

# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

**Thursday, March 8, 2007**

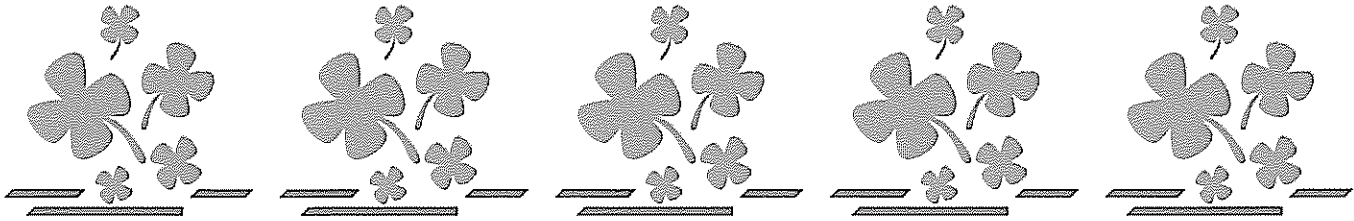
10:00 a.m. – Joint Appropriative and Non-Agricultural Pool Meeting

*AT THE CHINO BASIN WATERMASTER OFFICES  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
(909) 484-3888*

**Tuesday, March 20, 2007**

9:00 a.m. – Agricultural Pool Meeting

*AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES  
6075 Kimball Ave. Bldg. A Board Room  
Chino, CA 91710  
(909) 993-1600*



# CHINO BASIN WATERMASTER

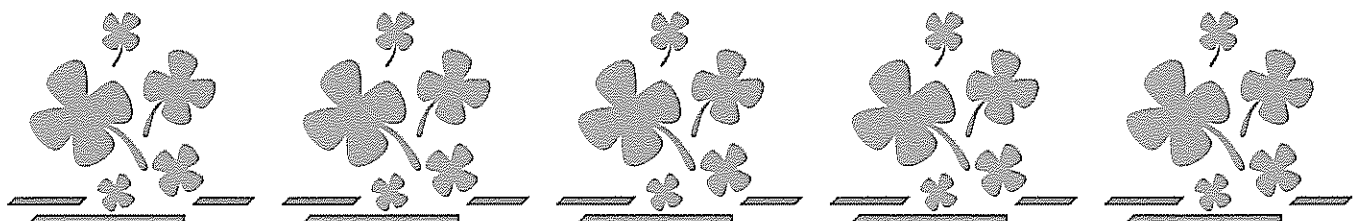
Thursday, March 8, 2007

10:00 a.m. – Joint Appropriative & Non-Ag Pool Meeting

Tuesday, March 20, 2007

9:00 a.m. – Agricultural Pool Meeting

# AGENDA PACKAGE



**CHINO BASIN WATERMASTER  
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING**

10:00 a.m. – March 8, 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 Joint Appropriative and Non-Agricultural Pool Meeting held February 8, 2007 (Page 1)

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of February 2007 (Page 13)
2. Combining Schedule for the Period July 1, 2006 through January 31, 2007 (Page 17)
3. Treasurer's Report of Financial Affairs for the Period January 1, 2007 through January 31, 2007 (Page 19)
4. Profit & Loss Budget vs. Actual July 2006 through January 2007 (Page 21)

**C. RESOLUTION 07-03**

A Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008 (Page 23)

**D. STATUS REPORT 2006-02**

Consider Approval to File Status Report 2006-02 With the Court (Page 27)

**E. WATER TRANSACTION**

1. Consider Approval for Notice of Sale or Transfer – The one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage. Date of Application: February 9, 2007 (Page 33)
2. Consider Approval for Notice of Sale or Transfer – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 1,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006-2007. Date of Application: February 12, 2007 (Page 49)

**II. BUSINESS ITEMS**

**A. PROPOSAL TO PERFORM THE SOCIOECONOMIC IMPACT ANALYSIS OF OBMP AND PEACE AGREEMENT**

Consider Approval of the Proposal to Perform the Socioeconomic Impact Analysis of OBMP and Peace Agreement between Dr. David Sunding, Berkeley Economic Consulting, Inc. and Chino Basin Watermaster (*Page 63*)

**B. ASR AGREEMENT BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE UTILITIES AGENCY AND MONTE VISTA WATER DISTRICT**

Consider Approval of the Agreement between Chino Basin Watermaster, Inland Empire Utilities Agency and Monte Vista Water District Regarding Incorporation of Groundwater Injection with State Water Project Water by Monte Vista Water District in the Chino Basin Watermaster and Inland Empire Utilities Agency Permit R8-2005-0033 (*Page 71*)

**C. AQUA CAPITAL MANAGEMENT LP INTERVENTION**

Consider Approval of Application of Intervention by Aqua Capital Management LP to become a Member of the Overlying Non-Agricultural Pool (*Page 79*)

**D. FORM 5**

Discussion and Possible Action for the Form 5 Application to Transfer Annual Production Right or Safe Yield from CCG Ontario to Aqua Capital Management LP, Fiscal Year 2006-2007 (*Page 81*)

**E. WATER TRANSACTION**

Consider Approval for Notice of Sale or Transfer – CCG Ontario, LLC hereby applies to permanently transfer to Aqua Capital Management LP the quantity of 630.27 acre-feet of Corresponding Safe Yield, 8223.41 acre-feet of Non-Agricultural Storage Account, and any remaining balances adjudicated to transferor for its predecessor in interest in the Judgment. Date of application: February 28, 2007 (*Page 83*)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Santa Ana River Water Right Application
2. Peace II Process

**D. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. Progress Report on Desalter Expansion

**IV. INFORMATION**

1. Metropolitan Water District Letter (*Page 93*)
2. Newspaper Articles (*Page 95*)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

March 8, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
March 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
March 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 22, 2007	9:00 a.m.	Advisory Committee Meeting
March 22, 2007	11:00 a.m.	Watermaster Board Meeting
March 27, 2007	9:00 a.m.	GRCC Meeting

**Meeting Adjourn**

**CHINO BASIN WATERMASTER  
AGRICULTURAL POOL MEETING**

**9:00 a.m. – March 20, 2007**

**At The Offices Of**

**Inland Empire Utilities Agency**

6075 Kimball Ave., Bldg. A, Board Room  
Chino, CA 91710

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

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**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held February 20, 2007 *(Page 7)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of February 2007 *(Page 13)*
2. Combining Schedule for the Period July 1, 2006 through January 31, 2007 *(Page 17)*
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**G. CALENDAR YEAR 2007 AGRICULTURAL POOL MEMBERS**

Appoint New Alternates for the Agricultural Pool

**II. BUSINESS ITEMS**

**A. PROPOSAL TO PERFORM THE SOCIOECONOMIC IMPACT ANALYSIS OF OBMP AND PEACE AGREEMENT**

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**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Santa Ana River Water Right Application
2. Peace II Process

**B. FINANCIAL UPDATES**

1. Interest Rate Analysis

**C. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. Progress Report on Desalter Expansion

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1. Metropolitan Water District Letter (*Page 93*)
2. Newspaper Articles (*Page 95*)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

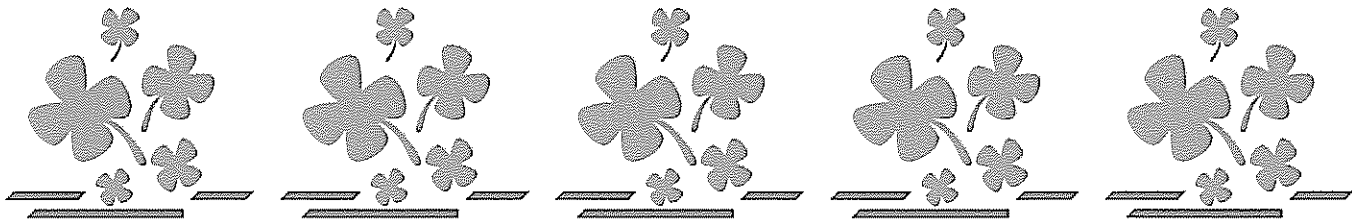
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March 8, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
March 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
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March 22, 2007	9:00 a.m.	Advisory Committee Meeting
March 22, 2007	11:00 a.m.	Watermaster Board Meeting
March 27, 2007	9:00 a.m.	GRCC Meeting

**Meeting Adjourn**

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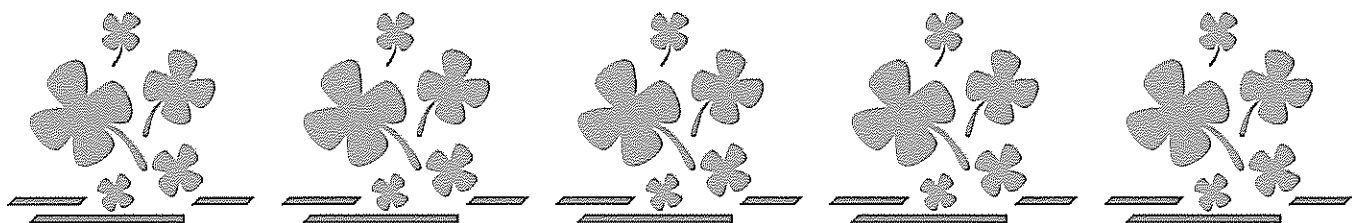


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – February 8, 2007



*Draft Minutes*  
**CHINO BASIN WATERMASTER**  
**JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING**  
February 8, 2007

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 8, 2007 at 10:00 a.m.

**APPROPRIATIVE POOL MEMBERS PRESENT**

Rosemary Hoerning, Vice-Chair	City of Upland
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Mike McGraw	Fontana Water Company
Mohamed El-Amamy	City of Ontario
Raul Garibay	City of Pomona
Chris Diggs	Fontana Union Water Company
Dave Crosley	City of Chino

**NON-AGRICULTURAL POOL MEMBERS PRESENT**

Kevin Sage	Vulcan Materials Company (Calmat Division)
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**Watermaster Board Members Present**

Sandra Rose	Monte Vista Water District
Charles Field	Western Municipal Water District

**Watermaster Staff Present**

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

**Watermaster Consultants Present**

Michael Fife	Hatch & Parent
Tom McCarthy	Wildermuth Environmental Inc.

**Others Present**

Bob Bowcock	Vulcan Materials Company (Calmat Division)
Marty Zvirbulis	Cucamonga Valley Water District

Chair Hoerning called the joint Appropriative and Non-Agricultural Pool meeting to order at 10:10 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Annual Non-Agricultural Pool Election Meeting held January 11, 2007
2. Minutes of the Joint Annual Appropriative and Non-Agricultural Pool Meeting held January 11, 2007

Pulled for separate discussion and motion

## B. FINANCIAL REPORTS

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

Mr. DeLoach inquired about the cash disbursements detailed in the meeting packet for January 2007 regarding the Ellison Schneider & Harris expenditures totaling over \$29,000 dollars. Mr. DeLoach stated we have nothing back from our special referee to date to substantiate such high expenditures. A discussion ensued by the committee members with regard to this inquiry. Mr. Manning stated from discussions with the Special Referee this week, the new date for the release of the Scalmanini report will be the first week in March. It was noted the invoices for this matter need to be pulled and reviewed by the Appropriative Pool committee members. Ms. Rojo stated since there was some discussion regarding the upcoming budget it is to be noted that Watermaster had budgeted \$50,000 dollars for Ellis & Schneider for the year and half way through the fiscal year they are currently at 200% of budget. We also budgeted \$15,000 dollars for the Scalmanini report and he is current at \$70,000 dollars at the end of December 2006. Mr. DeLoach stated there have been discussions at this pool regarding the time when the Agricultural Pool legal expenses exceeded budget. Mr. DeLoach stated the commitment that we got from staff and the Agricultural Pool at the time was they would work to limit those costs to within the budgeted amount. Mr. DeLoach asked that we communicate with the Special Referee and her technical assistant the financial budget constraints within Watermaster. Mr. Manning stated he had planned on having a conference call within the next few days with them and this matter was one of the items on his list for discussion. A discussion ensued with regard to this matter.

*Motion by DeLoach, second by Moorrees, and by unanimous vote – Non-Ag concurred  
Moved to approve Consent Calendar Item B, as presented*

## C. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007. Date of application: January 22, 2007

## D. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006

Independent Auditors' Report from Mayer Hoffman McCann P.C. an Independent CPA firm

*Motion by DeLoach, second by Kinsey, and by unanimous vote – Non-Ag concurred  
Moved to approve Consent Calendar Items A, C through D, as presented*

## II. BUSINESS ITEMS

### A. ASSESSMENTS FOR FISCAL YEAR 2006-2007

Mr. Manning stated the Watermaster Assessment Package was held over from a few months ago due to various changes that needed to be incorporated. The Assessment Package that is in the meeting packet has included all known needed changes and is being presented for approval today. Ms. Rojo reviewed the Overview for the History of the 2006/2007 Assessment Package which is now on revision number four. Ms. Rojo reviewed the Assessment Package Timeline which began on July 15, 2006 when the Water Activity Reports (WAR) was sent out and concluded in February 2007 with the final revision. Ms. Rojo compared the 2005/2006 assessments with the 2006/2007 assessments which resulted in a net increase to all assessments. Ms. Rojo stated Watermaster administrative assessments are equal to \$6.23/af,

OBMP assessments are equal to \$34.49/af, and there is a 2% loss on beginning storage balances. In summary, Ms. Rojo stated, the additional costs will include, Agricultural Pool reallocation, replenishment assessments, 85/15 charges for replenishment and water transactions, your piece of the Pomona credit, and recharge debt service. Ms. Rojo acknowledged the recommendations for future assessment packages would be to modify the collection process, to shorten the WAR/Assessment timeframe, and to ensure WAR accuracy. Ms. Rojo noted next month staff will be bringing forward the volume vote analysis. A discussion ensued with regard to the Agricultural Pool reallocation numbers and the presented revised Assessment Package. It was noted that the Watermaster budget process needs to be revisited. Mr. Manning stated after this Assessment Package is approved, Watermaster staff is looking at putting together a multiple year budget with projections. Mr. DeLoach stated a three year budget would be great, however, what he and others, it appears are looking for is a whole new approach by every angle which could provide a much better projection. Mr. Bowcock stated it is his understanding by the acceptance of the 2006/2007 Assessment Package is that there is an obligation to assess the 2% losses and that those losses will be returned with the adoption of the Peace II process; if they are not, then he will withhold his approval of the presented Assessment Package.

*Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred  
Moved to approve the fiscal year 2006-2007 Assessments, as presented*

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

##### 1. Santa Ana River Water Right Application

Counsel Fife stated staff and counsel went to Sacramento on January 17, 2007 and at that time we met with all of the State Boards staff, who are addressing our application, including the head of hearings unit. A long presentation regarding the Chino Basin was presented to them and when they were asked for feedback the State Board staff declined because they stated they were ready to issue a notice on our hearing to us. At the meeting it was noted the notice of hearing would be released by the end of January and to date we have not heard any news on said hearing. Counsel stated the meeting in Sacramento was a very productive meeting despite no notice being received.

##### 2. Peace II Process

Counsel Fife stated we do not have the Scalmanini Report yet and we are now looking at the first week in March to receive the highly anticipated report. Ms. Hoerning inquired to the Peace II schedule which was previously released and inquired if the court was aware of the impact the technical referee's delays in submitting his report could have on all of the items on the schedule. Mr. Manning stated the Special Referee has a copy of the anticipated schedule which showed the Scalmanini report due in January and noted the Special Referee is fully aware that everything keys off of that timeline and the delay with receiving the report could cause additional delays as we move down the line. Counsel Fife stated that while the referee knows about the delay we are not positive that the court knows about it and it might be helpful for the court to know. Watermaster is going to be having a status report ready for approval next month and we will need to relay that information to the court in that report with a pleading. A discussion ensued with regard to this issue.

#### Added Comment:

Counsel Fife stated there is a letter from Baker Manock & Jensen regarding CCG Ontario request for Watermaster Discussion of proposed water transfer which was received yesterday on the back table; we were asked to distribute this letter. Counsel and staff have formulated no comments to the letter thus far and will keep the parties informed on this matter.

**B. FINANCIAL REPORT**

- 1. Budget Update for fiscal 2007/2008  
No comment was made regarding this item.

**C. CEO/STAFF REPORT**

- 1. Upland Basin Funding Assistance  
Mr. Manning stated the City of Upland is in the process of approving the improvements for the Upland Basin for flood control needs and for conservation purposes. The City of Upland does have a \$5M dollar grant and originally the City of Upland had put together a set of plans for the improvements at the Upland Basin; however, there were improvements that Watermaster's staff wanted to see included within those already stated plans. Staff has asked for an alternate bid to improve what our staff thinks would significantly improve their changes and the amount of conservation within the basins; the City of Upland has agreed and is putting together an alternate bid package. Watermaster has an agreement with the Chino Basin Conservation District and Inland Empire Utilities Agency to sit down with them regarding cost sharing after the alternate bid is accepted for the improvements to be shared one third by each party. Chair Hoerning stated the Upland Basin is the City of Upland's project and is a multi-phased project and is designed for flood control purposes as well as for groundwater recharge. The basin itself has no real outlet to it except for a mid-level outlet that is a requirement of the Division of Safety of Dams which is to relieve water that is impounded in the upper reaches of the facility which would be behind the dam face. Upland staff has met with the Conservation District and Watermaster staff; the Conservation District is interested in the City of Upland pursuing some modifications to our plans to incorporate a courser gradation in some of the backfill and to also consider adjusting the mid-level outlet to some degree. Chair Hoerning offered comment on new costs for the proposed changes and its benefits. Mr. Manning commented on the importance of the Upland Basin and noted this basin could give us 25% of our recharge within the Chino Basin.

- 2. Legislative Update  
Mr. Manning stated next week he will be at the ACWA conference in Washington DC and when he returns he will have a full update on the happenings at the conference.

On March 21, 2007 ACWA is holding their Legislative Symposium in Sacramento.

Mr. Manning reviewed the upcoming legislative calendar.

- 3. Recharge Update  
Mr. Treweek referenced the recharge handout and reviewed the numbers through January. Mr. Treweek stated it appears that February will be a dry month at the rate we are going regarding rainfall.

**IV. INFORMATION**

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

**V. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

February 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
February 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 22, 2007	9:00 a.m.	Advisory Committee Meeting

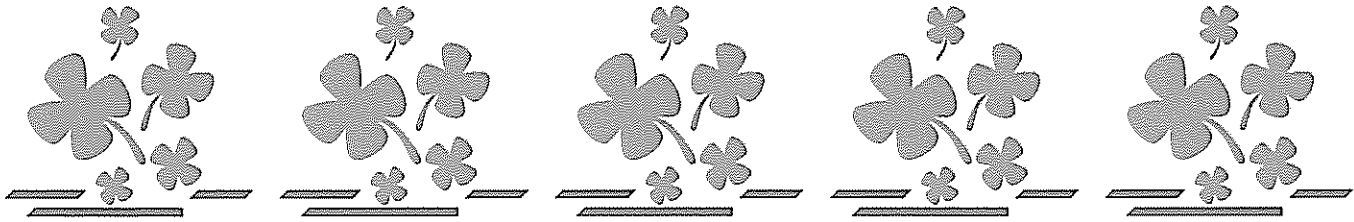
February 22, 2007	11:00 a.m.	Watermaster Board Meeting
February 27, 2007	9:00 a.m.	GRCC Meeting

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 10:55 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

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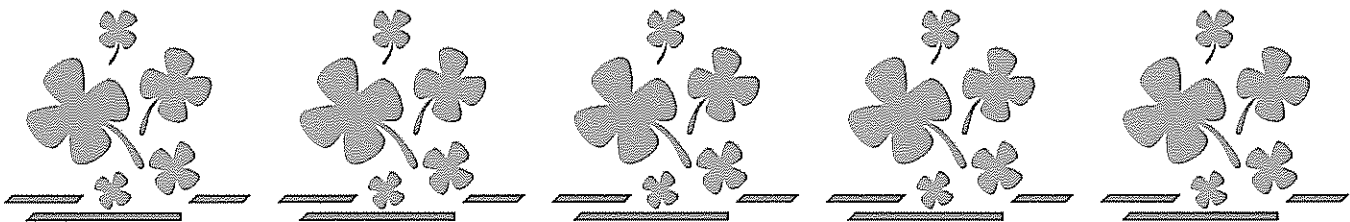


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Agricultural Pool Meeting – February 20  
2007





*Draft Minutes*  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**  
February 20, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on February 20, 2007 at 9:00 a.m.

**Agricultural Pool Members Present**

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy

**Watermaster Board Member 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
Sherri Lynne Molino	Recording Secretary

**Watermaster Consultants Present**

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

**Others Present**

Steve Lee	Reid & Hellyer
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Chair Feenstra called the Agricultural Pool meeting to order at 9:12 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Annual Agricultural Pool Meeting held January 16, 2007

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of January 2007
2. Combining Schedule of December 31, 2006
3. Treasurer's Report of Financial Affairs for the Period December 1, 2006 through December 31, 2006
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**C. WATER TRANSACTION**

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**D. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006**

Independent Auditors' Report from Mayer Hoffman McCann P.C. an Independent CPA firm

*Motion by Hettinga, second by Pierson, and by unanimous vote*

***Moved to approve Consent Calendar Items A through D, as presented***

**II. BUSINESS ITEMS**

**A. ASSESSMENTS FOR FISCAL YEAR 2006-2007**

Mr. Manning stated the Watermaster Assessment Package was held over from a few months ago due to various changes that needed to be incorporated. The Assessment Package that is in the meeting packet has included all known needed changes and is being presented for approval today. Ms. Rojo stated this is basically the same Assessment Package that was submitted for approval several months ago with a few minor changes such as an appropriator who forgot to inform Watermaster that they drilled a new well and had started producing from it, there was an assignment from an appropriator and to the non-agricultural pool, and some items relating to the Dry Year Yield Storage Account. With the changes in production it did change the assessment amounts being billed by approximately .25 cents per acre-foot. Ms. Rojo stated the full PowerPoint presentation on the 2006/2007 Assessment Package will with all the new numbers will be given at the this months Advisory Committee meeting. A discussion ensued with regard to the Assessment Package being approved in 2006. Ms. Rojo stated the revision number four has the final changes and is being presented for approval today. Chair Feenstra inquired if there were any objections at the Appropriative Pool meeting recently and Mr. Manning stated there were some discussions regarding budgeting; however, the Assessment Package was passed by a unanimous vote. Mr. deBoom inquired about page 68 of the Assessment Package regarding the Agricultural Pool numbers. Ms. Rojo reviewed the assessment calculations in detail on the spreadsheet for the Agricultural Pool.

*Motion by Durrington, second by deBoom, and by unanimous vote*

***Moved to approve the fiscal year 2006-2007 Assessments, as presented***

**B. Calendar-Year 2007 Agricultural Pool Members**

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates for calendar year 2007:

Current Agricultural Pool Members

- Crops: Glen Durrington  
Jeff Pierson
- Dairy: Robert Feenstra  
Gene Koopman  
Peter Hettinga  
Nathan deBoom  
John Huitsing
- State: Pete Hall  
Edward Gonsman  
Robert Nobles

Current Alternates:

- Crops: Dan Hostetler
- Dairy: Syp Vander Dussen
- State: Gary Lord  
Peter Von Haam  
Aboyomi Sunomi

Mr. Manning stated the item presented here is an item in which the Agricultural Pool asked to be placed on the agenda again after some phone calls and inquires were made regarding alternates. Mr. Manning stated one concern that has come up since the last Agricultural Pool meeting relates to an alternate for the Advisory Committee; the last Advisory Committee meeting did not have a quorum due to lack of Agricultural Pool representation. Mr. Manning stated the Agricultural Pool needs to create some sort of system so there is representation at the Advisory Committee meetings so that situation could be avoided in the future. Mr. Manning

discussed the alternatives that have been chosen for representation at the Board level and asked that there might be two alternates also provided for the Advisory Committee, although, not to name them in order that any Agricultural Pool representation can provide the spot of alternate including the possibility of Steven Lee, the Agricultural Pool legal representative to fill in as the Agricultural Pool alternate because it appears he does attend a majority of the meetings. Chair Feenstra apologized for the non-representation at the Advisory Committee meeting and confirmed he would do his very best to make it to the meetings in the future. Mr. Manning inquired to legal counsel regarding specific designation and if any Agricultural Pool member representative who shows up at the Advisory Committee meeting where there is no appointed representation, can they fill in as an alternate? Counsel Lee stated he has looked this question up before and according to his findings, any Agricultural Pool member can sit in as alternate at the Advisory Committee meetings; however, they must appear in person and cannot phone in. A discussion ensued regarding the alternates listed in the meeting packet and Chair Feenstra stated he will be meeting with a representative of Milk Producers Council and a representative of Farm Bureau to see if he can find additional alternates and will keep this committee apprised of any changes.

*Motion by deBoom, second by Hettinga, and by unanimous vote*

***Moved to approve to allow the two designated alternate representatives for the Watermaster Board meetings to be allowed to represent both Agricultural Board seats interchangeably according to which representative is available to stand in that day as an alternate at the Watermaster Board meeting, as presented***  
***Moved to approve to leave two open spots for any Agricultural Pool member to sit on the Advisory Committee meeting as an Agricultural Pool representative if the appointed representatives are not present and to allow the Agricultural Pool legal counsel representative to also stand in as an alternate on the Advisory Committee if the appointed representative and/or two open representatives do not attend, as presented***

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

##### 1. Santa Ana River Water Right Application

Counsel Fife stated there are several handouts available on the back table regarding quite a few different issues. The reason for the handouts as opposed to these being in the packet is because the information was received after the meeting package was assembled and mailed out. Counsel Fife stated there is one from the State Board regarding the hearing regarding our Water Rights application. The State Board noticed the hearing on Friday, February 16, 2007; the hearing dates are scheduled for May 2, 3, and 4, 2007 with a pre-hearing workshop on April 6, 2007. There has been some discussion amongst us whether three days for all of the Water Rights Applications in the Santa Ana Watershed is enough. The heart of the issues begins on the bottom of page nine of the handout and goes on to page ten under the heading Key Issues. These are the issues that staff has set out and is a series of six questions and the intention of the hearing is to answer these six questions. Counsel and staff will be planning on what the hearing is going to look like and we are going to be holding a confidential session regarding this matter after the Watermaster Board meeting on Thursday, February 22, 2007 to discuss strategy. A discussion ensued with regard to this matter. It was noted it would be helpful to have an Agricultural Pool representative stay for the confidential meeting.

Counsel Fife stated we have also received an order from the court. The court has set a hearing for May 24, 2007 to hear about the schedules for the Peace II Process, the desalters, for MZ1, and for anything else going on that is relevant on the calendar. The court has decided it needs more information which is why this hearing has been scheduled. On page four of the court order it describes the briefing schedule; we are to file a report to the court by March 31, 2007 which will give the parties enough time and opportunity to respond.

Counsel Fife stated we have received a letter from the Regional Water Quality Control Board asking us to give them an update on where we are in complying with the Basin Plan Amendments; particularly our progress towards Hydraulic Control and toward the planning of the third desalter. The Regional Board gave us a much shorter schedule than the court did so we need to have a report to the Regional Board by March 16, 2007 which does not give us much time.

Counsel Fife stated there is a letter from Baker Manock & Jensen who represents CCG Ontario. They are considering entering into a transfer of all their water rights to an entity that is not currently a party to the Judgment and as we understand it, does not own any land in the Chino Basin. They wrote us a letter and asked us to respond to a list of questions about this transfer and we will be doing that; however, there is not a time schedule as to when that response will be completed. Counsel Fife stated that because this is an unusual transaction, in that these rights are going to somebody who is not currently a party to the Judgment, they will need to intervene but more importantly they don't own any land in the Chino Basin and these are overlying rights. They wanted to daylight this to all the parties so that if there are concerns they could be transmitted and articulated. Counsel will keep the parties informed and if there are any questions or comments please let counsel or staff know. A long discussion ensued with regard to issues surrounding this possible request and the matter overall.

2. Peace II Process

Counsel Fife stated we do not have the Scalmanini Report yet and we are now looking at the first week in March to receive the highly anticipated report. Again, there has been a hearing scheduled by the court regarding the Peace II Process along with other items scheduled for May 24, 2007 as reported previously.

**B. ENGINEERING UPDATES**

1. Regional Water Quality Control Board Permit for Confined Animal Feeding Operations – Tentative Order R8-2004-0055

Chair Feenstra stated he has received phone calls from Geoffrey Vanden Heuvel regarding actions that are going to be taken by the Regional Water Quality Control Board on land application of dairy waste and the concern is that there will be no land application in the Chino Basin or in San Jacinto Valley which gave much concern to him and to dairymen in general that need to remove manure from the basin. In talking with him he has asked for support from the Agricultural Pool on this issue. Chair Feenstra commented on The Digester, a form of digestion recognized as a means to reduce environmental risks of organic wastes and manure, which is used in the Chino Basin.

Mr. Wildermuth stated he has reviewed this tentative order and the Watermaster staff did ask him to speak on this item at the Agricultural Pool meeting. Mr. Wildermuth stated he felt it necessary to give some history on this item in order that the parties understand where the Regional Board is coming from. Mr. Wildermuth put up a hydrologic map of the Chino Basin and stated in the OBMP we divided the basin up into five management zones. The Regional Board, Chino Basin Watermaster, and the Inland Empire Utilities Agency changed that whole regulatory construct. Mr. Wildermuth stated the good news is that almost the entire Chino Basin does not have an issue with the agronomic land application of manure. When the Basin Plan was revised in early 2001, the TDS objectives in Management zones 1 through 3 were very low and would have made it impossible to apply fertilizer at agronomic rates. The Regional Board has taken the position in the late 80's and 90's that their dairy regulatory approach is the least illicit approach. Mr. Wildermuth gave a detailed description of ambient quality and objectives. Later an agreement was made that stated the Chino Basin would move towards agronomic rates of application. In the mid 1995's the Regional Board knew there were problems with the Basin Plan and that it would have to be redone and it was redone. From that, the revision of the objectives actually became lower

because of that. At that time, the Regional Board would be compelled to prohibit the land application of waste. Then the Chino Basin Watermaster and Inland Empire thinking about imported water use and recycled water use and went to the Regional Board and asked them to change the objectives to promote the Maximum Benefit. Mr. Wildermuth read the previous order objective numbers and compared them with the tentative order numbers and how the new numbers affect the application of manure in certain areas. A discussion ensued with regard to the map and areas that might still have dairies. Mr. Wildermuth brought up a second map and reviewed the map in detail. A long discussion ensued with regard to the land application, application of manure, and salt removal. It was noted the Agricultural Pool supports Geoffrey Vanden Heuvel in his endeavors and efforts in this matter. It was noted this item needs to be brought back on the March agenda for further discussion.

#### C. FINANCIAL REPORT

1. Budget Update for fiscal 2007/2008

Ms. Rojo stated she will be working on the next budget shortly. A question regarding pre-billing a portion of the assessments was asked and Ms. Rojo stated that will probably happen just as it did last year.

2. Agricultural Pool Reserve Balance

Ms. Rojo asked the committee members to turn to page 19 of the assessment package in the meeting package which provides a breakdown of the balances. A discussion regarding the percentage of return on the accounts ensued. Ms. Rojo stated she would look into options for these funds and present back a full report next month.

#### D. CEO/STAFF REPORT

1. Upland Basin Funding Assistance

Mr. Manning stated the City of Upland is in the process of approving the improvements for the Upland Basin for flood control needs and for conservation purposes. The City of Upland does have a \$5M dollar grant and originally the City of Upland had put together a set of plans for the improvements at the Upland Basin; however, there were improvements that Watermaster's staff wanted to see included within those already stated plans. Staff has asked for an alternate bid to improve what our staff thinks would significantly improve their changes and the amount of conservation within the basins; the City of Upland has agreed and is putting together an alternate bid package. Watermaster has an agreement with the Chino Basin Conservation District and Inland Empire Utilities Agency to sit down with them regarding cost sharing after the alternate bid is accepted for the improvements to be shared one third by each party.

2. Legislative Update

Mr. Manning stated he attended the ACWA conference in Washington DC last week and noted it was extremely cold there. It appeared that due to weather conditions several participants were absent; however, the meetings were very informative. Mr. Manning stated he was able to hear talks from house members Jerry McNerney, John Doolittle, Grace Napolitano, Kevin McCarthy, George Radanovich, Ellen Tauscher, Hilda Solis, and Jim Costa. It seems there will be several constituents running for election next year which is leaving the masses with little to say as to not corrupt their upcoming campaigns. There was a lot of discussion regarding global warming which seems to be taking on a life of its own. Mr. Manning stated on March 21, 2007 ACWA is holding their Legislative Symposium in Sacramento which he encouraged all interested parties to attend. Mr. Manning reviewed the upcoming legislative calendar.

3. Recharge Update

Mr. Treweek referenced the recharge handout and reviewed the numbers through January. Mr. Treweek stated it appears that February will be a dry month at the rate we are going with anticipated rainfall.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

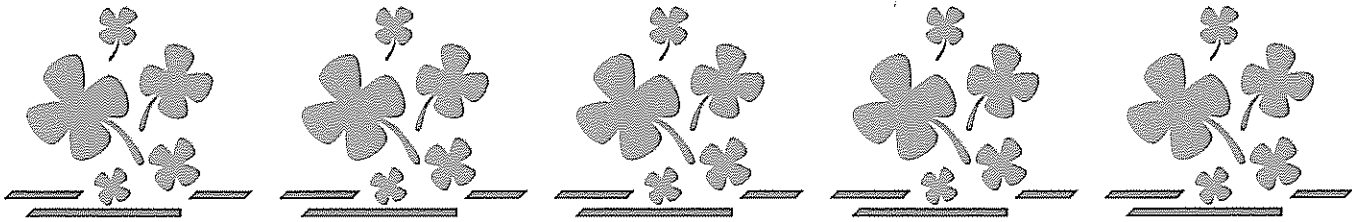
**VII. FUTURE MEETINGS**

February 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
February 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 22, 2007	9:00 a.m.	Advisory Committee Meeting
February 22, 2007	11:00 a.m.	Watermaster Board Meeting
February 27, 2007	9:00 a.m.	GRCC Meeting

The Agricultural Pool Meeting Adjourned at 10:45 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

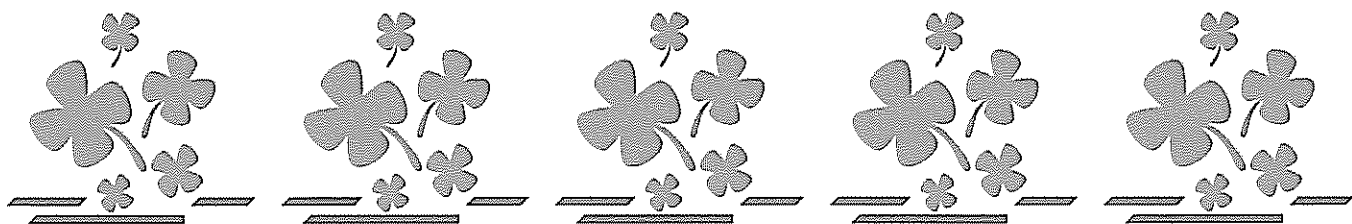


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2007
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through January 31, 2007
3. Treasurer's Report of Financial Affairs for the Period January 1, 2007 through January 31, 2007
4. Profit & Loss Budget vs. Actual July 2006 through January 2007





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 8, 2007  
March 20, 2007  
March 22, 2007

**TO:** Committee Members  
Watermaster Board Members

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

### SUMMARY

**Issue** – Record of cash disbursements for the month of February 2007.

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

**Fiscal Impact** – All funds disbursed were included in the FY 2006-07 Watermaster Budget.

### BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

### DISCUSSION

Total cash disbursements during the month of February 2007 were \$1,410,035.21. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$854,429.50, Wildermuth Environmental Inc. in the amount of \$251,379.69, and Hatch and Parent in the amount of \$79,397.99.



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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**February 2007**

Type	Date	Num	Name	Amount
Feb 07				
General Journal	2/1/2007	07/2/3	PAYROLL	-6,988.13
General Journal	2/1/2007	07/2/3	PAYROLL	-22,514.67
Bill Pmt -Check	2/8/2007	11140	AMERICAN WATER WORKS ASSOCIATION	-173.00
Bill Pmt -Check	2/8/2007	11141	ANDERSON, JOHN	-125.00
Bill Pmt -Check	2/8/2007	11142	APPLIED COMPUTER TECHNOLOGIES	-2,856.10
Bill Pmt -Check	2/8/2007	11143	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	2/8/2007	11144	BOWMAN, JIM	-125.00
Bill Pmt -Check	2/8/2007	11145	COMPUSA, INC.	-153.14
Bill Pmt -Check	2/8/2007	11146	CUCAMONGA VALLEY WATER DISTRICT	-50.00
Bill Pmt -Check	2/8/2007	11147	DIRECTV	-74.98
Bill Pmt -Check	2/8/2007	11149	HSBC BUSINESS SOLUTIONS	-390.25
Bill Pmt -Check	2/8/2007	11150	IDEAL GRAPHICS	-60.34
Bill Pmt -Check	2/8/2007	11151	INLAND COUNTIES INSURANCE SERVICES, INC.	-238.57
Bill Pmt -Check	2/8/2007	11152	KUHN, BOB	-125.00
Bill Pmt -Check	2/8/2007	11153	LOS ANGELES TIMES	-42.40
Bill Pmt -Check	2/8/2007	11154	MEDIA JIM	-1,035.00
Bill Pmt -Check	2/8/2007	11155	MONTE VISTA WATER DIST	-375.00
Bill Pmt -Check	2/8/2007	11156	OFFICE DEPOT	-698.71
Bill Pmt -Check	2/8/2007	11157	PARK PLACE COMPUTER SOLUTIONS, INC.	-5,625.00
Bill Pmt -Check	2/8/2007	11158	PAYCHEX	-375.28
Bill Pmt -Check	2/8/2007	11159	QUILL	-34.01
Bill Pmt -Check	2/8/2007	11160	RAUCH COMMUNICATION CONSULTANTS, LLC	-93.75
Bill Pmt -Check	2/8/2007	11161	REID & HELLYER	-4,456.53
Bill Pmt -Check	2/8/2007	11162	SAGE, KEVIN	-125.00
Bill Pmt -Check	2/8/2007	11163	STATE COMPENSATION INSURANCE FUND	-902.61
Bill Pmt -Check	2/8/2007	11164	UNION 76	-118.75
Bill Pmt -Check	2/8/2007	11165	UNITED PARCEL SERVICE	-378.05
Bill Pmt -Check	2/8/2007	11166	UNITEK TECHNOLOGY INC.	-80.00
Bill Pmt -Check	2/8/2007	11167	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	2/8/2007	11168	VERIZON	-327.45
Bill Pmt -Check	2/8/2007	11169	WHEELER METER MAINTENANCE	-3,600.00
Bill Pmt -Check	2/8/2007	11170	WILLIS, KENNETH	-125.00
Bill Pmt -Check	2/8/2007	11171	CITISTREET	-3,521.19
Bill Pmt -Check	2/8/2007	11172	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,148.98
Bill Pmt -Check	2/8/2007	11173	CITISTREET	-3,521.19
Bill Pmt -Check	2/8/2007	11174	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,152.57
Bill Pmt -Check	2/8/2007	11175	CITISTREET	-3,652.94
Bill Pmt -Check	2/8/2007	11176	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,152.56
General Journal	2/15/2007	07/02/05	PAYROLL	-6,577.05
General Journal	2/15/2007	07/02/05	PAYROLL	-22,244.44
Bill Pmt -Check	2/16/2007	11177	ACWA SERVICES CORPORATION	-278.30
Bill Pmt -Check	2/16/2007	11178	BLACK & VEATCH CORPORATION	-5,785.00
Bill Pmt -Check	2/16/2007	11179	COMPUTER NETWORK	-316.66
Bill Pmt -Check	2/16/2007	11181	HATCH AND PARENT	-79,397.99
Bill Pmt -Check	2/16/2007	11182	INLAND EMPIRE UTILITIES AGENCY	-57,052.51
Bill Pmt -Check	2/16/2007	11183	MCI	-1,030.31
Bill Pmt -Check	2/16/2007	11184	PREMIERE GLOBAL SERVICES	-104.23
Bill Pmt -Check	2/16/2007	11185	QUILL	-101.59
Bill Pmt -Check	2/16/2007	11186	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	2/16/2007	11187	THE FURMAN GROUP, INC.	-2,625.00
Bill Pmt -Check	2/16/2007	11188	UNITEK TECHNOLOGY INC.	-2,394.21
Bill Pmt -Check	2/16/2007	11189	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	2/16/2007	11190	RICOH BUSINESS SYSTEMS-Maintenance	-1,047.00
Bill Pmt -Check	2/20/2007	11191	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	2/20/2007	11192	STAULA, MARY L	-136.61
Bill Pmt -Check	2/20/2007	11193	VIP AUTO DETAILING	-800.00
Bill Pmt -Check	2/21/2007	11194	BANK OF AMERICA	-2,945.35
Bill Pmt -Check	2/21/2007	11195	ELLISON, SCHNEIDER & HARRIS, LLP	-19,382.75
Bill Pmt -Check	2/21/2007	11196	OFFICE DEPOT	-199.88
Bill Pmt -Check	2/21/2007	11197	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	2/21/2007	11198	STANDARD INSURANCE CO.	-560.58
Bill Pmt -Check	2/21/2007	11199	VERIZON WIRELESS	-161.70
Bill Pmt -Check	2/21/2007	11200	WILDERMUTH ENVIRONMENTAL INC	-251,379.69
Bill Pmt -Check	2/27/2007	11201	PETTY CASH	-695.90
Bill Pmt -Check	2/28/2007	11202	ARROWHEAD MOUNTAIN SPRING WATER	-31.42
Bill Pmt -Check	2/28/2007	11203	CALPERS	-3,058.44
Bill Pmt -Check	2/28/2007	11204	COMPUSA, INC.	-1,341.55
Bill Pmt -Check	2/28/2007	11205	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00

CHINO BASIN WATERMASTER  
Cash Disbursement Detail Report  
February 2007

Type	Date	Num	Name	Amount
Bill Pmt -Check	2/28/2007	11206	RICOH BUSINESS SYSTEMS-Maintenance	-42.53
Bill Pmt -Check	2/28/2007	11207	INLAND EMPIRE UTILITIES AGENCY	-55,143.26
Bill Pmt -Check	2/28/2007	11208	INLAND EMPIRE UTILITIES AGENCY	-750,000.00
Bill Pmt -Check	2/28/2007	11209	INLAND EMPIRE UTILITIES AGENCY	-32,744.01
Bill Pmt -Check	2/28/2007	11210	INLAND EMPIRE UTILITIES AGENCY	-16,542.25
Feb 07				<u><u>-1,410,035.21</u></u>

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

	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
<b>Administrative Revenues</b>										
Administrative Assessments			5,103,741		110,425				5,214,166	\$7,308,205
Interest Revenue			93,599	10,797	3,862			47	108,305	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
<b>Total Revenues</b>	-	-	5,197,340	10,797	114,287	-	-	47	5,322,471	7,582,705
<b>Administrative &amp; Project Expenditures</b>										
Watermaster Administration	590,911								590,911	601,598
Watermaster Board-Advisory Committee	29,408								29,408	52,123
Pool Administration			12,439	46,826	3,899				63,164	118,245
Optimum Basin Mgmt Administration		1,237,976							1,237,976	1,855,795
OBMP Project Costs		3,035,528							3,035,528	5,904,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
<b>Total Administrative/OBMP Expenses</b>	630,319	4,273,504	12,439	46,826	3,899			375	4,967,362	8,537,405
<b>Net Administrative/OBMP Income</b>	(630,319)	(4,273,504)								
Allocate Net Admin Income To Pools	630,319		485,970	132,521	11,829				-	0
Allocate Net OBMP Income To Pools		4,273,504	3,294,829	898,479	80,196				-	0
Agricultural Expense Transfer			1,072,276	(1,072,276)					-	0
<b>Total Expenses</b>			4,865,513	5,550	95,924	-	-	375	4,967,362	8,537,405
<b>Net Administrative Income</b>			331,827	5,247	18,363			(328)	355,109	(954,700)
<b>Other Income/(Expense)</b>										
Replenishment Water Purchases						369,248			369,248	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(1,625,062)			(1,625,062)	0
<b>Net Other Income</b>			-	-	-	(1,255,814)	-	-	(1,255,814)	0
<b>Net Transfers To/(From) Reserves</b>			331,827	5,247	18,363	(1,255,814)	-	(328)	(900,705)	(954,700)
<b>Working Capital, July 1, 2006</b>			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
<b>Working Capital, End Of Period</b>			4,770,984	475,808	205,347	(116,199)	158,251	1,614	5,495,805	
<b>05/06 Assessable Production</b>			124,315.140	33,899.960	3,025.832				161,240.932	
<b>05/06 Production Percentages</b>			77.099%	21.024%	1.877%				100.000%	

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

**DEPOSITORIES:**

Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	\$ 462,846	
Zero Balance Account - Payroll	-	462,846
Vineyard Bank CD - Agricultural Pool		431,443
Local Agency Investment Fund - Sacramento		5,658,868
<b>TOTAL CASH IN BANKS AND ON HAND</b>	1/31/2007	<b>\$ 6,553,657</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	12/31/2006	<b>6,234,421</b>
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$ 319,236</b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable		\$ 35,646
Assessments Receivable		796,619
Prepaid Expenses, Deposits & Other Current Assets		(74,102)
(Decrease)/Increase in Liabilities: Accounts Payable		892,409
Accrued Payroll, Payroll Taxes & Other Current Liabilities		58,343
Transfer to/(from) Reserves		(1,389,679)
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$ 319,236</b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 12/31/2006	\$ 500	\$ 3,730,748	\$ -	\$ 429,951	\$ 2,073,222	\$ 6,234,421
Deposits	-	797,361	-	1,492	3,585,646	4,384,499
Transfers	-	(3,610,488)	60,488	-	-	(3,550,000)
Withdrawals/Checks	-	(454,775)	(60,488)	-	-	(515,263)
	\$ 500	\$ 462,846	\$ -	\$ 431,443	\$ 5,658,868	\$ 6,553,657
<b>PERIOD INCREASE OR (DECREASE)</b>	-	\$ (3,267,902)	-	\$ 1,492	\$ 3,585,646	\$ 319,236

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
1/15/2007	Interest	L.A.I.F.	\$ 35,646				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ 35,646</b>	<b>-</b>			

\* The earnings rate for L.A.I.F. is a daily variable rate; 5.11% was the effective yield rate at the Quarter ended December 31, 2006

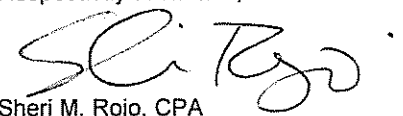
INVESTMENT STATUS  
January 31, 2007

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

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

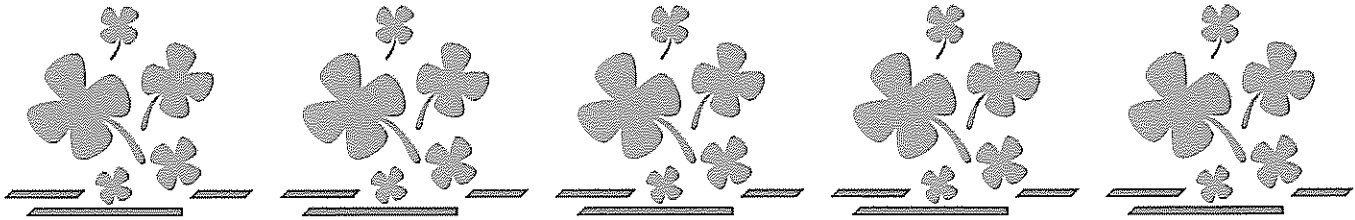
CHINO BASIN WATERMASTER  
Profit & Loss Budget vs. Actual  
July 2006 through January 2007

	<u>Jul '06 - Jan 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
4100 · Administrative Assessments	5,214,166	0	5,214,166	100.0%
4110 · Admin Asmnts-Approp Pool	0	7,227,619	-7,227,619	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0	80,586	-80,586	0.0%
4700 · Non Operating Revenues	108,305	136,500	-28,195	79.34%
<b>Total Income</b>	<b>5,322,471</b>	<b>7,582,705</b>	<b>-2,260,234</b>	<b>70.19%</b>
<b>Gross Profit</b>	<b>5,322,471</b>	<b>7,582,705</b>	<b>-2,260,234</b>	<b>70.19%</b>
<b>Expense</b>				
6010 · Salary Costs	459,852	447,037	12,815	102.87%
6020 · Office Building Expense	64,863	102,000	-37,137	63.59%
6030 · Office Supplies & Equip.	22,859	45,000	-22,141	50.8%
6040 · Postage & Printing Costs	54,682	78,500	-23,818	69.66%
6050 · Information Services	81,293	112,500	-31,207	72.26%
6060 · Contract Services	64,708	131,000	-66,292	49.4%
6080 · Insurance	15,108	25,210	-10,102	59.93%
6110 · Dues and Subscriptions	14,186	16,750	-2,564	84.69%
6140 · WM Admin Expenses	2,090	6,500	-4,410	32.15%
6150 · Field Supplies	872	4,000	-3,128	21.81%
6170 · Travel & Transportation	16,607	19,350	-2,743	85.82%
6190 · Conferences & Seminars	21,298	22,500	-1,202	94.66%
6200 · Advisory Comm - WM Board	8,535	15,168	-6,633	56.27%
6300 · Watermaster Board Expenses	20,873	36,955	-16,082	56.48%
8300 · Appr PI-WM & Pool Admin	12,439	15,918	-3,479	78.14%
8400 · Agri Pool-WM & Pool Admin	11,761	18,633	-6,872	63.12%
8467 · Agri-Pool Legal Services	29,516	65,000	-35,484	45.41%
8470 · Ag Meeting Attend -Special	5,550	12,000	-6,450	46.25%
8500 · Non-Ag PI-WM & Pool Admin	3,899	6,694	-2,795	58.24%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-227,506	-408,749	181,243	55.66%
<b>Subtotal Administrative Expenditures</b>	<b>683,859</b>	<b>772,341</b>	<b>-88,482</b>	<b>88.54%</b>
6900 · Optimum Basin Mgmt Plan	1,154,646	1,713,780	-559,134	67.37%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	83,330	142,015	-58,685	58.68%
<b>Subtotal OBMP Expenditures</b>	<b>1,247,976</b>	<b>1,860,795</b>	<b>-612,819</b>	<b>67.07%</b>
7101 · Production Monitoring	58,889	61,565	-2,676	95.65%
7102 · In-line Meter Installation	15,980	64,904	-48,924	24.62%
7103 · Grdwtr Quality Monitoring	94,832	149,713	-54,881	63.34%
7104 · Gdwtr Level Monitoring	95,651	191,953	-96,302	49.83%
7105 · Sur Wtr Qual Monitoring	1,678	32,247	-30,569	5.2%
7107 · Ground Level Monitoring	82,393	160,984	-78,591	51.18%
7108 · Hydraulic Control Monitoring	145,360	483,258	-337,898	30.08%
7109 · Recharge & Well Monitoring Prog	40,385	146,350	-105,965	27.6%
7200 · PE2- Comp Recharge Pgm	722,812	1,822,997	-1,100,185	39.65%



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

	<u>Jul '06 - Jan 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7300 · PE3&5-Water Supply/Desalte	337	4,676	-4,339	7.21%
7400 · PE4- Mgmt Plan	117,761	578,762	-461,001	20.35%
7500 · PE6&7-CoopEfforts/SaltMgmt	143,934	310,507	-166,573	46.35%
7600 · PE8&9-StorageMgmt/Conj Use	12,926	6,698	6,228	192.98%
7690 · Recharge Improvement Debt Pymt	1,358,415	1,608,000	-249,586	84.48%
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	144,176	266,734	-122,558	54.05%
<b>Subtotal Special Project Expenditures</b>	<b>3,035,528</b>	<b>5,904,269</b>	<b>-2,868,741</b>	<b>51.41%</b>
<b>Total Expense</b>	<b>4,967,362</b>	<b>8,537,405</b>	<b>-3,570,043</b>	<b>58.18%</b>
<b>Net Ordinary Income</b>	<b>355,109</b>	<b>-954,700</b>	<b>1,309,809</b>	<b>-37.2%</b>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4210 · Approp Pool-Replenishment	369,248	0	369,248	100.0%
<b>Total Other Income</b>	<b>369,248</b>	<b>0</b>	<b>369,248</b>	<b>100.0%</b>
<b>Other Expense</b>				
5010 · Groundwater Replenishment	1,625,062	0	1,625,062	100.0%
9999 · To/(From) Reserves	-900,705	-954,700	53,995	94.34%
<b>Total Other Expense</b>	<b>724,357</b>	<b>-954,700</b>	<b>1,679,057</b>	<b>-75.87%</b>
<b>Net Other Income</b>	<b>-355,109</b>	<b>954,700</b>	<b>-1,309,809</b>	<b>-37.2%</b>
<b>Net Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100.0%</b>

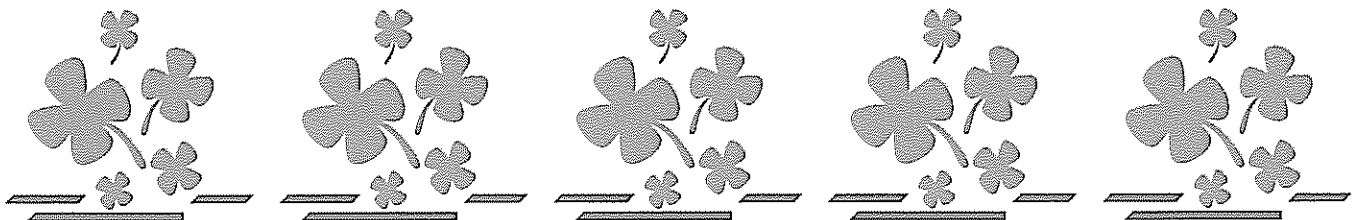


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### C. **RESOLUTION 07-03**

A Resolution of the Chino Basin Watermaster  
Levying Replenishment and Administrative  
Assessments for Fiscal Year 2006-2007



**RESOLUTION 07-03**

**A RESOLUTION OF THE CHINO BASIN WATERMASTER LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS FOR FISCAL YEAR 2006- 2007**

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under Case No. RCV 51010 (formerly case No. SCV 164327) entitled Chino Basin Municipal Water District v. City of Chino, et al., with powers to levy and collect administrative and replenishment assessments necessary to maintain water levels and to cover the cost of administering the Chino Basin Judgment; and

WHEREAS, the Watermaster Advisory Committee approved and the Watermaster Board adopted the Fiscal Year 2006-2007 Budget on May 25, 2006 to carry out the necessary Watermaster functions under the Judgment; and

WHEREAS, the parties named in this Judgment have pumped 9,249.94 acre-feet of water in excess of the operating safe yield, which is required to be replaced at the expense of the parties in accordance with the assessment formulas for the respective pools.

NOW, THEREFORE, BE IT RESOLVED that the Chino Basin Watermaster levies the respective assessments for each pool effective February 22, 2007 as showed on Exhibit "A" attached hereto.

BE IT FURTHER RESOLVED, that pursuant to the Judgment, each party has thirty-days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55 (c) of the Judgment.

THE FOREGOING RESOLUTION was

**APPROVED** by the Advisory Committee on the 22<sup>nd</sup> day of February 2007.

**ADOPTED** by the Watermaster Board on the 22<sup>nd</sup> day of February 2007.

By: \_\_\_\_\_  
Chairman, Watermaster Board

APPROVED:

\_\_\_\_\_  
Chairman, Advisory Committee

ATTEST:

\_\_\_\_\_  
Secretary, Watermaster Board

Exhibit "A"  
Resolution 07-03

Summary  
of  
Assessments  
Fiscal Year 2006-2007  
Production Year 2005-2006

1. OVERLYING (NON-AGRICULTURAL) POOL

a.	2006-2007 Budget	\$ <u>6.23</u> Per AF - Admin.
		\$ <u>34.49</u> Per - OBMP
b.	Replenishment	\$ <u>251.00</u> Per AF

2. APPROPRIATIVE POOL

a.	Administration	
	1. 2006-2007 Budget	\$ <u>6.23</u> Per AF - Admin.
		\$ <u>34.49</u> Per - OBMP
	2. Ag Pool Reallocated	
		\$ <u>4.32</u> Per AF - Admin.
		\$ <u>23.91</u> Per AF - OBMP
b.	100% Net Replenishment	\$ <u>251.00</u> Per AF
c.	15/85 Water Activity	
	15% Replenishment Assessments	\$ <u>256,867.88</u>
	15% Water Transaction Activity	\$ <u>1,115,741.71</u>
d.	Pomona Credit	\$ <u>66,667.00</u>
e.	Recharge Debt Payment	\$ <u>1,358,000.00</u>

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 07-03, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

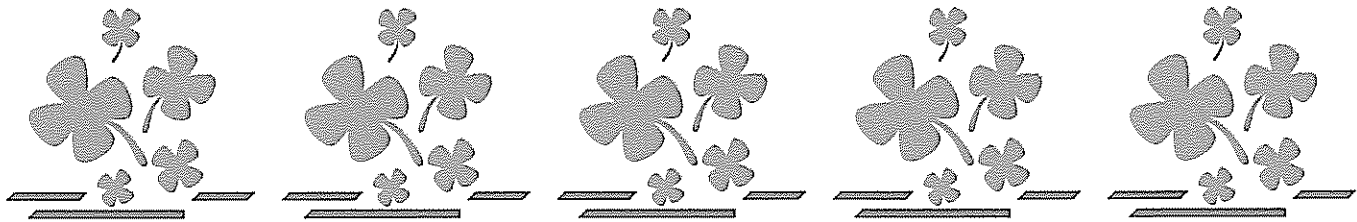
AYES:            0  
NOES:            0  
ABSENT:          0  
ABSTAIN:        0

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

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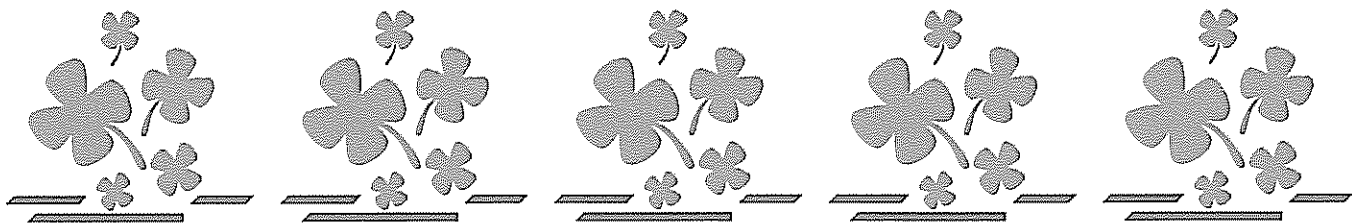


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### D. STATUS REPORT 2006-02

Consider Approval to File Status Report 2006-02  
With the Court



# Optimum Basin Management Program

## Status Report 2006-2: July to December 2006

*Status Report 2006 – 2: Covers activities from July 1 through December 31, 2006.*

### Program Element 1: Develop and Implement a Comprehensive Monitoring Program

#### *Groundwater Level Monitoring*

Watermaster has three active groundwater level monitoring programs operating in the Chino Basin: 1) A semiannual basin-wide well monitoring program, 2) A key well monitoring program associated with the Chino I/II Desalter well fields and the Hydraulic Control Monitoring Program (HCMF), and 3) A piezometric monitoring program associated with land subsidence and ground fissuring in Management Zone 1 (MZ-1). The frequency of groundwater level monitoring varies with each program; depending on the needs of the data analyst. These groundwater level monitoring programs also rely on municipal producers, other government agencies, and private entities to supply their groundwater level measurements on a cooperative basis. Watermaster digitizes all these measurements and combines them into a relational database for general usage. During this period, Watermaster purchased and installed approximately 18 pressure transducers/data loggers at key wells; principally in the northern portions of Chino Basin where more detailed groundwater level data are needed.

#### *Groundwater Quality Monitoring*

No samples were collected from the key wells during the reporting period—these wells are anticipated to be sampled in July and August 2006. Watermaster continues a comprehensive data collection program whereby water quality data from other sources are routinely collected, QA/QC'd, and loaded into Watermaster's database.

Watermaster and the Inland Empire Utilities Agency (IEUA) are working closely with the Appropriative Pool members and their state-certified laboratories to obtain water quality data as an electronic data deliverable (EDD), which can be entered directly into Watermaster's relational database.

#### *Groundwater-Production Monitoring*

As of December 2006, Watermaster had installed 349 new or rehabilitated meters at active agricultural wells. The remaining 81 currently active wells were not metered because it is believed that they will become inactive within 6 to 12 months as a result of urban development in southern Chino Basin. Watermaster reads the production data from the meters on a quarterly basis and enters these data into Watermaster's relational database.

#### *Surface Water Monitoring*

**Water Quality and Quantity in Recharge Basins.** Watermaster measures the quantity and quality of storm and supplemental water entering the recharge basins. Pressure transducers or staff gauges are used to measure water levels during recharge operations. In addition to these quantity measurements, imported water quality values for State Water Project water are obtained from the Metropolitan Water District of Southern California (MWDSC) and recycled water quality values for the RP1 and RP4 treatment plant effluents are obtained from IEUA. Watermaster monitors the storm water quality in the eight major channels (San Antonio, West Cucamonga, Cucamonga, Deer Creek, Day Creek, San Sevaine, West Fontana, and Declez) usually after each major storm event. Combining the measured flow data with the respective water qualities enables the calculation of the blended water quality in each recharge basin, the "new yield" to the Chino Basin, and the adequate dilution of recycled water.

**Surface Water Monitoring in Santa Ana River (SAR).** Watermaster measures the discharge of the river and selected water quality parameters to determine those reaches of the SAR that are gaining flow from Chino Basin and/or, conversely, those reaches that are losing flow into the Chino Basin. These bi-weekly flow and water quality measurements are combined with discharge data from permanent USGS and Orange County Water District (OCWD) stream gauges and discharge data from publicly owned treatment works (POTWs). These data are used in groundwater modeling to assess the extent of hydraulic control.





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### *HCMP Annual Report*

In January of 2004, the RWQCB amended the Water Quality Control Plan (Basin Plan) for the Santa Ana River Basin to incorporate an updated total dissolved solids (TDS) and nitrogen management plan. The Basin Plan Amendment includes both "antidegradation" and "maximum benefit" objectives for TDS and nitrate-nitrogen for the Chino and Cucamonga groundwater management zones. The application of the "maximum benefit" objectives relies on Watermaster and the IEUA's implementation of a specific program of projects and requirements, which are an integral part of the OBMP. On April 15, 2005, the RWQCB adopted resolution R8-2005-0064; thus approving the Surface Water Monitoring Program and Groundwater Monitoring Program in support of maximum benefit commitments in the Chino and Cucamonga Basins. Watermaster and the IEUA completed the 2005 Annual Report, which summarizes the results for those two programs, and submitted it to the RWQCB on April 14, 2006 in partial fulfillment of maximum benefit commitments.

### *Chino Basin Recycled Water Groundwater Recharge Program*

The IEUA, Watermaster, Chino Basin Water Conservation District, and San Bernardino County Flood Control District jointly sponsor the Chino Basin Recycled Water Groundwater Recharge Program. This is a comprehensive water supply program to enhance water supply reliability and improve the groundwater quality in local drinking water wells throughout the Chino Groundwater Basin by increasing the recharge of stormwater, imported water, and recycled water. The recharge program is regulated under RWQCB Order No. R8-2005-0033 and Monitoring and Reporting Program No. R8-2005-0033.

**Recharge Activities.** Recycled water recharge in the Ely, Turner 1& 2, and Turner 3& 4 Basins began in July 2006.

**Monitoring Activities.** Watermaster and the IEUA collect weekly and bi-weekly water quality samples from basins that are actively recharging recycled water and from lysimeters installed within those basins. During this reporting period, approximately 600 basin and lysimeter samples were collected. Monitoring wells located downgradient of the recharge basins were sampled every two weeks during the reporting period for a total of about 100 samples.

**Construction Activities.** Lysimeters and monitoring wells associated with the Banana, Hickory, and Turner Basins were installed in 2005. No other construction activities related to the monitoring the recharge program occurred during this reporting period. Lysimeters and monitoring wells are expected to be constructed at the RP-3, Declez, and Ely Basins in fiscal year (FY) 2006/07.

**Reporting.** Watermaster and the IEUA completed the following required reports concerning the recharge program during the reporting period:

- Turner Start-Up Protocol Plan – February 2006
- Banana Start-Up Report – Not yet submitted
- Hickory Start-Up Report – Not yet submitted
- 4Q05 Quarterly Report – February 2006
- 1Q06 Quarterly Report – May 2006

### *Land Surface Monitoring*

Watermaster developed a multifaceted land surface monitoring program to develop data for a long-term management plan for land subsidence in Management Zone 1 (MZ-1). The monitoring program consisted of three main elements:

- An aquifer system monitoring facility consisting of multiple depth piezometers and a dual bore extensometer.
- The application of synthetic aperture radar interferometry (InSAR) to measure historical land surface deformation.
- Benchmark surveys to measure land surface deformation, "ground truth" the InSAR data, and evaluate effectiveness of the long term management plan.

Following two years of data collection and analysis, Watermaster submitted the MZ-1 Summary Report in October 2005, which contained Guidance Criteria to minimize subsidence and fissuring. The Guidance Criteria included a listing of Managed Wells and their owners subject to the criteria, a map of the so-called Managed Area, an initial threshold water level (Guidance Level) of 245 feet below the top of the PA-7 well casing, and a plan for ongoing monitoring and notification. Since October 2005, the MZ-1 Summary Report and the Guidance Criteria contained therein have been discussed extensively by the parties involved, and were adopted by the Watermaster Board at its May 2006 Meeting .



The MZ-1 monitoring program has continued unabated. Water level monitoring has been expanded to the central regions of MZ-1 with the installation of transducers/data loggers at selected wells owned by the City of Chino, the Monte Vista Water District, and the City of Pomona. This expansion of the water level monitoring program is the initial effort to better understand the mechanisms behind ongoing land subsidence in this region.

### **Program Element 2: Develop and Implement a Comprehensive Recharge Program**

Construction on the Chino Basin Facilities Improvement Project (CBFIP) Phase I was completed by December 31, 2005 at a cost of \$38M; 50% from a SWRCB Proposition 13 Grant, and 25% each from Watermaster and the IEUA. A CBFIP Phase II list of projects was developed by Watermaster and the IEUA, including monitoring wells, lysimeters, recycled water connections, SCADA system expansions, three MWDSC turnouts, and berm heightening and hardening. At a cost of approximately \$10M, these Phase II facilities will be purchased through a 50% Grant from DWR and 25% each from Watermaster and the IEUA.

In FY 2005-2006, the CBFIP Phase I facilities were able to recharge 49,000 AF of storm and supplemental water; an improvement of 36,000 AF over the historical recharge before the CBFIP. With the completion of the Phase II facilities in FY 2006-2007, the operating plan calls for the recharge of 75,000 AF of storm and supplemental water. By the start of FY 2007-2008, most of the basins will be operating on a 12 months per year basis with only occasional downtime for silt and organic growth removal. Operations and basin planning are coordinated through the Groundwater Recharge Coordinating Committee (GRCC) which meets monthly.

### **Program Element 3: Develop and Implement Water Supply Plan for the Impaired Areas of the Basin; and**

### **Program Element 5: Develop and Implement Regional Supplemental Water Program**

Construction on the Chino I Desalter Expansion and the Chino II Desalter facilities was completed in February 2006 and an application has been made for \$1.6 M in Proposition 50 funds to add 8 MGD of ion exchange capacity to the Chino II Desalter. As currently configured, the Chino I Desalter provides 2.6 MGD of treated (air stripping for VOC removal) water from Wells 1-4, 4.9 MGD of treated (ion exchange for nitrate removal) water from Wells 5-15, and 6.7 MGD of treated (reverse osmosis for nitrate and TDS removal) water from Wells 5-15 for a total of 14.2 MGD (16,000 AFY). The Chino II Desalter provides 4.0 MGD of ion exchange treated water and 6.0 MGD of reverse osmosis treated water from 8 additional wells for a total of 10.0 MGD (11,000 AFY).

Watermaster has been conducting modeling investigations of various desalter expansion alternatives including the expansion of Chino I and II. The initial work was submitted by Wildermuth Environmental to Watermaster in April 2006. Black and Veatch developed reconnaissance-level engineering plans and costs for these desalter alternatives. Additional modeling work has been completed for a new set of alternatives with the desalter wells located between the Central Avenue fault and Chino I Well No. 5. The latter alternatives can be used to mitigate the Chino Airport plume and meet the hydraulic control objective of Watermaster.

### **Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1**

In October 2005, Watermaster completed the MZ-1 Summary Report, including the Guidance Criteria. Over the following 6 months, the impacted parties have had numerous meetings in an effort to transform the Summary Report into a long-term management plan. The Summary Report and the Guidance Criteria were adopted by the Watermaster Board in May 2006. Presently, additional data are being developed by the impacted parties in an effort to achieve acceptable resolution of issues arising from the Guidance Criteria.

The Cities of Chino and Chino Hills have not submitted forbearance certifications for the period July 1, 2006 through December 31, 2006.



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**Program Element 6: Develop and Implement Cooperative Programs with the Regional Water Quality Control Board, Santa Ana Region (Regional Board) and Other Agencies to Improve Basin Management; and**

**Program Element 7: Develop and Implement a Salt Management Program**

A Water Quality Committee meeting was held on December 13, 2006 to discuss the status of the investigations of the three major water quality plumes (Chino Airport, Ontario Airport, and Stringfellow Hazardous Waste site) in the Basin. On going discussions are being held with the RWQCB and the San Bernardino County Department of Airports in order to determine the engineering solution and costs for remediating the TCE plume. For the Ontario Airport plume, the Potential Responsible Parties (PRPs) have been working with Watermaster to quantify the depth and extent of the TCE plume so that they can make a recommendation for further action in March 2007. In addition, Watermaster received the preliminary analyses of water samples taken throughout the Basin for perchlorate differentiation. The results indicated that the perchlorate in the groundwater most likely resulted from imported Chilean fertilizer. Lastly, Watermaster continued to monitor the activities of General Electric's (GE) remediation at the Flat Iron facility and their efforts to develop a new location for recharge of their treated effluent.

***MZ-3 Monitoring Program.***

The former Kaiser plume has been incorporated into an overall monitoring program for the MZ-3 area. The MZ-3 monitoring program is also assessing the groundwater quality impairment from total dissolved solids (TDS), nitrate, and perchlorate. The perchlorate may have originated from the Mid-Valley Landfill (in Rialto Basin, across the Rialto-Colton fault) or it may be a non-point source that resulted from the historical application of Chilean fertilizer. Two rounds of quarterly samples were collected from 22 wells, including former Kaiser wells that Watermaster previously renovated: MP2 and KOFS. The MP2 cluster of wells (four depths) was in the heart of the Kaiser plume when the well was constructed; while KOFS was just beyond the leading edge of the plume. MP2 continues to show an impact from the Kaiser plume and the KOFS well is now impacted. Based on the analytical results, tentative locations were identified for two new monitoring wells. Negotiations were successfully concluded with the City of Ontario to locate the two wells in street rights-of-way. Construction of these monitoring wells has now been awarded along with the construction of monitoring wells at recharge basins, so that Watermaster obtained a more competitive bid based on economies of scale.

***Ontario International Airport (OIA) Volatile Organic Chemical Plume.***

Watermaster met with the consultants to the PRPs, Lynne Preslo/GeoTrans, on four occasions (September 9, October 5, November 8, and December 18, 2006). As a result of these meetings, Watermaster provided water quality, water level, and well construction data from more than 400 private wells and 200 public wells to the RWQCB, which in turn forwarded the database to the PRPs pursuant to their request. In addition to the database, the PRPs requested that they have access to the Chino Basin groundwater model developed by Wildermuth Environmental, Inc. (WEI). Watermaster and WEI agreed to share their modeling expertise with consultants from the PRPs in WEI's office. After the PRPs have had an opportunity to review the data, the model, and historical aerial photos, Watermaster will propose to the RWQCB that a follow-up meeting be held in March 2007 to discuss future activities towards characterizing the plume.

***Chino Airport VOC Plume.***

Watermaster met with the RWQCB, the San Bernardino County Department of Airports, and their consultant Tetra Tech on November 6 and December 20, 2006 to discuss a joint remediation of the VOC plume from the airport. Such a joint remediation would help address other issues in the southwestern portion of Chino Basin such as maintenance of hydraulic control and the provision of high quality drinking water in an area of increasing demand. As a result of these meetings, Watermaster agreed to provide a database containing well construction information, water quality, water levels, and production for wells located southwest of the Chino airport. In addition, Watermaster provided results from sampling all the wells in this location to provide up-to-date analytical data on all the possible contaminants in these wells. Twenty-five wells were sampled by Watermaster in May and June of 2006, laboratory analyses were performed, and releases were obtained from the private well owners. These data are being reviewed with Tetra Tech to begin the engineering of appropriate remedial actions.

***Perchlorate Isotope Study.***

Neil Sturchio, Professor and Head of the Department of Earth and Environmental Sciences at the University of Illinois at Chicago, has developed a technique for using stable isotopes of chloride and oxygen to distinguish the origin of perchlorate



(man-made vs. naturally occurring). There are several per mil shifts in isotopes of both ions between the two sources. He has tested several samples of leachate from fertilizer nitrogen (from the Atacama Desert in Chile) and rocket fuel sources. One of the innovations that Professor Sturchio has developed is the use of a flow-through column with an anion-exchange resin. These bifunctional anion exchange resins were originally developed at Oak Ridge National Laboratory and the University of Tennessee to selectively sorb the pertechnetate ion  $TcO_4^-$  (technetium is mobile with a long half-life, much like perchlorate). A resin regeneration step is added to recover the perchlorate ion. The exchange resin is required to concentrate the typically low levels of perchlorate in groundwater so that the perchlorate can be analyzed isotopically. Watermaster sampled 15 wells in Chino and Cucamonga Basins and submitted samples to a commercial laboratory for general mineral, general physical, and perchlorate analyses. The resin columns were sent to Professor Sturchio's laboratory at the University of Illinois and the preliminary results indicate the the perchlorate found is from natural sources (fertilizer).

#### ***GE Flat Iron Remediation.***

Finally, with respect to the GE Flat Iron remediation, GE conducted a screening of options for the disposal of treated effluent from their operational pump and treat facilities. Currently, GE discharges their effluent into the Ely Basins, where it percolates back into the groundwater. However, this operation limits Watermaster's ability to recharge recycled water into the Ely Basins and, consequently, Watermaster has asked that GE develop alternative disposal means. As a result of their screening, GE has decided to investigate, in detail, the construction of groundwater injection wells that would be operated in conjunction with their own recharge basin. GE completed their planning in December 2006 and began detailed design based upon the RWQCB's approval of the concept.

#### ***TDS and Nitrogen Monitoring Pursuant to the 2004 Basin Plan Amendment***

Pursuant to the 2004 Basin Plan Amendment and the Watermaster/IEUA permit to recharge recycled water, Watermaster and the IEUA have conducted groundwater and surface water monitoring programs. Quarterly HCMP reports that summarize data collection efforts were submitted to the RWQCB in February and April of 2006. An annual HCMP report for 2006 will be submitted to the RWQCB in April 2007.

### **Program Element 8: Develop and Implement a Groundwater Storage Management Program; and**

### **Program Element 9: Develop and Implement a Storage and Recovery Program**

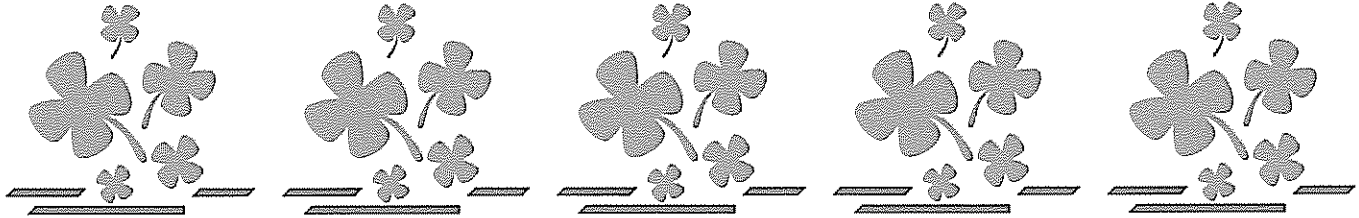
In March 2006, Watermaster submitted a proposal to the San Diego County Water Authority regarding SDCWA use of storage in the Chino Basin. Subsequently, in May 2006, Watermaster staff and legal counsel attended a meeting with SDCWA staff to discuss Watermaster's proposal. SDCWA will make a decision in the second half of 2006 regarding Watermaster's proposal.

The Watermaster/IEUA/Metropolitan Dry Year Yield (DYY) program continued on during the reporting period. As of December 31, 2006, about 60,500 acre-ft had been stored in the Basin in Metropolitan's DYY account. The construction statuses of local facilities included in the DYY program for the participating parties are as follows:

- City of Ontario – Wellhead treatment facility: final design began in April 2006. DYY Wells: Drilling on Well No. 45 complete, pump testing on Well No. 47 complete, and drilling on Well No. 46 underway.
- Cucamonga Valley Water District – Six new wells (nos. 39-42, 44, and 45): designs completed for well nos. 39-42 and pre-designs and CEQA documentations completed for well nos. 44 and 45.
- City of Upland – New IX treatment facility constructed and online.
- City of Pomona – Expansion of existing IX treatment facility: final design complete.
- City of Chino Hills – Refurbish Pellisier well and construct new treatment facility: design underway
- Monte Vista Water District – Well No. 31: design completed July 2006. Well No. 33 and treatment facility (joint MVWD/Chino project): Well construction is underway and treatment facility design will commence upon the completion of the well.
- Jurupa Community Services District – Expansion of the Teagarden IX facility: scheduled for completion in October 2006.



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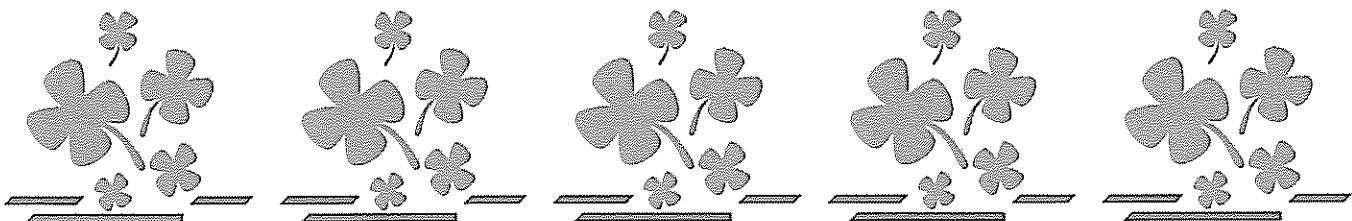


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### E. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The one-year lease of 5,230 af of water from the City of Chino’s annual production rights to the City of Ontario. This lease is made first from Chino’s net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from West Valley Water District Water in storage in the amount of 1,000 af to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2006-2007



*CHINO BASIN WATERMASTER*

**NOTICE**

**OF**

**APPLICATION(S)**

**RECEIVED FOR**

**WATER TRANSACTIONS – ACTIVITIES**

Date of Notice:

March 1, 2007

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

**NOTICE OF APPLICATION(S) RECEIVED**

Date of Application: **February 9, 2007**

Date of this notice: **March 1, 2007**

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

- A. Notice of Sale or Transfer – the one-year lease of 5,230 acre-feet of water from the City of Chino’s annual production rights to the City of Ontario. This lease is made first from Chino’s net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

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

Appropriative Pool:	March 8, 2007
Non-Agricultural Pool:	March 8 2007
Agricultural Pool:	March 20, 2007

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

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

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

Watermaster address:

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

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



# CHINO BASIN WATERMASTER

## NOTICE OF TRANSFER OF WATER

Notification Dated: March 1, 2007

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

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# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

**KENNETH R. MANNING**  
**CHIEF EXECUTIVE OFFICER**

**DATE:** March 1, 2007  
**TO:** Watermaster Interested Parties  
**SUBJECT:** Summary and Analysis of Application for Water Transaction

### Summary -

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

### Issue -

- Notice of Sale or Transfer – the one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

### Recommendation –

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

### Fiscal Impact –

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

### Background

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

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

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

- Notice of Sale or Transfer – the one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on March 1, 2007 along with the materials submitted by the requestors.

**DISCUSSION**

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.

DENNIS R. YATES  
Mayor

EUNICE M. ULLOA  
Mayor Pro Tem



FEB 14 2007

GLENN DUNCAN  
EARL C. ELROD  
TOM HAUGHEY  
Council Members

GLEN ROJAS  
City Manager

## CITY of CHINO

February 9, 2006

Ken Manning  
Chief Executive Officer  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Mr. Manning:

Subject: Annual Lease of Water Production Rights

This letter is to notify Watermaster of the one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage.

Executed original Watermaster forms and all supporting documentation shall be provided under separate cover. Please advise me as to when this transaction will be scheduled for Watermaster committee review/action.

Please contact me at (909) 591-9823 if you have any questions.

Sincerely,

David G. Crosley, P.E.  
Water & Environmental Manager

DGC: ml

Cc: Mohamed El-Amamy (Ontario)  
Gil Aldaco  
Sheri Rojo (CBWM)

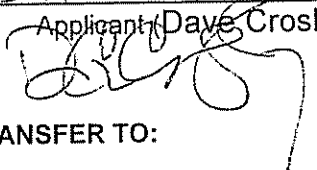


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APPLICATION FOR  
SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE

TRANSFER FROM LOCAL STORAGE AGREEMENT # \_\_\_\_\_

City of Chino 2/14/2007 \_\_\_\_\_  
 Name of Party Date Requested Date Approved  
13220 Central Avenue 5,230 Acre-feet \_\_\_\_\_ Acre-feet  
 Street Address Amount Requested Amount Approved  
Chino CA 91710  
 City State Zip Code  
 Telephone: 909-927-7577 Facsimile: 909-591-6829

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


TRANSFER TO:

City of Ontario **Attach Recapture Form 4**  
 Name of Party  
1425 S. Bon View  
 Street Address  
Ontario CA 91761  
 City State Zip Code  
 Telephone: 909-395-2681 Facsimile: 909-395-2601

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

WATER QUALITY AND WATER LEVELS

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

MATERIAL PHYSICAL INJURY

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

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

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

ADDITIONAL INFORMATION ATTACHED

Yes [] No [  ]

Applicant



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_





**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?

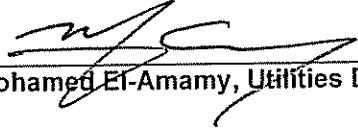
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ADDITIONAL INFORMATION ATTACHED Yes [X] No [ ]

  
Mohamed El-Amamy, Utilities Director

**TO BE COMPLETED BY WATERMASTER**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_

## CITY OF ONTARIO

### Recapture Plan

The subject water is a transfer of stored groundwater from the City of Chino located within Management Zones 2 to the City of Ontario in the amount of 5,230 acre-feet to satisfy a portion of the City's replenishment obligation for FY 2006-2007. Recapture of the stored water is accomplished by the production of any or all of the 20 wells owned and operated by the City with Management Zones 2 or 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows.

Well No.	Capacity acre-feet/day
9	7.8
16	3.2
17	7.2
18	5.3
19	2.5
20	3.4
24	8.4
25	6.2
26	5.7
27	4.9
29	11.2
30	14.1
31	13.1
35	8.6
36	8.3
37	13.4
38	11.4
39	8.6
40	13.4
41	11.0
<hr/>	
167.9	

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

APPLICATION  
TO  
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 - 2007

Commencing on July 1, 2006 and terminating on June 30, 2007, The City of Chino ("Transferor") hereby transfers to The City of Ontario ("Transferee") the quantity of 5,230 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

- (1) Transferee shall exercise said right on behalf of Transferor under the terms of the Judgment and the Peace Agreement 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?

None

**MATERIAL PHYSICAL INJURY**


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

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

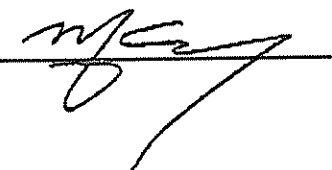
ADDITIONAL INFORMATION ATTACHED

Yes [ ] No [ X ]

Dave Crosley  
Transferor



Mohamed El-Amamy  
Transferee



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_

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*CHINO BASIN WATERMASTER*

**NOTICE**

**OF**

**APPLICATION(S)**

**RECEIVED FOR**

**WATER TRANSACTIONS – ACTIVITIES**

Date of Notice:

March 1, 2007

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

**NOTICE OF APPLICATION(S) RECEIVED**

Date of Application: **February 12, 2007**

Date of this notice: **March 1, 2007**

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

- A. Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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

Appropriative Pool:	March 8, 2007
Non-Agricultural Pool:	March 8 2007
Agricultural Pool:	March 20, 2007

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

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

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

Watermaster address:

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

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



# CHINO BASIN WATERMASTER

## NOTICE OF TRANSFER OF WATER

Notification Dated: March 1, 2007

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

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# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

**KENNETH R. MANNING**  
**CHIEF EXECUTIVE OFFICER**

**DATE:** March 1, 2007  
**TO:** Watermaster Interested Parties  
**SUBJECT:** Summary and Analysis of Application for Water Transaction

### Summary -

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

### Issue -

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

### Recommendation –

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

### Fiscal Impact –

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

### Background

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

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

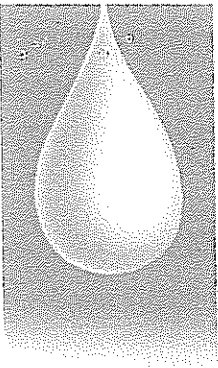
The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Notice of the water transaction identified above was mailed on March 1, 2007 along with the materials submitted by the requestors.

**DISCUSSION**

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.




# FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

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


February 12, 2007



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


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

Dear Mr. Manning:



Please take notice that Fontana Water Company ("Company") has agreed to purchase from West Valley Water District water in storage in the amount of 1000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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



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

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. McGraw".

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 # \_\_\_\_\_

West Valley Water District December 18, 2006
Name of Party Date Requested Date Approved

855 West Baseline Avenue 1000 Acre-feet 1000 Acre-feet
Street Address Amount Requested Amount Approved

Rialto CA 92377
City State Zip Code

Telephone: (909) 875-1804 Facsimile: (909) 875-7284

Anthony W. Araiza, General Manager
West Valley Water District

TRANSFER TO:

Fontana Water Company
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue
Street Address

Fontana CA 92334
City State Zip Code

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

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

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

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

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

N/A

**ADDITIONAL INFORMATION ATTACHED**

Yes [ ] No [X]



Michael J. McGraw, General Manager  
Fontana Water Company

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_



APPLICATION OR AMENDMENT TO APPLICATION  
TO  
RECAPTURE WATER IN STORAGE

APPLICANT

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

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

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

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Fontana Water Company's Service Area

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

N/A

WATER QUALITY AND WATER LEVELS

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

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

**MATERIAL PHYSICAL INJURY**

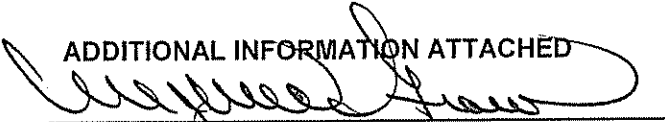
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that may be caused by the action covered by the application? Yes [ ] No [X]

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ADDITIONAL INFORMATION ATTACHED**

Yes [ ] No [X]

  
\_\_\_\_\_  
Applicant

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

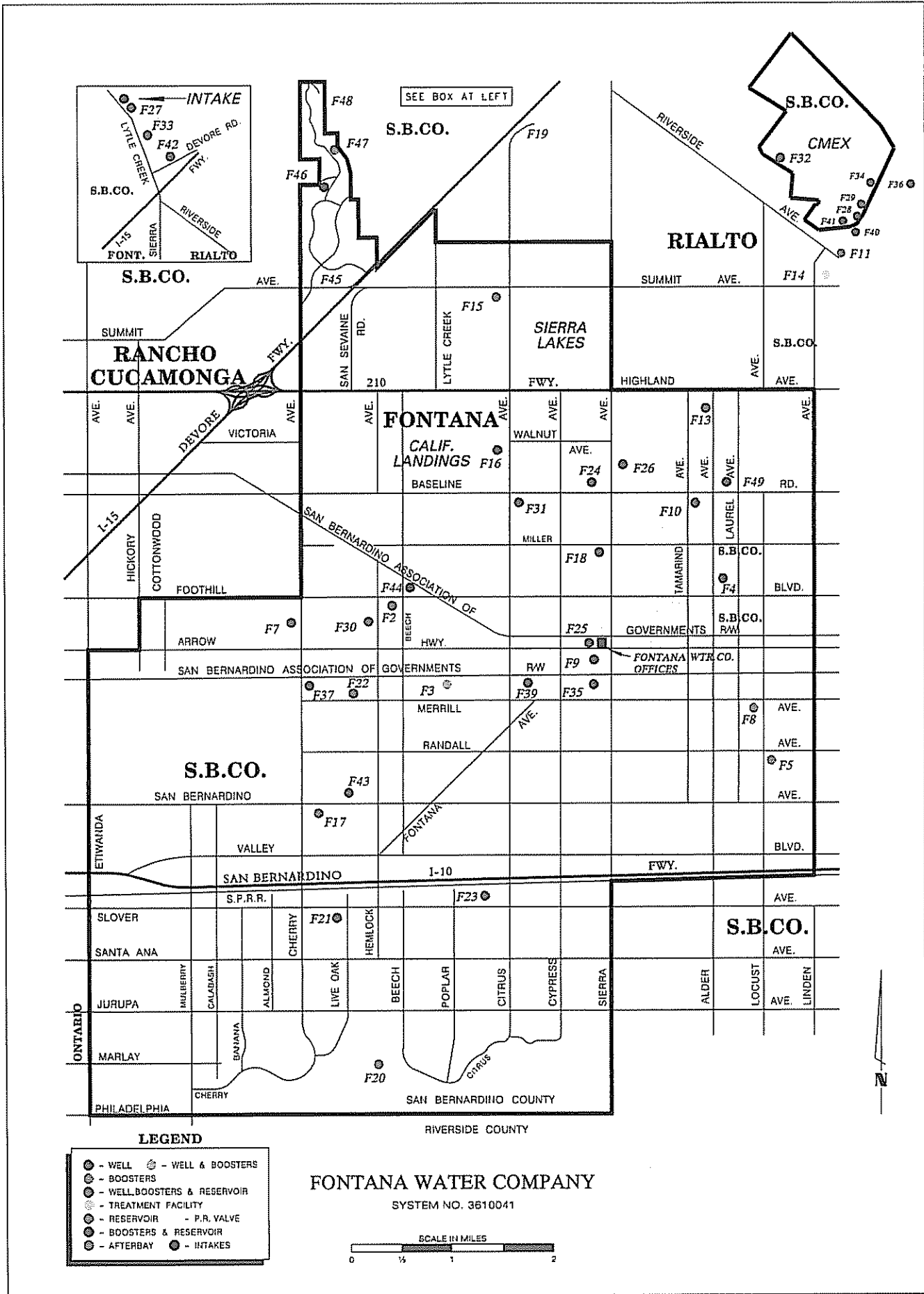
DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_

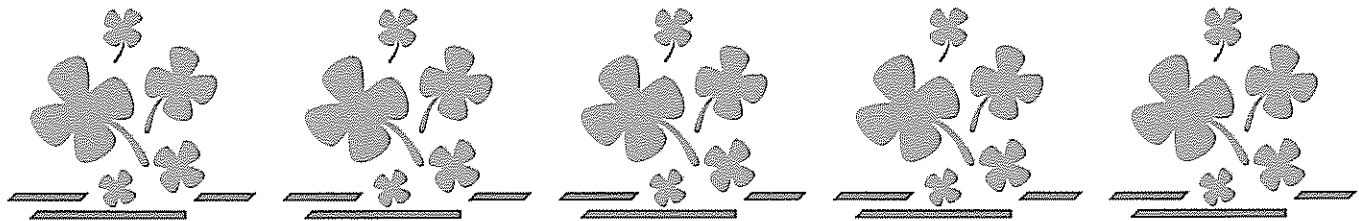
**FONTANA WATER COMPANY**  
**Recapture Plan**

The subject water is a transfer of stored groundwater from West Valley Water District to Fontana Water Company (FWC) of 1000 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2006/2007. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

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

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

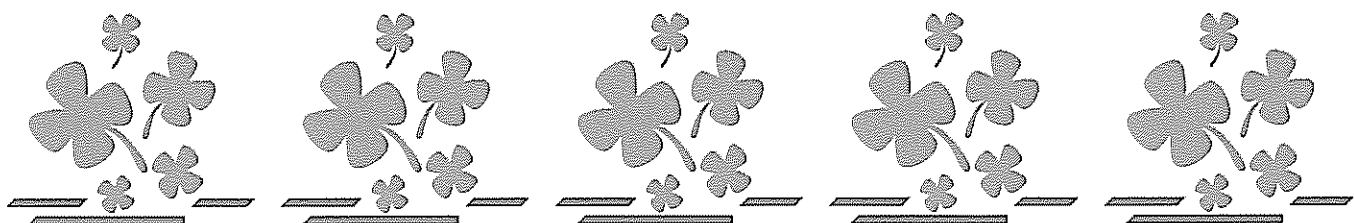




# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### A. PROPOSED SOCIOECONOMIC IMPACT ANALYSIS OF OBMP AND PEACE AGREEMENT





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 8, 2007  
March 20, 2007  
March 22, 2007

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Retain Dr. Sunding to begin the analysis of socioeconomic impacts

**RECOMMENDATION:** Staff recommends that it be authorized to retain Dr. Sunding to begin the analysis of socioeconomic impacts.

### BACKGROUND:

According to the Stakeholder Non-Binding Term Sheet dated May 23, 2006, Watermaster will update earlier analysis of socioeconomic impacts conducted pursuant to the Judgment prior to requesting Court approval of the final agreement and Judgment Amendments. The analysis of socioeconomic impacts will consider the impacts (positive and negative) of implementing the OBMP and the Peace Agreement as well as those that may arise from Watermaster pursuing the suite of actions set forth in this Non-Binding Term Sheet, including but not limited to Watermaster assessments. The analysis will specifically address the potential distribution of costs and benefits among the parties that were initiated with the approval of the Peace Agreement in 2000. This socioeconomic impact study will be considered by Watermaster as it discharges its continuing duties under Exhibits "H" and "I" of the Judgment.

The Stakeholder Non-Binding Term Sheet required that study will be completed by March 1, 2007, so that each party and Watermaster will have the benefit of the socioeconomic analysis prior to executing a binding agreement. While the implementation of this element of the Non-Binding Term Sheet has fallen behind schedule, the parties have not yet been asked to execute a binding agreement, and so this element remains timely. However, Watermaster believes it is important to move forward on this item in order to get back on schedule.

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

Dr. David Sunding performed the macro-economic review also required by the Stakeholder Non-Binding Term Sheet. Because of this, Watermaster staff believes that Dr. Sunding has the background information and preparation in order to efficiently perform this next level of review. Dr. Sunding has previously indicated that he believes the study can be performed for \$160,000, which is inclusive of the scoping workshop, meetings with the stakeholders, and preparation of the final report. Further refinement of the cost estimate will not be possible until

after the scope of the analysis has been determined. Watermaster staff believes it would be more efficient to retain Dr. Sunding for this task prior to the scoping workshop so that he may participate in that scoping.

Watermaster staff believes it is important to move forward on this required element under the Stakeholder Non-Binding Term Sheet in order to advance the schedule toward completion of the Peace II process and for this reason recommend authorization to retain Dr. Sunding to begin the analysis.

Berkeley Economic Consulting, Inc.  
2550 Ninth Street, Suite 102  
Berkeley, CA 94710

February 1, 2007

BEC No. 07-06

Mr. Michael Fife  
Hatch & Parent  
21 E. Carrillo Street  
Santa Barbara, California 93101

Re: Socioeconomic Impact Analysis of OBMP and Peace Agreement

Dear Michael:

I am pleased to confirm that, subject to your return of a signed counterpart of this letter, effective February 1, 2007, Hatch & Parent and Chino Basin Watermaster retained Berkeley Economic Consulting, Inc. (BEC) on behalf of you and your client to provide consulting services in the above captioned matter pertaining to your client, Chino Basin Watermaster. Please return a copy of this letter, countersigned as indicated below, to indicate your agreement with its terms.

In establishing and maintaining good relationships with clients, we have found it important to provide each client with a statement of our engagement practices and our billing policies. These practices and policies are intended to safeguard our client information, establish reasonable fees for our services, and provide for the billing and collection of fees in a timely manner.

All documents provided to BEC by Hatch & Parent or Chino Basin Watermaster are the property of Hatch & Parent or Chino Basin Watermaster. BEC shall use reasonable efforts to maintain and protect its copies of all such documents following termination of the engagement, unless and until instructed by you to return or destroy these documents.

All of BEC's work for law firms is confidential. BEC staff members and consultants have signed confidentiality agreements and are obligated not to disclose any confidential information or documents used or obtained in the course of our studies. This obligation of confidentiality does not apply to data or information which: (1) is or becomes generally available to the public other than as a result of a disclosure by BEC or any of its representatives; or (2) is required to be disclosed pursuant to any subpoena, order or



February 27, 2007

Page 2

decree of any appropriate court or governmental agency; or (3) was in BEC's possession prior to the time it was disclosed to BEC by you or your client; or (4) is disclosed to BEC by a third party who is under no obligation of confidentiality to you or your client. The terms of this paragraph shall survive termination and/or expiration of this agreement.

The relationship of BEC and Chino Basin Watermaster and Hatch & Parent is solely that of independent contractors. In no event shall this agreement or any work performed by BEC create a relationship of employer and employee, principal and agent, partnership or joint venture or any fiduciary relationship between the parties.

Under this Agreement, BEC will provide consulting expert services to Hatch & Parent at client's request. BEC will report to Hatch & Parent on the progress of BEC's work, either orally or, if requested by client, in written form. BEC will offer independent, objective opinions and analysis, leading to testimony if Hatch & Parent requests.

Under no circumstances shall BEC be liable for consequential, punitive, incidental or special damages or claims in the nature of lost profits, lost revenue or lost opportunity costs. The terms of this paragraph shall survive termination and/or the expiration of this agreement.

All invoices will be submitted to Hatch & Parent for payment. Although BEC has been retained by Hatch & Parent to provide consulting services with respect to matters pertaining to Chino Basin Watermaster, we recognize that both Hatch & Parent and Chino Basin Watermaster are our clients. BEC will look initially to Chino Basin Watermaster for payment of sums due BEC, but both Chino Basin Watermaster and Hatch & Parent are ultimately responsible. Our billing and payment policies are described in Exhibit A to this letter, which is incorporated herein.

The terms of our relationship, and this agreement, shall be governed by California law.

Thank you for your confidence in our ability to assist you and your client. We look forward to working with you.

Crystal Ball Forecast - 2007 - 2010

February 27, 2007

Page 3

Sincerely yours,

BERKELEY ECONOMIC CONSULTING, INC.

David Sunding  
Principal

Enclosure

We agree to the foregoing, including attachments and enclosures.

Hatch & Parent

By \_\_\_\_\_

Chino Basin Watermaster

By \_\_\_\_\_

Exhibit A

Hourly Rates

Principal	\$400
Senior Consultant	\$285
Analyst	\$150
Research Assistant	\$100

BEC provides consulting services in connection with projects on a time-and-materials basis and bills clients for actual hours worked according to the rates shown above. Ordinarily, we submit invoices every four weeks, but we may submit them more frequently, if appropriate, in light of the engagement. All invoices are due and payable upon receipt. BEC reserves the option to charge interest on invoices that are outstanding more than 30 days, at a rate equal to the lower of 1.5 percent per month or the maximum rate permitted under applicable law. To ensure that our work proceeds uninterrupted, it is important to keep your account with us current. BEC requires that all outstanding invoices be paid in full prior to the provision of testimony in a matter. We reserve the right to discontinue work, to decline to give testimony or provide other work product, if bills are overdue. At any time, BEC may request a retainer to be applied against the final invoice. In the event that BEC is required to undertake collection efforts for unpaid invoices, client shall also be responsible for payment of BEC's attorneys' fees and costs associated therewith. BEC shall be paid for services (including any legal fees and expenses) provided in connection with responding to any subpoena, administrative or legal proceeding or discovery requests that may arise after conclusion of the services provided herein or termination of this agreement, provided only that BEC has given the client prior written notice, and a reasonable opportunity to object and/or move to quash, before BEC complies with such subpoena or discovery request.

Expenses for travel, outside photocopying and data acquisition are billed at cost. In the event of a dispute arising out of this retention, the laws of the State of California shall govern without regard to conflicts of laws. The parties to this Agreement hereby waive the right to a trial by jury on any matters arising under or related to this Agreement. These hourly rates and costs are subject to periodic change.

Payment by **wire** may be made, as follows:

County of Marin Superior Court

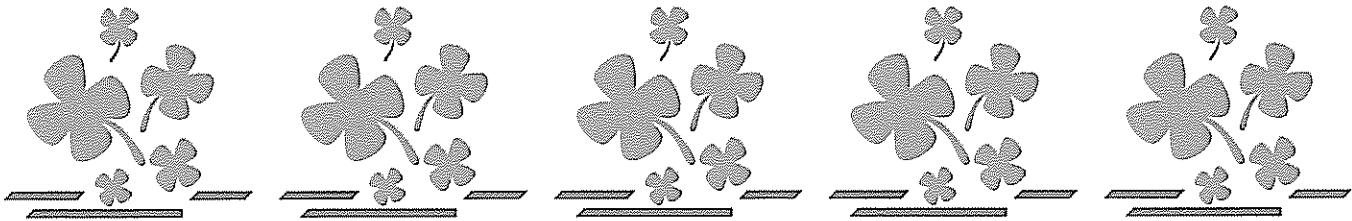
February 27, 2007

Page 5

Payment by **check** may be made, as follows:

Berkeley Economic Consulting, Inc.  
2550 Ninth Street, Suite 102  
Berkeley, CA 94710

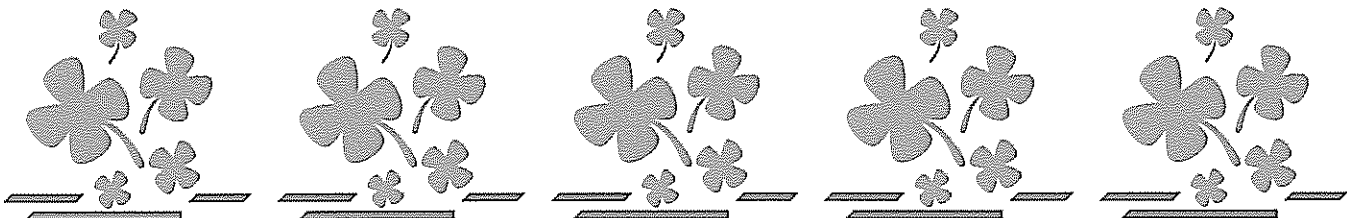
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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

- B. ASR AGREEMENT BETWEEN  
CHINO BASIN WATERMASTER,  
INLAND EMPIRE UTILITIES  
AGENCY, AND MONTE VISTA  
WATER DISTRICT





# 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:** March 8, 2007  
March 20, 2007  
March 22, 2007

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Agreement with Monte Vista Water District regarding operation of Monte Vista ASR project.

### SUMMARY

*Recommendation* – Approve the Agreement as presented.

### Background

According to the Peace Agreement: "All Recharge of the Chino Basin with Supplemental Water shall be subject to Watermaster approval." (Peace Agreement section 5.1(a), see also Rules and Regulations section 7.2.) In order to obtain Watermaster's approval to Recharge the Chino Basin with Supplemental Water, a party must submit an Application using Form 2 as attached to the Rules and Regulations.

Under the Peace Agreement, Watermaster shall not approve a Recharge Application if it is inconsistent with the Peace Agreement or will cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any Party or the Basin caused by the Recharge of Supplemental Water shall be fully and reasonably mitigated as a condition of approval.

On November 1, 2005, Monte Vista Water District ("MVWD") submitted an Application to recharge up to 3,500 acre-ft/yr of treated State Project Water by injection at its wells 1, 4, 30 and 32, ("ASR Project") and to subsequently recover most of this water within the same year in order to offset a portion of the MVWD annual replenishment obligation. This water will be treated to CCR Title 22 drinking water standards at the Water Facilities Authority treatment plant prior to injection.

MVWD completed an investigation titled, *Groundwater Recharge Facilities Program Feasibility Study* in April 2003, and a related CEQA document titled, *Findings of Consistency, Groundwater Recharge Facility Feasibility Study* in May 2003 that was tiered off the OBMP PEIR completed in 2000.

In addition to Watermaster approval, the Regional Water Quality Control Board ("RWQCB") requires MVWD to obtain a permit for the operation of the ASR Project. However, the RWQCB also indicated that MVWD could enter into an agreement with Watermaster and IEUA in order for the ASR Project to be included in the joint permit described in RWQCB Order R8-2005-0033.

MVWD's Application was considered by the Pool Committees at the December 2005 meetings and by the Advisory Committee and Board at their January 2006 meetings. The Application was approved conditioned upon MVWD either obtaining a permit from the RWQCB or pursuing the alternate process through the Watermaster.

MVWD elected to pursue the alternate process through the Watermaster, and Watermaster and MVWD have reached the subject agreement according to which MVWD's ASR Project may be included within the joint Watermaster and IEUA permit.

### **Summary of the Agreement**

The agreement includes an Operations and Monitoring Program for the operation of the ASR project. So long as MVWD's ASR Project complies with this program, it shall be included within the Watermaster IEUA joint permit. If necessary, Watermaster and IEUA may modify the Operations and Monitoring Program. If this happens, then MVWD may either comply with the modified Operations and Monitoring Program or terminate the agreement.

Under the Monitoring and Operations Program, Monte Vista will report to Watermaster on a monthly basis the volume of water injected at each well. MVWD will also submit all water quality determinations used to demonstrate compliance with Title 22 Drinking water requirements at the WFA and in the water recovered from the ASR wells to Watermaster. Finally, during the first year of operation, and otherwise if directed by Watermaster, MVWD shall obtain and analyze TDS and TIN samples from the ASR wells when they are being used to recover injected water. These samples will be taken when the cumulative water pumped at these wells equals approximately 20, 40, 60, 80, 100 and 120 percent of the injected water volume.

All of this data will be included in the quarterly monitoring reports that are submitted to the Regional Board, and the annual compliance reports submitted to the Regional Board.

This Agreement will terminate on or around April 15, 2010.

### **Recommendation**

Watermaster staff and consultants believe that the agreement as proposed is protective of the Parties and of the Chino Basin and allows Monte Vista the benefit of the Maximum Benefit standards through the avoidance of the RWQCB permitting process and requirements, and thus recommend approval of the agreement as presented.



**AGREEMENT BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE UTILITIES  
AGENCY AND MONTE VISTA WATER DISTRICT  
REGARDING INCORPORATION OF GROUNDWATER INJECTION WITH STATE WATER  
PROJECT WATER BY MONTE VISTA WATER DISTRICT IN THE CHINO BASIN  
WATERMASTER AND INLAND EMPIRE UTILTIY AGENCY PERMIT R8-2005-0033**

**WHEREAS**, Monte Vista Water District (MVWD) proposes to recharge up to 3,500 acre-ft/yr of treated State Water Project (SWP) water by injection at its wells 1, 4, 30 and 32 (ASR project), and to subsequently recover most this water within the same year.

**WHEREAS**, this water will be treated to CCR Title 22 drinking water standards at the Water Facilities Authority treatment plant prior to injection.

**WHEREAS**, injection will generally occur in the seven-month period of October through April and recovery will generally occur in the five-month period May through September.

**WHEREAS**, the injected water will be used to offset a portion of the MVWD annual overproduction in the Chino Basin.

**WHEREAS**, MVWD completed an investigation entitled *Groundwater Recharge Facilities Program Feasibility Study* in April 2003 and a related CEQA document entitled *Findings of Consistency, Groundwater Recharge Facility Feasibility Study* in May 2003 that was tiered off of the OBMP Program EIR completed in 2000.

**WHEREAS**, on November 1, 2005, MVWD sent an application to the Chino Basin Watermaster (Watermaster) pursuant to the Peace Agreement and Watermaster's Rules and Regulation requesting to recharge to the Chino Basin up to 3,500 acre-ft/yr of treated SWP water.

**WHEREAS**, the Watermaster approved this application in its January 2006 Watermaster process meetings.

**WHEREAS**, the Watermaster and the Inland Empire Utilities Agency (IEUA) received a permit to recharge supplemental waters in the Chino Basin from the Regional Water Quality Control Board (RWQCB) pursuant to RWQCB Order R8-2005-0033 adopted on April 15, 2005 (hereafter Watermaster and IEUA joint permit).

**WHEREAS**, the RWQCB requires that MVWD either apply for and receive an individual permit to inject treated SWP water through its ASR project or apply to Watermaster and IEUA for inclusion of its ASR project under their joint permit described in RWQCB Order R8-2005-0033.

**WHEREAS**, MVWD desires to have the operation of its ASR project included in the Watermaster and IEUA joint permit.

**WHEREAS**, MVWD has reviewed the Watermaster and IEUA joint permit described in R8-2005-0033 and agrees to perform appropriate monitoring and reporting as required by the Watermaster.

**THEREFORE**, the parties do hereby agree as follows:

1. The Watermaster and IEUA have developed an Operations and Monitoring Program for the injection of treated SWP water through MVWD ASR project pursuant to RWQCB Order R8-2005-0033 and other criteria as the Watermaster and IEUA deem necessary based on the OBMP, the Peace Agreement, mitigation requirements contained in the ASR project CEQA document, and sound basin management based, a copy of which is attached hereto as Exhibit A.

2. MVWD will, at its sole expense, operate its ASR project pursuant to the Operations and Monitoring Program referenced in Paragraph 1 above, its recharge application to the Watermaster dated November 1, 2005 and the MVWD ASR project CEQA document .
3. Watermaster and IEUA will notify the RWQCB that MVWD's ASR project is included in the Watermaster and IEUA joint permit.
4. Failure to comply with the Operations and Monitoring Program will result in immediate termination of this Agreement and MVWD ASR project will no longer be included in the Watermaster and IEUA joint permit. The RWQCB will be notified immediately if this Agreement is terminated.
5. From time to time the Watermaster and IEUA may determine it necessary to modify the supplemental water recharge in the Basin to remain in compliance with the Watermaster and IEUA joint permit. If this occurs the Watermaster and IEUA may, at their sole discretion, modify the Operations and Monitoring Program and MVWD agrees to comply with the revised Operations and Monitoring Plan.
6. From time to time MVWD may apply to Watermaster and IEUA to modify the operation of the ASR project. Watermaster and IEUA will consider this application and, at their sole discretion, modify the Operations and Monitoring Program.
7. The term of this Agreement shall coincide with the Watermaster and IEUA joint permit. To be clear, this Agreement will terminate automatically when the Watermaster and IEUA joint permit is revised by the RWQCB or if the Watermaster and IEUA joint permit is terminated by the RWQCB. The Watermaster and IEUA joint permit should expire on or around April 15, 2010.
8. Notices among the parties to this agreement may be sent shall be as follows:

Chino Basin Watermaster:	Kenneth R. Manning Chief Executive Officer 9641 San Bernardino Road Rancho Cucamonga, CA 91730
Inland Empire Utilities Agency	Richard Atwater Chief Executive Officer P.O. Box 9020 Chino Hills, CA 91709
Monte Vista Water District	Mark Kinsey General Manager 10575 Central Avenue Montclair, CA 91763

9. Approved:

**Monte Vista Water District**

By: \_\_\_\_\_  
Robb D. Quincey, President  
Board of Directors

By: \_\_\_\_\_  
Mark N. Kinsey  
General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Chino Basin Watermaster**

By: \_\_\_\_\_  
(name)  
(title)

By: \_\_\_\_\_  
(name)  
(title)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Inland Empire Utilities Agency**

By: \_\_\_\_\_  
(name)  
(title)

By: \_\_\_\_\_  
(name)  
(title)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Attachment: Exhibit A: Operations and Monitoring Program for the MVWD ASR Project

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## **Exhibit A**

### **Operations and Monitoring Program for the MVWD ASR Project**

This Exhibit contains the operations and monitoring requirements for the injection of State Water Project (SWP) water through the Monte Vista Water District (MVWD) ASR Project and is provided for in the Agreement among the *MVWD, the Chino Basin Watermaster (Watermaster) and the Inland Empire Utilities Agency (IEUA) Regarding Incorporation of Groundwater Injection with State Water Project Water by Monte Vista Water District in the Chino Basin Watermaster and Inland Empire Utility Agency Permit R8-2005-0033*. Pursuant to its authorities in Chino Basin Judgment, the Peace Agreement, the Agreement for Operations and Maintenance of Facilities to Implement the Chino Basin Recharge Master Plan, and the Chino Basin Recharge Facilities Operations Procedures, the Watermaster regulates and coordinates all recharge activities in the Chino Basin. It is the intent of the Watermaster to revise this Exhibit from time to time to reflect new regulatory requirements, R8-2005-0033 (hereafter the Watermaster and IEUA joint permit), other new information, and sound basin management practices.

#### **Source Water for Injection**

1. The source water used by MVWD for injection shall be State Water Project water treated to drinking water standards as described in Title 22 of the California Code of Regulations.

#### **Integrated Recharge Operations**

2. The Watermaster and the IEUA have integrated recharge operations to maximize the use of storm, recycled and imported waters. Pursuant to Watermaster and IEUA's joint permit (R8-2005-0033), the five-year, volume-weighted average total dissolved solids (TDS) and total inorganic nitrogen (TIN) limits for recharge must not exceed 420 mg/L and 5 mg/L-N, respectively. The Watermaster and the IEUA, pursuant to the Watermaster and IEUA joint permit, must monitor and make determinations to the Regional Board to demonstrate compliance. The MVWD ASR project will inject treated SWP water into the Chino Basin during non-peak water use periods and will pump the injected water and groundwater from the basin such that the amount of pumped water will equal or exceed the volume of water injected. Operated this way, there should be no increase in TDS or TIN in groundwater associated with the ASR project.

#### **Monitoring and Reporting**

3. The volume of water injected in and pumped from each well will be reported to the Watermaster monthly as direct meter readings and computations based on the meter readings.

4. All water quality determinations used to demonstrate compliance with Title 22 Drinking water requirements at the WFA and in the water recovered from the ASR wells shall be submitted to the Watermaster in hardcopy and electronic formats at the same frequency that this information is submitted to the Department of Health Services.

5. During the first year of operation and otherwise if directed by the Watermaster, MVWD shall obtain and analyze TDS and TIN samples from the ASR wells when they are being

used to recover injected water. These samples will be taken when the cumulative water pumped at these wells equals approximately 20, 40, 60, 80, 100 and 120 percent of the injected water volume. These data shall be submitted on to the Watermaster on a timely basis in hardcopy and electronic formats.

6. The Watermaster and the IEUA will use the information described in paragraphs 4, 5 and 6 along with production data from the ASR wells reported to the Watermaster pursuant to the Judgment to determine compliance with Watermaster and IEUA joint permit. This information will then be included in the quarterly monitoring reports that are submitted to the Regional Board, and the annual compliance reports submitted to the Regional Board.

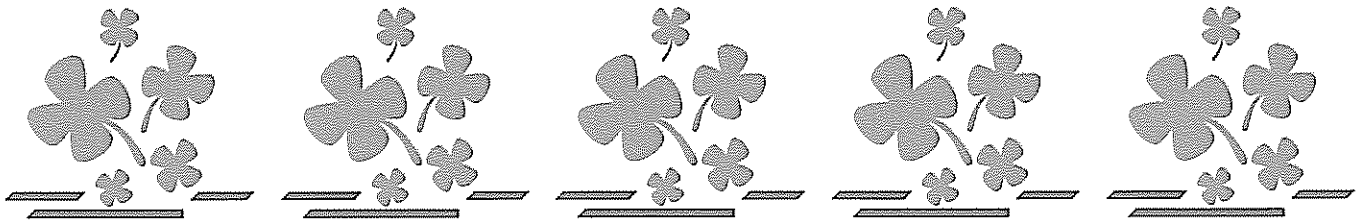
**Effective Date**

7. These requirements are effective as of \_\_\_\_\_, 2007 and will remain in effect until modified by the Watermaster.

**Approved**

\_\_\_\_\_  
Kenneth R. Manning, CEO  
Chino Basin Watermaster

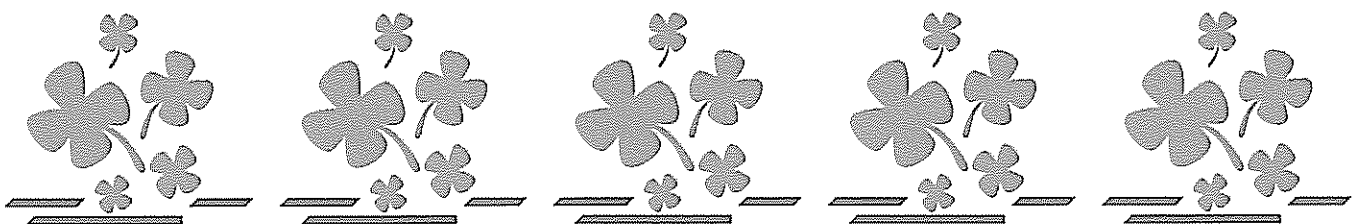
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Date



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### C. AQUA CAPITAL MANAGEMENT LP INTERVENTION





AQUA CAPITAL MANAGEMENT LP  
444 Regency Parkway Drive, Suite 200  
Omaha, NE 68114

RECEIVED  
FEB 27 2007  
AQUA CAPITAL MANAGEMENT LP

Mr. Manning,

Please accept this letter as a request for intervention into the Chino Basin Judgment (Chino Basin Municipal Water District vs. City of Chino, San Bernardino Superior Court Case No. RCV 51010) and more particularly into the Overlying (Non-Agricultural) Pool.

Aqua Capital Management LP (ACM) is an environmental resource management and investment group that currently owns and administers water rights in several Southern California adjudicated basins. We are a party to the Mojave Basin adjudication and the Central Basin adjudication. We are proposing to purchase the water rights of CCG Ontario LLC.

Concurrently with this letter, we are submitting a Form 5 Application to Transfer Annual Production Rights in order to transfer the CCG Ontario water rights to ACM. Upon Court approval of ACM's intervention, ACM will become the successor in interest to these water rights.

If you have any further questions or need any additional information, please feel free to contact us.

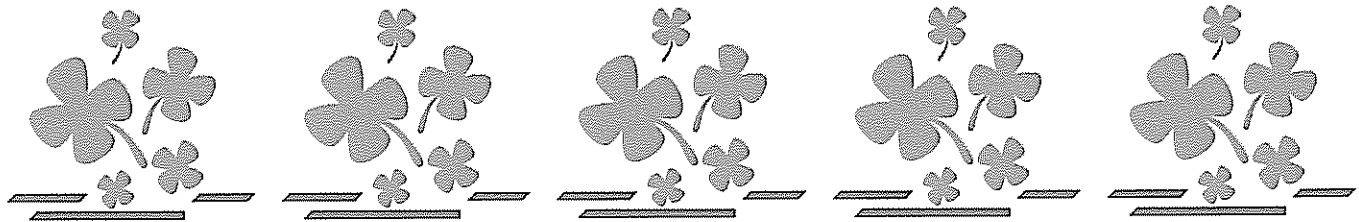
Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Solon", is written over a horizontal line.

Thomas Solon  
Managing Director



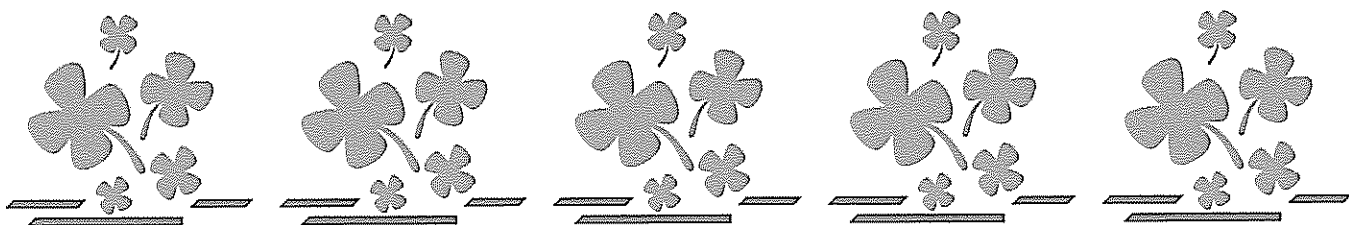
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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### D. FORM 5



APPLICATION  
TO  
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 - 2007

CCG Ontario LLC ("Transferor") hereby applies to permanently transfers to Aqua Capital Management LP ("Transferee") the quantity of 630.27 acre-feet of Corresponding Safe Yield, 8223.41 acre-feet of Non-Agricultural Pool Storage Account, and any remaining balances adjudicated to Transferor for its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY 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 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.

CCG Ontario LLC does not currently produce water under its water rights. Rather, the rights accumulate in CCG's storage account. Aqua Capital Management LP will continue CCG's practice. Thus, there will be no change in the location or amount of water produced under the water rights and there will be no impact on the groundwater basin.

WATER QUALITY AND WATER LEVELS

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

None

MATERIAL PHYSICAL INJURY

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

If yes, what are the proposed mitigation measures, if any, that might be 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

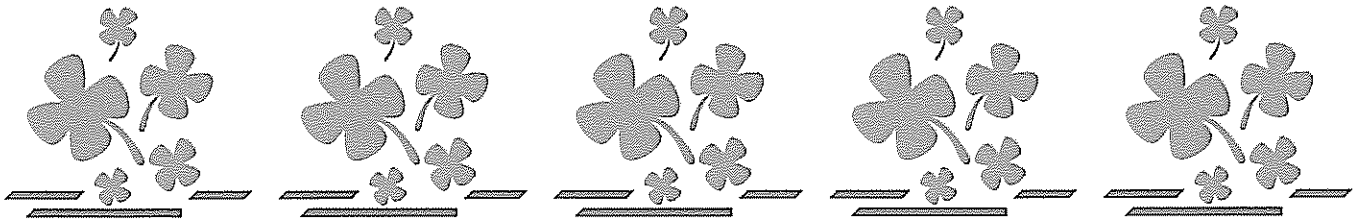
Yes [ ] No [x]

Transferor  
CCG Ontario LLC

Transferee  
Aqua Capital Management LP

TO BE COMPLETED BY WATERMASTER:

- DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: .....
- DATE OF APPROVAL FROM AGRICULTURAL POOL: .....
- DATE OF APPROVAL FROM APPROPRIATIVE POOL: .....
- HEARING DATE, IF ANY: .....
- DATE OF ADVISORY COMMITTEE APPROVAL: .....
- DATE OF BOARD APPROVAL: ..... Agreement #

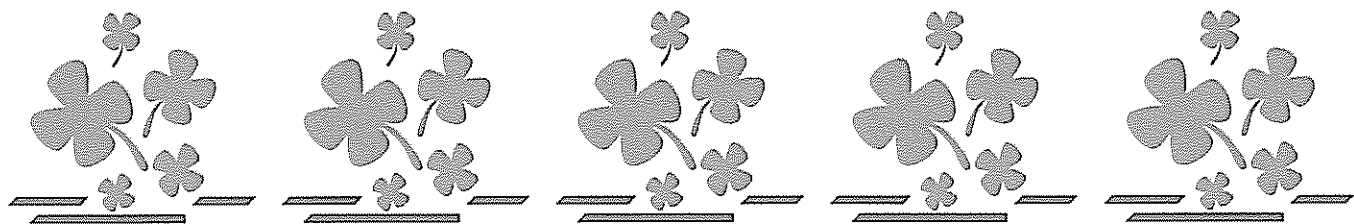


# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### E. WATER TRANSACTION

Consider Approval for Notice of Sale or Transfer – CCG Ontario, LLC hereby applies to permanently transfer to Aqua Capital Management LP the quantity of 630.27 af of corresponding safe yield, 8223.41 af of Non-Agricultural storage account, and any remaining balances adjudicated to transferor for its predecessor in interest of the Judgment



*CHINO BASIN WATERMASTER*

**NOTICE**

**OF**

**APPLICATION(S)**

**RECEIVED FOR**

**WATER TRANSACTIONS – ACTIVITIES**

Date of Notice:

March 1, 2007

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

**NOTICE OF APPLICATION(S) RECEIVED**

Date of Application: **February 28, 2007**

Date of this notice: **March 1, 2007**

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

- A. Notice of Sale or Transfer – CCG Ontario, LLC (“Transferor”) hereby applies to permanently transfer to Aqua Capital Management LP (“Transferee”) the quantity of 630.27 acre-feet of Corresponding Safe Yield, 8223.41 acre-feet of Non-Agricultural Pool Storage Account, and any remaining balances adjudicated to Transferor for its predecessor in interest in the Judgment.

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

Appropriative Pool:	March 8, 2007
Non-Agricultural Pool:	March 8 2007
Agricultural Pool:	March 20, 2007

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

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

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

Watermaster address:

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

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

# CHINO BASIN WATERMASTER

## NOTICE OF TRANSFER OF WATER

Notification Dated: March 1, 2007

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



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# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 8, 2006  
March 20, 2007  
March 22, 2007

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Aqua Capital Management LP (ACM) request for Intervention and approval of Form 5 Application to transfer annual production right or safe yield.

### SUMMARY

**Issue** – On February 28, 2007, Watermaster received a Form 5 Application for Transfer of Water Rights from CCG Ontario as Transferor and Aqua Capital Management, LP (“ACM”) as Transferee. Simultaneous with this Application, Watermaster received a request for intervention into the Overlying (Non-Agricultural) Pool from ACM. Previously, On February 7, 2007, Watermaster received correspondence from Mr. Christopher Campbell, counsel for CCG Ontario with respect to the proposed transfer. Mr. Campbell wrote to inform Watermaster of the proposed transfer and to request input regarding the transfer. This Staff Report provides a summary and analysis of the proposed transfer and intervention, and responds to the questions posed to Watermaster by CCG Ontario.

**Recommendation** – Staff recommends approval of the Form 5 Application and request for Intervention

### Background

In the 1978 Judgment, Kaiser Steel Corporation was adjudicated rights of 2,930.274 acre-feet within the Overlying (Non-Agricultural) Pool. Kaiser Steel Corporation became Kaiser Resources and then Kaiser Ventures, Inc. and eventually sold portions of its property to California Steel Industries (“CSI”) and California Speedway. With the property CSI acquired 1,300 acre-feet of water rights and California Speedway acquired 1,000 acre-feet of water rights. On August 16, 2000, Kaiser Ventures sold the last of its property holdings and water rights to CCG Ontario. CCG Ontario intervened into the Judgment with 630.274 acre-feet of water rights. It appears that at some point in time subsequent to 2000, all of the assets of CCG Ontario were sold to a different company named Prologis. Watermaster has no record of this transaction and Prologis did not intervene into the Judgment.

It does not appear that CCG Ontario produces water under its water rights. According to the most recent assessment package, as of July 1, 2006, CCG Ontario has 630.274 acre-feet in carryover and has 8,676.615 acre-feet in Local Storage. It is not known whether CCG Ontario still owns any property in the Chino Basin.

According to the Judgment, a producer is assigned to the Non-Agricultural Pool if it is an overlying producer who produce water for industrial or commercial purposes. (Judgment para. 43(b). "Any party who changes the character of his use may, by subsequent order of the Court, be reassigned to the proper pool . . . Any non-party producer or any person who may hereafter commence production of water from Chino Basin, and who may become a party to [the] physical solution by intervention, shall be assigned to the proper pool by the order of the Court authorizing such intervention." (Judgment para. 43.)

Under Exhibit G, paragraph 6, of the Judgment: "Rights herein decreed are appurtenant to that land and are only assignable with the land for overlying use thereon; provided however, . . . (b) the members of the Pool shall have the right to Transfer or lease their quantified production rights within the Pool or to Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000 for the term of the Peace Agreement."

The Peace Agreement thus modified the strict appurtenancy requirement to allow Transfers of the water rights under certain conditions.

Interventions are governed by paragraph 60 of the Judgment: "Any non-party assignee of the adjudicated appropriative rights of any appropriator, or any other person newly proposing to produce water from the Chino Basin, may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of [the] Court. Such intervenor shall thereafter be a party bound by [the] Judgment and entitled to the rights and privileges accorded under the Physical Solution . . . through the pool to which the Court shall assign such intervenor."

The limitation at the beginning of paragraph 60 to assignees of appropriative rights does not appear to create a limitation in this instance since these water rights have a history of being assigned to non-parties who intervene into the Judgment. Regardless, this limitation appears to have been eliminated through the Peace Agreement amendment of Exhibit G, paragraph 6.

Watermaster's practice has been to accept interventions informally by way of a letter request and then process the request through the Pools, Advisory Committee and Board. This has been the procedure used for the most recent interventions including Niagara Water Company into the Appropriative Pool, and Loving Savior of the Hills Lutheran Church into the Non-Agricultural Pool.

### **Proposed Transfer**

CCG Ontario and Aqua Capital Management have submitted a Form 5 Application to Transfer Annual Production Right. The Application indicates that the amount of water rights to be transferred is 630.27 acre-feet. CCG Ontario's water in storage is also included in the transfer and this amount is presented as 8,223.41 acre-feet. This amount represents the amount held in storage by CCG Ontario from last year's Assessment Package. The Application indicates that the transfer will be permanent in nature.

The Transferee is an entity named Aqua Capital Management, LP ("ACM"). According to ACM's request for intervention, it is an environmental resource management and investment group. The request for intervention indicates that ACM owns water rights and is a party to the Mojave adjudication and the Central Basin adjudication.

#### **A. Material Physical Injury**

The Application indicates that the Applicant is not aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the transfer. It also indicates that no water levels in the area are likely to be affected.

The Application indicates that CCG Ontario does not currently produce water under its water rights and instead allows the water to accumulate in storage. The Application indicates that ACM will also not produce water and will thus continue CCG's practice. On this basis, the Application states that there will be no location or amount of water produced under the water rights and there will be no impact on the groundwater basin.

Watermaster agrees that under the Transfer as proposed in the Application, there will be no change that will result in Material Physical Injury. However, this presupposes that ACM will continue CCG's non-production of water. If the rights are subsequently Transferred to another Non-Agricultural Pool member, then that Transfer will be subject to further Watermaster Material Physical Injury analysis.

Furthermore, Watermaster recommends that if ACM subsequently proposes to begin production of water, that it should be required to request further approval from Watermaster for the purpose of conducting a Material Physical Injury analysis. This is similar to the situation where an Appropriative Pool member proposes a Transfer without also filing a recapture plan, and thus makes the Transfer conditional upon future filing and analysis of that recapture plan. Watermaster recommends this condition as a condition of approval of the Transfer.

## **Intervention**

ACM has requested intervention in to the Non-Agricultural Pool for the purpose of accepting the Transfer of CCG's water rights. There is precedent for this kind of intervention and it is, in fact, the manner in which CCG itself entered in to the Judgment and acquired its water rights.

The complication with this intervention is that ACM does not currently own any land in the Chino Basin. In order to produce water from the Chino Basin as a member of the Non-Agricultural Pool, a party must use water for industrial or commercial purposes on overlying land. While the Judgment does articulate a requirement of appurtenancy where water rights are tied to specific parcels of property, the Peace Agreement amendment appear to have modified this requirement. However, even the Peace Agreement amendment does not lift the requirement that water can only be produced under Non-Agricultural water for overlying industrial of commercial uses, unless the water is transferred to Watermaster pursuant to the terms of the Peace Agreement.

Thus, while there does not appear to be any prohibition on ACM's intervention into the Judgment, its ability to itself utilize the water rights that it is purchasing will be dependent on its ownership of property and its use of the water rights for authorized Non-Agricultural purposes. As noted above, the initiation of such a use will require further Material Physical Injury analysis by Watermaster.

## **Responses to Questions from February 7, 2007 CCG Ontario Letter**

On February 7, 2007, CCG Ontario submitted a letter to Watermaster requesting further information about the subject transaction. Since these questions are relevant to Watermaster's summary and analysis of the Application and request for intervention, it is appropriate to respond to these questions here.

1. How much Safe Yield, and how much water in storage does the Watermaster currently allocate to CCG Ontario? Is all of that transferable or is some hold back required.

As noted above, CCG Ontario's right to Safe Yield is 630.274 acre-feet per year. Watermaster's records indicate that as of July 1, 2006, CCG Ontario has 8,676.615 acre-feet in storage, subject to any losses that may be assessed in the 2006-2007 production year. At the current time, all of this is transferable pursuant to the Judgment and the Peace Agreement.

2. Does any appropriator, and in particular the appropriator that now provides service to the former Kaiser properties, make any claim to this portion of the Safe Yield or the water held in storage.

Watermaster is not aware of any such claims at this time.

3. How does the Non-Binding Term Sheet for Peace II affect this type of transfer? While the term sheet is non-binding, it is quite specific and it includes contribution of replenishment credits from the Kaiser account against the cumulative groundwater production from the desalters. From a water supply standpoint, would the CCG Ontario properties be worse off under Peace II if this water is sold prior to adoption of a settlement in something like the form of the Term Sheet?

Since the Non-Binding Term Sheet is not a finalized agreement between the parties as to the disposition of the Non-Agricultural Pool, the terms outlined there do not affect this Transfer. The so called "Kaiser Account" is water that was dedicated to the Desalters under a prior settlement agreement and is also not relevant to this Transfer. Finally, Watermaster cannot speculate about the impacts of finalization of the Term Sheet for any one party.

4. Are there concerns about approving a sale to this buyer? My understanding is that the buyer does not currently own any land within the Basin and does not have any proposed use for the water it is purchasing.

These issues were addressed above.

5. The Peace II draft non-binding term sheet has a section requiring the Watermaster to purchase all of the water held in storage as of July 1, 2006. The draft states that 10 percent will be dedicated to desalter replenishment obligation and that the Watermaster will provide a four year payout for the rest at fixed prices. How firm is that schedule? Is this potential sale of water in storage seen as consistent, or inconsistent with that provision that may be governing on use of water in storage?

If the Term Sheet is finalized in its current form, then Watermaster believes the schedule contained therein will be implemented according to schedule. Watermaster knows of no reason why this Transfer would be inconsistent with the proposed purchase of water under the Non-Binding Term Sheet.

6. If CCG Ontario sells its entire water allocation under the Judgment, then the buyer has to intervene in the Judgment. Is CCG then substituted out of the Judgment? That is, does the buyer assume all of the CCG obligations so that CCG has no further obligations under the Judgment? Does the buyer then substitute for CCG's seat on the Non-Agricultural Pool.

Yes. If CCG has sold all of its water rights, it may be substituted out of the Judgment, just as Kaiser Ventures is no longer considered a party to the Judgment. The buyer will assume all of CCG's rights and obligations under the Judgment, as well as its place in the Non-Agricultural Pool according to the rules of the Pool.

7. What type of approval process and timing associated with such process can we anticipate?

The Form 5 Application and the request for intervention must be considered by the three Pools, the Advisory Committee and the Board. The intervention must then be submitted to the Court for its approval. If the Application and request for intervention are acted upon by Watermaster in the March-April time-frame, then the intervention can be submitted to the Court to be heard at its currently scheduled May 24, 2007 hearing.

### **Recommendation**

Watermaster staff finds that:

1. The Transfer is consistent with the Judgment;
2. The Transfer will not cause Material Physical Injury;
3. The Transfer should be conditioned upon further analysis and approval when and if water is proposed to be produced under the water rights;
4. The proposed intervention is consistent with the Judgment.

On this basis, Watermaster staff recommends approval of the Form 5 Application and request for intervention.

APPLICATION  
TO  
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 -- 2007

CCG Ontario LLC ("Transferor") hereby applies to permanently transfers to Aqua Capital Management LP ("Transferee") the quantity of 630.27 acre-feet of Corresponding Safe Yield, 8223.41 acre-feet of Non-Agricultural Pool Storage Account, and any remaining balances adjudicated to Transferor for its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY 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 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.

CCG Ontario LLC does not currently produce water under its water rights. Rather, the rights accumulate in CCG's storage account. Aqua Capital Management LP will continue CCG's practice. Thus, there will be no change in the location or amount of water produced under the water rights and there will be no impact on the groundwater basin.

WATER QUALITY AND WATER LEVELS

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

None

MATERIAL PHYSICAL INJURY

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

Does what are the proposed mitigation measures (if any) that might be reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the 'management of the Basin'?

ADDITIONAL INFORMATION ATTACHED

Yes  No

Transferor  
CCG Ontario LLC

Transferee  
Aqua Capital Management LP

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL:

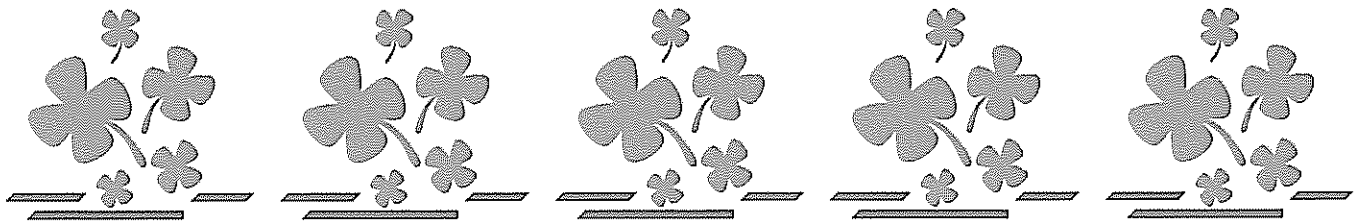
DATE OF APPROVAL FROM AGRICULTURAL POOL:

DATE OF APPROVAL FROM APPROPRIATIVE POOL:

HEARING DATE, IF ANY:

DATE OF ADVISORY COMMITTEE APPROVAL:

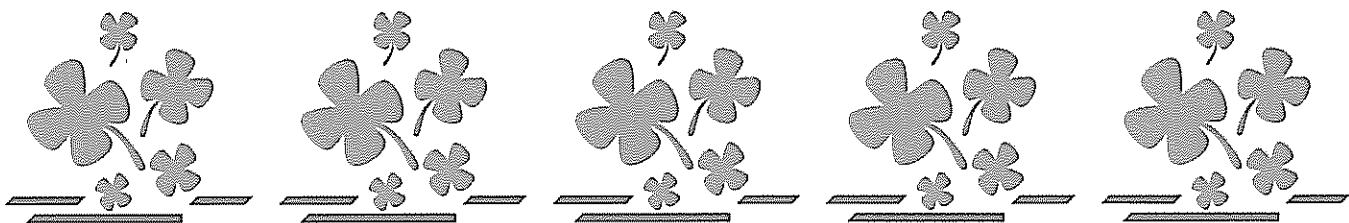
DATE OF BOARD APPROVAL: Agreement #



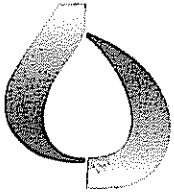
# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Metropolitan Water District Letter







**Inland Empire**  
**UTILITIES AGENCY\***  
\* A Municipal Water District

6075 Kimball Avenue • Chino, CA 91710  
P.O. Box 9020 • Chino Hills, CA 91709  
TEL (909) 993-1600 • FAX (909) 993-1983  
www.ieua.org

February 13, 2007

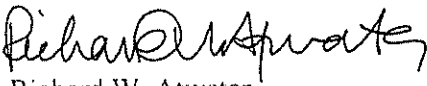
Mr. Jeff Kightlinger, General Manager  
Metropolitan Water District  
P.O. Box 54153  
Los Angeles, CA 90054


Dear Mr. Jeff Kightlinger:

The Chino Basin Watermaster and Inland Empire Utilities Agency would like to request that Cyclic Storage Account be extended for another 5 year period. The current Cyclic Storage Agreement (Amendment # 7) will expire on December 31, 2007. During the past few years, IEUA and Watermaster have expended over \$50 million dollars to retrofit 20 basins within the Chino Basin to recharge imported water, storm flows and recycled water. The current account balance is zero in the Cyclic Storage Account and therefore we have an opportunity given the very dry winter to continue taking surplus MWD replenishment supplies for future Chino Basin Watermaster replenishment needs. That program has been very successful and currently allows us to recharge more water than we need to meet our current replenishment obligations. Currently this fiscal year over 50,000 AF of SWP replenishment water supplies delivered through the Rialto Pipeline will be recharged into the Chino Basin. The cyclic storage account will allow Watermaster the additional flexibility needed to ensure maximum use of "surplus" SWP supplies for replenishment of the Chino Basin in excess of our current fiscal year financial capability.

In addition, next year we will be renovating the Upland Basin to accept much larger flows for both flood control and imported water recharge. That project will not only eliminate the Upland basin for recharge during 2007 and much of 2008, it will reduce the amount of water we can recharge in the College Heights basins over that same period of time. The Cyclic Storage account, if extended, will provide Watermaster with options in meeting our long term needs by storing water over the next couple of months and then purchasing it out of cyclic storage account next year when we will need it to meet replenishment obligations.

We anticipate that water in the account would be cycled in and out over short periods of time during the next five year period. And as stipulated in the current agreement Watermaster would be obligated to purchase the remaining balance at the end of the new five year term. If you have any questions or want to discuss any of the elements within the agreement, please do not hesitate to contact us.

Sincerely,  
INLAND EMPIRE UTILITIES AGENCY  
  
Richard W. Atwater  
Chief Executive Officer/  
General Manager

CHINO BASIN WATERMASTER  
  
Kenneth R. Manning  
Chief Executive Officer

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John L. Anderson  
President

Wyatt Troxel  
Vice President

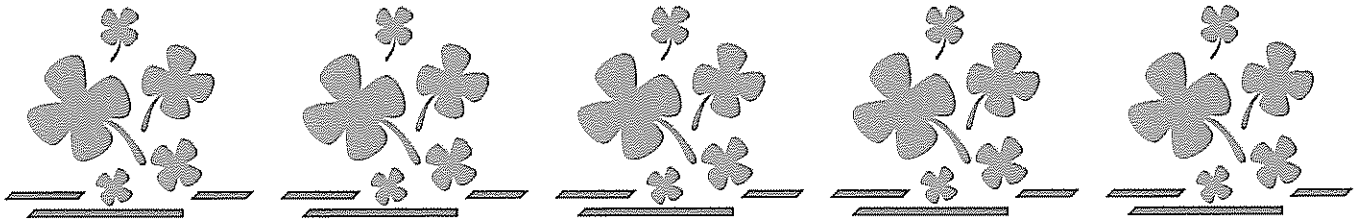
Gene Koopman  
Secretary/Treasurer

Angel Santiago  
Director

Terry Cattlin  
Director

Richard W. Atwater  
Chief Executive Officer  
General Manager

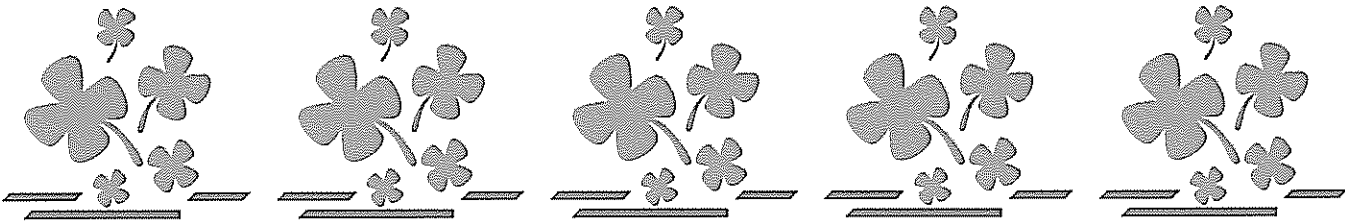
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# CHINO BASIN WATERMASTER

## IV. INFORMATION

2. Newspaper Articles



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## Water at prisons still bad

### Nitrates from dairy runoff remain despite millions spent

By Mason Stockstill, Staff Writer  
Inland Valley Daily Bulletin

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

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

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

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#### Special Section: Criminal Neglect

---

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

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

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

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

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

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

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

But is the denitrification system fighting a losing battle?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Currently the repairs and upgrades are being designed.

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

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

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

**BY THE NUMBERS**

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

Staff writer Shelli DeRobertis contributed to this article.

# Chino Champion

Newspapers  
of  
California

Saturday-Friday, February 17-23, 2007

Classified Advertising (909) 504-1794  
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## Aerojet cleanup sails past 7,000-munitions mark

By Marianne Napoles

Despite years of testing and cleanup and the expenditure of millions of dollars, work at the Aerojet Ordnance site in Chino Hills remains unfinished.

More than 7,000 munitions and explosives have been found at Aerojet since 1995 and have been destroyed, according to company officials who spoke at a city study session Tuesday.

The company has spent more than \$40 million so far to clean the facility on Woodview Road, south of the new

Vellano development.

City manager Doug LaBelle said he asked for the study session because the state's Department of Toxic Substances Control (DTSC) is in the final stages of reviewing an ordnance document submitted by Aerojet in August called a "site conceptual model."

Nobody from the public attended the 5 p.m. study session, a far cry from 1999 when residents packed town hall meetings to talk about explosives and chemicals at Aerojet.

Under the oversight of the state, tons

of soil containing ordnance, explosives, depleted uranium, and perchlorate, a chemical used in the manufacture of solid rocket propellants, have been removed.

Aerojet tested and assembled munitions systems for the federal government, including the Dragontooth mine used in Vietnam, and the Minuteman intercontinental ballistic missile.

Chemical warfare agents were tested and developed from 1964 to the 1980s, including lethal nerve gases such as sarin and mustard gas.

The production of the organic chemicals was conducted under a confidential government contract, so the exact nature of the chemicals is unknown, according to Aerojet-related documents.

Waste chemicals were treated in two ponds filled with caustic solutions, and then allowed to evaporate. The ponds were closed in 1979 and 1980, after the facility stopped manufacturing the chemicals, according to a preliminary

See AEROJET, Page A4

A4 - Champion

### Aerojet

Continued from Page A1  
assessment report.

Two additional ponds, used to evaporate wastewater from the cleaning of equipment and explosives runoff, closed in 1979.

Hassan Amiri, vice president of Geomatrix, a technical consulting firm hired by Aerojet for the cleanup, briefed the city council on the closure activities, which await final approval of the DTSC and the Department of Health Services (DHS).

Dr. Amiri said more than 47,000 suspected ordnance items and 120,000 pounds of ordnance fragments were recovered from the eastern portion of the facility called the "open burn/open detonation" unit, which was used from 1968 to 1994 for burning and detonating explosives. This area was excavated and processed, he said. The soil was screened mechanically and segregated.

Aerojet leased the 180-acre site from landowner Clyde McDermont. Aerojet recently purchased the McDermont Ranch, said Aerojet spokesman Tim Murphy.

The 800-acre Aerojet site previously consisted of 400 acres of its own land, and another 400 privately owned acres that were used as a buffer zone for the outlying community, although operations occurred on some of those buffer lands. With the purchase of the McDermont Ranch, Aerojet now owns 580 acres.

Approximately 1,700 tons of soil contaminated with the explosive RDX were removed from the open burn

Saturday, February 17, 2007

and detonation area, according to a remediation report.

The final ordnance removal report for the detonation area is expected to be submitted to the DTSC in a month or so, Dr. Amiri said.

More than 3,000 tons of soil containing depleted uranium in 19 areas were removed under the oversight of DHS's Radiologic Health Branch. DHS evaluates the radioactive component of depleted uranium and the DTSC looks at its toxicity, Mr. Murphy said.

Depleted uranium projectiles, able to pierce armor, were fired into target plates and sand to test performance. The material is considered low-grade radioactive. The DTSC concluded in a 2004 report that depleted uranium levels in the soil, surface water and groundwater were within acceptable levels.

However, in a letter to Aerojet dated Jan. 11, the DTSC informed Aerojet that the values reported for uranium in subsurface water at one area of the site were higher than results from previous sampling efforts.

Karen Baker, branch chief of the DTSC, said the depleted uranium levels were reported at 400 parts per billion in a preliminary assessment report, and recent testing shows levels at 1,410 parts per billion. The cleanup goal is 1,300 parts per billion, she said. A part per billion is about the same as one drop in 10,000 gallons.

The DHS is still reviewing the results and will complete its own testing as part of its review process, Dr. Amiri said.

Responding to questions from city council members about soil and water

testing off site, Dr. Amiri said more than 180 surface water samples and 230 subsurface water samples were collected throughout the facility. He said testing didn't occur offsite because onsite samplings showed no concentrations exceeding acceptable levels.

According to reports produced by Dr. Amiri, groundwater contamination is unlikely to migrate due to the hydrology beneath the site.

Dr. Amiri said 10 areas on Aerojet required remediation and 8,000 tons of materials were taken offsite in trucks that were covered with tarps and brushed before leaving the site.

Of the 10 areas requiring remediation, one was Redwater Pond, where wastewater was generated from the cleaning of equipment used in the loading of explosives. This pond, which was closed in the 1980s, contained RDX, one of the three chief chemicals of concern at Aerojet. The other two are HMX, an explosive chemical, and perchlorate.

Dr. Amiri said the 10 areas are undergoing additional testing and remediation. Aerojet anticipates submitting a report on these 10 areas this summer.

Dr. Amiri said four "proveouts" took place in which munitions and explosives were swept using geophysical detection equipment. A proveout is a field demonstration that requires third-party technicians.

Weapons are buried at various depths, and an ordnance team sweeps the area to see how many are recovered, in the presence of DTSC officials.

The city of Chino Hills hired Parsons Infrastructure and

Technology Group of Pasadena to provide a "second set of eyes" and technical input to the city. As a result of concerns expressed by Parsons, the DTSC required Aerojet to do another field demonstration.

DTSC official Jim Austreng, coordinator of unexploded ordnance, said the agency's mission is to protect public health and the environment. He discussed four cleanup projects, including the Tourtelot project, a former defense site in Benicia certified for residential development by the DTSC in 2004. The former arsenal will now contain 417 homes on 220 acres. Mr. Austreng showed several photos and a map of the project, stating that he would live there if he could afford it.

City attorney Mark Hensley said Mr. Austreng made a lot of statements about "success" but not all cleanup projects have been successful. "I was a little surprised at some of the comments," he said, looking directly at Mr. Austreng.

After the meeting, he said he thought it was "highly unusual" for a technical person to become an advocate for a particular land use, especially when the Chino Hills site is still in the analysis phase of additional testing and cleanup. Mr. Hensley said the effective rates from field demonstration sweeps is anywhere from 80 percent to 95 percent.

"With the number of ordnance that has been found at the Chino Hills site, that potentially leaves a large number of ordnance that hasn't been found," Mr. Hensley said.

"The policy makers may not find that to be an acceptable risk for residential development."

### Freeway dive kills driver; baby survives

By Josh Thompson

A driver who died Thursday afternoon when her car plunged nearly 100 feet off an Orange County freeway overpass was identified as a 21-year-old woman from Chino. The woman's 10-month-old son was strapped in a car seat and was treated for minor injuries.

Natalie Canton was pronounced dead at the scene, authorities said.

Police said Ms. Canton was driving a black Acura Integra at about 80 mph on the eastbound 91 Freeway transition to the northbound 57 Freeway when for some reason she slammed on the brakes and lost control. The car went airborne over the side of the freeway and landed 100 feet below.

The crash was reported at 2:06 p.m., authorities said.

Authorities said the car landed on its bumper and then its wheels on a dirt pile underneath the freeway transition. A witness unstrapped the baby, Aiden Koch, from his car seat before police arrived. The baby was expected to be released from the hospital late Thursday night.

The California Highway Patrol is investigating.

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## Ontario taps Rancho for water reservoir

By Wendy Leung, Staff Writer  
Inland Valley Daily Bulletin

Article Launched:02/06/2007 12:00:00 AM PST

RANCHO CUCAMONGA - Just a stone's throw away from Victoria Gardens, on one of the city's busiest thoroughfares, is a piece of property belonging to an unlikely owner - the city of Ontario.

Rancho Cucamonga's southern neighbor has hopes of installing a water reservoir on the southeast corner of Rochester Avenue and Foothill Boulevard.

Ontario acquired the 12-acre property in 2004 because the area's elevated location would provide adequate water pressure for the Ontario Municipal Water System.

"Physically (the water tanks) need to be uphill so there's water pressure," said Jim Strodbeck, Ontario's redevelopment director. "We had to put our reservoir north of city limits."

But according to Strodbeck, only a portion of the land is needed for the two water tanks, leaving more than seven acres of prime property open for development.

"It's not important for us to have street frontage," Strodbeck said. "What we decided to do was to sell off excess to somebody to develop that property in accordance to plans by Rancho Cucamonga."

Plans are under way to build office and retail space at the site facing Foothill Boulevard.

Funds from selling a portion of the property will go toward the purchase of the water reservoir, Strodbeck said.

Ontario recently extended the escrow closing date with Commercial Realty Advisors Inc. as it waits approval from Rancho Cucamonga.

Adjacent to the property is a historic house built in 1938, once part of the Aggazzotti winery. The house, still owned by the Aggazzotti family, is not part of the Ontario property and is expected to remain.

Dan James, senior civil engineer for Rancho Cucamonga, said the city is awaiting Ontario to clear up property line issues with the owners of the Aggazzotti house.

Rancho Cucamonga City Manager Jack Lam said it's not unusual for cities to own property in neighboring communities.

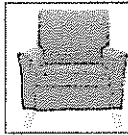
"Utility facilities can be built anywhere," Lam said. "What Ontario did was being neighborly and contacted us about getting the best project."

Ontario also owns a utility property in Upland.

Staff writer Wendy Leung can be reached by e-mail at [wendy.leung@dailybulletin.com](mailto:wendy.leung@dailybulletin.com), or by phone at (909) 483-9376.



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### State board to hear local perchlorate case

Jason Pesick, Staff Writer

Article Launched: 02/06/2007 12:00:00 AM PST

After nearly a week of procedural feuding, state officials will decide whether three suspected polluters will have to clean up perchlorate in Rialto and Colton's water.

On Monday, the acting executive director of the State Water Resources Control Board wrote a letter saying that the agency will hold a hearing on the issue.

A dispute between the state board and the local Santa Ana Regional Water Quality Control Board began on Jan. 30 when the acting director of the state board, Thomas Howard, questioned the process the regional board was following to hold hearings and issue a cleanup order.

Howard challenged the appointment of an independent hearing officer that the regional board chose to issue a cleanup order. The appointment was made because of charges that the regional board was biased.

After Howard questioned his appointment, hearing officer Wait Pettit stepped down, sending the regional board into a tizzy.

Regional water board officials charged three companies and San Bernardino County with contributing to contaminating the Rialto-Colton basin with perchlorate. The chemical, used in rocket fuel, fireworks and other explosives, can interfere with the thyroid gland. It has been found

moving south and toward Colton from Rialto's north end.

The contaminated water is not being served to local residents.

The county has already begun the cleanup. Now the local water board wants Goodrich Corp., Emhart Industries Inc. - a subsidiary of Black & Decker Corp. - and Pyro Spectaculars Inc. to take responsibility for polluting the basin and pay for the cleanup.

William L. Rukeyser, public affairs director for the state board, said Howard decided the state board will hear the issue because he believes it is the most efficient and fastest way to proceed.

He said the goal is to reach a decision that will be "bullet proof" and will not lead to years of court battles.

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A letter from Howard said the state board "intends to hold a hearing on this matter at the earliest possible date."

Davin Diaz of the Center for Community Action and Environmental Justice said he has mixed feelings about the state board hearing the issue. He said he hopes this decision will speed up the cleanup by eliminating a step in the process, but he also said it will be more difficult for people in Rialto and Colton to participate.

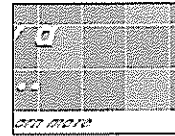
He said he hopes the hearing will be held in Rialto, not Sacramento.

Diaz also had tough words for the regional board for failing to get the contamination cleaned up 10 years after it was discovered and for opening itself up for the bias charges.

"I believe the state's stepping in because this regional board dropped the ball."

Kurt Berchtold, the regional board's assistant executive officer, said although the regional board disagrees there was any bias against any of the suspected polluters, he thinks Howard's decision is a good one because it eliminates any claim of bias at the regional level.

He said over the summer the regional board asked the state board to hear the case before it appointed Pettit.



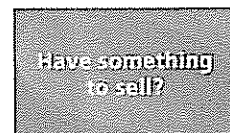
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The state board declined to hear the case at that time.

Rialto City Attorney Bob Owen said speed is a top priority for the city.

"We have developed the evidence for a great case no matter who hears it."

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State to Aerojet: You're not done

## Perchlorate, explosive chemicals remain on Chino Hills property

By Shelli DeRobertis, Staff Writer  
Inland Valley Daily Bulletin

Article Launched:02/05/2007 12:00:00 AM PST

CHINO HILLS - After seven years of overseeing the cleanup of the former Aerojet munitions facility in the city, the state still can't give the property a clean bill of health.

But the project is nearing a major milestone.

The main task left for the property is the search for and removal of explosives and its residue from the facility's open burn/open detonation area, said Tim Murphy, public affairs director for Aerojet GenCorp in Sacramento.

He said the cleanup has been moving forward at a good pace, but the greatest scope of work is the ongoing sweep of the property for materials left from past testing.

"Our goal is to meet the highest potential future use for the site," said Murphy, adding that being thorough is more important than speed in the cleanup of the Department of Defense testing site.

From 1954 to 1995, Aerojet assembled and tested military weapons on 400 acres of rolling hills at the end of Woodview Road. The entire area is 800 acres, of which 400 acres were either leased or used as a buffer zone.

After Aerojet closed the site in 1995, the state Department of Toxic Substances Control began its investigation and determined that among the contaminants in the soil and surface water were unexploded ordnance, perchlorate and depleted uranium.

Murphy said cleanup has focused on those three materials.

In 2003, the removal of uranium was completed followed by a health risk assessment. DTSC determined in 2004 that uranium levels there were within acceptable human health-based levels.

Chino Hills City Manager Douglas La Belle has met with Aerojet and DTSC officials to review a conceptual site model that details how Aerojet will complete the site's cleanup.

La Belle said the meeting is one of many to come, because the city and Aerojet have agreed to keep residents informed of cleanup efforts.

"As they get closer to the final cleanup activities on the site, it starts a couple-year process on community information," he said.

La Belle said the city requested Vellano Country Club officials to inform prospective buyers about the history of the Aerojet property, because of the proximity of the private gated community to the site. Vellano is located west of the Ferree Street and Woodview Road intersection.

"We made a request to Vellano to make an outreach to their prospective buyers because DTSC has received calls from buyers," who inquire about the Aerojet land, La Belle said.

The Vellano neighborhood, which encompasses nearly 600 acres and borders the Aerojet property, is being developed to include 205 single-family houses, each of which will be priced starting from at least \$1 million.

Prior to home ownership in Vellano, buyers are now required to sign a disclosure statement that details activities on Aerojet property.

Jeanne Garcia, spokeswoman for DTSC, said part of the upcoming meetings include a plan with Aerojet to educate residents in surrounding areas on what to do if they come in contact with explosives or their residue.

She said it will be the first site-specific Community Education Plan that DTSC has prepared. Encroaching development in the area is making that necessary.

She said it is impossible to guarantee that every bit of the ordnance will be found.

"We don't know if we'll clear it all, just a portion, or none of it," she said.

Residents are urged not to touch any suspected ordnance they may find.

Six different properties along the Aerojet property have also been subject to investigation.

"We've been performing sweeps on and around the surrounding properties since 1995 when corrective measures began," Murphy said.

Murphy said cleanup is taking place in targeted areas by using a scientific methodology of defined lanes that form a pattern, where the cleanup crew take readings with a magnetometer to seek any ordnance.

Garcia said even though Aerojet's final cleanup report on uranium has been submitted, perchlorate, other explosive chemicals and unexploded ordnance are still on the property and need to be removed.

Murphy said that in some cases during detonation of ordnance too much explosives were used, which propelled dirt, rocks and fragments into the surrounding land.

"One concern is we are dealing with the potential of live rounds to be out there," Murphy said.

In 2002, magnesium munition was found during a sweep at nearby Chino Hills State Park, and ongoing cleanup efforts have retrieved other ordnance in properties adjacent to Aerojet.

On 73 acres east of Aerojet, 2,571 munitions and explosives have been found since cleanup began in 1999.

In 2003, a highly explosive 30mm projectile was found, along with several other ordnance components.

"Once everything is completed - the contaminants are removed or either stay in place - DTSC will either certify the land for development or a deed restriction may be placed on it," Garcia said.

Such a restriction could mean, for example, that the Aerojet property could be zoned only industrial, Garcia said, and have certain conditions for development.

# Hazard country



Will Lester/Staff Photographer

An abandoned testing site and building sit on the southern edge of the Aerojet facility in Chino Hills. While the open land and hillsides might be enticing to developers, Aerojet is still cleansing 10 sites on the property of uranium.

## Aerojet site may look serene, but several areas still contaminate

By Shelli DeRobertis  
Staff Writer

CHINO HILLS — The road to the 400-acre Aerojet site winds for about a mile and a half along grass-covered hills that act as a haven to grazing cows.

Near the entryway of the former military equipment-testing site, an abandoned administration building on one hill overlooks a parking lot and helicopter pad.

The cracked pavement leads through dry, rugged brush and tall weeds that cover hills of various sizes. Branching off the road are lots showing the different testing sites that once claimed their own

spaces, like campers in a campground.

But it's not what's on top of the ground that's of interest to Aerojet officials and Chino Hills residents. It's what lies beneath.

Of 29 identified locations on the Aerojet site where munitions testing took place, 10 continue to be the focus of the company's \$40 million cleanup effort, which started soon after Aerojet closed the plant in 1995.

Aerojet, a rocket and missile propulsion systems maker based in Sacramento, is a subsidiary of GenCorp, headquartered in Rancho Cordova. Aerojet's development and testing methods caused

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Visit our Web site for related stories and a photo gallery of the Aerojet property, a former munitions testing ground, in Chino Hills.

toxic contamination of the Rancho Cordova site, which was designated as an Environmental Protection Agency Superfund site.

GenCorp reported 2006 sales of \$621.1 million and a net loss for the year of \$38.5 million, which included an \$8.5 million charge for settlement of environmental toxic tort cases.

In order for Aerojet's land in Chino Hills to be cleared for sale, the state Department of Toxic Substances Control must deem the

site relatively free of harmful chemicals, including depleted uranium.

Terrance Griffin, executive vice president of Aerojet/GenCorp, said Aerojet didn't make depleted uranium on site, but the company used it for testing "because it was a dense metal that would penetrate thick armor."

A narrow dirt path teeters along the edge of a steep cliff where approximately 300 feet below, densely vegetated canyon was used for testing weapons. Most guns were fired here.

The location is known as the Open Burn/Open Detonation

See AEROJET on Page 1

## AEROJET

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Continued from Page A1

area, or I Charlie. The site's subsurface water is being monitored for the presence of perchlorate, a chemical used in manufacturing rocket fuel that has contaminated some Southern California groundwater basins.

Aerojet already has swept I Charlie for ordnance — leftover munitions and explosives. Eighty-five thousand tons of material were processed as part of corrective measures, Aerojet Director Scott Goulart said.

Heading farther south on the main road, the vegetation becomes colorful near a seasonal wash that has water trickling through its mile-long stretch.

Various places along the wash have been tested repeatedly, Goulart said, but the wash hasn't been a cleanup concern.

"None of the concentrations detected at any point in the creek, to date, pose a risk," Goulart said.

Goulart also said equipment used to monitor air had reported uncontaminated air.

DTSC required strategic placement of the air monitors, equipment that resemble a bladeless windmill.

Aerojet submitted a report on recent surface water tested from one of its areas called Upper A 12, and DTSC Branch Chief Karen Baker said the levels of depleted uranium came back as being too high.

Baker said a report filed by Aerojet on the area in 2004 showed acceptable levels of depleted uranium at 400 parts per billion.

But the November 2006 report filed by Aerojet on depleted uranium levels for Upper Area A 12 showed 1,410 parts per billion.

She said that when depleted uranium exceeds 1,300 parts per billion, it poses a public safety and health concern.

Baker said DTSC recently informed Aerojet that "because of the increase, your concentration is now above the level, and therefore you need to go back and re-evaluate the Upper A 12, and continue to do sampling after rainfall events."

Before Aerojet receives permission to sell or develop the property, it must first work with the city of Chino Hills to decide what the future land use will be.

It is currently zoned rural residential, allowing two units per acre, with a minimum lot size of 20,000 square feet.

"As we start looking at how we need to clean things up," Goulart said, Aerojet will use hypothetical scenarios for the future use of the property.

Those scenarios could include residential, industrial, or office zoned land uses.

He said within the next 18-24 months, the series of scenarios will be presented to DTSC as alternatives for the property's use, which will be a cooperative effort between the city and Aerojet.

Mayor Pro Tem Curt Hagman said the city is restricted on what it can do, and when Chino Hills incorporated in 1991 the zoning on the Aerojet property was part of the master plan.

"It's rural residential, and we have gone over no scenarios to change it," Hagman said, adding that he agreed with Mayor Gwenn Norton-Perry that the council's main goal is the safety of the city's residents.

"We need to ensure the safety of our residents and future residents of Chino Hills," Norton-Perry said.

"At the sake of not developing the area — that's fine with me."

Baker said that DTSC will continue meeting with Aerojet in the next two years until a decision on the fate of the land is reached.

"They will formally propose to us what they want to do with the land," Baker said. "If we agree, we then formally put it out for public comment and the city decides what they want, and follow a process designated to land use."

Norton-Perry said that two years isn't enough time for the decisions to be made, because "it's not a rosy picture."

Staff writer Shelli DeRobertis can be reached by e-mail at [shelli.derobertis@dailybulletin.com](mailto:shelli.derobertis@dailybulletin.com), or by phone at (909) 483-8555.

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## State takeover of perchlorate fight welcome

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

It's been 10 years since perchlorate was found to be contaminating the groundwater in Rialto and Colton, and still, little has been accomplished in getting the suspected polluters to pay for the cleanup.

Though the Santa Ana Regional Water Quality Control Board has accused three corporations and the county of leaking or dumping the chemical into the groundwater, not to mention Rialto's and Colton's lawsuits naming an assortment of defendants, it has been unsuccessful at getting the issue resolved.

Though the tainted water is not being served to local residents and the county - which was not responsible for the original contamination but bought land tainted by the chemical - has begun the cleanup to safeguard local wells, it is a major, costly headache that nags on year after year. At least 22 wells in Rialto, Colton and Fontana have been fouled with the chemical that threatens thyroid function, and several have been shut down.

Aggravated at the regional board's lack of progress - as we all are - as the perchlorate plume continues to push southeastward, the state Water Resources Control Board has shoved aside the local agency and plans to hold a hearing at the earliest possible date.

At long last, accountability may be at hand. And, we would hope, some definitive action.

The local board has long pressed Goodrich Corp., Emhart Industries Inc. and Pryo Spectaculars Inc. to take responsibility, to no avail. Goodrich has paid \$4 million so far, but it has been just a drop in the bucket compared with the anticipated \$200 million to \$300 million total cost of wellhead treatment and cleanup.

Further stalling the effort, Emhart, a subsidiary of Black & Decker Corp., has lodged bias charges against the regional board, though it has as yet paid nothing toward the cleanup.

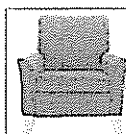
So now, the state board has decided to hear the issue. And we'd have to agree, it looks to be the quickest, and we hope the most effective, way to go.

For his part, the state agency's acting executive director, Thomas Howard, has made it his goal to reach a decision that will be "bullet proof" and not lead to years of court battles. We can only hope that turns out to be the case.

Over the last decade, as the suspected polluters have balked at accepting responsibility for the cleanup, perchlorate has continued to creep from Rialto's north end toward Colton - about on a par with the crawling pace of justice. It's about time the state stepped in and forced those liable for the mess to pay their share.



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## Water conservation urged; workers upgrading pipes

By Matt Wrye, Staff Writer

Article Launched: 02/08/2007 11:00:00 PM PST

While Chino Valley and the surrounding areas are halfway through a water conservation period, there are still three days left to conserve this precious fluid.

"It's a time for people to remember to conserve and not waste water," said Sondra Elrod, spokesperson for the Inland Empire Utility Agency.

The water wholesaler and the Metropolitan Water District are asking residents to reduce water usage indoors and outside from Feb. 5-11 while the district upgrades sections of its Rialto Feeder.

"That pipeline will be cut off, and there will be no water flowing through it," Elrod said. "We'll be relying on ground water. Luckily, we have the Chino Basin groundwater."

The district's 30-mile feeder pipeline extends from north of San Bernardino to MWD's San Dimas Power Plant, supplying up to 450,000 gallons of imported water a minute for 6 million residents, according to an IEUA news release. It's the agency's only source to help keep up with water demands from Chino, Chino Hills, Ontario, Upland, Montclair, Fontana and Rancho Cucamonga residents and businesses.

"(A) pipeline is bringing Northern California water down to Southern California," Elrod said. "This one feeder brings it down to our cities

- cities affected by the Inland Empire Utilities Agency."

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The agency relies on MWD for 30 percent of its water, with the rest coming from the Chino Groundwater Basin.

Like other winters, MWD is taking advantage of the season's lower water demand to install vaults in an 8-foot diameter pipeline, which will include isolation valves.

"Once we're able to put in isolation valves, we won't have to shut down the whole feeder," said Bob Muir public affairs manager for the water district. "We'll be able to isolate portions of the pipeline (for service)."

A 20-foot pipeline section will also be installed, maintaining a pipeline area affected by a major shutdown back in 2004, and work crews will inspect other portions of the water line.

The winter maintenance and inspection process isn't anything new, Elrod said.

Both water entities encourage residents to water landscapes and lawns less often, hand wash vehicles and use less water when filling swimming pools.

Indoor usage tips include running full laundry and dishwasher loads, taking 10-minute showers and not leaving water faucets turned on.

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

FYI:

WHEN: Feb. 5-11

WHERE: Chino, Chino Hills, Ontario, Upland, Montclair, Fontana and Rancho Cucamonga

INFORMATION: Local water agencies and districts are asking residents and businesses to conserve water. Water-saving tips can be found at [www.bewaterwise.com](http://www.bewaterwise.com).

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