

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, April 12, 2007

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

AT THE CHINO BASIN WATERMASTER OFFICES

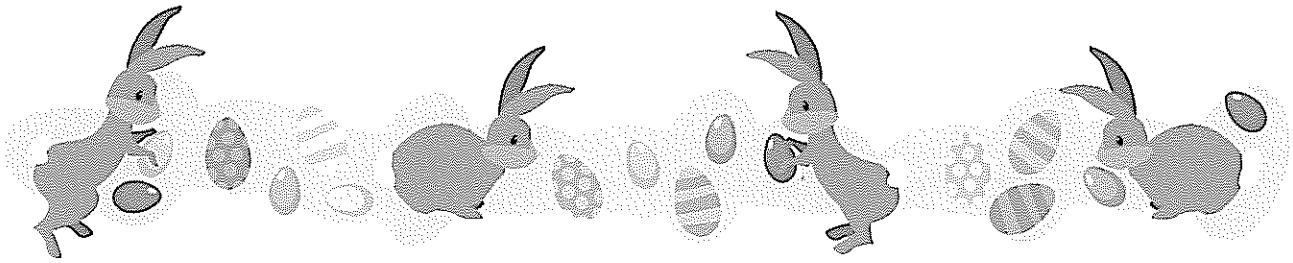
*9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888*

Tuesday, April 17, 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

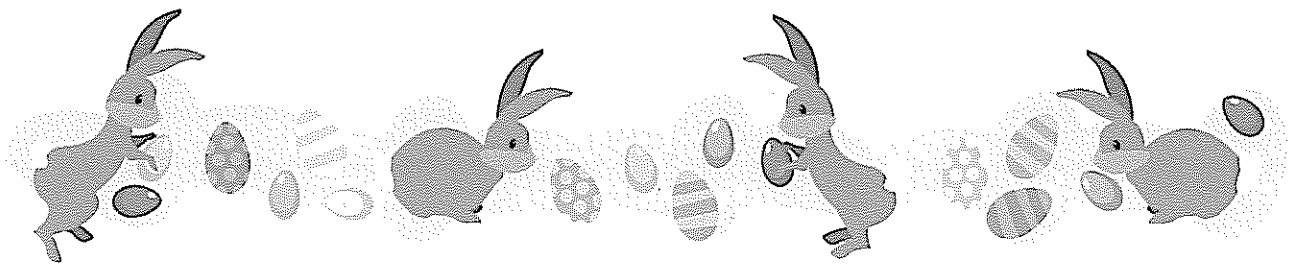
Thursday, April 12, 2007

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

Tuesday, April 17, 2007

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE



CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
10:00 a.m. – April 12, 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 March 8, 2007
(Page 1)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2007 (Page 15)
2. Combining Schedule for the Period July 1, 2006 through February 28, 2007 (Page 17)
3. Treasurer's Report of Financial Affairs for the Period February 1, 2007 through February 28, 2007 (Page 19)
4. Profit & Loss Budget vs. Actual July 2006 through February 2007 (Page 21)

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 500 acre-feet of water from West Valley Water District's storage account to Monte Vista Water District. This lease is made first from WWWD's net underproduction, if any, in Fiscal Year 2006-07, with any remainder to be recaptured from storage. Date of Application: October 31, 2006 (Page 23)
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust water in storage in the amount of 0.720 acre-feet, and annual production right in the amount of 6.974 acre-feet (Page 54)

II. BUSINESS ITEMS

A. CONTRACT WITH GARY MEYERHOFER

Consider Approval of the Contract for the Project Facilitation of Chino Basin Desalters from Gary Meyerhofer at Carollo Engineers (Page 69)

B. SAN DIEGO COUNTY WATER DISTRICT MOU

Consider Approval for the Memorandum with San Diego County Water Authority regarding analysis of Storage and Recovery opportunities in Chino Basin (Page 85)

C. VOLUME VOTE

Consider Approval of the 2007 Volume Vote (Page 95)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

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

B. ENGINEERING REPORT

- 1. Review of Scalmanini Report

C. FINANCIAL UPDATES

- 1. Budget Advisory Committee Update

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update

IV. INFORMATION

- 1. Newspaper Articles *(Page 103)*
- 2. Capital Project Budget Approval for MWD Turnout CB14 Discharge Facilities Relocation *(Page 139)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VIII. FUTURE MEETINGS

April 12, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
April 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – April 17, 2007

At The Offices Of

Inland Empire Utilities Agency

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

AGENDA

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AGENDA - ADDITIONS/REORDER

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Consider Approval for the Memorandum with San Diego County Water Authority regarding analysis of Storage and Recovery opportunities in Chino Basin *(Page 85)*

C. CALENDAR YEAR 2007 AGRICULTURAL POOL MEMBERS
Appoint New Alternates for the Agricultural Pool

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

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

B. ENGINEERING REPORT

1. Review of Scalmanini Report

C. FINANCIAL UPDATES

1. Interest Update

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update

IV. INFORMATION

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2. Capital Project Budget Approval for MWD Turnout CB14 Discharge Facilities Relocation (*Page 139*)

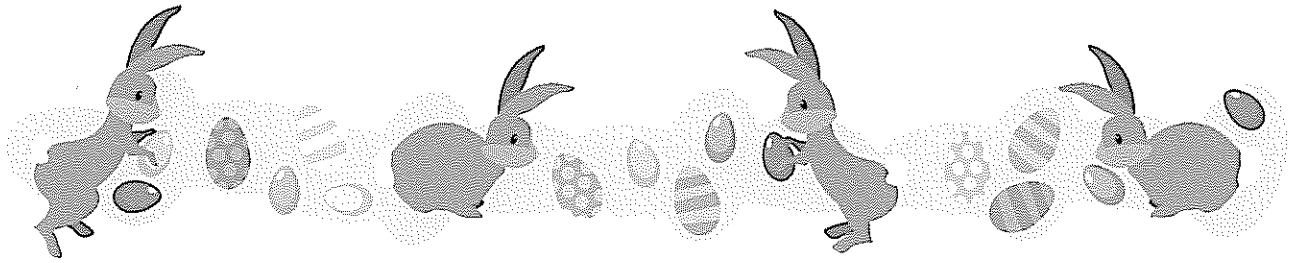
V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

April 12, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
April 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

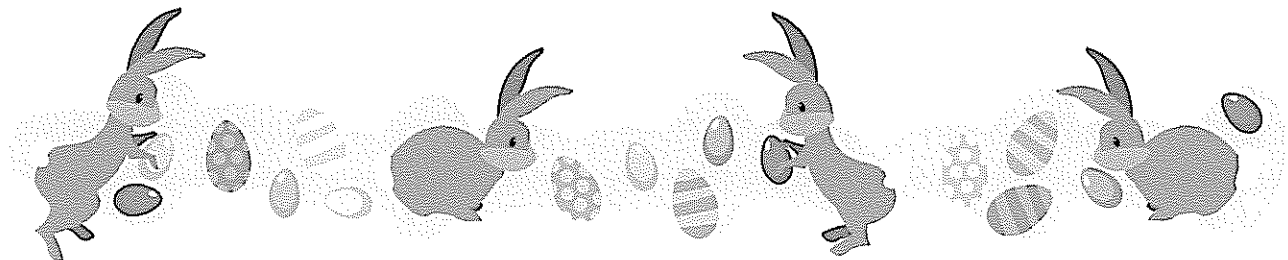


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

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



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
March 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 March 8, 2007 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Raul Garibay, Chair	City of Pomona
Rosemary Hoerning	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
Mike Maestas	City of Chino Hills
J. Arnold Rodriguez	Santa Ana River Water Company
Ken Jeske	City of Ontario
Eldon Horst	Jurupa Community Services District
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
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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

Frank LoGuidice	Fontana Union Water Company
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Mohamad El-Amamy	City of Ontario
Scott Burton	City of Ontario
John Rossi	Western Municipal Water District
Gil Aldaco	City of Chino

Chair Garibay called the joint Appropriative and Non-Agricultural Pool meeting to order at 10:05 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning stated Rich Atwater from Inland Empire Utilities Agency asked that the second item in the Business Item section of the meeting packet regarding the ASR Agreement between Chino Basin Watermaster, Inland Empire Utilities Agency (IEUA), and Monte Vista Water District be made into an information item in order to allow IEUA to review the actual agreement in greater detail.

Mr. Rossi asked if the item he was reporting on under CEO/Staff Reports regarding the progress on the desalters could be heard prior to the business items due to his schedule.

D. CEO/STAFF REPORT (This item was take out of order)

3. Progress Report on Desalter Expansion

Mr. Rossi handed out a Draft Conceptual Proposal. Mr. Rossi stated the original Peace Agreement establishes general obligations on the signatories with regard to planning for expanded desalting in the Chino Basin. Among these obligations, Western Municipal Water District (WMWD) and Inland Empire Utilities Agency (IEUA) assumed responsibility for raising revenues to support expanded desalting capacity. The Peace II Term Sheet proposes the adoption of Hydraulic Control as a Basin Management Strategy. Watermaster is obligated to develop a Hydraulic Control Operation Plan that will reduce groundwater discharge from the Chino Basins to the Santa Ana River to de minimus quantities. The Hydraulic Control Operating Plan is to be coordinated with the planned expansion of existing desalters with new groundwater production and treatment capacity. The Peace II Term Sheet sets for the general parameters for the design, construction and operation of the future desalters. WMWD and IEUA have been successful in raising third party funds that can be used to substantially reduce the capital costs that may be incurred in the construction of the future desalters in a cumulative amount which may exceed \$40 million. Approximately \$7 million has been fully approved but must be spent as soon as September of 2008. The stakeholders must support a proposed schedule for the apportionment of potential forgiveness of replenishment that will offset future desalter over-production. Mr. Rossi discussed a concern which is how to ensure the prudent design of the future desalters within the timeframe required to expend the third-party grant funds. Mr. Rossi discussed the proposal which would require adherence to the schedule proposed by Watermaster which involves; establishing a project description, designate the lead agency for CEQA, and complete the Peace II documentation and transmit to the court by July 2007. The "Project Coordination Agreement" which was outlined in the handout was reviewed and discussed in detail. A discussion ensued with regard to this matter and the necessity to hire a person to assist in the management of this project. Mr. Jeske handed out two resumes for possible candidates for this position to assist in the funding/grant process for this project and noted WMWD and IEUA will hire this person to coordinate the grants. Mr. Manning noted he will be involved in the interview process of these candidates and the contract for the outside services will be through the Chino Basin Watermaster office. A discussion ensued with regard to the type of person being looked for as a project coordinator/facilitator to better assist in the process along with a discussion regarding the desalter expansion program. Mr. Manning stated time is of the essence regarding this item and all parties want to move quickly. Recommendations will be brought to this pool regarding this item next month.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held February 8, 2007

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C. RESOLUTION 07-03

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

D. STATUS REPORT 2006-02

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

Motion by DeLoach, second by Jeske, and by unanimous vote – Non-Ag concurred

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

The water transactions were pulled for discussion.

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
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

Mr. Manning stated these transactions are considered to be general practice in that they are put onto the Consent Calendar for three Pools and then thirty days later are placed for consideration on the Consent Calendar for the Advisory Committee and the Watermaster Board. Mr. Kinsey stated Watermaster has an obligation to maintain Hydrologic balance within the entire basin and we know that is an issue in MZ1 right now. Mr. Kinsey stated that maybe as a part of the water transaction evaluation process for all transfers should be an evaluation if the transfer of production rights has a negative affect on Watermaster's ability to secure wet water recharge for the purpose of Hydrologic balance. Mr. Kinsey inquired if these two transactions had a material physical injury analysis done for these and if they did was that part of the consideration. Mr. Manning stated Watermaster staff does in some cases the determination of material physical injury based upon what we see is taking place and in some cases we will send the transactions onto Wildermuth Environmental for evaluation. In this particular case Watermaster staff are the ones who made the recommendation on these transfers and it is stated in the analysis that staff stated it does not appear there is any material physical injury taking place with these two transactions. Mr. Manning offered comment on the MZ1 Technical Committee meeting that took place this morning. Mr. Wildermuth stated he concurred with the staff's recommendations that these two transfers to do not interfere with Hydraulic balance this year. Mr. Jeske stated that transaction number one forgoes transfers from an agency that typically pumps in MZ1 to an agency that typically does not so it would reduce the pumping demand on MZ1 unlike some of the transfers that have been recently approved. Mr. Jeske stated that transaction number two appears to be between two agencies that are in the MZ1 area and transferring within the same area. Mr. Jeske offered comments on OBMP management practices.

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

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

Mr. Manning stated this item is being presented today to approve the proposal to perform the Socioeconomic Impact Analysis of the OBMP and the Peace Agreement. This item has been discussed at previous meetings and at a recent meeting a handout was distributed with a spreadsheet that showed some draft calculations that Dr. Sunding had done on what he thought the cost would be with a caveat that he could not be certain of those costs until he had done the scoping work. Dr. Sunding performed the macro economic study and it seemed absolutely appropriate that he also do the micro analysis. This is one of the prerequisites prior to requesting court approval of the final agreement on the Judgment amendments. Staff is recommending Dr. Sunding to perform this process and it is staff's anticipation that the process would begin in April 2007 and staff has not yet determined the sequence of events; however, it would incorporate interviews with parties within the Judgment to get a feel for the magnitude of the study in terms of the components that would be involved. Mr. Kinsey inquired into the scoping sequence and noted he felt it more beneficial if Dr. Sunding go out and visit agencies

and get their input prior to holding the scoping workshop. Mr. Manning stated that based on Mr. Kinsey's comment he went back and looked at Dr. Sunding's sequence and it appears his intent is to do exactly that in visiting the agencies prior to the workshop. Mr. Kinsey noted the contract states it is subject to confidentiality provisions and the concern there is that Monte Vista Water District would like the process and access to the information to be as open and transparent as possible so that if we or others have questions on a particularly part of the analysis we have the opportunity to look at it; a confidentiality provision would hinder that process. A discussion ensued with regard to the confidentiality provision. Counsel Fife stated this is the way it was done with the macro economic study there was nothing hidden from the parties. Counsel Fife stated for the purpose of doing this study we would not accomplish our goals if we were hiding information in any way. Chair Garibay inquired into the costs for the scoping and what the actual scoping included. Counsel Fife stated there is not a scope because the first thing that needs to happen is to create a scope. The suggestion is that Dr. Sunding would first meet with the parties and then we would then have a scoping meeting/workshop to develop a scope. This is slightly different from the macro economic analysis where we put a cap on the dollar figure; this is now where Dr. Sunding will work on an hourly rate. Ms. Hoerning stated that unlike the macro economic analysis that the micro analysis we get the draft document with more time for review and digesting before it is actually received and filed along in the process. A discussion ensued with regard to this matter. Mr. Jeske noted he does not see a cap on this proposal and noted it leaves a wide open scoping process financially. A discussion ensued with regard to costs and increases in assessments. Mr. Jeske stated he would be willing to make a motion that would agree to pay Dr. Sunding his rate through the scoping session and then we would bring a contract forward when we know what the contract is for, what the scope is, and what the dollar amount is going to be instead of entering into this sight unseen.

Motion by DeLoach, second by Jeske, and by unanimous vote – Non-Ag concurred

Moved to approve retaining Dr. Sunding to perform the scoping portion of the project with the understanding that the parties will have full access to all of his background information and deliberative processes and to allow Dr. Sunding to go out and meet with the agencies to lay out a scope of work and then come back with a draft contract to complete the entire Socioeconomic impact analysis of the OBMP and Peace Agreement, as presented

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

Mr. Manning stated in December of 2005 the Pools and approved the Monte Vista Water District (MVWD) application for recharge into the basin and in January 2006 the Advisory Committee and Watermaster Board took action to approve that application as well. Mr. Manning stated what Monte Vista Water District had applied for is to recharge through injection up to 3,500 acre-feet of treated State Project water in its wells one, four, thirty, and thirty two. That agreement was subject to a permit that would issued by either the Regional Board or the Inland Empire Utilities/Chino Basin Watermaster through its Maximum Benefit permits. Monte Vista has decided request IEUA/CBWM covering and is making an application for that. Mr. Manning stated this agreement was done last week and was immediately put into the package without it being sent to IEUA which is why Rich Atwater is asking that this item be moved from a business item to an information item in order to give IEUA time to review the agreement. The options being presented now are to view this item as an information item or to approve the item contingent upon approval from IEUA. A discussion regarding the time schedule ensued. Mr. Kinsey stated the facility has been in operation since late November 2006 and MVWD would like to move forward on the injection portion of this project to start developing data and this is taking a lot longer than anticipated. A lengthy discussion ensued with regard to this matter along with the Max Benefit Agreement funding process.

Motion by Kinsey, second by Hoerning, and by unanimous vote – Non-Ag concurred

Moved to approve the ASR Agreement between Chino Basin Watermaster, Inland Empire Utilities Agency, and Monte Vista Water District contingent upon approval by Inland Empire Utilities Agency in its current form, as presented

C. AQUA CAPITAL MANAGEMENT LP INTERVENTION

Mr. Manning stated this item is to consider approval of Application of Intervention by Aqua Capital Management LP to become a member of the Overlying Non-Agricultural Pool. This item is related to items D and E of the meeting packet and all three of these items can be taken together for discussion purposes. Mr. Jeske stated this is an item of concern for the City of Ontario. Mr. Jeske stated it is his understanding this is a company that wants to intervene in an overlying pool without being an overlying land owner and then transfer rights back and forth. Mr. Jeske stated the first thing he would like to see would be an analysis of the appropriateness of this request under the Judgment and under California law of a non-overlying entity being in an overlying pool and acquiring overlying rights. Mr. Kinsey stated he agrees with the City of Ontario in questioning whether this company can acquire overlying rights without being an overlying land owner; this is taking a water right and completely freeing it from the concept of land ownership and it is not even a California Corporation. Mr. Kinsey stated there are two questions presented here today, can we do this under our current Judgment and does this change the commitments of how that water would be utilized under the Peace II Term Sheet? Counsel Fife stated the staff report does provide Watermaster's staffs' position that under the Judgment we can do this. Our understanding is there are Non-Agricultural Pool members who do not currently own property in the basin. CCG Ontario's water rights are actually owned by a holding company called Prologis, who not only does not own property in the Chino Basin, but never actually notified Watermaster that they had bought the water rights and they had never intervened. Mr. Bowcock stated his hopes were not that by this presented transaction the parties are going to correct all the ills that are in the 1978 Judgment, the Peace Agreement, and the upcoming Peace II Term Sheet. Mr. Bowcock stated this is a simple business relationship wherein the party that owns the asset, the water right, is transferring ownership, and the party acquiring ownership, wants to intervene into the Judgment with the full intent to comply with all the rules and regulations set forth in the current Judgment and in the upcoming Peace II Term Sheet; it is just that simple. Ms. Hoerning inquired if there was a requirement that transactions are fixed to land. Counsel Fife stated based on the original Judgment the answer is yes; although since then namely in the Peace Agreement we modified that by allowing Non-Agricultural Pool members to transfer water between themselves; we took their water rights away from their strict tie to specific parcels of land. Mr. Bowcock stated this transaction does not change any of the terms in Peace II at all. Mr. Jeske requested we table this item for 30 days to allow more time to review and the item be placed on the April agenda. A discussion ensued with regard to tabling this item.

Motion by Jeske, second by Kinsey, and by unanimous vote of the Appropriative Pool members – Non-Ag representative, Kevin Sage approved this item as presented

Moved to table this item until next month

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

Motion by Jeske, second by Kinsey, and by unanimous vote of the Appropriative Pool members – Non-Ag representative, Kevin Sage approved this item as presented

Moved to table this item until next month

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

Motion by Jeske, second by Kinsey, and by unanimous vote of the Appropriative Pool members – Non-Ag representative, Kevin Sage approved this item as presented

Moved to table this item until next month

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

Counsel Fife stated the application has been noticed and there is a hearing scheduled for May 2, 2007. The Board changed the pre-hearing workshop which was originally scheduled for April 6, 2007 and has now been moved up a day to April 5, 2007 and we appear to be moving ahead. We do have one outstanding protest to our application and that is from the Department of Fish and Game and we are going to meet with them today to go over our application. We do understand they have resolved the protest with Orange County Water District. Counsel and staff did have a meeting with parties to discuss strategies and details last week. Our notice of intent to appear is due on March 21, 2007 and what that involves is not only us announcing that we will participate in the hearing but also that we will be giving them a list of our witness and what each of those witnesses will be speaking on along with our exhibit list. One of the things we are looking for right now is a good biologist who also knows Prado Basin very well. A brief discussion ensued with regard to this matter.

2. Peace II Process

Counsel Fife stated this item was discussed under the Sunding item and there is nothing new to report on at this item. Mr. DeLoach noted the invoices that are incurring due to the pending Scalmanini report.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated on February 26, 2007 SAWPA had its Legislative Day in Sacramento and Watermaster staff did participate in it. Mr. Manning stated there were meetings with Assembly Republicans, Assembly Democrats, Committee Chairs, Senate Republicans and Democrats, and were able to discuss pieces of legislation that are before the body. It was a very good meeting day that ended with a reception that was at the Old Senator Hotel and had good participation overall. There is another meeting scheduled in Sacramento later this month and Mr. Manning will report on that meeting next month.

2. Recharge Update

Mr. Manning stated most of the recharge that took place this month has been from storm water. Metropolitan Water District did have its connections turned off for a large portion of February, and when they came back online staff asked them not to turn them back on because we are waiting on the Cyclic Storage Agreement to be executed by Metropolitan and approved.

3. Progress Report on Desalter Expansion

This item was taken out of order and was reported on after the Consent Calendar.

IV. INFORMATION1. Metropolitan Water District Letter

No comment was made regarding this item.

2. 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

March 8, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
March 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting

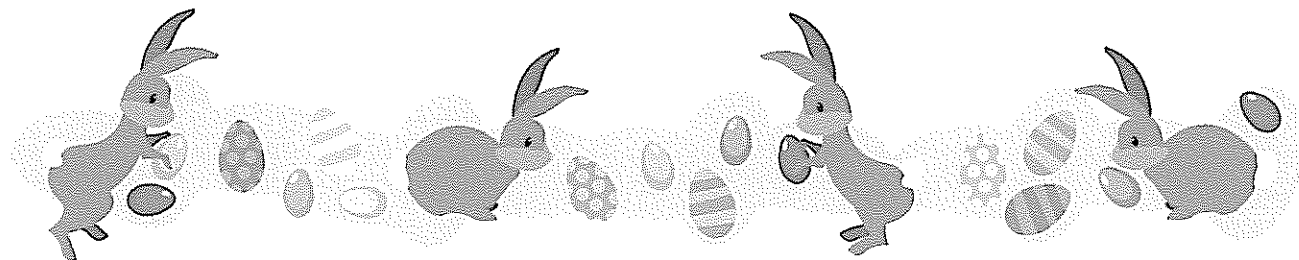
- March 20, 2007 9:00 a.m. Agricultural Pool Meeting @ IEUA
- March 22, 2007 9:00 a.m. Advisory Committee Meeting
- March 22, 2007 11:00 a.m. Watermaster Board Meeting
- March 27, 2007 9:00 a.m. GRCC Meeting

The Appropriative and Non-Agricultural Pool committee meeting was dismissed at 12:00 p.m.

Secretary: _____

Minutes Approved: _____

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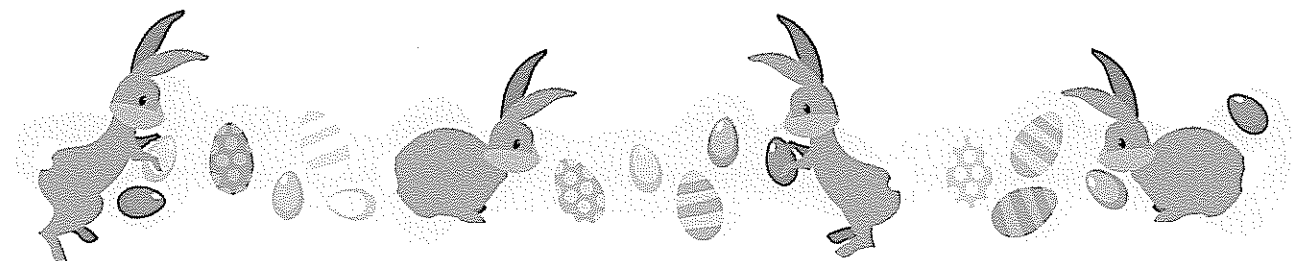


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – March 20, 2007



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
March 20, 2007

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

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
Gene Koopman	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
Bob Bowcock	Vulcan Materials Company

Watermaster Staff Present

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
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Mark Kinsey	Monte Vista Water District

Chair Feenstra called the Agricultural Pool meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

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A. MINUTES

1. Minutes of the Agricultural Pool Meeting held February 20, 2007

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4. Profit & Loss Budget vs. Actual July 2006 through January 2007

C. RESOLUTION 07-03

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

D. STATUS REPORT 2006-02

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

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
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

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

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

G. CALENDAR YEAR 2007 AGRICULTURAL POOL MEMBERS

Appoint New Alternates for the Agricultural Pool

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

Moved to take this item off the Consent Calendar and put it on the April Business Item section of the Agenda, as presented

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

Ms. Rojo stated this item is being presented today to approve the proposal to perform the Socioeconomic Impact Analysis of the OBMP and the Peace Agreement. This item has been discussed at previous meetings and at a recent meeting a handout was distributed with a spreadsheet that showed some draft calculations that Dr. Sunding had done on what he thought the cost would be with a caveat that he could not be certain of those costs until he had done the scoping work. Dr. Sunding performed the macro economic study and it seemed absolutely appropriate that he also do the micro analysis. This is one of the prerequisites prior to requesting court approval of the final agreement on the Peace II documents. Staff is recommending Dr. Sunding to perform this analysis and it is staff's anticipation that the process would begin in April 2007. Staff has not yet determined the sequence of events; however, it would incorporate interviews with parties within the Judgment to get a feel for the magnitude of the study in terms of the components that would be involved. Ms. Rojo stated the Appropriative and Non-Agricultural Pool conditionally approved this item; what they wanted was to get a more definitive scope laid out by Dr. Sunding. Dr. Sunding would be paid for time and materials; until he developed a scope. A lengthy discussion ensued with regard to the scoping work. Counsel Fife stated the action taken by the Appropriative and Non-Agricultural Pool was to approve the contract with Dr. Sunding and move forward with meeting with the individuals and developing a scope for the socioeconomic study. But most importantly, they wanted to be able to re-evaluate his contract price as it went forward whether or not they wanted to continue to do the study. Counsel Fife stated this is slightly different from the macro economic analysis where we put a cap on the dollar figure; this is now where Dr. Sunding will work on an hourly rate. Mr. Kinsey offered comment regarding the discussions that took place at the Appropriative and Non-Agricultural Pool meeting last week. A discussion ensued with regard to this matter along with the anticipated Scalmanini report affecting the socioeconomic scope of work. Mr. Koopman

stated he would be willing to make a motion that would agree to pay Dr. Sunding his rate through the scoping session and then we would bring a contract forward after the scope was defined and we know what the contract is for.

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

Moved to approve retaining Dr. Sunding to perform the scoping portion of the project and to allow Dr. Sunding to go out and meet with the agencies to lay out a scope of work and then come back with a draft contract to complete the entire Socioeconomic impact analysis of the OBMP and Peace Agreement, as presented

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

Ms. Rojo stated in December of 2005 the Pools approved the Monte Vista Water District (MVWD) application for recharge into the basin and in January 2006 the Advisory Committee and Watermaster Board took action to approve that application as well. Ms. Rojo stated what Monte Vista Water District had applied for is to recharge through injection up to 3,500 acre-feet of treated State Project water in its wells one, four, thirty, and thirty two. That agreement was subject to a permit that would be issued by either the Regional Board or the Inland Empire Utilities/Chino Basin Watermaster through its Maximum Benefit permits. Monte Vista has to request IEUA/CBWM to authorize this activity through its Maximum Benefit Permit and is making an application for that. Ms. Rojo stated this agreement was done last week and was immediately put into the package. It has not been sent to IEUA and Mr. Atwater indicated to Watermaster staff that his board will need to consider this request and offered Watermaster the opportunity to table this item, pending IEUA approval if the pool wanted more time to consider. The options being presented now are to view this item as an information item or to approve the item contingent upon approval from IEUA. A discussion regarding the time schedule ensued.

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

Moved to approve the ASR Agreement between Chino Basin Watermaster, Inland Empire Utilities Agency, and Monte Vista Water District contingent upon approval by Inland Empire Utilities Agency in its current form, as presented

C. AQUA CAPITAL MANAGEMENT LP INTERVENTION

Ms. Rojo stated this item is to consider approval of Application of Intervention by Aqua Capital Management LP to become a member of the Overlying Non-Agricultural Pool. This item is related to items D and E of the meeting packet and all three of these items can be taken together for discussion purposes. Mr. Bowcock stated it is his understanding there are Non-Agricultural Pool members who do not currently own property in the basin. CCG Ontario's water rights are actually owned by a holding company called Prologis, who not only does not own property in the Chino Basin, but never actually notified Watermaster that they had bought the water rights and they had never intervened. Mr. Bowcock stated his hopes were not that by this presented transaction the parties are going to correct all the ills that are in the 1978 Judgment, the Peace Agreement, and the upcoming Peace II Term Sheet. Mr. Bowcock stated this is a simple business relationship wherein the party that owns the asset, the water right, is transferring ownership, and the party acquiring ownership, wants to intervene into the Judgment with the full intent to comply with all the rules and regulations set forth in the current Judgment and in the upcoming Peace II Term Sheet; it is just that simple. Mr. Bowcock stated this transaction does not change any of the terms in Peace II at all. Mr. Koopman requested we table this item for 30 days to allow more time to review and the item be placed on the April agenda to mirror the Appropriate Pool motion made at the February 8, 2007 pool meeting.

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

Moved to table item II. C, II. D, and II. E until next month

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

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

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

Counsel Fife stated the application has been noticed and there is a hearing scheduled for May 2, 2007. The Board changed the pre-hearing workshop which was originally scheduled for April 6, 2007 and it has now been moved up a day to April 5, 2007. We appear to be moving ahead. Counsel and staff did have a meeting with parties to discuss strategies and details last week and there is a special Watermaster Board meeting via a conference call scheduled for today at 3:00 p.m. The reason we are holding this special meeting is that yesterday we agreed upon a settlement with the Department of Fish and Game (DFG) through which they would withdraw their protest of our application. We are anticipating today during the special Board meeting the members will give counsel approval to sign off on the settlement with DFG. Once we have DFG's protest filed, we will have no outstanding protests against our application; we will be going to the actual hearing with zero protests and with a project that has been built, financed 50% by the State Water Resources Control Board, and approved as a mitigation measure in the Basin Plan Amendment. We are also negotiating with the Orange County Water District and the other applicants on a stipulation that would resolve those aspects of the hearing concerning protection of other legal users and relative priorities of water rights; we are anticipating to get a stipulation as to that shortly so that also all of those issues get taken off the table for the hearing in May. One of the things we are looking for right now is a good biologist who also knows Prado Basin very well. A brief discussion ensued with regard to this matter.

2. Peace II Process

Counsel Fife stated there was a court order in February 2007 asking us to report on the status of the Desalter and the MZ1 processes and we are obligated to report by March 31, 2007. The pleading was not ready for the Agricultural Pool package; however, we are going to on Thursday, March 22, 2007 ask the Advisory Committee and the Watermaster Board for approval to file a status report. That report is in their package for their review and approval – a copy of that pleading can be provided if anybody would like one.

B. FINANCIAL UPDATES**1. Interest Rate Analysis**

Ms. Rojo handed out a breakdown of information regarding comparisons for current interest rates. Ms. Rojo stated the Agricultural Pool currently has about \$432,000 dollars in the Vineyard Bank account and a about \$30,000.00 in the LAIF account that is on deposit with the regular Watermaster funds. All of the Agricultural Pool's money used to be solely in the LAIF account and a few years ago the committee members asked we move money to an account that would accrue more interest. LAIF generally trends to lag behind the interest, however, in the breakout they appear to be doing pretty well now. The Vineyard account money is currently invested in a money market and it is receiving 3.75% interest. The Agricultural money is currently liquid and that was one of the main concerns when wanting to move the money around that it stayed liquid. A discussion ensued with regard to this presentation and how to apply the funds to various accounts. It was decided chair Feenstra

and Ms. Rojo will work this financial decision out and report back to the committee members as to the resolution.

C. CEO/STAFF REPORT

1. Legislative Update

No comment was made regarding this item.

2. Recharge Update

No comment was made regarding this item.

3. Progress Report on Desalter Expansion

Ms. Rojo stated the City of Ontario, Western Municipal Water District and now Jurupa Community Services have been working on the desalter expansion agreement and this item is moving forward. Western has \$5M dollars grant money that needs to be spend by next year and they do not want to lose that grant money. The group has developed a pretty aggressive schedule on getting things done. This group has been meeting on a regular basis and has decided to hire a project manager to oversee the organization of getting this work done.

IV. INFORMATION

1. Metropolitan Water District Letter

No comment was made regarding this item.

2. 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

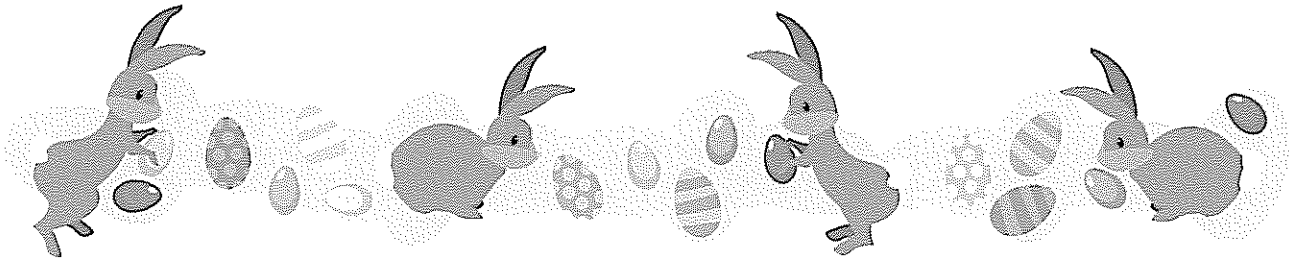
March 8, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
March 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
March 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 22, 2007	9:00 a.m.	Advisory Committee Meeting
March 22, 2007	11:00 a.m.	Watermaster Board Meeting
March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

The Agricultural Pool committee meeting was dismissed at 10:56 a.m.

Secretary: _____

Minutes Approved: _____

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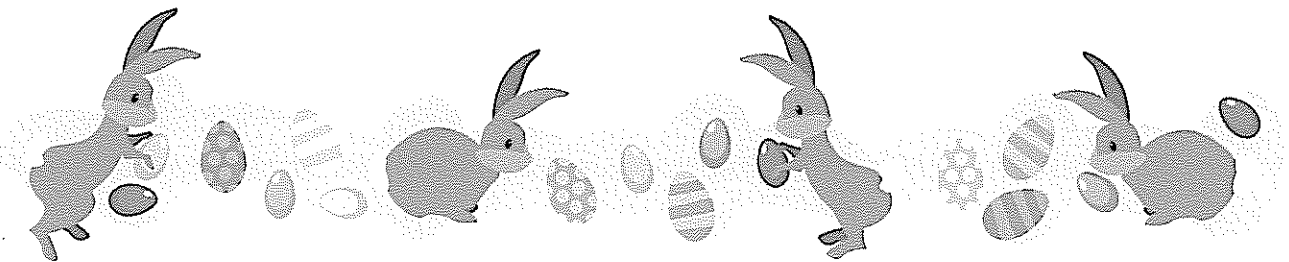


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2007
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through February 28, 2007
3. Treasurer's Report of Financial Affairs for the Period February 1, 2007 through February 28, 2007
4. Profit & Loss Budget vs. Actual July 2006 through February 2007



CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2007

Type	Date	Num	Name	Amount
Mar 07				
Bill Pmt -Check	3/6/2007	11211	MEDIA JIM	-900.00
General Journal	3/7/2007	07/02/8	PAYROLL	-6,562.20
General Journal	3/7/2007	07/02/8	PAYROLL	-22,378.35
Check	3/8/2007	11212	MONTE VISTA IRRIGATION COMPANY	-9,963.18
Check	3/8/2007	11213	UPLAND, CITY OF	-138,234.25
Check	3/8/2007	11214	SAN ANTONIO WATER COMPANY	-8,674.72
Bill Pmt -Check	3/8/2007	11215	APPLIED COMPUTER TECHNOLOGIES	-3,066.10
Bill Pmt -Check	3/8/2007	11216	COMPUSA, INC.	-1,648.34
Bill Pmt -Check	3/8/2007	11217	COMPUTER NETWORK	-315.46
Bill Pmt -Check	3/8/2007	11218	DIRECTV	-74.98
Bill Pmt -Check	3/8/2007	11219	FIELD, CHARLES	-125.00
Bill Pmt -Check	3/8/2007	11220	HSBC BUSINESS SOLUTIONS	-537.25
Bill Pmt -Check	3/8/2007	11221	MAYER HOFFMAN MC CANN P.C.	-6,850.00
Bill Pmt -Check	3/8/2007	11222	MONTE VISTA WATER DIST	-375.00
Bill Pmt -Check	3/8/2007	11223	PARK PLACE COMPUTER SOLUTIONS, INC.	-5,625.00
Bill Pmt -Check	3/8/2007	11224	PAYCHEX	-182.52
Bill Pmt -Check	3/8/2007	11225	PREMIERE GLOBAL SERVICES	-50.41
Bill Pmt -Check	3/8/2007	11226	RAUCH COMMUNICATION CONSULTANTS, LLC	-882.87
Bill Pmt -Check	3/8/2007	11227	REID & HELLYER	-5,529.95
Bill Pmt -Check	3/8/2007	11228	SAGE, KEVIN	-125.00
Bill Pmt -Check	3/8/2007	11229	SOUTHERN CALIFORNIA WATER COMMITTEE	-290.00
Bill Pmt -Check	3/8/2007	11230	SPRINT	-294.43
Bill Pmt -Check	3/8/2007	11231	STANTEC CONSULTING, INC.	-37.50
Bill Pmt -Check	3/8/2007	11232	THE FURMAN GROUP, INC.	-2,635.00
Bill Pmt -Check	3/8/2007	11233	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	3/8/2007	11234	VERIZON	-388.38
Bill Pmt -Check	3/8/2007	11235	WEST VALLEY ELECTRIC	-2,055.00
Bill Pmt -Check	3/8/2007	11236	WHEELER METER MAINTENANCE	-1,650.00
Bill Pmt -Check	3/8/2007	11237	WILLIS, KENNETH	-125.00
Bill Pmt -Check	3/8/2007	11238	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	3/15/2007	11262	CITISTREET	-3,652.94
Bill Pmt -Check	3/15/2007	11263	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,190.34
Bill Pmt -Check	3/15/2007	11264	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-6,970.25
Bill Pmt -Check	3/15/2007	11239	A & R TIRE	-48.31
Bill Pmt -Check	3/15/2007	11240	ACWA SERVICES CORPORATION	-235.70
Bill Pmt -Check	3/15/2007	11241	BANK OF AMERICA	-3,098.24
Bill Pmt -Check	3/15/2007	11242	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	3/15/2007	11243	CITISTREET	-3,652.94
Bill Pmt -Check	3/15/2007	11244	DAILY BULLETIN	-184.80
Bill Pmt -Check	3/15/2007	11245	ESRI	-390.00
Bill Pmt -Check	3/15/2007	11246	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	3/15/2007	11247	HAMRICK, PAUL	-250.00
Bill Pmt -Check	3/15/2007	11248	HATCH AND PARENT	-65,515.30
Bill Pmt -Check	3/15/2007	11249	HOSTETLER, DAN	-125.00
Bill Pmt -Check	3/15/2007	11250	INLAND EMPIRE UTILITIES AGENCY	-10,000.00
Bill Pmt -Check	3/15/2007	11251	MCI	-923.48
Bill Pmt -Check	3/15/2007	11252	OFFICE DEPOT	-822.97
Bill Pmt -Check	3/15/2007	11253	PUMP CHECK	-2,167.50
Bill Pmt -Check	3/15/2007	11254	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	3/15/2007	11255	STATE COMPENSATION INSURANCE FUND	-898.41
Bill Pmt -Check	3/15/2007	11256	STATE OF CALIFORNIA BOARD OF EQUALIZATI...	-3,425.86
Bill Pmt -Check	3/15/2007	11257	UNION 76	-152.95
Bill Pmt -Check	3/15/2007	11258	UNITED PARCEL SERVICE	-360.90
Bill Pmt -Check	3/15/2007	11259	VERIZON WIRELESS	-161.70
Bill Pmt -Check	3/15/2007	11260	WEST VALLEY ELECTRIC	-290.33
Bill Pmt -Check	3/15/2007	11261	RICOH BUSINESS SYSTEMS-Maintenance	-1,047.00
General Journal	3/16/2007	70303	PAYROLL	-6,553.18
General Journal	3/16/2007	70303	PAYROLL	-22,378.35
General Journal	3/24/2007	70305	PAYROLL	-6,329.40
General Journal	3/24/2007	70305	PAYROLL	-23,508.84
Bill Pmt -Check	3/27/2007	11265	ARROWHEAD MOUNTAIN SPRING WATER	-43.43
Bill Pmt -Check	3/27/2007	11266	BLACK & VEATCH CORPORATION	-1,772.50
Bill Pmt -Check	3/27/2007	11267	CAL CPA	-457.00
Bill Pmt -Check	3/27/2007	11268	CALPERS	-3,058.44
Bill Pmt -Check	3/27/2007	11269	COMPUSA, INC.	-34.47
Bill Pmt -Check	3/27/2007	11270	DIRECTV	-74.98
Bill Pmt -Check	3/27/2007	11271	ELLISON, SCHNEIDER & HARRIS, LLP	-56,059.42
Bill Pmt -Check	3/27/2007	11272	OFFICE DEPOT	-536.83

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2007

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	3/27/2007	11273	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	3/27/2007	11274	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,245.92
Bill Pmt -Check	3/27/2007	11275	SPRINT	-294.43
Bill Pmt -Check	3/27/2007	11276	STAULA, MARY L	-136.61
Bill Pmt -Check	3/27/2007	11277	WILDERMUTH ENVIRONMENTAL INC	-228,568.02
Mar 07				-689,361.20

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH FEBRUARY 28, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			5,103,741		110,425				5,214,166	\$7,308,205
Interest Revenue			94,866	10,797	3,862			47	109,572	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	5,198,607	10,797	114,287	-	-	47	5,323,738	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	648,216								648,216	601,598
Watermaster Board-Advisory Committee	34,001								34,001	52,123
Pool Administration			15,013	53,762	4,533				73,308	118,245
Optimum Basin Mgmt Administration		1,449,515							1,449,515	1,855,795
OBMP Project Costs		3,148,499							3,148,499	5,904,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	20,000								20,000	5,000
Total Administrative/OBMP Expenses	702,217	4,598,014	15,013	53,762	4,533	-	-	375	5,373,914	8,537,405
Net Administrative/OBMP Income	(702,217)	(4,598,014)								
Allocate Net Admin Income To Pools	<u>702,217</u>		541,402	147,637	13,178				-	0
Allocate Net OBMP Income To Pools		<u>4,598,014</u>	3,545,023	966,705	86,286				-	0
Agricultural Expense Transfer			1,162,554	(1,162,554)					-	0
Total Expenses			5,263,992	5,550	103,997	-	-	375	5,373,914	8,537,405
Net Administrative Income			(65,385)	5,247	10,290			(328)	(50,176)	(954,700)
Other Income/(Expense)										
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
Net Other Income			-	-	-	(1,255,814)	-	-	(1,255,814)	0
Net Transfers To/(From) Reserves			(65,385)	5,247	10,290	(1,255,814)	-	(328)	(1,305,990)	(954,700)
Working Capital, July 1, 2006			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
Working Capital, End Of Period			4,373,772	475,808	197,274	(116,199)	158,251	1,614	5,090,520	
05/06 Assessable Production			124,315,140	33,899,960	3,025,832				161,240,932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
FEBRUARY 1 THROUGH FEBRUARY 28, 2007**

DEPOSITORIES:

Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	\$ (291,477)	
Zero Balance Account - Payroll	(28,941)	(320,418)
Vineyard Bank CD - Agricultural Pool		432,710
Local Agency Investment Fund - Sacramento		<u>5,358,868</u>
TOTAL CASH IN BANKS AND ON HAND	2/28/2007	\$ 5,471,660
TOTAL CASH IN BANKS AND ON HAND	1/31/2007	6,553,657
PERIOD INCREASE (DECREASE)		<u>\$ (1,081,997)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$ -
	Assessments Receivable	352,735
	Prepaid Expenses, Deposits & Other Current Assets	(95,502)
(Decrease)/Increase in Liabilities	Accounts Payable	(896,418)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	(37,528)
	Transfer to/(from) Reserves	<u>(405,284)</u>
PERIOD INCREASE (DECREASE)		<u>\$ (1,081,997)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 1/31/2007	\$ 500	\$ 462,846	\$ -	\$ 431,443	\$ 5,658,868	\$ 6,553,657
Deposits	-	353,031	-	1,267	-	354,298
Transfers	-	241,676	58,324	-	(300,000)	-
Withdrawals/Checks	-	(1,349,030)	(87,265)	-	-	(1,436,295)
Balances as of 2/28/2007	\$ 500	\$ (291,477)	\$ (28,941)	\$ 432,710	\$ 5,358,868	\$ 5,471,660
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (754,323)	\$ (28,941)	\$ 1,267	\$ (300,000)	\$ (1,081,997)

CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
FEBRUARY 1 THROUGH FEBRUARY 28, 2007

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
2/22/2007	Withdrawal		\$ 300,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 300,000	-			

* 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
February 28, 2007

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 5,358,868			
TOTAL INVESTMENTS	\$ 5,358,868			

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

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

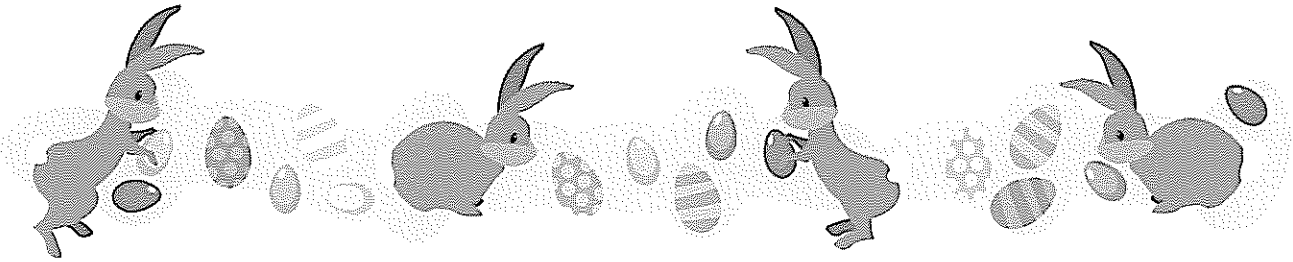
Respectfully submitted,



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

	<u>Jul '06 - Feb 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
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	109,572	136,500	-26,928	80.3%
Total Income	5,323,739	7,582,705	-2,258,966	70.2%
Gross Profit	5,323,739	7,582,705	-2,258,966	70.2%
Expense				
6010 · Salary Costs	498,849	447,037	51,812	111.6%
6020 · Office Building Expense	74,566	102,000	-27,434	73.1%
6030 · Office Supplies & Equip.	24,075	45,000	-20,925	53.5%
6040 · Postage & Printing Costs	60,612	78,500	-17,888	77.2%
6050 · Information Services	98,050	112,500	-14,450	87.2%
6060 · Contract Services	85,076	131,000	-45,924	64.9%
6080 · Insurance	15,108	25,210	-10,102	59.9%
6110 · Dues and Subscriptions	14,406	16,750	-2,344	86.0%
6140 · WM Admin Expenses	2,090	6,500	-4,410	32.2%
6150 · Field Supplies	872	4,000	-3,128	21.8%
6170 · Travel & Transportation	17,854	19,350	-1,496	92.3%
6190 · Conferences & Seminars	23,495	22,500	995	104.4%
6200 · Advisory Comm - WM Board	10,126	15,168	-5,042	66.8%
6300 · Watermaster Board Expenses	23,875	36,955	-13,080	64.6%
8300 · Appr PI-WM & Pool Admin	15,013	15,918	-905	94.3%
8400 · Agri Pool-WM & Pool Admin	13,166	18,633	-5,467	70.7%
8467 · Agri-Pool Legal Services	35,046	65,000	-29,954	53.9%
8470 · Ag Meeting Attend -Special	5,550	12,000	-6,450	46.3%
8500 · Non-Ag PI-WM & Pool Admin	4,533	6,694	-2,161	67.7%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-256,837	-408,749	151,912	62.8%
6900 · Optimum Basin Mgmt Plan	1,356,709	1,713,780	-357,071	79.2%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	92,806	142,015	-49,209	65.3%
7101 · Production Monitoring	64,011	61,565	2,446	104.0%
7102 · In-line Meter Installation	20,457	64,904	-44,447	31.5%
7103 · Grdwtr Quality Monitoring	103,452	149,713	-46,261	69.1%
7104 · Gdwtr Level Monitoring	115,729	191,953	-76,224	60.3%
7105 · Sur Wtr Qual Monitoring	3,932	32,247	-28,315	12.2%
7107 · Ground Level Monitoring	87,980	160,984	-73,004	54.7%
7108 · Hydraulic Control Monitoring	156,703	483,258	-326,555	32.4%
7109 · Recharge & Well Monitoring Prog	43,823	146,350	-102,527	29.9%
7200 · PE2- Comp Recharge Pgm	734,205	1,822,997	-1,088,792	40.3%
7300 · PE3&5-Water Supply/Desalte	841	4,676	-3,835	18.0%
7400 · PE4- Mgmt Plan	133,652	578,762	-445,110	23.1%
7500 · PE6&7-CoopEfforts/SaltMgmt	148,344	310,507	-162,163	47.8%
7600 · PE8&9-StorageMgmt/Conj Use	12,926	6,698	6,228	193.0%
7690 · Recharge Improvement Debt Pymt	1,358,415	1,608,000	-249,586	84.5%

	<u>Jul '06 - Feb 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	164,031	266,734	-102,703	61.5%
Total Expense	5,373,914	8,537,405	-3,163,491	62.9%
Net Ordinary Income	-50,176	-954,700	904,524	5.3%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	369,248	0	369,252	100.0%
Total Other Income	369,248	0	369,252	100.0%
Other Expense				
5010 · Groundwater Replenishment	1,625,062	0	1,625,062	100.0%
9999 · To/(From) Reserves	-1,305,990	-954,700	-351,290	136.8%
Total Other Expense	319,072	-954,700	1,273,772	-33.4%
Net Other Income	50,176	954,700	-904,524	5.3%
Net Income				



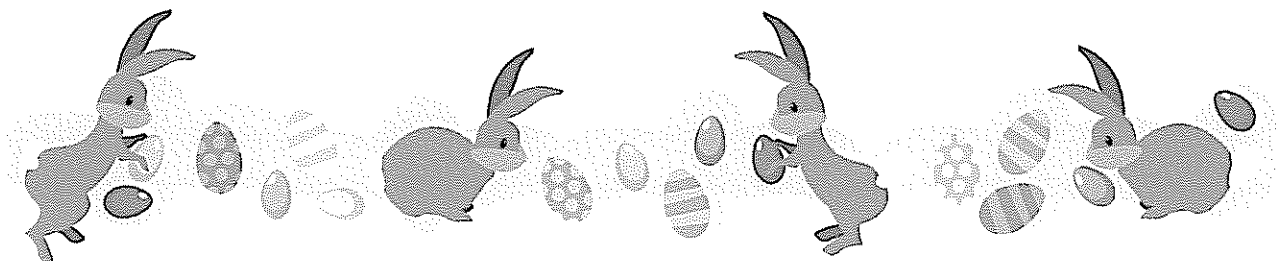
CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

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

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: April 12, 2007
April 17, 2007
April 26, 2007

TO: Committee Members
Watermaster Board Members

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

SUMMARY

Issue –

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

Fiscal Impact –

BACKGROUND

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

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

December 8, 2006

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **October 31, 2006**

Date of this notice: **December 8, 2006**

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

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

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

Appropriative Pool:	December 14, 2006
Non-Agricultural Pool:	December 14, 2006
Agricultural Pool:	December 19, 2006

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

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

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

Watermaster address:

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

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

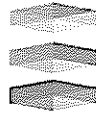
CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: December 8, 2006

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

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April 4, 2007

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

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

Dear Mr. Manning:

Per your direction, Wildermuth Environmental, Inc. (WEI) has prepared an assessment of material physical injury for the above referenced transfer of production rights pursuant to the Peace Agreement and Watermaster's Rules and Regulations. Our analysis is presented below. It is sequentially organized to provide a summary of the transfer request, Watermaster review process for transfers pursuant the Peace Agreement and Watermaster Rules and Regulations, background and existing Management Zone 1 conditions, and analysis of the actual transfer request.

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

Transfer Summary

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

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

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

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

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

Watermaster Review Process.

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

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

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

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

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

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

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

MZ-1 Background Conditions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Analysis of the Transfer for Material Physical Injury

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

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

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

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

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

- Pumping and recharge activities during a DYY take period.

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

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

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

Conclusions and Recommendations

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

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

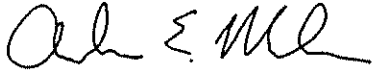
We appreciate the opportunity to serve the Watermaster and the Parties to the Judgment. Please call me if you have any questions or need additional information.

Very truly yours,

Wildermuth Environmental, Inc.



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



Andrew E. Malone
Associate
Wildermuth Environmental, Inc.

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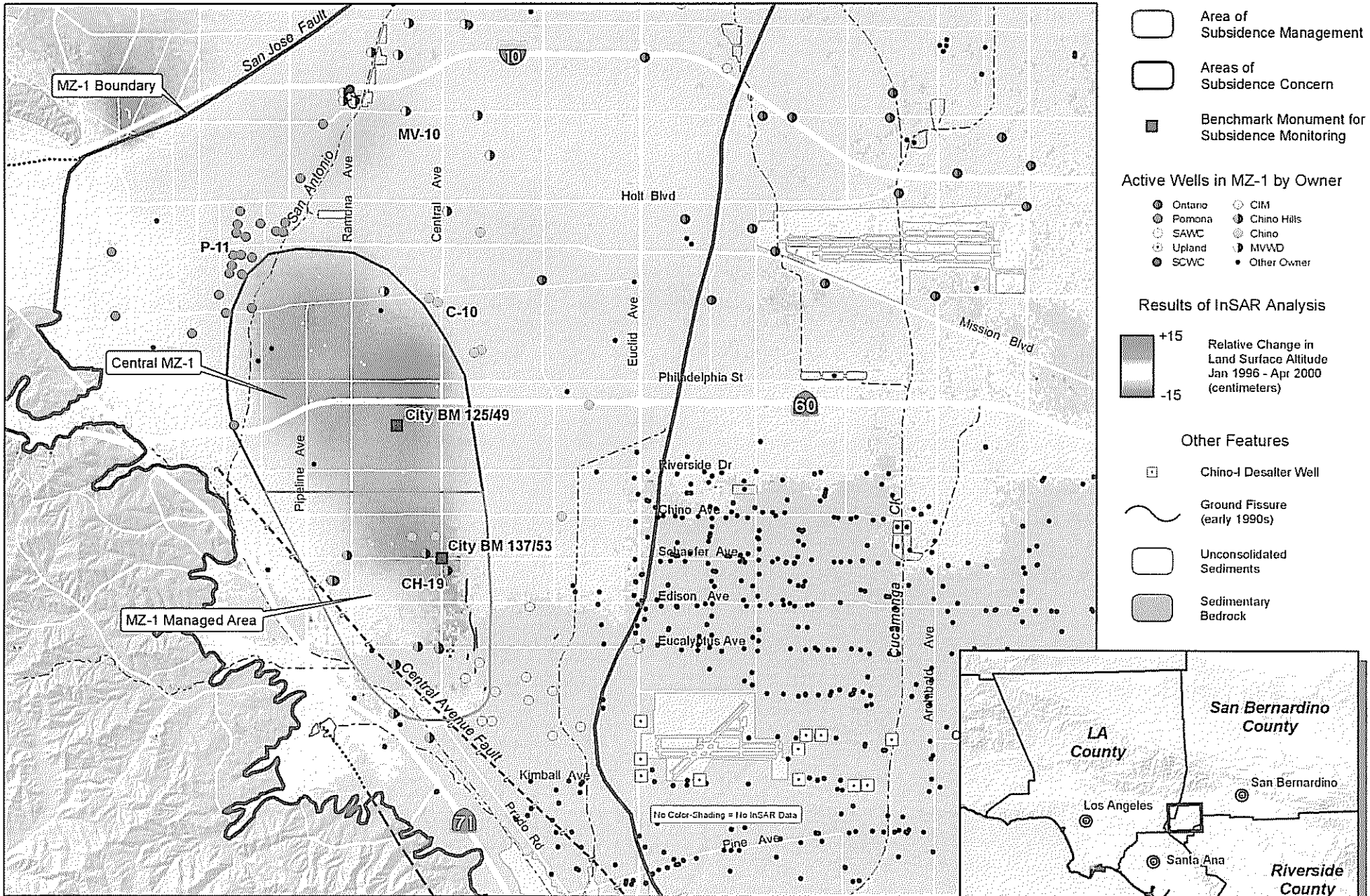
Table 1
Production in Management Zone 1 from Fiscal Year 1992/93 to the Present
 (acre-ft)

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

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

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

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

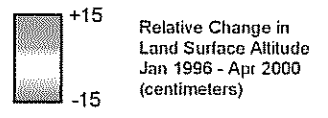


- Area of Subsidence Management
- Areas of Subsidence Concern
- Benchmark Monument for Subsidence Monitoring

Active Wells in MZ-1 by Owner

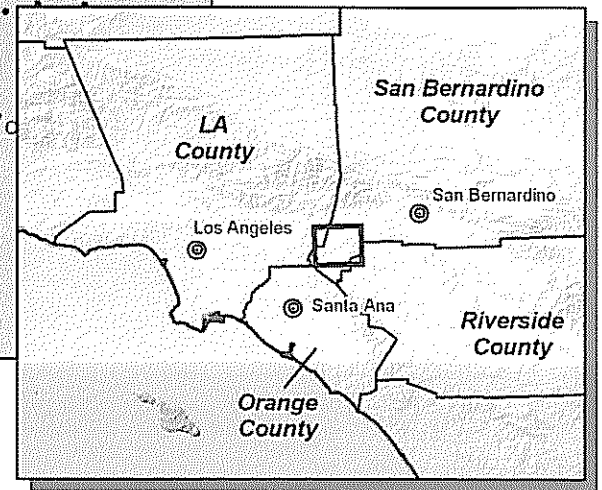
- Ontario
- Pomona
- SAWC
- Upland
- SCWC
- CIM
- Chino Hills
- Chino
- MVWD
- Other Owner

Results of InSAR Analysis



Other Features

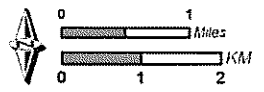
- Chino-I Desalter Well
- Ground Fissure (early 1990s)
- Unconsolidated Sediments
- Sedimentary Bedrock



Subsidence Area in MZ-1

Figure 1

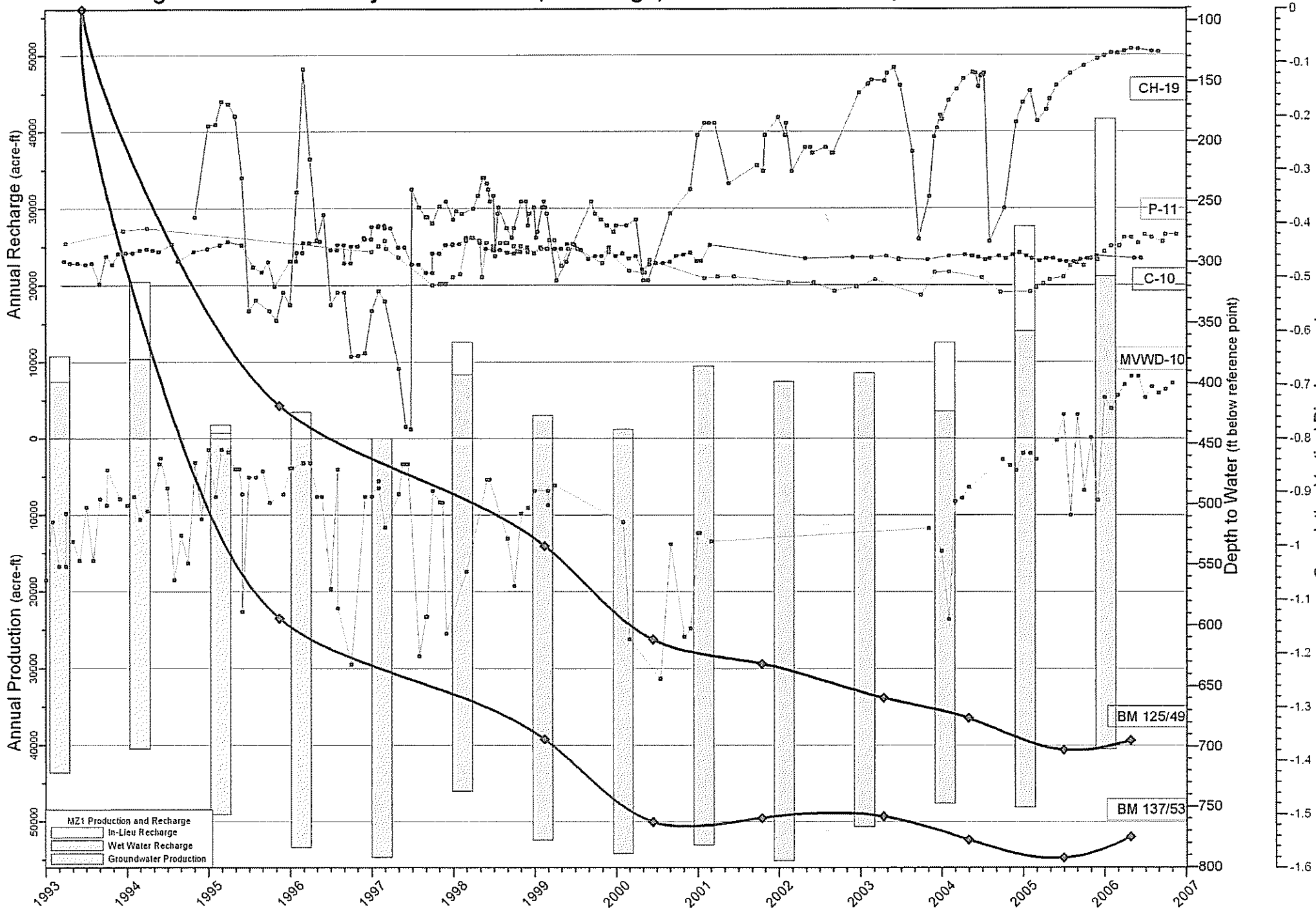
Chino Basin OBMP
Watermaster Staff Report



Author: AEM
Date: 20061206
File: Figure_1_mxd

Produced by:
 WILDERMUTH
ENVIRONMENTAL, INC.

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

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

Summary -

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

Issue -

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

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Watermaster approve the transaction, provided that Watermaster continue its current practice of prioritizing supplemental water recharge in Management Zone 1, pursuant to the recommendation made in Wildermuth Environmental Inc.'s December 7, 2006 analysis of material physical injury for this proposed transfer.

Fiscal Impact –

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

Background

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

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

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

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

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

DISCUSSION

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



RECEIVED

OCT 31 2006

CHINO BASIN WATERMASTER

10575 Central Avenue
Montclair, California 91763

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

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

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

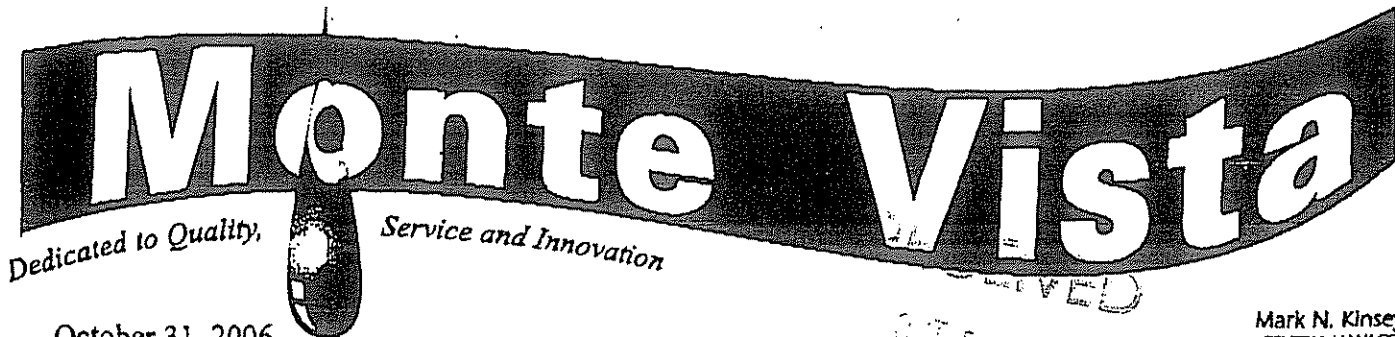
The information contained in this facsimile is intended only for the individual(s) named above. It may contain information that is confidential or privileged. If you are not an individual named above or the employee responsible for delivering this information to that individual, you are hereby notified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

COMMENTS:

Original will be sent via:

Mail

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October 31, 2006

Mark N. Kinsey
GENERAL MANAGER

RECEIVED
 OCT 31 2006
 CHINO BASIN WATERMASTER

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

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

Dear Ken:

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

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

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

Sincerely,

Monte Vista Water District

Mark N. Kinsey
 General Manager

Attachments



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Form 4

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

APPLICANT

Monte Vista Water District
Name of Party

September 12, 2006

Date Requested

Date Approved

10575 Central Avenue
Street Address

500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Montclair
City

CA
State

91763
Zip Code

500 - 1,000 AF/month
Projected Rate of
Recapture

1 month
Projected Duration of
Recapture

Telephone: (909) 624-0035

Facsimile: (909) 624-0037

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

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

PURPOSE OF RECAPTURE

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

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

Recapture by pumping.

PLACE OF USE OF WATER TO BE RECAPTURED

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

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

Recapture to occur at regular production wells.

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

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

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

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED

Yes [X] No []

Mark N. Kinsey
Applicant

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

MONTE VISTA WATER DISTRICT

Recapture Plan

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

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

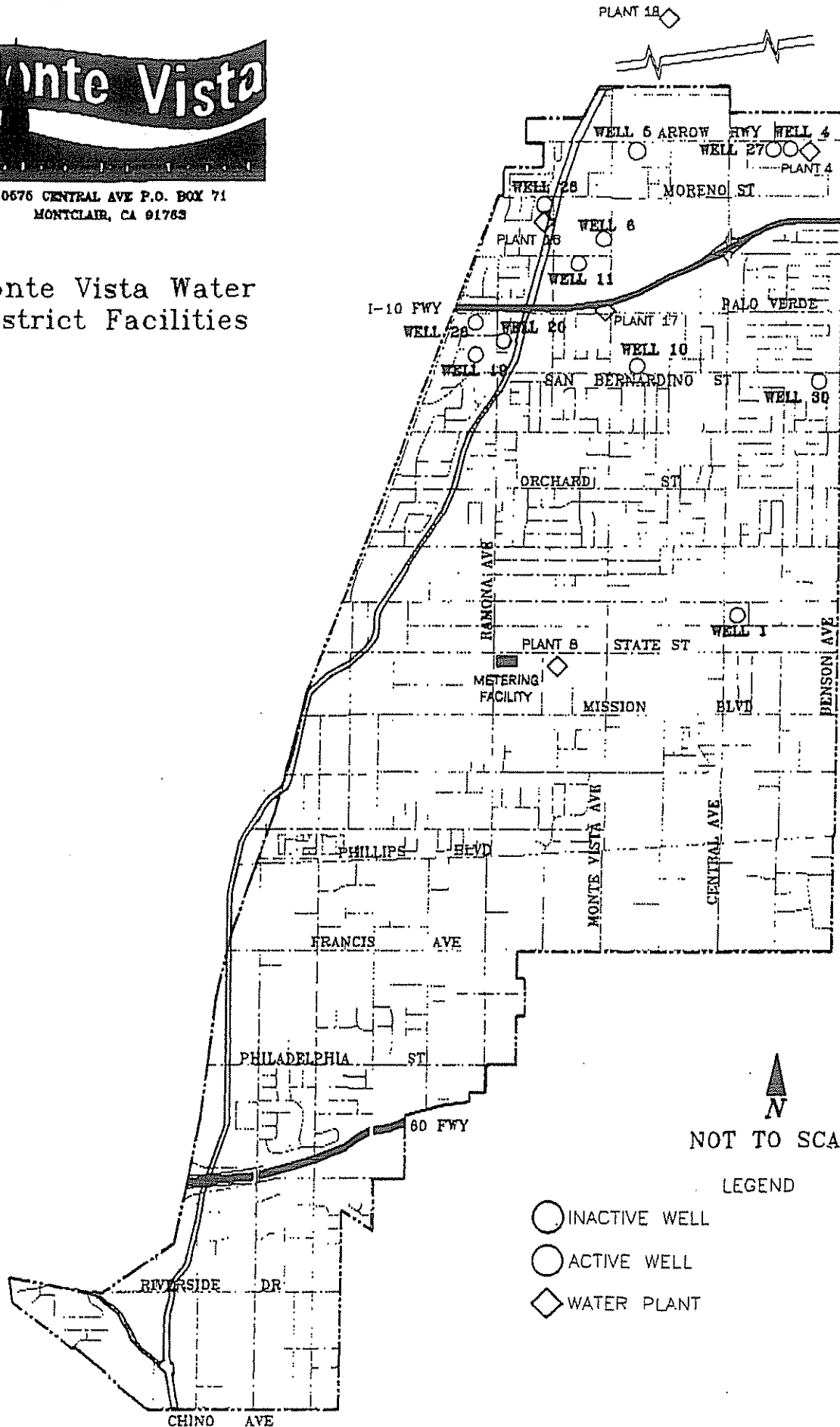
<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
30	9.0
Daily Total	
	71.5

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



10676 CENTRAL AVE P.O. BOX 71
MONTCLAIR, CA 91763

Monte Vista Water District Facilities



N
NOT TO SCALE

LEGEND

- INACTIVE WELL
- ACTIVE WELL
- ◇ WATER PLANT

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

Transfer from Local Storage Agreement: 25

Date Requested: **September 12, 2006**

Transferring Party: **West Valley Water District**

Date Approved:


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

Amount Requested (AF): **500**

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

Amount Approved (AF):

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


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

Attach Recapture Form 4

Receiving Party: **Monte Vista Water District**

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

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

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

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

Water Quality and Water Levels:

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

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

Material Physical Injury:

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

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in material physical injury to a part to the Judgment or the Basin?

N/A

Additional information attached? Yes No



Applicant: Mark N. Kinsey, General Manager

To be completed by Watermaster:

Date of approval from Non-Agricultural Pool:

Date of approval from Agricultural Pool:

Date of approval from Appropriative Pool:

Hearing date, if any:

Date of Advisory Committee approval:

Date of Board approval:

Agreement Number:

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 5, 2007

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 15, 2007**

Date of this notice: **April 5, 2007**

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

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

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

Appropriative Pool:	April 12, 2007
Non-Agricultural Pool:	April 12 2007
Agricultural Pool:	April 17, 2007

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 5, 2007

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 5, 2007
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

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

Recommendation –

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

Fiscal Impact –

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

Background

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

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

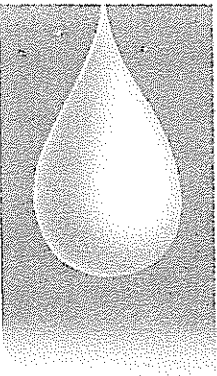
The following application for water transaction is attached with the notice of application.

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

Notice of the water transaction identified above was mailed on April 5, 2007 along with the materials submitted by the requestors.

DISCUSSION

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



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

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

March 15, 2007

MAR 15 2007

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



Subject: Purchase of Water in Storage and Annual Production Right
Chino Basin-Fiscal Year 2006/2007

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust water in storage and annual production right in the amount of 7.694 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.



Enclosed are fully executed Chino Basin Watermaster Forms No. 3 and 5, along with the company's Recapture Plan for consideration by Watermaster. Please aendize this proposed transfer at the earliest possible opportunity.

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

Very truly yours,

Michael J. McGraw
General Manager

MJM:bf
Enclosures



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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

The Nicholson Trust _____ March 13, 2007 _____
Name of Party Date Requested Date Approved

11142 Garvey Avenue _____ .720 _____ Acre-feet _____ Acre-feet
Street Address Amount Requested Amount Approved

El Monte _____ CA _____ 91737 _____
City State Zip Code

Telephone: (626) 448-6183 _____ Facsimile: (626) 448-5530 _____

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

TRANSFER TO:

Fontana Water Company _____
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue _____
Street Address

Fontana _____ CA _____ 92335 _____
City State Zip Code

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

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

WATER QUALITY AND WATER LEVELS

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

MATERIAL PHYSICAL INJURY

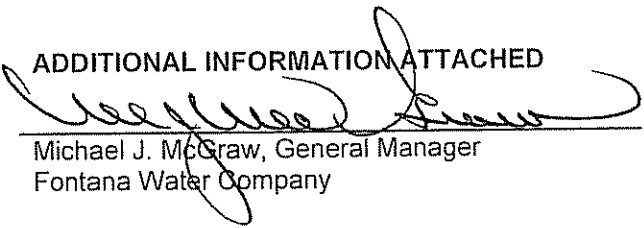
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that
may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

<u>Fontana Water Company</u>			<u>March 13, 2007</u>	_____
Name of Party			Date Requested	Date Approved
<u>8440 Nuevo Avenue</u>			<u>0.720</u> Acre-feet	_____ Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Fontana</u>	<u>CA</u>	<u>92335</u>	_____	_____
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>(909) 822-2201</u>			Facsimile: <u>(909) 823-5046</u>	

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

IDENTITY OF PERSON THAT STORED THE WATER: The Nicholson Trust

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

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

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

N/A

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

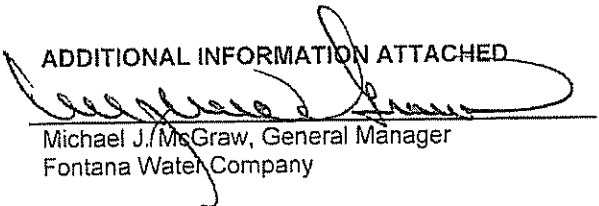
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 - 2007

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

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY?

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes No

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

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

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

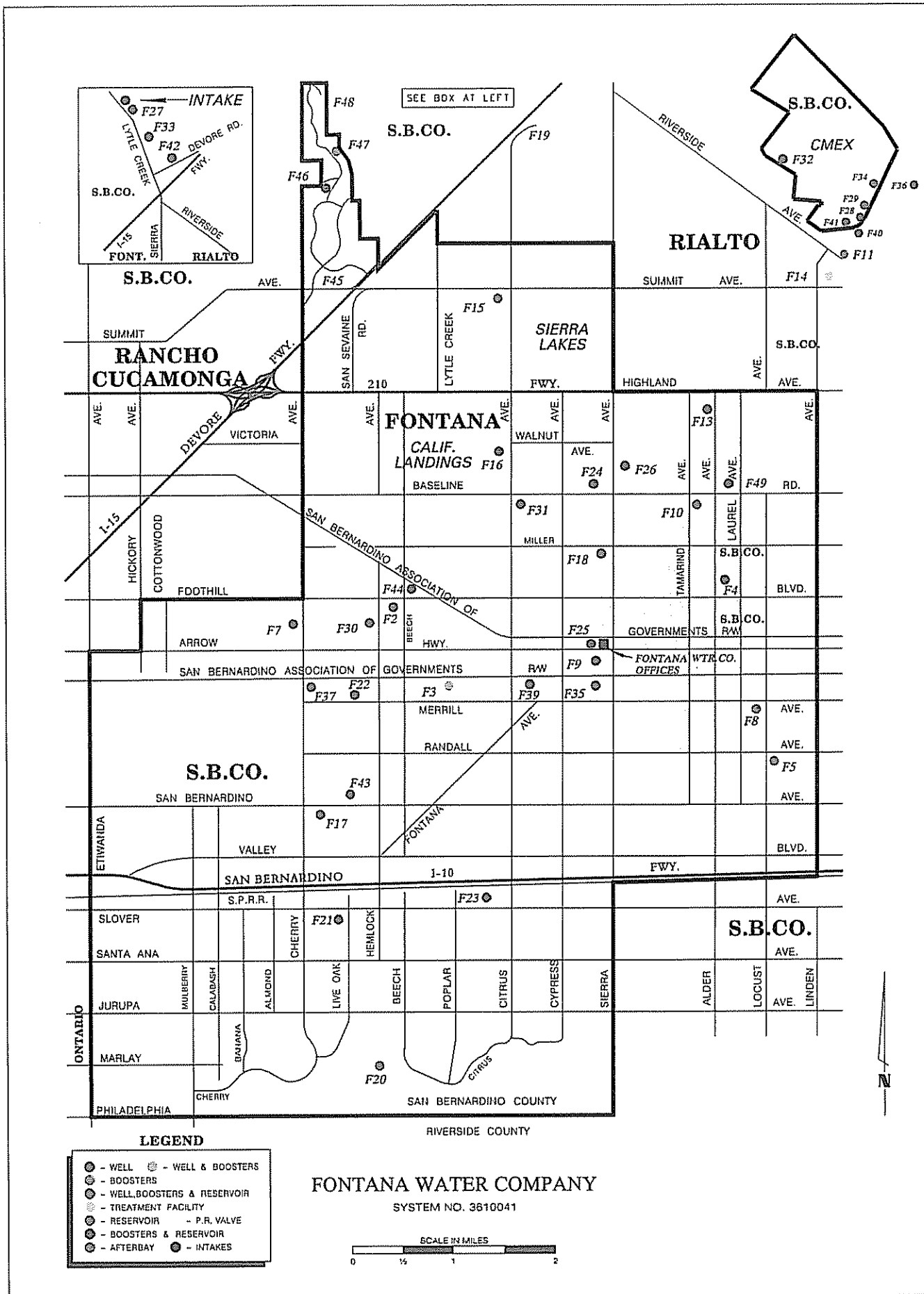
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater and annual production right from The Nicholson Trust to Fontana Water Company (FWC) of 7.694 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2006/2007. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

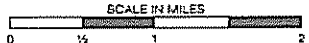
<u>Well</u>	<u>Production</u> <u>Acre-Feet/Day</u>
F23A	10.6
F21A	5.7
F37A	5.7
F7A	11.0
F22A	8.2
F24A	8.4
F26A	8.6
F31A	7.3
F2A	10.6
F30A	5.1
F44A	11.0
F44B	10.6
F44C	10.6
F17B	5.7
F17C	7.1
Daily Total	126.2

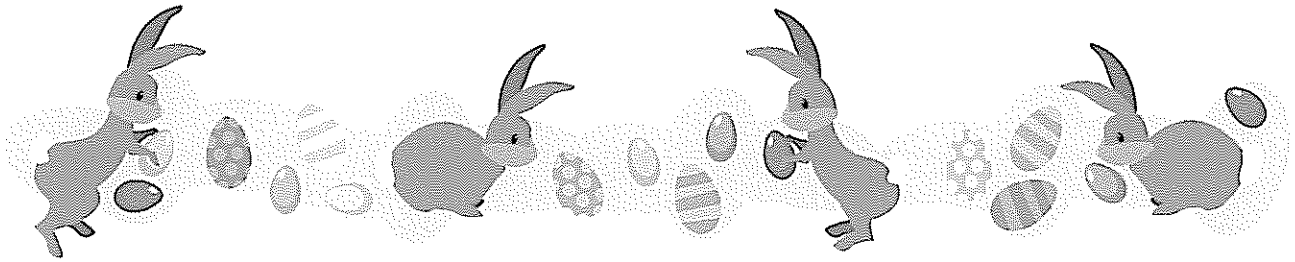
The attached map shows the location of these wells within FWC's service area. Prior to 1992, water produced from the majority of these wells was pumped within Management Zone 3 by Fontana Union Water Company with safe yield rights in the Chino Groundwater Basin. However, as a result of a bankruptcy settlement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



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

FONTANA WATER COMPANY
SYSTEM NO. 3810041

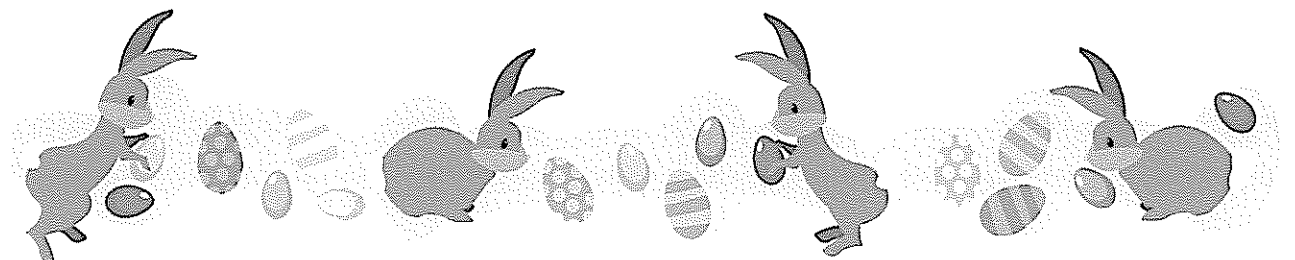




CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

- A. CONTRACT FOR PROJECT FACILITATION OF CHINO BASIN DESALTERS WITH GARY MEYERHOFER, CAROLLO ENGINEERS





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: April 12, 2007
April 17, 2007
April 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Retention of Project Facilitator for Chino Basin Desalters

Summary

Issue – Retention of Desalter Project Coordinator to coordinate tasks relating to the implementation of next increment of desalter capacity.

Recommendation – Approve the Contract and Task Order #1 with Carollo Engineers to provide professional services at competitive rates for an amount not to exceed \$75,000.00.

Fiscal Impact – No fiscal impact on the Watermaster budget. All costs, up to the task order authorization of \$75,000, are being reimbursed by IEUA, Western MWD and Three Valley's MWD.

Section VII of the Peace Agreement sets forth the basic commitments of the Parties with respect to future desalters. Among these obligations, Western Municipal Water District ("Western") and the Inland Empire Utilities Agency ("IEUA") assumed responsibilities relating to obtaining funding to support the expansion of desalting capacity. Both Western and IEUA have been successful in raising third party funds that can be used to substantially reduce the capital costs that may be incurred in the construction of the future desalters in a cumulative amount which may exceed \$40 million. Approximately \$7 million has been fully approved and must be spent as soon as September 2008.

On March 1, 2007, the parties involved with the development of desalter expansion met to discuss each agency's progress. Included in the discussion was a recap of the commitments to both the Regional Water Quality Control Board and the Court for the development of desalters as well as the draft schedule

for completion of the project. It was agreed by the parties that in order to meet the short time schedule to utilize the \$7 million in grant funding that must be spent by September 2008, and to ensure that the project stays on schedule with respect to the other funding opportunities, as well as with the schedules provided to the Court and to the Regional Board, that there should be a project coordinator. No one party felt that it has the available staff to devote the time required for this task. The parties therefore agreed to hire a project coordinator tasked with the responsibility of keeping the project on schedule and to assist in the synchronization of tasks with other agencies.

Given the tight timelines with commitments to the court and regional board, as well as the multiple parties involved, it was decided that IEUA, Western MWD and Three Valley's MWD would each fund 33.3% of the cost to hire a qualified individual to be responsible for maintenance of project schedules, grant funding and CEQA. The task order for this project will have a cap of \$75,000. This amount will be provided to Watermaster in advance in an amount of \$25,000 from each agency.

At the march 8, 2007 Appropriative Pool meeting, Mr. Rossi gave a presentation regarding this proposal and discussed the need for the project coordinator and the need to move forward expeditiously to take advantage of the available funding opportunities.

Following this meeting, Ken Jeske and Ken Manning interviewed three candidates for the position. Based on these interviews they recommend Gary Meyerhofer of Carollo Engineers. The recommendation is based on the candidate's knowledge and experience working on projects of a similar size and magnitude as well as his willingness to spend the anticipated time required. Another factor is Mr. Meyerhofer's knowledge of the Basin and his established relationships with many of the parties.



*Dedicated to creative,
responsive, quality solutions
for those we serve.*

April 5, 2007
300.20

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

Attention: Mr. Ken Manning

Subject: Project Facilitation of Chino Basin Desalters

Dear Mr. Manning:

Please find attached our proposed contract and task order for consulting engineering services. These documents address our scope of work, budget and schedule for the project facilitation and coordination for the Chino Basin Desalters.

After your review of these documents please call me if you have any questions. I look forward to working with you and others on these exciting projects.

Sincerely,

CAROLLO ENGINEERS, P.C.

A handwritten signature in black ink, appearing to read 'Gary Meyerhofer', written over the typed name.

Gary Meyerhofer, P.E.

GMP:tba

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*Dedicated to creative,
responsive, quality solutions
for those we serve.*

April 5, 2007

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

Attention: Mr. Ken Manning

Subject: Proposal for Project Facilitation of Chino Basin Desalters

Dear Mr. Manning:

We propose to render professional engineering services in connection with the project facilitation and coordination of the Chino Basin Desalters (hereinafter called the Project).

Carollo Engineers, A Professional Corporation, (ENGINEER) asserts that it possesses the qualifications to perform the necessary professional services in connection with the Project and will be responsible to the level of competency maintained by engineers under the same or similar circumstances.

The services furnished by Carollo will be defined by Task Orders which will set forth our Scope of Work, Time of Performance, and Payment. We would expect to start our services promptly after receipt of your acceptance of this proposal and to complete our services within approximately three months.

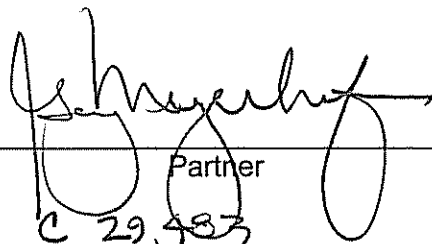
This proposal, the provisions contained in the Schedule of Payment and Conditions and Task Orders attached hereto represent the entire understanding between Carollo and Chino Basin Watermaster in respect to the Project and may only be modified in writing signed by both of us. Please sign the enclosed copy of this letter in the space provided below and return it to us.

Sincerely,

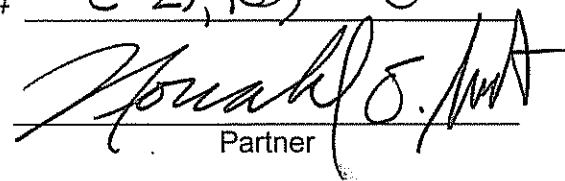
CAROLLO ENGINEERS,
A Professional Corporation

CHINO BASIN WATERMASTER

Accepted this _____ day of _____,
2007

By: 
Partner
PE# C 29,483

By: _____
Officer

By: 
Partner
PE# CH 4332

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Schedule of Payments and Conditions

1. Payment to Engineer

The ENGINEER shall bill the OWNER monthly indicating the services performed and the cost of such services according to the attached fee schedule:

2. Miscellaneous

If, at any time, ENGINEER has reason to believe that the costs which ENGINEER expects to incur in the performance of this Agreement will exceed that which has been estimated, ENGINEER shall notify OWNER and provide a revised estimate for professional services and costs and request that OWNER approve such estimate. In the absence of OWNER's concurrence, ENGINEER shall not be obligated to continue performance under this Agreement or otherwise incur costs in excess of the estimate set forth.

3. Legal Relations

OWNER agrees to indemnify, hold harmless and defend ENGINEER and any and all of their principals, agents and employees from and against all claims, loss, liability, suits and damages including attorney's fees, charges or expenses to which they or any of them may be put or subjected to arising out of or resulting from the performance of this Agreement which claim, damage, loss or expense exceeds the total compensation received by ENGINEER hereunder including claims or alleged claims by third parties and all other claims relating to the Project from any cause including negligent acts, errors and omissions, strict liability, breach of contract or breach of alleged warranty or fiduciary duty on the part of the ENGINEER.

With respect to claims, damages, losses and expenses which are related to hazardous waste, pollutants, or toxic materials, or asbestos on or about the OWNER's property or as a result of performance of ENGINEER's services under this Agreement, the OWNER shall, to the extent permitted by law, defend, indemnify and hold harmless the ENGINEER and its employees, subconsultants or agents from and against all such claims, damages and losses, including attorney's fees resulting from claims against ENGINEER related thereto.

The OWNER shall make freely available to the ENGINEER for examination and copy all directly pertinent books, documents, papers, and records of the OWNER involving transactions related to this Agreement.

The ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over Contractor's methods of determining prices, or other competitive bidding or market conditions or safety conditions, practices or omissions on the site.

Any cost estimates provided by ENGINEER will be made on the basis of his experience and judgement. ENGINEER cannot and does not guarantee that proposals, bids or actual Project construction costs will not vary from cost estimates prepared by him.

If the project involves construction of any kind, the parties agree the OWNER and ENGINEER shall be indemnified to the fullest extent permitted by law for all claims, damages, losses and expenses arising out of or resulting from Contractor's performance of work including injury to any worker on the job site except for the sole negligence of

OWNER or ENGINEER. OWNER and ENGINEER shall be named as additional primary insured(s) by Contractor's General Liability and Builders All Risk insurance policies without offset and all Construction Documents and insurance certificates shall include wording acceptable to the parties herein with reference to such provisions.

ENGINEER shall not be responsible for the means, methods, techniques, sequences, or procedures of construction selected by contractors or the safety precautions and programs incident to the work of contractors and will not be responsible for Contractor's failure to carry out work in accordance with the Contract Documents.

The services to be performed by ENGINEER are intended solely for the benefit of the OWNER. No person or entity not a signatory to this Agreement shall be entitled to rely on the ENGINEER's performance of its services hereunder, and no right to assert a claim against the ENGINEER by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance or non-performance of the ENGINEER's services hereunder.

4. Termination of Agreement

This Agreement may be terminated in whole or in part in writing by either party in the event of substantial failure by the other party to fulfill its obligations under this Agreement through no fault of the terminating party; providing that no such termination may be effected unless the other party is given 1) not less than thirty (30) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and 2) an opportunity for consultation

with the terminating party prior to termination.

If this Agreement is terminated in whole or in part by the OWNER for reasons of default by the ENGINEER, a negotiated adjustment in the price provided for in this Agreement shall be made, however, no amount shall be allowed for anticipated profit or unperformed services. If termination for default is effected by the ENGINEER the negotiated adjustment shall include a reasonable profit. The equitable adjustment of any termination shall provide payment to the ENGINEER for services rendered and expenses incurred prior to the termination, in addition to termination settlement costs reasonably incurred by the ENGINEER relating to obligations and commitments as a result of entering into this Agreement.

**CAROLLO ENGINEERS, PC
FEE SCHEDULE**

**As of March 1, 2007
California**

	<u>Hourly Rate</u>
Engineers/Scientists	
Assistant Professional	\$122.00
Professional	157.00
Project Professional	187.00
Lead Project Professional	202.00
Senior Professional	222.00
Senior Process Specialist	300.00
Technicians	
Technicians	95.00
Senior Technicians	135.00
Construction Services	
Inspector	116.00
Senior Inspector	126.00
Senior Construction Manager	191.00
Support Staff	
Document Processing / Clerical	85.00
Project Equipment Communication Expense (PECE) Per DL Hour	9.00
Other Direct Expenses	
Travel and Subsistence	at cost
Mileage	.485/mile
Subconsultant	cost + 10%
Other Direct Cost	cost + 10%
Expert Witness	Rate x 2.0

This fee schedule is subject to annual revisions due to labor adjustments.

TASK ORDER NO. 01

CHINO BASIN WATERMASTER
(OWNER)

AND

CAROLLO ENGINEERS, A Professional Corporation

This Task Order is issued by the OWNER and accepted by ENGINEER pursuant to the mutual promises, covenants and conditions contained in the Agreement between the above named parties dated the _____ day of _____, 2007, in connection with THE Chino Basin Desalter.

ENGINEER'S SERVICES

Carollo will provide the services of Mr. Gary Meyerhofer who will serves as the facilitator for the Chino Basin Desalters. In this role, he will be responsible initially for coordination of the projects schedules, grant funding applications and other services as requested by the Chino Basin Watermaster.

TIME OF PERFORMANCE

Task Order No. 1 is estimated to take approximately half time of Mr. Meyerhofer over two to three months.

PAYMENT

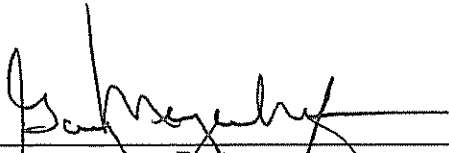
Payment for services will be on a time and materials bases needed on Carollo's March 2007 Fee Schedule with a not to exceed upper limit of \$75,000.

EFFECTIVE DATE

This Task Order No. 01 is effective as of the _____ day of _____, 2007

IN WITNESS WHEREOF, duly authorized representatives of the OWNER and of the ENGINEER have executed this Task Order No. 1 evidencing its issuance by OWNER and acceptance by ENGINEER.

CAROLLO ENGINEERS,
A Professional Corporation

By: 

Partner

By: 

Partner

CHINO BASIN WATERMASTER

Accepted this _____ day of _____,
2007

By: _____

Officer

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Gary J. Meyerhofer

Education

MS Environmental Engineering, University of California, Davis, 1977

BS Civil Engineering, Loyola University, Los Angeles, California, 1975

Licenses

Civil Engineer, California

Professional Engineer, Michigan, Wisconsin

Professional Affiliations

American Water Works Association

Mr. Meyerhofer, a partner with Carollo Engineers, has 26 years of experience in environmental engineering with emphasis in the planning, design, and construction of water supply, treatment, and distribution facilities. His experience includes the preparation of water master plans, and water quality studies, as well as pre- and final design of water treatment and distribution facilities. He has also served as construction manager for several water treatment plant projects. Mr. Meyerhofer's project management and engineering experience encompasses the following areas:

Planning and Infrastructure

- Project engineer providing expertise in the area of surface water supply and water quality for the preparation of a 20-Year Comprehensive Water Master Plan for the Victor Valley Water District, California. The project includes development of a hydraulic computer model using H₂ONET[®], field testing to calibrate the model to actual field conditions, identification of water supply concerns, and evaluation of options. The project also includes preparation of an Urban Water Management Plan, evaluation of the District's 16 storage tanks for seismic vulnerabilities, and a financial analysis to analyze revenues and establish a new rate structure.
- Project manager for the design of water storage and pumping facilities for the City of Folsom, California, and City of Galt, California. Storage facilities consisted of 3- and 4-million-gallon steel tanks, respectively. Pumping facilities consisted of 3,000 and 2,500 gallons-per-minute, respectively.
- Project manager in the preparation of several water system master plans for cities and water districts throughout California. This included serving as project manager for an update of the master plan for the Treated Water Division of the Contra Costa Water District, California. Tasks included:

analysis of existing system; calculation of current and future water requirements; determination of required transmission, treatment, storage, and distribution facilities; cost-estimating of the facilities; computer modeling of the distribution system; and development of a capital improvement program.

- Project engineer for the water system master plan for the City of Lakeport, California, and a transmission system analysis for the City of Fairfield, California, to determine optimum siting for a new water treatment plant.
- Project engineer for the development of a water management study for the Modesto, California, area. The objective of the study was to evaluate alternatives and recommend a plan that protects the long-term availability of local water supplies and meets future water demands in a cost-effective manner. After completion of this study, he served as project manager for a follow-up study to evaluate surface water treatment and delivery alternatives for the same study area.
- Project engineer for a storm drainage master plan completed for the City of Watsonville, California. This project included the development of planning criteria, analysis of existing facilities, prediction of 5-, 10-, 50-, and 100-year runoff flows, evaluation of alternatives for stormwater management, development of a capital improvement program, and financial planning.
- Project engineer for development of the facilities plan for the wastewater treatment plant serving Walt Disney World, Florida.
- Preparation of an industrial waste study conducted for a metal plater and finishing company.
- Completion of a planning improvements and energy conservation study for the Lindsay-Strathmore Irrigation District.

Water Quality and Treatment

- Project director for the new Water Works Park II Water Treatment Plant, a \$275-million design/build/maintain project for the City of Detroit Water and Sewerage Department, Michigan. The new water treatment plant is a conventional process with intermediate ozonation with an initial capacity of 240 mgd and an ultimate capacity of 320 mgd. As project director, Mr. Meyerhofer was responsible for all day-to-day operations of the project. In this capacity, he served as the lead of a 400-person/50-firm team. He was responsible for all design, construction, maintenance, procurement, financial, scheduling, and safety aspects of this project. This project included a new 320-mgd pump station and pipelines up to 96 inches in diameter. The project also included a 10-million-gallon buried concrete reservoir as well as contact time modifications to an existing 20-million-gallon buried concrete reservoir.
- Contract manager for the development of the new 20-mgd water treatment plant for Mountain House Community Services District, California. Responsible for defining the contract terms, conditions, cost, and schedule, in conjunction with our partner, Western Summit Construction Company.
- Contract manager for a \$20-million design/build project for the City of Olathe, Kansas. In this role, Mr. Meyerhofer developed the contracts for Carollo to hire a general contractor to build the modification and 20-mgd expansion of the City's existing water treatment plant.
- Project manager for the predesign and design of a new diversion structure and intake on the San Gabriel River for the San Gabriel River Water Committee, California. Nine diversion alternatives were screened during the predesign resulting in the selection of an Obermeyer weir. The intake is sized to divert a flow up to 100 mgd.
- Deputy project manager for the predesign and design of ozone facilities for the Metropolitan Water District of Southern California's 520-mgd Weymouth Filtration Plant. The project consists of adding LOX storage, ozone generation facilities, and ozone contactors. Besides these facilities, new 12-foot diameter plant raw water and ozone effluent pipelines are being added as well as plant flash mix,

sulfuric acid, caustic acid, hydrogen peroxide, and sodium hypochlorite storage and feed facilities.

- Principal-in-charge for the predesign, design, and construction of a new 25-mgd microfiltration membrane plant for the Kenosha Water Utility, Wisconsin. The plant takes water from Lake Michigan and treats it through hollow-fiber, low-pressure Memcor Memtec membranes.
- Project manager for the predesign for the expansion of the Sacramento River Water Treatment Plant for the City of Sacramento, California, Utilities Department. This 100-mgd expansion included investigation of river intake alternatives, conventional treatment process alternatives, ozonation, pumping, clearwell, and transmission system improvements. The cost of expansion improvements was estimated to range between \$100 and \$150 million.
- Project manager for the water treatment program for the Carmichael Water District (CWD), California. This program was designed to help CWD meet the Surface Water Treatment Rule. CWD currently withdraws its surface supply via Ranney Collectors in the American River. The program was comprised of a water quality monitoring study, an alternative water supply analysis, and a siting study and predesign for a new 20-mgd water treatment plant.
- Project manager for the predesign of the Fairbairn Water Treatment Plant Expansion for the City of Sacramento, California. The project involved the expansion of the plant from 100 mgd to 200 mgd. Elements of the project included the addition of a 20-million-gallon buried concrete reservoir, an expansion of the intake pump station in the American River, additional grit basins, flocculation/sedimentation basins, filters, and the construction of washwater reclamation facilities, chemical storage area, and a 10,000-square-foot water quality laboratory.
- Project manager for the design of improvements to the Bollman Water Treatment Plant for the Contra Costa Water District, California. Improvements to the plant included the addition of filters and chemical storage tanks and modification of the plant's flocculation basins, chemical feed equipment, and access roads. Mr. Meyerhofer also

served as project manager during construction of these improvements.

filter operation, and the use of ozone and activated carbon.

- Project manager for the design of the expansion of the Waterman Treatment Plant for the City of Fairfield, California. Expansion facilities consisted of the addition of new filters, low-lift and high-lift pumps, and intake screens. Also included in the project were the modification of the plant's flocculation basins and chemical storage systems. Mr. Meyerhofer also served as project manager during construction of these improvements.

- Project engineer for the design of the new 100-mgd Santa Teresa Water Treatment Plant for the City of San Jose, California. Mr. Meyerhofer was responsible for the design of the flocculation and sedimentation basins and the washwater return facilities for this plant.

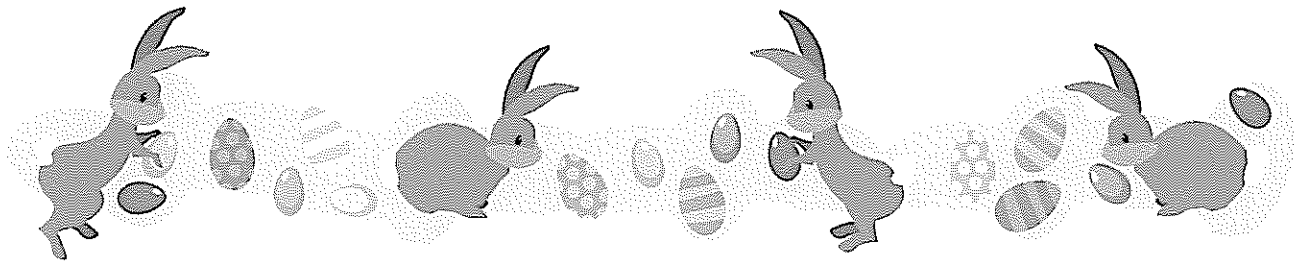
- Project engineer for the predesign and design of improvements to the City of Folsom, California, Water Treatment Plant. He was responsible for the design of the flocculation basins and bulk-hydrated lime storage and feed system.

- Project manager for the planning, design, and construction of a new 10,000-square-foot water quality laboratory for the City of Sacramento, California. This state-of-the-art facility provides the necessary space and equipment for analysis of samples to determine compliance to existing and future drinking water regulations.

- Project engineer for a comprehensive joint water quality study conducted for the East Bay Municipal Utility District, California, and Contra Costa Water District, California. The study included the collection of historical raw and treated water quality data for seven alternative supplies, an extensive one-year sampling program at these alternative sources for the analysis of mineral, particulate, organic, microbiological, and aesthetic parameters, and the evaluation of this data in terms of their impact on health, aesthetics, treatment costs, consumer costs, and industrial costs.

- Operated the pilot facility used in the Los Angeles Aqueduct Water Quality Improvement Program conducted for the Los Angeles Department of Water and Power, California. The pilot study investigated various chemicals and dosages, tapered flocculation rates, types of filter media, modes of

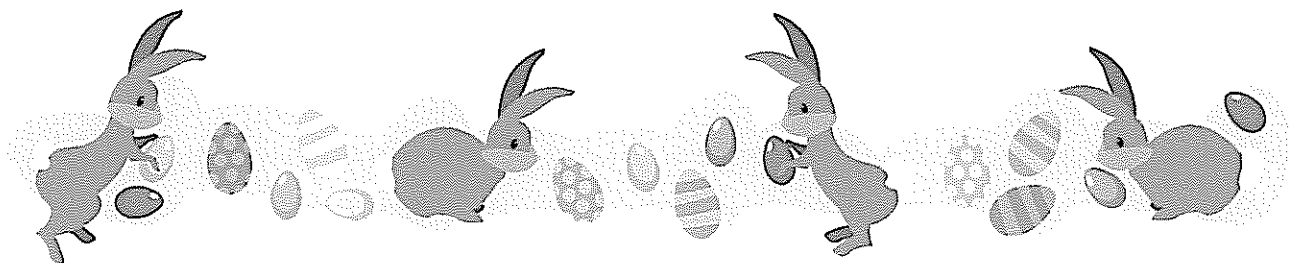
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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. SAN DIEGO COUNTY WATER DISTRICT MOU





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: April 12, 2007
April 17, 2007
April 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Memorandum with San Diego County Water Authority regarding analysis of Storage and Recovery opportunities in Chino Basin

SUMMARY

Issue – Approval of Cost-Sharing Memorandum with San Diego County Water Authority regarding analysis of Storage and Recovery opportunities in Chino Basin

Recommendation – Approve the Cost Sharing Memorandum

Fiscal Impact – Watermaster cost of one-third of the project analysis with a cap of \$150,000

BACKGROUND

Section 5.2 of the Peace Agreement creates a Storage and Recovery Program whose goal is to attract storage partners from outside the Basin who will contribute benefits to the Basin through the participation in the Program.

Watermaster has been in discussion with Castaic Lake Water Agency ("Castaic"), San Diego County Water Authority ("SDCWA"), and the Metropolitan Water District of Southern California ("MWD") about potential participation in the Storage and Recovery Program. MWD already has a 100,000 acre-foot storage account within the Storage and Recovery Program.

As described under the Peace Agreement, storage in the Chino Basin, including storage under the Storage and Recovery Program, occurs under a 500,000 acre-foot "safe harbor," meaning that was the amount analyzed under the Optimum Basin Management Program Programmatic Environmental Impact Report ("OBMP PEIR"). It may be possible to store further quantities of water beyond the initial 500,000, but further CEQA analysis will need to be performed for any additional storage.

Currently, approximately 250,000 acre feet is stored within Local Storage accounts. The current agreement with MWD utilizes another 100,000 acre-feet. Thus, an additional 150,000 acre-feet of storage capacity remains unallocated under the "safe harbor." In addition, under the Stakeholder Non-Binding Term Sheet, it is proposed that approximately 50,000 acre-feet of water stored in Local Storage by the Non-Agricultural Pool may be utilized for the Storage and Recovery Program.

Currently, MWD is interested in an expansion of its agreement from 100,000 acre-feet to 150,000 acre-feet. Castaic has indicated a desire to utilize approximately 50,000 acre-feet of storage capacity. SDCWA has indicated a desire to utilize between 60,000 and 95,000 acre-feet.

It is possible that each of these proposals can be accommodated within the remaining "safe harbor" storage space. However, limiting factors may exist apart from the simple availability of storage capacity. This limiting factors include put and take capabilities of the Chino Basin parties, which is in turn influenced by available facilities, and proposed schedules regarding such puts and takes. It is possible that any such limitations could be overcome through the construction of additional facilities, but in that case it will be important to know in advance the nature and cost of those facilities.

Watermaster has requested an estimate from Black & Veatch regarding a scope of work for a study that will consider these factors in the context of the proposals by Castaic, SDCWA and MWD. This estimate is attached to the subject Memorandum of Understanding ("MOU") as Exhibit A.

Watermaster has proposed to SDCWA to perform the study and to share the costs equally between the participating agencies. Watermaster has also made this proposal to MWD who has indicated informally that it may wish to participate in the study through some type of separate study, rather than through a cost-sharing agreement with these other agencies. Thus, Watermaster and SDCWA have proposed a cost sharing agreement whereby the costs of the study would be shared equally with one-third of the costs to each agency.

Black & Veatch has estimated that the study could be performed for approximately \$125,000. SDCWA has agreed to pay one-third of the cost with a cap of \$49,999.

Prior to Watermaster's execution of the MOU, Watermaster will need to secure Castaic's agreement to assume the other one-third of the cost. With this contingency, Staff recommends approval of the MOU.



March 23, 2007
B&V Project No. 834341.1501

Mr. Kenneth Manning, P.E.
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

**Subject: Expanded Chino Basin Storage and
Recovery (S&R) Program**

Dear Mr. Manning:

Black & Veatch is pleased to present this Letter Proposal for providing assistance to the Watermaster on your Expanded Chino Basin S&R Program. We believe this assignment is a logical extension of our past and on-going work for you. We offer the Watermaster:

- ▼ ***Cost Effective, Flexible Approach.*** The Castaic Lake Water Agency (CLWA), Metropolitan Water District of Southern California (Metropolitan), and San Diego County Water authority (SDCWA) have expressed interest in participating in an Expanded S&R Program. The key to project success will be timely assessment of a feasible, workable program(s). This letter proposal presents a five-step project approach. We look forward to working with you to refine these ideas and to implement another successful project.
- ▼ ***Knowledgeable, Responsive Team.*** As the proposed Project Director, I am excited by the caliber of the individuals who will comprise our “lean and mean” team: Andrew Lazenby, Dirk Reed, and Kristi Kuhlmann. We will be assisted as required by Mark Wildermuth and specialists from Wildermuth Environmental. Our team understands groundwater management issues, and we have worked with the Watermaster and the other project stakeholders. We are excited about the way the cooperative program is progressing and look forward to playing a role on the next phase of project implementation.

The remaining pages of this Letter Proposal are organized as follows: Scope of Work, Assigned Personnel, and Budget.

SCOPE OF WORK

The project tasks are summarized in Table 1 and described in more detail below.

Table 1: Summary of Project Tasks

Task
1. Conduct Project Meetings
2. Define Available and Required Assets
3. Define S&R Program Size, Constraints, and Institutional Arrangements
4. Develop Put/Take Schedule for Program(s)
5. Determine Program Costs

Task 1: Conduct Project Meetings

Successful implementation and coordination of the project objectives will involve several meetings between program participants. These participants include the Chino Basin Watermaster and Appropriative Pool Stakeholders, Western Municipal Water District (Western), Three Valley's Municipal Water District (Three Valleys), CLWA, Metropolitan, and SDCWA. Project meetings will address level of interest in conducting additional storage in the Basin, asset inventory review, and overall project coordination.

We have included in our budget the following meetings:

- ▼ One meeting each with eight Chino Basin appropriators (8 meetings).
- ▼ One meeting each with Western and Three Valleys (2 meetings).
- ▼ One project coordination meeting per month over the estimated 4-month project duration (4 meetings).

Subtasks:

- ▼ Meet with Basin Appropriators To Determine Level of Interest and Update Asset Inventory
- ▼ Meet with TVMWD and WMWD To Determine Level of Interest and Update Asset Inventory
- ▼ Conduct As-needed Meetings with CLWA, Metropolitan, SDCWA, and Watermaster Staff

Task 2: Define Available and Required Assets

The objective under this task will be to develop the mechanism by which additional S&R are conducted in the Basin. This task will also focus on the facility requirements to conduct additional storage operations in the Basin. Black & Veatch developed an S&R Facility Cost Model that was used to evaluate the facility requirements for the Dry-Year Yield (DYY) Program with Metropolitan. The facility assumptions used in this model for participating agencies will be updated under this task.

An evaluation of the available wet water recharge, in-lieu exchange, direct export, and aquifer storage and recovery (ASR) opportunities will also be reviewed. The evaluation may show that the remaining in-lieu shift capabilities of the appropriators may be limited. Therefore, opportunities to integrate other program partners, such as Western and Three Valleys, will be evaluated. This evaluation will determine how the participating agencies (i.e., CLWA, Metropolitan, and SDCWA) put water in and take water out of the Basin.

Subtasks:

- ▼ Update S&R Program Facility Cost Model with Updated Asset Information
- ▼ Review and Evaluate Available Wet Water Recharge Capacity in Basin
- ▼ Review Current In-Lieu Exchange (shift) Capacity of Basin Appropriators
- ▼ Review Direct Export Opportunities
- ▼ Review ASR Opportunities with Basin Appropriators and Program Partners
- ▼ Use Updated S&R Program Facility/Cost Model To Determine Required Facilities

Task 3: Define S&R Program Size, Constraints, and Institutional Arrangements

A review of the Basin appropriator water supply plans and facility requirements will be conducted to help define the size of storage program that could be developed in the Basin. We understand that there may be water quality restrictions on the ability to export treated water from the Basin to the participating agencies using Metropolitan's conveyance facilities. Therefore, we will also review opportunities to utilize other agencies facilities, such as Western's and Three Valleys', for direct export. These restrictions will be reviewed, defined, and used to determine the feasibility of conducting direct export. This task will also focus on defining the institutional arrangements and interagency coordination requirements to conduct all three storage and recovery programs together.

Subtasks:

- ▼ Confirm/Define Size of S&R Program(s) and Put/Take Mechanism
- ▼ Define Water Quality constraints When Using Metropolitan's Facilities for Direct Export
- ▼ Define Water Quality constraints When Using Other Facilities (i.e., Western and Three Valleys' facilities) for Direct Export
- ▼ Define Institutional Arrangements Required To Wheel Water Through Metropolitan's Facilities

Task 4: Develop Put/Take Schedule for Program(s)

This task will focus on the developing the appropriate put and take schedule for each of the participating agencies. A key decision under this task will be to determine whether a put or take cycle is first conducted in the Basin. This will most likely be a policy decision and may include a discussion at one of more of the Watermaster's regularly scheduled Basin management meetings. Seasonal pumping restrictions and capabilities for each of the appropriators will be reviewed, in addition to the current DYY Program commitments. Current Basin management activities,

appropriator water supply plans, and current DYY commitments will be evaluated together to develop the appropriate put/take schedule.

Subtasks:

- ▼ Define Whether Put or Take Is Conducted First at Program Start-up
- ▼ Review Seasonal Pumping and Imported Water Deliveries for Basin Appropriators
- ▼ Review Current DYY Program Commitments and constraints on System (if any)
- ▼ Develop Put/Take Schedule for Agency Program(s)

Task 5: Determine Program Costs

As developed under Task No. 2, our Team developed a facility cost model that was used to define the facility requirements and associated costs for the DYY Program. Once the appropriator assets are updated in the facility cost model, we will use the model to determine the costs associated with the required facilities. Current construction project pricing and cost information from our Team's collective cost estimating experience will be used to develop estimated program costs. These costs can be further expanded into a unit water cost that can ultimately be used for comparison with alternative storage options.

Subtasks:

- ▼ Use S&R Program Facility/Cost Model To Determine Capital and O&M Costs for Required Assets
- ▼ Determine Unit Water Cost for Program(s)

ASSIGNED PERSONNEL

The Watermaster is a highly valued Black & Veatch client, and we are dedicated to meeting your standards and exceeding your expectations. I will be the Project Director, Andrew Lazenby will be the Project Manager, and Dirk Reed and Kristi Kuhlmann will provide technical support. Mark Wildermuth and his staff will be available as required to assist with groundwater modeling, and preparation of the put/take schedule. We are high on the learning curve!

Our team brings: a unique understanding of Watermaster requirements. Mark and I have worked with Watermaster since the initial development of the Chino Basin Optimum Basin Management Program (OBMP), and Andrew has been a part of this triumvirate since joining Black & Veatch in 1998. More recently, Dirk and Kristi have played major roles on Watermaster programs. Our team will be able to "hit the ground running" on the Expanded S&R Program. Our grasp of the issues and our understanding of the way you and the other project Stakeholders like things done will streamline and expedite the project.

BUDGET

The proposed budget summarized in Table 2 below and presented in detail in the spreadsheet in Attachment A, is based on the Scope of Work tasks above.

Table 2: Summary of Effort and Cost

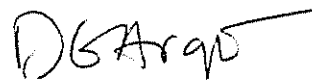
Task Description	Hours	Cost
Task 1 – Conduct Project Meetings	144	\$28,377
Task 2 – Define Available and Required Assets	278	39,413
Task 3 – Define S&R Program Size, constraints, and Institutional Arrangements	128	\$18,200
Task 4 – Develop Put/Take Schedule for Program(s)	132	\$23,495
Task 5 – Determine Program Costs	116	\$15,515
Total	798	\$125,000

In closing, I wish to reaffirm Black & Veatch’s commitment to serving Watermaster as an extension of your staff. We are dedicated to building upon Lessons Learned to ensure that next phase of the Expanded S&R Program will proceed with “No Surprises.” Our goal is to meet and exceed your expectations.

We look forward to discussing our ideas with you in more detail.

Very truly yours,

BLACK & VEATCH CORPORATION



David G. Argo, P.E.
Senior Vice President

Attachment

ATTACHMENT A

**CHINO BASIN WATERMASTER
STORAGE & RECOVERY PROGRAM DEVELOPMENT REPORT
(SDCWA, CLWA, and MWD Programs)**

Scope and Fee Estimate

Task	Project Director	Project Manager	Project Engineer	Staff Engineer	Clerical	Total Hours	Total Labor	Total Expenses	Total WEI	Total Cost
Task 1—Conduct Project Meetings.										28,377
1.1 Meet with Basin Appropriators to determine level of interest and update asset inventory. (1)	16	32	16	0	16	80	12,640	937		13,577
1.2 Meet with TVMWD and WMWD to determine level of interest and develop asset inventory. (2)	4	8	4	0	8	24	3,520	810	1,000	5,330
1.3 Conduct as-needed meetings with Metropolitan, SDCWA, CLWA and Watermaster staff. (3)	8	16	8	0	8	40	6,320	1,150	2,000	9,470
Task 2—Define Available and Required Assets										39,413
2.1 Update S&R Program facility cost model with updated asset information.	2	8	16	32	4	62	7,880	543		8,423
2.2 Review and evaluate available wet water recharge capacity in Basin.	2	8	8	16	4	38	5,000	333		5,333
2.3 Review current in-lieu exchange (shift) capacity of Basin Appropriators.	2	8	8	8	4	30	4,080	263		4,343
2.4 Review direct export opportunities with Program Partners.	4	8	12	16	4	44	6,040	385		6,425
2.5 Review ASR opportunities with Basin Appropriators and Program Partners.	4	8	8	12	4	36	5,060	315		5,375
2.6 Use updated S&R Program facility/cost model to determine required facilities.	4	8	20	32	4	68	8,920	595		9,515
Task 3—Define S&R Program Size, Constraints, and Institutional Arrangements										18,200
3.1 Confirm/define size of S&R Program(s) and Put-Take mechanism (in-lieu, wet water recharge, or ASR).	2	8	12	16	4	42	5,520	368		5,888
3.2 Define water quality constraints when using Metropolitan's facilities for direct export.	2	8	12	16	4	42	5,520	368		5,888
3.3 Define insititutional arrangements required to wheel water through Metropolitan's facilities.	4	8	12	16	4	44	6,040	385		6,425
Task 4—Develop Put/Take Schedule for Program(s)										23,495
4.1 Define whether put or take is conducted first at Program startup (policy decision).	2	4	4	4	4	18	2,480	158	1,000	3,638
4.2 Review seasonal pumping and imported water deliveries for Basin Appropriators.	2	8	12	16	4	42	5,520	368		5,888
4.3 Review current DYY program commitments and constraints on system, if any.	2	4	8	12	4	30	3,920	263		4,183
4.4 Develop pu/take schedule for Agency program(s).	2	4	16	16	4	42	5,420	368	4,000	9,788
Task 5—Determine Program Costs										15,515
5.1 Use S&R Program facility/cost model to determine capital and O&M costs for required assets.	2	16	24	24	24	90	11,040	788		11,828
5.2 Determine unit water cost for program(s).	2	4	8	8	4	26	3,460	228		3,688
Total	66	168	208	244	112	798	108,380	8,620	8,000	125,000

Notes:

- (1) Assumes 1 meeting each with 8 Appropriators.
(2) Assumes 1 meeting each with WMWD and TVMWD (total 2 meetings).
(3) Assumes one meeting per month over the estimated 4 month project duration (total 4 meetings).

**COST-SHARING MEMORANDUM OF UNDERSTANDING
BETWEEN THE
SAN DIEGO COUNTY WATER AUTHORITY
AND THE
CHINO BASIN WATERMASTER**

WHEREAS, the Chino Basin Watermaster ("Watermaster") is responsible for administering the Judgment entered in *Chino Basin Municipal Water District v City of Chino, et al.*, pursuant to which all water rights in the Basin were adjudicated and all authority for management of storage was granted to Watermaster; and

WHEREAS, the San Diego County Water Authority ("SDCWA") is interested in pursuing cost-effective conjunctive use opportunities; and

WHEREAS, substantial storage assets exist in the Chino Groundwater Basin which can be utilized for the mutual benefit of both the parties to the Chino Basin Judgment ("Judgment Parties") and the SDCWA; and

WHEREAS, the Judgment Parties are presently implementing a Court-approved Optimum Basin Management Program ("OBMP") providing for the use of up to 500,000 acre-feet of available storage capacity; and

WHEREAS, a Programmatic Environmental Impact Report ("PEIR") for the OBMP was approved by the Inland Empire Utilities Agency ("IEUA"), a Judgment Party, in June of 2000; and

WHEREAS, Watermaster created a Storage and Recovery Program to facilitate the beneficial use of the storage space in the Chino Basin and approximately 250,000 acre-feet of water is now being stored within the Chino Basin; and

WHEREAS, Watermaster has entered into an agreement with IEUA and Three-Valleys Municipal Water District ("TVWD") for the use of up to 100,000 acre-feet of storage capacity and is presently participating in discussions among the Metropolitan Water District of Southern California ("MWD"), IEUA, TVWD and Western Municipal Water District ("WMWD") to increase the quantity of storage capacity under that agreement from 100,000 to 150,000 acre-feet; and

WHEREAS, if Watermaster elects to approve an expansion of the existing agreement with MWD, up to 100,000 acre-feet of additional storage capacity under the OBMP and would be available to SDCWA and others; and

WHEREAS, SDCWA and Watermaster desire the completion of an evaluation of the capital costs that may be incurred by the Judgment parties under a storage agreement with SDCWA, including but not limited to the costs associated with the potential accommodation, storage and recovery of presently stored water within the Overlying (Non-Ag Pool), MWD replenishment water, or other water on behalf of SDCWA.

WHEREAS, Watermaster has obtained an initial cost estimate for the first phase of such an evaluation to provide information on an approximation of improvements and potential capital costs and that estimate is attached hereto as Exhibit "A."

NOW THEREFORE BE IT RESOLVED AND AGREED BY THE SDCWA AND WATERMASTER THAT:

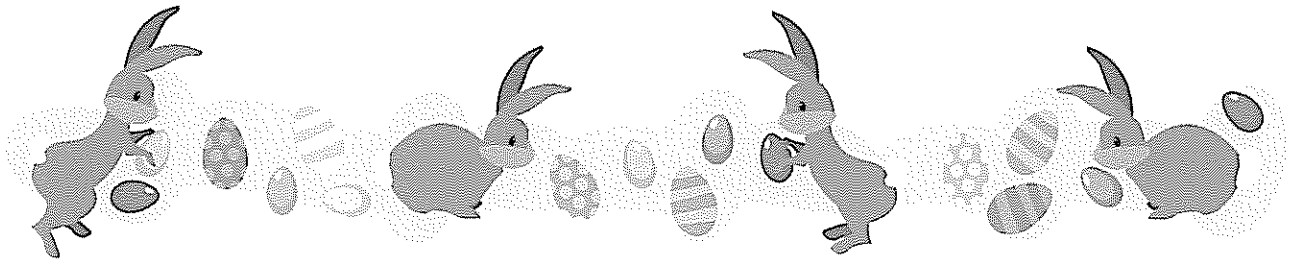
1. Watermaster will retain Black & Veatch to perform the tasks set forth in Exhibit A for a cost not to exceed \$150,000.
2. SDCWA agrees to timely reimburse Watermaster for one-third of the costs identified in Exhibit A in an amount not to exceed \$49,999.
3. Prior to Watermaster's execution of this cost-sharing memorandum, it will need to arrange a similar memorandum with another storage partner to pay another one-third of the costs.
4. The Tasks will be performed as soon as practicable and in no event, later than 90 days from the date of execution of this cost-sharing memorandum.
5. Black & Veatch will issue its findings in written and verbal communications, jointly to Watermaster and SDCWA.
6. SDCWA will provide its estimated schedule for put and take of water into the Basin to both Black & Veatch and Watermaster within fourteen days of the date of execution of this cost-sharing memorandum.
7. SDCWA acknowledges that any storage agreement with Watermaster is subject to Court approval and that the parties' joint participation in this cost-sharing MOU pre-commits SDCWA or Watermaster to any specific agreement or outcome.

for CHINO BASIN WATERMASTER

for SAN DIEGO COUNTY WATER
AUTHORITY

Date: _____

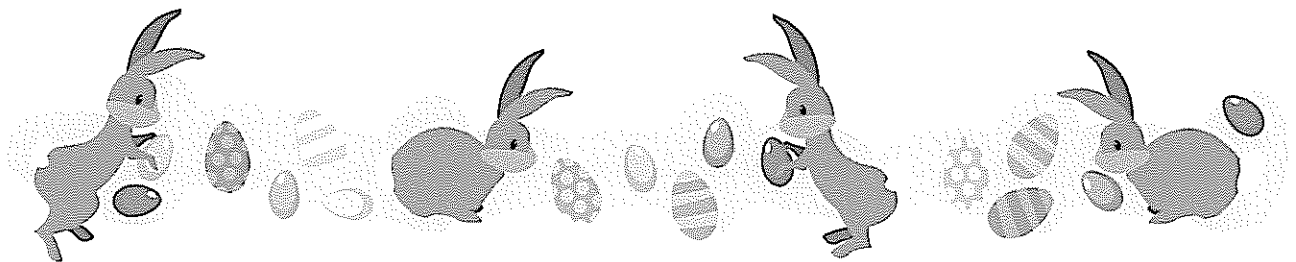
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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

C. VOLUME VOTE





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: April 12, 2007
April 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Volume Votes

SUMMARY

Issue – The Appropriative Pool, the Non-Ag Pool and the Advisory Committee need to adopt the volume vote for the upcoming calendar year.

Recommendation – It is recommended that each Committee take action to adopt their respective volume votes for the upcoming calendar year.

Fiscal Impact – None.

BACKGROUND

Following the approval of each Assessment Package, volume vote calculations are performed and agencies are allocated a voting percentage. The Appropriative Pool Committee, the Non-Agricultural Pool Committee and the Advisory Committee adopt the Volume Vote which is prepared according to their respective rules.

DISCUSSION

The Volume Votes are calculated based on a combination of safe yield rights and assessments paid. If there are any questions regarding the calculations, please contact Ms. Sheri Rojo at 909-484-3888 or by email at srojo@cbwm.org.

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APPROPRIATIVE POOL

ALLOCATION OF VOLUME VOTE

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

	2006-2007 Assessments (1)	Assmt. Vote	O.S.Y. Vote	Allocated Vote
Arrowhead Mtn. Spring Water Co.*	\$10,579	0.64	0.00	0.64
Chino, City of	\$105,752	6.40	36.79	43.19
Chino Hills, City of	\$586,159	35.46	19.26	54.72
Cucamonga Valley Water District	\$859,860	52.01	33.00	85.01
Desalter Authority	\$0	0.00	0.00	0.00
Fontana Union Water Company	\$259,943	15.72	58.28	74.00
Fontana Water Company	\$774,276	46.84	0.01	46.85
Golden State Water Company*	\$40,295	2.44	3.75	6.19
Inland Empire Utilities Agency*	\$37	0.00	0.00	0.00
Jurupa Community Services District	\$1,334,736	80.74	18.79	99.53
Los Serranos Country Club	\$5	0.00	0.00	0.00
Marygold Mutual Water Company*	\$32,201	1.95	5.97	7.92
Metropolitan Water Dist of So Calif	\$41	0.00	0.00	0.00
Monte Vista Irrigation Co.*	\$0	0.00	6.17	6.17
Monte Vista Water District	\$1,103,132	66.73	43.99	110.72
Niagara Bottling Company, LLC*	\$31,052	1.88	0.00	1.88
Nicholson Trust*	\$161	0.01	0.03	0.04
Norco, City of*	\$8,211	0.50	1.84	2.34
Ontario, City of	\$2,087,935	126.30	103.71	230.01
Pomona, City of	\$960,706	58.11	102.27	160.38
Santa Ana River Water Company*	\$0	0.00	11.87	11.87
San Antonio Water Company*	\$679	0.04	13.74	13.78
San Bernardino County (Shooting Park)*	\$5,338	0.32	0.00	0.32
Upland, City of	\$0	0.00	26.01	26.01
West End Consolidated Water Co*	\$38,537	2.33	8.64	10.97
West Valley Water District*	\$26,207	1.59	5.88	7.47
	<hr/>			
* Indicates Minor Rep	\$8,265,842	500.00	500.00 500.01	1,000.01 1,000.01

(1) Assessments equal total amount invoiced by Watermaster, not including 85% & 100% replenishment water assessments.

Motion: _____ by _____, 2nd by _____, _____ vote _____

Date: _____

Quorum: 50% of voting power or 7 members to give affirmative action.

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OVERLYING (NON-AGRICULTURAL) POOL

ALLOCATION OF VOLUME VOTE

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

	FY 2006-2007			
	ASSESSMENTS PAID	ASSMT. VOTE	O.S.Y. VOTE	ALLOCATED VOTE
AMERON STEEL	\$0	0.00	9.88	9.88
ANGELICA RENTAL SERVICE	\$1,131	6.81	1.90	8.71
CALIFORNIA SPEEDWAY	\$20,620	124.18	100.95	225.13
CALIF STEEL INDUSTRIES	\$24,257	146.08	131.23	277.31
CCG ONTARIO, LLC	\$0	0.00	63.62	63.62
GENERAL ELECTRIC (GEOMATRIX)	\$695	4.19	2.82	7.01
PRAXAIR, INC.	\$5,963	35.91	0.00	35.91
RELIANT ENERGY	\$31,318	188.60	43.15	231.75
SAN BERNARDINO COUNTY	\$2,650	15.96	96.36	112.32
EDISON COMPANY	\$0	0.00	13.51	13.51
SPACE CENTER MIRA LOMA	\$8,042	48.43	10.51	58.94
SUNKIST GROWERS	\$17,751	106.90	189.12	296.02
SWAN LAKE	\$10,618	63.94	46.86	110.80
VULCAN MATERIALS CO(CALMAT)	\$168	1.01	32.09	33.10
WEST VENTURE DEVELOPMENT	\$0	0.00	0.00	0.00
TOTAL	\$123,213	742.00	742.00	1484.00

NOTES:

Data obtained from previous year's assessment package.

Assessments equal total assessments paid less replenishment water purchases.

MOTION: _____

DATE: _____

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ADVISORY COMMITTEE

ALLOCATION OF VOLUME VOTE(2)

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

APPROPRIATIVE POOL	ALLOCATED VOTE	ABSENT	REALLOCATION OF VOTE	VOLUME VOTE
Chino, City of	3.24		0.00	3.24
Chino Hills, City of	4.10		0.00	4.10
Cucamonga Valley Water District	6.38		0.00	6.38
Fontana Union Water Company	5.55		0.00	5.55
Fontana Water Co.	3.51		0.00	3.51
Jurupa Community Services District	7.46		0.00	7.46
Monte Vista Water District	8.30		0.00	8.30
Ontario, City of	17.25		0.00	17.25
Pomona, City of	12.03		0.00	12.03
Upland, City of	1.95		0.00	1.95
San Antonio Water Company	2.61		0.00	2.61
Santa Ana River Water Co.	2.61		0.00	2.61
	74.99	0.00	0.00	74.99
OVERLYING AGRICULTURAL POOL				20.00
OVERLYING NON-AGRICULTURAL POOL				5.00
TOTAL				99.99

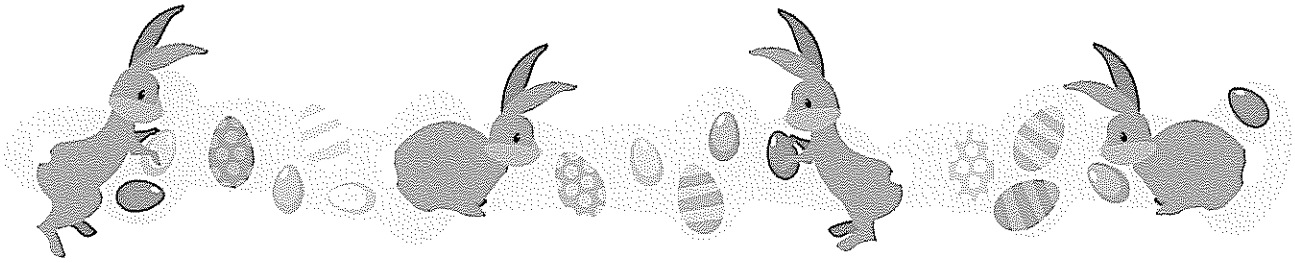
(1) Allocation of Volume Vote between pools determined by total assessments paid, not including 85% & 100% replenishment water.

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

Motion: _____

Date: _____

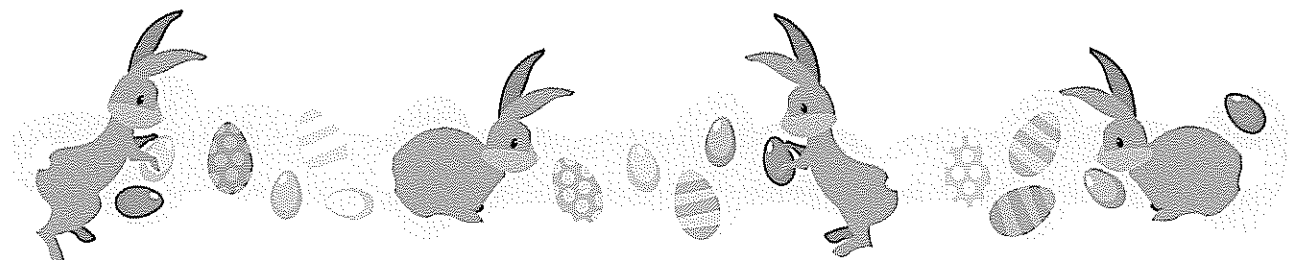
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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



Department of Water Resources
California Water News
A daily compilation for DWR personnel of significant news articles and comment

April 6, 2007

1. Top Item

Permanent drought predicted for Southwest; Study says global warming threatens to create a Dust Bowl-like period. Water politics could also get heated
Los Angeles Times – 4/6/07
By Alan Zarembo and Bettina Boxall, staff writers

The driest periods of the last century — the Dust Bowl of the 1930s and the droughts of the 1950s — may become the norm in the Southwest United States within decades because of global warming, according to a study released Thursday.

The research suggests that the transformation may already be underway. Much of the region has been in a severe drought since 2000, which the study's analysis of computer climate models shows as the beginning of a long dry period.

The study, published online in the journal *Science*, predicted a permanent drought by 2050 throughout the Southwest — one of the fastest-growing regions in the nation.

The data tell "a story which is pretty darn scary and very strong," said Jonathan Overpeck, a climate researcher at the University of Arizona who was not involved in the study.

Richard Seager, a research scientist at Lamont-Doherty Earth Observatory at Columbia University and the lead author of the study, said the changes would force an adjustment to the social and economic order from Colorado to California.

"There are going to be some tough decisions on how to allocate water," he said. "Is it going to be the cities, or is it going to be agriculture?"

Seager said the projections, based on 19 computer models, showed a surprising level of agreement. "There is only one model that does not have a drying trend," he said.

Philip Mote, an atmospheric scientist at the University of Washington who was not involved in the study, added, "There is a convergence of the models that is very strong and very worrisome."

The future effect of global warming is the subject of a United Nations report to be released today in Brussels, the second of four installments being unveiled this year.

The first report from the Intergovernmental Panel on Climate Change was released in February. It declared that global warming had become a "runaway train" and that human activities were "very likely" to blame.

The landmark report helped shift the long and rancorous political debate over climate change from whether man-made warming was real to what could be done about it.

The mechanics and patterns of drought in the Southwest have been the focus of increased scrutiny in recent years.

During the last period of significant, prolonged drought — the Medieval Climate Optimum from about the years 900 to 1300 — the region experienced dry periods that lasted as long as 20 years, scientists say.

Drought research has largely focused on the workings of air currents that arise from variations in sea-surface temperature in the Pacific Ocean known as El Niño and La Niña.

The most significant in terms of drought is La Niña. During La Niña years, precipitation belts shift north, parching the Southwest.

The latest study investigated the possibility of a broader, global climatic mechanism that could cause drought. Specifically, they looked at the Hadley cell, one of the planet's most powerful atmospheric circulation patterns, driving weather in the tropics and subtropics.

Within the cell, air rises at the equator, moves toward the poles and descends over the subtropics.

Increasing levels of greenhouse gases, the researchers said, warms the atmosphere, which expands the poleward reach of the Hadley cell. Dry air, which suppresses precipitation, then descends over a wider expanse of the Mediterranean region, the Middle East and North America.

All of those areas would be similarly affected, though the study examined only the effect on North America in a swath reaching from Kansas to California and south into Mexico.

The researchers tested a "middle of the road" scenario of future carbon dioxide emissions to predict rainfall and evaporation. They assumed that emissions would rise until 2050 and then decline. The carbon dioxide concentration in the atmosphere would be 720 parts per million in 2100, compared with about 380 parts per million today.

The computer models, on average, found about a 15% decline in surface moisture — which is calculated by subtracting evaporation from precipitation — from 2021 to 2040, as compared with the average from 1950 to 2000.

A 15% drop led to the conditions that caused the Dust Bowl in the Great Plains and the northern Rockies during the 1930s.

Even without the circulation changes, global warming intensifies existing patterns of vapor transport, causing dry areas to get drier and wet areas to get wetter. When it rains, it is likely to rain harder, but scientists said that was unlikely to make up for losses from a shifting climate.

Kelly Redmond, deputy director of the Western Regional Climate Center in Reno, who was not involved in the study, said he thought the region would still have periodic wet years that were part of the natural climate variation.

But, he added, "In the future we may see fewer such very wet years."

Although the computer models show the drying has already started, they are not accurate enough to know whether the drought is the result of global warming or a natural variation.

"It's really hard to tell," said Connie Woodhouse, a paleoclimatologist at the University of Arizona. "It may well be one of the first events we can attribute to global warming."

The U.S. and southern Europe will be better prepared to deal with frequent drought than most African nations.

For the U.S., the biggest problem would be water shortages. The seven Colorado River Basin states — Colorado, Wyoming, Utah, Nevada, New Mexico, Arizona and California — would battle each other for diminished river flows.

Mexico, which has a share of the Colorado River under a 1944 treaty and has complained of U.S. diversions in the past, would join the struggle.

Inevitably, water would be reallocated from agriculture, which uses most of the West's supply, to urban users, drying up farms. California would come under pressure to build desalination plants on the coast, despite environmental concerns.

"This is a situation that is going to cause water wars," said Kevin Trenberth, a scientist at the National Center for Atmospheric Research in Boulder, Colo.

"If there's not enough water to meet everybody's allocation, how do you divide it up?"

Officials from seven states recently forged an agreement on the current drought, which has left the Colorado River's big reservoirs — Lake Powell and Lake Mead — about half-empty. Without some very wet years, federal water managers say, Lake Mead may never refill.

In the next couple of years, water deliveries may have to be reduced to Arizona and Nevada, whose water rights are second to California. #

http://www.latimes.com/news/science/la-sci-swdrought6apr06_0,7403662.full_story?coll=la-home-headlines

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Water board gets new member

RANCHO CUCAMONGA
— Ron Sakala, 60, has been

appointed to the Cucamonga Valley Water District Board of Directors.

Sakala will fill the vacancy left after the retirement of Robert Neufeld last month. Sakala's term will run to November 2008, the next general election.

Sakala is a member of the city's Public Library Foundation Board and chairman of the Chamber of Commerce Board of Directors.

A resident of the community since 1972, Sakala is the senior vice president and community banking manager for Vineyard Bank. Information: (909) 987-2591; www.cvwwater.com

— Wendy Leung, (909) 483-9376

3/8/07

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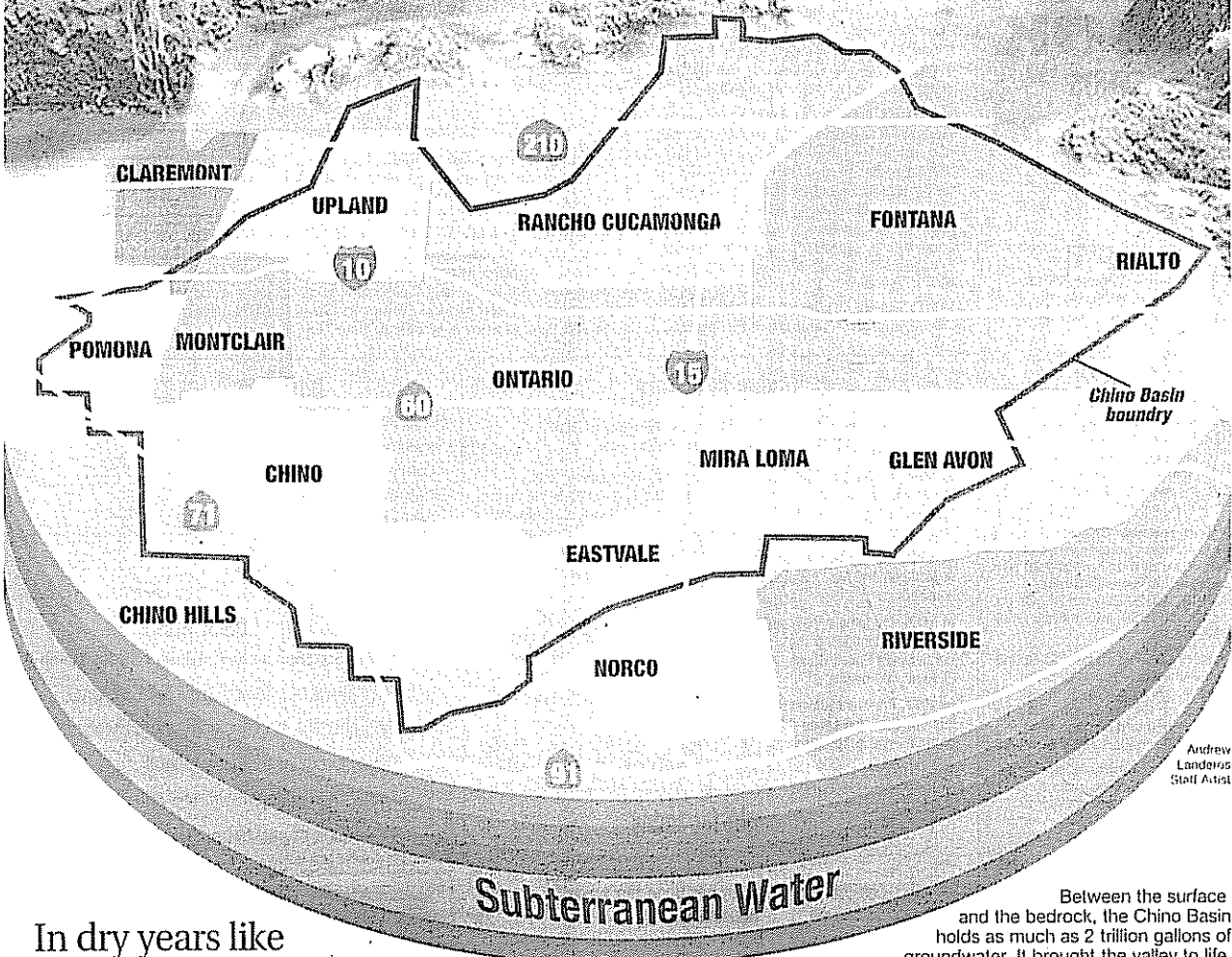
Daily Bulletin

SUNDAY | MARCH 11, 2007

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Gold under our feet



Andrew Landeros
Staff Artist

Between the surface and the bedrock, the Chino Basin holds as much as 2 trillion gallons of groundwater. It brought the valley to life, and remains a key to its future.

In dry years like this one, basin's water supply makes life bearable

By Mark Petix
Staff Writer

RANCHO CUCAMONGA — In a desert passing for a greenbelt, nature is fickle.

And extreme. Two years ago, the region had one of the wettest years on record.

This year, barely a splash.

So where will our water come from?

More than half the answer is right under our feet.

"It's hard to look over the land and imagine an underground lake," said Ken Manning, CEO of the Chino Basin Watermaster, the agency that oversees much of the Inland Valley's water supply.

But under the valley, between the surface and the bedrock, sits some two trillion gallons of water. It's the area's original

faucet, the first line of defense against thirst.

Dry years like this are a sharp reminder just how important the basin is.

While one dry year doesn't make a drought, U.S. Weather Service Forecaster Stan Wasowski says the season will not be kind to the valley.

The Ontario area has received only 2.68 inches of rain since July, a fraction of the 10.19 inches it usually receives by now.

With less than four months left in the weather year, he said the area won't come close to reaching its average annual rainfall total of 20.47 inches.

"Nope," he said. "Once you get past Jan. 31 and all you have is a percentage of normal rainfall, you never recover."

So once again, agriculture, business, industry and consumers will lean

See **RASHN** | Page A4



INSIDE

WET WARS

For more than a century, water has meant power in the Inland Valley. It hasn't always been pretty. Page A4

OPTION TO BUY

Survey shows that I.V. residents who live in cities where water is privately owned pay more for service. Page A5

ON DAILYBULLETIN.COM

WATER WORKS

Special online content: Much more on public vs. private water agencies.

MORE INFO

Check out the Chino Basin Watermaster at www.cbwm.org.



BASIN

Continued from Page A1

heavily on the basin that provided more than half the 310,000 acre-feet of local and imported water used in 2004-05.

With 325,851 gallons of water in each acre foot, the basin might as well be holding liquid gold.

Imagine something like a giant bathtub, an aquifer with 220 square miles of permeable rock tilting downward from Fontana and Rancho Cucamonga to Corona's Prado Dam.

It's one of about 40 groundwater basins in the Santa Ana Watershed, which covers northwest Riverside County, southwest San Bernardino County and part of Los Angeles County.

The groundwater the Chino Basin and others store brought the region to life, and remains a key to its future.

But the basin that quenches the Inland Valley is a delicate resource.

Since 1977, it's been the Watermaster's job to protect the basin from overuse.

It's called overdraft, when more water is pumped out of the ground than nature, or man, can replace.

Water levels drop, and eventually groundwater is out of reach of the more than 800 wells that help keep the valley alive.

"It's easy to screw it up," Manning said.

The valley was headed that way in the 1970s when the courts created the Rancho Cucamonga-based Watermaster agency to protect the area's precious groundwater supply.

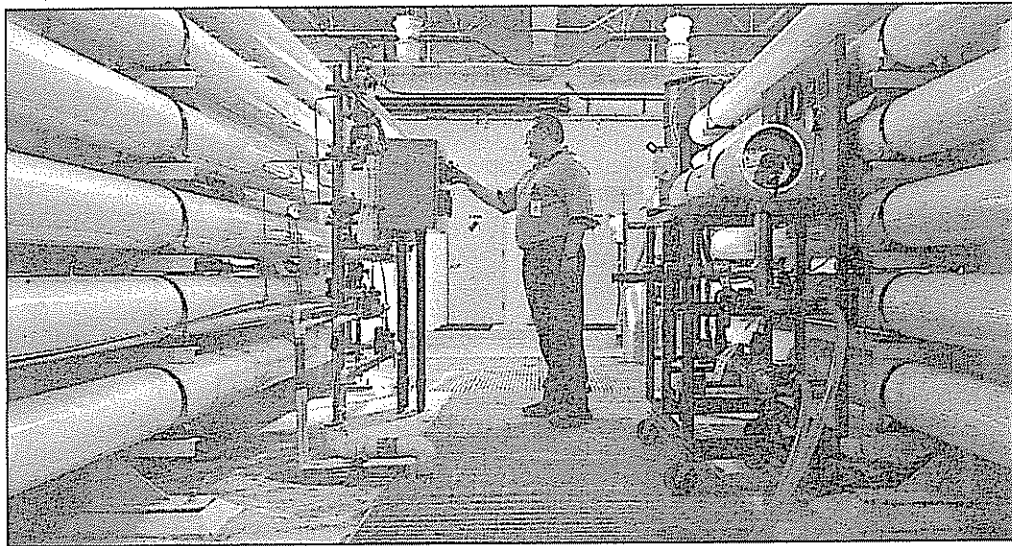
"There came a time historically when the extractions at the basin would be more than what was recharged," said Geoffrey Vanden Heuvel of J & D Star Dairy in Chino, a member of the Watermaster board.

"It's a very big basin, but it's not appropriate public policy to mine water."

Science now tells the Watermaster how much groundwater can be taken in a given year for industry, agriculture and thirsty consumers.

Drought fighters

The hundreds of people representing agriculture, water agen-



Thomas R. Cordova/Staff Photographer

Chief Operator Moustafa Aly works in one of the Chino Basin desalter plants.

cies, business and industry that Manning works with are doing much more than basic conservation.

In the past few years they've taken bold steps to create a "drought-free" valley, using a mix of imported, desalted and reclaimed water to aggressively replenish the basin.

They've expanded and improved 20 recharge basins during a two-year, \$50-million project that last year added 18,000 acre-feet of groundwater.

That's triple the usual amount of stormwater and imported water that seeps back into the ground each year.

Two new desalter plants remove nitrates and other solids from groundwater, adding another 15,000 acre-feet to the system each year.

Every gallon counts

The average family uses about half an acre-foot of water a year, Vanden Heuvel said.

With the valley's population expected to almost double in the next 15 years, he said the Watermaster must be ready to serve the water needs of about 1.2 million people.

Manning said the agency is planning 25 to 30 years ahead.

It will add four recharge basins in coming years, expand its use of recycled water and deal with contamination from Ontario International and Chino airports.

It has an agreement with the Metropolitan Water District to

store 100,000 acre-feet of water for use in dry years, and eventually hopes to store up to 500,000 acre-feet of MWD water.

It will add a third desalter that Manning said will bump the combined amount of treated water each year from 15,000 acre-feet to 40,000 acre-feet by 2015.

Ready to help

The past decade has seen tremendous change in the Chino Basin, said Mark Stuart, southern district chief for the California Department of Water Resources.

"They've come a long way in 10 years," he said. "Ten years ago I would say they were fairly primitive in terms of management of the groundwater basin. But they've taken a pretty aggressive look at resupply."

While the basin and region still depend on water imported from Northern California, Stuart said Inland Empire water officials have made the most of what they have.

"They're doing what's right, all the way from the San Bernardino mountains and the upper watershed to the Chino Basin and even to the folks down at Prado Dam and Orange County," he said. "They're all trying to do the best they can."

The West Valley Water District in Rialto doesn't need Chino Basin groundwater — for now.

But General Manager Anthony "Butch" Araiza of the West Valley Water District in

Rialto said the district will turn to the Watermaster for help in the future.

He said it's reassuring to know the Watermaster is working hard to protect — and increase — its water supply.

"What they're doing in the Chino Basin is exciting," Araiza said.

"They've worked to solve a lot of problems there, and we're grateful for what they're doing. They do a great job."

'Super' players

The Chino Watermaster is dealing with many of the issues the San Gabriel Valley faced after its growth boom in the 1950s and '60s.

Carol Williams, executive officer for the San Gabriel Basin Watermaster, said she's impressed with what she's seeing from the Chino Watermaster.

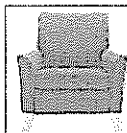
"It's a great thing ... " she said. "It's so important."

Manning said the Watermaster has partnered with 21 public and private local water agencies to make that happen.

"The water departments, these guys are the heroes," Manning said.

"We're the coach. We call the plays, but other people execute them, and they execute them like Peyton Manning in the Super Bowl."

Staff writer Mark Petix can be reached by e-mail at mark.petix@dailybulletin.com, or by phone at (909) 483-9355.



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When it comes to water rates, public costs less than private

By Will Bigham, Staff Writer

Article Launched: 03/11/2007 12:00:00 AM PST

A survey of water rates in the Inland Valley appears to confirm suspicions in Claremont and Fontana - the only cities where water is controlled by a private, for-profit company - that their water rates are higher than in cities that control their own water supplies.

Claremont and Fontana, where average monthly rates per family are \$39.94 and \$38.16, respectively, have higher rates than the Inland Valley's other cities, each of which have local control over water, either through municipal government or a public water district.

The highest average monthly rate for a city-owned or public water utility is \$37.63, in Upland. Montclair's is the lowest, at \$26.23.

"Just looking at the rate of increase of water rates over the last 10 years, it's way in excess of the cost of living," Claremont Mayor Peter Yao said. "And Golden State (Water Co.) has never been able to explain why they had to increase rates. ... We don't think they have Claremont's interests at heart."

Representatives for the private water companies warn that the appearance of higher rates is deceiving.

Municipalities' costs for providing water are supplanted by property taxes, bonds and other revenue streams that are not reflected

in water bills, but are ultimately shouldered by taxpayers.

"They have access to tax revenue that we don't," said Michael McGraw, Fontana Water Co. general manager. "The money that we need to upgrade our water system has to come from customers."

Additionally, water fees from a private company can appear higher because customer fees must cover the cost of administrators whose jobs consist only of water service. With cities, much of the administrative work for the water system is done by staff whose jobs only partly consist of water.

"(Private companies) entire job is water," said Roland Richards, Chino Hills' revenue supervisor, "but for ours, you can take someone who is working in water and another area, and only a portion of his salary and benefits comes in through water."

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Rates used for comparison are from Black & Veatch's 2006 California Water Rate Survey, considered an industry standard.

The survey calculation includes the monthly service fee for a <MD+, %30, %55, %70>5/ <MD-, %0, %55, %70>8-inch meter - the typical size for a single-family home - and the charge for a single-month use of 11,000 gallons of water.

To gain control over the city's water, Claremont City Council members are now seriously considering an eminent-domain seizure of Golden State Water Co.'s holdings in the city.

Many Claremonters are suspicious of Golden State's recent request to the state Public Utilities Commission - which regulates and must approve changes to public water utilities' rates - to calculate water rates on a statewide basis.

Because Golden State owns water rights in remote California cities where water delivery is more expensive, Claremont officials fear the statewide calculation would result in unfairly high rates for the city's customers.

If Claremont were to purchase Golden State's water apparatus in the city, future city councils would be the rate-

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setting body, not the PUC.

"We get out of the whole process of the PUC approving our water rates, and future generations will be the beneficiaries, because they will be in control of their water rates," Councilman Corey Calaycay said.

Although Fontana has not seen a similar push to purchase the city's private water company, city officials and the Fontana Unified School District are contesting two sets of rate increases being considered by the PUC that Fontana Water Co. says are needed to fund mainline replacements and a \$35 million upgrade of a surface water treatment plant.

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OUR PAST

History shows that in the Inland Valley, water is what decides success

Joe Blackstock, Columnist
Inland Valley Daily Bulletin

Article Launched:03/11/2007 12:00:00 AM PST

Gold and wonderful weather might have brought settlers to California, but it was water that kept them here.

In the southern part of the state, water has always meant power, and controlling its sources and supplies has been the cause of countless legal battles and even some physical combat.

Control of water in San Antonio Canyon, which is split by the Los Angeles-San Bernardino county line, has always been important to much of the Inland Valley.

In 1897, interests from Ontario and Pomona agreed the water from the canyon would be controlled by the San Antonio Water Co., set up 125 years ago by Ontario founder George Chaffey. San Antonio, for a short while, provided water to both communities.

However, a battle there a few years later was somewhat settled by a fire hose.

This fight was about one of water's valuable attributes: its ability to generate electricity.

On one side of the battle was the Sierra Power Co., whose hydroelectric plant in the canyon mouth provided power to Pomona through one of the world's earliest long-distance electric transmission lines. It was among the holdings of William G. Kerckhoff, later a founder of Southern California Gas Co.

On the other side was San Antonio, whose water Sierra used to generate electricity in the canyon.

Around 1901, San Antonio decided to build its own power plant just upstream. When blasting began near the Sierra site, it caused short circuits and other damage to Kerckhoff's equipment.

An angry Kerckhoff got a court order preventing the San Antonio contractor from continuing, according to a 1935 book about his life. However, his engineer phoned the next morning saying the contractor was going ahead anyway.

The engineer decided to turn a fire hose on the men setting the dynamite charges, effectively keeping them from their work until Kerckhoff got an injunction that halted the blasting.

After four weeks of negotiations, the two companies settled their differences without needing a judge, or a fire hose.

In 1891, water briefly made attorney Patrick C. Tonner the most hated man in Pomona.

Tonner announced that he represented Lugarda Palomares, whose family had been one of the original owners of Rancho San Jose in eastern Los Angeles County.

He told those who had bought former San Jose lands that they must pay Palomares up to \$150 an acre for water rights they thought they already owned.

Tonner became the target of the residents' anger especially after Palomares, who didn't speak English, issued a statement saying she never gave him authority to make such a demand. She maintained he only was asked to dispose of some of her Pomona land.

Tonner left town for a while because he was "in personal danger." Meanwhile, Palomares told panicked landowners she would provide each, without charge, clear title to their water rights.

Tonner later returned and lived the rest of his life in Pomona. He never did reveal whether this was a scheme to enrich himself or just a misunderstanding.

While water makes everything grow, the absence of it can kill the ambitions of those who would be citymakers.

About 1891, the community called Rochester appeared in today's Rancho Cucamonga, south of Foothill Boulevard along Rochester Avenue.

Charles W. Smith, founder of the community, bought land at the base of the mountains to collect water to irrigate the lots in his new city a few miles to the south.

The only flaw in his plan was that Chaffey had years before bought up the rights to all the surface water from the San Gabriel Mountains above Etiwanda.

The holders of those water rights took Smith to court and successfully argued that having land in the foothills didn't mean he owned its water.

Those new landowners in Rochester struggled for a while using the few wells that existed, but in dry years anybody trying to farm there just couldn't make it.

The little community simply faded away, and much of the land was sold off for vineyards to people who had the foresight to get that most precious of treasures: water.

Joe Blackstock writes on Inland Valley history. He can be reached by e-mail at j_blackstock@dailybulletin.com, or by phone at (909) 483-9382.

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IEUA manages wastewater for future uses

By Matt Wrye, Staff Writer
Inland Valley Daily Bulletin

Article Launched:03/08/2007 11:00:00 PM PST

Call it renewable magic.

Contaminated storm and wastewater trickles in, sparkling H2O comes out.

Smelly cow manure faces its next journey after being dumped into large digesters.

Its reincarnation? Methane gas and fertilizer.

This place is oozing with sludge and crawling with water science brainiacs, all in a 97-acre city of concrete, pipes, filters, computers, office cubicles and one super hi-tech control room.

It's the Chino Valley's very own Inland Empire Utilities Agency, a growing multimillion dollar public wastewater management agency.

While the water wholesaler has been supplying local cities with reusable outside water since the 1950s, it's the agency's most recent experiments that are gaining attention from farmers and other water agencies nationwide.

"It's free labor," said Don Foley, a senior operator, as he pointed to 12.5 million gallons of brown, cloudy water in a treatment tank. "But we have to pump air in here to keep these guys alive."

Foley was eluding to the agency's invisible work force - thousands of rotifers, protozoan, amoeba and other single-cell, complex microorganisms and bacteria that feed on water contaminants at the facility.

He stood above one of several water treatment areas at the agency's main office, Regional Plant No. 5, or "RP5," on Kimball Avenue, just west of Chino Airport.

"We've taken what nature has given us and sped it up," he said, describing the treatment process.

An in-depth look into this world of sanitization might help you appreciate the next time you turn on sprinklers or wash down a driveway.

Through preliminary treatment facilities, incoming water is filtered through bar screens and grit chambers, where materials like egg shells, coffee grounds and sand are separated. Hydrogen sulfide is then removed from the wastewater before it moves on to primary treatment, where solids are separated from the water and coagulants added in afterward.

Then comes the magic, the "free labor," as Foley puts it. Microorganisms feed on organic solids in a secondary treatment process, which helps eat away any remaining waste before water is shipped through a tertiary filter process.

But the bugs can be a bit picky, especially when they're treating 15 million gallons of water at RP5 every day and 60 million agency-wide.

"Since this is a biological process, we've got to watch this carefully," Foley said. "We make adjustments to balance everything you can think of."

His workers feel most comfortable under exact amounts of heat and oxygen, and it's all just a few touch-screen buttons away. Foley and other staff monitor the most minute of details, making sure levels of water and solids are just right before shipping them to the next stage.

What's even more amazing about this pipeline jungle is that it's completely self-sufficient. With decomposition, energy recovery and fertilizer processing facilities, plus your everyday office restroom and kitchen use, the plant uses about 2 million gallons of

water per month, which it supplies to itself.

The plant's methane gas, a by-product of its waste decomposition, is used to power generators which create between 3 megawatts and 5 megawatts of power every day for RP5 and other facilities.

"We put the energy on a grid, so it's actually available to every (site)," Foley said. "Our goal is to use 100 percent of the methane gas."

Most of the plant's treated water goes right back to the households that sent it there, only this time for outdoor use. About 10 million gallons of treated overflow are released daily into Chino Creek.

For many families living in the Inland Empire, the grant- and publicly funded agency's complex system is out of sight and out of mind.

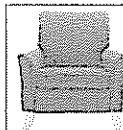
But for the IEUA, it's more than just a job, and staff workers are trying to get their community on the band wagon.

"We're trying to get people educated, get them more involved with us," said John Anderson, president of the IEUA board of directors. "We're trying to set an example on how to conserve water."

An increasing population in the area is pushing the agency to plan for the future. RP5 is tripling its methane gas/energy recovery facilities and has enough land to expand water treatment to 60 million gallons in the future.

"Chino, Fontana and Ontario still have a ways to go," Anderson said about growth forecasts in those cities. "New generations are coming along, and those homes are all going to want water. We're trying to plan for that future, be ready for that."

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



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Senate should OK projects to recycle water

Article Launched: 03/07/2007 12:00:00 AM PST

Now that the House has passed Congressman David Dreier's water recycling bill, we look to the U.S. Senate to help make two important local projects a reality.

It's not a given. Dreier's bill to authorize federal participation in two Inland Valley initiatives passed the House in July, but failed to make it through the Senate. So Dreier, R-Glendora, reintroduced the resolution on the first day of the current congressional session, with cosponsorship by local Reps. Joe Baca, D-San Bernardino; Ken Calvert, R-Riverside; Gary Miller, R-Brea, and Grace Napolitano, D-Santa Fe Springs, chairwoman of the House subcommittee on water and power.

The bill authorizes the Interior Department to contribute up to 25 percent of the design, planning and construction costs of recycling projects by the Inland Empire Utilities Agency and the Cucamonga Valley Water District. Up to \$20 million would go to the IEUA project and up to \$10 million to the Cucamonga Valley project, which together would reclaim 100,000 acre feet of water annually.

Recycled water is not added to the drinking supply, but is used for landscape and agricultural irrigation, construction and industrial cooling. But every gallon of water that is recycled means

a gallon of drinking water does not have to be used for those purposes, so in effect the projects will mean a big increase in the Inland Valley's overall water supply - drinking and otherwise. These two projects are expected to meet the needs of 300,000 residents upon completion.

There's nothing more important to Southern California than securing and increasing our water supply. As our population continues to grow and as other fast-developing Western states draw a larger share of Colorado River water, conservation, groundwater reclamation and recycling will play an ever larger part.

The U.S. Bureau of Reclamation has already recognized the Inland Empire Water Recycling Initiative as one of the most cost-effective projects around.

Now, we need Sens. Dianne Feinstein and Barbara Boxer to push this bill through the

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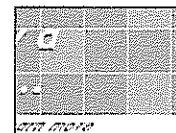
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Scientist: Water peril is here to stay

Andrew Silva, Staff Writer
San Bernardino County Sun

Article Launched:03/04/2007 12:00:00 AM PST

SAN BERNARDINO - The lake will return.

A 1903 photo shows folks relaxing in rowboats at Urbita Springs, roughly the same spot as today's Inland Center.

Indeed, much of the area around Interstates 10 and 215 was a swampy marshland for hundreds of years or longer.

After 18 years creating a model of how water moves through the porous, sand-filled bathtub that underlies San Bernardino, scientist Wes Danskin concludes that Mother Nature can overwhelm any efforts to keep the soil dry along south E Street.

"Our job is to accept it and try to work around it," said Danskin, a hydrologist with the U.S. Geological Survey. "No rational amount of water can be pumped out to de-water the area."

That doesn't mean Inland Center will become our local version of Atlantis.

And you don't need to equip your car with pontoons to go to Target.

The "lake" will stay underground.

But high groundwater does pose a real danger.

Groundwater backs up against the San Jacinto Fault, which runs through San Bernardino from the Cajon Pass and passes underneath the high-sweeping connector roads at the junction of I-10 and I-215.

When the San Jacinto or nearby San Andreas Fault cuts loose with a major earthquake, water-logged sandy soil will turn into goo, in a phenomenon called liquefaction.

Not only will the ground shake like a demonic bowl of Jell-O, buildings and other structures will be instantly perched on soft mud and could tip or buckle.

It was concern over effects of the high groundwater that led to the idea of building a lake downtown to store excess water.

The North Lake project is also envisioned as a way to revitalize a rundown, low-income area. It would require bulldozing 173 houses and 264 apartments and duplexes.

Even with a man-made lake in place to drain off extra groundwater, a powerful winter could lead to soggy soil in vulnerable areas.

"You're never going to completely tame Mother Nature," said Bob Reiter, watermaster and former general manager of the San Bernardino Valley Municipal Water District, known as Muni, the main water wholesaler in the area. "You can minimize the duration of period you're at major risk."

Muni has been working with the city of San Bernardino for years to build the lake, which still would be years from construction.

With or without the North Lake, the groundwater model developed by Danskin and his colleagues will allow water managers to predict what will happen after a big winter and to move water around to reduce the effects.

Reiter said storing water underground from a wet winter in the Bunker Hill Basin is the wrong thing to do. Bunker Hill is the name of the groundwater basin from the foothills of the surrounding mountains to the San Jacinto Fault.

"The last thing you want to do is spend 20 years drying something out and then be the idiot who fills it back up," Reiter said.

As recently as 1998, the water level at Muni headquarters on South E Street was only 5 feet below the surface, flooding the basement. Today, it's about 45 feet deep, a level thought to be safe.

The water district has spent the last two decades planning and building pipelines and storage facilities to shuttle water around.

"Instead of waiting until the freight train hits you, you try to put on the brakes before it hits," Reiter said.

The now balding and graying Danskin said he started working on the model when he had long dark hair and his usual work uniform was sandals and shorts.

Originally planned as a four-year project, the multimillion-dollar effort stretched to nearly two decades as he kept realizing more data and information were needed. A summary of the report including links to his data is at <http://ca.water.usgs.gov/sanbern/>.

This area is amazing for its abundance of water, Danskin said. Some local streams have had higher flows than most of the streams in the Eastern Sierra Nevada mountains.

"You just happen to be lucky you have 10,000-foot mountains in the path of the Pacific storm track," Danskin said, plus the great sandbox in which to catch all that water. "This is an unusual place. It's not just where Route 66 comes through."

In contrast, a well located a few miles away on the north side of the mountains in the Mojave Desert could be pulling up water that's been there for thousands of years because there is so little natural recharge, he said.

Danskin's model is an amazing piece of work and will be used for generations to come, officials said. Even parties that are normally at odds in water disputes and pollution lawsuits have agreed the model will be the standard.

And after crunching numbers and staring at data for all these years, Danskin is certain of one thing: "The lake will return."

In the meantime, big winter leads to big underground lake. Add the Big One and it equals big disaster.

Related link: <http://ca.water.usgs.gov/sanbern/>

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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.

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.

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Water agency under scrutiny

Claremont frustrated in attempts to view PVPA's land-use study

By Will Bigham, Staff Writer
Inland Valley Daily Bulletin

Article Launched:02/23/2007 12:00:00 AM PST

Until recently, the Pomona Valley Protective Association kept a very low profile.

It spent much of the past century spreading and securing local groundwater, and there was very little public desire to know the private organization's internal discussions.

Obtain Public Information: Freedom Friday

But that low profile disappeared two weeks ago when news leaked that it was considering the sale of nearly one square mile of open space in northeast Claremont - land the PVPA says it no longer needs for water spreading - to a residential developer.

Representatives of the group say it has conducted an engineering study that proves the land is no longer needed, but it has refused to make the document public.

With city residents strongly opposed to development on the land, City Council members and candidates want access to the engineering study and greater access to the group's future plans for its Claremont land.

"At this point in time, we seem to be getting no information," Mayor Peter Yao said. "Everything we're getting right now is rumors.

"They claim that they have an engineering report. ... I'd sure love to see that report. And if they have any future plans for developing that property, we'd sure like to know what they are."

At last week's City Council meeting, Councilwoman Sandy Baldonado told the city attorney to review whether the now-private protective association should be subject to the Brown Act, a state law that establishes openness guidelines for local public agencies.

A legislative body is subject to the act if it meets one of several different definitions of "legislative body" contained in the act.

The definition that Claremont officials believe the PVPA may fall under is: "A board ... that governs a private corporation" that "receives funds from a local agency" must have a voting member who is also a member of a public shareholder's governing body.

The association meets the first and third requirements.

Tom Thomas, an Upland City Council member and president of the board of the Upland-controlled San Antonio Water Co., was appointed by the Upland council as a voting member of the association.

Both the city and the water company own shares in the protective association.

The other requirement - that the group must receive funds from one of its public shareholders - does not appear to be met.

The group's annual budget, which its representatives have said is less than \$500,000, is fully funded through leases on its land held by mining companies and from royalties from materials those companies extract from the land, said John Schatz, PVPA's attorney.

Because there is no transfer of funds to the group from the city of Upland, San Antonio Water Co. or the city of Pomona - PVPA's three public shareholders - the group is not subject to the Brown Act, said Dennis Winston, a Los Angeles attorney who in 2005 successfully sued the San Antonio Water Co. to force it to comply with the Brown Act.

Although the association is currently self-sustaining, it could potentially need money from its shareholders - including its public shareholders - if there is not enough money from mining companies to fund its budget, Thomas said this week.

If the group did receive funds from one of its public shareholders, it would then appear to be subject to the Brown Act, Winston said.

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

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News from around the Inland Valley

Article Launched:02/18/2007 12:00:00 AM PST

JCSD searches for new board member

The Jurupa Community Services District is accepting applications to fill a vacancy on its board of directors.

District residents interested in serving on the board must submit their resumes by noon March 5.

Interested parties may submit applications to General Manager Eldon Horst, JCSD, 11201 Harrel St., Mira Loma 91752.

The board expects to make an appointment on March 12. Information: (951) 685-7434

- *Sahra Susman, (909) 483-9356*

Representative to attend conference

Jurupa Community Services District board member R.M. "Cook" Barella is attending the Association of California Water Agencies 2007 Washington, D.C., conference as the district representative.

The conference provides the opportunity for state water officials to meet directly with their federal counterparts to discuss local water issues.

Barella said he is interested in seeking federal money to help the district absorb growing water infrastructure costs.

- *Sahra Susman, (909) 483-9356*

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Retired farmer still involved in the Chino community

By Matt Wrye, Staff Writer
Inland Valley Daily Bulletin

Article Launched:02/22/2007 11:00:00 PM PST

As a young man, John Anderson watched 10-inch water pipelines go in the ground near his family's farm.

Now he sees 40-inch lines installed everywhere.

For years, Anderson could easily bump into two of the most popular dairy farmers in town, the Arvidson family and Scott brothers.

Nowadays, seeing his neighbors around Chino is like trying to find a needle in a haystack.

Yet even these examples won't do the 72-year-old's story justice.

For about a half-century, the forces of human nature have drastically changed the life of Anderson and several other Chino Valley families.

"We had to adapt and go with the flow ever since about 1950," said the Chino native, adding how he never imagined thousands of homes, retail malls and warehouses would pop up so quickly.

Born in Los Angeles in 1934, the infant was brought home to a valley he would work and live in for his entire life.

His grandfather had come to Chino in 1884 after pulling up stakes in Sweden, and it's the same land his father started farming in 1900.

A grower of white rose potatoes, cabbage, cauliflower and sweet corn, Anderson lived on two homesteads at the same intersection, Schaefer and Benson avenues, for most of his life. Industrial and office buildings crowd those two roads today.

"I lived on the homestead I grew up on and moved right across the street when I got married," Anderson said.

To the east was grape vineyards, to the north, orange and lemon trees, and to the south were more farms.

"West? That's where the residential was starting to build," Anderson remembers.

When the produce market changed in the mid-1970s, Anderson followed. Farming families had to find a new niche since frozen vegetables, which supermarkets bought nationally instead of locally, turned a better profit.

While others traded in their greens for cows, Anderson entered a new farming phase in 1985, growing fresh green dairy feed - wheat, oats and alfalfa.

It was a temporary phase, since a growing number of newcomers from Los Angeles and Orange counties were moving to the area. From 1985 until 2003, Anderson sold off his parcels of land one-by-one in Chino and Ontario to developers.

While Anderson lives in town today, in his eyes, the town came to him.

Looking back, the retired farmer feels he knows what the future holds for local dairies.

"Three-quarters of our dairies that we had from the 1960s to '90s are gone," he said. "In about 10 more years or so, you probably won't find one dairy in the valley."

But don't ever describe Anderson as sad about that fact. He has adapted to these changes, and he's done quite well.

Today, after more than 60 years of farming, Anderson serves as president of the Inland Empire Utilities Agency, a water wholesaler/recycler serving several cities in the Inland Empire.

"John has worked with water all of his life," said Wyatt Troxel, vice president of the agency. "He's worked to ensure that our community has reliable, high-quality water supplies to meet our current and future demands. Our water reclamation and conservation programs are John's legacy in the valley."

Working for the agency and still involved in weekly Boy Scout meetings, Anderson has his hands full, and he's loving every minute of it.

"I enjoy working in the community," he said. "I enjoy every bit of it."

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

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Conserve water during repair - and for long haul

Article Launched:04/05/2007 12:00:00 AM PDT

Inland Valley residents are again being called upon to reduce their water use for about nine days so that a critical pipeline can be repaired.

Local water customers have responded quite well to such calls in the past, and we're confident they will do so in this instance. We'd like to see them not only cut back significantly for the nine days, but also use the occasion to make some reductions in their long-term water consumption. Signs of drought are gathering.

Here's the immediate problem: The Rialto Feeder pipeline, which provides water imported from Northern California to nine local cities, has a severely damaged section. Repairs are scheduled from April 16 to 24. The damage was discovered last week in Rancho Cucamonga, and the Metropolitan Water District wants to fix its pipeline before summer heat drives up water demand.

It varies widely from city to city, but overall about 30 percent of the water used in the nine affected cities is imported. Customers in Chino, Chino Hills, Claremont, Fontana, La Verne, Montclair, Ontario, Rancho Cucamonga and Upland will need to conserve water for the nine days or so.

Residents who have helped to accommodate pipeline repairs in the past few years know the drill. It's especially important to cut outdoor water use to almost nothing as of April 16: Don't water lawns and landscapes, don't fill swimming pools and spas, don't hand wash cars, don't hose down driveways or sidewalks. And don't put in your spring plantings until the shutdown is over.

Indoors, cut back by running only full loads in clothes washers and dishwashers, taking shorter showers, and not running the water while you hand-wash dishes, brush your teeth or shave.

And obviously, it would be best to water your lawn, fill your spa and wash your clothes and your car on April 15, so you can start out the conservation period in good shape.

When a Claremont section of the same major pipeline needed repair in June 2004, water agencies hoped for 20 percent to 30 percent conservation, but instead saw as much as 50 percent cutbacks. So we're confident local residents will rise to the temporary challenge once again.

But there are water challenges that go far beyond this repair job.

This has so far been the driest rain year on record for parts of Southern California. The Sierra snowpack, which provides the Northern California water we import, is 46 percent of normal for this time of year. And the Colorado River Basin is experiencing one of the worst droughts in centuries, according to scientists.

Southern California does not have a water delivery problem this year, but if next year is as dry as this one both locally and in the Sierra Nevada, we could be in trouble.

That's why it makes sense to make small changes now that will save you water over the long haul.

When you put in your spring plants - after April 24, of course - why not use native plants such as ceonothus and toyon? Once they're established, you almost never have to water them; after all, they have lived on our foothill and mountain slopes for millennia, so they're suited for dry conditions. Take a look at the possibilities at the Rancho Santa Ana Botanic Garden in Claremont, or head to your nursery and ask for native plants and other species that require little water.

And wherever possible, install drip irrigation instead of sprinklers to avoid water loss from evaporation.

A few little changes in your yard will save you water - and lots of money - and help boost the local water supply for years to come.

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Goats used for weed abatement in Chino water basin

By Christina Chanes Nystrom, Correspondent
Inland Valley Daily Bulletin

Article Launched:03/22/2007 11:00:00 PM PDT

The Chino Basin Water Conservation District has a new weapon on the war on weeds - 10 baby goats that were just born in the past week.

For the past five years, Boer goats from South Africa have been helping the agency deal with weeds by eating them, saving a ton of money while helping to keep the area free of unwanted brush.

Last week, three goats gave birth and now the new arrivals are home, resting comfortably, getting up and getting acquainted with the world around them.

The goats live in district facilities and are cared for by veterinarian Liz Gonzales, who has made sure they receive their shots and medical services they require.

Gonzales, who works at the Chino Hills Small Animal Hospital as a veteran, said the babies and their mothers are doing well.

"Usually we're here on hand to help the mothers when they give birth," said Gonzales. "But this year, they did it on their own. Mother Nature just took her course."

Gonzales said she donates her services as a vet to the agency because she feels they do a good service in the community.

"The basin is one place that helps the entire community," said Gonzales.

Gonzales and her husband, George, own Ranchito Tivo Boer Goats, a weed-abatement and brush-control service which offers goats to those seeking to get rid of weeds while cutting back on the use of herbicides.

George Gonzales said, while he is in the business to make money, they also want to make sure they do their part and support projects that are worthwhile.

"The basin does a tremendous job in our community and it's an agency we are proud to support," he said.

Before the new arrival of the baby goats there were 11 goats living at the CBWCD, George said.

"Now with the 10 new babies, there are more than 20 of them that will be able to help control the weeds that grow in and around the basin area," he said.

His wife said Ranchito Tivo Boer Goats is actually a goat-breeding service, and the process takes a time.

"The breeding process takes about three weeks," she added. "This year we had three so it took just over two months to make sure that they had time to mate."

She said the gestation cycle for a goat is five months.

"At that point it's just a matter of whether or not the goat will be able to give birth on her own or if she'll need help," said Gonzales. "Either way, once the babies are born we come and check on them and since the staff is here most of the time, they keep an eye out to make sure that everything is okay."

George said he and his wife are certain goats can help cities and other agencies to get rid of weeds.

"Goats are a good way to clear an area, but they also help tremendously when it comes to fire prevention," he added.

"Fires burn hot and if you get rid of the brush that fuels it, then you are limiting the feeding of the fire.

"In many cases that can not only save lives, but also homes."

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Flood advice expected

State panel to study safety of building on flood plains

George Watson, Staff Writer
San Bernardino County Sun

Article Launched:03/28/2007 12:00:00 AM PDT

Community leaders finally can expect to receive useful information about building on hazardous flood plains found in the foothills below the many mountain ranges across Southern California.

That's because the state has reached a deal to partner with the Water Resources Institute at Cal State San Bernardino to study alluvial fans.

The fans - the buildup of sediment that flows off mountains and fills the canyons below - are becoming home to more and more people, leading to concerns about safety for residents and vast property damage.

It's been a long time coming. About 2 1/2 years have passed since the Legislature approved a bill later signed into law for the Alluvial Fan Task Force. Still, results won't be arriving anytime soon because the task force has yet to convene.

But after much delay, the deal between the state and the institute shows that the plan is finally moving forward, said Susan Lien Longville, director of the Water Resources Institute.

"We have a huge task ahead of us," Lien Longville said. "But this is really important. It's going to be more of a risk to people as we continue toward sprawl."

The term "alluvial fan" became part of this region's lexicon in 2003 when a Christmas Day flood of raging water, trees and boulders killed 16 people - including nine children - and destroyed homes and other property below the San Bernardino Mountains.

Approximately 15 people will be asked to join the task force, said Ricardo Pineda, chief of the state Department of Water Resources' flood-plain-management branch.

Members will include scientists, consultants, planners, elected leaders, flood-control authorities, builders and conservationists.

Lien Longville said she wants to have "some major players on board" to ensure the task force's efforts are received well by city council members and county supervisors throughout Southern California.

Pineda hopes to begin scheduling meetings of the task force by summer.

The goal? To create a model ordinance for communities that face the potential of alluvial-fan flooding.

"Hopefully, we'll be making wiser decisions," Lien Longville said.

Pineda and Lien Longville discussed how the task force's role will be advisory, not regulatory. That had been a concern for at least one local building leader who wondered whether the task force would lead to another level of government.

Bureaucratic red tape has held up the formation of the task force, officials say. So much time has passed that the law, signed in October 2004 by Gov. Arnold Schwarzenegger, expired Jan. 1. Assemblyman Bill Emmerson, R-Redlands, is expected to file a new bill with the same language, enabling the task force to continue having the backing of the Legislature.

Understanding alluvial fans' role in flooding is critical for this region because of the wildfire phenomenon.

For up to five years after a destructive wildfire, experts say, the power of a debris flow made up of water, dirt, brush, trees and boulders can increase by a factor of 40. The increase is so dramatic because denuded slopes don't have vegetation to slow the flow's path.

"We're still not out of the woods, in terms of flooding dangers, from the Old Fire and Grand Prix Fire of 2003," Plineda said.

And as population growth in Orange and Los Angeles counties continues, more people are expected to be moving directly onto flood-prone areas that builders avoided in the past.

By 2020, developers are expected to have built homes for up to 4 million more people on alluvial fans in San Bernardino, Riverside and neighboring counties, flood-plain-management estimates show.

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Water content of snowpack at low level

By Samantha Young, The Associated Press
Inland Valley Daily Bulletin

Article Launched:03/29/2007 12:00:00 AM PDT

SACRAMENTO - The water content in the Sierra snowpack is at its lowest level in nearly two decades, leading to concern that California may not be able to fulfill its water obligations to cities and farms if dry conditions persist for another year.

The latest measurements were taken Wednesday near South Lake Tahoe during the fourth snow survey of the season by the state Department of Water Resources. This survey is considered the most important because state hydrologists use it to predict water supplies and deliveries for the summer months.

The water content in the snowpack along the 400-mile-long range averaged 46 percent of normal. That's the lowest level since 1990, when it was 40 percent of normal.

"If you start putting dry winters together, you deplete the reservoirs," department spokesman Don Strickland said. "We're hoping we don't run into that."

State hydrologists had hoped for a wetter March to boost the snowpack. March storms typically add about 10 percent to 15 percent more snow in the Sierra.

Frank Gehrke, the department's snow survey section chief, said the storm that passed over the Sierra on Monday boosted the snowpack by about two inches but wasn't enough to recover from a dry month.

"Instead of seeing an increase of five or six inches in March, we lost eight or nine inches," Gehrke said "That's a pretty bleak month."

Sierra snowmelt provides more than a third of the state's drinking and irrigation water and is the lifeblood of the State Water Project, which provides water to more than 23 million people and 775,000 acres of farmland.

In addition, about a quarter of the state's power comes from hydroelectric plants that rely on heavy mountain runoff during the spring and summer months.

In the Los Angeles area, which is experiencing its lowest rainfall year on record, water managers said the region has enough in storage and from other sources to offset any potential cutbacks in state water deliveries this year.

"It's always worrisome in a year like this, but you're not going to see any rationing in Los Angeles," said Jeffrey Kightlinger, executive director of The Metropolitan Water District of Southern California. "We expect it to be cyclical."

The Southern California water agency imports 2.1 million acre feet of water - of which 16 percent comes from the state. It has more than 2.5 million acre feet in storage, Kightlinger said.

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Claremont may take over water company

Election results could provide impetus for buy

By Will Bigham, Staff Writer
Inland Valley Daily Bulletin

Article Launched:03/11/2007 12:00:00 AM PST

CLAREMONT - A shift in power on the City Council following Tuesday's election vastly improves the odds Claremont will make another move to take over the city's water service.

Purchasing the private Golden State Water Co.'s holdings in the city has long been a priority, but friendly negotiations reached an impasse in mid-2005 when Golden State rejected what it considered a lowball offer from the city estimated at between \$40 million and \$45 million.

The city's only recourse after that - eminent domain proceedings - needed the support of four of five council members, but only three favored the option.

But with Councilwoman Jackie McHenry - an opponent of eminent domain - voted out of office last week, the reconfigured council is poised to take another look at the eminent domain option.

"The purchase of the water company, and the need for local control of our water, resonated well with voters because they were thinking that something needs to be done," Councilman-elect Sam Pedroza said. "The way the system is set up now with Golden State is not working."

Claremont residents and city leaders have long maintained Golden State's water rates are too high. That concern led to years-long discussions of purchasing Golden State.

"We didn't move forward with very much in the last couple years; we dealt with micro-managing issues," Councilwoman Ellen Taylor said.

Before moving forward with a purchase of the water company - which would include Golden State's water delivery apparatus in the city, its water rights, and possibly its 47-percent share of the Pomona Valley Protective Association's holdings - the city must first conduct a detailed analysis to determine the value of Golden State's Claremont holdings, City Manager Jeff Parker said.

In 2005, Golden State, then named the Southern California Water Co., told the city that the value of its holdings, not including its share of PVPA, was more than \$100 million.

The city balked at the figure, and representatives for Golden State believe the value of its holdings has only increased in the past two years.

The added cost of Golden State's PVPA holdings "could be tens of millions more than the \$100 million," said Joel Dickson, senior vice president of Golden State.

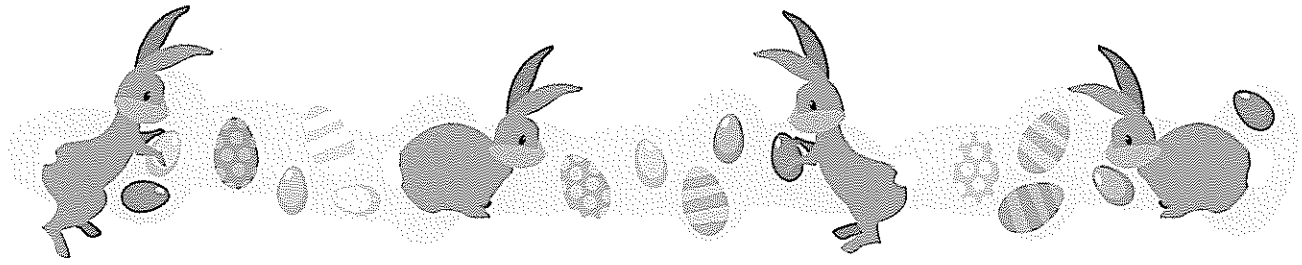
"It would be a very risky proposition for Claremont to take over Golden State, and it would be the customer who would be at risk," Dickson said. "Claremont customers would pay higher rates for at least 30 years."

If the City Council decides to pursue the purchase of Golden State through eminent domain, the cost ultimately would be decided in court, Parker asserted.

The city would then issue bonds to pay for the acquisition, and fund repayment of the bonds through increases in water rates during a 30-year period.

"The cost part of it, absolutely, there's a point where it's no longer feasible," Pedroza said. "But this is water, and water, being a natural resource, it's beyond just what we think the system is worth. There's also a benefit to the city in having local control."

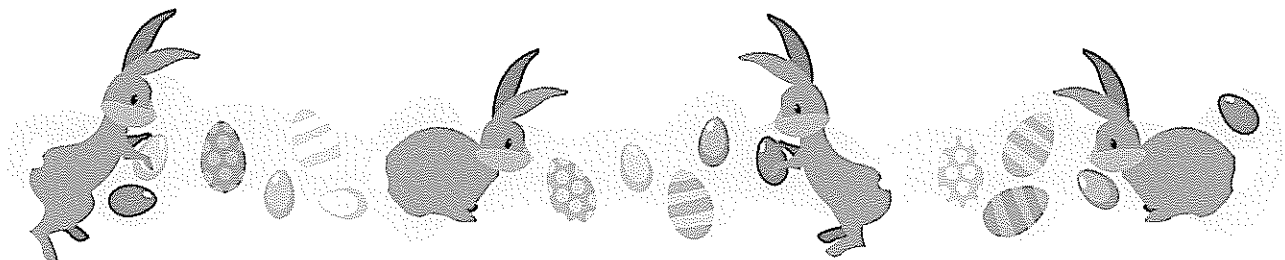
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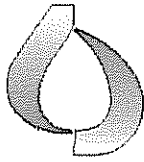


CHINO BASIN WATERMASTER

IV. INFORMATION

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





Date: March 21, 2007

To: The Honorable Board of Directors

Through: Finance, Legal and Administration Committee (3/14/07)

Through: Engineering, Operations and Biosolids Management Committee (3/14/07)

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

Submitted by: Thomas A. Love
Executive Manager of Engineering

Neil W. Clifton
Manager of Energy, Engineering and Construction Management

Subject: Capital Project Budget Approval for MWD Turnout CB14 Discharge
Facilities Relocation

RECOMMENDATION

1. Approve capital project budget for design and construction of MWD turnout CB14 discharge facilities relocation for the amount of \$200,000; and
2. Authorize the Chief Executive Officer/General Manager to finalize and execute reimbursement agreements with San Bernardino County Flood Control District and Chino Basin Watermaster.

BACKGROUND

IEUA recharges imported water in spreading basins along the Etiwanda Channel using MWD turnout CB14. The discharge pipeline, owned by MWD, runs from CB14 through a meter structure to a discharge structure located at the north end of the New Etiwanda Debris Basin, which is currently under construction. Upon completion of the new basin, the area in which the discharge structure is located will become a conservation preserve. Neither MWD nor IEUA will have access to the structure for maintenance or demolition if it is abandoned in the future. A new structure discharging directly to the new basin is needed to assure the continued, long-term ability to discharge.

Further, IEUA desires to take ownership of the existing discharge facilities. Once ownership is transferred, the existing discharge structure will become a risk, particularly if it is abandoned but cannot be demolished. Once the transfer is completed and the new discharge facilities are operational, and prior to the area becoming conservation preserve, the old discharge structure will be demolished.

The total project costs for the design and construction of the discharge facilities relocation are as follows:

Project Phase	Project Costs
Environmental	--
Design	\$21,000
Construction	\$160,000
Construction Management	\$3,000
Contingency	\$16,000
Total	\$200,000

The project schedule is as follows:

Project Phase	Completion Date
Design	April 2007
Construction	May 2007

PRIOR BOARD ACTION

There has been no prior Board action.

IMPACT ON BUDGET

This project was not budgeted for this fiscal year. Therefore, the Recharge Water Fund (RW) reserves will be reduced by \$200,000 in order to fund this project.