



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, July 26, 2007

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

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





CHINO BASIN WATERMASTER

Thursday, July 26, 2007

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

(Lunch will be served)

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – July 26, 2007

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

1. Minutes of the Advisory Committee Meeting held June 28, 2007 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2007 *(Page 15)*
2. Watermaster Visa Check Detail *(Page 19)*
3. Combining Schedule for the Period July 1, 2006 through May 31, 2007 *(Page 21)*
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through May 31, 2007 *(Page 23)*
5. Profit & Loss Budget vs. Actual July 2006 through May 2007 *(Page 25)*

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007 *(Page 27)*
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater. Date of application: May 24, 2007 *(Page 41)*

II. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Micro-Economic Analysis Update
2. MZ1 Court Submittal Update
3. Hanson Aggregates
4. Peace II Instruments

B. ENGINEERING REPORT

1. Water Quality/Plume Updates
2. Balance of Recharge and Discharge Update

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Desalter Expansion Update

E. INLAND EMPIRE UTILITIES AGENCY

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

III. INFORMATION

1. Newspaper Articles (*Page 59*)

IV. COMMITTEE MEMBER COMMENTS

V. OTHER BUSINESS

VI. FUTURE MEETINGS

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
August 9, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
August 21, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
August 23, 2007	9:00 a.m.	Advisory Committee Meeting
August 23, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

9:00 a.m. – July 26, 2007

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

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A. MINUTES

1. Minutes of the Watermaster Board Meeting held June 28, 2007 *(Page 7)*

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1. Cash Disbursements for the month of June 2007 *(Page 15)*
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II. BUSINESS ITEMS

A. Peace II Instruments – Board Only

Direct Staff to Distribute the Documents in Accordance With The Timeline Previously Transmitted to the Court for Stakeholder Review and Comment; Schedule an Early August Workshop for Questions and Answers; Release the Documents for Discussion and Comment (But No Action) by the Pools in August and to Provide a Status Report to the Board at the August Board Meeting *(Page 57)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Micro-Economic Analysis Update
- 2. MZ1 Court Submittal Update
- 3. Hanson Aggregate

B. ENGINEERING REPORT

- 1. Water Quality/Plume Updates
- 2. Balance of Recharge and Discharge Update

C. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. Desalter Expansion Update

IV. INFORMATION

- 1. Newspaper Articles (*Page 59*)

V. BOARD MEMBER COMMENTS

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August 23, 2007	9:00 a.m.	Advisory Committee Meeting
August 23, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – June 28, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
June 28, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on June 28, 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
Marty Zvirbulis	Cucamonga Valley Water District
J. Arnold Rodriguez	Santa Ana River Water Company
Mark Kinsey	Monte Vista Water District
Bill Kruger	City of Chino Hills
Robert Young	Fontana Union Water Company

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Bob Feenstra	Agricultural Pool, Dairy
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Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
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Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Ryan Drake	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Gary Meyerhofer	Carollo Engineering
Mike Maestas	City of Chino Hills
Martha Davis	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency
Jennifer Novak	State of California
Jason Weiner	State of California
Mohamed El-Amamy	City of Ontario
Rosemary Hoerning	City of Upland

Chair Jeske called the Advisory Committee meeting to order at 9:09 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning stated the MZ1 Technical Committee met this morning and that committee made a few minor changes to the Business Item A, MZ1 Long Term Plan. Those changes will be presented today under Business Items.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held May 24, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2007
2. Watermaster Visa Check Detail
3. Combining Schedule 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

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

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

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

II. BUSINESS ITEMS**A. MZ1 LONG TERM PLAN AND MZ1 PLEADING**

Counsel Fife stated there are a few changes on the MZ1 Long Term Plan that were recommended by the MZ1 Technical Committee which met this morning regarding this item. There was a typographical error on the staff report in the meeting packet. The staff letter has been revised and that revised copy is what is being presented today. Counsel Fife stated the MZ1 Long Term Plan was presented to the Pools and was approved at those meetings with the caveat that there may be some proposed minor changes from both the City of Chino and Monte Vista Water District. The Appropriative Pool directed that another MZ1 Technical Committee meeting be held to consider those changes. Staff, counsel, and the MZ1 Technical Committee did meet this morning at 8:00 a.m. and considered the proposed changes. Those changes were included in the copy of the MZ1 Long Term Plan in the packet. At the meeting this morning there were a few additional changes. Counsel Fife stated the first change is on page 2-3 of the plan and page 57 in the agenda package. The change is with regard to the proposal to consider an injection project by the MZ1 Technical Committee. The change will now read, "The Technical Committee will develop a scope and a budget for the proposed project by April 2008." The second change is in section 2-4 in the second paragraph which reads, "By the end of May 2008"; May is being changed to April. The last change is in the Evaluation and Update of the MZ1 Subsidence Management Plan on page 65 of the agenda package, beginning with the sentence, "Within the Managed Area, Watermaster recommends that all." After the word all, a footnote is being changed and will now read, "Well 11A will be exempt from this recommendation. This is based on the small amount of water pumped from the deep zone by this well and the impracticability to shut down this well due to permitting requirements. This exemption shall be subject to continuous review by the Technical Committee to ensure that continued pumping from this well does not interfere with water level recovery." Counsel Fife stated those were the changes that were recommended by the MZ1 Technical Committee this morning and so with those changes we are presenting this plan for approval. Counsel Fife stated on page 45 of the meeting packet there is a list of proposed findings that relate to the nature of the interim plan and its affect on the relationship to the interim plan, the Peace Agreement, and the Judgment. Staff recommends that this committee adopt these findings,

and the Long Term Plan and then direct them to be filed with the court along with the pleading which is in the agenda packet beginning on page 67. Chair Jeske inquired as to whose well is well 11A. Counsel Fife stated that well belongs to California Institute for Men. Mr. Kruger stated he would like to comment on behalf of the City of Chino Hills; they do take exception to the Management Zone 1 Long Term Plan as it is written now in terms of limiting the ability to pump for up to six months at a time; the City of Chino Hills is in the process now of preparing documentation for submittal. Mr. Kinsey stated he feels the same comments made at the Appropriative Pool meeting still need to apply here today and that is when you go back to the goal of this plan, it is to develop a pumping and recharge plan to reduce water levels to tolerable ranges or and reduce subsidence and ground fissuring. Mr. Kinsey stated the focus of this plan is on production part of it and we have not really addressed the recharge aspect of the plan yet. Mr. Kinsey stated he is hoping there is a commitment from the committee members evaluate the feasibility of injection as a solution and will be willing to fund such a plan. A discussion ensued with regard to this matter.

Motion by Crosley, second by Feenstra, and by majority vote – Chino Hills voted no
Moved to approve the Monitoring Zone 1 Long Term Plan and Findings and to also receive and file the MZ1 pleading with the court, as presented

B. 2007/2008 BUDGET

Ms. Rojo stated a Budget Workshop was held and a detailed presentation given at the Advisory Committee and Watermaster Board meetings last month. Ms. Rojo stated some comments were received regarding the presentation given last month and those changes were incorporated. Ms. Rojo noted this item was approved at the Pool meetings this month with a summary of budget items presented such as the Administrative costs that include COLA at 4%, OBMP expenses include costs for the micro-economic study, Implementation Projects include increases in Ground Level Monitoring, HCMP and Storage Programs and decreases in Recharge O&M and MZ1 subsidence issues, Debt services remain neutral, and Assessments should remain relatively neutral but that depends on the final year end production. A discussion regarding the special referee funding ensued.

Motion by Garibay, second by Zvirbulis, and by unanimous vote
Moved to approve the Chino Basin Watermaster 2007/2008 Budget, as presented

C. MICRO-ECONOMIC ANALYSIS STUDY

Mr. Manning stated the Micro-Economic Analysis Workshop was held last week with Dr. David Sunding. Mr. Manning stated the non-binding Term Sheet notes that the micro-economic study is a pre-requisite for the binding agreement and that it also required that we hold a workshop which was completed on June 7, 2007. The prior macro economic study looked at the basin as if it were run by one owner; the micro study will look at it agency by agency. The proposal that is before this committee today is a not to exceed proposal with Dr. Sunding for \$172,600. The scope of work is fully inclusive of all the information that was discussed at the scoping meetings. A communication was received yesterday from two economists, Dr. Mann and Dr. Hatchet, where they have made some comments on the scope of study; those comments are on the back table. Dr. Mann and Dr. Hatchet have been hired by: Monte Vista Water District, the City of Chino Hills, Three Valleys Municipal Water District, the City of Pomona, and the City of Upland to review and interpret the work of Dr. Sunding. Staff is recommending approval of the proposed scope of work for the micro-economic analysis proposal which is slightly different from the contract that was presented at the Pool meetings. The contract which is before this committee incorporated the change that the Pool Committee members requested, in that the contract is now between Dr. Sunding and Watermaster as opposed to the prior contract which was between Dr. Sunding and Hatch & Parent. Mr. Manning stated this item was approved with the change from Hatch & Parent to Chino Basin Watermaster unanimously by the Pools at their meetings this month.

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

Moved to approve the scoping work for the micro-economic analysis study not to exceed contract which is being performed by Dr. David Sunding, as presented

D. VOLUME VOTE

Mr. Manning stated last month staff withdrew this item from the Advisory Committee's agenda because the Appropriative Pool had asked for the Volume Vote to be reconsidered and sent onto the Budget Advisory Committee for review. With the adoption of some changes by the Budget Advisory Committee the revised Volume Vote was approved unanimously at the Appropriative Pool meeting earlier this month. This now allows us to move onto the Volume Vote for the Advisory Committee members and it is included in the meeting packet. Staff is recommending the approval of the presented Volume Vote. Mr. Kinsey stated he would like to see the same motion made for this committee as the Appropriative Pool made at their meeting and read the motion that was approved at the Appropriative Pool meeting. A brief discussion ensued with regard to this item.

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

Moved to approve the adoption of the revised volume vote to include half of the vote based on operating safe yield and half of the vote based on the prior year's assessable production. Each volume vote will be valid until a subsequent volume vote is adopted, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing Closing Brief

Counsel Fife stated in the meeting packet there is a copy of Watermaster's closing brief in the Santa Ana process along with the stipulations that all the parties entered into concerning the 1969 Agreement.

B. ENGINEERING REPORT

1. Model Update

It was decided since this report was given in its entirety at all the Pool meetings the model update would not be given at today's meeting. Mr. Malone noted the full modeling report will be given today at the Watermaster Board meeting.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there are a lot of bills moving through the committees right now and going back and forth between the two houses. One bill that is noteworthy is SB59 which was essentially the governor's proposal for the water bond that was going to go on the next ballot. That bill was killed in committee and appeared to have no life. The concepts that were contained within SB59 have some legs though and the leadership senate was meeting in a private session last week to see how they could bring life back into the concept of SB59. It appears they are trying to develop an alternative to what was contained in SB59. Mr. Manning stated he is encouraging them to have more emphasis on groundwater within that bill.

2. Recharge Update

Mr. Manning stated the recharge update handout is available on the back table for review. We did have a little over 200 acre-feet recharged by way of urban run-off this past month and we did have one minor storm and we were able to capture some water. Metropolitan Water District still has no replenishment water available to purchase at this time.

3. Dry Year Yield Report

Mr. Manning stated starting on page 185 of the meeting packet is the Inland Empire Utilities Agency's legislative reports which are very informative for what is taking place currently on

the legislative front. Mr. Manning noted there is workshop scheduled for today at 1:00 p.m. here at the Chino Basin Watermaster office to discuss the Dry Year Yield Program.

Added Comment

Mr. Manning stated there will be a matrix given to the Watermaster Board members at today's Board meeting regarding the Peace II elements. There are sixteen distinct areas that have been developed and need to be dealt with in order for us to reach completion of our mission. A comment about what each one of the items means and its status is listed as to where they are as of today. A due date of when staff thinks those are to be completed are listed as well and those coincide with the schedule that was developed for the court and the Regional Board. This matrix will be updated each month and made available so that all parties can be kept up to date on the progress of related and the Peace II elements.

E. INLAND EMPIRE UTILITIES AGENCY

1. Drought Plan for 2008

Ms. Davis stated this is now officially the driest year in California and as pointed out in Mr. Atwater's memo with regard to drought planning, they are carefully looking at water levels. Ms. Davis discussed the proposed pumping plan for the rest of the year and the Dry Year Yield Program. Ms. Davis noted Mr. Atwater will be hosting today's meeting at 1:00 p.m. regarding the Dry Year Yield Program.

2. Summer Conservation Efforts

Ms. Davis stated there is a possibility that California will be in a mandatory conservation situation next year. A discussion regarding conservation ensued.

3. Status of Delta SWP Pumping Issues

No comment was made regarding this item.

4. Monthly Water Conservation Programs

No comment was made regarding this item.

5. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

6. State and Federal Legislative Report

No comment was made regarding this item.

7. Community Outreach/Public Relations Report

No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

Mr. Kinsey stated Monte Vista Water District has been operating its first aquifer storage and recovery well, which is called well 30. 1,000 gallons per minute are being injected so there is some replenishment going on in the basin. Tier I water is being used right now. We will have a second injection well come on line in the July/August time frame and a third one in the fall. This is a very exciting project for Monte Vista Water District.

VI. OTHER BUSINESS

No comment was made regarding this item.

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

The Advisory Committee meeting was dismissed by Chair Jeske at 9:50 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – June 28, 2007



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
June 28, 2007

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on June 28, 2007 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Bob Bowcock, Chair	Three Valleys Municipal Water District
Sandra Rose	Monte Vista Water District
Jim Bowman	City of Ontario
Charles Field	Western Municipal Water District
Bob Bowcock	Vulcan Materials Company
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Paul Hofer	Agricultural Pool, Crops
Anthony La	West End Consolidated Water Company

Watermaster Staff Present

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

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent
Ryan Drake	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Dave Crosley	City of Chino Basin Watermaster
Bill Kruger	City of Chino Hills
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Bob Feenstra	Ag Pool, Dairy
Hank Stoy	Former Director of Cucamonga Valley Water District

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

Mr. Manning stated the MZ1 Technical Committee met this morning and that committee made a few minor changes to the Business Item A, MZ1 Long Term Plan. Those changes will be presented today under Business Items.

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1. Minutes of the Watermaster Board Meeting held May 24, 2007

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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

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

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

II. BUSINESS ITEMS**A. MZ1 LONG TERM PLAN AND MZ1 PLEADING**

Counsel Slater stated there are a few changes on the MZ1 Long Term Plan that were recommended by the MZ1 Technical Committee which met this morning regarding this item. Counsel Slater stated the MZ1 Long Term Plan was presented to the Pools and the Advisory Committee and was approved at those meetings with the caveat that there may be some proposed minor changes that had come from both the City of Chino and Monte Vista Water District and the Appropriative Pool directed that another MZ1 Technical Committee meeting be held to consider those changes. Staff, counsel, and the MZ1 Technical Committee did meet this morning at 8:00 a.m. and considered the proposed changes. Those changes were included in the copy of the MZ1 Long Term Plan in the packet. At the meeting this morning there were a few additional changes. Counsel Slater stated the first change is on page 2-3 of the plan and page 57 in the agenda package. The change is with regard to the proposal to consider an injection project by the MZ1 Technical Committee. The change will now read, "*The Technical Committee will develop a scope and a budget for the proposed project by April 2008.*" The second change is in section 2-4 in the second paragraph which reads, "By the end of May 2008"; May is being changed to *April*. The last change is in the Evaluation and Update of the MZ1 Subsidence Management Plan on page 65 of the agenda package, beginning with the sentence, "*Within the Managed Area, Watermaster recommends that all.*" After the word all, a footnote is being changed and will now read, "*Well 11A will be exempt from this recommendation. This is based on the small amount of water pumped from the deep zone by this well and the impracticability to shut down this well due to permitting requirements. This exemption shall be subject to continuous review by the Technical Committee to ensure that continued pumping from this well does not interfere with water level recovery.*" Counsel Slater stated staff recommends that this committee then adopt these findings, adopt the Long Term Plan, and then direct them to be filed with the court along with the pleading which is also in the agenda packet beginning on page 67. Chair Kuhn inquired about the Long Term Plan being adaptive and what that means. Mr. Manning stated the plan is written in such a way that the MZ1 Technical Committee and Watermaster in general can review the work that is being done because this is an on going process. As we review and receive additional data, there will be opportunities to fine tune the plan. One of the recommendations that was just discussed is the possibility of doing injection into the area of concern. Staff is going to do a study and look at what the costs would be associated with doing that injection. Staff will come back to the Watermaster parties and possibly recommend a project to do some injection within that area which would assist in the recovery which could then possibly allow for pumping for longer periods of time during the course of the year. A discussion ensued with regard to this matter. Mr. Vanden Heuvel inquired as to how much money the Watermaster has expended since 2002 on the MZ1 effort. He would like this to include staff time, consultant fees, legal fees, and hardware; which will also include a full summary of investment in this project communicated to

the court and for the record. Chair Kuhn noted this is not part of today's discussion, however, it is a request made by a Board member. Mr. Vanden Heuvel stated he would like it to be a part of today's motion because we are being asked to approve counsel to file the MZ1 pleading with the court. Counsel Slater stated to keep the motion in line with the Advisory Committee's motion, would be to authorize counsel to prepare and file the pleading with an addition which references the expenditures of staff and resources and it would be an addendum to the pleading. Chair Kuhn asked counsel how the motion should read. Counsel Slater stated it could be done in one motion with three components. Ms. Rose commented she was glad to hear the addition of an injection feasibility study into the plan and feels this will be an important component. A discussion ensued with regard to Mr. Vanden Huevel's request for a cost breakdown and concerns were voiced regarding the court adopting all three aspects of the motion.

Motion by Vanden Heuvel, second by Bowman, and by majority vote

Moved to adopt the findings, to approve the MZ1 Long Term Plan on the basis of the findings, and to have counsel file the pleading with an addendum regarding MZ1 costs with the court, as presented

B. 2007/2008 BUDGET

Mr. Manning introduced the 2007/2008 budget item to the Board members and noted Ms. Rojo will also be revealing the draft three year budget today. Ms. Rojo stated a Budget Workshop was held and a detailed presentation given at the Advisory Committee and Watermaster Board meetings last month. Ms. Rojo stated some comments were received regarding the presentation given last month and those changes were incorporated. Ms. Rojo noted this item was approved at the Pool meetings earlier this month and by the Advisory Committee today. Ms. Rojo presented a summary of budget items presented such as the Administrative costs that include COLA at 4%, OBMP expenses include costs for the micro-economic study, Implementation Projects include increases in Ground Level Monitoring, HCMP and Storage Programs and decreases in Recharge O&M and MZ1 subsidence issues, Debt services remain relatively neutral, and Assessments should remain neutral but that depends on the final year end production. Chair Kuhn inquired into the budget desalter costs from last year compared to the much higher costs this year. Ms. Rojo stated the number reflects Wiidermuth Environmental time that will be dedicated to the desalter implementation program and his staff time. A discussion regarding breaking out costs on the budget line items ensued.

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

Moved to approve the Chino Basin Watermaster 2007/2008 Budget, as presented

C. MICRO-ECONOMIC ANALYSIS STUDY

Mr. Manning stated the Micro-Economic Analysis Workshop was held last week with Dr. Sunding. Mr. Manning stated the non-binding Term Sheet notes that the micro-economic study is a pre-requisite for the binding agreement and that it also required that we hold a workshop which was completed on June 7, 2007. The prior macro economic study looked at the basin as if it were run by one owner; the micro study will look at it agency by agency. The proposal that is before this committee today is a not to exceed proposal with Dr. Sunding for \$172,600. The scope of work is fully inclusive of all the information that was discussed at the scoping meetings. A communication was received yesterday from Dr. Mann and Dr. Hatchet, where they have made comments on the scope of study; those comments are on the back table. Dr. Mann and Dr. Hatchet have been hired by: Monte Vista Water District, the City of Chino Hills, Three Valleys Municipal Water District, the City of Pomona, and the City of Upland to review and interpret the work of Dr. Sunding. Staff is recommending approval of the proposed scope of work for the micro-economic analysis proposal which is slightly different from the contract that was presented at the Pool meetings. The contract which is before this committee incorporated the change that the Pool Committee members requested, in that the contract is now between Dr. Sunding and Watermaster as opposed to the prior contract which was between Dr. Sunding and Hatch & Parent. Mr. Manning stated this item was approved with

the change from Hatch & Parent to Chino Basin Watermaster unanimously by the Pools and the Advisory Committee. Chair Kuhn commented on the hours from Dr. Sunding and stated he did not agree with some of the numbers that were higher in order to perform the work Dr. Sunding is anticipating to do. Mr. Vanden Heuvel commented it appears to him that Dr. Sunding is attempting to parse out the value of this project to the various entities and there is probably wisdom in that. Mr. Vanden Heuvel questions, "Is it good for the basin and is it good for future generations?" and he hopes that Dr. Sunding keeps those questions in mind.

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

Moved to approve the scoping work for the micro-economic analysis study not to exceed contract which is being performed by Dr. David Sunding, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing Closing Brief

Counsel Slater stated in the meeting packet there is a copy of Watermaster's closing brief in the Santa Ana process along with the stipulations that all the parties entered into concerning the 1969 Agreement.

B. ENGINEERING REPORT

1. Model Update

Mr. Malone gave a report on the Progress on Watermaster's Groundwater Model. Evapotranspiration Estimation (ET) was discussed in detail. Mr. Malone discussed the area of Prado, Orange County Water District's interest in protecting vegetation and endangered species present within Prado, and understanding the relationship between riparian resources in the Prado Basin, and desalter pumping/re-operation. Efforts to improve the original ET were reviewed. Several detailed maps were looked at and discussed and the preliminary results were reviewed. Mr. Malone stated the impact of the new quarterly data will help with needed calibration and will better quantify needs of various communities and cross-check their demands with management planning scenarios. A discussion ensued with regard to the model update given. Mr. Vanden Heuvel inquired as to the time frame of the model being able to run scenarios. Mr. Malone stated that in speaking with Mr. Wildermuth, he noted September would be the date that Wildermuth is trying to meet for a draft report.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the Legislature has begun its budgetary review. Senator Denise Ducheny, Senator Mike Machado, Senator Dennis Hollingsworth, Assemblyman John Laird, Assemblyman Mark Leno, and Assemblyman Roger Niello have been appointed to a Joint Assembly and Senate Budget Committee. The State Water Contractors have asked the Budget Committee to redirect \$10 million within the Delta Levees Special Projects Program and an augmentation of \$50 million from Proposition 84 to the Department of Water Resources' delta Flood Protection Fund to implement a Delta Emergency operations plan as devised by the State Water Contractors. The Legislative Task Force agreed that it makes good sense to pre-position rock, sheet pile, and other necessary equipment to reduce the time needed to restore critical services, given the severe economic consequences of a Delta disaster. It was also noted there are no funds for integrated regional resource management that would be released until the 2008 fiscal year takes effect. Task Force members representing water agencies expressed their concern that the time line presented a problem for their proposed projects, and it had been their understanding that monies from Proposition 84 would be released in 2007 and 2008. Without funds this year, momentum from Proposition 50 may be lost.

Mr. Manning stated in the June 12, 2007 Metropolitan Water District (MWD) Board Action paper MWD has authorized execution of an agreement for the Chino Basin Desalination Phase II desalter; and appropriate \$1.5 million to study expansion of the existing the Chino Basin Groundwater Storage Program. In June 2003, MWD executed the Chino Basin Groundwater Storage Agreement with the Chino Basin Watermaster, Three Valleys Municipal Water District, and Inland Empire Utilities Agency for a groundwater storage program in the Chino groundwater basin. MWD is also proposing an agreement that would pay up to \$250 an acre-foot for about 15,000 acre-feet per year of water produced by the existing Phase II of the Chino Desalination Project. The expanded Storage Program is expected to provide the following regional benefits: 1) Additional Storage capacity an increase of 50 percent to 150,000 acre-feet, 2) Additional dry year yield increasing from 37,000 acre-feet to 50,000 acre-feet, 3) Elimination of losses in MWD's account, 4) ability to help manage peak delivery on the East Branch and Rialto Feeder, and 5) Improved water quality in the Chino Basin.

A lengthy discussion with regard to the peripheral canal and bypass facilities ensued.

2. Recharge Update

Mr. Manning stated the recharge update handout is available on the back table for review. We did have a little over 200 acre-feet recharged by way of urban run-off this past month and we did have one minor storm and were able to capture some water. Metropolitan Water District still has no replenishment water available to purchase at this time.

3. Dry Year Yield Report

Mr. Manning noted there is workshop scheduled for today at 1:00 p.m. here at the Chino Basin Watermaster office to discuss the Dry Year Yield Program. It was noted Rich Atwater from Inland Empire Utilities Agency will host today's DYY workshop.

Added Comment

Mr. Manning referenced is a matrix regarding Peace II that goes through the items that are included within the Peace II process. There are sixteen distinct areas that have been developed and need to be dealt with in order for us to reach completion of our mission. A comment about what each one of the items means and its status is listed as to where they are as of today. A due date of when staff thinks those are to be completed are listed as well and those coincide with the schedule that was developed for the court and the Regional Board. This matrix will be updated each month and made available so that all parties can be kept up to date on the progress of Peace II and the related elements.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Ms. Rose stated there is a confidential session scheduled today and noted that she would like to suggest tabling that closed session because our chair person is not here and another regular board member is not present from Inland Empire Utilities Agency.

Mr. Vanden Heuvel inquired as to the status of the assessment process review. Ms. Rojo stated as a result of meeting with the Budget Advisory Committee, some basic changes to our cash flow analysis have been decided on and staff will bring forward those items at the end of the year with the Assessment Package. Mr. Vanden Heuvel stated he wanted to reiterate a comment that he made last month that he has been noticing there has been some interest in an attempt to turn the water and storage held by the overlying non-agricultural pool into cash. As he looks at the way Watermaster is assessed, we basically get paid based on production and the overlying non-agricultural water is not being produced, as it accumulates it increases in value. The overlying non-agricultural parties have piggy-backed on Watermaster's investments that added value to their water

held in storage. Those parties have never paid any assessments nor have made any investment in the development of this asset and now are coming in and attempting to cash in; there is an inequity that should be addressed. There needs to be some discussion on possibly a split funding mechanism where you pay so much on the share of safe yield and then so much on pumping, rather than all exclusively on pumping. Mr. Bowcock stated he shares Mr. Vanden Heuvel's concern that the non-agricultural pool has an abundance of water in storage and we fully believe that it needs to be put into play. It needs to be utilized and to be properly managed. The issue of economics and who pays has come up over the years and we have asked Watermaster to do an analysis and every time it comes back, the non-Agricultural members have paid based on production, an amount equal to an appropriator and actually there was a small overage. Mr. Bowcock stated something does need to be done and he is open to any and all discussion about this issue. Mr. Bowcock noted that even in the Appropriative Pool there is an enormous amount of water in storage that goes untaxed and un-assessed and is equal to the same quantity that is in the Non-Agricultural Pool. Mr. Bowcock referred to the water transaction that took place on today's consent calendar. A lengthy discussion ensued with regard to Mr. Vanden Huevel's and Mr. Bowcock's comments. It was noted this does need to be investigated. Chair Kuhn inquired as to where this discussion might take place and it was noted the parties and staff are not sure at this time. A discussion ensued with regard to this matter. Mr. Manning stated this item might also be addressed in a workshop and noted Watermaster staff is planning on having a follow up Strategic Planning session and this might be a topic put on the agenda there for a sub-workgroup to discuss. It was noted by the Board members the follow up Strategic Planning conference would be a good place to put this topic for review and discussion.

VI. OTHER BUSINESS

No comment was made regarding this item.

The Chino Basin Watermaster Board meeting was adjourned to allow the confidential session to convene at 12:10 p.m.

The Chino Basin Watermaster closed session was called to order at 12:15 p.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

It was noted the Chino Basin Watermaster Board accepted the proposal from the Personnel Committee regarding personnel matters pertaining to the Chief Executive Officer of Watermaster which was presented to the committee members during the closed session.

The Chino Basin Watermaster Board closed session was adjourned at 12:25 p.m.

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

The Chino Basin Watermaster Board meeting was dismissed by Chair Kuhn at 12:26 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 June 2007
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through May 31, 2007
4. Treasurer's Report of Financial Affairs for the Period May 1, 2007 through May 31, 2007
5. Profit & Loss Budget vs. Actual July 2006 through May 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: July 12, 2007
July 17, 2007
July 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – June 2007

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for June 2007 be received and filed as presented.

Fiscal Impact – 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 June 2007 were \$957,959.48. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$334,078.89, Inland Empire Utilities Agency in the amount of \$306,245.13, and Hatch and Parent in the amount of \$98,754.46.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
June 2007

	Type	Date	Num	Name	Amount
Jun 07					
	General Journal	6/2/2007	70603	PAYROLL	-6,573.12
	General Journal	6/2/2007	70603	PAYROLL	-22,429.82
	Bill Pmt -Check	6/5/2007	11428	APPLIED COMPUTER TECHNOLOGIES	-2,436.10
	Bill Pmt -Check	6/5/2007	11429	ARROWHEAD MOUNTAIN SPRING WATER	-25.85
	Bill Pmt -Check	6/5/2007	11430	BERKELEY ECONOMIC CONSULTING, INC.	-8,001.21
	Bill Pmt -Check	6/5/2007	11431	BOWCOCK, ROBERT	-125.00
	Bill Pmt -Check	6/5/2007	11432	BOWMAN, JIM	-125.00
	Bill Pmt -Check	6/5/2007	11433	COMPUTER NETWORK	-85.00
	Bill Pmt -Check	6/5/2007	11434	DIRECTV	-74.98
	Bill Pmt -Check	6/5/2007	11435	HSBC BUSINESS SOLUTIONS	-303.20
	Bill Pmt -Check	6/5/2007	11436	IDEAL GRAPHICS	-158.39
	Bill Pmt -Check	6/5/2007	11437	LOS ANGELES TIMES	-42.40
	Bill Pmt -Check	6/5/2007	11438	MONTE VISTA WATER DIST	-375.00
	Bill Pmt -Check	6/5/2007	11439	OFFICE DEPOT	-297.07
	Bill Pmt -Check	6/5/2007	11440	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,825.00
	Bill Pmt -Check	6/5/2007	11441	PAYCHEX	-191.02
	Bill Pmt -Check	6/5/2007	11442	PIERSON, JEFFREY	-125.00
	Bill Pmt -Check	6/5/2007	11443	PURCHASE POWER	-2,018.99
	Bill Pmt -Check	6/5/2007	11444	RAUCH COMMUNICATION CONSULTANTS, LLC	-3,551.78
	Bill Pmt -Check	6/5/2007	11445	REID & HELLYER	-4,940.25
	Bill Pmt -Check	6/5/2007	11446	RICOH BUSINESS SYSTEMS-Maintenance	-2,002.00
	Bill Pmt -Check	6/5/2007	11447	SPRINT	-298.04
	Bill Pmt -Check	6/5/2007	11448	STATE COMPENSATION INSURANCE FUND	-602.67
	Bill Pmt -Check	6/5/2007	11449	THE FURMAN GROUP, INC.	-2,545.00
	Bill Pmt -Check	6/5/2007	11450	THE STANDARD INSURANCE COMPANY	-156.56
	Bill Pmt -Check	6/5/2007	11451	UNITEK TECHNOLOGY INC.	-1,633.76
	Bill Pmt -Check	6/5/2007	11452	VANDEN HEUVEL, GEOFFREY	-125.00
	Bill Pmt -Check	6/5/2007	11453	VELASQUEZ JANITORIAL	-1,200.00
	Bill Pmt -Check	6/5/2007	11454	VERIZON	-395.82
	Bill Pmt -Check	6/5/2007	11455	VIP AUTO DETAILING	-809.60
	Bill Pmt -Check	6/5/2007	11456	VISION SERVICE PLAN	-36.11
	Bill Pmt -Check	6/5/2007	11457	WILLIS, KENNETH	-125.00
	Bill Pmt -Check	6/5/2007	11458	YUKON DISPOSAL SERVICE	-134.72
	Bill Pmt -Check	6/5/2007	11459	JAMES JOHNSTON	-900.00
	Bill Pmt -Check	6/14/2007	11460	ACWA SERVICES CORPORATION	-237.56
	Bill Pmt -Check	6/14/2007	11461	BANK OF AMERICA	-2,307.60
	Bill Pmt -Check	6/14/2007	11462	BERKELEY ECONOMIC CONSULTING, INC.	-8,395.81
	Bill Pmt -Check	6/14/2007	11463	CITISTREET	-3,652.94
	Bill Pmt -Check	6/14/2007	11464	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
	Bill Pmt -Check	6/14/2007	11465	GLENN LUKOS ASSOCIATES	-8,075.03
	Bill Pmt -Check	6/14/2007	11466	HATCH AND PARENT	-98,754.46
	Bill Pmt -Check	6/14/2007	11467	HOME DEPOT	-203.65
	Bill Pmt -Check	6/14/2007	11468	INLAND EMPIRE UTILITIES AGENCY	-306,245.13
	Bill Pmt -Check	6/14/2007	11469	MATHIS & ASSOCIATES	-1,070.00
	Bill Pmt -Check	6/14/2007	11470	MCI	-2,643.71
	Bill Pmt -Check	6/14/2007	11471	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
	Bill Pmt -Check	6/14/2007	11472	RAYMOND BASIN MANAGEMENT BOARD	-5,000.00
	Bill Pmt -Check	6/14/2007	11473	SAFEGUARD DENTAL & VISION	-13.32
	Bill Pmt -Check	6/14/2007	11474	TOM DODSON & ASSOCIATES	-162.00
	Bill Pmt -Check	6/14/2007	11475	UNION 76	-197.23
	Bill Pmt -Check	6/14/2007	11476	UNITED PARCEL SERVICE	-703.80
	Bill Pmt -Check	6/14/2007	11477	VERIZON WIRELESS	-1,015.76
	Bill Pmt -Check	6/14/2007	11478	CITISTREET	-3,652.94
	Bill Pmt -Check	6/14/2007	11480	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
	Bill Pmt -Check	6/14/2007	11481	CITISTREET	-3,652.94
	Bill Pmt -Check	6/14/2007	11483	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
	General Journal	6/16/2007	07/06/5	PAYROLL	-6,857.86
	General Journal	6/16/2007	07/06/5	PAYROLL	-22,145.08
	Bill Pmt -Check	6/22/2007	11484	CALPERS	-3,058.44
	Bill Pmt -Check	6/22/2007	11485	ELLISON, SCHNEIDER & HARRIS, LLP	-14,951.02
	Bill Pmt -Check	6/22/2007	11486	MATHIS & ASSOCIATES	-2,745.00
	Bill Pmt -Check	6/22/2007	11487	PRE-PAID LEGAL SERVICES, INC.	-103.60
	Bill Pmt -Check	6/22/2007	11488	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
	Bill Pmt -Check	6/22/2007	11489	STANDARD INSURANCE CO.	-565.63
	Bill Pmt -Check	6/22/2007	11490	STATE COMPENSATION INSURANCE FUND	-718.88
	Bill Pmt -Check	6/22/2007	11491	STAULA, MARY L	-136.61
	Bill Pmt -Check	6/22/2007	11492	WESTERN DENTAL SERVICES, INC.	-23.25
	Bill Pmt -Check	6/22/2007	11493	WHEELER METER MAINTENANCE	-600.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
June 2007

Type	Date	Num	Name	Amount
Bill Pmt -Check	6/22/2007	11494	WILDERMUTH ENVIRONMENTAL INC	-334,078.89
Bill Pmt -Check	6/22/2007	11495	RICOH BUSINESS SYSTEMS-Maintenance	-1,191.47
Bill Pmt -Check	6/27/2007	11496	ARROWHEAD MOUNTAIN SPRING WATER	-66.58
Bill Pmt -Check	6/27/2007	11497	BLACK & VEATCH CORPORATION	-2,317.50
Bill Pmt -Check	6/27/2007	11498	CREATIVE BENEFITS, INC.	-125.49
Bill Pmt -Check	6/27/2007	11499	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	6/27/2007	11500	DIRECTV	-74.98
Bill Pmt -Check	6/27/2007	11501	OFFICE DEPOT	-556.27
Bill Pmt -Check	6/27/2007	11502	PETTY CASH	-712.31
Bill Pmt -Check	6/27/2007	11503	SPRINT	-421.54
Bill Pmt -Check	6/27/2007	11504	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	6/27/2007	11505	VISION SERVICE PLAN	-36.11
Bill Pmt -Check	6/27/2007	11506	LIATTI & ASSOCIATES	-11,254.00
Bill Pmt -Check	6/29/2007	11507	CITISTREET	-3,652.94
Bill Pmt -Check	6/29/2007	11508	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
Jun 07				-957,959.48

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06/29/07

CHINO BASIN WATERMASTER
Check Detail
June 2007

Type	Num	Date	Name	Account	Paid Amount
Bill P...	11461	6/14/2007	BANK OF AMERICA	1012 - Bank of America Gen'l Ckg	
Bill	4024420...	5/31/2007		6141.3 - Admin Meetings	-56.93
				6191 - Conferences	-2,197.29
				6055 - Computer Hardware	-5.00
				6909.1 - OBMP Meetings	-48.38
TOTAL					-2,307.60

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH MAY 31, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL AGRICULTURAL POOL NON-AGRIC. POOL			GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT SB222 FUNDS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			7,800,290		123,212					
Interest Revenue			158,855	12,629	5,938		67	7,923,502	\$7,308,205	
Mutual Agency Project Revenue		-						177,489	136,500	
Grant Income		-						-	138,000	
Miscellaneous Income								-	0	
Total Revenues	-	-	7,959,145	12,629	129,150	-	67	8,100,991	7,582,705	
Administrative & Project Expenditures										
Watermaster Administration	663,282							663,282	601,598	
Watermaster Board-Advisory Committee	46,814							46,814	52,123	
Pool Administration			20,136	79,121	5,631			104,888	118,245	
Optimum Basin Mgmt Administration		2,117,810						2,117,810	1,855,795	
OBMP Project Costs		4,767,788						4,767,788	5,089,269	
Education Funds Use							375	375	375	
Mutual Agency Project Costs	10,000							10,000	5,000	
Total Administrative/OBMP Expenses	720,096	6,885,598	20,136	79,121	5,631		375	7,710,957	7,722,405	
Net Administrative/OBMP Income	(720,096)	(6,885,598)								
Allocate Net Admin Income To Pools	720,096		555,187	151,396	13,513			-	0	
Allocate Net OBMP Income To Pools		6,885,598	5,308,727	1,447,657	129,214			-	0	
Agricultural Expense Transfer			1,670,024	(1,670,024)				-	0	
Total Expenses			7,554,073	8,150	148,359	-	-	375	7,710,957	7,722,405
Net Administrative Income			405,072	4,479	(19,209)			(308)	390,034	(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			405,072	4,479	(19,209)	(1,311,466)		(308)	(921,432)	(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			4,844,229	475,040	167,775	(171,851)	158,251	1,634	5,475,078	
05/06 Assessable Production			124,315.140	33,899.960	3,025.832				161,240.932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

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

DEPOSITORIES:

Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits	\$	252,892	
Zero Balance Account - Payroll		-	252,892
Local Agency Investment Fund - Sacramento			5,125,449
TOTAL CASH IN BANKS AND ON HAND	5/31/2007		\$ 5,378,841
TOTAL CASH IN BANKS AND ON HAND	4/30/2007		7,649,277
PERIOD INCREASE (DECREASE)			<u>\$ (2,270,436)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$	519
Assessments Receivable			2,936
Prepaid Expenses, Deposits & Other Current Assets			(86,546)
(Decrease)/Increase in Liabilities: Accounts Payable			(740,238)
Accrued Payroll, Payroll Taxes & Other Current Liabilities			16,802
Transfer to/(from) Reserves			(1,463,909)
PERIOD INCREASE (DECREASE)			<u>\$ (2,270,436)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 4/30/2007	\$ 500	\$ 623,328	\$ -	\$ 7,025,449	\$ 7,649,277
Deposits	-	3,217		-	3,217
Transfers	-	1,841,714	58,286	(1,900,000)	-
Withdrawals/Checks	-	(2,215,367)	(58,286)	-	(2,273,653)
Balances as of 5/31/2007	\$ 500	\$ 252,892	\$ -	\$ 5,125,449	\$ 5,378,841
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (370,436)	\$ -	\$ (1,900,000)	\$ (2,270,436)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
5/17/2007	Withdrawal	L.A.I.F.	\$ (1,400,000)				
5/24/2007	Withdrawal	L.A.I.F.	\$ (500,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (1,900,000)				

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

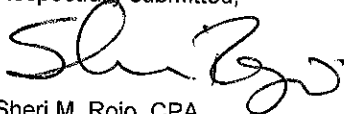
**INVESTMENT STATUS
May 31, 2007**

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 5,125,449			
TOTAL INVESTMENTS	\$ 5,125,449			

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 May 2007

	<u>Jul '06 - May 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
4110 · Admin Asmnts-Approp Pool	7,800,290	7,227,619	572,671	107.92%
4120 · Admin Asmnts-Non-Agri Pool	123,212	80,586	42,626	152.9%
4700 · Non Operating Revenues	177,489	136,500	40,989	130.03%
Total Income	<u>8,100,991</u>	<u>7,582,705</u>	<u>518,286</u>	<u>106.84%</u>
Gross Profit	8,100,991	7,582,705	518,286	106.84%
Expense				
6010 · Salary Costs	508,992	447,037	61,955	113.86%
6020 · Office Building Expense	98,876	102,000	-3,124	96.94%
6030 · Office Supplies & Equip.	30,478	45,000	-14,522	67.73%
6040 · Postage & Printing Costs	84,869	78,500	6,369	108.11%
6050 · Information Services	121,939	112,500	9,439	108.39%
6060 · Contract Services	120,261	131,000	-10,739	91.8%
6080 · Insurance	15,108	25,210	-10,102	59.93%
6110 · Dues and Subscriptions	16,750	16,750	0	100.0%
6140 · WM Admin Expenses	2,935	6,500	-3,565	45.15%
6150 · Field Supplies	872	4,000	-3,128	21.81%
6170 · Travel & Transportation	22,987	19,350	3,637	118.8%
6190 · Conferences & Seminars	25,074	22,500	2,574	111.44%
6200 · Advisory Comm - WM Board	14,015	15,168	-1,153	92.4%
6300 · Watermaster Board Expenses	32,799	36,955	-4,156	88.75%
8300 · Appr PI-WM & Pool Admin	20,136	15,918	4,218	126.5%
8400 · Agri Pool-WM & Pool Admin	18,559	18,633	-74	99.6%
8467 · Ag Legal & Technical Services	52,412	65,000	-12,588	80.63%
8470 · Ag Meeting Attend -Special	8,150	12,000	-3,850	67.92%
8500 · Non-Ag PI-WM & Pool Admin	5,632	6,694	-1,062	84.13%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-385,859	-408,749	22,890	94.4%
Subtotal G&A Expenditures	<u>815,360</u>	<u>772,341</u>	<u>43,019</u>	<u>105.57%</u>
6900 · Optimum Basin Mgmt Plan	1,972,145	1,713,780	258,365	115.08%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	145,665	142,015	3,650	102.57%
Subtotal OBMP Expenditures	<u>2,127,810</u>	<u>1,860,795</u>	<u>267,015</u>	<u>114.35%</u>
7101 · Production Monitoring	84,536	61,565	22,971	137.31%
7102 · In-line Meter Installation	26,682	64,904	-38,222	41.11%
7103 · Grdwtr Quality Monitoring	131,724	149,713	-17,989	87.99%
7104 · Gdwtr Level Monitoring	209,822	191,953	17,869	109.31%
7105 · Sur Wtr Qual Monitoring	4,515	32,247	-27,732	14.0%
7107 · Ground Level Monitoring	132,481	160,984	-28,503	82.3%
7108 · Hydraulic Control Monitoring	364,196	268,258	95,938	135.76%
7109 · Recharge & Well Monitoring Prog	59,313	146,350	-87,037	40.53%
7200 · PE2- Comp Recharge Pgm	1,400,883	1,472,997	-72,114	95.1%
7300 · PE3&5-Water Supply/Desalte	9,179	4,676	4,503	196.31%

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

	<u>Jul '06 - May 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	521,318	578,762	-57,444	90.08%
7500 · PE6&7-CoopEfforts/SaltMgmt	210,852	310,507	-99,655	67.91%
7600 · PE8&9-StorageMgmt/Conj Use	13,677	6,698	6,979	204.19%
7690 · Recharge Improvement Debt Pymt	1,358,415	1,358,000	415	100.03%
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	240,194	266,734	-26,540	90.05%
Subtotal Project Expenditures	<u>4,767,788</u>	<u>5,089,269</u>	<u>-321,481</u>	<u>93.68%</u>
Total Expense	<u>7,710,957</u>	<u>7,722,405</u>	<u>-11,448</u>	<u>99.85%</u>
Net Ordinary Income	390,033	-139,700	529,733	-279.19%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	2,683,974	0	2,683,974	100.0%
4220 · Non-Ag Pool-Replenishment	7,009	0	7,009	100.0%
Total Other Income	<u>2,690,983</u>	<u>0</u>	<u>2,690,983</u>	<u>100.0%</u>
Other Expense				
5010 · Groundwater Replenishment	4,002,449			
9999 · To/(From) Reserves	-921,432	-139,700	-781,732	659.58%
Total Other Expense	<u>3,081,017</u>	<u>-139,700</u>	<u>3,220,717</u>	<u>-2,205.45%</u>
Net Other Income	<u>-390,034</u>	<u>139,700</u>	<u>-529,734</u>	<u>-279.19%</u>
Net Income	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater.



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 25, 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: **May 7, 2007**

Date of this notice: **May 25, 2007**

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

- A. Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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

Appropriative Pool: June 14, 2007

Non-Agricultural Pool: June 14, 2007

Agricultural Pool: June 19, 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 25, 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 25, 2007
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

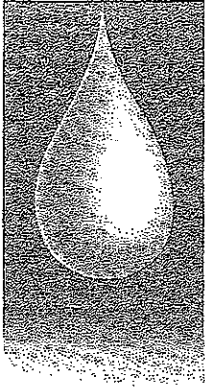
- Notice of Sale or Transfer –Fontana Water Company ("Company") has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Notice of the water transaction identified above was mailed on May 25, 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.

SR, DM, JW



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

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

RECEIVED

May 7, 2007

MAY 10 2007

CHINO BASIN WATERMASTER

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



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

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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

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

Very truly yours,

Michael J. McGraw
General Manager

MJM:bf
Enclosures



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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

City of Upland _____ April 4, 2007 _____
Name of Party _____ Date Requested _____ Date Approved _____

1370 Benson Avenue _____ 10,000 _____ Acre-feet _____ 10,000 _____ Acre-feet
Street Address _____ Amount Requested _____ Amount Approved _____

Upland _____ CA _____ 91785 _____
City _____ State _____ Zip Code _____

Telephone: (909) 291-2960 _____ Facsimile: (909) 931-4274 _____


Anthony M. La, Director of Public Works

TRANSFER TO:

Fontana Water Company _____
Name of Party _____

Attach Recapture Form 4

8440 Nuevo Avenue _____
Street Address _____

Fontana _____ CA _____ 92335 _____
City _____ State _____ Zip Code _____

Telephone: (909) 822-2201 _____ Facsimile: (909) 823-5046 _____

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

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

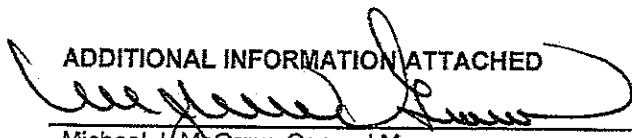
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that
may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

<u>Fontana Water Company</u>			<u>May 7, 2007</u>	_____
Name of Party			Date Requested	Date Approved
<u>8440 Nuevo Avenue</u>			<u>10,000</u> Acre-feet	<u>10,000</u> Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Fontana</u>	<u>CA</u>	<u>92335</u>	_____	_____
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>(909) 822-2201</u>			Facsimile: <u>(909) 823-5046</u>	

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

IDENTITY OF PERSON THAT STORED THE WATER: City of Upland

PURPOSE OF RECAPTURE

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

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

_____ N/A _____

PLACE OF USE OF WATER TO BE RECAPTURED

_____ Within Fontana Water Company's Service Area _____

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

_____ N/A _____

WATER QUALITY AND WATER LEVELS

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

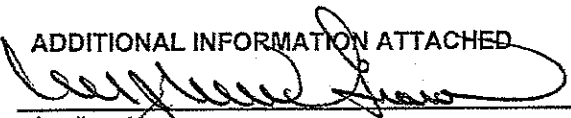
Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED Yes [] No [X]


Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

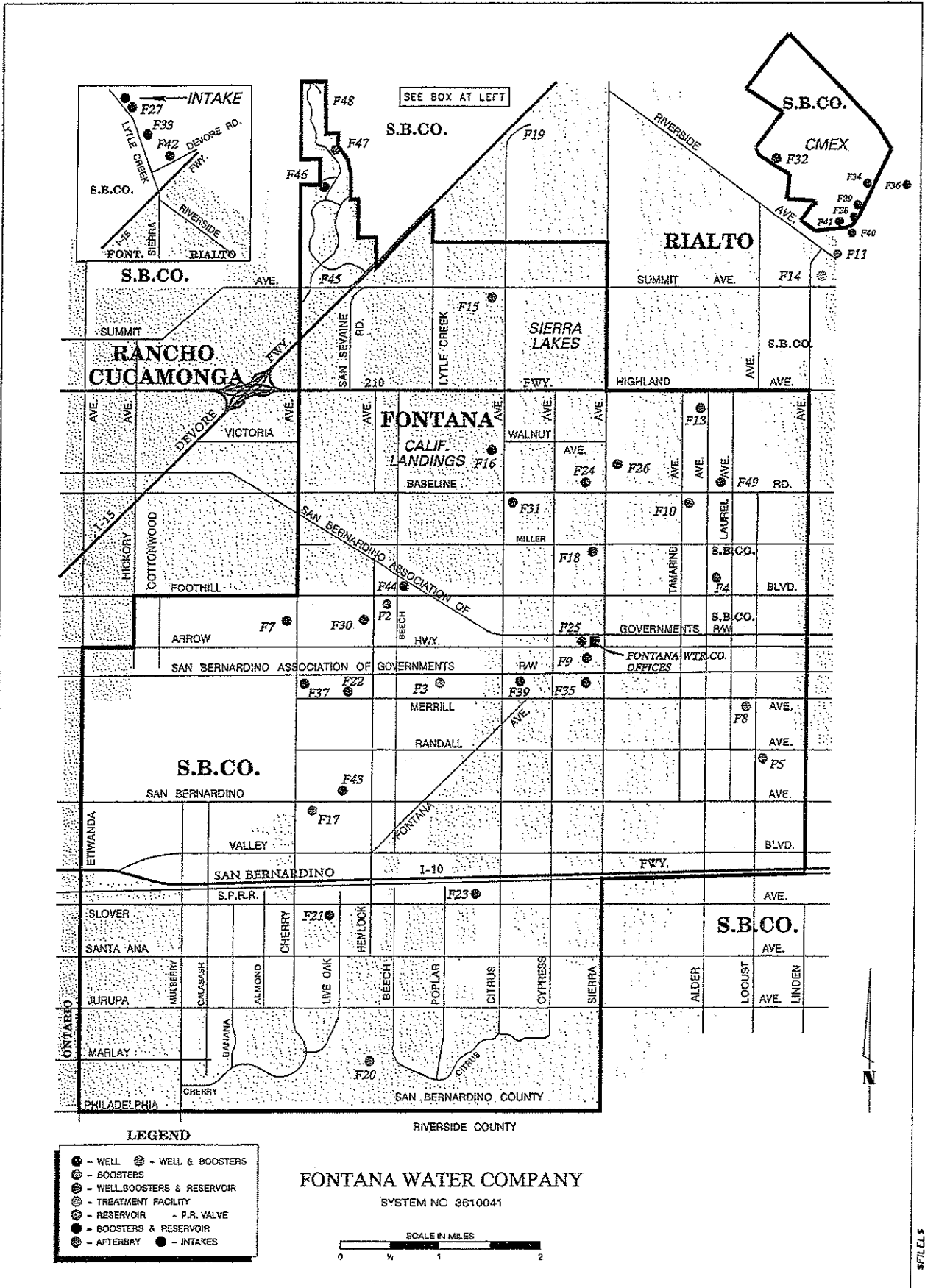
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater from the City of Upland to Fontana Water Company (FWC) of 10,000 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2006/2007. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

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

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



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 6, 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: **May 24, 2007**

Date of this notice: **June 6, 2007**

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

- A. Notice of Sale or Transfer – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater.

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

Appropriative Pool: June 14, 2007

Non-Agricultural Pool: June 14, 2007

Agricultural Pool: June 19, 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: June 6, 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: June 6, 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 –Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer –Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater.

Notice of the water transaction identified above was mailed on June 6, 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.

Robert A. DeLoach
General Manager
Chief Executive Officer

May 24, 2007



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

Dear Mr. Manning:

Please be advised that Cucamonga Valley Water District ("CVWD") has an agreement with West San Bernardino County Water District ("WSBCWD") whereby CVWD will purchase 500 acre feet of WSBCWD's stored Chino Basin groundwater. Please credit the 500 acre feet to CVWD's local storage account.

Enclosed please find:

Form 3 -- Application for Sale or Transfer of Right to Produce Water from Storage

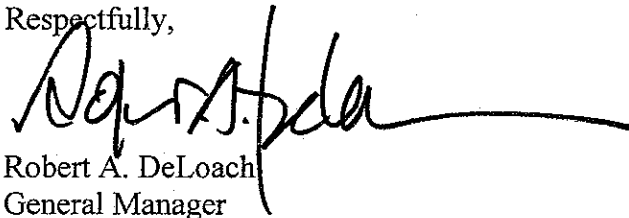
Form 4 -- Application or Amendment to Application to Recapture Water in Storage

Form 5 -- Application to Transfer Annual Production Right or Safe Yield Map of CVWD's Chino Basin Wells

CVWD requests that this transfer be agendized for the next available Appropriative Pool meeting.

Should you have any questions, please contact me. Thank you.

Respectfully,



Robert A. DeLoach
General Manager

Enclosures

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

West San Bernardino County Water District

Name of Party

May 14, 2006

Date Requested

_____ Date Approved

855 W. Baseline Road

Street Address

500 Acre-feet

Amount Requested

_____ Acre-feet

Amount Approved

Rialto

City

CA

State

92376

Zip Code

Telephone: (909) 875-1804

Facsimile: (909) 875-7284

Anthony W. Araiza

Applicant

TRANSFER TO:

Cucamonga Valley Water District

Name of Party

10440 Ashford Street

Street Address

Attach Recapture Form 4

Rancho Cucamonga

City

CA

State

91730

Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

Have any other transfers been approved by Watermaster
between these parties covering the same fiscal year?

Yes []

No [X]

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 432' to 569'. Of the wells routinely pumped, nitrate levels vary from a low of 3.8 ppm
to a high of 29 ppm.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE

APPLICANT

Cucamonga Valley Water District
Name of Party

May 14, 2007
Date Requested

Date Approved

10440 Ashford Street
Street Address

500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91730
City State Zip Code

Varies
Projected Rate of Recapture

July 1, 2006 - June 30, 2007
Projected Duration of Recapture

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

IDENTITY OF PERSON THAT STORED THE WATER: West San Bernardino County Water District

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Cucamonga County Water District's service area (see attached map) Management Zone 2

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

N/A

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 432' to 569. Of the wells routinely pumped, nitrate levels vary from a Low of 3.8 ppm to a high of 29 ppm.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 - 2007

Commencing on July 1, 2006 and terminating on June 30, 2007, West San Bernardino County Water District ("Transferor") hereby transfers to Cucamonga Valley Water District ("Transferee") the quantity of 500 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 432' to 569'. Of the wells routinely pumped, nitrate levels vary from a low of 3.8 ppm to a high of 29 ppm.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Transferor


Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

ARROW RTE

WELL NO. 4

8TH ST

WELL NO. 38

WELL NO. 41

WELL NO. 5

WELL NO. 30

6TH ST

WELL NO. 42

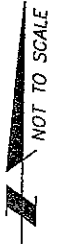
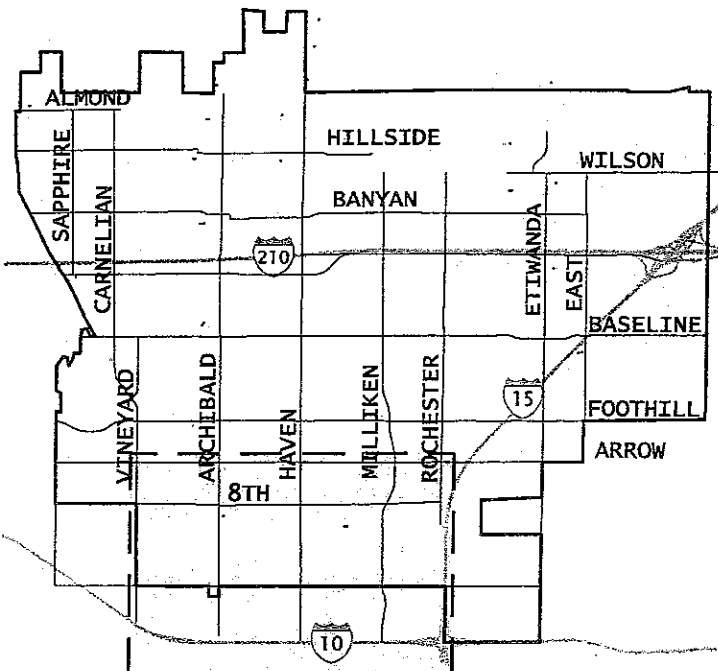
WELL NO. 1

WELL NO. 3

4TH ST

ARCHIBALD AVE

HAVEN AVE



Cucamonga Valley
Water District

CHINO BASIN WELLS

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CHINO BASIN WATERMASTER

II. BUSINESS ITEM – BOARD ONLY

A. PEACE II INSTRUMENTS





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: July 26, 2007
TO: Watermaster Board Members
SUBJECT: Peace II Legal Instruments

SUMMARY

The Stakeholder Non-Binding Term Sheet says that:

"The Non-Binding Term Sheet will serve as the basis for completing a binding agreement, Judgment Amendments and implementing rules and regulations that will contain the terms set forth in this Non-Binding Term Sheet as well as other terms and conditions that may be determined to be essential."

(Stakeholder Non-Binding Term Sheet section I.D.1.)

The Non-Binding Term Sheet further states that :

"It is understood and agreed among the Parties to the Judgment that [the] Non-Binding Term Sheet does not contain all the essential terms that are to be included in a final binding agreement, judgment amendments and rules and regulations. Further analysis, negotiation and documentation are required before binding commitments are intended to be effectuated by or among the Parties to the Judgment."

Pursuant to these sections, Watermaster is in the process of completing a draft set of legal instruments that contain the terms set forth in the Non-Binding Terms Sheet. These documents will be presented to the Board at its meeting, and legal counsel will provide a verbal introduction to the documents and respond to any questions.

Staff will ask that it be directed to distribute the documents in accordance with the timeline previously transmitted to the Court for stakeholder review and comment; schedule an early August workshop for questions and answers; release the documents for discussion and comment (but no action) by the Pools in August and to provide a status report to the Board at the August Board meeting.

In conjunction with the discussion of the documents that will occur at the August Pool meetings, an early August workshop will allow the parties to engage in the further analysis, negotiation and documentation that is called for in the Non-Binding Term Sheet.

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CHINO BASIN WATERMASTER

III. INFORMATION

1. Newspaper Articles



Los Angeles Times
latimes.com

Have a good laugh.

http://www.latimes.com/news/local/los_angeles_metro/la-me-dwp13jun13,1,2890804_story?track=rss
 From the Los Angeles Times

DWP ordered to pay \$224 million

Judge finds agency overcharged other civic entities. Ruling has dire implications for city budget, which relies on transferred funds.

By Henry Weinstein
 Times Staff Writer

June 13, 2007

The city of Los Angeles' already shaky budget outlook took a potentially ominous turn Tuesday after a judge ruled that the Department of Water and Power intentionally overcharged other government agencies for electricity for nearly two decades, and owes them more than \$200 million.

In a decision issued late Monday after a six-week trial, San Bernardino County Superior Court Judge John P. Wade held that the massive city utility must pay nearly \$224 million in damages for its illegal conduct.

"The court finds that the DWP and the city have, for many years, since at least 1988, intentionally ignored the plain language" of the California Government Code and failed to determine how much it should legally charge, Wade wrote in his ruling.

The judge also criticized "the lack of a sense of responsibility to good government exhibited" by the city and the DWP.

Ron Deaton, the DWP's general manager, said all the plaintiffs "have benefited from electricity rates that are far below those charged to other government entities by investor-owned utilities across the state. We believe these extremely favorable rates were fair and appropriate and in full compliance with the law."

City officials immediately said they would appeal.

The Los Angeles Unified School District would be the largest beneficiary of the ruling if it stands — garnering \$94.7 million. But the decision potentially has serious implications for the city of Los Angeles, which for years has counted on revenues from its municipal utility to help balance its more than \$6-billion annual budget.

The city, by law, must balance its budget each year — even though its expenses currently outpace revenues. One way of doing that over the years has been to take revenues collected by the DWP and transfer them to the city's general fund.

About \$175 million was transferred in the current fiscal year between water and power revenues, and the city expected to transfer \$184.6 million in the budget adopted for the coming year.

But city revenues are also threatened on another front. The city is facing a lawsuit over its right to collect up to \$270 million in cellphone taxes each year. A state appeals court ruled against the city in May.

The news could be bad for Mayor Antonio Villaraigosa as a sapped budget could harm his ability to accomplish goals — such as greatly expanding the Police Department — as he prepares for a 2009 reelection campaign and potential gubernatorial bid in 2010.

Villaraigosa could also find himself in an uncomfortable position with the new majority on the school board, which he helped elect. A successful appeal could save the city from a devastating financial blow, but would deny L.A. Unified a huge influx of cash. Since taking office, Villaraigosa has made reforming the district a cornerstone of his administration.

The prospect of extending the court fight drew the ire of veteran school board member David Tokofsky. "I hope City Hall will not send us into two to three years of appeals but instead will look at a child- and city-centered settlement immediately," Tokofsky said.

In addition to the \$94.7 million earmarked for L.A. Unified, Los Angeles County would receive \$45.2 million under Wade's decision; the Los Angeles County Metropolitan Transportation Authority, \$39.4 million; the Los Angeles Community College District, \$7.8 million; UCLA, \$5.3 million; and several state agencies, \$31.3 million.

"DWP boosted its revenues at the expense of schools and county taxpayers for years," said Eric R. Havian, a San Francisco lawyer with the firm of Phillips & Cohen who was the lead attorney for the plaintiffs. "It's unfortunate that the county, the school district and others had to sue the DWP to get the money they are owed."

The lawsuit asserted that the DWP was charging the plaintiffs up to 60% more than their legitimate share of capital costs. Havian said that evidence presented at the trial showed the DWP was aware it was acting unlawfully from studies it conducted. However, he said the school district and other government agencies did not know that they were being overcharged until a whistle-blower came forward in 2000.

Originally, the case was filed under seal. After an investigation, several governmental entities joined the lawsuit, and it was unsealed but drew little attention because the case was conducted in San Bernardino County. State law provides that when there is litigation between government agencies from the same municipality the case must be heard in another county.

Wade concluded that the plaintiffs were entitled to compensation because the DWP violated California statutes and the DWP had unjustly enriched itself.

But DWP spokesman Joe Ramallo said the state statute at issue in the case had been modified last year. That change in the law appears to give the agency greater flexibility, but there has been no definitive court interpretation of what the change means, legal experts said.

For now, Ramallo said, "we can continue to charge in the manner we have been.... In the intermediate term, this decision does not have any impact on the transfer of funds from the DWP to the city budget."

Wade denied the DWP's attempt to have the case thrown out in April, rejecting the agency's assertion that the plaintiffs could not prove that it was knowingly overcharging. The judge said there was ample evidence to conclude that the city had violated the law.

Both sides said settlement negotiations were held during the last year, but they would not provide details.

"It was insane for the DWP not to settle" after the judge rejected the agency's summary judgment motion, said former Los Angeles City Atty. Ira Reiner, who worked with the plaintiffs. After that ruling, it was only a question of how big the damages would be and the judge who would make that decision was the same person who already said he had found ample evidence to rule against the DWP, Reiner said.

The two sides presented competing experts on the damages issue and Wade concluded that the plaintiffs' expert was more reliable. He said the defense expert had improperly "included the annual transfer of revenues to the city as a cost to the DWP."

The ruling was hailed by state Atty. Gen. Jerry Brown, whose office represented 11 state agencies, including the California Department of Corrections and Rehabilitation, the California Department of Transportation and the California Department of Parks and Recreation.

"It is a little shocking that the city would try to fund its programs on the backs of other taxpayers who are equally hard-pressed," Brown said.

DWP board President H. David Nahai, who was appointed by Villaraigosa, said he was troubled by what he considered sweeping conclusions in the judge's six-page ruling without a detailed analysis.

But San Francisco attorney Wayne Lamprey, co-counsel for the plaintiffs, said that Wade's decision was in line with rulings by other courts in the state who had interpreted the section of the state government code that was at issue in this case.

henry.weinstein@latimes.com

--

Times staff writers Steve Hyman and Joel Rubin contributed to this report.

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(INFOBOX BELOW)

Funding sources

A court ruling may jeopardize the Los Angeles Department of Water and Power's contribution to the city's budget.

Estimated receipts for 2007-08 budget, top 6 sources (in millions)

	Amount	Percent of budget
Property tax	\$1,397	20.6%
Utility users tax	627	9.2
Fees and fines	615	9.1
Business tax	478	7.0
Sales tax	349	5.1
DWP transfer	185	2.7

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Source: City of Los Angeles 2007-08 proposed budget

If you want other stories on this topic, search the Archives at latimes.com/archives.

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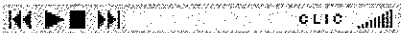
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Inland News

Some Inland wells running dry



[Download story podcast](#)

04:40 PM PDT on Monday, July 9, 2007

By SANDRA STOKLEY
The Press-Enterprise

GLEN AVON - When Salvador Campos turned on his kitchen faucet in late May and only a few drops trickled out, the sudden decrease in water produced from the private well at his home in the Jurupa Mountains caused him to put his family on a conservation plan.

"My son used to take 10-minute showers," Campos said. "Not any more."

In order to allow the well to refill the home's 2,800-gallon tank, the family of three now showers at the gym when they can and waters the lawn every other day or every third day.

And Campos took another step. He and four neighbors asked directors of the local water agency to hook them up to its water system.

The Jurupa Community Service District's water committee is scheduled to discuss today what it would take to hook Campos and his neighbors into the local water system.

The city of Riverside received just 1.93 inches of rain in the past 12 months, and the well that used to fill Campos' tank now only provides half the water. In the rural community on Geordie Way, where scattered homes lie on expansive lots, his neighbors fear their wells may be next.

Neighbor Greg Ford's well has not yet shown signs of drying up, but he still takes precautions.

"We don't use the well to water the garden. We're always afraid we're going to run out of water," he said.

If the past year is a harbinger of several more years of drought to come, more and more well-users in the Inland area expect problems, experts say.

"That's an absolute given," said Steve Mains, an Inland hydrologist. Groundwater tapped through wells provides on average one-third of the water supplied to Inland residents. In some urban areas,

groundwater provides as much as 95 percent. Mains said that like water wells used by public agencies, any number of factors such as well depth, the underlying geology and how much rain and snowmelt recharges a ground basin can impact how much a domestic well produces.

But unlike professional water companies that have a sophisticated system of interconnected wells to tap into when water levels start to drop, residents whose wells start drying up are pretty much left to their own devices to figure out a solution.

"All you can do is advise them to dig their well deeper or bite the bullet and hook up to the local water purveyor," Mains said.

Every year thousands of domestic wells, which are used for everyday household demands including cooking, showering and doing the laundry, are drilled in California, said Eric Senter, senior engineering geologist at the California Department of Water Resources.

In 2005, the last year for which complete records are available, 7,441 well-completion reports were filed with the department. But Senter stressed that the number may not reflect the actual number of wells drilled.

Between March of 2004 and June of 2007, San Bernardino County issued 1,561 domestic well permits, said Daniel Avera, of Environmental Health Services.

Riverside County has about 16,000 private wells, said Gary Root, the director of the Department of Environmental Health.

Because no one monitors private wells, it is impossible to say how many are in use and how many have been abandoned, Root said.

People opt to have their own domestic wells for a multitude of reasons.

Some people live in a remote area where water service is unavailable. Others are looking to save the thousands of dollars it might cost them to hook up to a nearby system.

Cherone "Chonie" Wlaschin, a 67-year-old retiree, said two wells had already been dug in 1995 when she and her husband, Gerald, moved to their 3,000-square-foot dream home in Glen Oaks, a rustic mountain community above the Temecula wine country in southwest Riverside County.

Experts told them they were in a "negative water area," meaning the couple had to haul an average of about 1,000 gallons of water a day to supply their household needs and for their horses, goats and other assorted animals, she said.

In 2005, homeowners passed a bond measure that cost about \$55,600 for each property owner to connect to Eastern Municipal Water District's system, said Wlaschin, the former homeowners association president. Some residents chose to pay the cost in cash. Others, like the Wlaschins, will pay it over 30 years through an assessment district. She said she pays \$3,000 a year for the system.

The system cost \$5.3 million to build, said Debra Deremiah, Eastern's special funding district manager.

Hooking up to a water system can be an expensive and complex proposition. But the alternative is equally grim.

"It's really, really scary up here when you don't have enough water to fight fires," Wlaschin said.

The Campos family had experienced a water shortage during an especially dry year in late August or early September 2004. At that point, Campos said he installed the storage tank at a cost of \$3,200.

This year's dry spell came much earlier, he said.

In a report to the water committee, Jurupa Community Services District general manager Eldon Horst estimated it would cost \$200,000 to run a water line to Campos and his four neighbors.

A question remains about how much residents will be expected to pay.

"If we need to pay, we'll pay whatever is fair," De Leon said.

Campos echoed those sentiments.

"We just want peace of mind," Campos said.

Staff writer Jennifer Bowles contributed to this report.

Reach Sandra Stokley at 951-368-9647 or sstokley@PE.com

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Watching water usage

Residents urged to continue conserving

By Will Bigham, Staff Writer
Inland Valley Daily Bulletin

Article Launched: 06/30/2007 11:37:50 PM PDT

Rainfall this year has been at a record low, and our sources of imported water have been depleted by more than half.

Slideshow: California dry spell

But with the region's improved water conservation methods, the picture for water consumers isn't as bleak as one might expect.

When the region was hit by a drought in the early 1990s, water-rationing policies were temporarily adopted to ban certain uses of water.

Since then, the average person's water use in the region has decreased significantly - from about 220 gallons a day in 1990 to about 150 gallons a day, according to the Metropolitan Water District of Southern California.

Water officials attribute the decrease in per-capita use to conservation efforts by individuals, the widespread installation of new, more water-friendly appliances and the increased use of recycled water.

"We've done a lot of work to conserve water since (the early 1990s), and that's assisted greatly our ability to avoid any hardship during these droughts," said Richard Atwater, CEO of the Chino-based Inland Empire Utilities Agency.

New water storage methods have reduced the region's reliance on imported water as well. In 1991, two-thirds of the region's water was imported from Northern California and the Colorado River. Now the region imports only about half its water supply.

The completion of the Diamond Valley Lake reservoir near Hemet allows for storage of imported water that could supply the region for four months in case of an emergency, Atwater said.

The Inland Empire Utilities Agency now stores nearly three years' worth of imported water underground in the Chino basin.

"That's a three-year insurance policy that covers us during droughts," Atwater said. "That's a significant investment in local reliability."

Because of the region's improved water management and conservation efforts, the current dry spell - which would have resulted in rationing 15 years ago - has led only to a request from water officials to help reduce water use by 10 percent.

In the past, "we'd probably have water rationing of like 15 percent," Atwater said. "There would be a lot of impacts on the homeowners and industry in our area."

Metropolitan Water District spokesman Rob Hallwachs said that without conservation efforts, with current conditions "we would be in some serious drought."

In the early 1990s, rationing policies were enacted that forced reduction of 50 percent, he said.

"I think it's clear that if we had made none of the achievements that we have in the last decade, we would be in that situation or worse," Hallwachs said.

This year has been the driest in Los Angeles and San Bernardino counties since records were first taken in the 1870s.

The region's main sources of imported water have been depleted by the dry weather as well.

The watershed area of the Colorado River is in its eighth year of drought and is now supplying half the amount of water it did five years ago, said Andy Sienkiewich, resource implementation manager for the MWD.

The other primary imported-water area, the Sacramento Delta, only provides

60 percent of its normal supply because its source of water, the Sierra Nevada snowpack, is about a third of its usual size, Atwater said.

"Our general feeling is that we're going to be OK this year. However, it makes sense to reduce as much water as we can so we have water for the upcoming years," Sienkewich said. "We're not sure where we're going to be next year if we continue to have these restrictions."

Officials are urging people who haven't already to install low-flush toilets and consider replacing plants that require consistent watering with native, drought-tolerant plants.

Other measures like turning off running faucets while brushing teeth and taking shorter showers are simple ways to save water, officials say.

During the summer in the Inland Valley, 50 percent to

60 percent of water use is devoted to outdoor landscaping, said Martha Davis, executive manager of policy development at the Inland Empire Utilities Agency.

"One of the most important things that people can do is tune up their irrigation systems for the summer," she said.

Residents can prevent outdoor water waste by making sure sprinklers aren't watering concrete driveways, for example, and by programming timed sprinklers to reduce over-watering, officials say.

During the early 1990s, the extended drought prompted local governments to pass water-rationing laws that prohibited people from hosing down driveways and made illegal many other water uses deemed inappropriate during the crisis.

Officials say water rationing is not necessary in response to the current dry spell because it has not lasted long enough to be considered a drought. Local reservoirs remain at high levels because of record-high rainfall in 2005, water officials say.

But if by the end of the year the region still fails to see significant rainfall, rationing policies may again be necessary, said Kirk Howie, assistant general manager at the Claremont-based Three Valleys Municipal Water District.

"There's enough to sustain us during this year without any major concerns, but if this continues we'll be faced with more severe concerns and conditions that will affect the water supply," Howie said. "We need to start now with conserving and saving. That message is very clear."

Unlike temporary conservation requests during events such as routine pipeline-repair shutdowns, the current call for conservation is ongoing because officials cannot predict when dry conditions will end.

"I think we want to have a consistent and ongoing message on the importance of water conservation," said Andy Hui, MWD conservation programs manager.

"We don't want the public to feel that this is something to do - to turn it on, then turn it off," Hui said. "We want them to maintain a persistent approach to conservation."

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

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City strategy in lawsuit questioned

By Jason Pesick, Staff Writer
Inland Valley Daily Bulletin

Article Launched:

RIALTO - City officials see their fight to clean up perchlorate-contaminated drinking water as a classic underdog story - a modest city going to court to get big corporations and the Pentagon to clean up a mess.

To City Attorney Bob Owen, it's like David and Goliath, with Rialto as David - of course.

It might take more than a slingshot to do the job, though.

It might take \$300 million to clean up contamination discovered in 1997.

Thus Rialto has armed itself with a team of top-tier lawyers to pursue lawsuits against suspected polluters.

City leaders say they're on a righteous quest, but some water-cleanup experts and others who have dealt with similar challenges call it folly.

Taking on the likes of the Defense Department, Goodrich, and Black and Decker during the past decade has already cost the city the equivalent of the Police Department's annual budget.

Critics want to know what that money has bought beyond constant delays in court and before state regulatory boards. They also want to know why the city didn't seek the help of the U.S. Environmental Protection Agency, as other communities with similar problems have.

"It's just beyond imagination how much money they've spent on this thing," said Anthony "Butch" Araiza, general manager of the West Valley Water District, which also serves water to Rialto residents.

Owen said the city has spent about \$18 million on lawsuits, legal investigators, water treatment, public relations and community meetings.

It sounds good to say the city shouldn't spend so much on attorneys, Owen said, but the city would have to pay much more to clean up the mess.

"Everybody hates lawyers," he said. "We know that."

Residents foot the bill

Rialto's legal battle is funded largely by a surcharge for customers of the city's water utility.

The surcharge starts at \$6.85 a month and rises based on usage. The city water agency serves about half of Rialto, meaning about half the residents fund the formidable perchlorate effort.

West Valley Water and the Fontana Water Company serve the rest.

If Rialto wins its case in court, residents will be reimbursed, Owen said.

The council also has allocated \$5 million from General Fund reserves to escalate the legal effort last year.

Rialto's best hope at getting perchlorate cleaned up quickly is the State Water Resources Control Board, which has planned August hearings on the contamination.

The board could order three suspected polluters, Goodrich, Pyro Spectaculars and Emhart Industries, which the city says is really Black and Decker, to remove the contamination.

"There's been a wealth of evidence that's been generated as a result of Rialto's litigation," said Kurt Berchtold, assistant

executive officer for the Santa Ana Regional Water Quality Control Board and member of the advocacy team that will argue alongside Rialto during the state hearings.

But the companies' legal maneuvers have delayed those hearings numerous times. The state water board took over cleanup efforts because the Santa Ana board couldn't move forward.

"It's gone from bad to worse to untenable," said Michael Whitehead, president of the San Gabriel Valley Water Company, which owns Fontana Water.

Whitehead and Araiza have publicly talked about the benefits of bringing in the EPA to take over the cleanup.

The hearing delays have upset environmentalists as well.

"The corporations know how to use the legal system," said Penny Newman, executive director of the Riverside-based Center for Community Action and Environmental Justice, which will be a party in state hearings.

She defended the city's strategy and the amount of money it has spent.

"When you've been harmed, you go after the person who harmed you, which can be difficult for people of limited income," she said.

The idea is simple: Polluters should clean up their messes.

"Is it an Erin Brockovich scenario? You bet," Rialto City Administrator Henry Garcia said at a council meeting.

But "Erin Brockovich" is the wrong movie to emulate because the contamination is too complicated, Whitehead countered. He suggested watching "A Civil Action," in which the EPA takes over because the case costs too much money to put on in court.

"It's a very conventional legal strategy. It's also a failed legal strategy," Whitehead said.

He and Araiza recommend using the model the San Gabriel Valley used to clean up contaminants including perchlorate: a regional coalition of entities working with the EPA.

Comparing situations

To remove perchlorate discovered in 1997 from Baldwin Park, Whitehead said the San Gabriel Valley Water Company spent less than \$1 million on legal fees. Polluters and the U.S. government paid most of the cost.

Wayne Praskins, an EPA Superfund project manager, said that if a polluter refuses to follow an EPA cleanup order but is found responsible in court, the polluter faces penalties of three times the cleanup cost.

"I think going with EPA and the Superfund program is probably the strongest mechanism a city or community has. I'm always amazed that people - communities - shy away from that," Newman said.

But the EPA doesn't have super powers. The San Gabriel Valley was already a Superfund site as early as the mid-1980s, which made it easier and faster to get perchlorate cleaned up.

"It's a tough comparison," Praskins said. "It took a long time to reach agreements in the San Gabriel Valley."

To Owen, the city attorney, comparing the Rialto-Colton Basin cleanup to that of the San Gabriel Valley is like comparing apples to oranges. The EPA started looking at contamination in the San Gabriel Valley in the 1970s. When it was looking at whether to go the EPA route, Rialto looked at a number of Superfund sites, and in every case it took between 17 and 27 years to start cleaning the contamination up, Owen said.

"And that was simply unacceptable to us."

The EPA has followed the case but hasn't yet decided whether to take over, Praskins said.

A combination of factors kept the EPA from taking the lead from the get-go. Rialto thought the EPA would take too long. Owen has also said he was afraid a large Superfund site in the city would create a stigma.

EPA officials also thought state regulatory agencies could handle the case.

Berchtold speculated that Whitehead and Araiza might be pressing for an EPA takeover because the state would probably not order cleanup of some West Valley and Fontana wells.

A fault separates those wells from the Rialto-Colton Basin, and Santa Ana Regional Water Quality Control Board staffers said they can't prove the suspected Rialto-area polluters caused the contamination in those wells.

Whitehead says the board is in over its head.

Despite the fault, Araiza prefers a regional approach and said Rialto is selfish for excluding other water agencies.

"I just don't understand being that territorial about this."

Owen said he's just looking out for Rialto. He doesn't want to divide money equally because the problem doesn't affect all agencies equally.

Rialto's City Council is getting uncomfortable with the cost. The council called for an audit of how much the city has spent on perchlorate, but members insist there will be no strategy change.

The newest councilman, Joe Baca Jr., thinks there should be.

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

He said he can't even find out how much the city has spent.

"We have to look at it as a regional approach," he said.

Owen, on the other hand, doesn't want to change course now.

"This city's involved in possibly its largest legal battle ever in its history," he said.

"Now is not the time to blink."

What is perchlorate?

Perchlorate is used to produce such explosives as fireworks and rocket fuel.

It flows from industrial sites on Rialto's north end through the city and into Colton.

It's not clear how dangerous perchlorate is, but a study by the Centers for Disease Control and Prevention released last year says even low concentrations of perchlorate can affect the thyroid gland. Treatment systems remove perchlorate from the water before it reaches residents.

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