to do and necessary to achieve Hydraulic Control. Counsel Slater stated the number was a part of a process and each party who had input into the development of that number had different things they were thinking about with regard to why that number was the proper number to use. There were features of that and the feature was, when asked Mark took a thought as what he believed was a proper place to draw a line, a black and white number. Mark was asked to carefully analyze the issue and give us a number. That number ultimately became the 400,000. There is a provision in the Peace II which suggests that the number was being used in our planning phase which is now and indeed Mr. Scalmanini says for the reason that we discussed earlier that the model needs to be upgraded; we would need more information and that we quite possibly could achieve the goal for less forgiveness. We are in the process of obtaining public finance on a multi-million facility and there needs to be certainty with regard to the economic consequences. Mr. Vanden Heuvel stated that he totally understands what Counsel Slater stated and he is in agreement. A discussion ensued to regard to this matter.

B. ENGINEERING REPORT

1. 2007 Watermaster Model Update

   Mr. Wildermuth stated today's presentation is on the progress on Watermaster's Groundwater Model Update. The presentation will include topics on the Geologic Conceptual Model, the Percolation Model, estimated Evapotranspiration (ET) which is in the in process, the Recharge and Routing Model which is in the calibration period, and our next steps. Mr. Wildermuth stated there are specific questions to be answered with the new model. What will be the impact of re-operation on subsidence in MZ1? What will be the impact on riparian resources in the Prado reservoir area from new desalter pumping and re-operation, and what does the new equilibrium look like when re-operation is terminated? Watermaster's Groundwater model is incorporating the latest (since 2002) information from new wells and monitoring programs. We are also incorporating vadose zone flow and transport models along with non-linear ET functions for riparian vegetation. We have also extended the calibration from 11 years to about 40 years. New data sources for the conceptual model will include; subsidence investigation in the MZ1 area, 9 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 map of the new wells was reviewed in detail. The thickness of unsaturated zone ranges from as low as 0 feet (Near Prado Basin) to as high as 1000 feet (north Chino basin). Mr. Wildermuth stated the vadose zone lithology varies from clay to gravel and sand and the vadose zone lithology is based on well completion reports which describe soil types based on USCS. Mr.

Wildermuth gave a detailed presentation on how the deep percolation of precipitation and applied water moves through the vadose zone and the probably lag time between water entering the soil at the ground surface and its arrival at the water table. Mr. Wildermuth discussed Evapotranspiration. A question regarding vegetation was presented. Mr. Wildermuth discussed the next steps to be taken which will include the completion of the extended calibration period hydrology, (May), construction of the groundwater flow model (June), the calibration of the groundwater flow model (June/July), the building of the compaction model (June/July), the running of the planning scenarios (August/September), and the documentation of planning scenarios (October). Mr. Vanden Heuvel inquired into the water table and where that water will be in five years because there is a gradation and the water is moving. Mr. Wildermuth clarified that the vadose zone model is a on dimensional model that simulates the movement of water from the ground surface to the water table and the discharge from the vadose zone enters the saturated system and once there moves in the along the gradient that Mr. Vanden Heuvel referred to. Mr. Vanden Heuvel inquired as to how the model captures the current. Mr. Wildermuth stated what is being shown is only the vadose zone, one dimensional vertical flow. A discussion ensued with regard to Mr. Wildermuth's model presentation.

C. FINANCIAL UPDATES

1. Budget Presentation

Mr. Manning stated that at the pool meetings earlier this month, the 2007/2008 Watermaster budget would be presented at the Advisory Committee and the Watermaster Board meetings in draft form. The actual 2007/2008 budget will be presented for approval on the June agenda after going through the Watermaster process. Ms. Rojo stated the Appropriative Pool put together a Budget Advisory Committee and they have been meeting over the last couple months to go over some of the issues relating to the Watermaster process regarding the budget and the assessments. Ms. Rojo commented on the Watermaster Assessments and noted Watermaster is a budget driven organization. Ms. Rojo stated at the very first meeting of the Budget Advisory Committee the subject of options for stabilizing assessments was discussed. Ms. Rojo reviewed the 2005/2006, 2006/2007 and the differences for the assessments in various categories. An optional assessment calculation was also presented. Ms. Rojo discussed the Assessment History from the 2001/2002 through 2006/2007 years. The administrative costs for the 2007/2008 budget include Cola @ 4%, a reduction in Public Relations/Outside Consultants, and a cost increase for Information Technology was reviewed. Ms. Rojo reviewed the budget categories for OBMP Implementation Projects, debt service, and cost sharing projects. A discussion regarding the breaking out of cost shared items ensued.

D. CEO/STAFF REPORT

1. Legislative Update

Due to time constraints Mr. Manning will forego his detailed legislative report, however, noted in the Inland Empire Utilities Agency section of the packet starting on page 111 are very detailed reports regarding both federal and state legislative issues.

2. Recharge Update

No comment was made regarding this item.

E. INLAND EMPIRE UTILITIES AGENCY REPORT

1. Landscape Alliance Program Update

Ms. Davis thanked all the parties for their support and stated that as a reminder a goal of this alliance is to provide a unified voice on landscaping policies and also to help develop information that will help support the agencies in implementing landscaping programs. There now is a legal requirement that in 2009/2010 cities will have to update their landscaping ordinances. This will help build the base of information that will support the effort. Given the current record dry conditions that we are experiencing now we need to change how we think in terms how our water supplies are increasingly uncertain and the

role that outdoor conservation can play at helping us to reduce the amount of our water needs. Some of the things that we are trying to do in meeting with all the cities is to put up a web page regarding water conservation. Some of the feedback we received is that they want to see is plant lists for the Inland Empire that are California friendly, top water saving strategies, and scheduled for developing workshops on things like rain catching gardens/storm water management and recycled water. Ms. Rose asked, how does one go about taking your yard off grass to a more water friendly landscape and do it in a cost effective way. One of the things we understood from these meetings is that people want to attend informational workshops. We have now started those workshops and the first one was held on April 24, 2007. The first workshop was held at the Maloof Historic Residence & Garden and we talked about the whole concept of California friendly landscape design and some of the resources that are available from Metropolitan Water District. The second workshop was held yesterday morning over at the Rancho Santa Ana Botanical Garden. At that workshop a presentation was given by the San Gabriel Rivers Watershed Council regarding parking lot, median, sidewalk and public rite of way runoff management. Also residential street and landscape retrofits. A tour of Rancho Santa Ana Botanic Garden also took place. Ms. Davis reviewed the Landscape Alliance Informal Workshops that are going to take place now until December 2007.

IV. INFORMATION

1. Newspaper Articles
   No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Vanden Heuvel commented on the fact that it is good that the assessment process is being reviewed, hopefully, as a result, the Non-Agricultural Pool will pay more Watermaster assessments based on the benefits the are receiving. Ms. Rose commented that she appreciated the budget presentation and thought it was very insightful for the Board to receive information that allows them to make informed discussions.

VI. OTHER BUSINESS

No comment was made regarding this item.

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

The Watermaster Board meeting was adjourned by Chair Willis at 1:10 p.m.

Secretary: _____

Minutes Approved: _____

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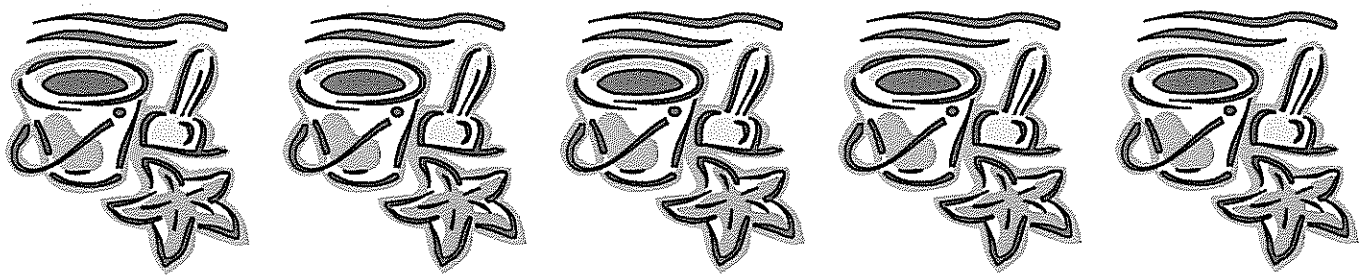
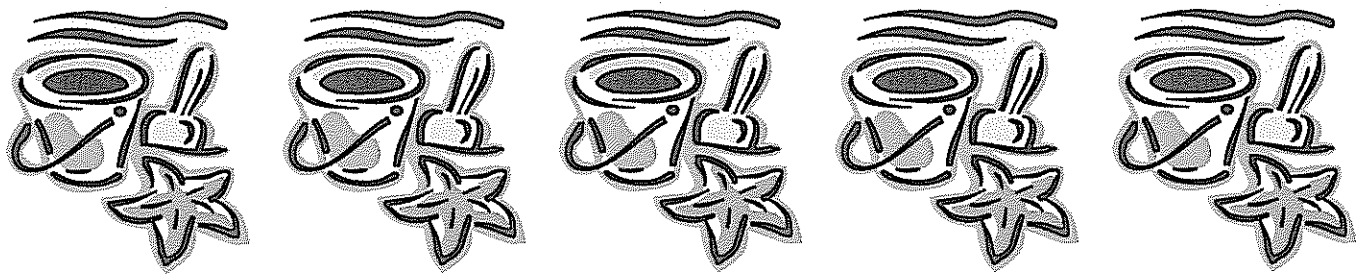


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2007
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through April 30, 2007
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through April 30, 2007
5. Profit & Loss Budget vs. Actual July 2006 through April 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: **June 14, 2007**
June 19, 2007
June 28, 2007

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Cash Disbursement Report – May 2007**

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for May 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 May 2007 were $2,273,373.01. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of $1,688,859.01, Wildermuth Environmental Inc. in the amount of $309,246.35, and Hatch and Parent in the amount of $103,398.08.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2007

Type	Date	Num	Name	Amount
May 07				
General Journal	5/1/2007	0705006	PAYROLL	280.02
Bill Pmt -Check	5/3/2007	11370	APPLIED COMPUTER TECHNOLOGIES	-3,696.10
Bill Pmt -Check	5/3/2007	11371	CITISTREET	-3,652.94
Bill Pmt -Check	5/3/2007	11372	COSTCO	-567.53
Bill Pmt -Check	5/3/2007	11373	MATHIS & ASSOCIATES	-907.50
Bill Pmt -Check	5/3/2007	11374	MEDIA JIM	-900.00
Bill Pmt -Check	5/3/2007	11375	PARK PLACE COMPUTER SOLUTIONS, INC.	-4,725.00
Bill Pmt -Check	5/3/2007	11376	PAYCHEX	-191.02
Bill Pmt -Check	5/3/2007	11377	R&D PEST SERVICES	-85.00
Bill Pmt -Check	5/3/2007	11378	REID & HELLYER	-6,777.82
Bill Pmt -Check	5/3/2007	11379	VERIZON	-50.57
Bill Pmt -Check	5/3/2007	11380	CITISTREET	-3,652.94
Bill Pmt -Check	5/3/2007	11381	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.96
Bill Pmt -Check	5/3/2007	11382	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.96
General Journal	5/5/2007	070503	PAYROLL	-6,606.61
General Journal	5/5/2007	070503	PAYROLL	-22,396.33
Bill Pmt -Check	5/16/2007	11383	ACWA SERVICES CORPORATION	-235.70
Bill Pmt -Check	5/16/2007	11384	BANK OF AMERICA	-2,660.86
Bill Pmt -Check	5/16/2007	11385	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	5/16/2007	11386	BOWMAN, JIM	-125.00
Bill Pmt -Check	5/16/2007	11387	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	5/16/2007	11388	DEPARTMENT OF CONSUMER AFFAIRS	-125.00
Bill Pmt -Check	5/16/2007	11389	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	5/16/2007	11390	HATCH AND PARENT	-103,398.08
Bill Pmt -Check	5/16/2007	11391	INLAND EMPIRE UTILITIES AGENCY	-764,101.51
Bill Pmt -Check	5/16/2007	11392	KOOPMAN, GENE	-125.00
Bill Pmt -Check	5/16/2007	11393	KUHN, BOB	-250.00
Bill Pmt -Check	5/16/2007	11394	MONTE VISTA WATER DIST	-500.00
Bill Pmt -Check	5/16/2007	11395	OFFICE DEPOT	-510.39
Bill Pmt -Check	5/16/2007	11396	PIERSON, JEFFREY	-125.00
Bill Pmt -Check	5/16/2007	11397	PREMIERE GLOBAL SERVICES	-196.33
Bill Pmt -Check	5/16/2007	11398	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	5/16/2007	11399	STATE COMPENSATION INSURANCE FUND	-901.01
Bill Pmt -Check	5/16/2007	11400	STAULA, MARY L	-136.61
Bill Pmt -Check	5/16/2007	11401	THE FURMAN GROUP, INC.	-2,550.00
Bill Pmt -Check	5/16/2007	11402	UNION 76	-103.54
Bill Pmt -Check	5/16/2007	11403	UNITED PARCEL SERVICE	-447.56
Bill Pmt -Check	5/16/2007	11404	VERIZON	-369.40
Bill Pmt -Check	5/16/2007	11405	VERIZON WIRELESS	-162.30
Bill Pmt -Check	5/16/2007	11406	WESTERN DENTAL SERVICES, INC.	-23.25
Bill Pmt -Check	5/16/2007	11407	WILLIS, KENNETH	-125.00
Bill Pmt -Check	5/16/2007	11408	INLAND EMPIRE UTILITIES AGENCY	-28,935.93
Bill Pmt -Check	5/16/2007	11409	RICOH BUSINESS SYSTEMS-Maintenance	-45.00
Bill Pmt -Check	5/16/2007	11410	STATE COMPENSATION INSURANCE FUND	-84.98
Bill Pmt -Check	5/16/2007	11411	INLAND EMPIRE UTILITIES AGENCY	-924,757.50
Bill Pmt -Check	5/17/2007	11412	ELLISON, SCHNEIDER & HARRIS, LLP	-15,639.33
Bill Pmt -Check	5/17/2007	11413	MATHIS & ASSOCIATES	-2,500.00
Bill Pmt -Check	5/17/2007	11414	WHEELER METER MAINTENANCE	-750.00
General Journal	5/19/2007	70505	PAYROLL	-6,903.21
General Journal	5/19/2007	70505	PAYROLL	-22,099.73
Bill Pmt -Check	5/23/2007	11415	CALPERS	-3,058.44
Bill Pmt -Check	5/23/2007	11416	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	5/23/2007	11417	SOUTHERN CALIFORNIA WATER COMMITTEE	-60.00
Bill Pmt -Check	5/23/2007	11418	STANDARD INSURANCE CO.	-565.63
Bill Pmt -Check	5/23/2007	11419	STATE OF CALIFORNIA BOARD OF EQUALIZATI...	-27.59
Bill Pmt -Check	5/23/2007	11420	SWRCB	-40.00
Bill Pmt -Check	5/23/2007	11421	TOM DODSON & ASSOCIATES	-2,400.00
Bill Pmt -Check	5/23/2007	11422	WILDERMUTH ENVIRONMENTAL INC	-309,246.35
Bill Pmt -Check	5/24/2007	11423	PETTY CASH	-332.79
Bill Pmt -Check	5/24/2007	11424	SAFEGUARD DENTAL & VISION	-13.32
Bill Pmt -Check	5/24/2007	11425	EL TORITO	-232.56
Bill Pmt -Check	5/24/2007	11426	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	0.00
Bill Pmt -Check	5/24/2007	11427	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	0.00
May 07				-2,273,373.01

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CHINO BASIN WATERMASTER
Check Detail
May 2007

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	**11384**	**5/16/2007**	**BANK OF AMERICA**	**1012 · Bank of America Gen'l Ckg**	
Bill	4024...	4/30/2007		8312 · Meeting Expenses	-230.15
				6170 · Travel & Transportation	-1,191.25
				6141.2 · Committee Meetings	-42.35
				6141.3 · Admin Meetings	-220.32
				6212 · Meeting Expense	-200.89
				6312 · Meeting Expenses	-200.90
				6055 · Computer Hardware	-575.00
TOTAL					-2,660.86

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CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE
PERIOD JULY 1, 2006 THROUGH APRIL 30, 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	613,479								613,479	601,598
Watermaster Board-Advisory Committee	41,102								41,102	52,123
Pool Administration			18,732	72,506	5,445				96,683	118,245
Optimum Basin Mgnt Administration		1,971,994							1,971,994	1,855,795
OBMP Project Costs		3,513,415							3,513,415	5,089,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	664,581	5,485,409	18,732	72,506	5,445			375	6,247,048	7,722,405
Net Administrative/OBMP Income	(664,581)	(5,485,409)								
Allocate Net Admin Income To Pools	664,581		512,385	139,724	12,471				-	0
Allocate Net OBMP Income To Pools		5,485,409	4,229,195	1,153,275	102,939				-	0
Agricultural Expense Transfer			1,357,355	(1,357,355)					-	0
Total Expenses			6,117,668	8,150	120,855	-	-	375	6,247,048	7,722,405
Net Administrative Income			1,841,477	4,479	8,295			(308)	1,853,943	(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						(4,002,449)			(4,002,449)	0
Net Other Income			-	-	-	(1,311,466)	-	-	(1,311,466)	0
Net Transfers To/(From) Reserves			1,841,477	4,479	8,295	(1,311,466)	-	(308)	542,477	(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			6,280,634	475,040	195,279	(171,851)	158,251	1,634	6,938,987	
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%	

O:\Financial Statements\06-07\07 Apr\[CombiningSchedule Apr.xls]Sheet1

Prepared by Sheri Rojo, Chief Financial Officer /Assistant General Manager

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CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
APRIL 1 THROUGH APRIL 30, 2007

DEPOSITORIES:			
Cash on Hand - Petty Cash			$ 500
Bank of America			
Governmental Checking-Demand Deposits		$ 623,328	
Zero Balance Account - Payroll		-	623,328
Local Agency Investment Fund - Sacramento			7,025,449
TOTAL CASH IN BANKS AND ON HAND	4/30/2007		**$ 7,649,277**
TOTAL CASH IN BANKS AND ON HAND	3/31/2007		8,881,528
PERIOD INCREASE (DECREASE)			**$ (1,232,251)**

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	$ 66,581
	Assessments Receivable	936,755
	Prepaid Expenses, Deposits & Other Current Assets	(87,929)
(Decrease)/Increase in Liabilities	Accounts Payable	(983,922)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	5,539
	Transfer to/(from) Reserves	(1,169,275)
	PERIOD INCREASE (DECREASE)	**$ (1,232,251)**

SUMMARY OF FINANCIAL TRANSACTIONS:	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 3/31/2007	$ 500	$ 2,788,114	$ -	$ 434,046	$ 5,658,868	$ 8,881,528
Deposits	-	936,989	-	-	66,581	1,003,570
Transfers	-	(923,745)	57,791	(434,046)	1,300,000	-
Withdrawals/Checks	-	(2,178,030)	(57,791)	-	-	(2,235,821)
Balances as of 4/30/2007	$ 500	$ 623,328	$ -	$ -	$ 7,025,449	$ 7,649,277
	-	-	-	-	-	
PERIOD INCREASE OR (DECREASE)	**$ -**	**$ (2,164,786)**	**$ -**	**$ (434,046)**	**$ 1,366,581**	**$ (1,232,251)**

CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
APRIL 1 THROUGH APRIL 30, 2007

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
4/15/2007	Interest	L.A.I.F.	$ 66,581				
4/5/2007	Deposit	L.A.I.F.	$ 1,800,000				
4/23/2007	Deposit	L.A.I.F.	$ (500,000)				
TOTAL INVESTMENT TRANSACTIONS			**$ 1,366,581**	-			

* 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
April 30, 2007

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	$ 7,025,449			
TOTAL INVESTMENTS	**$ 7,025,449**			

Funds on hand are sufficient to meet all foreseen and planned Administrative and project expenditures during the next six months.

All investment transactions have been executed in accordance with the criteria stated in Chino Basin Watermaster's Investment Policy.

Respectfully submitted,

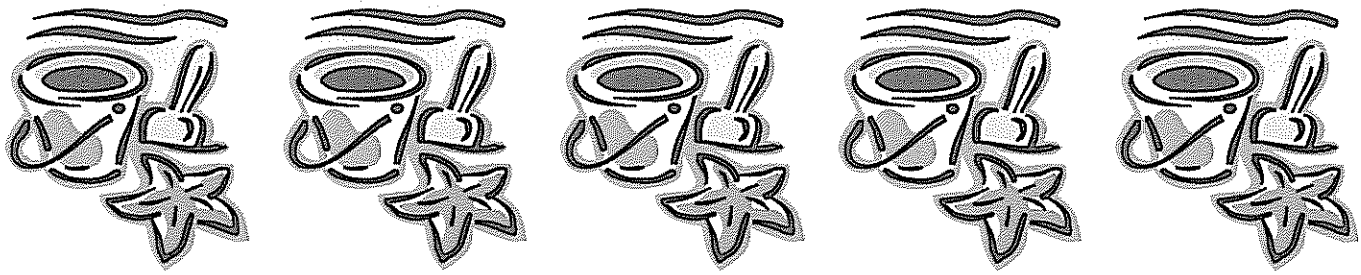
Sheri M. Rojo, CPA
Chief Financial Officer & Assistant General Manager
Chino Basin Watermaster

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

	Jul '06 - Apr 07	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0.00	138,000.00	-138,000.00	0.0%
4110 · Admin Asmnts-Approp Pool	7,800,290.33	7,227,619.00	572,671.33	107.92%
4120 · Admin Asmnts-Non-Agri Pool	123,211.83	80,586.00	42,625.83	152.9%
4700 · Non Operating Revenues	177,488.73	136,500.00	40,988.73	130.03%
Total Income	8,100,990.89	7,582,705.00	518,285.89	106.84%
Gross Profit	8,100,990.89	7,582,705.00	518,285.89	106.84%
Expense				
6010 · Salary Costs	462,851.87	447,037.00	15,814.87	103.54%
6020 · Office Building Expense	90,294.69	102,000.00	-11,705.31	88.52%
6030 · Office Supplies & Equip.	29,421.42	45,000.00	-15,578.58	65.38%
6040 · Postage & Printing Costs	75,505.58	78,500.00	-2,994.42	96.19%
6050 · Information Services	110,410.87	112,500.00	-2,089.13	98.14%
6060 · Contract Services	110,593.76	131,000.00	-20,406.24	84.42%
6080 · Insurance	15,108.00	25,210.00	-10,102.00	59.93%
6110 · Dues and Subscriptions	16,582.25	16,750.00	-167.75	99.0%
6140 · WM Admin Expenses	2,629.60	6,500.00	-3,870.40	40.46%
6150 · Field Supplies	872.18	4,000.00	-3,127.82	21.81%
6170 · Travel & Transportation	21,213.12	19,350.00	1,863.12	109.63%
6190 · Conferences & Seminars	22,808.74	22,500.00	308.74	101.37%
6200 · Advisory Comm - WM Board	11,907.02	15,168.00	-3,260.98	78.5%
6300 · Watermaster Board Expenses	29,194.61	36,955.00	-7,760.39	79.0%
8300 · Appr PI-WM & Pool Admin	18,731.73	15,918.00	2,813.73	117.68%
8400 · Agri Pool-WM & Pool Admin	16,884.10	18,633.00	-1,748.90	90.61%
8467 · Ag Pool Legal & Technical Services	47,471.98	65,000.00	-17,528.02	73.03%
8470 · Ag Meeting Attend -Special	8,150.00	12,000.00	-3,850.00	67.92%
8500 · Non-Ag PI-WM & Pool Admin	5,445.33	6,694.00	-1,248.67	81.35%
6500 · Education Funds Use Expens	375.00	375.00	0.00	100.0%
9500 · Allocated G&A Expenditures	-344,813.52	-408,749.00	63,935.48	84.36%
	751,638.33	772,341.00	-20,702.67	97.32%
6900 · Optimum Basin Mgmt Plan	1,841,941.65	1,713,780.00	128,161.65	107.48%
6950 · Mutual Agency Projects	10,000.00	5,000.00	5,000.00	200.0%
9501 · G&A Expenses Allocated-OBMP	130,052.46	142,015.00	-11,962.54	91.58%
	1,981,994.11	1,860,795.00	121,199.11	106.51%
7101 · Production Monitoring	78,994.10	61,565.00	17,429.10	128.31%
7102 · In-line Meter Installation	25,792.88	64,904.00	-39,111.12	39.74%
7103 · Grdwtr Quality Monitoring	119,112.79	149,713.00	-30,600.21	79.56%
7104 · Gdwtr Level Monitoring	168,065.25	191,953.00	-23,887.75	87.56%
7105 · Sur Wtr Qual Monitoring	4,514.70	32,247.00	-27,732.30	14.0%
7107 · Ground Level Monitoring	106,535.15	160,984.00	-54,448.85	66.18%
7108 · Hydraulic Control Monitoring	246,059.78	268,258.00	-22,198.22	91.73%
7109 · Recharge & Well Monitoring Prog	57,016.44	146,350.00	-89,333.56	38.96%
7200 · PE2- Comp Recharge Pgm	756,472.37	1,472,997.00	-716,524.63	51.36%
7300 · PE3&5-Water Supply/Desalte	3,344.02	4,676.00	-1,331.98	71.52%
7400 · PE4- Mgmt Plan	168,784.62	578,762.00	-409,977.38	29.16%

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

	Jul '06 - Apr 07	Budget	$ Over Budget	% of Budget
7500 · PE6&7-CoopEfforts/SaltMgmt	186,589.95	310,507.00	-123,917.05	60.09%
7600 · PE8&9-StorageMgmt/Conj Use	18,957.88	6,698.00	12,259.88	283.04%
7690 · Recharge Improvement Debt Pymt	1,358,414.50	1,358,000.00	414.50	100.03%
7700 · Inactive Well Protection Prgm	0.00	14,921.00	-14,921.00	0.0%
9502 · G&A Expenses Allocated-Projects	214,761.04	266,734.00	-51,972.96	80.52%
	3,513,415.47	5,089,269.00	-1,575,853.53	69.04%
Total Expense	6,247,047.91	7,722,405.00	-1,475,357.09	80.9%
Net Ordinary Income	1,853,942.98	-139,700.00	1,993,642.98	-1,327.09%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	2,683,974.49	0.00	2,683,974.49	100.0%
4220 · Non-Ag Pool-Replenishment	7,008.67	0.00	7,008.67	100.0%
Total Other Income	2,690,983.16	0.00	2,690,983.16	100.0%
Other Expense				
5010 · Groundwater Replenishment	4,002,448.80			
9999 · To/(From) Reserves	542,477.34	-139,700.00	682,177.34	-388.32%
Total Other Expense	4,544,926.14	-139,700.00	4,684,626.14	-3,253.35%
Net Other Income	-1,853,942.98	139,700.00	-1,993,642.98	-1,327.09%
Net Income				

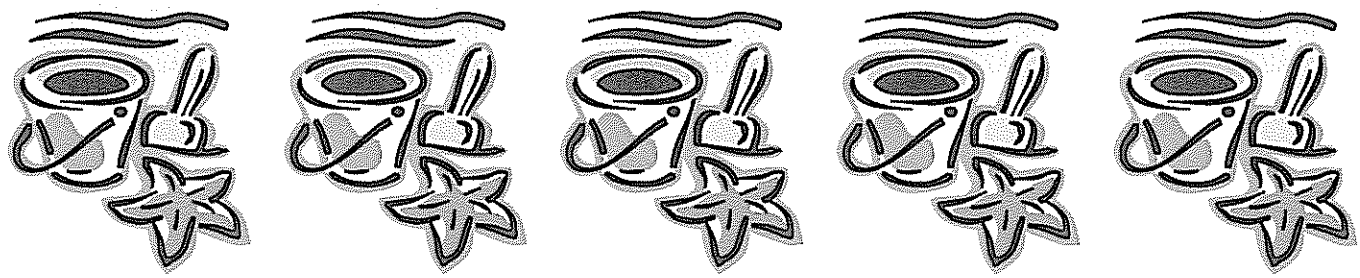


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer – The City of Upland has agreed to purchase from West End Consolidated Water Company a portion of West End's water in storage in the amount of 3,800 acre-feet.



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 3, 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: **April 11, 2007** Date of this notice: **May 3, 2007**

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

A. Notice of Sale or Transfer – The City of Upland has agreed to purchase from West End Consolidated Water Company (West End) a portion of West End's water in storage in the amount of 3,800 acre-feet. The 85/15 rule does not apply and a recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company.

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

Appropriative Pool:	May 17, 2007
Non-Agricultural Pool:	May 17, 2007
Agricultural Pool:	May 15, 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: May 3, 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: **May 3, 2007**

TO: **Watermaster Interested Parties**

SUBJECT: **Summary and Analysis of Application for Water Transaction**

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

Issue -

- Notice of Sale or Transfer –The City of Upland has agreed to purchase from West End Consolidated Water Company (West End) a portion of West End's water in storage in the amount of 3,800 acre-feet. The 85/15 rule does not apply and a recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company.

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 –

[X] 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 City of Upland has agreed to purchase from West End Consolidated Water Company (West End) a portion of West End's water in storage in the amount of 3,800 acre-feet. The 85/15 rule does not apply and a recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company.

Notice of the water transaction identified above was mailed on May 3, 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.

PUBLIC WORKS DEPARTMENT
Telephone (909) 931-4230
Facsimile (909) 931-4274

2007

April 11, 2007

Mr. Kenneth R. Manning, CEO
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA. 91730

Subject: Purchase of Water in Storage in the Chino Basin – FY 2006-2007

Dear Mr. Manning:

Please take notice that the City of Upland has agreed to purchase from West End Consolidated Water Company (West End) a portion of West End's water in storage in an amount of 3,800 acre-feet.

Enclosed is an executed Application For Sale or Transfer of Right to Produce Water From Storage for consideration by Watermaster. A recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company. Please place the proposed purchase on the next available agenda.

If you have any questions or require additional information concerning this matter, please contact me at (909) 291-2931.

Sincerely,

Anthony M. La
Public Works Director, City of Upland

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Form 3

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

TRANSFER FROM LOCAL STORAGE AGREEMENT #____

West End Consolidated Water Co.
Name of Party

April 26, 2007
Date Requested

_____
Date Approved

1370 N. Benson Avenue
Street Address

3,800 Acre-feet
Amount Requested

_____ Acre-feet
Amount Approved

Upland CA 91786
City State Zip Code

Telephone: (909) 291-2960

Facsimile: (909) 931-4274

Rosemary Hoerning
Applicant
Rosemary Hoerning, General Manager

TRANSFER TO:

City of Upland
Name of Party

Attach Recapture Form 4

1370 N. Benson Avenue
Street Address

Upland, CA 91786
City State Zip Code

Telephone: (909) 291-2931

Facsimile: (909) 931-4274

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

WATER QUALITY AND WATER LEVELS

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

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED Yes [ ] No [X]

Anthony M. La

Applicant

Anthony M. La, Public Works Director

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

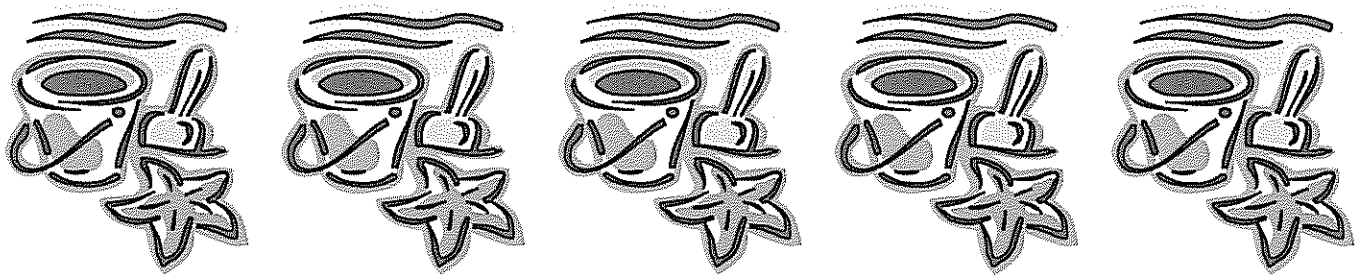
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement #____



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. MZ1 LONG TERM PLAN / MZ1 PLEADING

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: **June 28, 2007**

TO: **Committee Members**
Watermaster Board Members

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

Recommendation: Staff recommends that after full consideration of the Watermaster Staff Report and evidence presented that the Board adopt the proposed findings set forth in Exhibit "A" to this staff report, and that the Long Term Plan be approved as presented and transmitted to the Court with the pleading included with this staff report.

Introduction

As described in the chronology below, the Management Zone 1 Long Term Plan for the Management of Subsidence has been under development for many years. The Long Term Plan as presented for approval has been the subject of numerous meetings of the MZ1 Technical Committee and represents a plan that will continue the success of the Interim Plan which has been in the implementation phase since 2002.

The Long Term Plan was approved unanimously by all three Pools with the caveat that non-substantive revisions to the Plan would be considered by the MZ1 Technical Committee at a meeting to be held prior to the Advisory Committee and Board meetings. Any revisions to the Plan that result from this meeting will be presented to the Advisory Committee and Board.

Management Directives: Judgment, Peace Agreement and OBMP

In implementing the physical solution for the Chino Basin, Watermaster must consider that the Basin is a "common supply" for all stakeholders that rely upon the Basin. Exhibit "I" to the Judgment provides that it is a management objective that no party be deprived of access to groundwater because of unreasonable pumping patterns or regional or localized Recharge or Replenishment, "insofar as such result may be practically avoided." (Judgment, Exhibit "I"; Watermaster Rules and Regulations 5.3(a).) In addition, financial feasibility, economic impact and the physical facilities of the parties is of equal

importance to water quantity and water quality considerations. (Judgment Exhibit "I"; Watermaster Rules and Regulations 5.3(c).)

The Peace Agreement was executed by the Parties to the Judgment in June of 2000 in furtherance of the Physical Solution. Although Watermaster is not a signatory to the Peace Agreement it approved it and agreed to act in accordance with its terms. Watermaster was subsequently ordered to proceed in accordance with its terms by the Court on July 13, 2000.

The OBMP Implementation Plan was Exhibit "B" to the Peace Agreement. Program Element 4 required the development of an "interim management plan" to "minimize subsidence" while information was being collected. The Interim Plan was to be voluntary. (Implementation Plan, Peace Agreement Exhibit "B" at p. 26.)

The Long Term Plan was to be formulated while the collection of data was ongoing. (Implementation Plan at P. 27) The only requirement of the Long Term Plan was that it be adaptive in nature. It was permissible to include modifications to groundwater pumping rates, pumping location, recharge and monitoring. However, there was no requirement that the Long Term Plan include these provisions.

As long as the Long Term Plan is in accordance with these criteria, Watermaster expects the support of the Parties pursuant to Peace Agreement Article IV, Section 4.2 which provides that no Party to the Peace Agreement will oppose the implementation of the OBMP. All producers within Management Zone 1 are signatories to the Peace Agreement.

Chronology of Interim Plan and Long Term Plan

While Watermaster was preparing an Interim Plan in accordance with Program Element 4 of the OBMP Implementation Plan, on December 7, 2001, the City of Chino Hills filed a Petition for Writ of Mandate against the City of Chino. Chino Hills requested: (1) a judicial declaration related to the City of Chino's encroachment permit process; (2) a preemptory writ requiring Chino to permit Chino Hills to enter its right of ways to allow completion of a pipeline project known as the "Monte Vista Interconnect Transmission Main"; (3) invalidation of Chino's Urgency Ordinance 2001-08 and Regular Ordinance 2001-09 related to Chino's encroachment permit process. (Petition, pp. 26-28.) The Petition specifically requested that it be assigned to the Hon. J. Michael Gunn under his continuing jurisdiction of the Chino Basin adjudication. (Chino Hills Petition, p. 3.)

On December 19, 2001, the Supervising Judge of the San Bernardino Superior Court determined that the Petition encompassed two separate matters. (Dec. 19, 2001 Order, p. 2.) The first matter was construed as a mandamus proceeding brought under the Public Utility Code. The second matter was construed as a motion brought under Paragraph 15 of the Judgment which encompasses all claims pertaining to the rights and obligations of the parties with respect to the production of water in the Chino Basin, including any issues relating to subsidence. This matter was assigned to Judge Gunn.

Also on December 19, 2001, Judge Gunn ordered all parties to report on the status of the technical work performed by Watermaster and others concerning subsidence and related issues, and set a hearing for February 28, 2002 on those issues. (December 19, 2001 Order, p. 2.)

In response, on January 31, 2002, the City of Chino filed a motion pursuant to Paragraph 15 requesting the Court to assume jurisdiction over its dispute with Chino Hills regarding water production and subsidence. (Chino Motion, p. 4.) The purpose of this request was to resolve the following issues: (1) whether Chino Hills' production of water from the deep aquifers within the City of Chino is causing land subsidence and if so, to fashion a remedy to abate the land subsidence; and (2) whether Chino Hills' proposed purchase of groundwater from the Monte Vista Water District will have the potential to degrade the quantity or quality of water that Chino extracts from its northerly wells and if so, to fashion a remedy. (Chino Motion, pp. 3-4.)

On January 29, 2002, Watermaster filed its *Report of Watermaster Activities Regarding Subsidence and Request for Finding and Further Order.* This Report was accompanied by a Declaration from Mr. Wildermuth. On February 14, 2002, Monte Vista Water District filed a Motion to Strike portions of the City of Chino's Motion. Similarly, on February 18, 2002, the City of Chino Hills filed an objection to the City of Chino's Motion. Chino Hills joined in Monte Vista's Motion and also joined in Watermaster's Motion.

Following these filings, Watermaster filed a Motion for a Continuance asking the Court to defer ruling on the pleadings that had been filed and to direct the parties to convene a stakeholder process in order to develop a consensus-based Interim Plan to address subsidence. Twelve parties, including Chino and Chino Hills, joined in this Motion. On February 25, 2002, the Special Referee filed a *Report and Recommendation Concerning Motions Filed Related to Subsidence.* This Report recommended granting Watermaster's Motion. On February 28, 2002, the Court continued the hearing in order to allow a stakeholder process to convene. Watermaster was asked to report back on any consensus that had been achieved, and a hearing was set for June 19, 2002.

On May 1, 2002, Watermaster filed a *Report on Progress of the Interim Plan Stakeholder Process.* On June 17, 2002, Watermaster transmitted the Interim Plan to the Court and requested the Court to schedule a workshop on the Interim Plan. On June 19, 2002, the Court granted this request, and on August 29, 2002 the workshop was held.

On September 18, 2002, the Special Referee filed her report titled *Special Referee's Report on Interim Plan Workshop and Recommendation Concerning Subsidence Issues.* Oppositions and comments to the Referee's Report were filed by several parties. On September 30, 2002, Watermaster filed its comments to the Referee's Report and asked the Court for an order to proceed in accordance with the Interim Plan. Watermaster's Motion was accompanied by a revised version of the Interim Plan.

On October 17, 2002, the Court ordered Watermaster to implement the Interim Plan, to continue reporting regularly to the Court, and to begin the process of developing the Long Term Plan.

The initial term of the Interim Plan was three years, and involved the development of an extensive monitoring program and a forbearance program to reduce pumping in the area of concern. Since then, the Cities of Chino and Chino Hills have annually elected to participate in the forbearance program. On April 28, 2005, Watermaster approved continuation of the forbearance program for the fourth year (2005/2006).

Near the end of the three-year period another workshop was held on May 25, 2005. The scope of the workshop was limited to a presentation of the technical data and analysis that had been completed. On June 16, 2005 the Special Referee filed her *Report on Progress Made on Implementation of the Watermaster Interim Plan for Management of Subsidence.* The Referee's Report recommended that Watermaster prepare a Summary Report on the technical work completed, and issue Guidance Criteria in order to formally alert the parties about the technical determination that drawdown below a certain level in the MZ1 area is likely to cause inelastic compaction. (June 16, 2005 Referee Report, pp. 6-7.)

The MZ-1 Summary Report and Guidance Criteria were completed in February 2006 and submitted to the Appropriative Pool in March 2006. At the Appropriative Pool meeting, the City of Chino Hills expressed reservation about the Summary Report and Guidance Criteria. Action on these items was delayed in order to allow the development of an alternate proposal that would resolve the expressed concerns. (March 9, 2006 Appropriative Pool Meeting Minutes.) By the next regularly scheduled monthly meeting no alternative was forthcoming and the Appropriative Pool approved the Summary Report and Guidance Criteria at the April meeting with one dissenting vote from Chino Hills. (April 13, 2006 Appropriative Pool Meeting Minutes.) The Non-Agricultural Pool and Agricultural Pool unanimously approved the Summary Report and Guidance Criteria at their April meetings.

The Advisory Committee unanimously approved the Summary Report and Guidance Criteria at its April meeting, with Chino Hills absent from the meeting. (April 27, 2006 Advisory Committee Meeting Minutes.) In order to allow additional time to resolve Chino Hills' concerns, the Board voted to delay

action on the item to allow for further attempts to engage Chino Hills in a dialogue regarding their concerns. (April 27, 2006 Board Meeting Minutes.)

During the month of May the Watermaster Board Chair, Mr. Willis, met with representatives from the City of Chino Hills and reported at the May 2006 Board meeting that Chino Hills was in the process of preparing a document that would provide guidance concerning how the Long Term Plan should be formulated. (May 25, 2006 Board Meeting Minutes.) Comments by the representative from Chino Hills at this meeting indicated that the City of Chino Hills is concerned about the method of compensation or assistance for any loss of production that the City of Chino Hills might experience due to subsidence concerns. (Id.) At this meeting the Board also authorized staff to submit the Non-Binding Term Sheet to the Court for approval.(Id) Article XI of the Non-Binding Term Sheet included a provision for Watermaster to publish guidance criteria and to adopt a final plan.

Following the May Board meeting, the MZ1 Technical Committee suspended its scheduled meetings in order to allow Chino Hills the opportunity to submit a proposal before work on the Long Term Plan continued.

On July 26, 2006, another Special Referee workshop was held in order to present the Non-Binding Term Sheet to the Special Referee and her technical assistant. At that meeting, Counsel for Chino Hills expressed reservations about the Non-Binding Term Sheet. (Reporter's Transcript July 26, 2006 p. 40:6-24.) On July 28, 2006, Watermaster Counsel wrote to Chino Hills' Counsel and requested clarification concerning Chino Hills' concerns. (Watermaster General Counsel Letter of July 28, 2006.) Watermaster Counsel also noted that no proposal had yet been forthcoming from Chino Hills and that the Technical Committee was not meeting in anticipation of such a proposal. (Id.) There was no reply to this correspondence.

Watermaster received no proposal from Chino Hills and eventually reconvened the Technical Committee in October 2006, in order to resume work on the Long Term Plan. Watermaster has formulated and proposed a complete Long Term Plan. As of the date of this Staff Report, Watermaster is unaware of any specific written proposal for the management of subsidence that will comport with the provisions of the OBMP Implementation Plan other than the plan proposed by Watermaster.

Long Term Plan

1. **Development and Approach**
   Consistent with the directives of the OBMP Implementation Plan Program Element 4, the Long Term Plan is adaptive. It includes extensive data collection. It is also completely voluntary. The proposed plan would reserve to each of the producers within Management Zone 1 the right to operate their individual systems with the full suite of information developed and analyzed by Watermaster.

   The proposed plan will not require any specific action by any party under the theory that each producer is best suited to weigh the risks and benefits of producing groundwater under the identified conditions. To the extent further actions may be required, Watermaster has reserved whatever discretion it may have under the Judgment to address problems should they arise in the future.

2. **Progress Under the Interim Plan**
   To date, the participation in the Interim Plan, on the Technical Committee, as well as in the Forbearance Program has been completely voluntary. Staff sees no evidence to suggest that the voluntary participation by the parties is unsuccessful. To the contrary, the outcome of implementation of the Interim Plan is that the parties have been able to collectively prevent water levels from dropping below a level that is projected to cause inelastic subsidence. The five years of data gathering and experimentation have produced a better and more comprehensive understanding of the groundwater system. For example, Watermaster is now able to measure very small amounts of inelastic

subsidence and the measures that have been taken over the last several years have brought the subsidence problem under control. The Summary Report says that: "The current state of aquifer –system deformation in south MZ-1(in the vicinity of Ayala Park) is essentially elastic. Little, if any, inelastic (permanent) compaction is now occurring in this area, which is in contrast to the past . . . ." (Summary Report p. ES-1; See also Summary Report p. 2-1.) The proposed Long Term Plan also acknowledges this: "The current state of aquifer-system deformation in south MZ-1 (in the vicinity of Ayala Park) is essentially elastic. Very little ineslastic (permanent) compaction is now occurring in this area . . . ." (MZ-1 Plan, p. 1-1.) Accordingly, the challenge presented for the Long Term Plan is to maintain the effectiveness of the solution that has been established by the parties through voluntary cooperation rather than trying to remediate an existing problem.

3. **Elements of the Long Term Plan**
The Long-Term Plan contains the following elements that are consistent with and contemplated by OBMP Program Element Four: (1) voluntary producer participation; (2) continuation and expansion of monitoring; (3) publication of Guidance Criteria.

The Summary Report and Guidance Criteria previously adopted by the Watermaster Board on May 25, 2006 have been included in the Long Term Plan as Appendix A. Since the Summary Report and Guidance Criteria were formally adopted, Watermaster has continued working with the affected parties to develop the Long Term Plan. Based on this outreach and the numerous meetings held with the MZ1 parties, Watermaster has now formulated a proposal which recommends the continuation of monitoring established during the Interim Plan.

The Summary Report also identified other areas in MZ1 and MZ2 that have experienced subsidence in the past, but were not the focus of the Interim Plan. As such, the proposed Long Term Plan recommends additional monitoring and technical work to further Watermaster's understanding of the mechanisms of subsidence in these other areas of MZ1 and MZ2. Watermaster believes that the affected parties in MZ1 are sufficiently concerned with the potential to cause subsidence 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.

Thus, Watermaster will continue and expand its monitoring efforts to other areas in MZ1, and within the previous area of concern, will ensure that the parties are aware of changes in groundwater levels, will provide direct electronic access to real time groundwater levels, and are clearly alerted if groundwater levels begin to approach the control point. Similarly, the parties are requested to maintain accurate records of the operation of the Managed Wells, including production rates and periods of operation. The parties are requested to provide these records to Watermaster monthly. The parties are further requested to promptly notify Watermaster of all operational changes made to maintain the water level in PA-7 above the Guidance Level. (MZ-1 Plan p. 2-2.)

The Long Term Plan Is Adaptive

As required by OBMP Program Element Four, the proposed Long Term Plan is intended to be adaptive in nature. (MZ-1 Plan, Section 3.) This means that while the Plan sets out a set of actions to be taken by Watermaster, this plan of activities may change through time as additional information is obtained and analyzed.

Watermaster will not presume that any of the producers operating within MZ-1 will disregard the guidance criteria for extended periods or in a manner that will cause unmitigated harm. To the contrary, the essence of the proposed Long Term Plan is to reserve the day to day operational discretion to the operators – not the Watermaster as a regulator. However, if conditions change, Watermaster has reserved whatever discretion it may have under the Judgment to make constructive improvements.

The Long Term Plan is Adequate without an Alternative Water Supply Proposal

Consistent with the intention to reserve operational discretion to the producers within MZ-1 with regard to whether to produce groundwater, in which locations and in which quantities, the proposed Long-Term Plan will also reserve to each of the producers the right to evaluate supplemental water supply options that may be right for them. To date, the Technical Committee has not advocated the relocation of any wells or any specific supplemental water strategy.

It is the opinion of Watermaster staff and consultants that the existing wells in MZ1 can continue to be operated. So long as the aggregate pumping does not cause water levels to drop below the control point, there is no reason why the existing wells cannot continue to be used in order to make use of the economic value remaining in the wells. Moreover, the decision as to whether to operate outside of the Guidance Criteria is the producer's alone, given their respective balancing of competing considerations. Of course, the success of the Long Term Plan is likely dependent upon whether operations vary from the Guidance Criteria as temporary excursions or the rule.

Staff does note that it has been nearly eight years since deep zone pumping was identified in the Phase I Report as the potential source of subsidence in MZ-1 and it is reasonable to conclude that if parties had concerns regarding the provision of supplemental water to off-set groundwater production, that they would take whatever actions required to redress the problem. On other hand, if Watermaster should subsequently determine that it is necessary to make the provision for supplemental water to offset production as a part of the Long Term Plan, the Plan can be amended accordingly.

Likewise, if a producer demonstrates that their operations have become constrained by subsidence, then it can make a supplemental water proposal for Watermaster's consideration. If appropriate, the Long Term Plan can be amended to add the proposal to the Plan.

Watermaster's Alternative Water Supply Proposal

While Watermaster is cognizant of the interest of the affected MZ1 parties to find a cost effective way to prevent themselves from causing groundwater levels to fall below the 245 foot recommended level, there is no necessary connection between the Long Term Plan and an alternative water supply proposal. Nevertheless, Watermaster is evaluating a replacement water supply proposal to assist the affected parties in voluntarily reducing their pumping from the deep zone in order to avoid causing water levels to drop below the guidance level. This proposal remains preliminary and under consideration by the parties and Watermaster.

Long Term Plan Costs

The management of subsidence was recognized by the OBMP as an important management element for the entire Basin, and Program Element 4 (Develop and Implement Comprehensive Groundwater Management Plan for Management Zone 1) emphasizes management specifically in order to minimize subsidence. Some of the action items included in Program Element 4 include the development of a comprehensive groundwater level and quality monitoring program in MZ1, and development of a groundwater management program for MZ1 consisting of increased stormwater and supplemental water recharge, management of production to minimize subsidence, and the increased use of supplemental water in MZ1.

Thus, measures to address subsidence are an established component of the overall OBMP. In recognition of this, the parties throughout the Basin incur OBMP costs associated with subsidence management. The parties as a whole pay for the monitoring efforts relating to subsidence and have in the past incurred costs associated with increased supplemental water recharge into MZ1. Similarly, Watermaster's proposed alternative water supply plan may involve additional OBMP costs on the parties as a whole. However, at this time there is no commitment in the Long Term Plan for any party or Watermaster to assume a financial responsibility for supplemental water relating to subsidence management.

The Peace Agreement also addressed costs associated with subsidence. Section 5.4(d) says:

> Watermaster shall adopt reasonable procedures to evaluate requests for OBMP credits against future OBMP assessments or for reimbursement. Any Producer or party to the Judgment, including but not limited to the State of California, may make application to Watermaster for reimbursement or credit against future OBMP Assessments for any capital or operations and maintenance expenses incurred in the implementation of any project or program, including the cost of relocating groundwater Production facilities, that carries out the purposes of the OBMP including but not limited to those facilities relating to the prevention of subsidence . . . .

Thus, the Peace Agreement contemplated potential reimbursement to parties for costs associated with facilities relating to the prevention of subsidence. Such reimbursement is obtained through an Application to Watermaster in advance of construction. One of the considerations with regard to such an Application will be the availability of alternate funding sources, and such an Application will not be approved where the Producer was otherwise legally compelled to make the improvement. It is potentially relevant in this regard that no party has a right to cause Material Physical Injury to other parties or to the Basin.

It is notable that under the Stakeholder Non-Binding Term Sheet, section 5.4(d) of the Peace Agreement is proposed to be deleted.

Furthermore, the Peace Agreement section 5.4(e) says that:

> Any Producer that Watermaster compels to move a groundwater Production facility that is in existence in the Date of Execution shall have the right to receive a credit against future Watermaster assessments or reimbursement up to the reasonable cost of the replacement groundwater Production facility.

This provision is not invoked by the proposed Long Term Plan because the proposed Plan is voluntary. No Producer is compelled by Watermaster to move a groundwater production facility. In fact, Watermaster has seen no evidence to date suggesting any necessity to move any groundwater production facilities.

Recommended Action

Staff recommends that the Advisory Committee adopt the findings as described in Exhibit "A" to this staff report and approve the Long Term Plan as presented and direct that it be filed with the Court.

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Exhibit "A"
Proposed Findings

Based on the contents of the staff report, as well as the prior discussions of subsidence management before the Advisory Committee and Board, as well as the contents of the Long Term Plan and the Summary Report, the Advisory Committee and Board find as follows:

1. The Interim Plan for the Management of Subsidence has successfully accomplished its goals of minimizing subsidence and fissuring in the short term, and collecting the information necessary to understand the extent and causes of subsidence and fissuring.
2. The Long Term Plan as proposed will be an effective means to continue the success of the Interim Plan.
3. The Long Term Plan as proposed is voluntary for all parties.
4. While the Long Term Plan is voluntary, this does not in any way constitute a waiver of any powers of Watermaster under the Judgment to compel compliance with subsidence management efforts if necessary.
5. The effectiveness of the Long Term Plan does not depend on an alternative water supply plan.
6. The Long Term Plan is adaptive and thus will continue to evolve as circumstances warrant.
7. The Long Term Plan as presented is consistent with the Judgment, the OBMP and the Peace Agreement.
8. The Long Term Plan as presented does not trigger the reimbursement provision of section 5.4(e) of the Peace Agreement.

Chronology of Interim Plan and Long Term Plan

On December 7, 2001, the City of Chino Hills filed a Petition for Writ of Mandate against the City of Chino. Chino Hills requested: (1) a judicial declaration related to the City of Chino's encroachment permit process; (2) a preemptory writ requiring Chino to permit Chino Hills to enter its right of ways to allow completion of a pipeline project known as the "Monte Vista Interconnect Transmission Main"; (3) invalidation of Chino's Urgency Ordinance 2001-08 and Regular Ordinance 2001-09 related to Chino's encroachment permit process. (Petition, pp. 26-28.) The Petition specifically requested that it be assigned to the Hon. J. Michael Gunn under his continuing jurisdiction of the Chino Basin adjudication. (Petition, p. 3.)

On December 19, 2001, the Supervising Judge of the San Bernardino Superior Court determined that the Petition encompassed two separate matters. (Dec. 19, 2001 Order, p. 2.) The first matter was construed as a mandamus proceeding brought under the Public Utility Code. The second matter was construed as a motion brought under Paragraph 15 of the Judgment which encompasses all claims pertaining to the rights and obligations of the parties with respect to the production of water in the Chino Basin, including any issues relating to subsidence. This matter was assigned to Judge Gunn.

Also on December 19, 2001, Judge Gunn ordered all parties to report on the status of the technical work performed by Watermaster and others concerning subsidence and related issues, and set a hearing for February 28, 2002 on those issues. (December 19, 2001 Order, p. 2.)

In response, on January 31, 2002, the City of Chino filed a motion pursuant to Paragraph 15 requesting the Court to assume jurisdiction over its dispute with Chino Hills regarding water production and subsidence. (Chino Motion, p. 4.) The purpose of this request was to resolve the following issues: (1) whether Chino Hills' production of water from the deep aquifers within the City of Chino is causing land subsidence and if so, to fashion a remedy to abate the land subsidence; and (2) whether Chino Hills' proposed purchase of groundwater

from the Monte Vista Water District will have the potential to degrade the quantity or quality of water that Chino extracts from its northerly wells and if so, to fashion a remedy. (Chino Motion, pp. 3-4.)

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Minutes.) The Non-Agricultural Pool and Agricultural Pool unanimously approved the Summary Report and Guidance Criteria at their April meetings.

The Advisory Committee unanimously approved the Summary Report and Guidance Criteria at its April meeting, with Chino Hills absent from the meeting. (April 27, 2006 Advisory Committee Meeting Minutes.) In order to allow additional time to resolve Chino Hills' concerns, the Board voted to delay action on the item to

allow for further attempts to engage Chino Hills in a dialogue regarding their concerns. (April 27, 2006 Board Meeting Minutes.)

During the month of May the Watermaster Board Chair, Mr. Willis, met with representatives from the City of Chino Hills and reported at the May 2006 Board meeting that Chino Hills was in the process of preparing a document that would provide guidance concerning how the Long Term Plan should be formulated. (May 25, 2006 Board Meeting Minutes.) Comments by the representative from Chino Hills at this meeting indicated that the City of Chino Hills is concerned about the method of compensation or assistance for any loss of production that the City of Chino Hills might experience due to subsidence concerns. (Id.) At this meeting the Board also authorized staff to submit the Non-Binding Term Sheet through the Watermaster process for approval. (Id.)

Following this, the MZ1 Technical Committee suspended its meetings in order to allow Chino Hills the opportunity to submit a proposal before work on the Long Term Plan continued.

On July 26, 2006, another Special Referee workshop was held in order to present the Non-Binding Term Sheet to the Special Referee and her technical assistant. At that meeting, Counsel for Chino Hills expressed reservations about the Non-Binding Term Sheet. (Reporter's Transcript July 26, 2006 p. 40:6-24.) On July 28, 2006, Watermaster Counsel wrote to Chino Hills' Counsel and requested clarification concerning Chino Hills' concerns. (Watermaster General Counsel Letter of July 28, 2006.) Watermaster Counsel also noted that no proposal had yet been forthcoming from Chino Hills and that the Technical Committee was not meeting in anticipation of such a proposal. (Id.) There was no reply to this correspondence.

Watermaster received no proposal from Chino Hills and eventually reconvened the Technical Committee in October 2006, in order to resume work on the Long Term Plan. Watermaster has formulated and proposed both a complete Long Term Plan as well as a proposed Alternative Water Supply Plan.

The Long Term Plan that has been proposed by Watermaster follows the spirit of the Interim Plan. It is *Watermaster's* plan that primarily specifies those activities that Watermaster will perform in its attempt to maintain the status quo that has been established under the Interim Plan.

Long Term Plan Development and Approach

A key feature of the Interim Plan was that it was Watermaster's Plan that did not involve commitment from any party. Participation on the Technical Committee as well as in the Forbearance Program was completely voluntary for all parties.

At the time of the Interim Plan's development, the Special Referee suggested that it was not even appropriate to call it a "plan," because, the Referee asserted, it was nothing more than a collection of "generally related," and at some level "arbitrary," activities. (Special Referee's September 18, 2002 Report, pp. 36-37.) In fact, the outcome of implementation of the Interim Plan is that the parties have been able to prevent their pumping from causing water levels to drop below the level that will cause inelastic subsidence, and the availability of supplemental water has allowed the parties to turn on and off their pumps at the request of the Technical Committee in order to better monitor and learn about the dynamics of the system and how better to avoid subsidence. The three years of data gathering and

experimentation have produced a subtle understanding of the groundwater system. Watermaster is now able to measure very small amounts of inelastic subsidence and is able to say that the measures that have been taken over the last several years have brought the subsidence problem under control. The Long Term Plan says that: "The current state of aquifer-system deformation in south MZ-1 (in the vicinity of Ayala Park) is essentially elastic. Very little ineslastic (permanent) compaction is now occurring in this area . . . ." (MZ-1 Plan, p. 1-1.)

Not only was the Interim Plan in fact a "plan," but as implemented it turns out to have charted exactly the right course to accomplish the goals of the plan: to bring subsidence under control, to come to understand the mechanisms of subsidence in the Chino Basin, and to determine what needs to happen on a long term basis. The challenge for the Long Term Plan, rather than trying to remediate an existing problem, is thus to maintain the solution that has been established.

The Summary Report and Guidance Criteria were adopted by the Watermaster Board on May 25, 2006, and are included in the Long Term Plan as Appendix A. Since the Summary Report and Guidance Criteria were adopted Watermaster has been working with the affected parties to develop the Long Term Plan. Based on this outreach and the numerous meetings held with the MZ1 parties, Watermaster has formulated a proposal which recommends the continuation of monitoring established during the Interim Plan. The Summary Report also identified other areas in MZ1 and MZ2 that have experienced subsidence in the past, but were not the focus of the Interim Plan. As such, the proposed Long Term Plan recommends additional monitoring and technical work to further Watermaster's understanding of the mechanisms of subsidence in these other areas of MZ1 and MZ2. Watermaster believes that the affected parties in MZ1 are sufficiently concerned with the potential to cause subsidence 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.

Thus, Watermaster will continue and expand its monitoring efforts to other areas in MZ1, and within the previous area of concern, will ensure that the parties are aware of changes in groundwater levels, will provide direct electronic access to real time groundwater levels, and are clearly alerted if groundwater levels begin to approach the control point. Similarly, the parties are requested to maintain accurate records of the operation of the Managed Wells, including production rates and periods of operation. The parties are requested to provide these records to Watermaster monthly. The parties are further requested to promptly notify Watermaster of all operational changes made to maintain the water level in PA-7 above the Guidance Level. (MZ-1 Plan p. 2-2.)

The Long Term Plan Is Intended to be Adaptive

The Long Term Plan as presented is intended to be adaptive in nature. (MZ-1 Plan, Section 3.) This means that while the Plan sets out a set of actions to be taken by Watermaster, this plan of activities may change through time as additional information is obtained and analyzed.

Indeed, last month Watermaster received additional suggestions for alterations to the Long Term Plan from the City of Chino. While some of these proposed alterations were accommodated in the version of the Plan that is now presented to the Pools, others were of a technical nature that should be considered by the Technical Committee prior to incorporation into the Plan.

Similarly, there will no doubt be other issues that become relevant to be included in the Long Term Plan as time moves on. There is no intention that the Long Term Plan be a static plan, and there is no reason why it should be so. Included within the items that may in the future be relevant to the Plan is the concept of an alternative water supply plan. Watermaster presently has no information to suggest that the affected parties are either unwilling or unable to voluntarily manage their pumping from the deep zone, and has no information that draws a necessary link between the Long Term Plan and an alternative water supply plan. However, if in the course of time this situation changes, then such changes can be accommodated by the Long Term Plan.

The Long Term Plan is Adequate without an Alternative Water Supply Proposal

While the OBMP made reference to the possibility that wells in MZ1 would need to be replaced, the work of the Technical Committee does not seem to support a need for such an extreme measure. All of the existing wells in MZ1 can continue to be used. So long as the aggregate pumping does not cause water levels to drop below the control point, there is no reason why the existing wells cannot continue to be used in order to make use of the economic value remaining in the wells.

Rather, to the extent that MZ1 producers feel themselves constrained in their water supply by subsidence issues, they should seek out supplemental supplies that will enable them to modify their production so as not to cause subsidence. Watermaster does not have the intimate familiarity with the systems of these parties to be able to tell them what they can or cannot do to meet their demands, and Watermaster cannot tell them the best way to supplement their supply portfolios so that they are not overly dependant on problematic wells. Watermaster has committed to assist the parties where possible in developing such supplies, and Watermaster believes that it has formulated a proposal which does just that. It is notable that no other party has put forward an alternate proposal.

The Long Term Plan can move forward even in the absence of an alternative water supply proposal. There is no necessary connection between the two. Since it has been nearly eight years since deep zone pumping was identified in the Phase I Report as the potential source of subsidence, it is reasonable to assume that the MZ1 parties have been gradually developing alternative sources of supply. Again, Watermaster does not have the familiarity with the details of the parties' systems to know whether this is true. If at a later time a producer feels constrained in its supply by the subsidence issue, then it can make a proposal for consideration. If such is appropriate to be a part of the Long Term Plan, then it can be added to the Plan at a later date.

Watermaster's Alternative Water Supply Proposal

While Watermaster is cognizant of the interest of the affected MZ1 parties to find a cost effective way to prevent themselves from causing groundwater levels to fall below the 245 foot recommended level, there is no necessary connection between the Long Term Plan and an alternative water supply proposal. Nevertheless, Watermaster has developed a replacement water supply proposal to assist the affected parties in voluntarily reducing their pumping from the deep zone in order to avoid causing water levels to drop below the guidance level. The replacement water supply plan is a logical follow on management tool that assists the affected parties in reducing their deep zone pumping if they determine that such assistance is needed, and the plan as proposed by Watermaster would reduce Watermaster's operations and maintenance costs at existing recharge facilities and may reduce the need to construct future recharge facilities to meet replenishment obligations.

According to this proposed plan, excess WFA treatment capacity is used to treat replenishment water and to deliver this water to the affected parties through existing conveyance facilities. Provided that there is surplus treatment capacity at the WFA and surplus capacity in existing conveyance systems, the proposed replacement water program could help Watermaster meet its replenishment capacity needs in a way that does not require the construction of additional recharge facilities. To the extent that there is not enough treatment capacity at WFA or capacity in the conveyance systems, then Watermaster may invest in creating new treatment capacity at the WFA treatment plant and or the conveyance systems.

There are still many details to be resolved with this proposal, and the consent of the WFA agencies will need to be obtained. No party has endorsed this plan, and there has been no indication from any party that they would take advantage of the supplemental water if it was made available. For this reason, Watermaster has not yet brought forward the alternative water supply proposal as an action item. The lack of endorsement for the proposal in combination with the lack of an alternative proposal from any party suggests that the idea of a supplemental supply plan may be premature.

However, after many meetings with the Technical Committee and other affected parties, Watermaster believes that if an alternative water supply plan ever becomes necessary, that its proposed

alternative water supply plan is the best approach for the Watermaster to encourage the affected parties to reduce pumping from the deep zone.

Long Term Plan Costs

The management of subsidence was recognized by the OBMP as an important management element for the entire Basin, and Program Element 4 (Develop and Implement Comprehensive Groundwater Management Plan for Management Zone 1) emphasizes management specifically in order to minimize subsidence. Some of the action items included in Program Element 4 include the development of a comprehensive groundwater level and quality monitoring program in MZ1, and development of a groundwater management program for MZ1 consisting of increased stormwater and supplemental water recharge, management of production to minimize subsidence, and the increased use of supplemental water in MZ1.

Thus, measures to address subsidence are an established component of the overall OBMP. In recognition of this, the parties throughout the Basin incur OBMP costs associated with subsidence management. The parties as a whole pay for the monitoring efforts relating to subsidence and have in the past incurred costs associated with increased supplemental water recharge into MZ1. Similarly, Watermaster's proposed alternative water supply plan may involve additional OBMP costs on the parties as a whole.

The Peace Agreement also addressed costs associated with subsidence. Section 5.4(d) says:

> Watermaster shall adopt reasonable procedures to evaluate requests for OBMP credits against future OBMP assessments or for reimbursement. Any Producer or party to the Judgment, including but not limited to the State of California, may make application to Watermaster for reimbursement or credit against future OBMP Assessments for any capital or operations and maintenance expenses incurred in the implementation of any project or program, including the cost of relocating groundwater Production facilities, that carries out the purposes of the OBMP including but not limited to those facilities relating to the prevention of subsidence . . . .

Thus, the Peace Agreement contemplated potential reimbursement to parties for costs associated with facilities relating to the prevention of subsidence. Such reimbursement is obtained through an Application to Watermaster in advance of construction. One of the considerations with regard to such an Application will be the availability of alternate funding sources, and such an Application will not be approved where the Producer was otherwise legally compelled to make the improvement. It is potentially relevant in this regard that no party has a right to cause Material Physical Injury to other parties or to the Basin.

It is notable that under the Stakeholder Non-Binding Term Sheet, section 5.4(d) of the Peace Agreement is proposed to be deleted.

Furthermore, the Peace Agreement section 5.4(e) says that:

> Any Producer that Watermaster compels to move a groundwater Production facility that is in existence in the Date of Execution shall have the right to receive a credit against future Watermaster assessments or reimbursement up to the reasonable cost of the replacement groundwater Production facility.

This provision is not invoked by the proposed Long Term Plan because the proposed plan is voluntary. No Producer is compelled by Watermaster to move a groundwater production facility. In fact, Watermaster has seen no evidence to date suggesting any necessity to move any groundwater production facilities.

Recommended Action

Staff recommends that the Pools approve the Long Term Plan as presented and direct that it be filed with the Court via a transmittal consistent with the content of this Staff Report. A proposed transmittal pleading will be submitted for consideration by the Advisory Committee and Board.

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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 at the Ayala Park Extensometer 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

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drawdowns do not propagate eastward across the barrier. Thus, compaction occurs within the deep 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 initial 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 has occurred (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 in other regions of Chino Basin.

A key element of the MZ-1 Plan is 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.

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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, other existing wells and/or newly-constructed wells are subject to being classified as Managed Wells.

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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 their 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, geology, and their water level responses to nearby pumping.

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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

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The IMP showed that water-level drawdowns due to pumping from 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 at the Ayala Park Extensometer 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.

The magnitude of water level drawdown at which aquifer compaction is initiated in areas other than at the Ayala Park Extensometer has not been directly evaluated. Therefore, caution is recommended when pumping from Managed Wells in order to minimize water level drawdown within the Managed Area.

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Guidance Levels for wells and/or piezometers in addition to PA-7 may be specified in the future as a result of ongoing monitoring and evaluation of groundwater production, groundwater levels, and land subsidence.

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.

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.

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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.

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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 Fall 2007, 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 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, and Schaefer Avenues.

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. During FY 2007/08, the MZ-1 Technical Committee will consider for future implementation the following activities:

- *Detailed monitoring of horizontal strain across the fissure zone by installing high-resolution instrumentation or by experimental InSAR.* The high-resolution 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 the reveal stress-strain relationships at work in and immediately adjacent to the fissure zone. This work is contemplated to occur just south of Schaefer Avenue across the historic zone of fissuring.

  As an alternate or supplement to the high-resolution monitoring, InSAR could be used to measure horizontal deformation. The use of InSAR to monitor horizontal deformation is experimental, but holds the promise of monitoring over large areas and at a finer spatial resolution than the EDMs.

  Monitoring and evaluation of horizontal ground-surface deformation across the fissure zone will improve the current understanding of the stress conditions in this area; particularly as groundwater production and associated drawdowns increase to the east (*e.g.* in MZ-2). Understanding the stress-strain relationships over a larger area will be important to effectively managing groundwater production to minimize strain and potential future fissuring. Results of the evaluation would be used to update management options in the MZ-1 Plan.

- *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 while maximizing the use of existing infrastructure (*i.e.* wells). The proposed project would construct improvements to an existing well to allow injection of water from the City of

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Deleted: 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

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Chino Hills distribution system into the aquifer during off peak demand periods, and recovery of the stored water through the same well for municipal use during peak periods.

By the end of March 2008, the MZ-1 Technical Committee will have discussed and evaluated the above activities, and for the activities that the Committee recommends for implementation, will have composed specific scope(s) of work and detailed cost estimates. These recommendations and supporting documentation will be forwarded to Watermaster for inclusion in the budgeting process for FY 2008/09.

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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

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

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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, 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:

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- 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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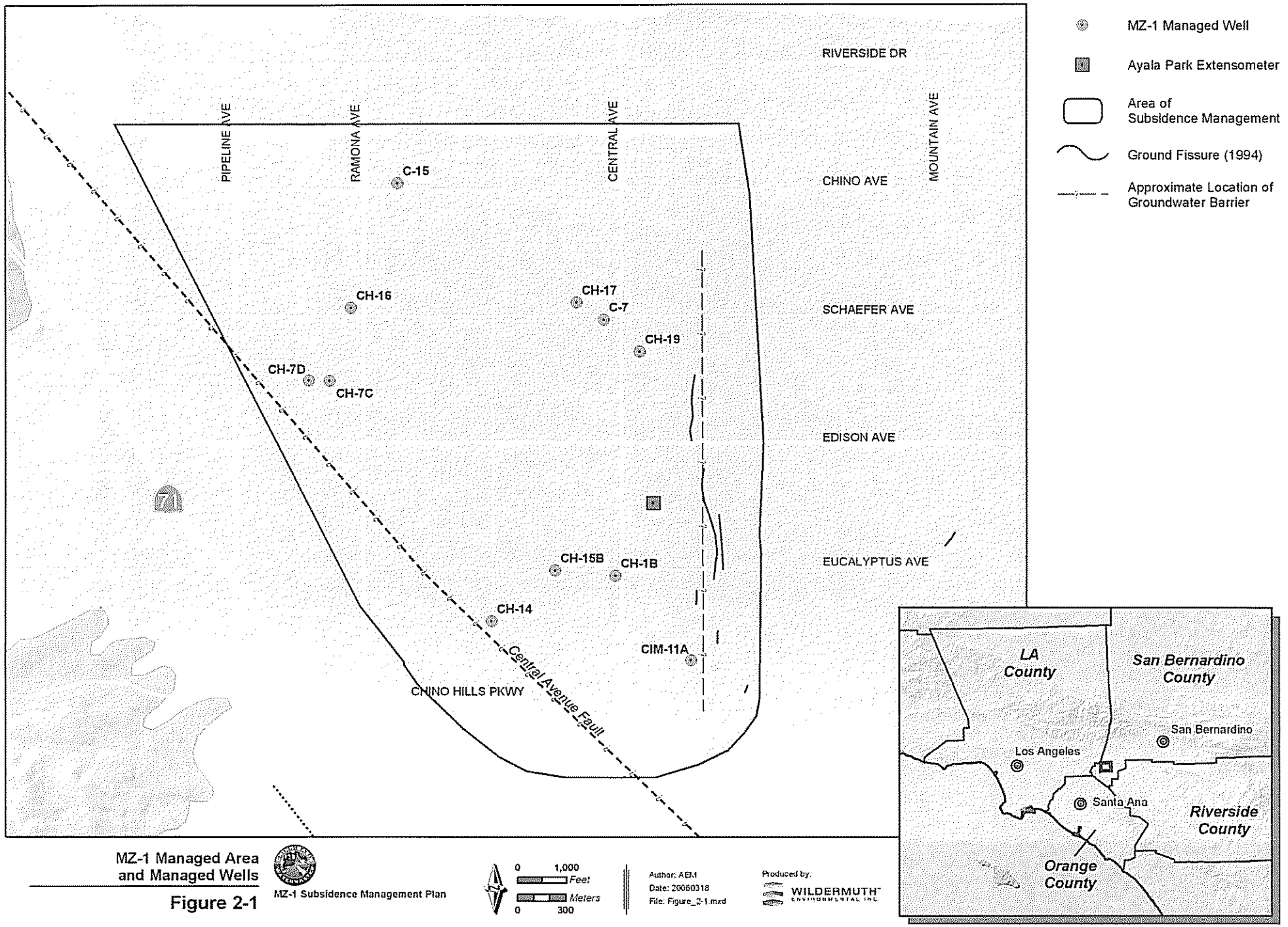
Table 2-1
MZ-1 Managed Wells

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

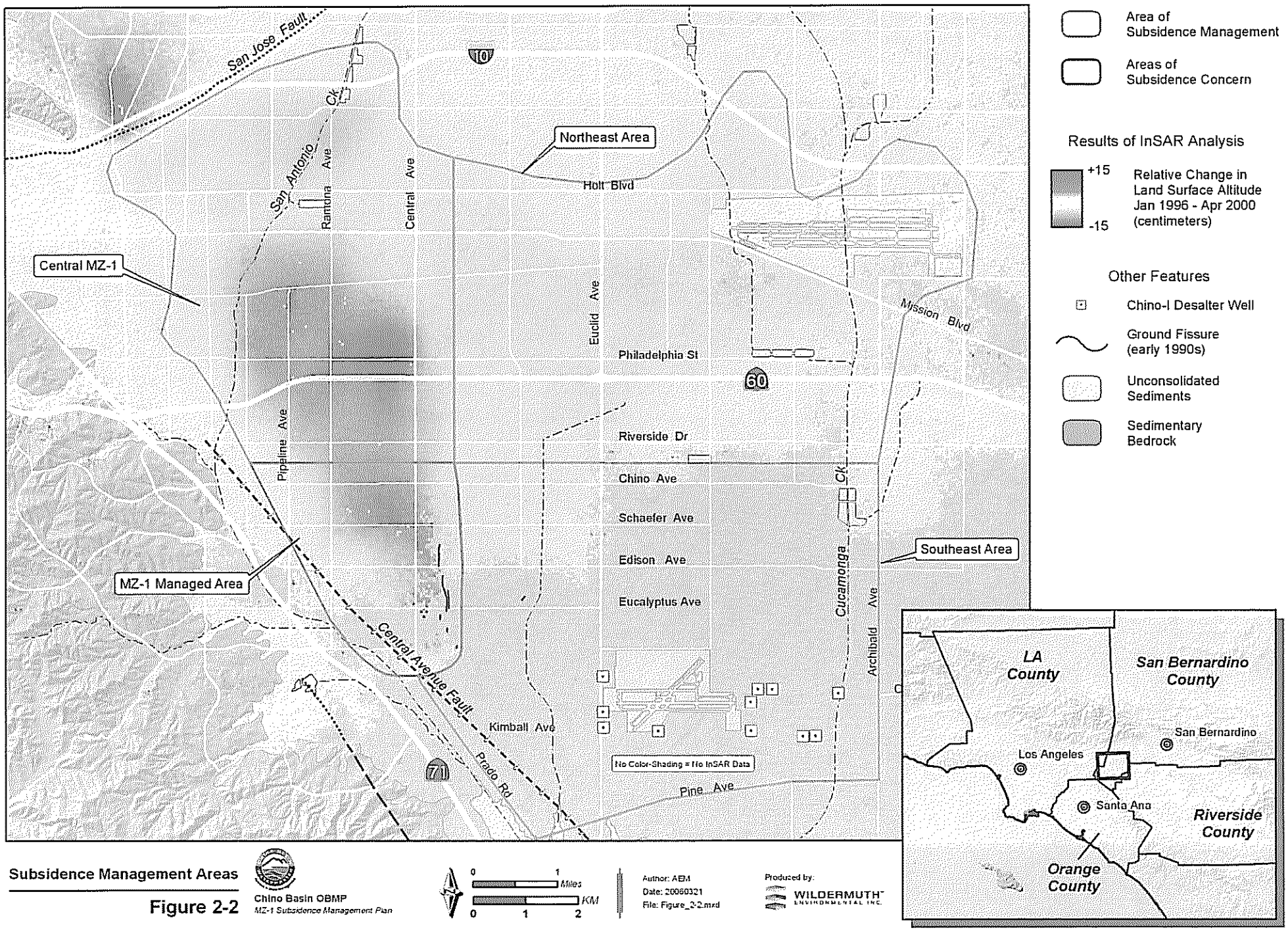
CBWM_ID	Owner	Well Name	Status	Screened Interval ft-bgs	Capacity gpm
	Chino Hills	1A	Active	166-317	700-800
	Chino Hills	1B	Inactive	440-470, 490-610, 720-900, 940-1180	up to 1200
	Chino Hills	7C	Not Equipped	550-950	--
	Chino Hills	5	Active		
	Chino Hills	14	Inactive	350-860	300-400
	Chino Hills	15A	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 Area and Managed Wells

Figure 2-1

MZ-1 Subsidence Management Plan



Subsidence Management Areas

Figure 2-2

Chino Basin OBMP
MZ-1 Subsidence Management Plan

3. Evaluation and Update of the MZ-1 Subsidence Management Plan

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

Within the Managed Area, Watermaster recommends that all deep aquifer-system pumping cease for a continuous 2- to 6-month period between October 1 and March 31 of each year. The recovery period will begin with 6 months the first year of the program, 4 months the second year, 3 months the third year, 2 months the fourth year, and 6 months for the fifth year of the program. 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. Following the fifth year of the program, the effectiveness of the recovery period duration will be assessed and an appropriate annual recovery period will be recommended for 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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APPENDIX A – MZ-1 SUMMARY REPORT (OCTOBER 2005)

SCOTT S. SLATER (State Bar No. 117317)
MICHAEL T. FIFE (State Bar No. 203025)
HATCH & PARENT, A Law Corporation
21 East Carrillo Street
Santa Barbara, California 93101
Telephone: (805) 963-7000
Facsimile: (805) 965-4333

Attorneys for CHINO BASIN WATERMASTER

DRAFT

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER DISTRICT, Plaintiff, vs. CITY OF CHINO, ET AL., Defendant.	Case No. RCV 51010 Assigned for All Purposes to the Honorable J. MICHAEL GUNN **TRANSMITTAL OF WATERMASTER'S LONG TERM PLAN FOR THE MANAGEMENT OF SUBSIDENCE** **Date: TBD** **Time: TBD** **Place: R-8**

I. Introduction

In 2002, the Chino Basin Watermaster ("Watermaster") embarked on an ambitious plan to address subsidence in Management Zone 1 ("MZ1"). That plan involved the installation and use of state of the art monitoring equipment, extensive technical analysis, and the modification of pumping patterns that allowed for empirical testing of theories about aquifer system behavior. Subsidence in the area of investigation is now well understood and has been generally brought under control. The challenge that remains is to put a plan in place that will allow this success to continue on a permanent basis. With the advice of the MZ1 Technical Committee, Watermaster has developed a Long Term MZ1 Subsidence Management Plan ("Long Term Plan") that Watermaster believes will accomplish this goal.

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Watermaster respectfully requests the Court to issue an Order that makes findings consistent with section VII of this pleading.

II. Jurisdiction

Watermaster is before the Court with the Long Term Plan pursuant to a process that began with the filing of Motions by the Cities of Chino Hills and Chino pursuant to Paragraph 15 of the Judgment. While the completion of the Long Term Plan is intimately related to these Motions, it is properly a separate Watermaster activity implementing Program Element 4 of the Optimum Basin Management Program ("OBMP"). Court review of the Long Term Plan is thus most properly conducted under Paragraph 31 of the Judgment.

According to Paragraph 31, the Court's review shall be de novo. Watermaster's findings or decision, if any, may be received in evidence at the hearing, but shall not constitute presumptive or prima facie proof of any fact in issue. (Judgment Paragraph 31(d).)

III. Planning Background of Subsidence Management

In implementing the physical solution for the Chino Basin, Watermaster must consider that the Basin is a "common supply" for all stakeholders that rely upon the Basin. Exhibit "I" to the Judgment provides that it is a management objective that no party be deprived of access to groundwater because of unreasonable pumping patterns or regional or localized Recharge or Replenishment, "insofar as such result may be practically avoided." (Judgment, Exhibit "I"; Watermaster Rules and Regulations 5.3(a).) In addition, financial feasibility, economic impact and the physical facilities of the parties is of equal importance to water quantity and water quality considerations. (Judgment Exhibit "I"; Watermaster Rules and Regulations 5.3(c).)

The Peace Agreement was executed by the Parties to the Judgment in June of 2000 in furtherance of the Physical Solution. Although Watermaster is not a signatory to the Peace

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Agreement it approved it and agreed to act in accordance with its terms. Watermaster was subsequently ordered to proceed in accordance with its terms by the Court on July 13, 2000. The OBMP Implementation Plan was Exhibit "B" to the Peace Agreement.

Subsidence management in the Chino Basin is a recognized component of the OBMP. Program Element 4, *Develop and Implement Comprehensive Groundwater Management Plan for Management Zone 1 (MZ1)* is the central locus for subsidence management issues in the OBMP, though Program Element 1, *Develop and Implement a Comprehensive Monitoring Program* is also a significant component of Watermaster's activities relating to subsidence management.

As early as the OBMP Phase I Report (August, 1999), the relationship between deep zone pumping and subsidence was recognized as a management issue of concern. The Phase I Report said that:

> Unless certain actions are taken, piezometric levels in the deep aquifers of Management Zone 1 will continue to decline adding to the potential for additional subsidence and fissures, lost production capability and water quality problems. This impediment speaks to a localized subsidence and fissuring problem within the City of Chino and to a potentially larger and similar problem in the southern end of Management Zone 1 in the former artesian area. This part of the Basin contains a higher fraction of fine-grained materials that originated from sedimentary deposits in the Chino and Puente Hills. This area also consists of a multiple aquifer system. The upper aquifer(s) are moderately high in TDS and are often very high in nitrate. The City of Chino Hills has drilled a series of wells into the deeper aquifer(s) to obtain better quality water. The storage and hydraulic properties of the deeper aquifers are quite limited relative to the upper aquifer. The correlation of the recent groundwater production in the deep aquifers and the timing of the subsidence and fissuring, and a review of the hydrogeologic data from the area very strongly suggest that deep aquifer production is the likely cause of the subsidence.

(Phase I Report, p. 4-25.)

One of the impediments to achievement of the goals of the OBMP identified by the Phase I Report was that, "existing production patterns are not balanced, cause losses, can cause local subsidence, and water quality problems." (Phase I Report, Table 3-8, p.6.) One of the action items intended to resolve this impediment was to, "develop new production patterns that maximize yield

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and beneficial use; and develop incentive programs and policies that encourage (or rules that enforce) new production patterns." (Id.)

Toward this end, Watermaster has been working with the producers in MZ1 for many years to develop a voluntary program that will resolve the issues identified in the Phase I Report.

IV. Chronology of Interim Plan and Long Term Plan

On December 7, 2001, the City of Chino Hills filed a Petition for Writ of Mandate against the City of Chino. Chino Hills requested: (1) a judicial declaration related to the City of Chino's encroachment permit process; (2) a preemptory writ requiring Chino to permit Chino Hills to enter its right of ways to allow completion of a pipeline project known as the "Monte Vista Interconnect Transmission Main"; (3) invalidation of Chino's Urgency Ordinance 2001-08 and Regular Ordinance 2001-09 related to Chino's encroachment permit process. (Petition, pp. 26-28.) The Petition specifically requested that it be assigned to the Hon. J. Michael Gunn under his continuing jurisdiction of the Chino Basin adjudication. (Chino Hills Petition, p. 3.)

On December 19, 2001, the Supervising Judge of the San Bernardino Superior Court determined that the Petition encompassed two separate matters. (Dec. 19, 2001 Order, p. 2.) The first matter was construed as a mandamus proceeding brought under the Public Utility Code. The second matter was construed as a motion brought under Paragraph 15 of the Judgment which encompasses all claims pertaining to the rights and obligations of the parties with respect to the production of water in the Chino Basin, including any issues relating to subsidence. This matter was assigned to Judge Gunn.

Also on December 19, 2001, Judge Gunn ordered all parties to report on the status of the technical work performed by Watermaster and others concerning subsidence and related issues, and set a hearing for February 28, 2002 on those issues. (December 19, 2001 Order, p. 2.)

In response, on January 31, 2002, the City of Chino filed a motion pursuant to Paragraph 15 requesting the Court to assume jurisdiction over its dispute with Chino Hills regarding water production and subsidence. (Chino Motion, p. 4.) The purpose of this request was to resolve the following issues: (1) whether Chino Hills' production of water from the deep aquifers within the

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City of Chino is causing land subsidence and if so, to fashion a remedy to abate the land subsidence; and (2) whether Chino Hills' proposed purchase of groundwater from the Monte Vista Water District will have the potential to degrade the quantity or quality of water that Chino extracts from its northerly wells and if so, to fashion a remedy. (Chino Motion, pp. 3-4.)

On January 29, 2002, Watermaster filed its *Report of Watermaster Activities Regarding Subsidence and Request for Finding and Further Order*. This Report was accompanied by a Declaration from Mr. Wildermuth. On February 14, 2002, Monte Vista Water District filed a Motion to Strike portions of the City of Chino's Motion. Similarly, on February 18, 2002, the City of Chino Hills filed an objection to the City of Chino's Motion. Chino Hills joined in Monte Vista's Motion and also joined in Watermaster's Motion.

Following these filings, Watermaster filed a Motion for a Continuance asking the Court to defer ruling on the pleadings that had been filed and to direct the parties to convene a stakeholder process in order to develop a consensus-based Interim Plan to address subsidence. Twelve parties, including Chino and Chino Hills, joined in this Motion. On February 25, 2002, the Special Referee filed a *Report and Recommendation Concerning Motions Filed Related to Subsidence*. This Report recommended granting Watermaster's Motion. On February 28, 2002, the Court continued the hearing in order to allow a stakeholder process to convene. Watermaster was asked to report back on any consensus that had been achieved, and a hearing was set for June 19, 2002.

On May 1, 2002, Watermaster filed a *Report on Progress of the Interim Plan Stakeholder Process*. On June 17, 2002, Watermaster transmitted the Interim Plan to the Court and requested the Court to schedule a workshop on the Interim Plan. On June 19, 2002, the Court granted this request, and on August 29, 2002 the workshop was held.

On September 18, 2002, the Special Referee filed her report titled *Special Referee's Report on Interim Plan Workshop and Recommendation Concerning Subsidence Issues*. Oppositions and comments to the Referee's Report were filed by several parties. On September 30, 2002, Watermaster filed its comments to the Referee's Report and asked the Court for an order to proceed in accordance with the Interim Plan. Watermaster's Motion was accompanied by a revised version of the Interim Plan.

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On October 17, 2002, the Court ordered Watermaster to implement the Interim Plan, to continue reporting regularly to the Court, and to begin the process of developing the Long Term Plan.

The initial term of the Interim Plan was three years, and involved the development of an extensive monitoring program and a forbearance program to reduce pumping in the area of concern. Since then, the Cities of Chino and Chino Hills have annually elected to participate in the forbearance program. On April 28, 2005, Watermaster approved continuation of the forbearance program for the fourth year (2005/2006).

Near the end of the three-year period another workshop was held on May 25, 2005. The scope of the workshop was limited to a presentation of the technical data and analysis that had been completed. On June 16, 2005 the Special Referee filed her *Report on Progress Made on Implementation of the Watermaster Interim Plan for Management of Subsidence*. The Referee's Report recommended that Watermaster prepare a Summary Report on the technical work completed, and issue Guidance Criteria in order to formally alert the parties about the technical determination that drawdown below a certain level in the MZ1 area is likely to cause inelastic compaction. (June 16, 2005 Referee Report, pp. 6-7.)

The MZ-1 Summary Report and Guidance Criteria were completed in February 2006 and submitted to the Appropriative Pool in March 2006. At the Appropriative Pool meeting, the City of Chino Hills expressed reservation about the Summary Report and Guidance Criteria. Action on these items was delayed in order to allow the development of an alternate proposal that would resolve the expressed concerns. (March 9, 2006 Appropriative Pool Meeting Minutes.) By the next month's regularly scheduled meeting no alternative was proposed, and so the Appropriative Pool approved the Summary Report and Guidance Criteria at the April meeting with one dissenting vote from Chino Hills. (April 13, 2006 Appropriative Pool Meeting Minutes.) The Non-Agricultural Pool and Agricultural Pool unanimously approved the Summary Report and Guidance Criteria at their April meetings.

The Advisory Committee unanimously approved the Summary Report and Guidance Criteria at its April meeting, with Chino Hills absent from the meeting. (April 27, 2006 Advisory

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Committee Meeting Minutes.) In order to allow additional time to resolve Chino Hills' concerns, the Board voted to delay action on the item to allow for further attempts to engage Chino Hills in a dialogue regarding their concerns. (April 27, 2006 Board Meeting Minutes.)

During the month of May the Watermaster Board Chair, Mr. Willis, met with representatives from the City of Chino Hills and reported at the May 2006 Board meeting that Chino Hills was in the process of preparing a document that would provide guidance concerning how the Long Term Plan should be formulated. (May 25, 2006 Board Meeting Minutes.) Comments by the representative from Chino Hills at this meeting indicated that the City of Chino Hills was concerned about the method of compensation or assistance for any loss of production that the City of Chino Hills might experience due to subsidence concerns. (Id.) At this meeting the Board also authorized staff to submit the Non-Binding Term Sheet through the Watermaster process for approval. (Id.)

Following the May Board meeting, the MZ1 Technical Committee suspended its meetings in order to allow Chino Hills the opportunity to submit a proposal before work on the Long Term Plan continued.

On July 26, 2006, another Special Referee workshop was held in order to present the Non-Binding Term Sheet to the Special Referee and her technical assistant. At that meeting, Counsel for Chino Hills expressed reservations about the Non-Binding Term Sheet. (Reporter's Transcript July 26, 2006 p. 40:6-24.) On July 28, 2006, Watermaster Counsel wrote to Chino Hills' Counsel and requested clarification concerning Chino Hills' concerns. (Watermaster General Counsel Letter of July 28, 2006.) Watermaster Counsel also noted that no proposal had yet been forthcoming from Chino Hills and that the Technical Committee was not meeting in anticipation of such a proposal. (Id.) There was no reply to this correspondence.

Watermaster received no proposal from Chino Hills and eventually reconvened the Technical Committee in October 2006, in order to resume work on the Long Term Plan. Watermaster has formulated and proposed a complete Long Term Plan.

The Long Term Plan that has been proposed by Watermaster follows the spirit of the Interim Plan. It is *Watermaster's* plan that specifies those activities that Watermaster will perform in its

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attempt to maintain the status quo that has been established under the Interim Plan. The Long Term Plan was approved unanimously by the Appropriative Pool and the Non-Agricultural Pool on June 14, 2007, and by the Agricultural Pool on June 19, 2007. On June 28, 2007, the Advisory Committee and Board took action to _____.

V. Development of the Interim Plan was consistent with the Phase I Report and Implementation of the Plan has accomplished the goals identified for the Plan.

The Phase I Report said that:

> The continued occurrence of subsidence and fissuring in Management Zone 1 is not acceptable and must be reduced to tolerable levels or completely abated. However, there is some uncertainty as to the causes of subsidence and fissuring and more information is necessary to distinguish among potential causes. An interim management plan must be developed and implemented to:
>
> - Minimize subsidence and fissuring in the short-term;
> - Collect the information necessary to understand the extent and causes of subsidence and fissuring; and
> - Formulate and effective long-term management plan
>
> The interim management plan would consist of the following activities:
>
> - Voluntarily modify groundwater production patterns in Management Zone 1 for a five-year period. For example, there is some indication that deep aquifer production beneath the City of Chino contributed to recent subsidence and fissuring in the area. Reduction or elimination of deep aquifer production beneath the area of subsidence and fissuring is a logical short-term mitigation strategy.
> - Balance recharge and production in Management Zone 1. Based on preliminary engineering investigations with RAM tool, it appears that current levels of pumping and recharge are balanced. However, increases in pumping should be balanced with increases in recharge.
> - Determine gaps in existing knowledge. Primarily, there is a lack of understanding of Management Zone 1 hydrogeology, of the nature and extent of subsidence and fissuring, and of the exact causes of subsidence and fissuring.
> - Implement a process to fill the gaps in existing knowledge. This would include hydrogeologic, geophysical, and remote sensing investigations of Management Zone 1, as well as certain

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monitoring programs, such as piezometric, production, water quality, ground level, and subsidence monitoring.

- Formulate a long-term management plan. The long-term management plan will include goals, activities to achieve those goals, and a means to evaluate the success of the plan.

(Phase I Report pp. 4-25 – 4-26.)

Similarly, the OBMP Implementation Plan identified the following activities as components of the Interim Plan:

- Voluntary modifications to groundwater production patterns.
- Monitoring of long term balance of recharge and production on MZ1.
- Determine gaps in existing knowledge.
- Implement a process to fill the gaps in existing knowledge.
- Formulate a long-term management plan.

(OBMP Implementation Plan, pp.26-27.)

To date, the participation in the Interim Plan, on the Technical Committee, as well as in the Forbearance Program has been completely voluntary. Staff sees no evidence to suggest that the voluntary participation by the parties is unsuccessful. To the contrary, the outcome of implementation of the Interim Plan is that the parties have been able to collectively prevent water levels from dropping below a level that is projected to cause inelastic subsidence. The five years of data gathering and experimentation have produced a better and more comprehensive understanding of the groundwater system. For example, Watermaster is now able to measure very small amounts of inelastic subsidence and the measures that have been taken over the last several years have brought the subsidence problem under control.

According to an April 4, 2007 , technical memorandum from Wildermuth Environmental analyzing the potential for Material Physical Injury from a proposed transfer of production rights,

> . . . during the spring 2005 to spring 2006 period, [two of the benchmarks in MZ1] recorded a light 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 . . . 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.

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> 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.

(April 4, 2007 Technical Report p.4.)

Further, the Summary Report says that: "The current state of aquifer –system deformation in south MZ-1(in the vicinity of Ayala Park) is essentially elastic. Little, if any, inelastic (permanent) compaction is now occurring in this area, which is in contrast to the past . . . ." (Summary Report p. ES-1; See also Summary Report p. 2-1.) Additionally, the Long Term Plan says that: "The current state of aquifer-system deformation in south MZ-1 (in the vicinity of Ayala Park) is essentially elastic. Very little ineslastic (permanent) compaction is now occurring in this area . . . ." (MZ-1 Plan, p. 1-1.)

As implemented, the Interim Plan turns out to have charted exactly the right course to accomplish the goals of the plan: to bring subsidence under control, to come to understand the mechanisms of subsidence in the Chino Basin, and to determine what needs to happen on a long term basis. Accordingly, the challenge presented for the Long Term Plan is to maintain the effectiveness of the solution that has been established by the parties through voluntary cooperation rather than trying to remediate an existing problem.

VI. The Long Term Plan is consistent with the Phase I Report, the Judgment, and the Peace Agreement

The Phase I Report said:

> The long-term management plan will be formulated during the interim management plan based on investigations, monitoring programs and data assessment. It will likely include modifications to groundwater pumping rates and the locations of pumping, recharge, and monitoring. The long-term management plan will be adaptive in nature – meaning monitoring and periodic data assessment will be used to evaluate the success of the management plan to modify the plan, if necessary.
>
> The subsidence and fissuring problem appears to be currently focused

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> in the City of Chino and the California Institution for Men (CIM). However, it is reasonable given the current knowledge, to expand the minimum area of concern to the entire former artesian area . . . and slightly beyond that area. Changes in pumping and recharge patterns in Management Zone 1, and more generally the area of concern, will most likely be part of the management plan. The producers in the area include the cities of Chino, Chino Hills, Ontario, Pomona and Upland, the Monte Vista Water District (MVWD), San Antonio Water Company (SAWC), Southern California Water Company (SCWC) the State of California (CIM) California Institution for Women [CIW]), and SAWPA. Watermaster may need to have entities that increase their production to provide for the recharge of an equivalent amount of water to maintain the balance of pumping and recharge. Watermaster will take the leadership role in the development and implementation of the Management Zone 1 management plan.

(Phase I Report p.4-26.)

Similarly, the OBMP Implementation Plan says that:

> The long-term management plan will be formulated while the interim management plan is in-place based on investigations, monitoring programs and data assessment. It may include modifications to groundwater pumping rates and the locations of pumping, recharge, and monitoring. The long-term management plan will be adaptive in nature – meaning monitoring and periodic data assessment will be used to evaluate the success of the management plan and to modify the plan, if necessary.

(OBMP Implementation Plan, p.27.)

The Summary Report and Guidance Criteria were adopted by the Watermaster Board on May 25, 2006, and are included in the Long Term Plan as Appendix A. The Summary Report provided a summation of the results of the technical investigations by the Technical Committee. Based on the results of these technical investigations, the Summary Report also included Guidance Criteria for the MZ1 Producers. (Summary Report Table 4-1.) The Guidance Criteria articulated a Guidance Level which is the physical point where drawdowns of water below that level create the risk of causing inelastic subsidence. The Guidance Criteria state that:

> 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

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> compaction does not occur. The Guidance Level is established by Watermaster based on the periodic review of monitoring data collected by Watermaster. The Initial Guidance Level is 245 feet below the top of the PA-7 well casing.
>
> If the water level in PA-7 falls below the Guidance Level, Watermaster recommends that the Parties curtail their production from designated Managed Wells as required to maintain the water level in PA-7 above the Guidance Level.

(Summary Report, Table 4-1, items 3 and 4.)

Thus, while the Guidance Level is something that is established by Watermaster, it is based purely on the results of the technical data and what that data says about the mechanisms of subsidence. The Guidance Level is not a policy-based regulation by Watermaster, it is rather the articulation of the physical properties of the aquifer system. The Guidance Criteria then represents Watermaster's recommendations to the parties about how best to respond to these physical facts. At this point in time Watermaster has no reason to believe that the parties will not make prudent management decisions based on the information provided to them by Watermaster.

The Summary Report noted that in a sense, the Guidance Criteria were the first draft of the Long Term Plan. (Summary Report p. 4-2.) Indeed, the Guidance Level is incorporated into the Long Term Plan and forms the heart of the plan. (Long Term Plan p. 2-1.) Since the Summary Report and Guidance Criteria were adopted Watermaster has been working with the affected parties to develop the Long Term Plan. Based on this outreach and the numerous meetings held with the MZ1 parties, Watermaster has formulated a proposal which also recommends the continuation of the monitoring and technical work established during the Interim Plan.

The Summary Report also identified other areas in MZ1 and MZ2 that have experienced subsidence in the past, but were not the focus of the Interim Plan. As such, the proposed Long Term Plan recommends additional monitoring and technical work to further Watermaster's understanding of the mechanisms of subsidence in these other areas of MZ1 and MZ2. Watermaster

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believes that the affected parties in MZ1 are sufficiently concerned with the potential to cause subsidence 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.

Thus, Watermaster will continue and expand its monitoring efforts to other areas in MZ1, and within the previous area of concern, will ensure that the parties are aware of changes in groundwater levels, will provide direct electronic access to real time groundwater levels, and are clearly alerted if groundwater levels begin to approach the control point. Similarly, the parties are requested to maintain accurate records of the operation of the Managed Wells, including production rates and periods of operation. The parties are requested to provide these records to Watermaster monthly. The parties are further requested to promptly notify Watermaster of all operational changes made to maintain the water level in PA-7 above the Guidance Level. (MZ-1 Plan p. 2-2.)

A. The Long Term Plan Is Adaptive

Consistent with the Phase I Report and the OBMP Implementation Plan as described above, the Long Term Plan as presented is intended to be adaptive in nature. (MZ-1 Plan, Section 3.) This means that while the Plan sets out a set of actions to be taken by Watermaster, this plan of activities may change through time as additional information is obtained and analyzed.

Watermaster will not presume that any of the producers operating within MZ-1 will disregard the guidance criteria for extended periods or in a manner that will cause unmitigated harm. To the contrary, the essence of the proposed Long Term Plan is to reserve the day to day operational discretion to the operators – not the Watermaster as a regulator. However, if conditions change, Watermaster has reserved whatever discretion it may have under the Judgment to make constructive improvements.

B. The Long Term Plan is Adequate without an Alternative Water Supply Proposal

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Consistent with the intention to reserve operational discretion to the producers within MZ-1 with regard to whether to produce groundwater, in which locations and in which quantities, the proposed Long-Term Plan will also reserve to each of the producers the right to evaluate supplemental water supply options that may be right for them. To date, the Technical Committee has not advocated the relocation of any wells or any specific supplemental water strategy.

It is the opinion of Watermaster staff and consultants that the existing wells in MZ1 can continue to be operated. So long as the aggregate pumping does not cause water levels to drop below the control point, there is no reason why the existing wells cannot continue to be used in order to make use of the economic value remaining in the wells. Moreover, the decision as to whether to operate outside of the Guidance Criteria is the producer's alone, given their respective balancing of competing considerations. Of course, the success of the Long Term Plan is likely dependent upon whether operations vary from the Guidance Criteria as temporary excursions or the rule.

Staff does note that it has been nearly eight years since deep zone pumping was identified in the Phase I Report as the potential source of subsidence in MZ-1 and it is reasonable to conclude that if parties had concerns regarding the provision of supplemental water to off-set groundwater production, that they would take whatever actions required to redress the problem. On other hand, if Watermaster should subsequently determine that it is necessary to make the provision for supplemental water to offset production as a part of the Long Term Plan, the Plan can be amended accordingly.

Likewise, if a producer demonstrates that their operations have become constrained by subsidence, then it can make a supplemental water proposal for Watermaster's consideration. If appropriate, the Long Term Plan can be amended to add the proposal to the Plan.

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C. Long Term Plan Costs

The management of subsidence was recognized by the OBMP as an important management element for the entire Basin, and Program Element 4 (Develop and Implement Comprehensive Groundwater Management Plan for Management Zone 1) emphasizes management specifically in order to minimize subsidence. Some of the action items included in Program Element 4 include the development of a comprehensive groundwater level and quality monitoring program in MZ1, and development of a groundwater management program for MZ1 consisting of increased stormwater and supplemental water recharge, management of production to minimize subsidence, and the increased use of supplemental water in MZ1.

Thus, measures to address subsidence are an established component of the overall OBMP. In recognition of this, the parties throughout the Basin incur OBMP costs associated with subsidence management. The parties as a whole pay for the monitoring efforts relating to subsidence and have in the past incurred costs associated with increased supplemental water recharge into MZ1.

The Peace Agreement also addressed costs associated with subsidence. Section 5.4(d) says:

> Watermaster shall adopt reasonable procedures to evaluate requests for OBMP credits against future OBMP assessments or for reimbursement. Any Producer or party to the Judgment, including but not limited to the State of California, may make application to Watermaster for reimbursement or credit against future OBMP Assessments for any capital or operations and maintenance expenses incurred in the implementation of any project or program, including the cost of relocating groundwater Production facilities, that carries out the purposes of the OBMP including but not limited to those facilities relating to the prevention of subsidence . . . .

Thus, the Peace Agreement contemplated potential reimbursement to parties for costs associated with facilities relating to the prevention of subsidence. Such reimbursement is obtained through an Application to Watermaster in advance of construction. One of the considerations with regard to such an Application will be the availability of alternate funding sources, and such an Application will not be approved where the Producer was otherwise legally compelled to make the improvement. It is potentially relevant in this regard that no party has a right to cause Material Physical Injury to other parties or to the Basin.

It is notable that under the Stakeholder Non-Binding Term Sheet, section 5.4(d) of the Peace

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Agreement is proposed to be deleted.

Furthermore, the Peace Agreement section 5.4(e) says that:

> Any Producer that Watermaster compels to move a groundwater Production facility that is in existence in the Date of Execution shall have the right to receive a credit against future Watermaster assessments or reimbursement up to the reasonable cost of the replacement groundwater Production facility.

This provision is not invoked by the proposed Long Term Plan because the proposed plan is voluntary. No Producer is compelled by Watermaster to move a groundwater production facility. In fact, Watermaster has seen no evidence to date suggesting any necessity to move any groundwater production facilities.

VII. Proposed Findings and Order

Watermaster respectfully requests the Court to find as follows:

1. The OBMP requires Watermaster to address subsidence in the Chino Basin, but it does not specify particular actions to be taken.

2. The Interim Plan has successfully addressed subsidence on a short term basis.

3. The Long Term Plan proposes a reasonable approach to the issue of subsidence on a Long Term basis.

4. The Long Term Plan is consistent with the Judgment, the OBMP and the Peace Agreement.

5. The Long Term Plan does not trigger the reimbursement provision of section 5.4(e) of the Peace Agreement.

Watermaster respectfully requests the Court to direct Watermaster to proceed in accordance with the Long Term Plan as presented and to report to the Court regarding implementation under the plan as part of its regular OBMP implementation status reporting.

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21 East Carrillo Street
Santa Barbara, CA 93101

Dated: June _____, 2007

HATCH & PARENT

By: _____
SCOTT S. SLATER
MICHAEL T. FIFE
Attorneys for CHINO BASIN WATERMASTER

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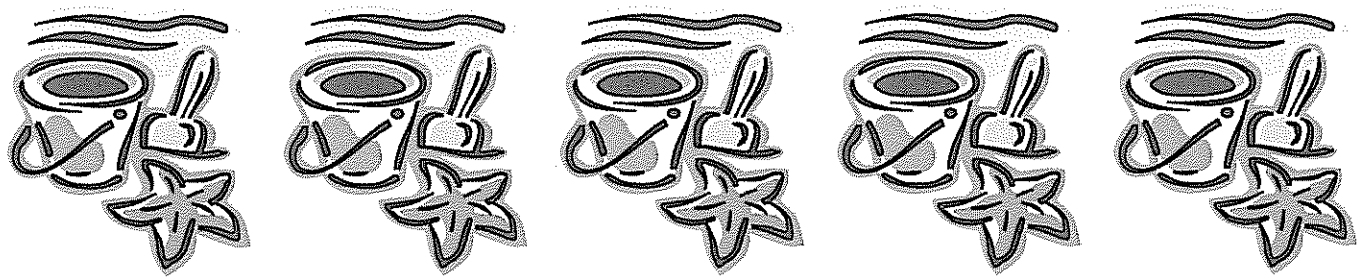

CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. 2007/2008 BUDGET

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: **June 14, 2007**
June 19, 2007
June 28, 2007

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Proposed Fiscal Year 2007/2008 Budget**

SUMMARY

Issue – Annual Budget for Watermaster Administration and OBMP tasks during FY 2007/08.

Recommendations – Staff recommends the Committees and the Board take action to approve/adopt the Proposed FY 2007/08 Budget.

Fiscal Impact – The FY 2007/08 Proposed Budget expenses are $7,867,370. The FY 2007/08 Budget, as proposed, anticipates a slight increase in Administrative and OBMP costs, and an increase in OBMP project costs over the prior year "amended" budget.

DISCUSSION

For the Administrative costs:

- The draft budget includes anticipated increases in staff salary costs based on the proposed COLA this year of 4%.
- The draft budget includes anticipated increases for Information Services which encompasses costs to maintain developed databases, develop additional databases and to maintain the Watermaster computer network & workstations.

For OBMP General costs:

- Attorney-General Manager's meetings, Pool meetings, Advisory Committee and Board meetings.
- Miscellaneous data requests from Appropriators.
- Recalibration/Update groundwater model.

- Fund Microeconomic study.

Staff has compiled a draft budget for OBMP Project costs:

- Monitoring activities – Groundwater production, groundwater level and quality, surface water discharge and quality, and ground level.
- Continued implementation of the recharge improvement project including recharge and well monitoring program – this budget includes $760,000 for Recharge O&M expenses and $1,377,552 for Recharge debt service.
- Support of the Water Quality Committee, including engineering support for mitigation of volatile organic chemicals (VOC) plumes associated with the Ontario International Airport and the Chino Airport. Watermaster is also performing a comprehensive groundwater monitoring program in MZ-3.
- Development of a recharge master plan
- Management of subsidence and related monitoring and analysis
- Continued implementation of the Hydraulic Control Monitoring Program

In summary, the FY 2007/08 Budget, as proposed, anticipates a slight increase in Administrative and OBMP costs and an increase in project costs. Final assessments will be refined when the assessment package is prepared this fall; assessments are dependent on prior year pumping which will affect the final assessment amounts.

CHINO BASIN WATERMASTER

2007 / 2008

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CHINO BASIN WATERMASTER
SUMMARY BUDGET 2007-2008

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Ordinary Income					
4000 Mutual Agency Revenue	$200,139	$0	$138,000	$145,500	$7,500
4110 Appropriative Pool Assessments	4,829,596	5,214,166	7,227,619	7,423,879	196,259
4120 Non-Agricultural Pool Assessments	66,160	0	80,586	116,492	35,906
4730 Prorated Interest Income	334,285	108,305	136,500	181,500	45,000
4900 Miscellaneous Income	42,500	0	0	0	0
Total Income	**5,472,680**	**5,322,471**	**7,582,705**	**7,867,370**	**284,665**
Administrative Expenses					
6010 Salary Costs	491,105	355,627	447,037	477,247	30,210
6020 Office Building Expense	93,227	51,946	102,000	101,580	-420
6030 Office Supplies & Equip.	40,039	22,746	51,500	51,150	-350
6040 Postage & Printing Costs	79,874	46,661	78,500	83,000	4,500
6050 Information Services	89,452	68,809	112,500	132,000	19,500
6060 WM Special Contract Services	48,567	63,175	131,000	117,500	-13,500
6080 Insurance Expense	25,133	15,108	25,210	18,210	-7,000
6110 Dues and Subscriptions	15,677	13,420	16,750	16,750	0
6150 Field Supplies & Equipment	1,003	867	4,000	2,500	-1,500
6170 Vehicle Maintenance Costs	20,299	13,477	19,350	25,000	5,650
6190 Conferences & Seminars	17,245	19,375	22,500	22,500	0
6200 Advisory Committee Expenses	13,964	7,605	15,168	18,931	3,763
6300 Watermaster Board Expenses	42,743	17,164	36,955	41,714	4,759
6500 Education Fund Expenditures	375	375	375	375	0
8300 Appropriative Pool Administration	20,015	10,588	15,918	24,001	8,083
8400 Agricultural Pool Administration	130,684	40,734	95,633	96,004	371
8500 Non-Agricultural Pool Administration	4,100	3,391	6,694	7,328	634
9400 Depreciation Expense	31,714	0	0	0	0
9500 Allocated G&A Expenditures	-380,801	-195,527	-408,749	-419,640	-10,891
Total Administrative Expenses	**784,415**	**555,540**	**772,341**	**816,150**	**43,809**
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	1,329,336	931,973	1,713,780	1,716,138	2,358
6950 Cooperative Efforts	31,928	10,000	5,000	10,000	5,000
9501 Allocated G&A Expenditures	131,649	68,630	142,015	141,199	-816
Total General OBMP Expenditures	**1,492,913**	**1,010,603**	**1,860,795**	**1,867,337**	**6,542**

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CHINO BASIN WATERMASTER
SUMMARY BUDGET 2007-2008

	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7000 OBMP Implementation Projects					
7101 Production Monitoring	74,315	47,189	61,565	116,709	55,144
7102 In-Line Meter Installation/Maintenance	58,116	7,775	64,904	37,791	-27,113
7103 Groundwater Quality Monitoring	81,001	73,296	149,713	162,103	12,390
7104 Groundwater Level Monitoring	132,789	80,830	191,953	212,667	20,714
7105 Recharge Basin Water Quality Monitoring	32,181	1,678	32,247	40,553	8,306
7107 Ground Level Monitoring	542,595	80,413	160,984	425,466	264,482
7108 Hydraulic Control Monitoring Program	289,180	99,364	268,258	369,232	100,974
7109 Recharge & Well Monitoring Program	118,328	22,272	146,350	182,827	36,477
7200 OBMP Pgm Element 2 - Comp Recharge	786,392	717,791	1,472,997	1,255,827	-217,170
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	580	325	4,676	159,509	154,833
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	263,037	88,029	578,762	159,674	-419,088
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	112,150	131,656	310,507	308,533	-1,974
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	7,547	10,928	6,698	92,660	85,962
7700 Inactive Well Protection Program	1,304	0	14,921	4,339	-10,582
7690 Recharge Improvement Debt Payment	399,761	608,415	1,358,000	1,377,552	19,552
9502 Allocated G&A Expenditures	249,152	126,896	266,734	278,441	11,707
Total OBMP Implementation Projects	**3,148,429**	**2,096,856**	**5,089,269**	**5,183,883**	**94,614**
Total Expenses	**5,425,756**	**3,663,000**	**7,722,405**	**7,867,370**	**144,965**
Net Ordinary Income	**46,924**	**1,659,472**	**-139,700**	**0**	**139,700**
Other Income					
4210 Approp Pool-Replenishment	6,548,139	369,248	0	0	0
4220 Non-Ag Pool-Replenishment	0	0	0	0	0
4230 Groundwater Recharge Activity	0	0	0	0	0
Total Other Income	**6,548,139**	**369,248**	**0**	**0**	**0**
Other Expense					
5010 Groundwater Recharge	8,989,022	1,535,520	0	0	0
Total Other Expense	**8,989,022**	**1,535,520**	**0**	**0**	**0**
Net Other Income	**-2,440,884**	**-1,166,272**	**0**	**0**	**0**
9800 From / (To) Reserves	**2,393,960**	**-493,199**	**139,700**	**0**	**-139,700**
Net Income	**$0**	**$0**	**$0**	**$0**	**$0**

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CHINO BASIN WATERMASTER
FY 2007/2008
DETAIL BUDGET

	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Ordinary Income					
Income					
4000 Cooperative Effort Contributions					
4010 Local Agency Subsidies - Other	$0	$0	$138,000	$145,500	$7,500
4013 Local Agency Contr - OBMP	19,551	0	0	0	0
4040 Cooperative Agreement	180,587	0	0	0	0
Total 4000 Mutual Agency Revenue	200,139	0	138,000	145,500	7,500
4110 Appropriative Pool Assessments					
4111 Administrative Assessment	756,678	5,214,166	797,672	629,243	-168,429
4111.2 OBMP Assessment	2,814,398	0	3,628,811	4,121,218	492,407
4112 Ag Pool Reallocation - Administrative	201,097	0	215,009	171,591	-43,418
4113 Ag Pool Reallocation - OBMP	758,572	0	978,127	1,124,274	146,147
4115 Recharge Improvement Revenue	300,000	0	1,608,000	1,377,552	-230,448
4117 P/Y Adjustments & Pool Interest	-1,148	0	0	0	0
Total 4110 Appropriative Pool Assessments	4,829,596	5,214,166	7,227,619	7,423,879	196,259
4120 Non-Agricultural Pool Assessments					
4123 Administrative Assessment	25,559	0	14,522	15,316	794
4124 OBMP Assessment	39,453	0	66,064	101,176	35,112
4127 P/Y Adjustments	1,148	0	0	0	0
Total 4120 Non-Agricultural Pool Assessments	66,160	0	80,586	116,492	35,906
4730 Prorated Interest Income					
4731 Interest - Agricultural Pool	16,957	10,797	12,000	18,500	6,500
4732 Interest - Appropriative Pool	307,788	93,756	120,000	158,000	38,000
4733 Interest - Non-Agricultural Pool	9,462	3,705	4,500	5,000	500
4739 Interest - Education Fund	79	47	0	0	0
Total 4730 Prorated Interest Income	334,285	108,305	136,500	181,500	45,000
4900 Miscellaneous Income	42,500	0	0	0	0
Total Income	**5,472,680**	**5,322,471**	**7,582,705**	**7,867,370**	**284,665**

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DETAIL BUDGET

	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Administrative Expenses					
6010 Salary Costs					
6011 WM Staff Salaries & Payroll Burden	514,258	350,456	444,640	474,644	30,004
6012 Payroll Services	2,516	1,323	2,400	2,600	200
6013 Human Resources Services	0	10,096	0	0	0
6016 New Employee Search Costs	5,000	0	0	0	0
6017 Temporary Services	0	0	0	0	0
Subtotal Wages	521,775	361,875	447,040	477,244	30,204
6018 Fringe Benefits	-30,670	-6,248	452,102	497,044	44,942
60199 Payroll Burden Allocated	0	0	-452,105	-497,041	-44,936
Total 6010 Salary Costs	491,105	355,627	447,037	477,247	30,210
6020 Office Building Expense					
6021 Office Lease	57,560	26,172	61,000	64,080	3,080
6022 Telephone	11,840	5,773	14,000	10,000	-4,000
6024 Building Repairs & Janitorial	16,172	20,001	16,000	27,500	11,500
6026 Security Services	0	0	1,000	0	-1,000
6027 Other Expense	7,655	0	10,000	0	-10,000
Total 6020 Office Building Expense	93,227	51,946	102,000	101,580	-420
6030 Office Supplies & Equip.					
6031 Office Supplies	20,715	17,509	21,500	46,500	25,000
6038 Other Office Equipment	4,781	273	12,000	0	-12,000
6039 Office Expenses	11,575	2,925	11,500	0	-11,500
6141 Meeting Expenses	2,968	2,040	6,500	4,650	-1,850
Total 6030 Office Supplies & Equip.	40,039	22,746	51,500	51,150	-350
6040 Postage & Printing Costs					
6042 Postage	12,513	8,623	9,500	15,000	5,500
6043 Copy Machine Lease & Maintenance	65,190	35,901	60,000	60,000	0
6044 Postage Meter Lease	1,923	977	2,000	2,000	0
6045 Outside Printing	248	1,160	7,000	6,000	-1,000
Total 6040 Postage & Printing Costs	79,874	46,661	78,500	83,000	4,500

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
6050 Information Services					
6052 Consultants	55,125	37,754	56,500	72,500	16,000
6053 Internet Services	19,787	10,762	20,000	21,000	1,000
6054 Computer Software	-6,844	1,612	11,000	11,000	0
6055 Computer Hardware	19,048	18,436	25,000	27,500	2,500
Total 6050 Information Services	89,452	68,809	112,500	132,000	19,500
6060 WM Special Contract Services					
6061 Contract Services	46,365	34,032	60,000	51,500	-8,500
6062 Audit Services	0	0	6,000	6,000	0
6063 Public Relations Consultant	0	10,421	45,000	40,000	-5,000
6067 General Counsel	2,202	18,722	20,000	20,000	0
Total 6060 WM Special Contract Services	48,567	63,175	131,000	117,500	-13,500
6080 Insurance Expense					
6085 Business Insurance Package	25,133	15,108	25,000	18,000	-7,000
6086 Position Bond Insurance	0	0	210	210	0
Total 6080 Insurance Expense	25,133	15,108	25,210	18,210	-7,000
6110 Dues and Subscriptions					
6111 Membership Dues	14,891	13,145	16,000	16,000	0
6112 Subscriptions	786	275	750	750	0
Total 6110 Dues and Subscriptions	15,677	13,420	16,750	16,750	0
6150 Field Supplies & Equipment					
6151 Small Tools & Equipment	95	410	2,000	1,500	-500
6154 Uniforms	909	456	2,000	1,000	-1,000
Total 6150 Field Supplies & Equipment	1,003	867	4,000	2,500	-1,500
6170 Vehicle Maintenance Costs					
6170 Travel & Transportation	0	3,951	0	4,000	4,000
6171 Vehicle Allowance	6,025	3,900	6,000	8,400	2,400
6173 Mileage Reimbursements	1,140	719	1,350	1,400	50
6175 Vehicle Fuel	2,873	1,079	3,500	3,200	-300
6177 Vehicle Repairs & Maintenance	10,262	3,827	8,500	8,000	-500
Total 6170 Travel & Transportation	20,299	13,477	19,350	25,000	5,650

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FY 2007/2008
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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
6190 Conferences & Seminars					
6191 Conferences & Seminars	16,638	18,090	20,000	20,000	0
6192 Training & Continuing Education	608	1,285	2,500	2,500	0
Total 6190 Conferences & Seminars	17,245	19,375	22,500	22,500	0
6200 Advisory Committee Expenses					
6201 WM Staff Salaries	13,370	6,500	14,368	16,431	2,063
6212 Meeting Expense	594	1,105	800	2,500	1,700
Total 6200 Advisory Committee Expenses	13,964	7,605	15,168	18,931	3,763
6300 Watermaster Board Expenses					
6301 WM Staff Salaries	16,649	7,354	15,655	19,914	4,259
6311 Board Member Compensation	20,125	8,250	18,500	18,500	0
6312 Meeting Expense	5,711	1,560	2,500	3,000	500
6313 Board Members' Expenses	258	0	300	300	0
Total 6300 WM Board Expenses	42,743	17,164	36,955	41,714	4,759
6500 Education Fund Expenditures	375	375	375	375	0
8300 Appropriative Pool Administration					
8301 WM Staff Salaries	19,815	10,479	15,168	23,251	8,083
8312 Meeting Expenses	200	109	750	750	0
Total 8300 Appropriative Pool Administration	20,015	10,588	15,918	24,001	8,083
8400 Agricultural Pool Administration					
8401 WM Staff	17,029	8,663	15,333	20,604	5,271
8411 Compensation	1,950	825	1,500	1,600	100
8412 Meeting Expenses	49	0	300	300	0
8456 IEUA RTS Meter Charge	1,904	637	1,500	1,500	0
8467 Ag-Pool Legal Service	92,796	21,976	60,000	55,000	-5,000
8467.1 Frank B & Associates	5,905	3,083	5,000	5,000	0
8470 Ag Pool Meeting Special Compensation	11,050	5,550	12,000	12,000	0
Total 8400 Agricultural Pool Admin	130,684	40,734	95,633	96,004	371

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FY 2007/2008
DETAIL BUDGET

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
8500 Non-Agricultural Pool Administration					
8501 WM Staff	3,924	3,282	6,494	7,128	634
8512 Meeting Expense	175	109	200	200	0
Total 8500 Non-Agricultural Pool Admin	4,100	3,391	6,694	7,328	634
9400 Depreciation Expense	31,714	0	0	0	0
9500 Allocated G&A Expenditures	-380,801	-195,527	-408,749	-419,640	-10,891
Total Administrative Expenses	**784,415**	**555,540**	**772,341**	**816,150**	**43,809**
General OBMP Expenses					
6900 Optimum Basin Mgmt Program					
6901 OBMP - Staff	153,080	79,803	223,370	234,138	10,768
6906 OBMP - Engineering	315,197	291,698	285,820	395,000	109,180
6906.4 OBMP - CEQA	0	0	590,800	452,000	-138,800
6906.7 OBMP - DataX	137,204	26,659	70,450	10,000	-60,450
6906.8 OBMP - Reports	0	0	73,340	140,000	66,660
6907 OBMP - Legal					
6907.1 Ellison & Schneider	112,217	95,333	50,000	60,000	10,000
6907.2 Ludorff & Scalmanini	37,990	66,857	15,000	20,000	5,000
6907.3 WM Legal Counsel	562,449	342,396	350,000	350,000	0
6909 OBMP - Other Expense	11,200	29,227	55,000	55,000	0
Total 6900 OBMP	1,329,336	931,973	1,713,780	1,716,138	2,358
Total 6950 Cooperative Efforts	31,928	10,000	5,000	10,000	5,000
9501 Allocated G&A Expenditures	131,649	68,630	142,015	141,199	-816
Total General OBMP Expenses	**1,492,913**	**1,010,603**	**1,860,795**	**1,867,337**	**6,542**

CHINO BASIN WATERMASTER
FY 2007/2008
DETAIL BUDGET

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7000 OBMP Implementation Projects					
7100 OBMP Pgm Element 1 - Comp Monitoring Program					
7101 Production Monitoring					
7101.1 Production Monitoring - WM Staff	36,795	21,491	32,175	64,479	32,304
7101.3 Production Monitoring - Engineering Services	36,771	25,323	28,640	51,480	22,840
7101.4 Production Monitoring - Computer Services	750	375	750	750	0
Total 7101 Production Monitoring	74,315	47,189	61,565	116,709	55,144
7102 In-Line Meter Installation/Maintenance					
7102.1 In-Line Meter - WM Staff	5,381	442	12,154	2,541	-9,613
7102.4 In-Line Meter - Contract Services	150	0	7,500	0	-7,500
7102.5 In-Line Meter - Maintenance & Repair	4,104	1,230	15,000	4,000	-11,000
7102.6 In-Line Meter - Supplies	0	63	250	0	-250
7102.7 In-Line Meter - In-Line Meters	23,527	1,570	7,500	5,000	-2,500
7102.8 In-Line Meter - Calibration & Testing	24,954	4,470	22,500	26,250	3,750
Total 7102 In-Line Meter Installation/Maintenance	58,116	7,775	64,904	37,791	-27,113
7103 Groundwater Quality Monitoring					
7103.1 Grdwtr Quality - WM Staff	24,828	23,746	66,403	74,600	8,197
7103.3 Grdwtr Quality - Engineering Services	32,387	49,172	60,560	70,577	10,017
7103.4 Grdwtr Quality - Contract Services	13,893	0	0	0	0
7103.5 Grdwtr Quality - Laboratory Services	9,059	0	20,000	14,177	-5,824
7103.6 Grdwtr Quality - Supplies	85	3	2,000	2,000	0
7103.7 Grdwtr Quality - Computer Services	750	375	750	750	0
Total 7103 Groundwater Quality Monitoring	81,001	73,296	149,713	162,103	12,390
7104 Groundwater Level Monitoring					
7104.1 Grdwtr Level - WM Staff	75,601	34,260	81,383	87,137	5,754
7104.3 Grdwtr Level - Engineering Services	32,034	44,331	84,570	103,730	19,160
7104.4 Grdwtr Level - Contract Services	0	1,567	10,000	11,500	1,500
7104.6 Grdwtr Level - Supplies	2,417	671	2,000	2,500	500
7104.7 Grdwtr Level - Capital Equipment	22,737	0	14,000	7,800	-6,200
Total 7104 Groundwater Level Monitoring	132,789	80,830	191,953	212,667	20,714

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FY 2007/2008
DETAIL BUDGET

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7105 Recharge Basin Water Quality Monitoring					
7105.1 Recharge Basin Water Quality - WM Staff	5,071	1,678	30,747	36,053	5,306
7105.3 Recharge Basin Water Quality - Engineering Services	6,093	0	0	0	0
7105.4 Recharge Basin Water Quality - Laboratory Services	20,781	0	0	3,500	3,500
7105.6 Recharge Basin Water Quality - Supplies	236	0	1,500	1,000	-500
Total 7105 Recharge Basin Water Quality Monitoring	32,181	1,678	32,247	40,553	8,306
7107 Ground Level Monitoring					
7107.1 Ground Level - WM Staff	4,098	2,270	1,044	3,173	2,129
7107.2 Ground Level - Engineering Services	129,652	30,643	46,740	152,093	105,353
7107.3 Ground Level - Synthetic Aperture Radar	25,000	12,500	30,000	27,000	-3,000
7107.5 Ground Level - Laboratory Services	0	0	0	1,100	1,100
7107.6 Ground Level - Contract Services	81,631	35,000	83,200	242,100	158,900
7107.7 Ground Level - Piezometer at Ayala Park	302,213	0	0	0	0
Total 7107 Ground Level Monitoring	542,595	80,413	160,984	425,466	264,482
7108 Hydraulic Control Monitoring					
7108.1 Hydraulic Control Monitoring - WM Staff	2,276	353	2,088	13,545	11,457
7108.2 Hydraulic Control Monitoring - Temporary Services	20,964	16,427	0	0	0
7108.3 Hydraulic Control Monitoring - Engineering Services	173,551	82,584	162,970	215,787	52,817
7108.4 Hydraulic Control Monitoring - Laboratory Services	41,302	0	88,200	97,020	8,820
7108.5 Hydraulic Control Monitoring - Construction	0	0	0	0	0
7108.9 Hydraulic Control Monitoring - Contract Services	51,087	0	15,000	42,880	27,880
Total 7108 Hydraulic Control Monitoring	289,180	99,364	268,258	369,232	100,974
7109 Recharge & Well Monitoring					
7109.3 Recharge & Well Monitoring - Engineering Services	70,181	22,272	44,850	71,177	26,327
7109.4 Recharge & Well Monitoring - Laboratory Services	48,146	0	101,500	111,650	10,150
Total 7109 Recharge & Well Monitoring	118,328	22,272	146,350	182,827	36,477

CHINO BASIN WATERMASTER
FY 2007/2008
DETAIL BUDGET

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7200 OBMP Pgm Element 2 - Comp Recharge					
7201 Comp Recharge - WM Staff	119,569	56,565	159,727	128,327	-31,400
7202 Comp Recharge - Engineering Services	42,595	15,424	40,270	14,340	-25,930
7202.1 Comp Recharge - Recharge Master Plan	78,651	0	0	317,660	317,660
7203 Comp Recharge - Contract Services	26,432	10,214	20,000	28,000	8,000
7204 Comp Recharge - Supplies	5,798	2,406	10,000	5,000	-5,000
7206 Comp Recharge - Basin Program O&M	510,000	616,505	1,233,000	760,000	-473,000
7207 Comp Recharge - Legal	3,348	0	10,000	2,500	-7,500
7208 Hansen Aggregate Damages	0	16,677	0	0	0
Total 7200 Comprehensive Recharge	786,392	717,791	1,472,997	1,255,827	-217,170
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter					
7301 OBMP - WM Staff	580	325	4,676	23,909	19,233
7303 OBMP - Engineering Services	0	0	0	135,600	135,600
Total 7300 OBMP Elements 3 & 5 Water Supply Plan	580	325	4,676	159,509	154,833
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies					
7401 OBMP - WM Staff	5,594	2,363	13,762	11,667	-2,095
7402 OBMP - Engineering Services	243,166	70,559	169,000	147,457	-21,543
7403 OBMP - Contract Services	1,589	14,845	396,000	0	-396,000
7404 OBMP - Supplies	2,751	44	0	100	100
7405 OBMP - Other Expenses	9,937	217	0	450	450
Total 7400 OBMP Element 4 - Mgmt Zone Strategies	263,037	88,029	578,762	159,674	-419,088
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt					
7501 OBMP - WM Staff	2,906	0	3,507	3,783	276
7502 OBMP - Engineering Services	100,424	117,280	307,000	269,750	-37,250
7503 OBMP - Contract Services	8,820	0	0	0	0
7506 OBMP - CO-OP Legal	0	14,376	0	35,000	35,000
Total 7500 OBMP Element 6 & 7 - Coop Efforts/Salt Mgmt	112,150	131,656	310,507	308,533	-1,974

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use					
7601 OBMP - WM Staff	7,547	4,060	6,698	9,660	2,962
7602 OBMP - Engineering Services	0	0	0	62,500	62,500
7603 OBMP - Contract Services	0	6,868	0	20,000	20,000
7605 OBMP - Other Expenses	0	0	0	500	500
Total 7600 OBMP Element 8 & 9 Storage Mgmt/Conj Use	7,547	10,928	6,698	92,660	85,962
7700 Inactive Well Protection Program					
7701 Inactive Well Protection Program - WM Staff	0	0	5,171	2,839	-2,332
7702 Inactive Well Protection Program - Engineering Services	0	0	1,000	0	-1,000
7703 Inactive Well Protection Program - Contract Services	1,304	0	8,750	1,500	-7,250
Total 7700 Inactive Well Protection Program	1,304	0	14,921	4,339	-10,582
7690 Recharge Improvement Debt Payment	399,761	608,415	1,358,000	1,377,552	19,552
9502 Allocated G&A Expenditures	249,152	126,896	266,734	278,441	11,707
Total OBMP Implementation Projects	**3,148,429**	**2,096,856**	**5,089,269**	**5,183,883**	**94,614**
Total General OBMP & Implementation Projects	**4,641,341**	**3,107,459**	**6,950,064**	**7,051,220**	**101,156**
Total Expenses	**5,425,756**	**3,663,000**	**7,722,405**	**7,867,370**	**144,965**
Net Ordinary Income	**46,924**	**1,659,472**	**-139,700**	**0**	**139,700**

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DETAIL BUDGET

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Other Income					
Water Replenishment Assessments					
4210 Approp Pool-Replenishment					
4211 15% Gross Assessments	891,531	0	0	0	0
4212 85% Net Assessments	5,052,010	0	0	0	0
4213 100% Net Assessments	235,349	0	0	0	0
4214 Prior Year Adjustment	369,248	369,248	0	0	0
Total 4210 Approp Pool-Replenishment	6,548,139	369,248	0	0	0
4220 Non-Ag Pool-Replenishment					
4223 Net Replenishment	0	0	0	0	0
Total 4220 Non-Ag Pool-Replenishment	0	0	0	0	0
4230 Groundwater Recharge Activity					
4230 Groundwater Recharge	0	0	0	0	0
4231 MZ1 Assigned Water Sales	0	0	0	0	0
Total 4230 Groundwater Recharge Activity	0	0	0	0	0
Total Other Income	**6,548,139**	**369,248**	**0**	**0**	**0**
Other Expense					
5010 Groundwater Recharge					
5011 Replenishment Water	8,619,003	1,290,960	0	0	0
5012.4 MZ1 Interim Imported Water Purchase	0	0	0	0	0
5014 Vector Control	2,860	0	0	0	0
5015 OC-59 Use Fees	41,107	26,142	0	0	0
5015.1 OC-59 Use Fees - Other	0	6,175	0	0	0
5016.1 CBWCD Basin Maintenance	0	0	0	0	0
5017 IEUA Surcharges	326,052	212,243	0	0	0
Total 5010 Groundwater Recharge	8,989,022	1,535,520	0	0	0
Total Other Expense	**8,989,022**	**1,535,520**	**0**	**0**	**0**
Net Other Income	**-2,440,884**	**-1,166,272**	**0**	**0**	**0**
(To) / From Reserves	**2,393,960**	**-493,199**	**139,700**	**0**	**-139,700**
Net Income	**$0**	**$0**	**$0**	**$0**	**$0**

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CHINO BASIN WATERMASTER
2007-2008 BUDGET
LINE ITEM JUSTIFICATION

Budget Line Number	Comments	
ORDINARY INCOME/EXPENSE		
4000 COOPERATIVE EFFORT CONTRIBUTIONS		
4010	Local Agency Subsidies - Other	This account represents funds which are to be received from Metropolitan Water District to offset our costs related to administering the Dry Year Yield Program.
4110 APPROPRIATIVE POOL ASSESSMENTS		
4111	Administrative Assessment	Appropriative Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Appropriators on a per acre-foot basis levied based on the prior year's production.
4111.2	OBMP Assessment	Appropriative Pool Assessments equal the Pool's share of all Optimum Management costs levied to the Appropriators on a per acre-foot basis based on the prior year's production.
4112	Agricultural Pool Reallocation-Administrative Assessment	The Appropriative Pool and the Overlying Agricultural Pool agreed that the unproduced portion of Ag Pool's annual share of safe yield (82,800 acre-feet) would be immediately reallocated to the Appropriative Pool members provided the Appropriative Pool would pay the Agricultural Pool's share of Administrative and Special Project expenses.
4113	Agricultural Pool Reallocation- OBMP Assessment	With separate assessments levied for General Administration and Optimum Basin Management Plan and Implementation Costs, the Agricultural Pool costs charged through the reallocation levy have been separated to differentiate between the revenues from the two levies.
4115	Recharge Improvement Revenue	This line item covers funds required to pay the budgeted debt service payment and the operating & maintenance expenses.
4117	P/Y Adjustments	Consists of adjustments related to prior years, if any.
4120 NON-AGRICULTURAL POOL ASSESSMENTS		
4123	Administrative Assessment	Non-Agricultural Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Non-Agricultural Pool based on the prior year's production.
4124	OBMP Assessment	Non-Agricultural Pool Assessments equal the Pool's share of all Optimum Basin Management costs levied to the Pool members based on the prior year's production.
4127	P/Y Adjustments	Consists of adjustments related to prior years, if any.
4730 PRORATED INTEREST INCOME		Interest is prorated between the Pools and the Education Fund using formula approved by the Advisory Committee and Pools several years ago.
4900 MISCELLANEOUS INCOME		Miscellaneous income, such as fees collected for data requests, rebates, etc.
6010 SALARY COSTS		
6011	WM Staff Salaries & Payroll Burden	Expenses related to administrative staff hours and costs not related to a particular project.
6012	Payroll Services	Expenses related to processing of bi-weekly payroll and preparation of quarterly and annual tax returns, including year end W-2 processing.
6016	Employee Search Costs	Costs cover "help wanted" advertisements, pre-employment physicals & non-staff or consultant interviewer's time (if applicable).
6018	Fringe Benefits	Benefits paid to employees such as medical, dental, vacation, sick leave & holidays.
60199	Payroll Burden Allocated	Fringe benefits allocated to salary costs.
6020 OFFICE BUILDING EXPENSE		
6021	Office Lease	Lease for Watermaster office.
6022	Telephone	Telephone expense includes office telephone system, cellular phones for management & field staff along with conference call service.
6024	Building Repair & Maintenance	This line item covers monthly housekeeping & maintenance requests to the office.
6026	Security Services	This line item covers the office alarm system.
6027	Other Expense	Expenses to this line include office building improvements.
6030 OFFICE SUPPLIES & EQUIPMENT		
6031	Office Supplies	Office supplies include: copy paper, stationary, envelopes, checks and other miscellaneous office supplies.
6038	Office Equipment	This Budget line covers the cost of office equipment not included in office supplies referenced in account 6031.
6039	Office Expense	This line covers the costs of items not covered under any of the above #6030 lines including file management consulting fees.
6141	Meeting Expenses	Expenses charged to this line include administrative meeting expenses.

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CHINO BASIN WATERMASTER
2007-2008 BUDGET
LINE ITEM JUSTIFICATION

Budget Line Number	Comments	
6040 POSTAGE & PRINTING COSTS		
6042	Postage	Postage reflected here covers the cost of mailing or shipping all meeting notices and agendas; correspondence; Annual Reports; outgoing bills and payments, etc. Charges include Fedex and United Parcel Service costs as well as postage.
6043	Copy Machine Lease	This line covers the cost of leasing copy machines as well as the costs for copies exceeding the minimum number per month/year as stipulated in the lease agreements.
6044	Postage Meter Lease	Postage meter costs includes the annual lease fees, quarterly reset fees and postage meter ink cartridge replacements.
6045	Printing	Printing costs covered here are those done by outside printers and include the Annual Report, blueprints, special area street maps, color prints, emergency printing when copiers are down for repairs, etc. Color brochures and annual financial statements will be printed.
6050 WATERMASTER INFORMATION SERVICES		
6052	Computer Consultant Support Services	Watermaster uses consultants to maintain its computer network & workstations as well as to develop & maintain databases.
6053	Internet Services	Website maintenance costs & T-1 internet connection.
6054	Computer Software	Costs include new software, software upgrades, textbooks, manuals, etc.
6055	Computer Hardware	Costs include new and upgraded computer hardware such as workstations, servers, printers, backup power supplies, etc.
6057	Computer Maintenance	Computer maintenance includes parts for breakdowns and routine maintenance.
6060 WATERMASTER SPECIAL CONTRACT SERVICES		
6061	Other Contract Services	Watermaster retains consultants to develop and implement strategic plans and develop brochures and the Annual Report.
6062	Audit Services	This line item budgets funds to pay for the required annual financial statement audit.
6063	Public Relations Consultant	Watermaster retains outside consultants on a per contract basis as our Public Relations Consultant, to keep us up to date regarding relevant legislative issues.
6067	Legal Services - General Counsel	Watermaster's general counsel expenses related to personnel and non-project specific matters.
6080 INSURANCES		
6085	Business Insurance Package	All insurance policies are now included under Business Insurance Package, including auto & general liability.
6086	Position Bond Insurance	Insures key positions for risk of misappropriation and/or fraud.
6110 DUES & SUBSCRIPTIONS		
6111	Membership Dues	Watermaster memberships include: American Water Works Assoc Research Foundation, Association of California Water Agencies, Association of Ground Water Agencies.
6112	Subscriptions	Watermaster subscribes to the periodicals and trade journals.
6150 FIELD SUPPLIES & EQUIPMENT		
6151	Small Tools & Equipment	Small tools include: any tool which might be required while work in the field.
6154	Uniforms & Safety Shoes	T-shirts, hats & jackets are provided to staff with Watermaster's logo to wear while in the field and while representing Watermaster. This line item also includes work boots for field staff.
6170 TRAVEL & TRANSPORTATION		
6170	Travel & Transportation	Travel & Transportation costs related to Watermaster business, not related to conferences & seminars.
6171	Vehicle Allowances	Employment agreement allows the Chief Executive Officer a vehicle allowance of $650 per month.
6173	Mileage Reimbursements	Reimbursements paid to Watermaster employees' for use of personal vehicles for Watermaster business at the federally approved rate per mile.
6175	Vehicle Fuel	Fuel expenses for Watermaster owned vehicles.
6177	Vehicle Repairs	Covers repairs & maintenance to Watermaster's vehicles.
6179	Vehicle Purchase	This item includes purchases of additional vehicles.

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CHINO BASIN WATERMASTER
2007-2008 BUDGET
LINE ITEM JUSTIFICATION

Budget Line Number		Comments
6190	CONFERENCES & SEMINARS	
6191	Conferences & Seminars	Staff attends conferences for information, training, or making presentations regarding the Chino Basin Watermaster activities.
6192	Training & Continuing Education	Attendance at training & continuing education for staff.
6200	ADVISORY COMMITTEE	
6201	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Advisory Committee meetings.
6212	Meeting Expenses	Advisory Committee meetings are normally scheduled to cover the lunch hour so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, a luncheon or refreshments are served and those costs are reflected here.
6300	WATERMASTER BOARD EXPENSES	
6301	WM Staff Salaries	Salary and burden costs of WM staff in preparing for and attending Watermaster Board Meetings.
6311	Member Compensation	Board Members are entitled to, but may waive, compensation for each day of service. Those who have not waived, receive $125 per day served at various meetings including Board meetings, Committee meetings and other water agency meetings, including conference calls.
6312	Meeting Expenses	Board and Committee meetings may be scheduled to cover the lunch hour so that attendees are absent from their normal jobs the least amount of time possible. If this occurs, a luncheon or refreshments are served and those costs are reflected here.
6313	Board Member's Expenses	Board Members are entitled to receive reimbursement for expenses incurred on behalf of Watermaster. Upon request, mileage is reimbursed to any Board Member using a personal vehicle on Watermaster business.
6500	EDUCATION FUND EXPENDITURES	This account disburses funds from the educational account as directed.
8300	APPROPRIATIVE POOL ADMINISTRATION AND SPECIAL PROJECTS	
8301	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings, and any other Appropriative Pool administrative activity.
8312	Meeting Expenses	This item covers meeting expenses, including the cost of refreshments.
8400	AGRICULTURAL POOL ADMINISTRATION AND SPECIAL STUDIES	
8401	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings, and any other Agricultural Pool administrative activity.
8411	Compensation - AG Pool Members	AG Pool Members are reimbursed $25 for each Pool, Committee or Board Meeting attended. Ag Pool voted to increase reimbursement to $125 per meeting with the extra $100 to be paid out of Ag Pool accumulated interest. This additional $100 is shown under account #8470.
8412	Meeting Expenses	This item covers meeting expenses, including the cost of refreshments.
8456	IEUA RTS Meter Charge	Inland Empire Utilities Agency implemented a 'readiness to serve' charge against Watermaster for future provision of service to the land in the Agricultural preserve.
8467	Agri-Pool Legal Services	The Agricultural Pool retains its own legal council to represent them in all Watermaster matters.
8467.1	Frank B & Associates	The Agricultural Pool has contracted with a water management consultant to assist them in following Watermaster activities important to the Agricultural Pool.
8470	Ag Pool Meeting Special Compensation	See account #8411 for details of this line item.
8500	NON-AGRICULTURAL POOL ADMINISTRATION AND SPECIAL PROJECTS	
8501	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings and any other Non-Agricultural Pool administrative activity.
8512	Meeting Expense	This item covers meeting expenses, including the cost of refreshments.
9500	ALLOCATED G&A EXPENDITURES	Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.
6900	OPTIMUM BASIN MANAGEMENT PROGRAM	
6900	OPTIMUM BASIN MANAGEMENT PROGRAM - GENERAL ENGINEERING	This work includes general engineering services requested by Watermaster to support implementation of the OBMP. The current budget request includes general, non-project specific as well as ad hoc requests for services and data requests promoting the ongoing efforts to implement the OBMP. Items include CEQA work as required for the Peace II process including basic CEQA processing, recalibrating the groundwater model, preparing documentation, and peer review and forecasting; Dr. Sunding's Microeconomic Study as part of the Peace II process; the design, modification, and maintenance of the DataX program (half of the total expense for this project is budgeted, as the other half will be paid by IEUA); and all aspects of preparing reports as required by the OBMP, including the State of the Basin Report bi-annually.

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LINE ITEM JUSTIFICATION

Budget Line Number	Comments	
6950	COOPERATIVE EFFORTS	On an ad hoc basis, Watermaster and other agencies agree to share the costs of various projects that will benefit both parties.
6953	TDS/Nitrogen Study - SAWPA	This is an on-going study managed through SAWPA with many contributors and participants. The amount budgeted is one-half the previous Watermaster commitment as was budgeted for Phase 2B. It is to finalize the Basin Plan Update with the RWQCB.
6956	CBWCD-Turner Basin Development	This represents funds expended for development within the Turner Basin.
6959	Public Awareness Campaign/Legislative Updates	This is a project that began as a result of the State of California's electric supply problems. It has subsequently evolved to include public awareness campaigns, along with updates regarding legislative activities.
9501	ALLOCATED G&A EXPENDITURES	Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.
7000	OPTIMUM BASIN MANAGEMENT PROGRAM IMPLEMENTATION PROJECTS	
7101	PRODUCTION MONITORING	Watermaster staff collects and processes production information for the approximately 670 wells within the Basin, including approximately 220 Appropriator wells and approximately 450 private wells. Consultant staff reads the meters for the private wells, while the Appropriators report their meter readings to Watermaster. The data are inputted into a production database that is updated quarterly, and that is used at the end of the fiscal year to provide essential data for the Assessment Package. Computer services are for the subscription for parcel lot information (split 50/50 with 7103--Groundwater Quality Monitoring).
7102	IN-LINE METER INSTALLATION	Approximately 350 in-line flow meters are now installed on the previously unmetered private wells. Approximately 150 meters must be calibrated each year and other maintenance and repairs are required. Each calibration is expected to cost $175. Eight more meters are expected to be installed this fiscal year, as these wells are expected to remain for at least another 12 months.
7103	GROUNDWATER QUALITY MONITORING	Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater quality monitoring program. Previously, Watermaster annually collected water quality data from approximately 200 private wells and obtained other water quality data from other cooperators so that approximately one-third of the active wells were sampled every third year. Other cooperators include members of the appropriative and overlying non-agricultural pools, the Regional Water Quality Control Board, the Department of Toxic Substances Control, the United States Geological Survey, the Orange County Water District and others. The key well monitoring program has now been implemented. Approximately 115 wells are included within the water quality key well program, with approximately 60 wells being sampled and analyzed each year. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. The ad hoc Water Quality Committee oversees the surface water and groundwater quality programs to ensure that necessary data are collected to effectively manage the Basin. Required supplies for this line item include sampling equipment such as piping and valving. Computer services are for the subscription for parcel lot information (split 50/50 with 7101--Production Monitoring).
7104	GROUNDWATER LEVEL MONITORING PROJECT	Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater-level monitoring program. Previously, Watermaster staff measured all the private wells in the agricultural area that could be measured - once in the fall and once in the spring. Groundwater level data was also obtained from cooperators for other wells. Cooperators include members of the appropriative and overlying non-agricultural pools, Regional Water Quality Control Board (RWQCB), Department of Toxic Substances Control (DTSC), United States Geological Survey, Orange County Water District, and others. The key well monitoring program has now been implemented. Desalter/HCMP wells are now measured monthly and an additional approximately 380 are now measured semi-annually. Contract services for this item include the construction of aluminum covers for transducers not otherwise enclosed in structures and ground-level surveys of well reference points. Required supplies for this line item include sounder replacement lines, rubber gloves, distilled water, and fittings for installing transducers. Capital equipment for this line item include transducers and transducer download cables.
7105	BASIN WATER QUALITY MONITORING	Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the surface water quality monitoring program. Work in this line item includes measuring water quality at recharge and flood retention basins within the Chino Basin. This was typically done during the rainy season only; approximately 3-4 samplings per basin per year. However, with the start of more recycled water and imported water recharge, sampling is expected to increase significantly. Flow and water quality data will also be collected from cooperators including IEUA, WR, JCSD, Cities of Corona and Riverside, Regional Water Quality Control Board, United States Geological Survey, Orange County Water District and others. This information is necessary to determine the quality of stormwater recharge, which is subsequently used to estimate salt offsets for recycled and imported water recharge. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. Required supplies for this line item include rubber gloves, sample bags, tools, and field lab equipment.

Budget Line Number	Comments	
7107	GROUND LEVEL MONITORING	Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the development and implementation of a ground level monitoring program. Watermaster is interested in determining how much, if any, subsidence has occurred in the Basin and in monitoring the effectiveness of the OBMP in minimizing it. Data will be collected from a network of ground elevation stations (surveys), from a multi-piezometer and from a dual borehole extensometer in the subsidence-prone area (mainly Management Zone 1). Satellite imagery (InSAR) also will be collected and analyzed for subsidence. Watermaster is implementing these efforts as part of the monitoring program associated with the MZ1 interim management plan. A web page for real-time water level reading at the PA-7 Piezometer (Ayala Park) will be implemented, which is a requirement of the MZ-1 Long-Term Management Plan. A new Central MZ1 piezometer is also planned; as well as is an extensive ground-level survey to determine reference points for several wells near the piezometer.
7108	HYDRAULIC CONTROL MONITORING PROGRAM	As part of the Basin Plan, a monitoring plan to evaluate the state of hydraulic control in the southern end of the basin has been developed. Hydraulic control will be used to maximize the safe yield of the basin. Watermaster, OCWD and the Regional Board have developed a monitoring plan to assess the state of hydraulic control to provide information to Watermaster to manage future production and recharge. Samples are collected from seven stations along the SAR every-other-week for water quality analyses. Stream flow measurements are also collected from five stations along the SAR. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. Two new nested monitoring wells are also planned, that will be located near the OIA VOC plume and near the former IEUA Co-Composter Facility.
7109	RECHARGE AND WELL MONITORING PROGRAM	Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the surface water quality monitoring program. Work in this line item includes measuring water quality at recharge and flood retention basins within the Chino Basin. Lysimeter samples will be collected and analyzed at recycled water recharge basins. Also, monitoring well samples will be collected and analyzed at recycled water recharge basins. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. Reports prepared under this line item include Quarterly and Annual Reports, Start-up Reports for Brooks and 8th Street Basins, and the Tracy Study at Brooks Basin Report.
7200	OBMP PROGRAM ELEMENT 2 -- COMPREHENSIVE RECHARGE PROGRAM	Watermaster and IEUA will continue to improve the new recharge facilities by enhancing the SCADA system, hardening and heightening the internal conservation berms, installing ground water monitoring wells and lysimeters, adding reclaimed water turnouts, and conducting new basin feasibility studies. This line item includes the development and revision of the Recharge Master Plan.
7300	OBMP PROGRAM ELEMENTS 3 & 5 – WATER SUPPLY PLAN - DESALTER	Pursuant to the OBMP & Peace Agreement, Watermaster assisted in the formation of the Chino Basin Desalter Authority (CDA) to expand the Chino I Desalter and to construct Chino II Desalter. The work in this line item includes engineering services for the technical review of non-Watermaster consultant work products for consistency with OBMP and other Watermaster interests. Work in this line item also includes the design and implementation of the proposed Chino Creek Desalter well field.
7400	OBMP PROGRAM ELEMENT 4 - MANAGEMENT ZONE MANAGEMENT STRATEGIES	Pursuant to the OBMP & Peace Agreement, Watermaster has begun the process of developing management plans for MZ1 & MZ3. Producers in the known subsidence area in MZ1 agreed to an MZ1 Interim Management Plan. Watermaster will be collecting and reporting data gathered from the piezometer and extensometer installed in FY 02/03 and data from ground level survey stations. Data collected will be presented and discussed at the MZ1 Technical Group meetings. In Management Zone 3, Watermaster will conduct a thorough ground water quality survey to locate contaminant plumes which might impact appropriator wells. Plans include quarterly sampling and analyses of two new "sentry" wells to provide on-going monitoring of plume management.
7500	OBMP PROGRAM ELEMENTS 6 & 7 – COOPERATIVE EFFORTS AND SALT MANAGEMENT	Pursuant to the OBMP & Peace Agreement, Watermaster will complete specific activities to improve water quality monitoring and analyze the effectiveness of the OBMP to accomplish its goals. The work in this line item included coordinating with RWQCB and DTSC, and participating in the TMDL process for Santa Ana River, Chino and Mill Creeks.
7600	OBMP PROGRAM ELEMENTS 8 & 9 – STORAGE MANAGEMENT AND CONJUNCTIVE USE PROGRAMS	Pursuant to the OBMP & Peace Agreement, Watermaster will complete specific activities to implement storage management and to develop storage and recovery programs.
7700	INACTIVE WELL PROTECTION PROGRAM	Pursuant to the OBMP & Peace Agreement, Watermaster has compiled a list of inactive wells that have not been properly abandoned. Watermaster equips inactive wells with devices that meet the requirement of well abandonment to protect the integrity of the groundwater. These devices also allow for access to the well for monitoring purposes, if necessary. This fiscal year, approximately three more inactive wells will be equipped with such devices.
7690	RECHARGE IMPROVEMENT DEBT PAYMENT	Repayment of debt as agreed to in contract with Inland Empire Utilities Agency for improvement of recharge basins within the Chino Basin, to be paid by the Appropriators.
9502	ALLOCATED G&A EXPENDITURES	Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.

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Budget Line Number	Comments	
SUPPLEMENTAL & REPLENISHMENT WATER INCOME AND EXPENSES		
		Water rights were assigned in the Judgment entered in 1978. It established the terms and conditions regarding replenishment water and how the assessments would be levied to cover the water for each pool. No amounts are budgeted in this category as Watermaster is unable to determine what the overproduction will be at year, if any. Replenishment water is a "pass-thru" expense meaning all amounts overproduced by an agency are billed to them at the rate Watermaster pays for the cost of the water,
4210	App Pool Replenishment Assessments	Certain Appropriators under the Judgment have 15% of the cost of replenishment water required by their group and 85% of the cost is paid by the appropriator overproducing water in the prior year. Other Appropriators have the obligation to pay 100% of the costs of replacing any overproduced water.
4211	15% Gross Assessments	Costs levied against the 15%/85% group for replacing water.
4212	85% Gross Assessments	Costs levied against the 15%/85% group for replacing water.
4213	100% Net Assessments	Costs levied against those subject to 100% assessments for replacing water.
4220	Non-Ag Pool Replenishment	Non-Ag members (primarily industrial producers) are required to replace any water produced which exceeds their assigned water rights.
4230	Net Replenishment Assessments	Costs levied against those subject to 100% assessments for replacing.
5010	GROUNDWATER RECHARGE	Costs of Replenishment or Supplemental Water.
5011	Replenishment Water	This line covers the costs of purchasing replenishment water from MWD at $233/AF.
5012.4	MZ1 Interim Imported Water Purchase	This line covers the costs of purchasing water @ $233/AF.
5014	Vector Control	Vector control at Recharge Basins.
5015	OC-59 Use Fees	Connection Fees.
5017	IEUA Surcharges	Inland Empire Utilities Agencies charges a fee for water delivered.

DRAFT

CHINO BASIN WATERMASTER
ASSESSMENT CALCULATION
FISCAL YEAR 2007-2008
**ESTIMATED, BASED ON PREVIOUS YEARS ASSESSMENT PACKAGE

	MEMO ONLY FISCAL YEAR 2007-2008 BUDGET TOTALS	ASSESSMENT	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AG POOL	
PRODUCTION BASIS								
2004-05 Production & Exchanges in Acre-Feet		164,588.252	127,810.967	77.655%	34,450.449	20.931%	2,326.836	1.414%
2005-06 Production & Exchanges in Acre-Feet		161,240.932	124,315.140	77.099%	33,899.960	21.024%	3,025.832	1.877%
BUDGET			General Administration	OBMP	General Administration	OBMP	General Administration	OBMP
Administration, Advisory Committee & Watermaster Board (1)	$816,150	$816,150	$629,243		$171,591		$15,316	
OBMP & Implementation Projects(1)	5,673,668	5,673,668		$4,374,341		$1,192,855		$106,472
General Admin & OBMP Assessments	6,489,818	6,489,818	629,243	4,374,341	171,591	1,192,855	15,316	106,472
TOTAL BUDGET		6,489,818	629,243	4,374,341	171,591	1,192,855	15,316	106,472
Less Budgeted Interest Income	(181,500)	(181,500)		(140,944)		(37,990)		(2,566)
Contributions from Outside Agencies	(145,500)	(145,500)		(112,179)		(30,591)		(2,730)
CASH DEMAND		6,162,818	629,243	4,121,218	171,591	1,124,274	15,316	101,176
OPERATING RESERVE								
Administrative	0% 0	$0	$0		$0		$0	
OBMP	0% 0	0		$0		$0		$0
Less: Funds On Hand Utilized for Assessments	0	0		0		0		0
FUNDS REQUIRED TO BE ASSESSED		$6,162,818	$629,243	$4,121,218	$171,591	$1,124,274	$15,316	$101,176
Proposed Assessments								
General Administration Assessments		Per Acre-Foot	**$5.06**	**$33.15**	**$5.06**	**$33.16**	**$5.06**	**$33.44**
Minimum Assessments		Per Producer	**$5.00**				**$5.00**	
Prior Year Assessments (For Information Only)		Per Acre-Foot	$6.23	$34.49	$6.23	$34.49	$6.23	$34.49

(1) Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment or Replenishment water purchases.

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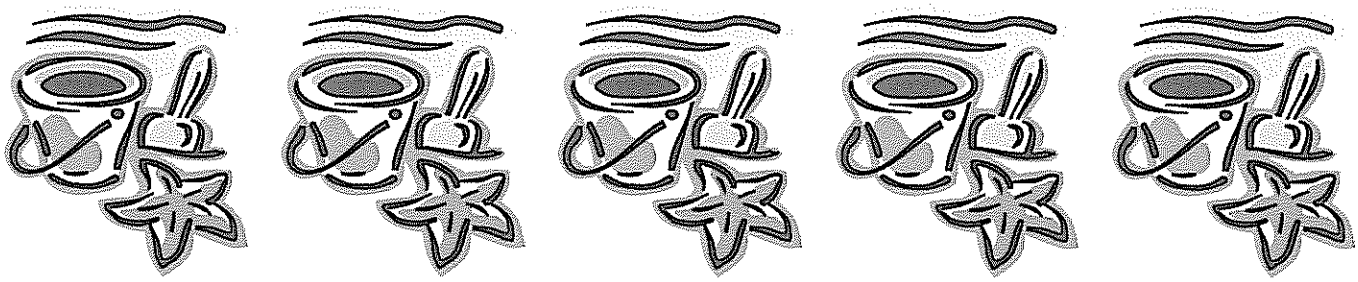
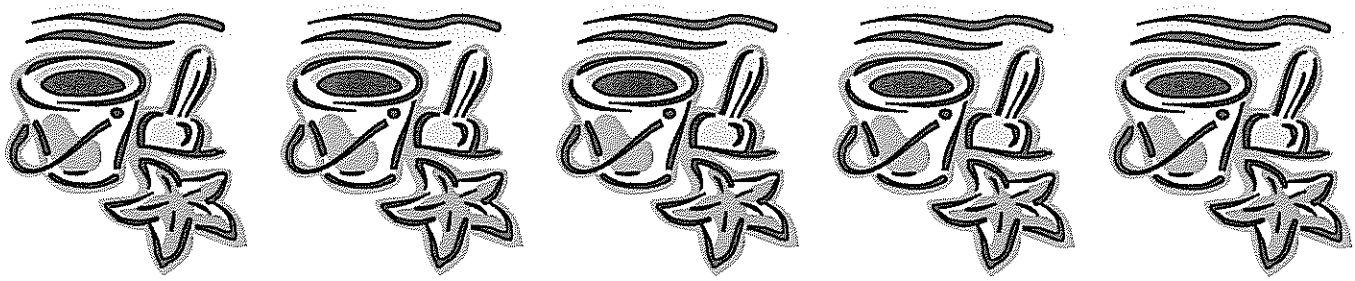


CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

C. MICRO-ECONOMIC ANALYSIS STUDY



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: **June 28, 2007**

TO: **Advisory Committee Members**
Watermaster Board Members

SUBJECT: **Scope of Work for Socioeconomic Study Update**

SUMMARY

Recommendation – Authorize Mr. Manning to execute a contract with Dr. Sunding to proceed with the Socioeconomic Study Update as proposed in the Scope of Work at a cost of not to exceed $ 172,600.

BACKGROUND

According to section I.E. of the Stakeholder Non-Binding Term Sheet ("Term Sheet"):

> Watermaster will update earlier analysis of socioeconomic impacts conducted pursuant to the Judgment prior to requesting Court approval of the final agreement and Judgment Amendments. The analysis of socioeconomic impacts will consider the impacts (positive and negative) of implementing the OBMP and the Peace Agreement as well as those that may arise from Watermaster pursuing the suite of actions set forth in this Non-Binding Term Sheet, including but not limited to Watermaster assessments. The analysis will specifically address the potential distribution of costs and benefits among the parties that were initiated with the approval of the Peace Agreement in 2000. This socioeconomic impact study will be considered by Watermaster as it discharges its continuing duties under Exhibits "H" and "I" of the Judgment. The study will be completed by March 1, 2007. Accordingly, each party and Watermaster will have the benefit of socioeconomic analysis prior to executing a binding agreement.

The scope of this analysis will be set in a public Watermaster workshop among stakeholders.

The analysis described in section I.E. is separate from the earlier economic study conducted pursuant to I.A.2. of the Term Sheet. That study was termed a "macro" economic study and evaluated costs and benefits to the parties as a whole that are attributable to Hydraulic Control, Basin Re-Operation and Desalter elements of the Term Sheet. Watermaster contracted with Dr. David Sunding to perform that study. It was completed and a draft was presented to the parties at a workshop on July 26, 2006. After the workshop, the study was further revised and a final version was approved by the Watermaster Board on December 21, 2006.

The analysis under section I.E. differs from the earlier study in that it will evaluate costs and benefits to individual parties. For this reason, this study has been termed a "micro" economic study. In March 2007, the Watermaster Board approved a contract with Dr. David Sunding to perform this study. However, the approval was limited to the completion of the scope of work for the study, and a cost cap was placed on this task.

According to the schedule for the completion of the Peace II process submitted by Watermaster to the Court on April 30, 2007, the Socioeconomic Study Update is intended to be complete by August 1, 2007. (April 30, 2007 Transmittal of Revised Exhibit C, Exhibit C, item 6.)

On April 24, 2007, Dr. Sunding met individually with several parties in order to begin developing a scope of work. On June 7, 2007, Dr. Sunding met individually with additional parties and on that same day a public workshop among the stakeholders was held in order to develop the scope of work. It was announced at the workshop that a proposed scope of work would be submitted to the parties as a late item for the June 14, 2007 joint Appropriative Pool and Non-Agricultural Pool meetings, in the hope that the scope can be approved so that the study may commence in an attempt to meet the schedule as submitted to the Court.

Scope of Work

The scope of work as presented follows closely the list of issues for study as discussed at the June 7, 2007 workshop. None of the items discussed at the workshop have been deleted from the proposed scope.

The scope of work anticipates that a draft report will be available in the August time frame for review by the parties and a workshop. At this time the study will be either ready for finalization, or can go through a process of revision.

The scope of work anticipates a cost of approximately $172,600 to complete the study. This amount is higher than originally proposed in March, primarily because it is not anticipated that Dr. Sunding will need to coordinate and respond to other economists that have been retained by parties to conduct a peer review in parallel with the progress of the study.

On June 13, 2007, comments on Dr. Sunding's proposed scope of work were received by Watermaster from Monte Vista Water District, City of Pomona, City of Upland, Three Valleys Municipal Water District and the City of Chino Hills. These comments were forwarded to Dr. Sunding, and the proposed changes were presented by Mr. Kinsey to the Appropriative Pool and the Overlying Non-Agricultural Pool. The scope of work has been revised since being presented to the Pools to incorporate the proposed changes.

Recommendation

Recommend approval of the scope of work as presented and authorize Mr. Manning to execute a contract with Dr. Sunding to commence work on the study at a cost of not to exceed $ 172,600.

This motion was passed unanimously by the Appropriative Pool, the Non-Agricultural Pool and the Agricultural Pool.

BERKELEY ECONOMIC CONSULTING, INC.
2550 NINTH STREET, SUITE 102
BERKELEY, CA 94710

June 12, 2007 (Revised June 21, 2007)

Michael Fife
Hatch & Parent
21 E. Carillo St.
Santa Barbara, CA 93101

Dear Michael:

I am writing to propose a scope of work for the microeconomic study of agency costs and benefits attributable to the Peace Agreement, OBMP Implementation, Non-Binding Term Sheet and other associated policies and regulations. As you recall, the microeconomic study was the subject of a workshop held last week at the Watermaster offices. The result of the workshop was an agreement for the study to consider a certain list of factors. The list below is the one resulting from the meeting, but rearranged and with relevant agreement sections attached. It should be noted that other changes in water management costs or benefits may be identified during the analysis. To the extent such are identified, and to the extent allowed by schedule and budget, these other changes will be evaluated.

As agreed, the microeconomic study will consider the following factors:

Peace Agreement/OBMP Implementation

1. Mutual Covenants (Section 4) and Covenants by Members of the Agricultural Pool (Section 6)
    a. The value of peace
    b. Hypothetical consequences in "No Peace Agreement" scenario
    c. Other intangible values
2. Watermaster Performance (Section 5)
    a. Recharge and replenishment (5.1)
        i. Value of New Yield from recharge
        ii. Recharge improvements
    b. Local storage (5.2(b))
    c. Storage and recovery program (5.2(c))
    d. Transfers (5.3)
        i. Transfer market (5.3(a)-(e))
        ii. Transfer of unallocated Agricultural Pool Safe Yield (5.3(f))
        iii. Early transfer of water to the Appropriative Pool (5.3(g))
        iv. Land use conversion credits (5.3(h))

v. Allocation of Agricultural Pool assessments to Appropriative Pool (5.4(a))
vi. Pomona credit (5.4(b))

3. Desalters (Section 7)
    a. Costs of desalter expansion (7.2-7.4)
    b. Desalter replenishment (7.5 (as amended in 2004))
    c. Sale of water (7.6)
    d. Desalter production credits
4. Subsidence management (Program Element 4 of OBMP)
5. Accommodation of exports (Judgment)

Non-Binding Term Sheet

6. Hydraulic Control and Basin Re-Operation (II)
    a. Replenishment obligations for desalter production (III)
    b. Use of recycled water for recharge
    c. Use of recycled water for irrigation
    d. Avoided cost of wastewater disposal
    e. Changes in pumping costs
    f. Reduced storage losses
    g. Allowed overdraft
    h. SAR inflow
7. Future desalters (IV)
8. Agricultural Pool reallocation (V)
9. Watermaster purchase of Non-Agricultural Pool storage (VI.F)
10. Supplemental recharge (VIII)

For each of the above subject areas, both relevant costs and benefits will be considered. While the list does not explicitly list which costs associated with implementation of the programs and agreements should be evaluated, it is recognized that changes in assessments to the parties are based, in part, on the underlying changes in costs. In calculating agency gains and losses I will consider the effects of state and federal grants and loans, groundwater modeling work paid by others and sharing of monitoring costs. The analysis will calculate benefits and costs for individual entities, and will do so using a "Pre-Peace Agreement" baseline.

With respect to timing, I anticipate being able to deliver a draft of the report within two months of commencing work. This draft would be presented at a public workshop, and would be reviewed by various agency staff and consultants. Following review and public comment, I would undertake a revision of the report. It is difficult to anticipate when the final report would be completed as this depends on the nature and scope of the input received during the comment period.

I anticipate that the analysis will take $170,000 to complete, inclusive of a workshop to present results, revisions to the report following public comment, time dedicated to coordinating with other consultants, and direct expenses including travel. Following is an estimate of the project budget by task:

Estimated Budget

	Hours		
Task	Principal	Senior Consultant	Research Assistant
Base Data and Assumptions	8	16	16
Analysis	80	160	120
Responding to other consultants	24	16	16
Report Writing	32	24	40
Workshop	12	8	8
Revisions and Final Report	32	24	24
Total Hours	188	248	224

Total Labor	$170,800
Travel	$1,800
Total Budget	$172,600

Please bear in mind that some of these estimates are rough and are based on my experience in other, similar situations. Actual costs may differ depending on factors such as data availability and the like.

I will be in Berkeley all week, and then leaving for a week's vacation on June 15. I can be reached at 415-299-2653.

I look forward to hearing you and your client's reaction to this proposal.

Best,

/s/ *David Sunding*

Dave Sunding
Principal, Berkeley Economic Consulting, Inc.
Professor, UC Berkeley

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

D. VOLUME VOTE

CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: **June 28, 2007**

TO: **Advisory Committee Members**

SUBJECT: **Volume Vote**

SUMMARY

Issue – The Advisory Committee needs to adopt their volume vote.

Recommendation – It is recommended that the Advisory Committee take action to adopt their volume vote.

Fiscal Impact – None.

BACKGROUND

Following the approval of each Assessment Package, volume vote calculations are performed and agencies are allocated a voting percentage. The Appropriative Pool Committee and the Non-Agricultural Pool Committee adopted their Volume Vote which was prepared according to their respective rules. On June 14, 2007, the Appropriative Pool took action to modify their method of calculating the Appropriative Pool Volume Vote. The current method of calculating the Appropriative Pool Volume Vote utilizes 50% of the each appropriators previous years assessable production and 50% of each appropriators Operation Safe Yield.

DISCUSSION

The Advisory Committee's Volume Vote is calculated based on a combination of rights allocated to minor and non-minor appropriator's which totals 75%, the Non-Agricultural Pool has a 5% allocation and the Agricultural Pool has a 20% allocation of the Advisory Committee's Volume Vote. If there are any questions regarding the calculations, please contact Sheri Rojo at 909-484-3888 or by email at srojo@cbwm.org.

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ADVISORY COMMITTEE

ALLOCATION OF VOLUME VOTE(1)

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

APPROPRIATIVE POOL	ALLOCATED VOTE	ABSENT	REALLOCATION OF VOTE	VOLUME VOTE
Chino, City of	4.20		0.00	4.20
Chino Hills, City of	2.30		0.00	2.30
Cucamonga Valley Water District	6.84		0.00	6.84
Fontana Union Water Company	4.37		0.00	4.37
Fontana Water Co.	4.57		0.00	4.57
Jurupa Community Services District	6.71		0.00	6.71
Monte Vista Water District	8.38		0.00	8.38
Ontario, City of	16.72		0.00	16.72
Pomona, City of	11.90		0.00	11.90
Upland, City of	3.52		0.00	3.52
San Antonio Water Company	2.75		0.00	2.75
Santa Ana River Water Co.	2.75		0.00	2.75
	75.01	0.00	0.00	75.01
OVERLYING AGRICULTURAL POOL				20.00
OVERLYING NON-AGRICULTURAL POOL				5.00
TOTAL				100.01

(1) If an appropriator is absent, his vote is reallocated to the remaining members in attendance.

Motion:_____

_____

Date:_____

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CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing Closing Brief

Chino Basin Watermaster Santa Ana River Hearing Closing Brief

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MICHAEL T. FIFE (State Bar No. 203025)
BRADLEY J. HERREMA (State Bar No. 228976)
MORGAN R. EVANS (State Bar No. 241639)
HATCH & PARENT, A Law Corporation
21 East Carrillo Street
Santa Barbara, California 93101
Telephone: (805) 963-7000
Facsimile: (805) 965-4333

Attorneys for Applicant
CHINO BASIN WATERMASTER

BEFORE THE STATE WATER RESOURCES CONTROL BOARD

In the Matter of Water Right Applications 31165 and 31370 of San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County; Application 31174 of Orange County Water District; Application 31369 of Chino Basin Watermaster; Application 31371 of San Bernardino Valley Water Conservation District; and Application 31372 and Wastewater Change Petition WW-0045 of the City of Riverside	**CHINO BASIN WATERMASTER CLOSING BRIEF**

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21 East Carrillo Street
Santa Barbara, CA 93101

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I. INTRODUCTION

The Santa Ana River Applications present the State Water Resources Control Board ("State Board") with a unique situation. The Santa Ana River already has a well-developed and complex system for the integrated regional management of the watershed, and for the administration of the water rights to use the River and its tributaries. This system has evolved over many decades in response to the particular needs of the local region, and today is a model of integrated and comprehensive water resource management.

The State Board is thus faced with the choice of whether it will recognize and encourage integrated planning by acknowledging the existing system and tailoring the permits to work within that system, or whether it will choose to regard the existing system as secondary and create a new and separate system of water rights administration for the watershed. (RT Vol. I, 99:11-22.)

The Chino Basin Watermaster encourages the State Board to take this opportunity to aid in the evolution of integrated planning in the Santa Ana Watershed by tailoring its order and the resulting permits in such a way that the State Board will become a valuable new component to an already highly functional system. The discussion in this closing brief, and the proposed permit attached here as Exhibit "A," are intended to suggest ways in which the State Board can accomplish this goal in a manner facilitating the State Board's exercise of its statutory and common law duties.

II. HEARING BACKGROUND

A. Procedural History of Application 31369

On July 3, 2002, the State Board held a hearing on various Petitions for a Limited Revision of the Declaration of Fully Appropriated Stream Status of the Santa Ana River. State Board Order 2002-0006 amended the Declaration of Fully Appropriated Stream Status for the purpose, inter alia, of accepting the Chino Basin Watermaster's ("Watermaster") water right application. Watermaster's application was noticed by the State Board on July 31, 2003.

Application 31369 was protested by four entities: the California Department of Fish & Game, the United States Forest Service, the Cucamonga Valley Water District, and the East Valley Water District. All of these protests were resolved prior to the hearing.

Also prior to the hearing, Watermaster received stipulations from all non-applicant parties

that such parties would not present any evidence concerning Application 31369, nor would they cross-examine any witness offered in support of Application 31369. These stipulating parties were: the Center for Biological Diversity, Southern California Edison, United States Forest Service, East Valley Water District, City of Chino, and the Santa Ana River Mainstem Project Local Sponsors. Watermaster submitted these stipulations to the State Board via letter dated April 17, 2007.

B. Hearing Key Issues

On February 16, 2007, the State Board issued a Notice of Public Hearing. The Notice of Public Hearing specified six issues for consideration at the hearing:

1. Is there water available for appropriation by each of the applicants? If so, when is water available and under what circumstances?

2. Will approval of any of the applications or the petition result in any significant adverse impacts to water quality, the environment or public trust resources? If so, what adverse impact or impacts would result from the project or projects? Can these impacts be avoided or mitigated to a level of non-significance? If so, how? What conditions, if any, should the State Board adopt to avoid or mitigate any potential adverse impacts on fish, wildlife, or other public trust resources that would otherwise occur as a result of approval of the applications and petition?

3. Is each of the proposed projects in the public interest? If so, what conditions, if any, should the State Board adopt in any permits that may be issued on the pending applications, or in any order that may be issued on the wastewater change petition, to best serve the public interest?

4. Will any of the proposed appropriations by the applicants and/or the proposed change in treated wastewater discharge by the petitioner cause injury to the prior rights of other legal users of water?

5. What should be the relative priority of right assigned to any permits that may be issued on the pending applications?

6. What effect, if any, will the projects have on groundwater and/or movement of any contaminated groundwater plumes? Can the effects be mitigated? If so, how?

C. Additional Question Presented at the Hearing Relevant to Application 31369

At the hearing, input was requested from the parties as to how the State Board should administer its permitting authority where stream flows are erratic and flashy. Watermaster submitted responsive information to the State Board along with suggested permit terms addressing the erratic hydrology within the Chino Basin watershed. (CBWM Exh. 7-1.) These issues are further addressed in this closing brief.

D. Stipulation of Applicants Regarding Key Issues 4 and 5

On April 5, 2007, the applicants presented the State Board with a stipulation constituting a

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Santa Barbara, CA 93101

full resolution of Key Issues 4 and 5. An executed copy of this stipulation is attached to this closing brief as Exhibit "B." The stipulation contains a recitation of the water rights adjudication judgments pertaining to the Santa Ana River Watershed and the subsequent agreements that have been entered into pursuant to those judgments. The stipulation explains how these judgments and agreements work together to constitute a full resolution of the relative priorities to the water of the Santa Ana Watershed, and how the judgments and agreements provide satisfactory protections to all legal users of water in the watershed.

At the April 5, 2007 Pre-Hearing Conference, the Hearing Officer ordered that any party who objected to the stipulation should submit its objection within seven days, by April 12, 2007 at 5:00 pm. If no objections were received, then Key Issues 4 and 5 would be eliminated as issues from the hearing. The Hearing Officer subsequently issued a letter ruling dated April 10, 2007, confirming this ruling.

No party objected to the stipulation and no party presented evidence concerning Key Issues 4 and 5. (RT Vol. I, 2:21-24.)

III. DESCRIPTION OF THE PROJECT (APPLICATION 31369)

A. Watermaster's Project is an Implemented Project that Uses Pre-Existing Facilities Primarily Constructed for Flood Control Purposes.

Application 31369 seeks the right to appropriate to underground storage 68,500 acre-feet per year ("AFY") of ephemeral storm flows from four creek systems tributary to the Santa Ana River.[1] (CBWM Ex. 1-1, page 2 lines 8-17.) These creek systems include the San Antonio Creek System (including San Antonio Creek and Chino Creek), the Cucamonga Creek System (including Cucamonga Creek and Deer Creek), the Day Creek System, and the San Sevaine Creek System (including San Sevaine Creek, and Etiwanda Creek). (Id., CBWM Ex. 1-2 and 1-3.) This requested appropriation is in addition to two currently permitted appropriations under Permits 19895

[1] Watermaster withdrew without prejudice that portion of Application 31369 concerning 28,500 acre-feet of recycled water. As stated at the hearing, while Watermaster could not know in 2000 how the recycled water program in the Chino Basin would operate, the actual program as implemented does not involve any issues that would invoke the State Board's jurisdiction. Control over the water is maintained at all times, and to the extent that recycled water is placed in the channels, those channels are used merely as a means of conveyance under Water Code § 7044. (RT Vol. I, 167:5-169:9; 180:13-181:5.)

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Santa Barbara, CA 93101

(Application 28473) for 15,000 AFY, and 20753 (Application 28996) for 27,000 AFY, for a total appropriation by Watermaster of 110,500 AFY.

The area from which the water will be appropriated, and the place of use for the water appropriated, is the jurisdictional area of the Chino Basin Watermaster as defined in Exhibit A (by map) and Exhibit K (by legal description) of the stipulated judgment in the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010. (CBWM Ex. 1-5; App. Joint Ex. 2-11; CBWM Ex. 1-2.)

The points of diversion are existing recharge basins spread throughout the Chino Basin, and built primarily for flood control purposes. (CBWM Ex. 1-1, page 2, lines 20-23.) Watermaster presented evidence at the hearing that the points of diversion are the same as those listed in Attachment 3b and Attachment 13 to Application 31369. (CBWM Ex. 1-3.)

The storm water recharge project described by Application 31369 is one component of Watermaster's Recharge Master Plan. (CBWM Ex. 1-1, pages 6-8; CBWM Ex. 1-11 and 1-12.) The Recharge Master Plan implements Program Element Two of Watermaster's Optimum Basin Management Program. (CBWM Ex. 1-1, page 4; CBWM Ex. 1-7 and 1-10; RT Vol. I, 133:19 – 134:12.) Implementation of the Recharge Master Plan was called the Chino Basin Facilities Improvement Project ("CBFIP"). (CBWM Ex. 1-13.) The cost of the CBFIP was approximately $44 million, and construction was completed in December 2005. (CBWM Ex. 1-15, page 2-1.)

B. <u>CEQA Compliance</u>

Watermaster's Optimum Basin Management Program ("OBMP"), inclusive of all the OBMP Program Elements including Program Element Two and the storm water recharge project, was analyzed in the OBMP Programmatic Environmental Impact Report ("OBMP PEIR"). (CBWM Ex. 3-3.) The OBMP PEIR was certified by the Inland Empire Utilities Agency ("IEUA") on July 13, 2000, two months prior to the submittal of Application 31369. (CBWM Ex. 3-1, page 2, line 3 and page 4, line 2.) Project level analysis for the CBFIP was conducted through the Initial Study for the Implementation of Storm Water and Imported Water Recharge at 20 Recharge Basins in the Chino Basin. (CBWM Ex. 3-4.) This Initial Study supported the adoption of a Finding of Consistency by IEUA on October 3, 2001. (CBWM Ex. 3-5.) The written testimony of Mr. Dodson

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21 East Carrillo Street
Santa Barbara, CA 93101

says that he performed supplemental investigations of the facts contained in the PEIR and the Initial Study, and that while these analyses were performed a number of years ago, the findings made in the PEIR and Initial Study are still accurate and can serve as a basis for decision with respect to Application 31369. (CBWM Ex. 3-1, page 13.) There was no objection to this testimony.

As additional background information, Watermaster submitted additional CEQA analyses that were prepared prior to the Initial Study for those recharge basins that were constructed post-CEQA. (CBWM Exhibits 3-6 through 3-14.)

C. Operation of the Facilities

The operation of the facilities is governed by a complex set of procedures described in the document titled Chino Basin Recharge Facilities Operation Procedures dated March 2006 ("Operation Manual"). (CBWM Ex. 1-15.) The Operation Manual is a collaborative work of the Chino Basin Groundwater Recharge Coordinating Committee ("GRCC") composed of the Chino Basin Watermaster, the Chino Basin Water Conservation District, the Inland Empire Utilities Agency, and the San Bernardino County Flood Control District. (CBWM Ex. 1-15, page 1-1.)

In general, the pattern of operations of the facilities for water conservation purposes involves the diversion and retention of as much storm water as possible into the facilities. (RT Vol. II, 12:17-18; 15:20.) Because of variability in the weather and the priority of the flood control function of the basins, it sometimes happens that water that is diverted is not able to be recharged. (Id., 16:1-9.) Any water that is diverted but which is not able to be recharged returns to the system. (Id., 16:13-20.) While for planning purposes Watermaster uses an average number of 18,000 acre-feet per year of water recharged, this number is an *average* and depends on Watermaster having the flexibility to divert and recharge as much of the storm water as possible. (CBWM Ex. 2-1, page 7, lines 3-6; RT Vol. II, 12:18; RT Vol. I, 143:6; RT Vol. I, 162:21-163:7.)

IV. WATER AVAILABILITY

When considering whether to approve an application to appropriate water, the State Board must determine whether unappropriated water is available to supply the project described in an application. (Water Code § 1375, subd. (d).) Unappropriated water includes water that has not been either previously appropriated or diverted for riparian use. (Water Code §§ 1201, 1202.))

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A. Physical Availability

Watermaster provided unequivocal and uncontested evidence that water is available to supply the project. Watermaster's hydrologist, Mr. Wildermuth, presented testimony as to his model analysis regarding water availability. The model used for this analysis is known as the "waste load allocation model" because it is the model used by the Santa Ana Regional Water Quality Control Board in setting waste load allocations for the watershed, and was the model used by the Regional Board in formulating the 2004 Basin Plan Amendments. (CBWM Ex. 2-1, page 4, lines 14-20; RT Vol. II, 4:22-5:20.)

This analysis simulated the amount of water that would be available to Watermaster's points of diversion over a 50-year period using historical precipitation and 1993 land use conditions. (CBWM Ex. 2-1, page 4, line 25 through page 5, line 3.) According to this analysis, the maximum amount of water that would be available at the points of diversion is approximately 160,000 acre-feet. (CBWM Ex. 2-1, figure 6; RT Vol. II, 6:24.) This amount is well in excess of the amount requested by Application 31369, and well in excess of the 110,500 acre-feet requested by Application 31369 in combination with Watermaster's existing two permits. Watermaster's evidence shows that under its simulated conditions, in five out of the last 50 years, more than 110,500 acre-feet would have been available to Watermaster's facilities. (RT Vol. II, 9:20-24.) Watermaster's evidence further shows that had current (rather than 1993) land-use conditions been used, the analysis would have shown even more water available at the points of diversion. (CBWM Ex. 2-1, page 6, lines 13-17; RT Vol. II, 10:17-20.)

There was no opposition to any of the evidence presented by Watermaster, nor were any contrary facts entered into the record by any party.

B. Beneficial Use in an Erratic and Flashy System

At the hearing, the Hearing Officer asked the applicants to address permitting issues as they relate to the erratic nature of stream flows in the Santa Ana Watershed. One aspect of this question concerns the ability to make beneficial use of the available water.

The erratic nature of the flow of the creek systems in the Chino Basin does not create an impediment to the beneficial use of the water appropriated because the Chino Basin contains

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substantial groundwater storage assets, and all water diverted is intended to be recharged to underground storage.

Groundwater storage is an important component of the management of the Chino Basin. It is so important that two of the nine OBMP Program Elements concern groundwater storage management. (CBWM Ex. 1-7, Program Elements Eight and Nine.) The 1978 Chino Basin Judgment gives Watermaster the authority to control and regulate all use of the storage capacity of the Chino Basin. (CBWM Ex. 1-5, pp. 8-9.) The groundwater storage resources of the Chino Basin allow Watermaster to store any water recharged for use in subsequent years. All storm water recharged will be put to beneficial use by the parties to the Chino Basin Judgment.

Watermaster's evidence shows that with the completion of the (CBFIP) the facilities have the capacity to recharge the full amount of water requested under Application 31369 as well as its two existing permits. (RT Vol. I, 141-142; CBWM Ex. 1-13.) Construction of the CBFIP was completed in December 2005. (CBWM Ex. 1-15, page 2-1.) The evidence shows that after the completion of the CBFIP the capacity of the basins in total was anticipated to be 123,195 acre-feet per year. (Applicants Joint Ex. 2-19, Table ES-1; RT Vol. I, 141:20-142:16.) During the 05-06 storm season, the Groundwater Recharge Coordinating Committee began to learn about the operational capabilities of the improved recharge basins and were able to finalize the Operation Manual. (CBWM Ex. 1-15.) The Operation Manual states that the initial performance of the facilities is likely to be less than anticipated, but as the facilities come in to full use, the duration of the maintenance cycles of the facilities is decreased, and "experience is gained towards optimizing the operation of these basins," the recharge capacity will increase and exceed the amount originally anticipated.[2] (CBWM Ex. 1-15, page 2-1.) The procedures described in the Operation Manual have not yet been fully tested since there has been almost no storm flow in the 06-07 storm season. (CBWM Ex. 1-16.)

Because of the flashy and erratic nature of the storm flow in the Chino Basin, the only

[2] Note that the Operation Manual plans for the use of the recharge basins under average conditions and so allocates the recharge capacity between the three types of water to be recharged: storm water, recycled water, and imported supplemental water. However, in wet years when more storm water is available, Watermaster will reduce the amount of supplemental water that is imported and dedicate the recharge capacity to storm water with the goal of maximizing the recharge of storm water. (CBWM Ex. 1-1, 6:11-22.)

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practical method of use for the water is as recharge to underground storage. However, storm water recharge always presents operational challenges because public safety considerations inherent in the flood control functions will always take precedence over recharge. While the erratic nature of the flows in the Chino Basin may thus create operational challenges for Watermaster, there is no reason why they should present a beneficial use limitation on the issuance of a permit for the full amount requested by Watermaster. In fact, Watermaster's evidence shows that any limitation on Watermaster's ability to divert storm flows when available will inhibit the ability to put the available water to beneficial use by recharging it in to the groundwater basin. (CBWM Ex. 2-1, page 7, lines 3-6; RT Vol. II, 12:18; RT Vol. I, 143:6; RT Vol. I, 162:21-163:7.)

C. Previous State Board Decisions

While the Santa Ana River watershed's flashy hydrology may be unique in relation to the perennial stream flows prevalent in northern California, the issue of high variability of available water is not. The State Board has dealt with the issue in its permitting capacity in many past decisions. In addressing the issue, however, the State Board has not constrained itself from permitting applications in such circumstances.

For example:

> The available information relating to the applications and protests points to the conclusion that the flow of the sources from which the applicants seek to appropriate is erratic and uncertain, that unappropriated water nevertheless exists therein frequently and that such water, when it exists, may be taken and used beneficially in the manner proposed by the applicants, without injury to downstream users…the applications should therefore be approved and permits issued, subject to the usual terms and conditions.

(In the matter of Application 16326 by Crossley and Application 16327 by Crossley to appropriate water from two Unnamed Streams tributary to Secret Ravine in Placer County (1958) State Board 902, slip copy at p. 10.)

Similarly, in Decision 1642, the State Board addressed the Monterey County Water Resources Agency's application to increase its storage rights in Nacimiento Reservoir. (*In the Matter of Application 30532* (2001) State Board D-1642.) The State Board found that water was available for the project in eight of the 43 years that the project had been in operation, and that in

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those eight years there were 611 days when water in storage exceeded the licensed amount. (Id., slip copy at p. 10.) On this basis, the State Board found sufficient water available to supply the project. (Id., slip copy at p. 13; see also *In the Matter of Application 22980 of Western Lake Properties, Inc., to Appropriate from Big Creek in Tuolumne County* (1968) State Board D-1320, slip copy at p. 6 [surplus water would be available in 6 out of 42 years].)

In Decision 1613, the State Board addressed an application by University Exchange Corporation to appropriate 490 acre-feet for use as a residential supply. (*In the Matter of Application 26813* (1986) State Board D-1613.) The Goleta Water District protested the application on public interest grounds, alleging that there may be inadequate water available in dry years. The State Board found that the amount of water available for appropriation would be inadequate for the proposed uses in many years, and would be dependant on a supplemental water supply. (Id §4.2.) Even with a supplemental supply, the State Board found that the volume of water needed by the proposed residential developments could only be met in 96% of the years, and that in the other 4% of the years the applicant would depend on a groundwater supply that would cause overdraft to the groundwater basin. (Id.) The State Board found that these factors were not significant and granted the permit for the full requested amount.

As the evidence at the hearing demonstrated, in order to achieve its average storm water recharge to underground storage, Watermaster must divert storm water whenever it is available. (CBWM Ex. 2-1, page 7, lines 3-6; RT Vol. II, 12:18; RT Vol. I, 143:6; RT Vol. I, 162:21-163:7.) The appropriation of storm water when available, though its reliability may be unpredictable, should be allowed despite the inability to rely on that supply for a firm amount of water in each year. (See *In the Matter of Application 22980 of Western Lake Properties, Inc., to Appropriate from Big Creek in Tuolumne County* (1968) State Board D-1320, slip copy at p. 4 ["In a proper case, the Board can approve an application to divert from a source with no firm yield remaining above diversions authorized in existing permits, when there is a reasonable expectation that variations in either the supply or the needs of prior rights will leave unappropriated water in the source in some months or some years, which water the applicant will be able to use, whenever it occurs."].)

D. Other Appropriations

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Downstream from Watermaster's points of diversion there are no other legal users of water other than the Orange County Water District ("OCWD"). Thus, so long as OCWD's rights are satisfied, there will be no water rights limitation on the availability of water. In this regard, OCWD's rights with respect to the Chino Basin are defined by the 1969 Stipulated Judgment in *Orange County Water District v. City of Chino,* Orange County Superior Court Case No. 117628. (Applicants Joint Ex. 2-1.)

Watermaster has historically appropriated as much storm water as it could, consistent with the 1969 Judgment. This, in fact, is the right decreed to the Chino Basin by that Judgment. The 1969 Judgment says that the Upper Area parties have the right, ". . . to divert, pump, extract, conserve, store and use all surface and ground water supplies originating within Upper Area without interference or restraint by Lower Area claimants so long as the Lower Area receives the water to which it is entitled under this Judgment and there is compliance with all of its provisions." (Applicants Joint Ex. 2-1, page 10.)

So long as OCWD receives the water to which it is entitled under the 1969 Judgment and so long as there is compliance with all of the Judgment's provisions, OCWD's rights do not act as a limitation on the availability of water for appropriation by Watermaster.

It is important to emphasize that within the parameters of the 1969 Judgment as quoted above, Watermaster's right to divert storm flows within the Chino Basin is defined not by a limit on the number of acre-feet that may be utilized, but rather as a duty to deliver a certain minimum quantity of water to downstream users. The specification through Application 31369 of a specific acre-foot number to which Watermaster will be limited is thus, in itself, the imposition of a condition on Watermaster that does not exist under the 1969 Judgment. As discussed below, there are no resource-based justifications for the imposition of any conditions on Watermaster's activities. The only justification for even the condition of a defined acre-foot right is that such a condition is a necessary feature of the Water Code's water right system that Watermaster has accepted as an unavoidable consequence of making use of the State Board's services.

V. PUBLIC TRUST

Watermaster presented uncontested and unequivocal evidence that its project will have no

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impact on public trust resources and that there are no limiting conditions that can be put in to Watermaster's permit that will have any benefit to public trust resources. As discussed below, this lack of impact is the result of the particular physical setting of the Chino Basin: all of the channels in the Chino Basin are concrete lined, and the only impact of the project outside of the Chino Basin is a small reduction in flow in and near Prado Basin, an area of the Santa Ana Watershed which has no shortage of water.

A. Flow Analysis

Watermaster diverts water from four creek systems that are tributary to the Santa Ana River. There is no natural base flow to these creeks, and so the only time water is present is during and immediately following storm events. (RT Vol. II, 108.) The travel time for water entering the four creek channels at the base of the San Gabriel mountains until it discharges to the Santa Ana River is about three to four hours. (RT Vol. II, 108:21.) The operation of the facilities can have the effect of delaying this travel time to between 12 to 24 hours, after which time the flow in the channels becomes negligible. (RT Vol. II, 108:8-11.) The reason for these short travel times is that the channels are concrete-lined with steep gradients. (RT Vol. II, 108:23-109:4.) Apart from these ephemeral flows, water in the channels is composed of some urban dry weather flow and treated waste water that is discharged below Watermaster's points of diversion. (RT Vol. II, 108:8-12.)

Watermaster's hydrologist provided testimony on flow duration curves for each of the four creek systems in the Chino Basin, as well as for the Santa Ana River mainstem. These flow duration curves are composite representations of the daily flows of each of the creek systems based upon 50 years of daily data. (CBWM Ex. 2-1 Figures 7-10; RT Vol. II, 110:12-111:1.) These flow duration curves simulate the impacts that Watermaster's proposed appropriation would have had over the last 50 years of historical flow. According to Watermaster's testimony, the changes in flow are generally small and infrequent. (CBWM Ex. 2-1, page 10, lines 15-21; RT Vol. II, 111:23-112:7; Id. at 112:22-24; Id. at 113:3-5.)

Watermaster also provided evidence that even these small changes in flow would be eliminated under ultimate land use conditions since urbanization downstream of Watermaster's points of diversion will result in higher flows reaching the Santa Ana River and that these higher

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flows will offset the amount that Watermaster recharges into the groundwater basin. (RT Vol. II, 12:7-11.)

Finally, Watermaster provided evidence about the cumulative effect of its appropriations in combination with other Upper Basin applicants' diversions. Flow duration curves were presented which simulated the change in flow at Riverside Narrows and at Prado Dam. (CBWM Ex. 2-1 Figures 11-12; CBWM Ex. 2-9.) The flow duration curve at Prado Dam simulates the impact of the diversions by Muni/Western, the City of Riverside, and the Chino Basin Watermaster. (CBWM Ex. 2-9; RT Vol. II, 115:21-24.) These impacts were characterized as not significant within the context of the overall flow of the Santa Ana River. (CBWM Ex. 2-1, page 10, lines 22-24; RT Vol. II, 116:13-16.)

There was no opposition to any of the evidence presented by Watermaster, nor were any contrary facts entered into the record by any party.

B. CEQA Analysis

Watermaster's storm water recharge project was analyzed by the OBMP PEIR and found to have no negative impacts. Subsequently a project level Initial Study was performed that resulted in a Finding of Consistency for the project.

With respect to public trust resources, both the OBMP PEIR and the Initial Study found that the channels in the Chino Basin are primarily concrete-lined flood control channels so that there are no public trust resources in this area to consider. (CBWM Ex.3-1 page 5:14; CBWM Ex. 3-3 pp. 4-308 to 4-344 (section 4.8); CBWM Ex. 3-1 page 7:5-10; CBWM Ex. 3-4.) Because of this, the analysis of public trust impacts of the recharge project focused on potential impacts at Prado reservoir. (CBWM Ex 3-1 page 5:16.) The analysis found that Watermaster will divert substantially less than the projected increased flows reaching Prado, so that the net effect will merely be a smaller increase in flows than would otherwise be the case, with no adverse impact on public trust resources. (CBWM Ex.3-1 page 5:17-23; CBWM Ex. 3-3 pp. 4-308 to 4-344 (section 4.8).)

There was no opposition to the written testimony concerning Watermaster's CEQA compliance. Because there were no questions to be put to Watermaster's witness concerning such compliance, at the April 20, 2007 Pre-Hearing Conference Call the Hearing Officer permitted

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Watermaster to rely solely on the written testimony of this witness. There was no opposition to this by any party.

C. Supplemental Analysis Regarding Special Species of Concern

For the purpose of the hearing on Application 31369, Watermaster performed supplemental analyses with regard to special status species that seemed of particular interest to the State Board and other hearing parties. Watermaster presented the testimony of the leading experts familiar with the species of concern in the areas that might be affected by the diversions under Application 31369: the four creek systems as they pass through the Chino Basin, Reach Three of the Santa Ana River and the Prado Wetlands.

With respect to the four creek systems as they pass through the Chino Basin, Watermaster's evidence demonstrated that there is no habitat for any species within the stream channels from which Watermaster diverts. There is neither riparian habitat nor habitat for the Santa Ana sucker within these areas. (CBWM Ex. 4-1, 3:7-12; RT Vol. II, 146:10-23; CBWM Ex. 6-1, 3:13-23; RT Vol. II, 154:5-14, 156:13-16.) Furthermore, the United States Fish and Wildlife Service's designation of critical habitat for the San Bernardino Kangaroo Rat within the northern portion of the Chino Basin specifically excludes Watermaster's northernmost diversion facilities, and there is no designated critical habitat for any species south of this point. (CBD Ex. 2; RT Vol. II, 148:7-149-5.) Watermaster presented evidence that there is no potential for Watermaster's appropriations to impact habitat upstream from its points of diversion. (RT Vol. II, 149:6-11.) There was no opposition to this evidence, nor were any contrary facts entered in to the record by any party.

1. Riparian Habitat and Avian Species

With respect to Reach Three and Prado Wetlands, Mr. Tony Bomkamp testified that Watermaster's diversions will have no impact on riparian habitat. (CBWM Ex. 4-1, 8:21-10:4; RT Vol. II, 150:24.) Mr. Bomkamp performed a water budget analysis which calculated the amount of water required by the riparian species within Reach Three and Prado Wetlands and then compared this amount with the amount of water actually available in these areas. (RT Vol. II, 122:10 – 124:23.) This methodology was utilized by Mr. Bomkamp for his analysis of both the City of Riverside's project and well as for the Chino Basin in order to provide an analysis of the cumulative

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effect of both of these projects. (RT Vol. II, 144:18-21; 149:19-23.)

The analysis focused on the water needs of the willow because the water needs of this species are larger than any other relevant species in the study area. (RT Vol. II, 145:18-146:1.) It also focused on the habitat needs of the Least Bell's vireo with respect to this riparian habitat because the vireo serves as an umbrella species for all other avian species of concern in the study area. (RT Vol. II, 145:5-14.) The evidence shows that in the area of Reach Three above the Prado Wetlands, there is approximately 18 times more water present than is required by the riparian habitat. (RT Vol. II, 124:21-23.) With respect to the Prado Wetlands, the evidence shows that even with both the Riverside and the Chino Basin diversions, there is still, on average, more than 260,000 acre-feet of water in excess of that needed by the riparian habitat. (RT Vol. II, 126:6-13.) Consequently, Watermaster's proposed project will have no impact on the Least Bell's vireo nor any other special status avian species. (RT Vol. II, 126:16-19; 145:2-146:9.) Because there is such a large amount of treated effluent in the Santa Ana River system, the timing of the storm flows does not have a significant effect on this analysis. (RT Vol. II, 151:11-22.)

The evidence shows that the conclusion regarding lack of impacts will be true even when Watermaster's appropriations reach the full amount requested. This is because when there is increased water available in the Chino Basin, there is also increased water throughout the Santa Ana Watershed, and even though Watermaster's appropriations may increase, the flows in Reach Three and Prado will also be increasing and Watermaster's percentage impact on the overall flows will actually decrease. (RT Vol. II, 150:6-24.) Similarly, in dry years Watermaster's appropriations will have a decreased percentage impact because in such years the flows in Reach Three and Prado are fed almost exclusively by wastewater discharges. (RT Vol. II, 151:2-22.)

Watermaster's evidence shows that even if Watermaster were to divert and recharge all of the flows in the creek systems, that there will be no adverse impact on Reach Three or the Prado Wetlands. (RT Vol. II, 151:23-152:14.) Watermaster's evidence shows that there are no limitations that can be placed on Watermaster's appropriations that will have any benefit to riparian habitat or avian species. (Id.)

There was no opposition to any of this evidence, nor were there any questions from staff.

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(RT Vol. II, 157:24 – 158:4.) No party introduced any contrary evidence in to the record.

2. Santa Ana Sucker

With respect to the Santa Ana Sucker, Reach Three and the Prado Wetlands do not provide suitable habitat. (CBWM Ex. 6-1, 3:24-4:1; RT Vol. II, 157:2-14.) Dr. Jonathan Baskin testified that Reach Three was generally poor habitat for the Santa Ana Sucker because it is more than 90% sand substrate. (RT Vol. II, 141:11-16.) Dr. Baskin further testified that flows in Reach Three are currently higher than is suitable for the Santa Ana Sucker. (RT Vol. II, 142:6-16.) Prado Basin is also not suitable habitat because of the predominance of standing water which is contrary to the habitat needs of the sucker. (RT Vol. II, 139:20-22.)

Dr. Jeffrey Beehler, administrator of the Santa Ana Watershed Project Authority's Santa Ana Sucker Conservation Team, testified that Watermaster's project will not cause any direct impact to the Santa Ana Sucker by, for example, drawing suckers in to Watermaster's diversion facilities. (RT Vol. II, 153:20-154:8.) This is because the sucker does not inhabit the concrete channels within the Chino Basin. (Id.)

The testimony analyzed the mouths of the four creek systems where the concrete-lined portions end, and found that none of them offer suitable sucker habitat. Chino Creek and Cucamonga Creek both are low gradient, rip-rapped channels with silty bottoms that empty directly into Prado Basin. (RT Vol. II, 155:8-13.) Prado Basin acts as a barrier against the suckers because it is standing water that is habitat for a number of invasive species which prey on the sucker. (RT Vol. II, 155:12-16.) This testimony is consistent with the analysis provided by Dr. Baskin. (RT Vol. II 142:17-24.) The short unlined area at the mouth of Day Creek was also shown to be relatively flat and silty, with unreliable flows. (RT Vol. II, 155:20 -156:4.) Similarly, the short unlined area at the mouth of San Sevaine Creek was also shown to be flat, sandy and containing large barriers to fish movement. (RT Vol. II, 156:6-12.)

Watermaster's project will not adversely affect the sucker in Reach Three itself. (CBWM Ex. 6-1, 4:8-10; RT Vol. II, 156:13-157:14.) This is because the limiting factor for the sucker within the Santa Ana River is sufficient habitat and not the availability of adequate flows, and Watermaster's project will not affect the availability of habitat. (CBWM Ex. 6-1, 4:3-7; RT Vol. II,

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156:20-22, 157:6-14.)

Based on the lack of impacts from Watermaster's appropriations under Application 31369, Watermaster's evidence shows that there are no limitations that can be placed on Watermaster's appropriations that will have any benefit to the Santa Ana Sucker. (RT Vol. II 157:15-19.)

There was no opposition to any of this evidence, nor were there any questions from staff. (RT Vol. II, 157:24 – 158:4.) No party introduced any contrary evidence into the record.

D. Public Trust in an Erratic and Flashy System

One aspect of the Hearing Officer's concern over the erratic and flashy nature of the system was how to formulate permit terms that would be protective of the public trust. (RT Vol. I, 254:1-23.) This concern is founded on the assumption that some measure of limitation on the appropriation by the permittee may be appropriate in order to protect public trust values; the difficulty of formulating a permit term in an erratic system only manifests itself if it is necessary to find a way to define how much water *cannot* be diverted. As shown by Watermaster's evidence, this issue does not arise in the Chino Basin. In any given year, Watermaster can divert and recharge all of the storm water in the system, and this activity will not harm public trust values, and may even create a public trust benefit. Since there are no permit terms that will be protective of the public trust with respect to the Chino Basin, the issue of how to formulate such terms with regard to the erratic nature of the stream flows does not arise.

VI. PUBLIC INTEREST

The State Board is to allow the appropriation for beneficial purposes of unappropriated water under such terms and conditions as in its judgment will best develop, conserve, and utilize in the public interest the water sought to be appropriated. (Water Code § 1253.) In determining whether an appropriation of water is in the public interest, the State Board shall give consideration to any general or coordinated plan looking toward the control, protection, development, utilization and conservation of the water resources of the State. (Water Code § 1256.)

The storm water recharge project described in Application 31369 is one component of Watermaster's Recharge Master Plan. (CBWM Ex. 1-1, pp. 6-7.) The Recharge Master Plan implements Program Element Two of Watermaster's OBMP. The OBMP is a comprehensive and

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integrated groundwater management program for the Chino Basin that functions as the Physical Solution under the 1978 Judgment. When implementation of the OBMP began in 2000, the Santa Ana Watershed Project Authority named the program "Integrated Project of the Year." (CBWM Ex. 1-1, p. 5.)

As its name indicates, the purpose of the OBMP is to provide a management program for the Chino Basin that will optimize the use of the Basin for the wide variety of beneficial uses there. The water appropriated under Application 31369 will be recharged into the Chino Basin and put to use for municipal, agricultural and industrial uses by the 800,000 people who live and work in the Basin area. (RT Vol. II, 21:24-22:8.)

In addition, in acting upon an application to appropriate water, the State Board shall consider water quality control plans which have been established pursuant to Division Seven of the Water Code. (Water Code § 1258.)

On September 30, 2004, the State Board approved the most recent set of amendments to the Santa Ana Region Basin Plan. These amendments included an innovative program to encourage the use of recycled water in selected places within the Santa Ana Watershed, most notably in the Chino Basin. The central feature of these amendments is the inclusion of what are known as the "Maximum Benefit Standards" which provide for greater assimilative capacity in the Chino Basin thereby allowing for increased recycled water use and recharge. (CBWM Ex. 1-8: Attachment to Resolution No. R8-2004-0001, pp.52-53; CBWM Ex. 1-1. pp.5:10-6:22.) In exchange for the ability to utilize the Maximum Benefit Standards, the parties in the Chino Basin committed to implement a suite of water quality improvement measures. One of the measures specifically identified is the storm water recharge project that is the subject of Application 31369. (CBWM Ex. 1-8: Attachment to Resolution No. R8-2004-0001, page 58, item numbered "5"; *see also* Water Code § 1257). In order to recharge recycled water, Watermaster must recharge a prescribed amount of storm water to meet blending requirements. (CBWM Ex. 1-1, p. 6; CBWM Ex. 1-8; CBWM Ex. 2-7; CBWM Ex. 2-4; RT Vol. III, 23:22-24:7.) Without the recharge of storm water, Watermaster's recharge of recycled water will be limited unless Watermaster can import an amount of water that will have an equivalent function as a dilutant. Such a scenario will require additional importation of

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water from the Bay-Delta through the State Water Project. (CBWM Ex. 1-1, p. 9; RT Vol. III, 22:17-23-:1; see CBWM Ex. 2-1, p. 11.) It cannot be in the public interest to compel a community to unnecessarily forego the use of available local resources and to instead increase its reliance on imported supplies whose reliability may be in question.

Watermaster provided unequivocal evidence that any permit conditions that limit Watermaster's flexibility will have a negative impact on the public interest values of Watermaster's project. (RT Vol. III, 22:17-23:1; 24:8-14.) There was no opposition to any of this evidence. No party introduced contrary evidence into the record.

VII. GROUNDWATER QUALITY

A. Watermaster's Project Will Have a Beneficial Impact on Groundwater Quality in the Chino Basin

Watermaster presented uncontested and unequivocal evidence that Watermaster's recharge of increased amounts of storm water to the Chino Basin will improve groundwater quality within the Basin. (CBWM Ex. 1-1, p. 7; CBWM Ex. 1-12, p. ES-2.) The Initial Study for the storm water recharge project found that the recharge of high quality storm water into the Chino Basin will have a beneficial impact on the groundwater quality in the Basin. (CBWM Ex. 3-4, page 49; CBWM Ex. 3-1, page 6, line 16.) Watermaster's extensive water quality monitoring activities have demonstrated this to be the case. (CBWM Ex. 3-1, p. 11; see CBWM Ex. 2-7, p. 6-1.)

B. Watermaster's Project Will Not Have Any Effect on the Movement of any Contaminated Groundwater Plumes

Watermaster presented uncontested and unequivocal evidence that its recharge of storm water under Application 31369 will not cause the plumes of contamination in the Chino Basin to move differently than they are already moving. Watermaster has conducted extensive modeling of the movement of the contaminant plumes within Chino Basin. (CBWM Ex. 2-1, p. 18, Figures 14, 15; CBWM Ex. 2-3; RT Vol. III, 71:9-20.) This analysis demonstrates that plume movement within the Basin will be virtually the same with or without Watermaster's anticipated recharge under Application 31369. (CBWM Ex. 2-1, pp. 18, 19; RT Vol. III, 75:19-22, 78:14-19.)

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C. Watermaster and the RWQCB Are Already Addressing All the Plumes in the Chino Basin.

Pursuant to Program Element Six of the OBMP, Watermaster works closely with the RWQCB to address the plumes of contamination in the Chino Basin. (RT Vol. III, 77:5-78:13.) In addition to Watermaster's oversight of these plumes pursuant to the OBMP, the remediation of each plume in the Basin is the subject of remediation effort under additional state or federal supervision. (CBWM Ex. 7-1, Exhibit "B"; see also CBWM Ex. 2-1, pp. 12-18.) A summary of efforts currently underway to remediate the plumes in the Chino Basin was attached as Exhibit "B" to CBWM Ex. 7-1. A copy is also attached to this closing brief as Exhibit "C."

VIII. PROPOSED FINDINGS

1. There is adequate water available for appropriation under Application 31369 in combination with Watermaster's existing Permits 19895 and 20753.

2. There is no water availability basis for limiting or conditioning Watermaster's appropriation.

3. The appropriated water will be put to beneficial use.

4. There is no beneficial use basis for limiting or conditioning Watermaster's appropriation.

5. The water is available year round, though it occurs in the greatest quantities during the winter and spring months. The conditions under which the water is available for appropriation relate almost exclusively to precipitation conditions, though also to flood control operations.

6. There is no basis for limiting Watermaster's season of use.

7. Approval of Application 31369 will not result in any adverse impacts to water quality, the environment or public trust resources.

8. There is no public trust basis for limiting or conditioning Watermaster's appropriation.

9. The project proposed by Application 31369 is in the public interest, and any limitations imposed on Watermaster's ability to divert and recharge storm water will detract from the public interest.

10. The rights of other users of water and the priority of those rights are fully defined in the judgments and agreements described in the Stipulation of Applicants on file with the State Board.

11. The Santa Ana Watershed has a well-developed and complex system for the integrated

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regional management of the Santa Ana River, and for the administration of the rights of the parties of the watershed to use the River and its tributaries.

12. In the Santa Ana Watershed, the most effective manner by which the State Board can fulfill its statutory and common law duties is to give a high level of deference to the existing judgments and agreements.

13. The project proposed by Application 31369 will have a beneficial impact on the groundwater of the Chino Basin.

14. The project proposed by Application 31369 will not have any negative impact on the movement of any contaminated groundwater plumes.

15. There is no water quality basis in the record for limiting or conditioning Watermaster's appropriation.

16. Continued implementation of OBMP Program Element Six is adequate to provide water quality protections within the Chino Basin.

17. Because of the erratic nature of storm flows in the Santa Ana Watershed, it is appropriate to utilize a modified approach to defining the period of development and use.

18. The Optimum Basin Management Program constitutes an integrated and comprehensive management plan for the water resources of the Chino Basin.

IX. PROPOSED PERMIT TERMS

Attached to this closing brief as Exhibit "A," is a proposed permit that is based on the discussion contained in this closing brief and upon the model provided by Watermaster's two existing permits. The proposed permit is composed primarily of standard State Board permit terms, though in some respects these standard permit terms have been modified in an attempt to tailor the permit to the particular conditions of the Santa Ana Watershed and in an attempt to integrate the permit in to the existing integrated regional management of the watershed. The discussion below provides an explanation for each of the areas where the proposed permit deviates from standard State Board permit terms.

A. Deference to the Existing Integrated Regional Management of the Santa Ana Watershed (Proposed Permit Terms 12 and 13)

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1. Policy Background

Pursuant to the California Supreme Court's decision in *National Audubon Society v. Superior Court* (1983) 33 Cal.3d 419, superior courts and the State Board have concurrent original jurisdiction in cases involving water issues. (*Id.* at 451.) However, under the rule of exclusive concurrent jurisdiction, when two tribunals have concurrent jurisdiction over the subject matter and all parties involved in litigation, the first to assume jurisdiction has exclusive and continuing jurisdiction over the subject matter and all parties involved until such time as all necessary related matters have been resolved. (See *Plant Instruction Co. v. Fibreboard Corp.* (1990) 224 Cal.App.3d 781, 786-87 In the present case the Superior Court, through the 1969 Judgment, retained this "exclusive and continuing jurisdiction."

Any decision of the State Board as to the Applications at issue in this proceeding may not conflict with the provisions of the 1969 Judgment. In *Environmental Defense Fund Inc. v. East Bay Municipal Utility District* (1980) 26 Cal.3d 183, the Supreme Court faced a situation on the American River where both a Superior Court and the State Board were exercising jurisdiction. In that case the court held that even though the State Board had retained jurisdiction to consider the diversion point of an appropriation, the Superior Court could exercise jurisdiction over claims involving reasonable use of water under Article X, Section 2 of the California Constitution. (*Id.* at 199-200.) Here even though the State Board has authority to permit applications to appropriate surface waters, it can not deprive the Superior Court of its exclusive retained jurisdiction over the allocation of waters between the parties to the 1969 Judgment.

In the judicial adjudication involving all of the waters of Putah Creek, the State Board has addressed the issue of how to exercise its jurisdiction concurrently with the Superior Court. In *In the Matter of Modification of Appropriative Water Rights Subject to Condition 12* (1996) State Board Order WR 96-002, the State Board faced a situation on Putah Creek where the Superior Court was adjudicating the water rights of over 2,000 water users. After months of negotiations, the parties reached an agreement as to how to exercise their water rights. The State Board found that:

> In the coordinated actions in the Sacramento County Superior Court, both the SWRCB and the court have concurrent jurisdiction over the post-1914 appropriative water rights issued by the SWRCB. The

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> SWRCB is requested to amend the terms and conditions in appropriative rights to give effect to the terms of the Agreement...
>
> In order to avoid the possibility that post-1914 appropriative rights could be subjected to inconsistent mandates from the SWRCB and the court, the SWRCB should review any and all orders of the court implementing the provisions of the Agreement. If it appears that the order of the court and the SWRCB impose inconsistent mandates on appropriative water rights, the SWRCB should consider amending the requirements set forth by this order. (*Id.* at 48-49.)

In the present matter, as the existing framework created by the 1969 Judgment has served the parties well in the nearly 40 years since its issuance, the State Board's decision as to the applications at issue should be consistent with the terms of the 1969 Judgment.

As the Board noted in Solano Irrigation Districts v. All Appropriative Water Rights Holders in Upper Basin (1994) Cal. Env. Lexis 8, June 2, 1994, a matter also involving Putah Creek, it is a difficult situation where both the State Board and a court have jurisdiction over a stream system. However, the State Board added:

> Having expressed this reservation, the SWRCB hastens to add that it is also sensitive to the problem presented by its concurrent jurisdiction with the Court and will make earnest effort to avoid conflict with the decision of the Court whenever possible. (*Id.* at 61.)

2. Permit Terms Recognizing Existing Institutional Framework

The April 5, 2007 Stipulation of the Applicants represents a summation of the complex and highly developed institutional framework that exists in the Santa Ana Watershed for the administration of water rights. This system has been evolving over several decades and integrates the management of both surface and groundwater. The system also incorporates water quality considerations in to the water rights decision-making process.

This system, administered by three separate watermaster bodies, forms the foundation upon which Integrated Regional Water Management ("IRWM") in the Santa Ana Watershed occurs. Joint testimony was presented on behalf of all applicants that the State Board should take this opportunity to demonstrate its support for IRWM by encouraging the process that has evolved in the Santa Ana Watershed. (Joint Exhibit 1-1, pp. 9-10; RT Vol. I, 99:11-22.)

The State Board should recognize and encourage the system that has developed in the Santa Ana Watershed through the inclusion in all permits of Standard Permit Terms 23 and/or 24, and N.

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PERMIT TERM 23 *Adjudicated Rights*

When Used: *If diversion is from an adjudicated source.*

Term:
Rights under this permit are, and shall be, specifically subject to existing rights determined by the Adjudication, Superior Court, ___ County, No. __ insofar as said adjudicated rights are maintained.
(0000023)

PERMIT TERM 24 *Private Agreement*

When Used: *As necessary.*

Term:
Permittee shall comply with the following provisions which are derived from the agreement between permittee and _____ executed on ____ and filed with the State Water Resources Control Board:

1.
2.
etc.

Inclusion in this permit of certain provisions of the referenced agreement shall not be construed as disapproval of other provisions of the agreement or as affecting the enforceability, as between the parties, of such other provisions insofar as they are not inconsistent with the terms of this permit.
(0000024)

PERMIT TERM N *Subject to Watermaster*

When Used: *In adjudicated areas where a watermaster supervises distribution of water.*

Term:
Diversion of water under this permit shall be subject to regulation by the watermaster appointed to enforce the terms of the ___ Decree.
(000000N)

These standard permit terms demonstrate a clear precedent for the State Board to recognize and incorporate existing arrangements between the parties in the fulfillment of its statutory duties.

Standard Permit Term 23 allows the State Board to incorporate the terms of the three judgments in the Santa Ana Watershed governing water rights as between the parties. In fact, the State Board has done exactly this on two prior occasions with regard to Watermaster's two existing permits. Watermaster's Permit 19895 (Application 28473) Term 14, and Permit 20753 (Application 28996) Term 13 both state:

Rights under this permit are, and shall be, specifically subject to existing rights determined by the judgment in Chino Basin Municipal Water District v. City of Chino, Superior Court, San

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Bernardino County No. 164327[3]*, and the stipulated judgment in Orange County Water District v. City of Chino Case No. 117628, insofar as such adjudicated rights are maintained.*

Standard Permit Term 24 allows the State Board to incorporate private agreements among the parties. The State Board should utilize both these approaches and incorporate the April 5, 2007 stipulation in its entirety and as an operative term into each of the parties' permits.

Finally, under Permit Term N, the State Board should acknowledge that the Santa Ana River Watermaster, and the two additional local Watermasters, already administer a complex system of water rights. Permit Term N recognizes that in adjudicated areas such administration can serve as a logical and efficient extension of the administration by the State Board. The State Board should take advantage of this precedent and become, as Mr. Dendy testified, a "partner" in the existing process in the Santa Ana Watershed. (RT Vol. I, 11-22.) The State Board should acknowledge the primary responsibility for administration of water rights in the watershed by the three existing Watermaster entities and should reserve for itself an oversight role that will come in to play only if the existing system should somehow fail.

Proposed Permit Terms 12 and 13 accomplish this goal by incorporating the Stipulation of the Parties in to the permit as an operative element, and by establishing the Santa Ana Watermaster as the primary entity to which the permitees will report. Watermaster recommends that these permit elements be incorporated into each of the Applicant's permits.

B. Incorporation of Existing OBMP Program Elements (Proposed Permit Terms 10, 11 and 13)

Permit terms included in Watermaster's existing two permits require the installation of adequate measuring devices prior to the diversion of water (Permit 19895, Term 15; Permit 20753, Term 14) and specify that allowed diversions under the permits may be altered if necessary in order to meet the water quality objectives contained in a water quality control plan (Permit 19895 Term 13; Permit 20753, Term 12).

As described in the written testimony of Mr. Malone, Watermaster has an extensive monitoring program under OBMP Program Element One through which Watermaster gathers a

[3] Case No. 164327 has subsequently been renumbered by the San Bernardino Superior Court as Case No. RCV 51010.

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wide variety of types of data about all aspects of the water resources of the Chino Basin. (CBWM Ex. 5-1.) Watermaster already has a detailed set of monitoring activities relating to the diversion and recharge of water at the recharge basins. (CBWM Ex. 5-1, pp. 19-22.) These monitoring activities include both water quantity and water quality parameters.

OBMP Program Element Six (Develop and Implement Cooperative Programs with the Regional Board and Other Agencies to Improve Basin Management) relates directly to water quality issues, and specifically relates to the Regional Board Water Quality Control Board. Additionally, as described at length above, the storm water recharge project described by Application 31369 is specifically identified in the most recent Basin Plan for the Santa Ana Region as a mitigation measure for the use of recycled water. Since a management program already exists, it will be more effective for the permit to simply reference these existing activities rather than trying to create something new.

The State Board can rely upon these existing management elements without involving itself in enforcement issues because ultimately enforcement of the OBMP commitments remains with the court overseeing Watermaster. (RT Vol. I, 133:8-14; CBWM Ex. 1-5; CBWM Ex. 1-9; CBWM Ex. 1-10.)

C. Permit Terms Responsive to Erratic and Flashy Nature of Creek System

1. Diversion Quantity (Proposed Permit Term 5)

The evidence shows that Watermaster is capable of diverting and recharging the storm water when it is available. Watermaster's testimony demonstrated the overwhelming positive features of recharging as much of the available storm water as possible. However, the number of variables involved in predicting how much of any given storm event will be able to be recharged is virtually impossible. The permit should acknowledge this reality and not attempt to define limits beyond the gross quantity of water to be diverted and the potential diversion rate of the facilities. Beyond this, Watermaster should be left with the flexibility to make best efforts to recharge as much of this water as possible. This is true especially since any water that is not able to be recharged simply returns to the channel from which it was diverted a very short time later. (RT Vol. II, 108:17-109:11.)

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2. Modified Period of Use and Development (Proposed Permit Term 7)

The question of the erratic and flashy nature of the Santa Ana Watershed was put to the hearing participants in the context of a challenge with regard to the formulation of permitting terms. With respect to the Chino Basin, the issue of the erratic nature of the flows should not pose an issue with regard to the formulation of a permit because there are neither beneficial use nor public trust concerns with Watermaster's diversion activities, even if Watermaster is simply given the discretion and the flexibility to divert and recharge as much water as it can, whenever it is available. Rather, the challenge of the erratic availability of water presents a challenge with regard to defining the manner in which Watermaster may perfect its permit into a license.

In a more traditional stream system, an applicant receives a permit and then proceeds to construct a project to appropriate water. A limited period of development and use is imposed on the applicant so that water resources are not inappropriately tied-up and kept from being put to maximum beneficial use. With respect to the Chino Basin, this concern does not exist. Watermaster's project is a project proposed on behalf of the universe of potential water users, and it is a project that has already been implemented.

Application 31369 requests the ability to divert and recharge 68,500 acre-feet per year. This amount, when combined with Watermaster's existing permits, will give Watermaster the right to divert and recharge 110,500 acre-feet per year. Watermaster did not apply for the maximum amount that its evidence shows will be available. (CBWM Ex. 2-1, Figure 6.) Rather, Watermaster formulated its request based on a reasonable expectation about the capacity of its facilities and a reasonable expectation about precipitation conditions. However, it is impossible to know when there will again be sufficient water available in the system to allow Watermaster to appropriate the full amount of its permit and subsequently apply for a license for the full permitted amount. Watermaster should not be held subject to the vagaries of the weather patterns when there is no benefit that will be derived from such a limitation.

Proposed Permit Term 7 resolves this problem by allowing Watermaster to request a license on its permit when it can make a credible demonstration that the facilities have the capacity to appropriate the full amount of the permit. Because it is likely that such a demonstration will require

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some level of operation during high flow periods, the proposed permit term gives Watermaster a 50-year period in which to make this demonstration. 50 years was chosen because this is the statistical period modeled in Watermaster's water availability analysis, which analysis showed that over the course of such a period there is a 10% chance that water will be available in sufficient quantity to satisfy the full amount of Watermaster's requested appropriation.

3. Administration of Rights and Coordination Between Legal Users of Water (Proposed Permit Term 12)

Ultimately, the incorporation of the existing system of management and administration is the best way for the State Board to craft permit terms that take account of the flashy and erratic nature of the system. (*See* Water Code § 380.) The existing system evolved in response to the particular conditions in the Santa Ana Watershed, including the erratic and flashy nature of the River and its tributaries. This system can be incorporated into the permit by incorporation of the Stipulation of the Applicants as an operative terms as recommended in Proposed Permit Term 12.

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X. CONCLUSION

Watermaster's Application 31369 should be granted as requested without conditions except as discussed herein.

Dated: June 6, 2007

HATCH & PARENT

By: /s/ Michael T. Fife
MICHAEL T. FIFE
BRADLEY J. HERREMA
Attorneys for Attorneys For
CHINO BASIN WATERMASTER

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21 East Carrillo Street
Santa Barbara, CA 93101

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Exhibit A (Proposed Permit)

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State of California

State Water Resources Control Board
DIVISION OF WATER RIGHTS

PERMIT FOR DIVERSION AND USE OF WATER

PERMIT _____

Application 31369 of the Chino Basin Watermaster (9641 San Bernardino Road, Rancho Cucamonga, CA 91730) filed on September 21, 2000, has been approved by the State Water Resources Control Board subject to the limitations and conditions of this Permit.

Chino Basin Watermaster is hereby authorized to divert and use water as follows:

1. Source:

San Antonio Creek System (including San Antonio Creek and Chino Creek), Cucamonga Creek System (including Cucamonga Creek, West Cucamonga Creek and Deer Creek), Day Creek System, San Sevaine Creek System (including San Sevaine Creek, West Fontana Channel, Declez Channel, and Etiwanda Creek).

All creeks are tributary to the Santa Ana River.

2. Location of Points of Diversion:

SEE ADDENDUM

Counties of San Bernardino and Riverside.

3. Purpose of use:

Recharge to storage in the Chino Groundwater Basin for the purpose of supply augmentation and for blending with recycled water. End uses of recharged water include: Municipal, Irrigation, Stockwatering, and Industrial

4. Place of use:

The jurisdictional area of the Chino Basin Watermaster as defined in Exhibit A (by map) and Exhibit K (by legal description) of the stipulated judgment in the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010.

5. The water appropriated shall be limited to a quantity of 68,500 acre-feet per year at a maximum rate of 115,570 cubic feet per second distributed throughout the points of diversion as described in the ADDENDUM, from January 1 to December 31. Watermaster will make best efforts to recharge all water appropriated into the Chino Groundwater Basin.

6. The amount authorized for appropriation may be reduced in the license if investigation warrants.

7. Chino Basin Watermaster may request a license to be issued when Watermaster is able to demonstrate that operationally and physically the facilities have the capability to appropriate the full amount of the permit. Such a demonstration shall not depend on an actual appropriation of that amount of water so long as the reason such an appropriation has not occurred is solely because of precipitation conditions or flood control operational decisions. Chino Basin Watermaster shall complete this demonstration within 50 years of the issuance of this permit.

8. Progress reports shall be submitted promptly by Chino Basin Watermaster when requested by the State Water Resources Control Board until a license is issued.

9. Chino Basin Watermaster shall allow representatives of the State Water Resources Control Board and other parties as may be authorized from time to time by said Board, reasonable access to project works to determine compliance with the terms of this permit.

10. Pursuant to California Water Code Sections 100 and 275, and the common law public trust doctrine, all rights and privileges under this permit and under any license issued pursuant thereto, including method of diversion, method of use, and quantity of water diverted, are subject to the continuing authority of the State Water Resources Control Board in accordance with law and in the public interest of the public welfare to protect public trust uses and to prevent waste, unreasonable use, unreasonable method of use or unreasonable method of diversion of said water.

The continuing authority of the State Water Resources Control Board may be exercised by imposing specific requirements over and above those contained in this permit with a view to eliminating waste of water and to meeting the reasonable water requirements of the Chino Basin without unreasonable draft on the source. The Chino Basin Watermaster may be required to implement or facilitate the implementation of a water conservation plan, and operate efficient water measuring devices to assure compliance with the quantity limitations of this permit and to determine accurately water use as against reasonable water requirements for the authorized project. It is recognized by this permit that such measures are already underway by the Chino Basin Watermaster, the parties to the stipulated judgment in the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010, and pursuant to the Chino Basin Watermaster's Optimum Basin Management Program ("OBMP"). No action will be taken pursuant to this paragraph unless the State Water Resources Control Board

determines, after notice to the affected parties and opportunity for hearing, that such specific requirements are physically and financially feasible and are appropriate to the particular situation.

The continuing authority of the State Water Resources Control Board may be exercised by imposing further limitations on the diversion and use of water by the Chino Basin Watermaster in order to protect public trust uses. No action will be taken pursuant to this paragraph unless the Board determines, after notice to the affected parties and opportunity for hearing, that such action is consistent with California Constitution Article X, section 2; is consistent with the public interest and is necessary to preserve or restore the uses protected by the public trust.

11. The Chino Basin Watermaster shall continue to implement its water quality program under OBMP Program Element Six (Develop and Implement Cooperative Programs with the Regional Board and Other Agencies to Improve Basin Management).

This permit shall be construed to allow the Chino Basin Watermaster to comply with the terms of the 2004 Santa Ana Regional Water Quality Control Board's resolution R802004-0001 that amended the Water Quality Control Plan for the Santa Ana Region with respect to the requirement to recharge stormwater into the groundwater basin and as reflected in permit R8-2005-0033 Water Recycling Requirements for Inland Empire Utilities Agency and Chino Basin Watermaster, Phase I Chino Basin Recycled Water Groundwater Recharge Project, and similar permits that may be issued regarding the recharge of recycled water and as these permits may from time to time be amended.

12. Rights under this permit are, and shall be, specifically subject to existing rights determined by the judgments and agreements as described by that "Stipulation of the Applicants" on file with the State Water Resources Control Board and made a part of the official record relating to this permit through submission to the State Water Resources Control Board by Watermaster, et al. on April 5, 2007.

Diversion of water under this permit shall be subject to regulation by the court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. 51010, and by the watermaster appointed to enforce the terms of the stipulated judgment in the case *Orange County Water District v. City of Chino*, Orange County Superior Court Case No. 117628.

The terms of this permit shall be construed as consistent with the judgments and agreements as described in the Stipulation of the Applicants, and as those judgments and agreements may be amended from time to time. Provided, however, that enforcement of such judgments and agreements shall be solely the responsibility of the watermasters and courts associated with such judgments and agreements.

13. The Chino Basin Watermaster shall continue to implement its comprehensive monitoring program under Program Element One of the OBMP. Watermaster shall provide its recharge and production monitoring data to the Santa Ana Watermaster on an

annual basis. Watermaster will ensure that if the State Water Resources Control Board requires the reporting of any such data either under this permit or under any license granted based on this permit, that such reporting is provided to the Board by the Santa Ana River Watermaster.

14. This permit is issued and permittee takes it subject to the following provisions of the Water Code:

Section 1390. A permit shall be effective for such time as the water actually appropriated under it is used for a useful and beneficial purpose in conformity with this division (of the Water Code), but no longer.

Section 1391. Every permit shall include the enumeration of conditions therein which in substance shall include all of the provisions of this article and the statement that any appropriator of water to whom a permit is issued takes it subject to the conditions therein expressed.

Section 1392. Every permittee if he accepts a permit, does so under the conditions precedent that no value whatsoever in excess of the actual amount paid to the State therefore shall at any time be assigned to or claimed for any permit granted or issued under the provisions of this division (of the Water Code), or for any rights granted or acquired under the provisions of this division (of the Water Code). In respect to the regulation by any competent public authority of the services or the price of the services to be rendered by any permittee or by the holder of any rights granted or acquired under the provisions of this division (of the Water Code) or in respect to any valuation for purposes of the sale to or purchase, whether through condemnation proceedings or otherwise, by the State or any city, city and county, municipal water district, irrigation district, lighting district, or any political subdivision of the State, of the rights and property of any permittee, or the possessor of any rights granted, issued, or acquired under the provisions of this division (of the Water Code).

Addendum to Exhibit A (Chart of Points of Diversion)

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CHINO BASIN WATERMASTER
APPLICATION 31369 POINTS OF DIVERSION

Spreading Facility	Basin Type	Diversion Name	Easting	Northing	Point is Within	Section	Township	Range	Base and Meridian	Diversion Name	Conduit	Stormwater Recharge Rate of Diversion (cfs)	Annual Amount (acre-ft/yr)	Spreading Area (Acres)
Chino Creek (San Antonio Creek) System														
College Heights	FB	San Antonio Creek Inlet	6653870	1861320.7	NW 1/4 of NW 1/4 of	11	01S	08W	S.B.B.M.	San Antonio Creek Inlet	3 - 5' x 5' reinforced concrete culvert, 150 ' long, 2% slope	290	420	10
Upland Basin	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	690	2,500	32
Montclair 1	Both	San Antonio Creek Inlet	6652040.1	1855855.9	NE 1/4 of NE 1/4 of	15	01S	08W	S.B.B.M.	San Antonio Creek Inlet	48" reinforced concrete pipe, 80% slope	1,400	1,870	9
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains				
Montclair 2	FT	Outlet from Montclair 1	6651927.8	1854846.5	NE 1/4 of NE 1/4 of	15	01S	08W	S.B.B.M.	Outlet from Montclair 1	Concrete spillway	2,220	1,300	13
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
Montclair 3	Both	San Antonio Creek Inlet	6651423.5	1853334.9	NW 1/4 of SE 1/4 of	15	01S	08W	S.B.B.M.	San Antonio Creek Inlet (proposed)	3 - 5 " x 5" reinforced concrete culver, 150' long, 2% slope	2,390	680	5
		Outlet from Montclair 2	6651675.5	1853570.8	NW 1/4 of NE 1/4 of	15	01S	08W	S.B.B.M.	Outlet from Montclair 2	Concrete spillway			
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
Montclair 4	FT	Outlet from Montclair 3	6651331	1852355.3	NW 1/4 of SE 1/4 of	15	01S	08W	S.B.B.M.	Outlet from Montclair 1	Concrete spillway	2,400	1,070	8
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
Brooks	FT	San Antonio Creek Inlet	6647789.6	1845097.3	NW 1/4 of NW 1/4 of	27	01S	08W	S.B.B.M.	San Antonio Creek Inlet (proposed)	Trapezoidal channel, b=4', z = 1, d=6', .5% slope, diverted completely	1,660	3,660	14
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
Cucamonga Creek System														
8th Street	FT	Misc Existing Urban Storm Drains	6673019.3	1856071.8	NE 1/4 of NE 1/4 of	17	01S	07W	S.B.B.M.	West Cucamonga Creek Inlet	varies	2,910	2,680	19
7th Street	FT	Outlet from 8th Street Basin	6673030.1	1854979	NE 1/4 of NE 1/4 of	17	01S	07W	S.B.B.M.	Outlet from 8th Street Basin	50' wide spillway & 3 - 10' x 5' reinforced concrete culvert, 110' long	2,880	370	8
Ely Basin	FT	West Cucamonga Creek Inlet	6676982.7	1835570.1	SW 1/4 of SE 1/4 of	33	01S	07W	S.B.B.M.	West Cucamonga Creek Inlet	Trapezoidal Channel, b = 36', z = 16',..5% slope, diverted comple	6,030	5,770	43
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
Grove Street	FT	Misc Existing Urban Storm Drains	Varies	Varies	SW 1/4 of SE 1/4 of	33	01S	07W	S.B.B.M.	Misc Existing Urban Storm Drains	varies	1,140	1,530	17
Turner No. 1	FB	Cucamonga Creek Inlet	6682542.5	1850672.8	NW 1/4 of NE 1/4 of	22	01S	07W	S.B.B.M.	Cucamonga Creek Inlet	8' x 4 reinforced concrete culbert, 40' long, 5% slope	310	1,210	10
Turner No. 2,3,4	Both	Deer Creek Inlet	6684634.1	1850133.6	NE 1/4 of NE 1/4 of	22	01S	07W	S.B.B.M.	Deer Creek Inlet (proposed)	3 - 5' x 5' reinforced concrete culvert, 150 long 2% slope	650	2,490	30
		Outlet from Turner 589								Misc Existing Urban Storm Drains				
Turner No. 5,8,9	Both	Deer Creek Inlet	6686169	1850180.3	NE 1/4 of nw 1/4 of	23	01S	07W	S.B.B.M.	Deer Creek Inlet (proposed)	3 - 5' x 5' reinforced concrete culvert, 150 long 2% slope	630	3,780	
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			26
Day Creek System														
Lower Day	Both	Day Creek Inlet	6700373.3	1871850	NE 1/4 of NE 1/4 of	31	01N	06W	S.B.B.M.	Day Creek Inlet	96" reinforced concrete pipe, 360' long, 4% slope	140	920	
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			18
Etiwanda Percolation Ponds (aka Etiwanda Basins)	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	1,560	2,540	20
Wineville	FT	Day Creek Inlet	6700366.6	1838840.6	SE 1/4 of NE 1/4 of	31	01S	06W	S.B.B.M.	Day Creek Inlet	60' wide concrete channel diverted completely into basin	12,000	4,100	70
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
Riverside	FT	Wineville Outlet	6699249.7	1837568	SE 1/4 of NE 1/4 of	31	01S	06W	S.B.B.M.	Wineville Outlet	104" wide spillway & 72" RCP diverted completely into basin	4,440	4,800	59
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
Etiwanda Debris Basin	FT	Outlet from Etiwanda Spreading Area	6709726	1877535.3	SW 1/4 of SE 1/4 of	21	01N	06W	S.B.B.M.	Outlet from Etiwanda Spreading Area	Natural channel diverted completely through basin	4,620	2,300	40
San Sevaine Creek System														
San Sevaine No. 1	FT	San Sevaine Creek Inlet	6715443.4	1877470.9	NE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	San Sevaine Creek Inlet	Natural channel diverted completely through basin	6,750	1,850	20
San Sevaine No. 2	FT	Outlet from San Sevaine 1	6715806.1	1876823.8	NE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	Outlet from San Sevaine 1	150' wide spillway	6,630	250	12
Rich Basin	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	3,420	1,340	8
San Sevaine No. 3	FT	Outlet from Rich Basin	6719551.8	1880432	SW 1/4 of NE 1/4 of	23	01N	06W	S.B.B.M.	Outlet from Rich Basin	Concrete channel diverted completely into basin	11,010	1,760	12
		Outlet from San Sevaine 2	6715774.2	1876134.1	SE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	Outlet from San Sevaine 2	150' wide spillway			
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies			
San Sevaine No. 4	FT	Outlet from San Sevaine 3	6715757.2	1875495.7	SE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	Outlet from San Sevaine 3	150' wide spillway	10,830	300	6
San Sevaine No. 5	FT	Outlet from San Sevaine 4	6715623.9	1874877.6	SE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	Outlet from San Sevaine 4	150' wide spillway	10,800	500	127
Victoria Basin	Both	Inlet from Etiwanda Creek	6711701.1	1870738.9	SW 1/4 of NW of	34	01N	06W	S.B.B.M.	Inlet from Etiwanda Creek	2 - 5' x 5' reinforced concrete culvert, 120' long 2% slope	740	2,000	15
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains				
Banana Basin	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	1,230	1,560	8
Hickory Basin	FT	Outlet from Banana Basin	6713257.7	1857072.2	SE 1/4 of SW 1/4 of	10	01S	06W	S.B.B.M.	Outlet from Banana Basin	varies	1,200	1,980	11
Jurupa Basin	Both	Inlet from San Sevaine Channel	6708521.7	1841430.5	SW 1/4 of SE 1/4 of	26	01S	06W	S.B.B.M.	Inlet form San Sevaine Channel	3 - 5' x 5' reinforced concrete culvert, 150' long, 2% slope	3,000	7,600	50
		Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains				
Former RP3 Site	FT	Inlet from Declez Channel	6721780.9	1838204.8	SE 1/4 of NE 1/4 of	35	01S	06W	S.B.B.M.	Inlet form Declez Channel	25' wide concrete channel diverted completely into basin	3,300	3,573	30
Declez Basin	FT	Inlet from Declez Channel	6713195.3	1834901.3	NE 1/4 of NW 1/4 of	3	02S	06W	S.B.B.M.	Inlet form Declez Channel	25' wide concrete channel diverted completely into basin	3,240	1,787	9
Totals												115,570	68,508	

Note (1) -- FT is a flow-through basin where all inflows are unregulated and completely diverted into the basin. FB is a flow-by basin where inflows are controlled by either manageable inlet works or by flow magnitude. Both is a combination flow-through and flow-by basin.

Note (1) - Misc existing storm drains consists of reinforced concrete boxes, reinforced Concrete pipes and corrugate

Exhibit B (Stipulation of Applicants)

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STATE WATER RESOURCES CONTROL BOARD

San Bernardino Valley Municipal Water District, Western Municipal Water District of Riverside County, Orange County Water District, Chino Basin Watermaster, San Bernardino Valley Water Conservation District, and City of Riverside, Applicants	WATER RIGHT HEARING ON APPLICATION NOS. 31165, 31370, 31174, 31369, 31371, 31372 **STIPULATION OF APPLICANTS** Date: May 2, 2007 Time: 9:00 a.m. Dept: Cal EPA Building, Coastal Hearing Room

Applicants San Bernardino Valley Municipal Water District ("Muni") and Western Municipal Water District of Riverside County ("Western") (Application Nos. 31165 and 31370), Orange County Water District ("OCWD") (Application No. 31174), Chino Basin Watermaster (Application No. 31369), San Bernardino Valley Water Conservation District ("Conservation District") (Application No. 31371), and City of Riverside (Application No. 31372 and Wastewater Change Petition WW-0045) (collectively, the "Parties"), hereby enter the following Stipulation to resolve Issue Numbers 4 and 5, as set forth on page 10 of the February 16, 2007 Notice of Public Hearing and Pre-hearing Conference on Water Right Applications and Wastewater Change Petition:

1. The priority of rights as among all legal users of water from the Santa Ana River, including all applicants in the current proceedings, was the subject of several cases, all litigated and resolved as set forth below.

2. The first such case was *Orange County Water District v. City of Chino* et al. (Orange County Superior Court No. 117628) (the "*Orange County* Judgment"), in which judgment was entered on April 17, 1969. A general description of the case and the key elements

of that judgment, which is excerpted from the 35th Annual Report of the Santa Ana River Watermaster dated April 30, 2006, is attached hereto as Exhibit A; reference should be made to the actual *Orange County* Judgment on file with the Orange County Superior Court for particular details of the case and rights and obligations of the parties thereunder.

3. The continuing vitality of the *Orange County* Judgment has been recognized and reaffirmed in various documents which also served as the vehicles by which any upstream diverters which had concerns over OCWD's application either agreed not to protest or dismissed their protests against OCWD's application. Those agreements are:

(a) *Memorandum of Understanding to Affirm and Preserve Existing Rights in the Santa Ana River Watershed*, between and among Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County, November 16, 1999;

(b) *Santa Ana River and Chino Basin Water Right Accord*, September 15, 2000.

(c) *Agreement Between Orange County Water District and City of San Bernardino Concerning Water Rights*, September 1, 2004;

(d) *Agreement Between Orange County Water District and East Valley Water District Concerning Water Rights*, June 23, 2006; and

(e) *Agreement Between Orange County Water District and City of Riverside Concerning Water Rights*, July 24, 2006.

4 The second such case was *Western Municipal Water District of Riverside County* et al. *v. East San Bernardino County Water District*, et al. (Riverside County Superior Court No. 78426) (the "*Western* Judgment"), in which judgment was also entered on April 17, 1969, simultaneously and in conjunction with the *Orange County* Judgment. A general description of the case and the key elements of that judgment is attached hereto as Exhibit B; reference should be made to the actual *Western* Judgment on file with the Riverside County Superior Court for particular details of the case and rights and obligations of the parties thereunder.

5. The third such case was *Big Bear Municipal Water District v. North Fork Water Company*, et al. (San Bernardino County Superior Court No. 165493) (the "*Big Bear* Judgment"), in which judgment was entered on February 7, 1977.

6. Certain of the Parties have also entered into settlement agreements to clarify their respective priorities to use the waters of the Santa Ana River:

(a) *Settlement Agreement Relating to the Diversion of Water from the Santa Ana River System*, dated July 21, 2004 (the "Seven Oaks Accord"); and

(b) *Settlement Agreement Among San Bernardino Valley Water Conservation District, San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County*, dated August 2005 (the "Conservation District Agreement").

7. The fourth such case was *Chino Basin Municipal Water District v. City of Chino* et al. (San Bernardino County Superior Court Case No. RCV 51010) (the "*Chino Basin* Judgment"), in which judgment was entered on January 30, 1978.

8. The effect of the *Orange County* Judgment was to divide the waters of the Santa Ana River between the Lower Area and the Upper Area, as those areas were defined in the *Orange County* Judgment, in the manner set forth in that judgment.

9. The effect of the *Western* Judgment was to allocate the waters of the San Bernardino Basin, Colton Basin and Riverside Basin Areas, i.e., the "Upper Area" except for Chino Basin, consistent with the requirements of the *Orange County* Judgment.

10. The effect of the *Big Bear* Judgment was to implement a physical solution that allows for the maintenance of high levels of water in Big Bear Lake for recreational purposes without interfering with downstream water rights.

11. The effect of the *Chino Basin* Judgment was to allocate the waters of the Chino Basin among the parties to that judgment, which are all located within that basin, consistent with the requirements of the *Orange County* Judgment.

12. The relative priority of OCWD to divert water from the Santa Ana River is established by the *Orange County* Judgment and affirmed in the agreements identified in paragraph 3 above.

13. The relative priority of Chino Basin Watermaster to divert water from the Chino Basin is established by Inland Empire Utilities Agency's rights and obligations under the *Orange County* Judgment, the *Chino Basin* Judgment, and the agreements identified in paragraphs 3(a) and 3(b) above.

14. The relative priority of the City of Riverside to change the point of discharge, place of use and purpose of use of its wastewater discharge is established by the *Orange County* Judgment, the *Western* Judgment, and the agreement identified in paragraph 3(e) above.

15. The effect of the judgments and agreements identified in paragraphs 2, 3(a), 4, 5 and 6 above has been to create, upon action by the State Water Resources Control Board to approve Application Nos. 31165, 31370 and 31371, the following relative priorities among the Parties that divert and use water from the mainstem of the Santa Ana River in the Upper Area, consistent with the requirements of the *Orange County*, *Western*, and *Big Bear* Judgments:

(a) The City of Redlands, East Valley Water District, Bear Valley Mutual Water Company, Lugonia Water Company, North Fork Water Company and Redlands Water Company would have first priority to divert up to 88 cubic feet per second

(b) The Conservation District would have a second priority to divert and spread pursuant to License Nos. 2831 and 2832.

(c) Muni/Western's diversion and storage of water that is the subject of Application No. 31165 would have a third priority.

(d) The Conservation District's diversion of water that is the subject of Application No. 31371 would have a fourth priority.

(e) Muni/Western's diversion and storage of water that is the subject of Application No. 31370 would have a fifth priority.

The priorities described in paragraphs 14(c) through 14(e) above are subject to the provisions of

paragraphs 5(e) and 5(f) of Exhibit A of the Conservation District Agreement.

16. The Parties do not intend this Stipulation to modify or amend the terms of any of the judgments or agreements referenced above. In the event that there is any inconsistency between the terms of those judgments or agreements and the descriptions of those judgments or agreements in this Stipulation, the terms of the judgments or agreements shall control.

17. Given that the foregoing proceedings have included all legal users of water in the Santa Ana River, the above constitutes a full resolution of the water right priorities among the Parties and is fully protective of other legal users of water. Accordingly, the Parties request that the SWRCB accept this stipulation as a full resolution of Issues 4 and 5 concerning relative water rights priorities and protection of other legal users of water at the April 5, 2007 Pre-Hearing Conference.

DATED: April 5, 2007

DOWNEY BRAND LLP

By: _____
David R.E. Aladjem
Attorneys for Applicants
San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County

DATED: April 5, 2007

PILLSBURY WINTHROP SHAW PITTMAN LLP

By: _____
Christopher J. McNevin
Attorneys for Applicant
Orange County Water District

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DATED: April 5, 2007

HATCH & PARENT

By: _____
Michael T. Fife
Attorneys for Applicant
Chino Basin Watermaster

DATED: April 5, 2007

RUTAN & TUCKER LLP

By: _____
David B. Cosgrove
Attorneys for Applicant
San Bernardino Valley Water Conservation District

DATED: April 5, 2007

BEST BEST & KRIEGER LLP

By: _____
Jill N. Willis
Attorneys for Applicant
City of Riverside

ORDER

IT IS SO ORDERED:

April ___, 2007

_____
Arthur G. Baggett, Jr
Hearing Officer

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CHAPTER IV

HISTORY AND SUMMARY OF THE JUDGMENT
in the case of
Orange County Water District v City of Chino, et al.
(Case No. 117628-County of Orange)

History of Litigation

The complaint in the case was filed by Orange County Water District on October 18, 1963, seeking an adjudication of water rights against substantially all water users in the area tributary to Prado Dam within the Santa Ana River Watershed, but excluding the area tributary to Lake Elsinore. Thirteen cross-complaints were filed in 1968, extending the adjudication to include substantially all water users in the area downstream from Prado Dam. With some 4,000 parties involved in the case (2,500 from the Upper Area and 1,500 from the Lower Area), it became obvious that every effort should be made to arrive at a settlement and physical solution in order to avoid enormous and unwieldy litigation.

Efforts to arrive at a settlement and physical solution were pursued by public officials, individuals, attorneys, and engineers. Attorneys for the parties organized in order to facilitate settlement discussions and, among other things, provided guidance for the formation and activities of an engineering committee to provide information on the physical facts.

An initial meeting of the engineers representing the parties was held on January 10, 1964. Agreement was reached that it would be beneficial to undertake jointly the compilation of basic data. Liaison was established with the Department of Water Resources, State of California, to expedite the acquisition of data. Engineers representing the parties were divided into subcommittees which were given the responsibility of investigating such things as the boundary of the Santa Ana River Watershed and its subareas, standardization of the terminology, the location and description of wells and diversion facilities, waste disposal and transfer of water between subareas.

In response to a request from the attorneys' committee at a meeting held April 17, 1964, on April 30, 1964, the joint engineering committee prepared a list of preliminary engineering studies directed toward settlement of the Santa Ana River water rights litigation. Special assignments were made to individual engineers on selected items requested by the attorneys' committee.

The attorneys and engineers for the defendants then commenced a series of meetings separate from the representatives of the plaintiffs in order to consolidate their positions and to determine a course of action. On October 7, 1964, engineers for the defendants presented the results of the studies made by the joint engineering committee. The defendants' attorneys requested that additional information be provided on the methods

of measuring flow at Prado Dam, the historical supply and disposal of water passing Prado Dam, segregation of flow into components, and determination of the amount of supply which was usable by the downstream area On December 11, 1964, the supplemental information was presented to the defendants' attorneys

During 1965, engineers and attorneys for the defendants held numerous conferences and conducted additional studies in an attempt to determine their respective positions in the case. Early in 1966, the plaintiff and defendants exchanged drafts of possible principles for settlement. Commencing March 22 and ending April 13, 1966, four meetings were held by the engineers to discuss the draft of principles for settlement.

On February 25, 1968, the defendants submitted a request to the Court that the Order of Reference be issued requesting the California Department of Water Resources to determine the physical facts. On May 9, 1968, the plaintiffs' attorney submitted motions opposing the Order of Reference and requested that a preliminary injunction be issued. In the meantime, every effort was being made to come to an agreement on the Stipulated Judgment. Commencing on February 28, 1968 and extending until May 14, 1968, six meetings were held to determine the scope of physical facts on which agreement could be reached so that if an Order of Reference were to be approved by the Court, the work under the proposed reference would not repeat the extensive basic data collection and compilation which had already been completed and on which engineers for both plaintiffs and defendants had reached substantial agreement. Such basic data were compiled and published in two volumes under date of May 14, 1968 entitled "Appendix A, Basic Data."

On May 21, 1968, an outline of a proposal for settlement of the case was prepared and a committee of attorneys and engineers for the parties commenced preparation of the settlement documents. On June 16, 1968, the Court held a hearing on the motions it had received requesting a preliminary injunction and an Order of Reference. The parties requested that the Court delay the preliminary hearings on these motions in view of the efforts toward settlement that were underway. The plaintiff, however, was concerned regarding the necessity of bringing the case to trial within the statutory limitation and, accordingly, on July 15, 1968, submitted a motion to set the complaint in the case for trial. On October 15, 1968, the trial was commenced and was adjourned after one-half day of testimony on behalf of the plaintiff. Thereafter, the parties filed with the Court the necessary Settlement Documents including a Stipulation for Judgment. The Court entered the Judgment on April 17, 1969, along with Stipulations and Orders dismissing all defendants and cross-defendants except for the four major public water districts overlying, in aggregate, substantially all of the major areas of water use in the watershed. The districts, the locations of which are shown on Plate 1, "Santa Ana River Watershed", are as follows:

(1) Orange County Water District (OCWD), representing all lower basin entities located within Orange County downstream of Prado Dam.

(2) Western Municipal Water District (WMWD), representing middle basin entities located within Riverside County on both sides of the Santa Ana River primarily upstream from Prado Dam.

(3) Inland Empire Utilities Agency (IEUA), formerly Chino Basin Municipal Water District (CBMWD), located in the San Bernardino County Chino Basin area, representing middle basin entities within its boundaries and located primarily upstream from Prado Dam.

(4) San Bernardino Valley Municipal Water District (SBVMWD), representing all entities within its boundaries, and embraced within the upper portion of the Riverside Basin area, the Colton Basin area (being an upstream portion of the middle basin) and the San Bernardino Basin area, being essentially the upper basin.

Summary of Judgment

Declaration of Rights. The Judgment sets forth a declaration of rights. Briefly stated, the Judgment provides that the water users in the Lower Area have rights, as against the water users in the Upper Area, to receive certain average and minimum annual amounts of non-storm flow ("base flow") at Prado Dam, together with the right to all storm flow reaching Prado Dam. The amount of the Lower Area entitlement is variable based on the quality of the water received by the Lower Area. Water users in the Upper Area have the right as against the water users in the Lower Area to divert, pump, extract, conserve, store and use all surface and groundwater supplies originating within the Upper Area, so long as the Lower Area receives the water to which it is entitled under the Judgment and there is compliance with all of its provisions.

Physical Solution. The Judgment also sets forth a comprehensive "physical solution" for satisfying the rights of the Lower Area. To understand the physical solution it is necessary to understand the following terms that are used in the Judgment:

Storm Flow – That portion of the total flow which originates from precipitation and runoff and which passes a point of measurement (either Riverside Narrows or Prado Dam) without having first percolated to groundwater storage in the zone of saturation, calculated in accordance with procedures referred to in the Judgment.

Base Flow - That portion of the total surface flow passing a point of measurement (either Riverside Narrows or Prado Dam) which remains after deduction of storm flow, nontributary flows, exchange water purchased by OCWD, and certain other flows as determined by the Watermaster.

Adjusted Base Flow - Actual base flow in each year adjusted for water quality pursuant to formulas specified in the Judgment. The adjustment of Base Flow for water quality is intended to provide an incentive to the Upper Area to maintain a

better quality of water in the river. When the total dissolved solids (TDS) is lower than a specified value at one of the measuring points, the water quantity obligation is lower. When the TDS is higher than a specified value, the water quantity obligation is higher. This is the first comprehensive adjudication in Southern California in which the quality of water is taken into consideration in the quantification of water rights.

Credits and Debits - Under the accounting procedures provided for in the Judgment, credits accrue to SBVMWD in any year when the Adjusted Base Flow exceeds 15,250 acre-feet at Riverside Narrows and jointly to IEUA and WMWD when the Adjusted Base Flow exceeds 42,000 acre-feet at Prado Dam. Debits accrue in any year when the Adjusted Base Flows falls below those levels. Credits or debits accumulate year to year.

Obligation at Riverside Narrows. SBVMWD has an obligation to assure an average annual Adjusted Base Flow of 15,250 acre-feet at Riverside Narrows, subject to the following:

(1) A minimum Base Flow of 13,420 acre-feet plus one-third of any cumulative debit

(2) After October 1, 1986, if no cumulative debit exists, the minimum Base Flow shall be 12,420 acre-feet.

(3) Prior to 1986, if the cumulative credits exceed 10,000 acre-feet, the minimum Base Flow shall be 12,420 acre-feet.

(4) All cumulative debits shall be removed by the discharge of a sufficient Base Flow at Riverside Narrows at least once in any ten consecutive years following October 1, 1976. Any cumulative credits shall remain on the books of account until used to offset any subsequent debits or until otherwise disposed of by SBVMWD.

(5) The Base Flow at Riverside Narrows shall be adjusted using weighted average annual TDS in such Base Flow in accordance with the formula set forth in the Judgment.

Obligation at Prado Dam. IEUA and WMWD have a joint obligation to assure an average annual Adjusted Base Flow of 42,000 acre-feet at Prado Dam, subject to the following:

(1) Minimum Base Flow at Prado shall not be less than 37,000 acre-feet plus one-third of any cumulative debit.

(2) After October 1, 1986, if no cumulative debit exists, the minimum Base Flow quantity shall be 34,000 acre-feet.

(3) Prior to 1986, if the cumulative credit exceeds 30,000 acre-feet, the minimum Base Flow shall be 34,000 acre-feet.

(4) Sufficient quantities of Base Flow shall be provided at Prado to discharge completely any cumulative debits at least once in any ten consecutive years following October 1, 1976. Any cumulative credits shall remain on the books of account until used to offset any debits, or until otherwise disposed of by IEUA and WMWD.

(5) The Base Flow at Prado during any year shall be adjusted using the weighted average annual TDS in the total flow at Prado (Base Flow plus Storm Flow) in accordance with the formula set forth in the Judgment.

Other Provisions. SBVMWD, IEUA and WMWD are enjoined from exporting water from the Lower Area to the Upper Area, directly or indirectly. OCWD is enjoined from exporting or "directly or indirectly causing water to flow" from the Upper Area to the Lower Area. Any inter-basin acquisition of water rights will have no effect on Lower Area entitlements. OCWD is prohibited from enforcing two prior judgments so long as the Upper Area Districts are in compliance with the physical solution. The composition of the Watermaster and the nomination and appointment process for members are described along with a definition of the Watermaster's duties and a formula for sharing its costs. The court retains continuing jurisdiction over the case. There are provisions for appointment of successor parties and rules for dealing with future actions that might conflict with the physical solution.

History of the Watermaster Committee Membership

The Santa Ana River Watermaster is a committee composed of five members nominated by the parties and appointed by the court. SBVMWD, IEUA (formerly CBMWD), and WMWD nominate one member each and OCWD nominates two. The Watermaster members annually elect a Chairman, Secretary, and Treasurer.

The original five members were appointed at the time of entry of the judgment. They prepared a *pro forma* annual report for the 1969-70 Water Year. The first annual report required by the judgment was prepared for the 1970-71 Water Year and reports have been prepared annually since then.

The membership of the Watermaster has changed over the years. The historical listing of members and officers shown in Table 8 reflects the signatories to each annual report.

TABLE 8

HISTORY OF THE WATERMASTER COMMITTEE MEMBERSHIP

Water Year	SBVMWD	IEUA	WMWD	OCWD	OCWD
1969-70	Clinton O. Henning	William J. Carroll	Albert A. Webb, Secretary	Max Bookman, Chairman	John M. Toups
1970-71 through 1973-74	James C. Hanson	William J. Carroll	Albert A. Webb, Secretary	Max Bookman, Chairman	John M. Toups
1974-75 through 1977-78	James C. Hanson	William J. Carroll	Donald L. Harriger	Max Bookman, Chairman	John M. Toups, Secretary
1978-79 through 1981-82	James C. Hanson	William J. Carroll	Donald L. Harriger	Max Bookman, Chairman	William R. Mills, Jr., Secretary
1982-83 through 1983-84	James C. Hanson	William J. Carroll	Donald L. Harriger	Harvey O. Banks, Chairman	William R. Mills, Jr., Secretary
1984-85 through 1988-89	Robert L. Reiter	William J. Carroll	Donald L. Harriger	Harvey O. Banks, Chairman	William R. Mills, Jr., Secretary
1989-90 through 1994-95	Robert L. Reiter, Secretary/Treasurer	William J. Carroll	Donald L. Harriger	Harvey O. Banks, Chairman	William R. Mills, Jr.
1995-96	Robert L. Reiter, Secretary/Treasurer	William J. Carroll, Chairman	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr.
1996-97	Robert L. Reiter, Secretary/Treasurer	William J. Carroll	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr., Chairman
1997-98	Robert L. Reiter, Secretary/Treasurer	Robb D. Quincey	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr., Chairman
1998-99 through 2000-01	Robert L. Reiter, Secretary/Treasurer	Richard W. Atwater	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr., Chairman
2001-02 through 2002-03	Robert L. Reiter, Secretary/Treasurer	Richard W. Atwater	Donald L. Harriger, Chairman	Bill B. Dendy	Virginia L. Grebbien
2003-04 through 2004-05	Robert L. Reiter, Chairman/Treasurer	Richard W. Atwater	John V. Rossi	Bill B. Dendy, Secretary	Virginia L. Grebbien

EXHIBIT B

The *Western* Judgment, entered simultaneously with the *Orange County* Judgment, settled rights within the upper SAR watershed in part to ensure that those resources upstream of Riverside Narrows would be sufficient to meet the flow obligations of the *Orange County* Judgment at Riverside Narrows (*Western Municipal Water District of Riverside County v. East San Bernardino County Water District*, Superior Court of Riverside County, Case No. 78426 [April 17, 1969]). Toward this end, the *Western* Judgment generally provides for:

- A determination of safe yield of the San Bernardino Basin Area (SBBA);
- Establishment of specific amounts that can be extracted from the SBBA by plaintiff parties equal in aggregate to 27.95 percent of safe yield;
- An obligation of Muni to provide replenishment for any extractions from the SBBA by non-plaintiffs in aggregate in excess of 72.05 percent of safe yield;
- An obligation of Western to replenish the Colton and Riverside basins if extractions for use in Riverside County in aggregate exceed certain specific amounts; and
- An obligation of Muni to replenish the Colton and Riverside basins if water levels are lower than certain specific water level elevations in specified wells

Like the *Orange County* Judgment, the *Western* Judgment identifies regional representative agencies to be responsible, on behalf of the numerous parties bound thereby, for implementing the replenishment obligations and other requirements of the judgment. The representative entities for the *Western* Judgment are Muni and Western. Muni and Western are principally responsible for providing replenishment of the groundwater basins if extractions exceed amounts specified in the Judgment or as determined by the Watermaster. For purposes of this replenishment obligation, Muni acts on behalf of all defendants dismissed from the *Western* Judgment, and similarly, Western acts on behalf of the Plaintiffs and other dismissed parties within Western. Plaintiff parties with specific rights to produce 27.95 percent of the safe yield from the SBBA are the City of Riverside, Riverside Highland Water Company, Meeks & Daley Water Company, and the Regents of the University of California. The *Western* Judgment is administered by the two-person Western-San Bernardino Watermaster Committee: one person nominated each by Muni and Western, and both appointed by the court.

Like the *Orange County* Judgment, the *Western* Judgment contemplates that the parties to the Judgment will undertake "new conservation" which is defined as any increase in replenishment from natural precipitation which results from operation of works and facilities not in existence as of 1969. The *Western* Judgment specifies that the parties to the Judgment have the right to participate in any new conservation projects and, provided their appropriate shares of costs are paid, rights under the Judgment are increased by the respective shares in new conservation, in proportion to each party's share of the safe yield under the *Western* Judgment.

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Exhibit C (List of Water Quality Remediation Activities)

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Chino Basin Water Quality Anomaly Remediation Activities

Plume: Chino Airport
Character: VOCs
Remediation Status: Subject of RWQCB Cleanup and Abatement Order 90-134. Plume is currently being characterized and a draft remediation plan is expected by the end of 2007.
Oversight Agency: RWQCB

Plume: California Institute for Men
Character: VOCs
Remediation Status: CIM, who is voluntarily performing the cleanup, has been working with the RWQCB to remediate the groundwater contamination. Plume has been characterized and is currently being remediated.
Oversight Agency: RWQCB

Plume: General Electric Flatiron Facility
Character: VOCs
Remediation Status: General Electric, who is voluntarily performing the cleanup, has been working with the RWQCB to remediate the groundwater contamination. No Cleanup and Abatement Order has as of yet been issued. Plume is characterized and remediation is in place to contain it.
Oversight Agency: RWQCB

Plume: General Electric Test Cell Facility
Character: VOCs
Remediation Status: Subject to Hazardous Materials Division of San Bernardino County Environmental Health Services and the DTSC Docket Numbers 88/89-009C0 and 97/98-014, respectively, for soil remediation. Closure was requested on May 11, 2004 with regard to the soil remediation. General Electric, who is voluntarily performing the cleanup, has been working with the RWQCB for the past 8 years, to characterize and remediate the groundwater contamination. No Cleanup and Abatement Order has been issued. The plume is characterized and a draft remediation plan has been submitted to the RWQCB.
Oversight Agencies: San Bernardino County; DTSC; RWQCB

Plume: Kaiser Steel Fontana Site
Character: TDS/TOC
Remediation Status: Subject of RWQCB Cleanup and Abatement Order 87-121, as amended by Order 91-40. Thereafter, Kaiser and the RWQCB entered into a 1993 settlement agreement whereby Kaiser is required to mitigate any adverse impacts caused by its plume on existing and otherwise useable municipal wells. Pursuant to the settlement, the RWQCB rescinded its earlier order 91-40 and Kaiser was granted capacity in the Chino II Desalter to intercept and remove the Kaiser plume from the Chino Basin.
Oversight Agency: RWQCB

Plume: Milliken Sanitary Landfill
Character: VOCs
Remediation Status: Subject of RWQCB Order No. 81-003. Plume has been characterized and no active remediation plan has been developed.
Oversight Agency: RWQCB

Plume: Upland Sanitary Landfill
Character: VOCs
Remediation Status: The closed Upland Landfill is regulated under RWQCB Order No 98-99-07 dated Dec. 7, 1998. In a compliance with the Order, a Post-Closure Monitoring and Maintenance Plan (PCMMP) has been prepared and submitted. The PCMMP was revised in 2001, after completion of the final cover improvements, and is currently in place.
Oversight Agency: RWQCB

Plume: Ontario International Airport (VOC Anomaly – South of Ontario Airport)
Character: VOC
Remediation Status: The plume is currently being voluntarily investigated by a group of potentially responsible parties including Boeing, Aerojet, Northrop Grumman, General Electric and the Department of Defense. Investigative or Cleanup and Abatement Orders will likely be issued in the future. Watermaster is assisting the RWQCB in its preparation of these orders. The remediation of the plume will then likely be accomplished through existing Chino Basin Desalter I facilities, owned by the Chino Desalter Authority.
Oversight Agency: RWQCB.

Plume: Stringfellow NPL Site
Character: VOCs, perchlorate, NDMA, heavy metals
Remediation Status: The Stringfellow Site is the subject of USEPA Records of Decision EPA/ROD/R09-84/007, EPA/ROD/R09-83/005, EPA/ROD/R09-87/016, and EPA/ROD/R09-90/048. Pursuant to these decisions, the original disposal area is sealed; remediation is in progress focusing on source control, installation of pretreatment facilities and groundwater cleanup. There are approximately 70 extraction wells throughout the length of the plume that have been effective in stopping plume migration and removing contamination. DTSC assumed responsibility for the cleanup of the site in 2001. DTSC is currently conducting a supplemental feasibility study to address, in particular, soil remediation in the source area. This study will form the basis for decisions about long term remedies for the site. A risk investigation/feasibility study that is currently being conducted for perchlorate will result in a fifth USEPA Record of Decision. The RWQCB originally initiated orders and studies in the 1970s and 1980s, and gives input as a stakeholder, but the Records of Decision direct clean-up.
Oversight Agencies: USEPA; DTSC; RWQCB

CHINO BASIN WATERMASTER

II. REPORTS / UPDATES

E. INLAND EMPIRE UTILITIES AGENCY

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

CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

June 28, 2007

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

"Drought Plan for 2008"-Richard Atwater
Summer Conservation Efforts
Status of Delta SWP Pumping Issues.

Written Updates:

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

Regional Conservation Programs
Monthly Report – June, 2007

MWD Activities

- **California-Friendly® Marketing Campaign** - MWD kicked-off their media campaign over the Memorial Weekend holiday and the "Come on California, Let's Save Water" ad campaign has been aired on numerous radio stations. On June 12, 2007, MWD's Board approved 6.3 million dollars for the FY 07/08 budget for expanded outreach, communications and advertising to promote conservation and educate the public. The California Friendly® labeling campaign has been placed on hold until next year.
- **PAC Recommendations** – The CII PAC recommendations is scheduled to go to the MWD Board for approval on July 10, 2007. The recommendations include several new CII rebates, including two landscape rebates, rebates for high efficiency/multi-load clothes washers, one pint per flush urinals, synthetic turf, dry vacuum pumps and rotator nozzles for large landscapes such as golf courses.

Landscape Programs

- **Landscape Audit Program** - HydroEarth has completed 95 field audits to date and 23 draft reports are under review by IEUA. There have been 3 approved final audit reports completed, representing five sites. HydroEarth has completed 14 residential field audits. 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® landscapes into the city's existing Ontario Cares program to improve the aesthetics of their neighborhoods. There is a correction to last month's monthly update regarding the first CA Friendly Landscape site being completed. The first site scheduled for the retrofit was temporarily placed on hold regarding compliance with allowable site costs and compliance with the United States Bureau of Reclamation grant for this project. A meeting was held on June 12, 2007 to discuss the compliance issues and complete site design modifications so the site can be completed. Final design modifications and layout is scheduled to be completed by June 19, 2007 and final drawings sent to the Ontario Redevelopment Agency for them to proceed with the completion of this site.
- **Landscape Retrofit Rebate and Educational Program** – An RFP for Consulting Services for an experienced Water Use Efficiency Consultant to manage, market, supply, administer and asses the Landscape Retrofit Rebate and Education Program was posted on the network on June 20, 2007. The Inland Empire Utilities Agency ("Agency") is currently accepting proposals. Submittals are due by July 13, 2007.
- **Inland Empire Landscape Alliance** -The next meeting for the Landscape Alliance will be held at IEUA on September 13, at 4:00 pm. Staff will continue to address landscape issues raised by the cities and continue developing landscape policy and program recommendations, including a regional landscape ordinance. The workshops on California Friendly® Landscapes, water runoff, medians, and parkway BMP's were covered in the last two months. The third workshop will be held at IEUA on June 27, from 7:30-9:30 about irrigation BMP's. A two-part series in July and August will result in the construction of a model regional landscape ordinance.
- **California Friendly® Landscape Classes (formerly PDA)** – On May 17, 2007, MWD issued the new California Friendly Landscape Class curriculum and registration forms for FY 07/08. The classes are currently being coordinated with Metropolitan Water District.

Commercial/Industrial/Institutional Program

- **(CII SAVE-A-BUCK)** - There were 620 CII rebates this fiscal year. The following is a list of the most recent rebate activity within the IEUA service area:
  - **High Efficiency Clothes Washers** -The total for FY 06/07 is 74. To date, 409 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 May. The total number rebated is, 1,884 ULFTs in our service area since FY 00/01.
  - **HET—Toilets**- One toilet was rebated in the month of May. A total of 67 HET Toilets have been rebated in our service area since FY 06/07.
  - **Waterless Urinals** – A total of 74 waterless urinals were installed in May. A total of 84 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 April or May.
  - **X-Ray Recirculation**- To date 11 X-ray recirculation devices were rebated in the IEUA service area.
  - **Pre-Rinse Spray Head-(PRSH)** One spray head has been rebated in our service area.

Residential Rebate Programs

- **ULFT and HET Rebate Program** - Effective February 1, 2007, IEUA began processing the ULFT and HET rebates. In the month of May, 21 ULFT rebates were processed. This brings the total number of rebates processed for FY 06/07 to 210; since the start of the program in 2002, a total of 3362 rebates have been processed.

- **High Efficiency Clothes Washer Rebate** - The total number of rebates processed in May was 95 bringing the number of rebates issued for FY 06/07 to 1335. The total number of rebates processed since the rebate program began in 2002 is approximately 7,759

- **"SmarTimer of Inland Empire" Program** - The program began in April 2006. To date, 27 SmarTimer Irrigation Controller rebates have been processed, with a total of 253 controllers placed since October 2006.

- **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 placed.

Other Residential Programs

- **Multi-Family ULFT Program** – The Multi-Family Direct Installation Program began ULFT retrofits in October 2006. To date, there have been 9,289 ULFTs retrofitted within IEUA's service area. During the month of May, there were 1,294 retrofits completed.

School Education Programs

- **Garden in Every School** - The selected schools were 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 for FY 06/07 All of the 06/07 garden dedications have been completed. Schools that applied but were not previously selected are being contacted to see if they are still interested in participating. Contact will also be renewed with past participants to help maintain the gardens and in the hopes of creating a support network between all of the GIES schools.
- **National Theatre for Children** - The National Theatre for Children (NTC) performances at elementary schools within IEUA's service area have been completed as of May 2007. There were a total of 60 performances completed in seven sub-agency service areas. A new proposal for FY 07/08 school year was submitted by NTC and a new contract will be executed upon IEUA Board approval of the FY 07/08 IEUA Regional Conservation Budget. Contact is being made with potential schools for 07/08.

- **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. Water Fair 2007 will be held Saturday, October 20, 2007, from 10:00 a.m. to 2:00 p.m., at Montclair Plaza, inside lower level Main entrance. The event will promote water conservation and educate customers on the various rebates and programs that exist in their area. There will be a water show and activities for kids.

- **Water Education Water Awareness Committee (WEWAC)** – WEWAC is developing its fiscal 07/08 programs.

- **Pervious Concrete Workshop** – On Thursday, July 26, 2007, IEUA will be holding a Pervious Concrete Workshop.

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Inland Empire
UTILITIES AGENCY

Date:	June 20, 2007
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(06/13/07)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	May Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None

IMPACT ON BUDGET

None.

RWA:MD:mef

Enclosure

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Innovative Federal Strategies LLC
Comprehensive Government Relations

MEMORANDUM

To: **Martha Davis and Rich Atwater**
IEUA

From: **Letitia White and Alex Shockey**

Date: **May 28, 2007**

Re: **May Monthly Legislative Update**

May has been another busy month on Capitol Hill. Finally, after a Presidential veto and much partisan haggling, the 2007 supplemental appropriations bill (to fund the war in Iraq and other emergency items) is finished and the Congress can dive into the fiscal year 2008 appropriations bills. So far only four of the FY08 bills - - Homeland Security, Military Construction, Energy and Water and Interior Appropriations - - have been marked up out of Subcommittee. Eight more bills must still be considered at the Subcommittee level and all of them must still be considered by the full Appropriations Committee and on the House floor before the Senate takes up their versions of the bills.

We expect to see the Subcommittees mark-up in the following order: Foreign Operations, Financial Services, Legislative Branch, Labor-HHS-Education, Transportation-HUD, Commerce-Justice-State, Agriculture, and, last but not least, Defense Appropriations. Once a bill is marked out of Subcommittee, it is expected to come to the full Committee the following week and the House floor the week after that. All of this is, of course, subject to change. Needless to say, there is a lot of work to do if the new Appropriations Chairman wants to stick to his timeline of passing all of the bills, except Defense, by the July 4th recess!

Speaking of the new Appropriations Chairman, Congressman Obey has decided to wait until House-Senate conference committee on each appropriations bill before inserting any earmarks. This includes earmarks requested by Members of Congress as well as earmarks requested by the Administration in the President's budget request. (While waiting until conference to list Congressional requests has some precedence, not listing funds for the President's requests is highly unusual!) In addition, Chairman Obey is bucking precedence in wanting both parties to review all earmark requests from both sides of the aisle. In years past, each party has been in charge of reviewing its own Members' projects. As you can imagine, this new process is time consuming and is causing some consternation. Since House-Senate conference committees are not likely to happen until the fall, there is a long time to wait before anyone knows the fate of their requests.

In addition to appropriations, immigration has been a major topic during the month of May. The full Senate started debate on its highly controversial immigration package towards the end of the month and the House has held multiple hearings on issues surrounding immigration reform.

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

While the Senate expects to finish work on their immigration package in June, the timeframe for a House bill still remains unclear.

Also this month, the Senate passed its version of the Water Resources Development Act (WRDA), legislation to authorize roughly $14 billion worth of Army Corps of Engineers water infrastructure projects. Since the House passed its version of the bill in April, WRDA now heads to a House-Senate conference committee. This is particularly noteworthy because the Congress has not managed to reauthorize the WRDA, which is supposed to be renewed every other year, since 2000. Also of note, this bill is the first Senate legislation to require the disclosure of all earmark sponsors; this bill included an estimated 438 earmarks.

May has come to a close with the Memorial Day recess which started on May 25th. The Congress will reconvene on June 4th. As always, we will keep you posted!

Inland Empire
UTILITIES AGENCY

Date:	June 20, 2007
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(06/13/07)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	May Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

Enclosure

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BILL GEYER
JENNIFER WEST

GEYER ASSOCIATES

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

MEMORANDUM

TO: Richard W. Atwater and Martha Davis

FROM: Jennifer West

DATE: June 1, 2007

RE: Sacramento Legislative Report

Budget Update

The budget subcommittees have finished their work. The remaining budget issues are now headed to the Budget Conference Committee, which will begin its hearings today.

Proposition 50 Funding

Of significance to IEUA, the subcommittees approved $99 million from Proposition 50 for the second round of Proposition 50 IRWMP funding. This will ensure that SAWPA will receive $25 million for its Proposition 50 IRWMP and will allow an expedited second round of funding be available to the rest of the state. The subcommittees also approved $12.8 million in Proposition 50 for the local groundwater assistance grant program. This is a program that has benefited IEUA in the past.

Proposition 84 Funding : IRWMP and Perchlorate Cleanup

The Governor's budget additionally proposed $808.5 million in IRWMP grants allocated to 11 regions of the state from Prop. 84. While the Assembly Budget subcommittee approved this funding, the Senate Budget Subcommittee did not, so the issue as to whether any Prop. 84 IRWMP funding will be approved in this year's budget will go to conference.

There are a number of policy bills, included on your bill list, which significantly change the Prop. 84 IRWMP requirements. DWR is not expected to go any further in IRWMP guideline development until the policy bills have passed and go into effect. Because of the timing of the policy bills, and the significant amount of Proposition 50 IRWMP funding that must be awarded by DWR in 2007/08, we expect the Conference Committee to deny the majority of Prop. 84 IRWMP funding for next year.

The Budget Conference Committee will also consider whether to include $20 million in Prop. 84 funding for perchlorate cleanup in the San Gabriel Valley and in San Bernardino aquifers in the SAWPA region. If approved, the funding would be administered by the Department of Public Health.

Legislative Update

IEUA continues to closely coordinate its lobbying efforts with other statewide and local associations, including ACWA, WaterReuse, CASA, MWD and SAWPA. This includes sharing relevant information in meeting and conference calls and in some cases, coordinating lobbying visits.

This week was the deadline for policy bills to pass out of the Appropriations Committees. Some highlights of this week's actions include:

- **SB 55 (Florez)** failed to come off the Senate Appropriations Suspense file, making it a two year bill. IEUA is opposed the measure because it placed many new onerous requirements on the transport and disposal of biosolids.

- **AB 224 (Wolk)** passed off the Assembly Appropriations suspense file and will be heard on the Assembly Floor next week. At this point numerous water agencies are in support of the bill, which requires that climate change be incorporated into water planning at the state and local level. It also requires that the SWRCB study possible GHG reductions that can be achieved by the increased use of water recycling and conservation. IEUA is strongly in support of this measure. Today the Mayor of Los Angeles and the City of Los Angeles also announced their support for AB 224

Inland Empire Utilities Agency Legislative Tracking 5/31/07 (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. The Governor has vowed to reopen this issue as part of the budget, or end of session negotiations.	Senate Nat. Resources Failed passage
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. **Two year bill**
SB 292 (Wiggins) State Bond Funds: allocation	Requires Cal-EPA and the Resource Agency to develop grant criteria for the urban greening funding in Prop. 84, which contains $90 million. To be eligible for a planning grant under SB 292, an urban greening plan must have the goal of bringing together multiple agencies and funding sources to develop a more integrated vision for projects that have multiple benefits related to one of the following: 1. Urban forestry. 2. Urban watershed management. 3. Stormwater programs. 4. Urban streams. 5. Local parks and plazas. 6. Joint public use facilities. 7. River parkway development/ improvement. 8. Green public buildings. 9. City sustainability planning.	Senate Approp. **Two year bill**

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 Floor
SB 732 (Steinberg) Prop. 84	States that DWR should revise the IRWMP Prop. 84 guidelines in consultation with the SWRCB, DFG and DHS. Lists a number of mandatory "statewide criteria" for the IRWMP, including helping to meet the state's 1 MAF recycling goal.	Senate Floor
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 includes $22 million for water recycling grants.	Senate Floor
AB 739 (Laird) Stormwater Discharge	Establishes criteria by which SWRCB and DWR award grants for stormwater management projects funded by a portion of the proceeds of Prop 1E flood bonds and Prop 84.	Assembly Floor
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 Floor
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 Floor
AB 1297 (Arambula) IRWMP	This bill establishes parameters by which DWR, in allocating the proceeds of bonds authorized by Proposition 84 earmarked for projects that implement integrated regional water management (IRWM) plans, would carry out Proposition 84's mandate that no more than 5% of the earmarked funds be used to develop, update or improve IRWM plans.	Assembly Approps. **Two year bill**
AB 1303 (Smyth) Urban Greening Act 2007	Establishes an urban greening grant program for Prop. 84 funds. (Chapter 9, (a)).	Assembly Approp. **Two year bill**

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 Floor
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 Floor
	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 Approp. Floor
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. Floor
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	Requires the strategic financing plan for the Delta include recommendations in accordance with a "beneficiaries pay" principle, as to persons and entities on which a fee would be imposed, and proposed fee categories in order to create a dedicated revenue stream to pay for maintenance and improvements to delta levees, project levees, and the levee conveyance system.	Senate Floor
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 Floor

AB 1507 (Emmerson) Floodplain Management	Requires DWR to establish an Alluvial Fan Task Force.	Assembly Approp. **Two year bill**
	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 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 Floor
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.	Senate Natural Resources
	Groundwater	
SB 178 (Steinberg and Kuehl) Groundwater	Established a statewide groundwater elevation monitoring program. Under the provisions of the program, DWR would be required to receive and evaluate qualifications of those seeking to conduct the required monitoring. If there is no entity willing to do the monitoring, DWR would be required to step in. Contains the groundwater components that were in SB 1640 from last year. That measure was vetoed.	Senate Floor
	Water Quality/Water Supply	
AB 559 (Ruskin) Public Water Systems	Asks the University of California (UC) to direct the UC Center for Water Resources to study the potential adverse affects on human health of compounds used to disinfect drinking water and byproducts resulting from disinfection, with emphasis on chloramine use by the San Francisco Public Utilities Commission, and to report the center's findings to the Legislature by July 1, 2009.	Assembly Approps. **Two year bill**

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 Floor
AB 690 (Jones) Water Corp. Rates/Contamination	States that is 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.	Senate
AB 800 (Lieu & Krekorian) Discharge Notification	Increases maximum penalties imposed on persons who fail to immediately notify appropriate officials of an unauthorized discharge of sewage of other substances into state waters.	Assembly Floor
AB 1127 (Carter) Percholorate	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.	Assembly E.S & T.M. **Two year bill**
	Compost	
SB 697 (Wiggins) Compost	This bill also requires Caltrans to develop a 10-year plan, on or before April 1, 2009, to increase the use of mulch, compost, and mulch products while phasing out the use of pesticides and chemical fertilizers and to report to the Legislature, on or before April 1, 2009, regarding the contents of that plan.	Assembly
	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 Floor
AB 109 (Nunez) Global warming	Spot bill to implement the California Global Warming Solutions Act of 2006.	Assembly Floor
	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 The bill was held in the Senate Appropriations Committee.	**Oppose** Senate Approps. **Two year bill**
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 Floor
SB 220 (Corbett) Bottled Water	Establishes a system for the regulation and inspection of water vending machines and imposes additional labeling requirements on water bottlers and vendors.	**Support** Senate Floor
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.	**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 with increased use of recycled water and water conservation	**Support** Assembly Floor

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.	**Oppose** Assembly Floor
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.	**Support** Assembly Floor
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	**Support** Assembly Floor
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.	**Support** Senate Tran. And Housing 6/12
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.	**Support** Assembly Floor
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 sponsored by ACWA and was introduced in response to the Big Horn decision last fall.	**Support** Senate Local Government 6/27

AB 1404 (Laird) Water use Reporting	Establishes comprehensive system for reporting water use. Specifically, this bill Requires the DWR, the SWRCB and the Department of Public Health (DPH) to develop, jointly, a coordinated water use reporting database.	**Support** Assembly Floor
AB 1406 (Huffman) Recycled Water in Condos	Allows the use of recycled water in toilets and urinals in condominiums. Sponsored by IRWD.	**Support** Senate Natural Resources
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 Floor
AB 1560 (Huffman) Building Standards	Requires the CEC to prescribe by regulation, water conservation design standards for new residential construction.	**Support** Assembly Floor

Inland Empire
UTILITIES AGENCY

Date:	June 20, 2007
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(06/13/07)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	May Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

Enclosure

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THE DOLPHIN GROUP

June 1, 2007

To: Chino Basin/OBMP Coalition

From: Michael Boccadoro
Senior Vice President

RE: May Status Report

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

In May, the California Legislature completed policy committee hearings, and began to consider the fiscal implications of the surviving bills in the Senate and Assembly Appropriations Committees. The legislature's fiscal committee deadline is June 1. All bills must also pass the house of origin by June 8, or measures will become 2-year bills.

SB 463, co-sponsored by IEUA, was unanimously approved by the Senate on a 38-0 vote. It is expected to be taken up by the Assembly Utilities and Commerce Committee in late June.

On regulatory matters, the California Air Resources Board continues to discuss the implementation of the state's greenhouse gas regulations. Public comment on the recently released "early actions" is continuing with final decisions to be made by CARB by July 1 AB 1969 implementation proceedings at the California Public Utilities Commission also are progressing to implement a standard contract for small renewable energy projects by public water and wastewater agencies.

Chino Basin / OBMP Coalition

Status Report – January 2007

ENERGY/REGULATORY

Energy Efficiency Funding for Water Conservation Efforts

On June 14th, the utilities will file supplemental information with the California Public Utilities Commission pertaining to their proposed pilot programs aimed at achieving energy efficiency savings through water conservation

A workshop has been scheduled for June 20th to discuss the proposals, with comments from parties due on June 26th. DGI will review the supplemental information when filed and will supply comments in conjunction with IEUA as appropriate.

AB 1969 Implementation

On June 5th, the California Public Utilities Commission will be holding a workshop related to the implementation of AB 1969, a measure approved by the Legislature last year and sponsored by IEUA.

At issue are a number of provisions the utilities have included in their proposed standard contracts and tariffs. Of specific concern to IEUA are the following proposals:

1. PG&E has proposed to discount the Commission-approved Market Price Referent (MPR), in contradiction to AB 1969
2. All utilities only propose to offer a time-of-use (TOU) payment structure, instead of also offering the option for a flat MPR payment schedule
3. PG&E has proposed to cap the initial pre-approval of the tariff to only 1 MW, instead of seeking immediate pre-approval of all projects up to 1.5 MW

Although some of these issues pertain only to PG&E customers, and IEUA is a customer of SCE, as sponsors of the measure it is imperative that the measure be properly implemented. Senator Leland Yee (D – South San Francisco), who authored the measure in 2006, also submitted a letter to the Commission in support of some of IEUA's positions.

DGI will be attending the June 5th workshop, and will continue to work to ensure that the law is properly and fully implemented by the utilities.

AB 32 – GREENHOUSE GAS REGULATION

The California Air Resources Board continued to hold a series of hearings and workshops throughout May on implementation of AB 32 (Nuñez – 2006) to reduce California's greenhouse gas emissions (GHG) to 1990 levels.

On May 23rd, CARB held a workshop on mandatory reporting of GHG emissions, and released an initial list of industries slated for specific reporting requirements. Included were power plants, oil refineries, cement plants and large stationary combustion sources. The threshold for "large stationary combustion sources" would be those operations which exceed 25,000 metric tons of CO2 annually. "Power plants" would be defined as all operations larger than 1 MW for all non-zero emission facilities. The next workshop on this issue will occur in July or August, with the CARB Board expected to adopt regulations on this issue by the end of the year. Reporting is expected to begin in mid-2009 on 2008 emissions.

The Environmental Justice Advisory Committee met on May 30th to consider recommendations to CARB on the proposed early actions announced in a draft report on April 23rd. The Committee adopted a number of recommendations, including rejecting two of the three proposed early actions. The groups also recommended adding manure management to the list of early regulated industries, among others.

The next day, on May 31st, the Economic and Technology Advancement Advisory Committee met to discuss potential strategies and efforts aimed at providing information and technological support for regulations that will be ultimately adopted by CARB.

2007-08 STATE BUDGET

May 14th, Governor Schwarzenegger released his "May Revise" to his proposed state budget for 2007-08. The $103 billion budget included expected revenue increases of $6 billion, and increase expenditures of $1.5 billion. Nevertheless, the Legislative Analyst Office (LAO) notes that budget retains a structural shortfall of as much as $5 billion.

Governor's Budget General Fund Condition

(In Millions)

	2006-07	2007-08
Prior-year fund balance	$10,540	$4,433
Revenues and transfers[a]	96,157	102,276
Total resources available	$106,697	$106,709
Expenditures	102,264	103,765
Ending fund balance	$4,433	$2,944
Encumbrances	745	745
Reserve	**$3,688**	**$2,199**
Budget Stabilization Account	$472	$1,495
Reserve for Economic Uncertainties	3,216	704

[a] 2006-07 amount includes $472 million and 2007-08 amount includes $1,023 billion in General Fund revenues transferred to the Budget Stabilization Account, which the administration excludes from its revenue totals. These different treatments do not affect the bottom-line reserve shown.

LAO also noted that revenue projections were adjusted downward by $230 million from the January proposal, based largely on a softening economy.

LEGISLATION

The Legislature completed the last of the policy committee hearings in early May, and spent much of the month weighing the fiscal impacts of the proposed measures that survived earlier policy committee hearings.

Although a few measures were approved by their house of origin, such as SB 463 sponsored by IEUA, most measures remained for consideration by the respective Appropriations Committees.

As June begins, the Legislature will begin to turn its full attention towards the state budget. State law requires legislators to approve a budget by June 15th, though the state has seldom made that deadline.

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 full Senate on a 38-0 vote, and will now be considered by the Assembly.

CA SB 463

AUTHOR:	Negrete McLeod [D]
TITLE:	Energy: Biogas Digester Customer-Generator
INTRODUCED:	02/21/2007
LAST AMEND:	05/01/2007
DISPOSITION:	Pending
LOCATION:	ASSEMBLY

SUMMARY:

Relates to existing law that provides if the electricity generated by the eligible biogas digester customer-generator exceeds the electricity supplied by an 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 there is an agreement. Imposes a limit on kilowatt hour price.

VOTES:

04/24/2007	Senate Energy, Utilities and Communications Committee	P 8-0

Position: Support

Other Legislation

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 Committee P 7-3
Position: Watch

CA AB 109

AUTHOR: Nunez [D]
TITLE: Global Warming Solutions Act of 2006: Annual Report
INTRODUCED: 01/05/2007
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
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
LAST AMEND: 05/02/2007
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
SUMMARY:

Requires the Energy Commission to submit a report to the Legislature containing recommendations regarding containment, scrubbing, and capture technologies to decrease carbon dioxide emission from thermal powerplants and other industrial processes. Requires the commission to include the report in is integrated energy police report and to share it with the State Air Resources Board.

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
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
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 Natural Resources and Water Committee
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 Committee P 12-0
04/17/2007 Assembly Environmental Safety and Toxic Materials Committee P 7-0
04/23/2007 Assembly Floor P 73-0
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
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
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 Committee P 11-0

Position: Watch

CA AB 739

AUTHOR: Laird [D]
TITLE: Stormwater Discharge
INTRODUCED: 02/22/2007
LAST AMEND: 04/17/2007
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
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.

VOTES:

05/01/2007 Assembly Environmental Safety and Toxic Materials Committee P 6-0

Position: Watch

CA AB 938

AUTHOR: Calderon C [D]
TITLE: Regional Water Management
INTRODUCED: 02/22/2007
LAST AMEND: 05/02/2007
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
SUMMARY:

Authorizes a county or city to convene one or more watershed quality committees to develop and facilitate cooperation in achieving local water quality solutions. Requires a committee to use reasonable efforts to prepare and submit a watershed management plan that addresses major sources of stormwater, urban runoff, and nonpoint source pollution within the region. Requires a city or county that provides certain utilities to provide facilities for returning captured waters to receiving bodies.

VOTES:

04/24/2007 Assembly Water, Parks and Wildlife Committee P 13-0
05/09/2007 Assembly Local Government Committee P 7-0

Position: Watch

CA AB 1428

AUTHOR: Galgiani [D]
TITLE: Energy: Biogas Digester and Manure Customer-Generator
INTRODUCED: 02/23/2007
LAST AMEND: 05/17/2007
DISPOSITION: Pending
LOCATION: SENATE
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. Includes certain manure-fueled electrical generating facilities in the existing pilot program, which this measure would recast to apply to eligible customer-generators.

VOTES:

04/09/2007	Assembly Utilities and Commerce Committee	P 12-0
04/23/2007	Assembly Natural Resources Committee	P 7-0
05/23/2007	Assembly Appropriations Committee	P 16-0

Position: Watch

CA AB 1506

AUTHOR: Arambula [D]
TITLE: Energy Independence/Early Adapter Bus Incentive Act
INTRODUCED: 02/23/2007
LAST AMEND: 04/26/2007
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
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.

VOTES:

04/17/2007	Assembly Jobs, Economic Development and The Economy Committee	P 6-0
04/23/2007	Assembly Revenue and Taxation Committee	P 8-1

Position: Watch

CA AB 1532

AUTHOR: Parra [D]
TITLE: Public Utilities: Crude Oil Imports
INTRODUCED: 02/23/2007
LAST AMEND: 05/07/2007
DISPOSITION: Pending
LOCATION: Assembly Rules Committee
SUMMARY:

Relates to existing law that requires the State Air Resources Board to establish, by regulation, various standards for gasoline and motor vehicle fuel. Requires the state board to implement the Low Carbon Fuel Standard in a manner that does not increase the state's overall dependence on crude oil imports.

VOTES:

05/07/2007	Assembly Utilities and Commerce Committee	P 10-0

Position: Watch

CA AB 1613

AUTHOR: Blakeslee [R]
TITLE: Energy: Waste Heat and Carbon Emissions Reduction
INTRODUCED: 02/23/2007

LAST AMEND: 05/01/2007
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/31/2007
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 Committee P 12-0

Position: Watch

CA SB 9

AUTHOR: Lowenthal [D]
TITLE: Trade Corridor Improvement: Transportation Project
INTRODUCED: 12/04/2006
LAST AMEND: 04/10/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/31/2007 1:30 pm
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
COMMITTEE: Senate Appropriations Committee
HEARING: 05/31/2007 1:30 pm
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: 04/30/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/31/2007 1:30 pm
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: 04/30/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/31/2007 1:30 pm
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 Committee P 7-4

04/24/2007 Senate Environmental Quality Committee P 4-2

Position: Watch

CA SB 375

AUTHOR: Steinberg [D]
TITLE: Transportation Planning: Travel Models: Reviews
INTRODUCED: 02/21/2007
LAST AMEND: 05/02/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/31/2007 1:30 pm
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
04/26/2007	Senate Transportation and Housing Committee	P 7-1

Position: Watch

CA SB 411

AUTHOR: Simitian [D]
TITLE: Energy: Renewable Energy Resources
INTRODUCED: 02/21/2007
LAST AMEND: 04/18/2007
DISPOSITION: Pending
LOCATION: Assembly Utilities and Commerce Committee

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.

VOTES:

04/24/2007	Senate Energy, Utilities and Communications Committee	P 5-3
04/26/2007	Senate Environmental Quality Committee	P 5-1

Position: Watch

CA SB 494

AUTHOR: Kehoe [D]
TITLE: Vehicular Air Pollution Control: Clean Alternative
INTRODUCED: 02/22/2007
LAST AMEND: 04/30/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/31/2007 1:30 pm

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 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: 05/31/2007 1:30 pm

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
FILE: 23
LOCATION: Senate Third Reading File

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.

VOTES:

04/24/2007 Senate Energy, Utilities and Communications Committee P 8-0
05/07/2007 Senate Appropriations Committee P 17-0
Position: Watch

Inland Empire
UTILITIES AGENCY

Date:	June 20, 2007
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(06/13/07)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	May Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD:mef

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Agricultural Resources
635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

May 30, 2007

Legislative Report

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

From: **David M. Weiman**
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

Subject: **Legislative Report, May 2007**

Highlights:

- **Napolitano, House Members Urge Increased Funding for Title XVI**
- **House Water and Power – Move More Title XVI Bills, Interior Testifies in Opposition**
- **Appropriations – Title XVI**
- **Delta Pumps Shut Down, Delta Ecosystem Collapse, Title XVI Implication**
- **Senate Energy Likely to Consider Water Recycling Bills – Dreier-Feinstein Among them**
- **House-Senate Action on Farm Bill, House Releases Parts of Bills, Begins Markups**
- **Farm Bill Language – Third Party (IEUA) Eligibility**
- **News and Notes**
- **IEUA Working Partners**

Napolitano, House Members Urge Increased Funding for Title XVI. Rep. Napolitano, chair, Subcommittee on Water and Power, Natural Resources Committee Chairman Rahall and others met with, communicated to and briefed members of the Appropriations Subcommittee, including Chairman Peter Visclosky (D-IN), about the need to increase funding for Title XVI in the

fiscal year beginning next October 1. Unfolding developments – chronic under-funding in past years, climate change reports, levee risks in the Delta, and in recent days, the court-ruling that may shut down pumping from the Delta – all justify a significant jump in Title XVI. Napolitano and her subcommittee are working hard to put alternative supplies in the form of local water recycling projects in place and fully operational *before* a water crisis imposes itself. The Interior Department and Bureau of Reclamation do not support increased funding.

House Water and Power Holds Hearings on Additional Water Recycling Bills, Interior/BuRec Oppose (Again...Or Still). The Bureau testified before the Water and Power Subcommittee in opposition to water recycling bills in Arizona and California. In so doing, they maintained their unblemished record over the past four or five years – opposing every bill that would increase water supplies in arid areas. The Subcommittee was also keenly aware that the Department sent a "low-ranking" witness, interpreted by the Subcommittee as a sign of disinterest in the program and bills. Chairwoman Napolitano promptly completed hearings, reported the bills, moved them to the floor, passed them and sent them over to the Senate.

Appropriations – Title XVI. The Appropriations Committee finally got budget numbers and allocations enabling them to begin the process of moving annual funding bills. In late May, the Appropriations Subcommittee on Energy and Water marked up its bill (which contained funding for the Department of Energy, the Army Corps of Engineers and the Bureau of Reclamation). Because of continued conflicts over "earmarking" rules, the Committee did not specify the amount of funding for Title XVI and will not prior to conference (could be July – more likely September). Funds for the overall program – or for IEUA – will not be addressed until the end of the legislative process.

DWR Delta Pumps Shut Down – Resulting from Delta Ecosystem Collapse – Title XVI Implication. Late in the month, the anticipated DWR Delta pump shut down finally took place. Delta Smelt, an indicator species in the Delta, are becoming near-extinct (CALFED efforts notwithstanding). Whe, two years ago news accounts revealed a very serious situation, lawmakers in Sacramento and Washington were furious. None of the members or committees were told anything. That repeated itself in the past few weeks. None of the Federal or State agencies – the Bureau, DWR, Cal Fish and Game, FWS or CALFED – made any attempt to brief the members or committees – again. The result, a compounding set of issues – substantively and politically. Those agencies are fast facing a "crisis of trust" with federal legislators. Once again, if SWP water supplies to Southern California are threatened – as a result of one or more of the various risks (earthquakes harming canals, reservoirs or pumping plants, delta levees, or now, from eco-system collapse and resulting court order), then local projects – water recycling prominently among them, become more important (and more essential). Recycling projects develop new supplies, and do it without "taking the water" from some other user. As or more significantly, recycling projects help drought-proof an area, and at the same time, reduce risk and vulnerability to disruption or shortage. Given these developments and circumstances, the Bureau of Reclamation's attitude towards Title XVI is even more inexplicable.

Title XVI Bills – Senate Hearings Anticipate in June. While not formally announced yet, the Senate Energy Committee indicated that they will begin to conduct hearings on pending water recycling bills, the Dreier-Feintein bill included sometime next month.

Congressional Action on Farm Bill Initiated. In late May, the House Agriculture Committee Chair, Rep. Collin Peterson (D-MN) began releasing sections of his proposed bill and began marking it up. Markups will continue after the Memorial Day break. As previously reported, the current Farm Bill expires September. Several developments in the past month.

* The bill advanced for markup is very controversial – and "may" not be in a form that it can pass the House floor.

* The bill provides all sorts of policy and programmatic provisions without funding for them. Peterson is putting pressure on his own leadership to lift budget caps and waive the budget rules. Peterson's own leadership is not happy. Those with policy or regional marker bills are largely "frozen" out of the bill. Peterson has signaled that these issues can only be addressed in conference, but that doesn't satisfy other members. While this is unfolding, Peterson protected "Title I" – the traditional farm program subsidies.

* Rep. Ron Kind (D-WI) introduced a bill with a significant "renewable energy" provision and a provision making non-farmers eligible (like IEUA) for funding digesters and manure management. California's Dennis Cardoza and Maryland's Chris Van Hollen have also introduced what are being called "marker bills." Between the three bills, they have some 200 co-sponsors.

* AWWA, ACWA, AMWA and others submitted a letter to the Committee supporting the Regional Water Enhancement Program (RWEP), a proposed new provision in the conservation title. IEAU and Cucamonga Valley Water District signed the letter.

By September 30, there will be a farm bill. What kind of bill? Completely unknown. The fate of a Peterson farm bill is, at best, uncertain. As of right now, it's not clear that Peterson can move a bill through the House. It's possible that the program will get an "extension."

Farm Bill Language – Third Party Eligibility. The new Farm Bill language advanced by the House Ag Committee provides for third-party eligibility. That means, that IEUA is eligible to apply for projects and programs (if funded) which would allow IEUA to design, build and construct a digester that serves more than one farmer. As previously reported, this has not been the case in the past, notwithstanding special language in the 2002 farm bill for IEUA AND notwithstanding generic "cooperative conservation" language in the same bill. 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 at the time.

News and Notes ***Texas Interest in Water Recycling Emerges***. Members from Texas have begun a serious review of Title XVI. Meetings, briefings and requests for information are now occurring on a very regular basis. ***Drought in West***. Other western states, up and down the Rocky Mountains, experiencing drought. Some 13 of the 17 Western states are indicating some level of drought. Coincidently, two other regions of the Nation are experiencing drought – the entire South (some very seriously) and portions of Minnesota and Wisconsin, including portions of Chairman Peterson's district. ***Drought Relief Bill Attached to Iraq Funding Bill – Finally Signed Into Law***. As a result of the drought – a multi-billion drought relief bill was reluctantly accepted by the Administration. It was part of the Supplemental funding bill that provided additional funds for the Iraq war. ***Friant (San Joaquin Valley) Settlement Proposal***. Major issues remain unresolved. ***Westlands Proposal on Valley Ag Drainage Prompts Senator Feinstein to Announce "All Hands" Meeting June Meeting***. The Westlands Water District is promoting a proposal to retire lands, obtain water rights and control of the San Luis Reservoir (a regulating reservoir that serves Southern California as well). DWR, MWD and others are expressing concerns. It's a multi-billion dollar proposal. Some members believe available funds should be first targeted to/at resolving the Delta issues. ***Rep. Ken Calvert Joins House Appropriations Committee Replacing Rep. John Doolittle, now on Temporary Leave***. The House GOP leadership selected Riverside County's Rep. Ken Calvert to serve on the House Appropriations Committee. This is, for now, a temporary assignment. In light of various issues, Rep. Doolittle has requested a temporary leave from the Committee. ***Senator Tim Johnson, Chair, Subcommittee on Water and Power Continues Making Progress***. Chairwoman Grace Napolitano's Senate counter-part is South Dakota Senator, Tim Johnson. He had a stroke-like attack early this year, but while he has yet to return to the Senate, his recovery is "on time" and appears to be making significant progress. His illness has slowed some of the Subcommittee's work, but that is expected to change shortly. ***Senate Energy – Water and Power Subcommittee to Hold Hearing on "Climate" Impacts on the Southwest.*** This is but another opportunity for Title XVI to be "part of a solution."

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. WateReuse Association
g. CALStart
h. Orange County Water District (OCWD)
i. Cucamonga Valley Water District (CVWD)
j. Western Municipal Water District
k. Chino Basin Watermaster

Inland Empire
UTILITIES AGENCY

Date: June 20, 2007

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee 06/*13/07)*

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

- Tour of Chino Basin I Desalter for Monte Vista Water District Board of Directors

Calendar of Upcoming Events

- June 13, 2007, Buena Vista Elementary, Montclair, 1:00 p.m. **(CATLIN)**
- June 23, 2007, Chino Creek Wetlands and Educational Park dedication, 9:00 a.m. **(Board)**
- July 10, 2007, RAND workshop, IEUA event center, 8:00 a.m. to noon.
- October 20, 2007, annual regional Water Fair, Montclair Plaza, 10:00 a.m. to 2:00 p.m.

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- Water Awareness ad ran May 29, 2007 (attached)
- IEUA Annual Report to run June 25, 2007.

PRIOR BOARD ACTION

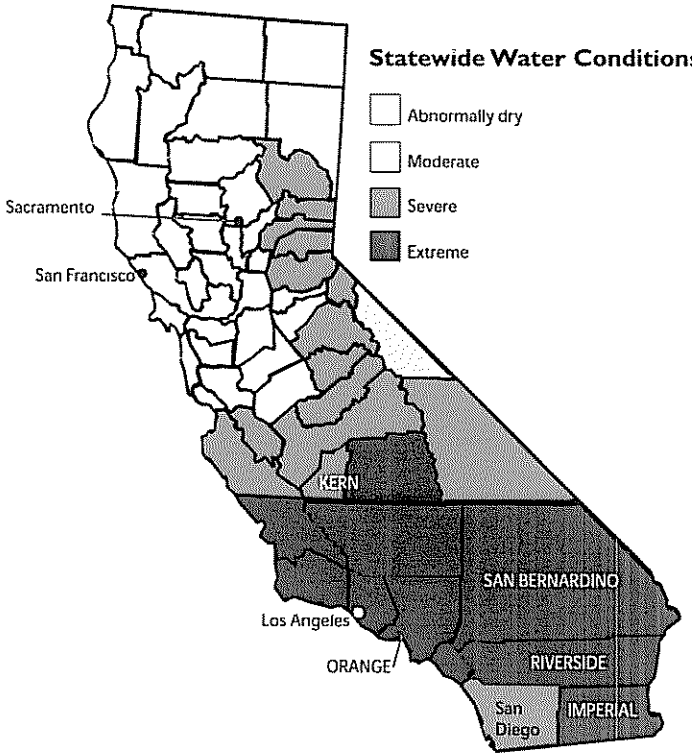
None.

IMPACT ON BUDGET

None.

Water Smart in the Chino Basin

As summer approaches and the temperatures begin to rise,we will be facing the driest year on record. Normal annual rainfall for Los Angeles is 14.84 inches and as of April we have only received 3.21 inches and our Sierra Nevada snow pack is the lowest it has been in 20 years (about one-third of normal).



What does this mean?

First, the agencies that serve drinking water to the 800,000 residents within the Chino Basin are prepared. Hundreds of millions of dollars have been invested over the past ten years in the development of local water supplies – recycling, groundwater and conservation – to make sure that everyone in the Chino Basin would be ready for the next drought.

Second, everyone needs to do their part to make sure that we are using drinking water as efficiently as possible and helping to stretch our existing water supplies by using high quality recycled water supplies where appropriate, for outdoor irrigation and industrial processes water.

Come Rain or Come Shine

What you can do.

Does your yard look like this?

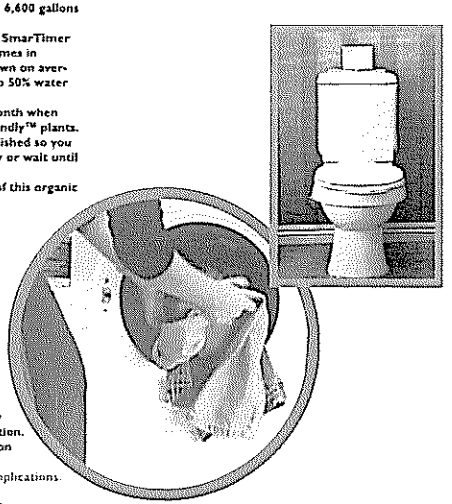
First, get your yard ready for a really dry summer. Remember, 60% of all residential water use is for watering the yard – only 40% is for drinking, bathing and other in-home uses.

Here's a test – do your sidewalks and streets look like this when you or your neighbors turn on your sprinklers?
If so, your sprinklers are out of alignment or you are running your irrigation system too long and the water is just running off into the gutter. This is a big waste of your dollars as well as water. What should you do:

CALL your irrigation system repair person and ask to have your system "tuned up" so that it operates properly.
WATCH how your yard responds to the irrigation. If the water starts to runoff quickly, ADJUST your irrigation run time for a series of shorter increments that provide time for the water to infiltrate down to the roots.
WATER your lawn only when it needs it. LAWNS use the most water so consider watering "hot spots" by hand rather than over watering the entire yard just to cover one or two dry areas.
RECEIVE a $4 REBATE when you purchase rotating nozzles for Pop-Up Spray Heads. Rotating Nozzles can save up to 6,600 gallons per nozzle over a five-year period.
RECEIVE up to a $240 REBATE when you purchase a SmarTimer controller (that automatically adjusts irrigation run times in response to seasonal changes). SmarTimers have shown on average of about 20% savings and in some cases even up to 50% water savings.
SAVE as much as 1,000 to 1,800 gallons of water a month when you replace a portion of your lawn with California friendly™ plants. Remember new plants need more water to get established so you will want to complete your planting by the end of May or wait until the fall to put in new plants.
USE compost around trees and plants. The addition of this organic material helps the soil to retain moisture.

Second, get your house ready too.

Saving water in the home:
CHECK pipes, faucets, and toilets for leaks AND GET THEM FIXED AS SOON AS POSSIBLE. One small drip can waste over 1,500 gallons of water a month.
RECEIVE a $100 REBATE when you replace your old washing machine with a new high-efficiency model. A family of four can save up to 8,000 gallons of water a year by replacing their old washer with a High-Efficiency Clothes Washer.
RECEIVE a $150 REBATE when you replace your old toilet with a new high efficiency toilet. When you replace your conventional toilet with a High Efficiency Toilet you will save 40% on household water consumption.
Install a new water-efficient showerhead, which saves on water and hot water energy costs.
Go to www.ieua.org or call 909-993-1749 for rebate applications.



"With careful management and efficient use of local resources, there will be enough water for all to use in the Chino Basin," states Inland Empire Utilities Agency Board President Wyatt Troxel. "As we go through the summer months lets keep this in mind. **The water saved this year is the water we may need next year.**"

Being water smart in the Chino Basin means planning for our future.

WANT MORE INFORMATION! Please visit these websites:
www.ieua.org – water conservation rebate information; conservation tips
www.bewaterwise.com – California friendly landscaping; conservation tips
www.watersmartly.com – Conservation tips

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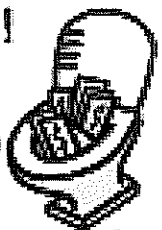
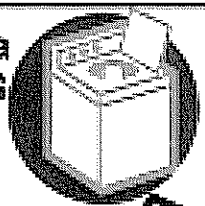
Stop flushing your money along with water down the drain!

COME TO THE WATER FAIR 2007

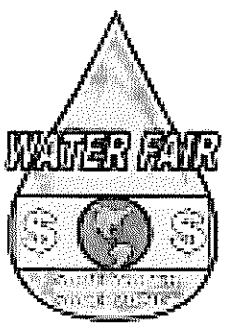


FREE
RAFFLE & GIVEAWAYS!!!*

You could WIN a FREE CLOTHES WASHER!!!



WHEN: Saturday, Oct. 20, 2007
10:00 a.m. - 2:00 p.m.
WHERE: Montclair Plaza
Inside Lower Level Main Entrance



The Water Fair 2007 is an event to promote water conservation and to educate on what rebates and programs exist in your service area to help you save water and money. You will also have the opportunity to meet your water provider. In addition to demonstrations and water saving devices, there will also be a water show and activities for kids. **For more information call (909) 993-1634.**

* Free prizes will be raffled off throughout the day on 10/20/07. Must be present to win. Giveaways while supplies last.

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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles

Fontana Water stands up to mayor's barbs

Michael L. Whitehead
San Bernardino County Sun

Article Launched:06/01/2007 12:00:00 AM PDT

In local communities throughout California, safe drinking water consistently tops the list of people's concerns in public-opinion surveys. This is no surprise: A reliable supply of safe drinking water is essential for the public health and safety of a community, the human potential of its citizens, and the forward progress of both.

Rapid growth of the city's population has necessitated that Fontana Water Co. design and construct new infrastructure to make sure that every one of the thousands of new homes and businesses gets hooked up and starts receiving safe and reliable water service to keep pace with the City Council's aggressive growth plans. Fontana Water Co. has responded to this growth in a way that facilitates economic development in this community

This is the true state of affairs in Fontana, and it's curious that the leading contrarian to this optimistic (though quite realistic) point of view would be the mayor of Fontana himself. Ostensibly, he should be the city's leading civic booster

Contrary to the angry and temperamental assertions of Mayor Mark Nuaimi (re: "How Fontana Water ratepayers got robbed," Point of View, May 3), Fontana Water Co., in operation since the 1920s, has grown up right alongside the city

Importantly, our dedicated employees are from this community and of this community, and we are not going to stand by and be accused falsely of bad conduct by a public official who should know better.

A recent California Public Utilities Commission proceeding highlighted and supported Fontana Water Co.'s significant private investment in new and existing infrastructure to serve local residents and to meet the high cost of local, state and federal government mandates. The costs of providing water service have been rising for years. The issue is not unique to Fontana.

Every day, we work alongside the region's lawmakers at every level of government to support legislation, to design new regulations and to enforce those strict standards already in place to accelerate groundwater cleanup and make polluters pick up the tab for their fair share of the groundwater pollution cleanup. Still, the annual cost to monitor and treat water continues to increase each year

For example, it can cost more than $500,000 a year to treat each well contaminated with perchlorate, a rocket fuel additive Fontana Water Co.'s water system includes more than 35 wells and 16 water storage reservoirs. Even while Nuaimi called for a lobbying campaign to get state officials to roll back safe drinking-water standards for perchlorate and other pollutants and told the PUC not to approve treatment, the PUC endorsed our plans for more investment in state-of-the-art water treatment infrastructure to remove perchlorate and other contamination from our local water supplies.

Unlike publicly owned municipal water companies, Fontana Water Co. does not enjoy taxpayer subsidies and is required by law to publicly disclose all of our expenses and provide detailed accounting for any rate adjustment. We have complied with every regulatory request by all governmental officials. So, contrary to Nuaimi's claim, there is no cost shifting from one bank account to another in order to balance the books. That is pure nonsense.

To this day, I do not know why the mayor makes this assertion, and we have stood ready to answer any questions he or others had to set this matter straight. That's exactly what happened in the recently concluded PUC proceedings. Following months of fact-gathering, sworn testimony during formal public hearings and careful scrutiny, the PUC issued its decision, which found the company's records to be complete and accurate.

The PUC decision addressed all of the issues and reached a balanced result, which serves the public interest. The fact is, our customers see the true cost of providing water service. In return, Fontana Water Co., like any other regulated public utility, is limited in its "profit."

That is why we view with particular concern the mayor's harsh criticism of the PUC, as well as his suggestion that taxpayers would benefit by the use of eminent domain to take over Fontana Water Co.'s longstanding company operations and rights without the exercise of due process

A city-led hostile takeover of the water company by eminent domain is ill conceived. It would be risky, very costly and would imperil economic growth. The city learned the hard way when it tried this in the 1990s - it had no reliable water supply, and its water rates were more than 25 percent higher than Fontana Water Co.'s. To make matters worse, it would inevitably siphon money away from providing essential city services such as public safety, road repair and much needed relief from heavy traffic congestion.

A city-owned and operated water company would encourage the sort of empire building, cronyism and political manipulation that we have seen recently in neighboring communities.

We can't help but wonder why the mayor is waging his lonely vendetta against our company over imagined grievances, when there is so much left to do together. I am very proud of our longstanding success in working cooperatively with all of the other 17 cities and two counties we serve. But Nualmi's heated rhetoric, wild exaggerations, outright inaccuracies and accusations of willful wrongdoing drown out the voices of reason calling for continuation of the mutually beneficial relationship between Fontana Water Co. and the citizens of Fontana.

Michael L. Whitehead is president of Fontana Water Co., a division of San Gabriel Valley Water Co

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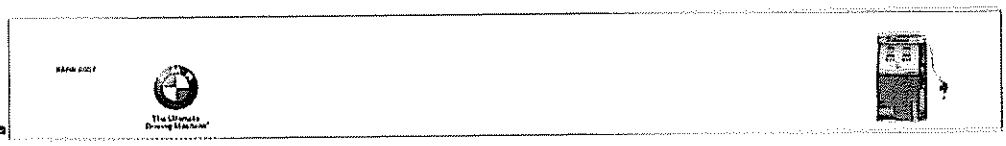

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From the Los Angeles Times

THE STATE

L.A. urges conserving water in dry spell

By Hector Becerra and David Pierson
Times Staff Writers

June 7, 2007

Los Angeles officials urged residents Wednesday to reduce water consumption by 10% as weather forecasters predicted the region's historic dry spell will combine with a summer of record-setting temperatures

Mayor Antonio Villaraigosa's call for conservation — the first water-reduction goal the city has issued in more than a decade — comes as water agencies across Southern California are trying to deal with the driest season on record

The Metropolitan Water District of Southern California, which supplies water to communities across the region, immediately backed the mayor's conservation push, and officials said they hope residents in the rest of Southern California will follow suit

The agency has embarked on a large water conservation campaign inspired not only by little rainfall but also by unusually small snowpack in the eastern Sierra Nevada and continued drought along the Colorado River basin, which are two key sources of water

Adding to the uncertainty is the state's decision last week to temporarily halt water pumping to the Southland from the Sacramento-San Joaquin Delta in an effort to protect an endangered fish

Jeffrey Kightlinger, the water district's general manager, said that if dry conditions continue, the agency may consider steps such as greatly reducing the amount of water delivered to agricultural businesses and increasing their rates next year

"We have unprecedented dry conditions," Kightlinger said "We know the Colorado River is going to be dry next year. And we have the problems with this [Delta fish] species So we could be losing water from both the Colorado River and the State Water Project going into next year "

That could mean more aggressive conservation efforts, including mandatory rationing — something that hasn't occurred in Southern California since 1991

The region imports about half of its water The rest comes from local underground aquifers, which are still in reasonably good shape thanks to the 2005 rainy season, which was the second-wettest on record

Those reserves are giving Southern California some wiggle room this summer, officials said But if the dry conditions continue, the future is expected to be uglier

"If we have another dry year next year, and even the year after, we'll really feel the impact as far as the water supply," said Jayme Laber, a hydrologist for the National Weather Service in Oxnard

Forecasters offer no reassurance A so-called La Niña condition is forming in the Pacific Ocean, suggesting dry, warm conditions could continue into next year, they said

"With this late developing La Niña, that's not good for Southern California or the Colorado River Basin," said Bill Patzert, a climatologist for the Jet Propulsion Laboratory in La Cañada-Flintridge "It could be dry next winter as well "

(Since July 1 of last year, downtown L. A has recorded less than 4 inches of rain)

Patzert and others also said this summer is expected to be as hot, if not hotter, than last summer, during which several record-breaking heat waves were blamed for the deaths of more than 100 people across the state

Even if the dry spell continues, water officials said, Southern California is in better shape now than during the drought of the late 1980s and early 1990s

Back then, officials ordered mandatory conservation, requiring a 15% cut in water use

The L A City Council, for example, passed an ordinance that prohibited lawn watering during the middle of the day, automatic serving of water in restaurants and hosing down sidewalks

A crew called the "drought busters" went around the city issuing citations to water customers who violated the ordinance

Since that drought, water agencies have worked to improve reserves and better tap groundwater supplies In addition, many residents have taken steps to conserve, including purchasing more water-efficient toilets and washing machines

"Hopefully if we're all doing our job right, we've planned for this We won't go under in one dry year," said Gina DePinto, a spokeswoman for the Orange County Water District

Water officials have been saying for months that the region could face several years of drought conditions

The mountain snowpack vital to water imports from Northern California is at its lowest level in nearly two decades Several big reservoirs in the Colorado system are half-empty

L A officials didn't suggest to residents specific ways to reduce water consumption

But in general, water agencies recommend taking shorter showers, fixing leaking faucets, using a broom rather than a hose to clean driveways and installing water-conserving sprinklers

"Los Angeles needs to change course and conserve water to steer clear of this perfect storm," Villaraigosa said "The combination of record-low rainfall, the second-lowest snowpack ever recorded and a potentially very hot summer is a perfect storm that could put Los Angeles into a drought "

L A. resident Henrietta Renaux said she heard the mayor's call to conserve water early Wednesday on television and felt compelled to contribute in a small way by sparingly watering her plants outside her Echo Park apartment

"We can all try, I mean, we really need to in this weather," said Renaux, 79, holding the end of her green garden hose "Everyone in L A needs to get behind this "

But it won't be easy She has a soft spot for the yellow roses in her courtyard, which were brown and shriveled and looked as if they were begging for regular watering

"I guess I could take a shower every other day instead," Renaux said

Jewel Thais-Williams said she is already conserving water but hopes the new conservation effort will prompt others to follow suit

The 68-year-old Mid-Wilshire resident said she takes short showers, brushes her teeth with the faucet off and draws water in the sink to rinse her dishes

She also does her laundry in one large load rather than smaller loads and waters her plants with a smaller spout to prevent wasting water around the edges

"We have to protect our city," she said

--

hector becerra@latimes com

david pierson@latimes com

Times staff writer Duke Helfand contributed to this report

*

Begin text of infobox

Saving water

Here are some water-savings tips from bewaterwise com, a website created by Southern California water agencies:

- **Fix leaky faucets, plumbing joints and the sprinkler system.** *Saves 20 gallons per day for every leak stopped*

- **Install a "smart" sprinkler controller that figures out the right amount of water for the landscape based on information about the plants and garden environment.** *In one study, these new controllers saved 40 gallons per day*

- **Replace part of the lawn with native and Southland-friendly plants.** *Saves 1,000 to 1,800 gallons per month, depending on the climate*

- **Replace an old washing machine with a high-efficiency model.** *Saves 20 to 30 gallons per load*

- **Run only full loads in the washing machine and dishwasher.** *Saves 300 to 800 gallons per month*

- **Use a broom instead of a hose to clean driveways and sidewalks.** *Saves 150 gallons or more each time*

- **Shorten showers.** *Even a one- or two-minute reduction can save up to 700 gallons per month*

- **Don't water the sidewalks, driveway or gutter. Adjust sprinklers so that water lands on the lawn or garden where it belongs — and only there.** *Saves 500 gallons per month*

- **Don't use the toilet as a wastebasket.** *Saves 400 to 600 gallons per month*

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Source: Bewaterwise com<252>

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Farmers, vintners cool to prospect of recycled water for irrigation

By BLEYS W. ROSE
THE PRESS DEMOCRAT

Farmers, vintners, environmentalists and north Sonoma County residents told supervisors Tuesday that they have little use for a $385 million recycled water project that would provide highly treated wastewater for agriculture.

During a 90-minute public hearing on the north county water recycling project, supervisors heard vineyard operators say they are firmly opposed to putting recycled water on their grapes and farmers say they feared it would damage groundwater quality.

Environmental group leaders said they welcome the idea of recycled wastewater, but fear that technology isn't good enough to assure the public on water quality.

Katie Murphy, vice-president of the Alexander Valley Association, said any hint of tainted wastewater being spread on the county's foremost cash crop would send the local economy into a tailspin.

"I am worried that there is a huge backlash on recycled water on our grapes," Murphy said. "I fear negative publicity and that could linger over our wine industry for a long time."

Murphy's comments reflected opinions of many farmers, ranchers and vintners at the public hearing, although Clos du Bois executive Keith Horn said he represented 20 grape growers in the Coalition for Sustainable Agriculture who would welcome recycled, highly treated wastewater.

"The water quality issues can be overcome," Horn said.

The public hearing was one of the last opportunities for comment on the North Sonoma County Agricultural Reuse Project that would create 19 reservoirs and 112 miles of pipeline through the Dry Creek, Alexander and Russian River valleys. Water Agency officials say primary customers are the vineyard operators of some of the county's premier grape growers that comprise almost half the 47,000 acres covered under the project.

Treated wastewater would come from Santa Rosa's pipeline to The Geysers geothermal fields. The city has plans to use much of that water in southeast and southwest Santa Rosa, which led some critics to point out the project may lack supply and demand.

"Santa Rosa wants to get rid of its wastewater for its uncontrolled growth," said Alexander Valley farmer David Fanucchi. "The Water Agency's long-term program is to get water away from the farmers and sell it to the highest bidders."

The water reuse project is part of the Water Agency's effort to convince state regulators that the county is making best use of current supply and, therefore, should gain approval for more water from Lake Sonoma and Lake Mendocino reservoirs. The Water Agency proposed a smaller-scale recycled water project for Sonoma Valley last year, but its water was aimed more at lawns, fields and open space than agriculture.

Water Agency officials say the massive water project would ensure long-term supplies for agriculture, reduce reliance on groundwater, reduce water drawn out of Dry Creek and leave water in reservoirs for management of endangered fish.

David Cuneo, the project environmental review specialist, said state water quality and health

standards allow use of highly treated wastewater on crops, adding "but we do recognize it is an ongoing debate."

Leaders of environmental groups such as Russian River Keeper, the Sierra Club and the Russian River Watershed Protection Committee said using recycled wastewater is a laudable goal, but they could not support the project because there's not enough evidence that treatment plants filter out chemical compounds that could appear in crops and groundwater.

"It is not a high enough quality to pursue this project," said Don McEnhill of Russian River Keeper.

However, Cynthia Murray, president of the North Bay Leadership Council, a business group, said agriculture elsewhere in California is making use of recycled water with no problem.

"We are way behind the curve on use of recycled water," Murray said. "I am very confidant that we can provide a level of protection, but we may need to have more public education."

The Water Agency is accepting written comment on the draft environmental review until Friday. The full 603-page report is available at www.sonomacountywater.org. Supervisors expect to get the final environmental review document back for review this summer along with a financial analysis of the project costs.

You can reach Staff Writer Bleys W. Rose at 521-5431 or bleys.rose@pressdemocrat.com.

Colton leaders seek big bucks in Washington

Stephen Wall, Staff Writer
San Bernardino County Sun

Article Launched:05/01/2007 12:00:00 AM PDT

COLTON - City leaders have descended on the nation's capital this week.

They aren't there to go sightseeing, although they might visit a few monuments and museums in their spare time.

Council members and other city officials have made their annual trek to Washington, D.C., to make their best sales pitch for federal funds for local projects.

Mayor Kelly Chastain and Councilmen David Toro and John Mitchell are making the five-day trip, along with City Manager Daryl Parrish, assistant to the city manager Amanda Rhinehart and Public Works Director Amer Jakher.

Colton leaders hope to persuade lawmakers and other federal officials to dole out millions of dollars for transportation improvements, infrastructure projects, recreation programs, library services and other priorities.

Parrish said Colton has brought back at least $15 million in federal money since beginning its lobbying trips five years ago.

"This is not a junket," Parrish said. "We've brought home results. This has definitely been a worthwhile endeavor for the city. If you don't go, you don't get anything."

In past years, Parrish said the city has secured money to build a massive storm drain to alleviate flooding near Arrowhead Regional Medical Center and improve traffic flow on Mount Vernon Avenue.

Colton also has received federal dollars to provide afterschool programs for at-risk children through the city's Police Activities League.

Parrish said lobbying efforts have helped the city bring home millions of dollars to clean up drinking water wells contaminated by perchlorate.

On Monday, city officials met with representatives of Sen. Barbara Boxer, D-Calif., and Rep. Jerry Lewis, R-Redlands, to discuss additional money for the storm drain, Interstate 10 improvements and habitat acquisition for the endangered Delhi Sands flower-loving fly.

They also received an update about perchlorate issues from a Defense Department official.

City leaders plan to raise the same issues at a meeting Wednesday with Rep. Joe Baca, D-Rialto.

This is the first year the city has sought money to acquire land to be set aside for fly conservation. In exchange for protecting habitat south of I-10, the city wants to be able to develop land north of the freeway into a large retail center near Arrowhead Regional.

Additional money is being requested to widen the Pepper Avenue bridge over I-10 and expand and realign on- and off- ramps.

The city also is seeking federal dollars for Police Activities League programs, literacy projects for children and computer labs for senior citizens.

Chastain said the fierce competition for limited federal dollars makes the lobbying trips a necessity.

"We have so many issues right now on our docket," she said. "We need to continually be in front of (federal officials) to let them know how important these projects are. We don't want them to forget about us."

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Inland agencies eye water

Runoff, wastewater sought; environmentalists object

By Joe Nelson, Staff Writer
Inland Valley Daily Bulletin

Article Launched:05/07/2007 12:00:00 AM PDT

Inland water agencies asking for rights to billions of gallons of future water expected to collect in the Santa Ana River and Seven Oaks Dam near Highland have been testifying before a state board

Closing arguments are set for Tuesday in Sacramento before the state Water Resources Control Board, which will ultimately decide how the water is allocated, said Randy Van Gelder, general manager for the San Bernardino Municipal Water District.

It's expected that as the Inland Empire continues to grow in population, so will the amount of storm runoff and wastewater from home and business development. Various water agencies are hoping to access that water to diminish the amount they would need to import from the Colorado River. Some want the water for agricultural use, others to replenish groundwater and drinking water supplies

San Bernardino Municipal Water District and Western Municipal Water District of Riverside, for example, are hoping to divert water from the Seven Oaks Dam and Santa Ana River to store in groundwater basins to serve customers in San Bernardino and Riverside counties, Van Gelder said.

Representatives from the San Bernardino Valley Municipal Water District, the Western Municipal Water District of Riverside County, the Chino Basin Watermaster and the Orange County Water District were among the agencies that submitted testimony last week.

Environmentalists also testified. They are concerned about the impact such water diversion would have on the various plant and wildlife species that thrive in the watershed that flows from Highland to the Orange County coastline.

"One of the things we're concerned about is every endangered species along that river is in a state of collapse or is imperiled," said Adam Keats, an attorney for the Center for Biological Diversity in San Francisco

An increase in diversions of water from the Santa Ana River would be detrimental to at least 10 federally and state-licensed threatened and endangered species, including the Santa Ana sucker fish, the San Bernardino kangaroo rat and migratory songbirds such as the western yellow-billed cuckoo, the southwestern willow flycatcher, and the Least Bell's vireo, according to testimony presented by Ileene Anderson, an ecologist with the Center for Biological Diversity

To address the threat to the kangaroo rat and two plant species - the Santa Ana River woollystar and the slender- horned spineflower - the Army Corps of Engineers is putting together a multiple-species habitat management plan, said Jay Field, spokesman for the Army Corps of Engineers in Los Angeles.

That plan, he said, is still in the early stages. Options include directing and spreading the water into overbank areas that would provide the necessary hydrology for the plants and wildlife, much like controlled flooding.

In a policy statement submitted to the state board, Ontario Public Works Director Kenneth Jeske voiced his support for the Chino Basin Watermaster's plan to divert a portion of storm water out of concrete channels and back into recharge basins, which would increase the yield of the basin and improve groundwater quality.

Testimony began Wednesday before a hearing officer. The five-member state board should make a decision as to how the water is allocated by the end of the year.

Contact writer Joe Nelson at (909) 386-3874 or via e-mail at joe.nelson@sbsun.com

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Water officials bracing for dry weather

By Sahra Susman, Staff Writer
Inland Valley Daily Bulletin

Article Launched:04/30/2007 11:13:10 PM PDT

JURUPA - Tired of constantly replanting the grass in her backyard, Eastvale resident Kathy Bogart decided to tear out her lackluster lawn and replace it with artificial turf.

"The backyard sprinkler system didn't seem efficient and we were constantly replacing the grass," Bogart said.

Strategies like Bogart's are applauded by water officials who are concerned about conservation, not backyard aesthetics. As temperatures rise, Southern California remains on track to have one of the driest years on record.

"We are facing a rather interesting situation in Southern California because all of the supply sources the region calls upon are having extremely dry years," said Bob Muir, spokesman for the Metropolitan Water District of Southern California.

Muir said in addition to Southern California's drought, statewide the snow pack is the lowest in 20 years and the Colorado River - a major source of California's imported water - is in its eighth year of drought.

Jurupa Community Services District General Manager Eldon Horst said his agency is gearing up to promote water conservation as summer approaches.

"What we want to do is be a good citizen in the state and ask our customers to conserve water and...to use water as wisely as possible," Horst said.

The district is completing three major projects to help meet increasing demand on the water supply this summer. In the summer of 2005 the district ran out of water and had to import its supply from Ontario.

The added capacity of the Roger D. Teagarden Ion Exchange plant, a new water well and wellhead treatment for two additional wells will allow the agency to meet the demand and "assures clean, safe and reliable water supplies," Horst said.

In addition to the increased capacity of the agency's own wells, the district has made provisions to buy water from other agencies if necessary. Currently it has an agreement to buy water from the Rubidoux Community Services District, is renewing past agreements with the city of Norco and is working toward an agreement with Chino Hills.

"We also have water agreements with Ontario to allow us to utilize some of their Chino Desalter II water," Horst said.

Horst said the agency's improvements would allow the agency to use water more wisely and put less pressure on imported water supplies. With the addition of the Chino II Desalter Project coming online last week, a larger of amount of groundwater treated for salt and nitrate impurities will be available.

Aside from additional water sourcing the agency is also encouraging water conservation. Since May is Water Awareness Month, water agencies across the region will promote conservation by participating in the Splash Festival. The family fun event promoting water conservation takes place May 12.

The Jurupa district offers financial incentives on low water-usage appliances and technical and financial assistance for landscape irrigation systems.

"We're very happy that residents are taking seriously the rebate issues," Horst said. "However, the biggest savings is in the management of landscape irrigation."

Muir said water conservation is paramount to our future.

"The next era in water conservation will be in the outdoors, where up to 70 percent of water is used," Muir said.

His agency has worked on pilot projects with developers in the Inland Valley to feature California-friendly landscaping, which feature native and drought-tolerant plants, in both model homes or housing tracts.

"It can be quite expensive to replace your turf with synthetic turf, so in Southern California we have other water-saving options including the California-friendly plants," he said.

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

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Fifth-graders participate in environmental festival

By Canan Tasci, Staff Writer
Inland Valley Daily Bulletin

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The Cucamonga Valley Water District is working to create a new generation of conservationists.

"Recognition of environmental education is so critical to young people because it is giving them the foundation on how to protect the environment and that will help them become good stewards as they grow into adults," said Kristeen Buxton, public affairs officer at CVWD. "These are the future water users in our community and leaders, so it is important that they are aware of recycling, pollutants and water conservation and what else might be going on."

On April 13, 700 fifth-grade students from the Etiwanda School District participated in the CVWD fourth annual Kids Environmental Festival. Students spent one day, outdoors, at the CVWD offices in Rancho Cucamonga engaged in six hands-on learning stations all geared to teach them about water and environmental issues.

"Some people don't know how to help and so now they know," said Nicole Babich, 11, of Windrows Elementary School. "This place tells kids how to control and conserve water and how water is important because really, some people don't know how to save water."

Austin Young, 10, educated his fellow classmates on how to conserver water.

"Make sure you shut the sink handles tight," Austin said. "And you don't need to take a 30-minute shower because no one is that dirty."

Although the students participated in six stations as a class, there were 16 all together.

"It helps a lot for kids that are kinetic and visual learners because they enjoy being able to create things, like the earth stress ball," said Petrea Perey, fifth-grade teacher at East Heritage Elementary School. "For a lot of kids it really drives the lesson home and puts it in their brain and it helps with retention."

While the stations were educational, they also provided entertainment.

"The water cannon using the soda bottle really motivated the kids to want to know more about water pressure," Perey said. "They were very impressed."

The stations were taught by volunteers from the city, other water agencies, the gas company and employees of CVWD.

"It was very well organized and thought out so that each child was actively allowed to either touch, work or see something new," said Megan Gardner, fifth-grade teacher at West Heritage Elementary School.

Like Perey, Gardner said the visuals helped her students absorb the material they were given.

"Some students may not have any idea of the actual effects of recycling and water conservations, so this opened my students eyes to it first hand," Gardner said. "It wasn't you're typical lecture format and then expecting them to understand the material, because it was interactive they visualized it and now they can remember what they were taught."

While the students learned throughout the day, they received a T-shirt to wear and back pack to keep their lunches in.

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Plant lovers find Harmony in the Garden

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Chino Basin Water Conservation District in Montclair partnered with the University of California Cooperative Extension to provide a workshop full of helpful gardening tips for residents.

On May 19, the two agencies hosted Harmony in the Garden, a daylong event for garden lovers. There were presentations about garden design and care, the master gardener program and composting.

Janet Hartin, a horticulturist at the University of California Cooperative Extension, said the goal of the workshop was to demonstrate and promote water efficient landscaping the re-use of green waste, and how to minimize the use of pesticides. The free workshop will become an annual event.

Staff Writer L. Alexis Young can be reached by email at alexis.young@dailybulletin.com, or by phone at (909) 483-9365.

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The Web Site of The Sacramento Bee

This story is taken from Sacbee / Politics / Dan Walters.

Dan Walters: Disputed canal back on agenda

By Dan Walters - Bee Columnist
Published 12:00 am PDT Tuesday, June 19, 2007

A few months after he assumed the governorship in 1999, Gray Davis put forth an oh-so-cautious "preferred alternative" for dealing with the complex problems of the Sacramento-San Joaquin Delta. His incremental steps were aimed, in effect, at delaying major decisions on the troubled estuary until Davis was out of office.

It was characteristic of the risk-averse Davis -- a quality that led to his governorship being terminated three years prematurely by the state's voters and the election of action movie star Arnold Schwarzenegger as his successor.

Ideologically, you couldn't slip a piece of tissue paper between Democrat Davis and Republican Schwarzenegger, but in stylistic terms, the two couldn't be more different. While Davis assiduously avoided conflict whenever he could, Schwarzenegger dives into thorny issues that, as he has said, "have been pushed under the rug for decades."

"I love tackling big problems," Schwarzenegger told a gathering in Chico recently, adding, "I feel strongly that the people of California have sent me to Sacramento to tackle those big problems. They have seen me on the screen to be the big action hero, so they know that I can be the big action hero also in Sacramento."

Not the least of those long-ignored issues is the plight of the Delta that predecessor Davis so assiduously shunned eight years ago. Last week, without prompting, Schwarzenegger, during another "town hall" event in Bakersfield, endorsed the single most controversial approach to the Delta, a peripheral canal. Declaring that "we have studied this subject to death," he demanded action on the state's knottiest water issues, saying he wants to "build more conveyance and ... more water storage."

Schwarzenegger's aides quickly confirmed that by "conveyance," he meant a highly controversial peripheral canal, which would carry Sacramento River water around the Delta to the head of the California Aqueduct, thereby eliminating direct pumping out of the Delta that has reversed natural water flows and degraded the estuary's wildlife habitat and fish population.

A few days later, Lester Snow, director of the Department of Water Resources, posted a rationale for a peripheral canal on the governor's Web site. He said it would "help take the burden off our overtaxed Delta which, as evidenced by the tiny smelt, is facing an ecological crisis."

Therefore, the canal, is officially back on the water agenda -- and it's high time. It was approved by the Legislature more than a quarter-century ago (and partially excavated along Interstate 5) but blocked by a statewide referendum in 1982.

Controversial though the canal and building more water storage may be, both are legitimate pieces of any rational plan to deal with not only the degradation of the Delta, but the long-term water needs of a state that has 12 million more people than it did in 1982.

While environmental groups continue their knee-jerk opposition to both, they haven't offered any workable alternatives. Their implacability has -- ironically enough -- exacerbated the Delta's

environmental degradation. Had the canal been in place, the state would not have had to turn off its pumps to save the few remaining Delta smelt, for example.

We may be seeing something of a change in the political weather over the long-stalled canal. Legislators who once would have automatically opposed it are now willing to consider it. They are also paying attention because, if ill effects of global warming come to pass, the Delta could see more saltwater intrusion and the state would need more storage to offset a smaller winter snowpack.

Schwarzenegger doesn't always succeed on the big issues he tackles. But at least he's trying, which is more than one could say about Davis.

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