

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Tuesday, May 15, 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*

Thursday, May 17, 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*



CHINO BASIN WATERMASTER

Tuesday, May 15, 2007

9:00 a.m. – Agricultural Pool Meeting

Thursday, May 17, 2007

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

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – May 15, 2007

At The Offices Of

Inland Empire Utilities Agency

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

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

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 Agricultural Pool Meeting held April 17, 2007 *(Page 1)*

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer – The City of Upland has agreed to purchase from West End Consolidated Water Company a portion of West End's water in storage in the amount of 3,800 acre-feet. The 85/15 rule does not apply and a recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company. Date of application: April 11, 2007 *(Page 25)*

II. BUSINESS ITEMS

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

Consider Approval for the Memorandum of Agreement between Chino Basin Watermaster and Inland Empire Utilities Agency for the 2006-2008 Management Zone 3 Monitoring Program *(Page 35)*

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Information Only Item: MZ1 Long Term Plan Presentation *(Page 41)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application
2. Referee Report Regarding Status Report Transmittal *(Page 59)*

B. ENGINEERING REPORT

1. 2007 Watermaster Model Update

C. FINANCIAL UPDATES

1. Budget Presentation

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update

IV. INFORMATION

1. Newspaper Articles (*Page 69*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

* Appropriative & Non-Agricultural Pool Meeting changed from May 10, 2007 to **May 17, 2007**

Meeting Adjourn

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

10:00 a.m. – May 17, 2007

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

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A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held April 12, 2007
(Page 7)

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer – The City of Upland has agreed to purchase from West End Consolidated Water Company a portion of West End's water in storage in the amount of 3,800 acre-feet. The 85/15 rule does not apply and a recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company. Date of application: April 11, 2007
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(Page 35)

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Information Only Item: MZ1 Long Term Plan Presentation (Page 41)

C. VOLUME VOTE

Consider Recommendation for the Volume Vote (Page 57)

III. REPORTS/UPDATES

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- 1. Santa Ana River Water Right Application
- 2. Referee Report Regarding Status Report Transmittal (*Page 59*)

B. ENGINEERING REPORT

- 1. 2007 Watermaster Model Update

C. FINANCIAL UPDATES

- 1. Budget Presentation

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update

IV. INFORMATION

- 1. Newspaper Articles (*Page 69*)

V. POOL MEMBER COMMENTS

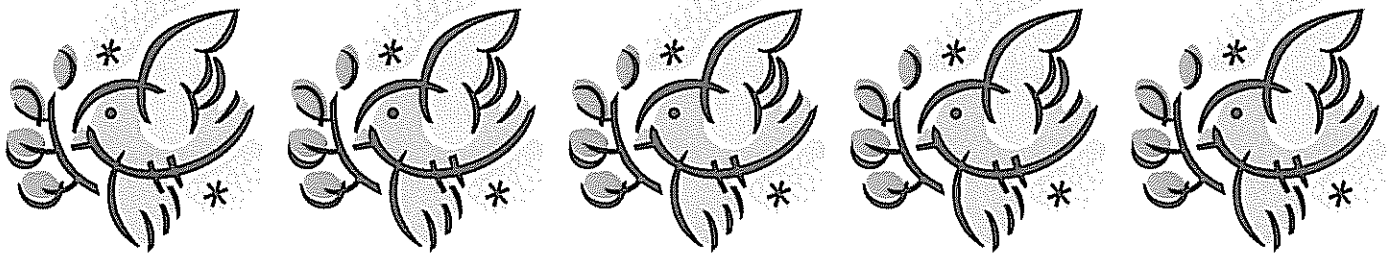
VI. OTHER BUSINESS

VII. FUTURE MEETINGS

May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

* Appropriative & Non-Agricultural Pool Meeting changed from May 10, 2007 to **May 17, 2007**

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – April 17, 2007



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
April 17, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on April 17, 2007 at 9:00 a.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Gene Koopman	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy
Pete Hall	State of California CIM
Nathan Mackamul	State of California CIW

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
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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
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
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Chair Feenstra called the Agricultural Pool meeting to order at 9:08 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

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

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

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

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

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

II. BUSINESS ITEMS**A. CONTRACT WITH GARY MEYERHOFER**

Mr. Manning stated at the March 8, 2007 Appropriative and Non-Agricultural Pool meeting Mr. Rossi from Western Municipal Water District gave a presentation and a recommendation that Inland Empire Utilities Agency (IEUA), Western Municipal Water District (WMWD), and Three Valleys Municipal Water District (TVMWD) get together and hire a consultant that would assist in the development of the Desalter Expansion Program. Because there are so many different moving parts, upcoming court dates, and Regional Board deadlines; we need somebody that would be directly involved in pulling all those issues together in order to insure all bases are being covered. Mr. Manning and Mr. Jeske were tasked to meet with three prospective candidates and after the review process it was decided Gary Meyerhofer at Carollo Engineers would be the person recommended for the job. Mr. Meyerhofer has great deal of knowledge about the basin, he knows the parties that are involved, and he has worked on similar projects in the past. Included in the meeting package is Mr. Meyerhofer's resume and a copy of the task order is also attached to outline the duties that he would be performing. There is a maximum dollar amount set at \$75,000 dollars for this position which will be paid by each of the three agencies (IEUA, WMWD, and TVMWD) at \$25,000 dollars each. Chino Basin Watermaster will be doing the hiring and the overseeing of Mr. Meyerhofer. A discussion ensued with regard to the reporting process and responsibilities for Mr. Meyerhofer.

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

Moved to approve the contract for the project facilitator, Gary Meyerhofer at Carollo Engineers, as presented

B. SAN DIEGO COUNTY WATER AUTHORITY MOU

Mr. Manning stated this item is regarding the ongoing work that Chino Basin Watermaster is doing in the area of working with various agencies on storage and recovery agreements. Staff is working with Castaic Lake Water Agency, San Diego County Water Authority, and Metropolitan Water District to expand storage and recovery programs within this basin. Staff has met with San Diego County Water Authority and they are very interested in working with us and have consented to assisting in a study that would examine the physical facilities within this basin to see if there are any flaws to the process of being able to combine the agencies into a storage and recovery program. Mr. Manning stated there is approximately 250,000 acre-feet in storage presently. Metropolitan Water District has 100,000 acre-feet and wants to expand to 150,000 acre-feet. Both San Diego and Castaic have not specifically stated how much water they are interested in storing, although, it is in the ranges of 50,000 to 70,000 acre-feet; those details will be worked out during the course of the study. Staff has requested that Black and Veatch prepare a scope of work and a copy of that is in the meeting package. San Diego has consented to paying for 1/3 of the cost of the program. Staff is recommending we go ahead and approve the agreement with San Diego County Water Authority contingent upon getting approval from Castaic Lake Water Agency for a similar agreement to fund the study; with that we will have enough participants to move forward and perform the study and find out if we have compatibility within the three agencies to work on a storage and recovery program. A discussion

regarding the funding partners ensued. Mr. Manning stated San Diego has expressed an interest in being involved in this basin. A lengthy discussion ensued with regard to this subject. Counsel Fife stated the objective of this study is to actually come up with a project description that we can move forward with; we have not done something on this level thus far. Mr. Koopman offered his concerns regarding this endeavor and stated he wanted to see the Dry Year Yield Program looked into with Metropolitan Water District prior to beginning the analysis of storage and recovery opportunities with San Diego County Water Authority. Mr. Koopman stated he would approve the MOU, however, he wanted to wait 90 days to begin on the project. The Agricultural Pool Committee members agreed with Mr. Koopmans concerns and statements and formulated their motion to reflect the discussion.

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

Moved to approve the MOU with San Diego County Water Authority regarding analysis of storage and recovery opportunities in Chino Basin although Watermaster staff must wait 90 days prior to starting the study, as presented

C. CALENDAR YEAR 2007 AGRICULTURAL POOL MEMBERS

It was decided that due to some personnel changes at the Milk Producers Counsel this item will be tabled for one month and placed on the May agenda for consideration of alternates for the Agricultural Pool members.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

Counsel Fife stated the Santa Ana River Water Right Application process began in 1999 with the fully appropriated streams hearing and our signing of the Orange County Accord. We have been preparing for this hearing for the past seven years and now we are in the final stages for our hearing in May 2007. All testimonies and exhibits, everything that we plan to present at the hearing will be sent in advance of the hearing. There is a copy of the Notice of Intent to Appear on the back table. Counsel Fife stated we will be using Ken Manning, Mark Wildermuth, Mr. Dodson, a Botanist to talk about riparian habitat, and then the chair of the Santa Ana Sucker Conservation team from SAWPA will also be testifying on our behalf. We will also have a very helpful policy statement from the City of Ontario and the City of Chino will be filing a policy statement in our favor shortly. We did have a pre-hearing conference last Thursday which went very well for Chino Basin; we are the only applicant who has no protests against our application. We were able to convince the Department of Fish and Game to dismiss its protest. We verbally put out a request at the pre-hearing conference that being that we are the only party with no protests and given that an application that has no protests can be granted without a hearing, we did not think it was right that anybody should be able to cross examine us or present any evidence about our project. This was agreed upon by the other parties present at the hearing. The attorney for the Center of Biological Diversity stated they have no problem at all with the Chino Basin; they are not going to cross examine us. The hearing officer then instructed counsel to go get stipulations which counsel is now collecting. We now have stipulations from most of the non-applicants that they will neither cross examine us nor will they present any evidence about our application. On Monday when our testimony is received we are going to present a follow up letter that states nobody has protested us and everybody has agreed not cross examine or present any evidence about the Chino Basin. We could just extract ourselves from this process here after seven years. If nothing else, we will go to Sacramento in May, present our case and will hopefully be dismissed from attending the rest of the hearing.

2. Peace II Process

No comment was made regarding this item.

B. ENGINEERING REPORT1. Review of Scalmanini Report

Mr. Wildermuth gave a presentation "Progress Report on Watermaster's Groundwater Model Update". Mr. Wildermuth stated Wildermuth Environmental (WE) and Watermaster staff developed a series of model updates and has included costs for this in Watermaster's 2006-2007 budget. There were specific questions to be answered with the new model such as, what does the new equilibrium look like when re-operation is terminated, what will the impact of re-operation be on subsidence in the MZ1 area, and what will be the impact on riparian resources in the Prado Reservoir area be like from new desalter pumping and re-operation? Mr. Wildermuth stated what he plans to incorporate the latest information from new wells and monitoring programs, extend calibration from 11 to about 40 years, incorporate vadose zone flow and transport models, and develop a localized high resolution compaction model for part of MZ1. WE will also be working on refining the boundary conditions for the Rialto/Colton fault and Bloomington divide, incorporating non-linear evapotranspiration functions for riparian vegetation, revising projected groundwater pumping and replenishment plans. The updated model runs will incorporate state-of-the-art visualization software and VLA processing. Mr. Wildermuth stated the purpose of this new model is to update Watermaster's previous model based on new hydrogeologic information collected since 2002. New data sources since 2002 include, subsidence investigation in MZ1, nine new HCMP well clusters, Chino II Desalter wells and other new monitoring wells, new appropriator wells, and OBMP water-level and water-quality monitoring programs. A discussion ensued with regard to Mr. Wildermuth's presentation.

C. FINANCIAL UPDATES1. Interest Update

Ms. Rojo stated Chair Feenstra and she had a recent meeting and from that meeting it was decided to roll over the Agricultural Pool's funds into the LAIF account where it will earn more interest than it is currently earning at Vineyard National Bank. Over \$400,000 dollars will be earning 1.5% more interest than in the LAIF account.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated there is an update on the back table on some of the legislative issues. There were approximately 3,000 bills introduced before the deadline of February 23, 2007. Many of those are considered to be spot bills which are filed with not a lot of wording or content and will then be changed later to reflect the real issues. The Legislative Analyst Office (LAO) has done a report on policy areas which turned out to be very interesting on some of the areas on which they reported. The LAO analysis includes advising the legislature to proceed carefully regarding implementation of Proposition 1E and Proposition 84 in terms of the intent of the voters. The LAO also questioned funding for the Sate Water Project given that the Department of Water Resources budget includes 72 new positions and encouraged legislative oversight of the funds. In addition, the LAO urged the legislature not to move forward on surface storage proposals until cost sharing agreements are in place. Also the LAO recommended that water users have the full responsibility for funding the projects included in the Bay Delta Conservation Plans and recommended that funds for the South Delta Improvement Program not be funded because in their opinion, funding would be premature. Senator Machado is considering legislating a 500 year flood standard, but is undecided if that standard should only be for the Central Valley or a statewide. One of the bills that Watermaster has been following very closely is the Simitian SB 27 bill which has currently been amended to change the nature of the bill from what would include the by pass facility to more of a support for existing activities within the Delta. Mr. Manning stated SB 862 was resubmitted which is Sheila Kuehl's bill in which she has added Steinberg as a co-author. This is the redo of the old SB 810 which became SB 1620 and is now SB 862; the Water Resource Bill. There will be a lot of people getting on board and supporting this bill. A discussion ensued with regard to legislation and water issues.

2. Recharge Update

Mr. Treweek stated the most recent recharge update spreadsheet is available on the back table for review. Mr. Treweek noted Watermaster has met our recharge obligations and has added to the Dry Year Yield Storage Account. Staff has recognized that the Cyclic Account that we have with Metropolitan Water District will expire at the end of 2007, so staff has decided not to recharge any more water until that account gets extended. Staff has shutdown bringing in any imported water and the only water we have now is the runoff and the small amounts of recycled water for recharge efforts.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

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

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

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

The Agricultural Pool committee meeting was dismissed at 11:15 a.m.

Secretary: _____

Minutes Approved: _____

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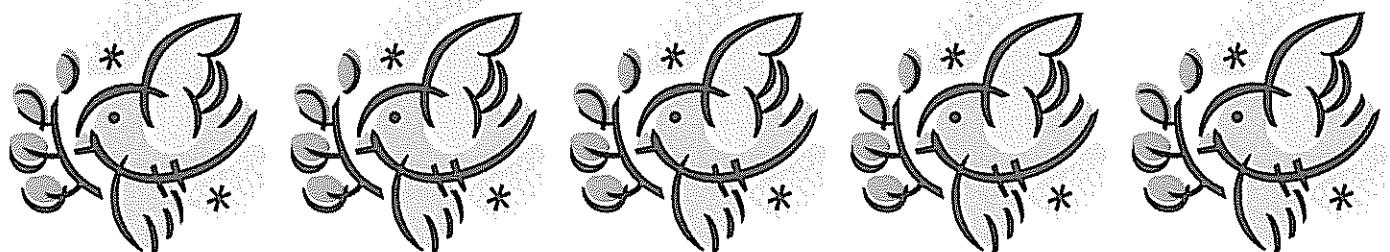


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – April 12, 2007



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
April 12, 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 April 12, 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
Teri Layton	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
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.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

David De Jesus	Three Valleys Municipal Water District
Tom Crowley	West Valley Water District

Chair Garibay called the joint Appropriative and Non-Agricultural Pool meeting to order at 10:01 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning noted the Volume Vote in the meeting package has now been revised and the revised copy is available on the back table. The handout Volume Vote is the one the parties will be voting on in the Business Item section of the agenda.

I. CONSENT CALENDAR

A. MINUTES

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

B. FINANCIAL REPORTS

- 1. Cash Disbursements for the month of March 2007
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- 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

Chair Garibay requested a form be produced by Chino Basin Watermaster that would be more user friendly to the submitter, possibly streamlining the forms using the check box method for indicating which form they were applying for instead of using the several different forms being offered now, leaving the submitter confused. Mr. Manning stated he would look into condensing some of the forms currently being used and to possibly create one form if possible.

Mr. DeLoach offered comment on the Scalmanini Report and noted Mr. Scalmanini stated in his report the model that was analyzed for the Chino Basin was a good model.

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

II. BUSINESS ITEMS

A. CONTRACT WITH GARY MEYERHOFER

Mr. Manning stated at the March 8, 2007 Appropriative and Non-Agricultural Pool meeting Mr. Rossi from Western Municipal Water District gave a presentation and a recommendation that Inland Empire Utilities Agency (IEUA), Western Municipal Water District (WMWD), and Three Valleys Municipal Water District (TVMWD) get together and hire a consultant that would assist in the development of the Desalter Expansion Program. Because there are so many different moving parts, upcoming court dates, and Regional Board deadlines; we need somebody that would be directly involved in pulling all those issues together in order to insure all bases are being covered. Mr. Manning and Mr. Jeske were tasked to meet with three prospective candidates and after the review process it was decided Gary Meyerhofer at Carollo Engineers would be the person recommended for the job. Mr. Meyerhofer has great deal of knowledge about the basin, he knows the parties that are involved, and he has worked on similar projects in the past. Included in the meeting package is Mr. Meyerhofer's resume and a copy of the task order is also attached to outline the duties that he would be performing. There is a maximum dollar amount set at \$75,000 dollars for this position which will be paid by each of the three agencies (IEUA, WMWD, and TVMWD) at \$25,000 dollars each. Chino Basin Watermaster will be doing the hiring and the overseeing of Mr. Meyerhofer. Staff is anticipating this project will take between four and six months to be completed. Updates as to the progress on this project will be given monthly at the regularly scheduled meetings. A discussion regarding liability ensued. Counsel Fife stated Mr. Meyerhofer will be hired as a consultant so

he will not be a Watermaster employee; whatever kinds of insurance bonds are required for a consulting firm will be handled through Carollo Engineers.

*Motion by Jeske, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve the contract for the project facilitator, Gary Meyerhofer at Carollo Engineers, as presented*

B. SAN DIEGO COUNTY WATER AUTHORITY MOU

Mr. Manning stated this item is regarding the ongoing work that Chino Basin Watermaster is doing with various agencies on storage and recovery agreements. Staff is working with Castaic Lake Water Agency, San Diego County Water Authority, and Metropolitan Water District to expand storage and recovery programs within this basin. Staff has met with San Diego County Water Authority and they are very interested in working with us and have consented to assisting in a study that would examine the physical facilities within this basin to see if there are any fatal flaws to the process of combining the agencies into a storage and recovery program. Mr. Manning stated there is approximately 250,000 acre-feet in storage presently. Metropolitan Water District has 100,000 acre-feet and wants to expand to 150,000 acre-feet. Both San Diego and Castaic have not specifically stated how much water they are interested in storing, although, it is in the ranges of 50,000 to 70,000 acre-feet; those details will be worked out during the course of the study. Staff has requested that Black and Veatch prepare a scope of work and a copy of that is in the meeting package. San Diego has consented to paying for 1/3 of the cost of the program. Staff is recommending we go ahead and approve the agreement with San Diego County Water Authority contingent upon getting approval from Castaic Lake Water Agency for a similar agreement to fund the study; with that we will have enough participants to move forward and perform the study and find out if we have compatibility within the three agencies to work on a storage and recovery program. A discussion regarding the funding partners ensued. Mr. Manning stated San Diego has expressed an interest in being involved in this basin. Mr. DeLoach commented on Western Municipal Water District and Three Valleys Municipal Water District coming into the program once it is all done and paid for and wanting something out of the program at no cost to them. Mr. Manning stated he would contact the associates at those agencies to discuss coming on board with this program and being involved financially. Mr. Crosley referenced a statement in the Staff Report regarding 500,000 acre-foot "safe harbor" numbers. Mr. Crosley stated maybe it is time to discuss performing an environmental study to determine whether or not the actual number is still 500,000 acre-feet or not. A discussion ensued regarding the 500,000 acre-feet. Mr. DeLoach stated he thinks the 500,000 acre-feet number was a safe and conservative number at the time that number was issued; there might be some wiggle room in there. Mr. Manning stated staff can inquire as to what it would take to accomplish that. Mr. Wildermuth offered comment on this matter and offered history on the 500,000 acre-feet number. A lengthy discussion ensued with regard to this subject. Counsel Fife stated the objective of this study is to actually come up with a project description that we can move forward with; we have not done something on this level thus far. Mr. DeLoach inquired to the funds in the budget for this item, this year. Mr. Manning stated Chino Basin Watermaster does not have this line item in the budget for this fiscal year to contribute to this endeavor. If Castaic and San Diego were to contribute \$50,000 dollars each, then we would have to direct some funds from another portion of the budget in order to fund it or get Three Valleys and Western Municipal Water District to participate which would then fulfill the funding obligation.

*Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred
Moved to approve the MOU with San Diego County Water Authority regarding analysis of storage and recovery opportunities in Chino Basin, as presented*

C. VOLUME VOTE

Mr. Manning stated following the approval of the Assessment Package it is necessary to approve the Volume Vote. Mr. Manning stated the revised Volume Vote is provided as a handout and that version is the one that staff is requesting be approved. Ms. Rojo stated the Allocation of Volume Vote and is based 50% share of operating safe yield and 50% of previous years assessments paid. Mr. Manning stated this volume vote would stay in effect until the next assessment package is approved. Any other future votes that would call for a volume vote would be using this volume vote calculation. Mr. Kinsey inquired as to how the calculations were determined since there was a discussion last year regarding replenishment with regard to the calculations. Ms. Rojo stated that historically the guidance for generating what constitutes the Watermaster assessment has been vague. Ms. Rojo stated last year staff and counsel brought forward several options for calculating the volume vote to the group. Staff prepared this volume vote analysis based on 100% of assessments paid to Watermaster, subtracting out the 85% and the 100% portion of replenishment water costs. Mr. Kinsey commented on the meeting last year in which the discussion that took place on future formulas for figuring out the volume vote. Mr. Kinsey noted that the decision at that meeting last year was to not change the way staff was calculating the volume votes. A question regarding voting on the Advisory Committee's volume vote and Ms. Rojo stated each pool and the Advisory Committee needs to approve their own volume vote and the revisions that were made on the Appropriative Pool volume vote will be reflected in the Advisory Committee's volume vote sheet when their package is sent out.

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

Moved to approve the fiscal year 2006-2007 (based on 2005-2006 production) Volume Vote, as presented

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

Counsel Fife stated the Santa Ana River Water Right Application process began in 1999 with the fully appropriated streams hearing and our signing of the Orange County Accord. We have been preparing for this hearing for the past seven years and now we are in the final stages for our hearing in May 2007. All testimonies and exhibits, everything that we plan to present at the hearing will be sent in advance of the hearing. There is a copy of the Notice of Intent to Appear on the back table. Counsel Fife stated we will be using Ken Manning, Mark Wildermuth, Mr. Dodson, and a Botanist to talk about riparian habitat, and then the chair of the Santa Ana Sucker Conservation team from SAWPA will also be testifying on our behalf. We will also have a very helpful policy statement from the City of Ontario and the City of Chino will be filing a policy statement in our favor shortly. We did have a pre-hearing conference last Thursday which went very well for Chino Basin; we are the only applicant who has no protests against our application. We were able to convince the Department of Fish and Game to dismiss its protest. We verbally put out a request at the pre-hearing conference that being that we are the only party with no protests and given that an application that has no protests can be granted without a hearing, we did not think it was right that anybody should be able to cross examine us or present any evidence about our project. This was agreed upon by the other parties present at the hearing. The attorney for the Center of Biological Diversity stated they have no problem at all with the Chino Basin; they are not going to cross examine us. The hearing officer then instructed counsel to go get stipulations which counsel is now collecting. We now have stipulations from most of the non-applicants that they will neither cross examine us nor will they present any evidence about our application. On Monday when our testimony is received we are going to present a follow up letter that states nobody has protested us and everybody has agreed not cross examine or present any evidence about the Chino Basin. We could just extract ourselves from this process here after seven years. If nothing else, we will go to Sacramento in May, present our case and will hopefully be dismissed from attending the

rest of the hearing. A brief discussion ensued with regard to the upcoming hearing and its anticipated outcome.

2. Peace II Process
No comment was made regarding this item.

B. ENGINEERING REPORT

1. Review of Scalmanini Report

Mr. Wildermuth gave a presentation "Progress Report on Watermaster's Groundwater Model Update". Mr. Wildermuth stated Wildermuth Environmental (WE) and Watermaster staff developed a series of model updates and has included costs for this in Watermaster's 2006-2007 budget. There were specific questions to be answered with the new model such as, what does the new equilibrium look like when re-operation is terminated, what will the impact of re-operation be on subsidence in the MZ1 area, and what will be the impact on riparian resources in the Prado Reservoir area be like from new desalter pumping and re-operation? Mr. Wildermuth stated he plans to incorporate the latest information from new wells and monitoring programs, extend calibration from 11 to about 40 years, incorporate vadose zone flow and transport models, and develop a localized high resolution compaction model for part of MZ1. WE will also be working on refining the boundary conditions for the Rialto/Colton fault and Bloomington divide, incorporating non-linear evapotranspiration functions for riparian vegetation, revising projected groundwater pumping and replenishment plans. The updated model runs will incorporate state-of-the-art visualization software and VLA processing. Mr. Wildermuth stated the purpose of this new model is to update Watermaster's previous model based on new hydrogeologic information collected since 2002. New data sources since 2002 include, subsidence investigation in MZ1, nine new HCMP well clusters, Chino II Desalter wells and other new monitoring wells, new appropriator wells, and OBMP water-level and water-quality monitoring programs. A discussion ensued with regard to Mr. Wildermuth's presentation.

C. FINANCIAL UPDATES

1. Budget Advisory Committee Update

Mr. Garibay stated one of the topics discussed at the last Budget Advisory Committee meeting was the current method of assessing costs was somewhat simplistic. Another topic for the group was to take a look at the reserve policy that Watermaster currently has in place. There was discussion on the issue on being able to develop a plan to obtain Water Activity Reports earlier in order to get the Assessment Package out in a more timely manner. This committee is looking at developing a three to five year budget. There were also discussions regarding the judgment that requires Watermaster to charge minor parties a minimum \$5.00 dollar assessment to help recover administration costs. Ms. Rojo stated this committee has met twice now and will be meeting again in the near future. Ms. Rojo stated the major question that came out of the last meeting was how and when to implement these issues. Staff will be working on the extended budget this year and is looking to come up with options for somewhat stabilizing the Watermaster assessments. Updates on the progress of this committee will continue to be given at the Watermaster meetings.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is an update on the back table on some of the legislative issues. There were approximately 3,000 bills introduced before the deadline of February 23, 2007. Many of those are considered to be spot bills which are filed with not a lot of wording or content and will then be changed later to reflect the real issues. The Legislative Analyst Office (LAO) has done a report on policy areas which turned out to be very interesting on some of the areas on which they reported. The LAO analysis includes advising the legislature to proceed carefully regarding implementation of Proposition 1E and Proposition 84 in terms of the intent of the voters. The LAO also questioned funding for the Sate Water

Project given that the Department of Water Resources budget includes 72 new positions and encouraged legislative oversight of the funds. In addition, the LAO urged the legislature not to move forward on surface storage proposals until cost sharing agreements are in place. Also the LAO recommended that water users have the full responsibility for funding the projects included in the Bay Delta Conservation Plans and recommended that funds for the South Delta Improvement Program not be funded because in their opinion, funding would be premature. Senator Machado is considering legislating a 500 year flood standard, but is undecided if that standard should only be for the Central Valley or a statewide. One of the bills that Watermaster has been following very closely is the Simitian SB 27 bill which has currently been amended to change the nature of the bill from what would include the by pass facility to more of a support for existing activities within the Delta. Mr. Manning stated SB 862 was resubmitted which is Sheila Kuehl's bill in which she has added Steinberg as a co-author. This is the redo of the old SB 810 which became SB 1620 and is now SB 862; the Water Resource Bill. There will be a lot of people getting on board and supporting this bill. A discussion ensued with regard to legislation and water issues.

2. Recharge Update

Mr. Treweek stated the most recent recharge update spreadsheet is available on the back table for review. Mr. Treweek noted Watermaster has met our recharge obligations and has added to the Dry Year Yield Storage Account. Staff has recognized that the Cyclic Account that we have with Metropolitan Water District will expire at the end of 2007, so staff has decided not to recharge any more water until that account gets extended. Staff has shutdown bringing in any imported water and the only water we have now is the runoff and the small amounts of recycled water for recharge efforts. A brief discussion ensued with regard to recharge for the balance of the year.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

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

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

It was noted the next Appropriative and Non-Agricultural Pool meeting would fall on the same day that people will be attending the ACWA conference and that the meeting should be pushed back one week to May 17, 2007 at 10:00 a.m. This date change was agreed to by those in attendance.

VI. OTHER BUSINESS

No comment was made regarding this item.

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

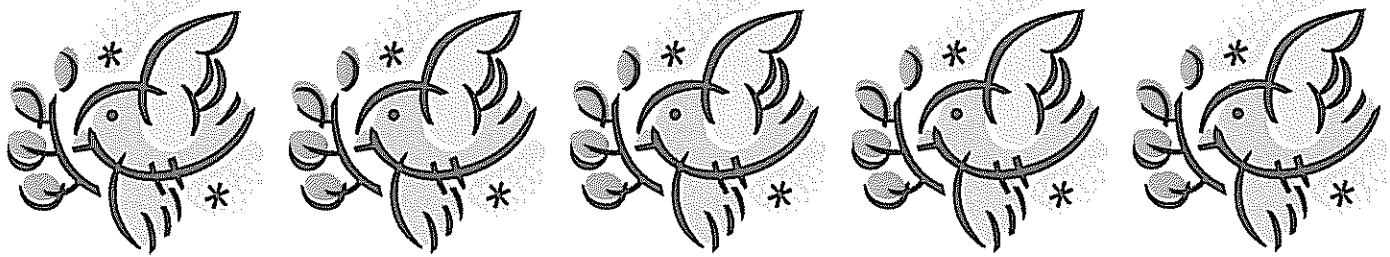
April 12, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
April 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting

The Appropriative and Non-Agricultural Pool committee meeting was dismissed at 11:20 p.m.

Secretary: _____

Minutes Approved: _____

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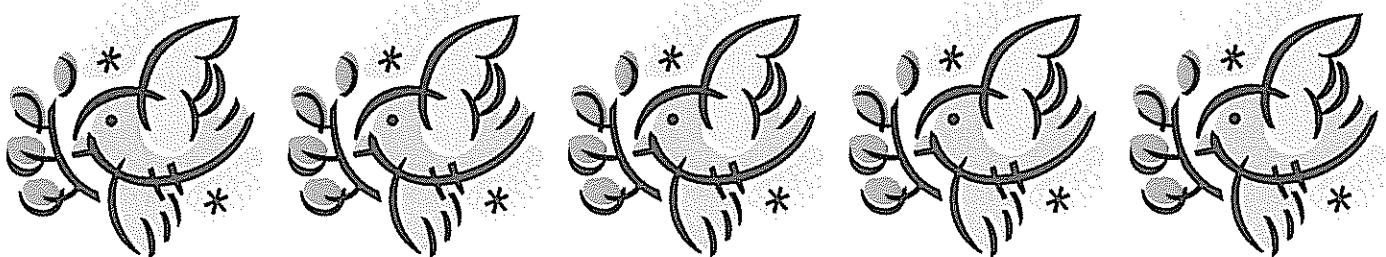


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: May 15, 2007
May 17, 2007
May 24, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – April 2007

SUMMARY

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

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

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

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of April 2007 were \$2,235,570.85. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$1,613,579.81, Wildermuth Environmental Inc. in the amount of \$322,646.91, and Hatch and Parent in the amount of \$108,722.84.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
April 2007

Type	Date	Num	Name	Amount
Apr 07				
Bill Pmt -Check	4/3/2007	11278	A & R TIRE	-326.41
Bill Pmt -Check	4/3/2007	11279	APPLIED COMPUTER TECHNOLOGIES	-3,066.10
Bill Pmt -Check	4/3/2007	11280	CHAMPION NEWSPAPERS	-35.00
Bill Pmt -Check	4/3/2007	11281	HSBC BUSINESS SOLUTIONS	-551.83
Bill Pmt -Check	4/3/2007	11282	IDEAL GRAPHICS	-347.50
Bill Pmt -Check	4/3/2007	11283	INLAND COUNTIES INSURANCE SERVICES, INC.	-202.46
Bill Pmt -Check	4/3/2007	11284	LOS ANGELES TIMES	-42.40
Bill Pmt -Check	4/3/2007	11285	MEDIA JIM	-900.00
Bill Pmt -Check	4/3/2007	11286	OFFICE DEPOT	-495.53
Bill Pmt -Check	4/3/2007	11287	PAYCHEX	-182.52
Bill Pmt -Check	4/3/2007	11288	PURCHASE POWER	-2,733.36
Bill Pmt -Check	4/3/2007	11289	R&D PEST SERVICES	-85.00
Bill Pmt -Check	4/3/2007	11290	REID & HELLYER	-5,648.44
Bill Pmt -Check	4/3/2007	11291	STANDARD INSURANCE CO.	-564.24
Bill Pmt -Check	4/3/2007	11292	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	4/3/2007	11293	UNITEK TECHNOLOGY INC.	-607.71
Bill Pmt -Check	4/3/2007	11294	VERIZON	-424.69
Bill Pmt -Check	4/3/2007	11295	VISION SERVICE PLAN	-72.22
Bill Pmt -Check	4/3/2007	11296	WATER EDUCATION FOUNDATION	-50.00
Bill Pmt -Check	4/3/2007	11297	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	4/3/2007	11298	AWWA	-1,305.00
Bill Pmt -Check	4/6/2007	11299	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	4/6/2007	11300	GEOTECHNICAL SERVICES	-1,230.13
Bill Pmt -Check	4/6/2007	11301	INLAND COUNTIES INSURANCE SERVICES, INC.	-220.78
Bill Pmt -Check	4/6/2007	11302	LIATTI & ASSOCIATES	-237.20
Bill Pmt -Check	4/6/2007	11303	PUMP CHECK	-825.00
Bill Pmt -Check	4/6/2007	11304	STATE COMPENSATION INSURANCE FUND	-1,315.98
Bill Pmt -Check	4/6/2007	11305	THE FURMAN GROUP, INC.	-2,560.00
Bill Pmt -Check	4/6/2007	11306	UNION 76	-271.29
Bill Pmt -Check	4/6/2007	11307	WHEELER METER MAINTENANCE	-3,300.00
Bill Pmt -Check	4/6/2007	11308	CITISTREET	-3,652.94
Bill Pmt -Check	4/6/2007	11309	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,190.34
Bill Pmt -Check	4/6/2007	11310	CITISTREET	-2,000.00
Bill Pmt -Check	4/6/2007	11311	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,190.34
General Journal	4/7/2007	70403	PAYROLL	-6,581.13
General Journal	4/7/2007	70403	PAYROLL	-22,314.49
Bill Pmt -Check	4/11/2007	11312	OFFICE DEPOT	-223.02
Bill Pmt -Check	4/11/2007	11313	ACWA SERVICES CORPORATION	-235.70
Bill Pmt -Check	4/11/2007	11314	MAYER HOFFMAN MC CANN P.C.	-95.00
Bill Pmt -Check	4/11/2007	11315	MCI	-927.55
Bill Pmt -Check	4/11/2007	11316	PARK PLACE COMPUTER SOLUTIONS, INC.	-4,875.00
Bill Pmt -Check	4/11/2007	11317	PREMIERE GLOBAL SERVICES	-178.65
Bill Pmt -Check	4/11/2007	11318	RICOH BUSINESS SYSTEMS-Maintenance	-42.00
Bill Pmt -Check	4/11/2007	11319	UNITED PARCEL SERVICE	-418.13
Bill Pmt -Check	4/11/2007	11320	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	4/18/2007	11321	ALL PRO PLUMBING, HEATING & AIR	-88.00
Bill Pmt -Check	4/18/2007	11322	JUAN POLLO	-140.06
Bill Pmt -Check	4/19/2007	11323	BANK OF AMERICA	-3,012.19
Bill Pmt -Check	4/19/2007	11324	BLACK & VEATCH CORPORATION	-1,390.00
Bill Pmt -Check	4/19/2007	11325	BOWCOCK, ROBERT	-250.00
Bill Pmt -Check	4/19/2007	11326	BOWMAN, JIM	-125.00
Bill Pmt -Check	4/19/2007	11327	DE BOOM, NATHAN	-375.00
Bill Pmt -Check	4/19/2007	11328	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	4/19/2007	11329	ELLISON, SCHNEIDER & HARRIS, LLP	-32,870.43
Bill Pmt -Check	4/19/2007	11330	FEENSTRA, BOB	-625.00
Bill Pmt -Check	4/19/2007	11331	HATCH AND PARENT	-108,722.84
Bill Pmt -Check	4/19/2007	11332	Hettinga, Peter	-375.00
Bill Pmt -Check	4/19/2007	11333	HUITSING, JOHN	-375.00
Bill Pmt -Check	4/19/2007	11334	INLAND EMPIRE UTILITIES AGENCY	-1,613,579.81
Bill Pmt -Check	4/19/2007	11335	KOOPMAN, GENE	-250.00
Bill Pmt -Check	4/19/2007	11336	KUHN, BOB	-125.00
Bill Pmt -Check	4/19/2007	11337	MONTE VISTA WATER DIST	-375.00
Bill Pmt -Check	4/19/2007	11338	PIERSON, JEFFREY	-1,000.00
Bill Pmt -Check	4/19/2007	11339	TOM DODSON & ASSOCIATES	-900.00
Bill Pmt -Check	4/19/2007	11340	VERIZON WIRELESS	-162.30
Bill Pmt -Check	4/19/2007	11341	WESTERN DENTAL SERVICES, INC.	-22.35
Bill Pmt -Check	4/19/2007	11342	WILDERMUTH ENVIRONMENTAL INC	-322,646.91
Bill Pmt -Check	4/19/2007	11343	WILLIS, KENNETH	-125.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
April 2007

Type	Date	Num	Name	Amount
Bill Pmt -Check	4/19/2007	11344	CALPERS	-3,058.44
Bill Pmt -Check	4/19/2007	11345	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	4/19/2007	11346	PETTY CASH	-487.21
Bill Pmt -Check	4/19/2007	11347	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	4/19/2007	11348	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	4/19/2007	11349	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	4/19/2007	11350	RICOH BUSINESS SYSTEMS-Maintenance	-1,569.61
Bill Pmt -Check	4/19/2007	11351	STAULA, MARY L	-136.61
Bill Pmt -Check	4/19/2007	11352	THREE VALLEYS MUNICIPAL WATER DIST	-15.00
Bill Pmt -Check	4/19/2007	11353	TOM DODSON & ASSOCIATES	-300.00
Bill Pmt -Check	4/19/2007	11354	WESTERN DENTAL SERVICES, INC.	-22.35
General Journal	4/21/2007	70405	PAYROLL	-6,581.13
General Journal	4/21/2007	70405	PAYROLL	-22,314.49
Bill Pmt -Check	4/30/2007	11355	A & R TIRE	-15.96
Bill Pmt -Check	4/30/2007	11356	ARROWHEAD MOUNTAIN SPRING WATER	-73.02
Bill Pmt -Check	4/30/2007	11357	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	4/30/2007	11358	DIRECTV	-74.98
Bill Pmt -Check	4/30/2007	11359	MARK IV COMMUNICATIONS, INC.	-175.00
Bill Pmt -Check	4/30/2007	11360	OFFICE DEPOT	-399.99
Bill Pmt -Check	4/30/2007	11361	PETTY CASH	-309.88
Bill Pmt -Check	4/30/2007	11362	RAUCH COMMUNICATION CONSULTANTS, LLC	-7,198.50
Bill Pmt -Check	4/30/2007	11363	SPRINT	-293.84
Bill Pmt -Check	4/30/2007	11364	STANDARD INSURANCE CO.	-565.63
Bill Pmt -Check	4/30/2007	11365	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	4/30/2007	11366	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	4/30/2007	11367	VISION SERVICE PLAN	-36.11
Bill Pmt -Check	4/30/2007	11368	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	4/30/2007	11369	GLENN LUKOS ASSOCIATES	-1,668.00
				-2,235,570.85

Apr 07

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			7,800,290		123,212				7,923,502	\$7,308,205
Interest Revenue			158,855	12,629	5,938			67	177,489	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	7,959,145	12,629	129,150	-	-	67	8,100,991	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	679,859								679,859	601,598
Watermaster Board-Advisory Committee	37,124								37,124	52,123
Pool Administration			16,646	64,099	5,033				85,778	118,245
Optimum Basin Mgmt Administration		1,718,754							1,718,754	1,855,795
OBMP Project Costs		3,309,816							3,309,816	5,089,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	726,983	5,028,570	16,646	64,099	5,033	-	-	375	5,841,706	7,722,405
Net Administrative/OBMP Income	(726,983)	(5,028,570)								
Allocate Net Admin Income To Pools	726,983		560,497	152,844	13,642				-	0
Allocate Net OBMP Income To Pools		5,028,570	3,876,977	1,057,227	94,366				-	0
Agricultural Expense Transfer			1,258,915	(1,258,915)					-	0
Total Expenses	5,713,035	15,255	113,041	-	-	375	5,841,706	7,722,405		
Net Administrative Income			2,246,110	(2,626)	16,109			(308)	2,259,285	(139,700)
Other Income/(Expense)										
Replenishment Water Purchases						2,690,983			2,690,983	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(3,238,515)			(3,238,515)	0
Net Other Income	-	-	-	-	-	(547,532)	-	-	(547,532)	0
Net Transfers To/(From) Reserves	-	-	2,246,110	(2,626)	16,109	(547,532)	-	(308)	1,711,753	(139,700)
Working Capital, July 1, 2006			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
Working Capital, End Of Period			6,685,267	467,935	203,093	592,083	158,251	1,634	8,108,263	
05/06 Assessable Production			124,315.140	33,899.960	3,025.832				161,240.932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

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

DEPOSITORIES:

Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits	\$ 2,788,114		
Zero Balance Account - Payroll	-		2,788,114
Vineyard Bank CD - Agricultural Pool			434,046
Local Agency Investment Fund - Sacramento			5,658,868
TOTAL CASH IN BANKS AND ON HAND	3/31/2007		\$ 8,881,528
TOTAL CASH IN BANKS AND ON HAND	2/28/2007		5,471,660
PERIOD INCREASE (DECREASE)			\$ 3,409,868

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$	(382,198)
Assessments Receivable			(1,119,740)
Prepaid Expenses, Deposits & Other Current Assets			164,075
(Decrease)/Increase in Liabilities: Accounts Payable			1,722,026
Accrued Payroll, Payroll Taxes & Other Current Liabilities			7,963
Transfer to/(from) Reserves			3,017,742
PERIOD INCREASE (DECREASE)			\$ 3,409,868

<u>SUMMARY OF FINANCIAL TRANSACTIONS:</u>	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 2/28/2007	\$ 500	\$ (291,477)	\$ (28,941)	\$ 432,710	\$ 5,358,868	\$ 5,471,660
Deposits	-	4,068,953	-	1,336	-	4,070,289
Transfers	-	(387,710)	87,710	-	300,000	-
Withdrawals/Checks	-	(601,652)	(58,769)	-	-	(660,421)
Balances as of 3/31/2007	\$ 500	\$ 2,788,114	\$ -	\$ 434,046	\$ 5,658,868	\$ 8,881,528
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 3,079,591	\$ 28,941	\$ 1,336	\$ 300,000	\$ 3,409,868

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
3/6/2007	Withdrawal	L.A.I.F.	\$ (1,200,000)				
3/29/2007	Deposit	L.A.I.F.	\$ 1,500,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 300,000	-			

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

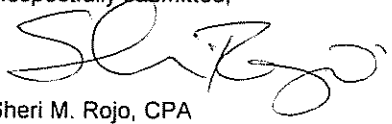
**INVESTMENT STATUS
March 31, 2007**

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

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

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

Respectfully submitted,



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

	<u>Jul '06 - Mar 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
4110 · Admin Asmnts-Approp Pool	7,800,290	7,227,619	572,671	107.92%
4120 · Admin Asmnts-Non-Agri Pool	123,212	80,586	42,626	152.9%
4700 · Non Operating Revenues	177,489	136,500	40,989	130.03%
Total Income	8,100,991	7,582,705	518,286	106.84%
Gross Profit	8,100,991	7,582,705	518,286	106.84%
Expense				
6010 · Salary Costs	530,929	447,037	83,892	118.77%
6020 · Office Building Expense	82,497	102,000	-19,503	80.88%
6030 · Office Supplies & Equip.	27,744	45,000	-17,256	61.65%
6040 · Postage & Printing Costs	68,452	78,500	-10,048	87.2%
6050 · Information Services	100,487	112,500	-12,013	89.32%
6060 · Contract Services	99,038	131,000	-31,962	75.6%
6080 · Insurance	15,108	25,210	-10,102	59.93%
6110 · Dues and Subscriptions	14,782	16,750	-1,968	88.25%
6140 · WM Admin Expenses	2,367	6,500	-4,133	36.41%
6150 · Field Supplies	872	4,000	-3,128	21.81%
6170 · Travel & Transportation	19,090	19,350	-260	98.66%
6190 · Conferences & Seminars	24,388	22,500	1,888	108.39%
6200 · Advisory Comm - WM Board	10,846	15,168	-4,322	71.5%
6300 · Watermaster Board Expenses	26,279	36,955	-10,676	71.11%
8300 · Appr PI-WM & Pool Admin	16,646	15,918	728	104.58%
8400 · Agri Pool-WM & Pool Admin	15,255	18,633	-3,378	81.87%
8467 · Agri-Pool Legal Services	40,694	65,000	-24,306	62.61%
8470 · Ag Meeting Attend -Special	8,150	12,000	-3,850	67.92%
8500 · Non-Ag PI-WM & Pool Admin	5,033	6,694	-1,661	75.19%
6500 · Education Funds Use Expens	375	375		100.0%
9500 · Allocated G&A Expenditures	-305,897	-408,749	102,852	74.84%
Subtotal G&A Expenditures	803,136	772,341	30,795	103.99%
6900 · Optimum Basin Mgmt Plan	1,604,558	1,713,780	-109,222	93.63%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	114,196	142,015	-27,819	80.41%
Subtotal OBMP Expenditures	1,728,754	1,860,795	-132,041	92.9%
7101 · Production Monitoring	69,410	61,565	7,845	112.74%
7102 · In-line Meter Installation	25,004	64,904	-39,900	38.53%
7103 · Grdwtr Quality Monitoring	109,775	149,713	-39,938	73.32%
7104 · Gdwtr Level Monitoring	134,923	191,953	-57,030	70.29%
7105 · Sur Wtr Qual Monitoring	4,515	32,247	-27,732	14.0%
7107 · Ground Level Monitoring	93,170	160,984	-67,814	57.88%
7108 · Hydraulic Control Monitoring	194,603	268,258	-73,655	72.54%
7109 · Recharge & Well Monitoring Prog	46,465	146,350	-99,885	31.75%
7200 · PE2- Comp Recharge Pgm	746,818	1,472,997	-726,179	50.7%
7300 · PE3&5-Water Supply/Desalte	2,016	4,676	-2,660	43.11%
7400 · PE4- Mgmt Plan	142,217	578,762	-436,545	24.57%

	<u>Jul '06 - Mar 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7500 · PE6&7-CoopEfforts/SaltMgmt	174,972	310,507	-135,535	56.35%
7600 · PE8&9-StorageMgmt/Conj Use	15,813	6,698	9,115	236.09%
7690 · Recharge Improvement Debt Pymt	1,358,415	1,358,000	415	100.03%
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	191,701	266,734	-75,033	71.87%
	<u>3,309,816</u>	<u>5,089,269</u>	<u>-1,779,453</u>	<u>65.04%</u>
Total Expense	<u>5,841,707</u>	<u>7,722,405</u>	<u>-1,880,698</u>	<u>75.65%</u>
Net Ordinary Income	<u>2,259,284</u>	<u>-139,700</u>	<u>2,398,984</u>	<u>-1,617.24%</u>
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	2,683,974	0	2,683,974	100.0%
4220 · Non-Ag Pool-Replenishment	7,009	0	7,009	100.0%
Total Other Income	<u>2,690,983</u>	<u>0</u>	<u>2,690,983</u>	<u>100.0%</u>
Other Expense				
5010 · Groundwater Replenishment	3,238,515			
9999 · To/(From) Reserves	1,711,753	-139,700	1,851,453	-1,225.31%
Total Other Expense	<u>4,950,267</u>	<u>-139,700</u>	<u>5,089,967</u>	<u>-3,543.5%</u>
Net Other Income	<u>-2,259,284</u>	<u>139,700</u>	<u>-2,398,984</u>	<u>-1,617.24%</u>
Net Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>



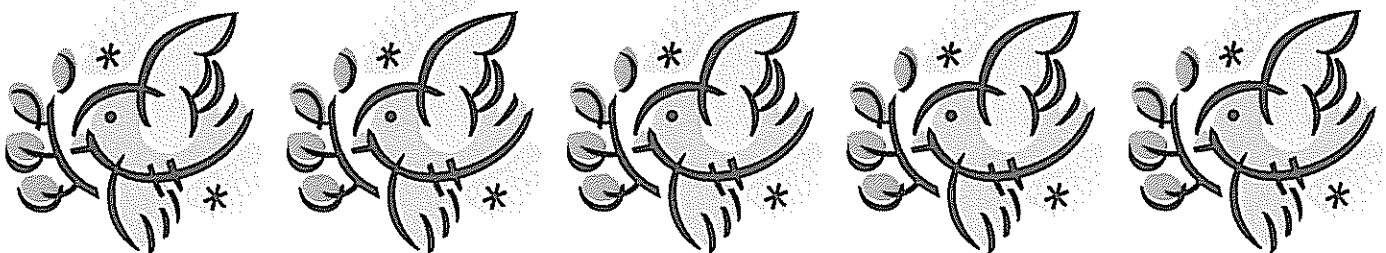
CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

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

Date of application: April 11, 2007



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 3, 2007

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **April 11, 2007**

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

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

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

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

Appropriative Pool: May 17, 2007

Non-Agricultural Pool: May 17, 2007

Agricultural Pool: May 15, 2007

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 3, 2007

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: May 3, 2007
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

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

Recommendation –

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

Fiscal Impact –

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

Background

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

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

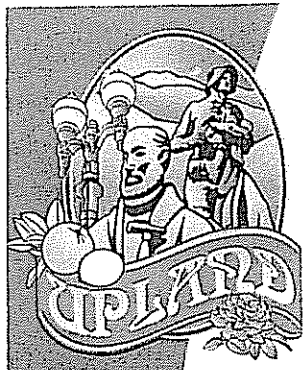
The following application for water transaction is attached with the notice of application.

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

Notice of the water transaction identified above was mailed on May 3, 2007 along with the materials submitted by the requestors.

DISCUSSION

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



PUBLIC WORKS DEPARTMENT

Telephone (909) 931-4230

Facsimile (909) 931-4274

APR 11 2007

April 11, 2007

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

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

Dear Mr. Manning:

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

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

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

Sincerely,

Anthony M. La
Public Works Director, City of Upland

CITY OF UPLAND

460 North Euclid Avenue, Upland, CA 91786-4732 • (909) 931-4000 • Fax (909) 931-9923 • TDD (800) 735-2929 • www.ci.upland.ca.us
Mayor John "JP" Pomierski • Mayor Pro Tem Brendan Brandt • Council Members: Ray Musser, Tom Thomas, Kenneth W. Willis, City Manager Robb Quincey

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

West End Consolidated Water Co.

Name of Party

April 26, 2007

Date Requested

_____ Date Approved

1370 N. Benson Avenue

Street Address

3,800 Acre-feet

Amount Requested

_____ Acre-feet

Amount Approved

Upland CA 91786

City State Zip Code

Telephone: (909) 291-2960

Facsimile: (909) 931-4274

Rosemary Hoerning
Applicant

Rosemary Hoerning, General Manager

TRANSFER TO:

City of Upland

Name of Party

Attach Recapture Form 4

1370 N. Benson Avenue

Street Address

Upland, CA 91786

City State Zip Code

Telephone: (909) 291-2931

Facsimile: (909) 931-4274

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

WATER QUALITY AND WATER LEVELS

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

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Anthony M. La
Applicant

Anthony M. La, Public Works Director

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

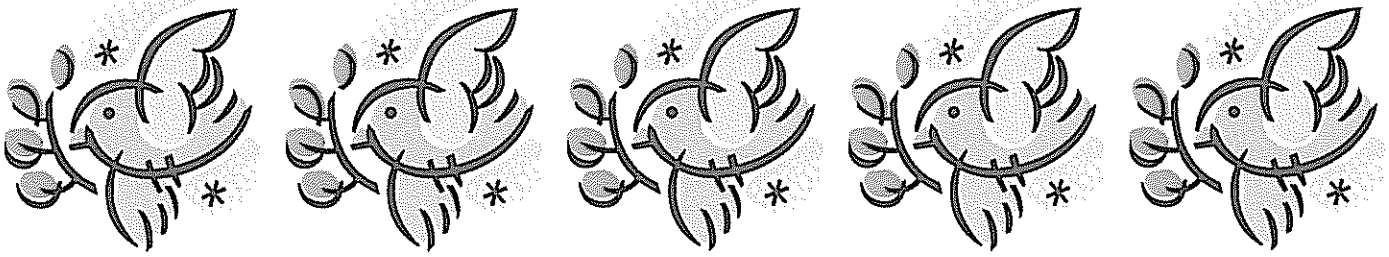
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: May 15, 2007
May 17, 2007
May 24, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Memorandum of Agreement: 2006-2008 Management Zone 3 Monitoring Program

SUMMARY

Issue – An Annual Monitoring Plan (AMP) and budget, was developed jointly by Chino Basin Watermaster (Watermaster) and the Inland Empire Utilities Agency (IEUA) pursuant to the *Agreement for Cooperative Efforts, Common Monitoring Programs* dated June 2004. The Management Zone 3 (MZ3) Monitoring Program was not specifically included in the AMP; consequently this Memorandum of Agreement (MOA) defines the responsibilities and cost sharing between IEUA and Watermaster for the MZ3 Monitoring Program.

Recommendation – Approve the MOA between IEUA and Watermaster.

BACKGROUND

The Watermaster and IEUA are performing a groundwater investigation to characterize groundwater levels and quality in MZ3. MZ3 is a part of the Chino Basin where groundwater is tributary to wells owned by the Jurupa Community Services District (JCSD) and includes areas that underlie all or part of the Fontana Water Company, Marygold Mutual Water Company, Cucamonga Valley Water District, and the City of Ontario. The Regional Water Quality Control Board (Regional Board) sent a letter to IEUA dated July 13, 2000, that describes their concern that the historical recharge of recycled water at IEUA's Regional Plant No. 3 (RP3) may have caused groundwater contamination at wells downgradient of RP3. Other sources of groundwater contamination in the area include Kaiser Steel Mill, Alumax, other industries, and historical agricultural activities, including citrus groves and hog feed lots. Recently, several municipal wells have been shut down in MZ3 due to perchlorate and nitrate in the groundwater.

The water quality tributary to JCSD wells in MZ3 has not been thoroughly characterized; however, there are indications that the water quality tributary to JCSD wells is poor. Nitrate concentrations at some JCSD wells have exceeded the maximum contaminant level and are either not used, used for emergency purposes, or blended with other wells with lower nitrate concentrations. The groundwater plumes (total dissolved solids [TDS] and total organic carbon [TOC]) from the former Kaiser Steel Mill are not fully characterized as to all contaminants and current plume extent. Monitoring at the Kaiser plume ceased in the mid 1990's.

IEUA applied for and was awarded a Local Groundwater Assistance Fund (AB303) Grant for \$250,000 from the California Department of Water Resources (DWR) to assist in the MZ3 Monitoring Program. Upon completion, the project will further the understanding of Chino Groundwater Basin characteristics to meet the goals and objectives of the Optimum Basin Management Program (OBMP). IEUA and Watermaster are conducting groundwater investigations to characterize the MZ3 area. In addition to sampling existing wells, IEUA and Watermaster will drill, install, develop, and sample two nested multiple-depth monitoring wells in the projected path of the Kaiser Steel Mill plume. The two nests of monitoring wells and water quality data collected from existing MZ3 wells – partially funded by this AB303 grant – will help to characterize and monitor the Kaiser plume, which is the most immediate threat to the downgradient potable supply wells.

DISCUSSION

IEUA has contracted with Best Drilling and Pump, Inc., with an estimated drilling cost of \$545,876 for the MZ-3 wells. The AB303 grant provides funds for two tasks: *Task 5. Drill, Install, and Develop Two Multi-Level Piezometers* and *Task 6. Sample Wells in the Monitoring Program*. Ultimately, IEUA will be reimbursed by DWR for \$250,000 for these two tasks. Watermaster will reimburse IEUA the actual drilling costs (estimated to be \$545,876) plus IEUA costs for grant administration, plans and specifications, bid administration, ROW negotiations, and construction management (\$89,627), minus the grant (\$250,000) by the end of FY 2006/07. Costs for construction of the monitoring wells and the monitoring program sampling have already been included in the 2006/2007 Watermaster budget. Attached is a copy of the MOA.

Memorandum of Agreement

2006-2008 Management Zone 3 Monitoring Program

Introduction

An Annual Monitoring Plan (AMP) and budget, was developed jointly by Chino Basin Watermaster (Watermaster) and the Inland Empire Utilities Agency (IEUA) pursuant to the *Agreement for Cooperative Efforts, Common Monitoring Programs* dated June 2004. This Agreement created an Operating Committee whose purpose is the development, execution, and management of the monitoring programs conducted by Watermaster and IEUA. The Management Zone 3 (MZ3) Monitoring Program was not specifically included in the AMP; consequently this Memorandum of Agreement (MOA) defines the responsibilities and cost sharing between IEUA and Watermaster for the MZ3 Monitoring Program.

Management Zone 3 Monitoring Program

IEUA applied for and was awarded a Local Groundwater Assistance Fund (AB303) Grant for \$250,000 from the California Department of Water Resources (DWR) to assist in the MZ3 Monitoring Program. Upon completion, the project will further the understanding of Chino Groundwater Basin characteristics to meet the goals and objectives of the Optimum Basin Management Program (OBMP). IEUA and Watermaster are conducting groundwater investigations to characterize the MZ3 area. In addition to sampling existing wells, IEUA and Watermaster will drill, install, develop, and sample two nested multiple-depth monitoring wells (also referred to herein as piezometers) in the projected path of the Kaiser Steel Mill plume. The two nests of monitoring wells and water quality data collected from existing MZ3 wells – funded by this AB303 grant – will help to characterize and monitor the Kaiser plume, which is the most immediate threat to the downgradient potable supply wells.

Because of the need to recharge recycled water in MZ3 in fulfillment of the goals and objectives of the OBMP, this project is critically important to all stakeholders in Chino Basin and not just the agencies that overlie MZ3. The project will allow the Watermaster to optimize the use of recycled water and increase local water supply reliability through better conjunctive management of the Chino Basin.

Responsibilities and Cost Sharing

IEUA and Watermaster agree to the following division of responsibilities and cost sharing. All costs associated with Watermaster's technical consultant, Wildermuth Environmental, Inc. (WEI) will be borne by Watermaster. Table 1 provides the cost breakdown by task as of September 30, 2006.

- *Task 1. Project Administration and Public Outreach.* Watermaster will be responsible for all project administration and public outreach with the exception of specific grant administration tasks that will be conducted by IEUA. WEI will be responsible for submitting quarterly reports to IEUA to be forwarded to DWR. This task is 61 percent complete.
- *Task 2. Compile Historical Data and Reports.* This task is 100 percent Watermaster responsibility and cost share. This task is also complete.
- *Task 3. Describe Hydrogeology and Groundwater Conditions in the Study Area.* This task is 100 percent Watermaster responsibility and cost share. This task is also complete.
- *Task 4. Locate Existing Wells for Water Quality Characterization of the Study Area.* This task is 100 percent Watermaster responsibility and cost share. This task is also complete.
- *Task 5. Drill, Install, and Develop Two Multi-Level Piezometers.* WEI, on behalf of Watermaster and IEUA, will obtain easements and assist in land acquisition, if required. As a court-appointed entity, Watermaster cannot own real property, therefore, IEUA will purchase land for the monitoring wells, if necessary. Currently, both wells are planned to be drilled and constructed in



**MEMORANDUM OF AGREEMENT
2006-2008 MANAGEMENT ZONE 3 MONITORING PROGRAM**

the right-of way of roads within the jurisdiction of the City of Ontario. WEI, on behalf of Watermaster and IEUA, developed draft plans and specifications for drilling, installation, development, and equipping of the monitoring wells. IEUA reviewed and finalized these plans and specifications (including right-of-way negotiations with permit agencies for the proposed well sites), prepared a bid document, received bids, and awarded a contract to the selected drilling firm. WEI will provide geologists for construction oversight during the drilling, installation, development, and equipping of the monitoring wells. IEUA will pay the drilling contractor based on monthly invoices for progress billing. IEUA will request the matching funds from DWR. Watermaster will reimburse IEUA that portion of the drilling costs not covered by the grant by the end of fiscal year (FY) 2006/07. This task is 8 percent complete.

- *Task 6. Sample Wells in the MZ-3 Monitoring Program.* This task is 100 percent Watermaster responsibility and cost share, with the exception of that portion that will be funded by the AB 303 grant. WEI, on behalf of Watermaster and IEUA, will collect all requisite groundwater samples from existing wells and the new monitoring wells. The grant requires that four quarters of groundwater samples be collected from all wells in the monitoring program, including the new monitoring wells. IEUA has requested a grant extension from DWR, and it is anticipated that the final samples will be collected in Spring 2008. Watermaster has already collected four rounds of samples from existing wells and has incurred costs of \$60,018, as of September 30, 2006 - \$30,009 of which counts towards IEUA's matching portion of the grant. This task is 80 percent complete. The AB 303 grant will fund up to \$37,404 for this task. All costs in excess of this amount, e.g., for future rounds of water quality sampling will be paid for by Watermaster.
- *Task 7. Technical Memorandum.* WEI, on behalf of Watermaster and IEUA, will prepare the draft and final technical memorandum for the MZ3 Monitoring Program. It is anticipated that the technical memorandum will be completed in Summer 2008. This task is 100 percent Watermaster responsibility and cost share. This task is 0 percent complete.

Table 1: Costs as Represented in the AB303 Grant

Task Number and Description	IEUA Budget	AB303 Budget	Total Budget	Percent Complete this Period	Cumulative Percent Complete	Percent Remaining	Cost this Period	Cumulative Cost
Task 1: Project Administration and Public Outreach	\$ 18,268	\$ -	\$ 18,268	3%	61%	39%	\$ -495	\$ 11,196
Task 2: Compile Historical Data and Reports	\$ 3,156	\$ -	\$ 3,156	0%	100%	0%	\$ -	\$ 3,156
Task 3: Describe Hydrogeology and Groundwater Conditions in the Study Area	\$ 10,528	\$ -	\$ 10,528	0%	100%	0%	\$ -	\$ 10,528
Task 4: Locate Existing Wells for Water Quality Characterization of the Study Area	\$ 7,578	\$ -	\$ 7,578	0%	100%	0%	\$ -	\$ 7,578
Task 5: Drill, Install, and Develop Two Multi-Level Piezometers	\$ 247,364	\$ 212,596	\$ 459,960	1%	8%	92%	\$ 4,618	\$ 34,663
Task 6: Sample Wells in Monitoring Program	\$ 37,404	\$ 37,404	\$ 74,808	23%	80%	20%	\$ 16,899	\$ 60,018
Task 7: Technical Memoranda	\$ 32,372	\$ -	\$ 32,372	0%	0%	100%	\$ -	\$ -
Total	\$ 356,670	\$ 250,000	\$ 606,670	4%	21%	79%	\$ 22,012	\$ 127,140

MEMORANDUM OF AGREEMENT
2006-2008 MANAGEMENT ZONE 3 MONITORING PROGRAM

Table 2: Current Costs Based on Actual Work Completed and Drilling Contract

Phase	MZ-3 Well Construction Costs
Environmental Review	\$1,254
Design	\$28,204
Construction	\$545,876
Construction Management	\$32,905
Contingency	\$27,264
Total Projected Cost	\$635,503

Summary of Cost Sharing

IEUA has contracted with Best Drilling and Pump, Inc., with an estimated drilling cost of \$545,876 for the MZ-3 wells. The AB303 grant provides funds for two tasks: *Task 5. Drill, Install, and Develop Two Multi-Level Piezometers* and *Task 6. Sample Wells in the Monitoring Program*. Ultimately, IEUA will be reimbursed by DWR for \$250,000 for these two tasks. Watermaster will reimburse IEUA the actual drilling costs (estimated to be \$545,876) plus IEUA costs for grant administration, plans and specifications, bid administration, ROW negotiations, and construction management (\$89,627), minus the grant (\$250,000) by the end of FY 2006/07. Upon completion of the MZ-3 Monitoring Program, Title obtained to any land and the piezometers shall vest with IEUA and be free and clear of all encumbrances. IEUA shall dispose of the equipment as it deems practical, unless mutually agreed to by the parties. If at any time in the future, should the MZ-3 monitoring well facilities require modification and or destruction, these activities and costs would be the responsibility of the Chino Basin Watermaster.

The term of this MOA will run from July 1, 2006 through September 30, 2008.

Approved:

CHINO BASIN WATERMASTER

By: _____ Date: _____

Title: _____

INLAND EMPIRE UTILITIES AGENCY

By: _____ Date: _____

Title: _____



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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. MZ1 LONG TERM
PLAN – NO ACTION





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: May 15, 2007
May 17, 2007
May 24, 2007

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

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

BACKGROUND

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

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

Draft Long Term Plan

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

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

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

Alternative Water Supply Proposal

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

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

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

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

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

1. PROBLEM DESCRIPTION AND MANAGEMENT GOALS

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

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

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

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

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

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



SECTION 1
PROBLEM DESCRIPTION AND MANAGEMENT GOALS

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

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

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

The goal of the MZ-1 Plan is:

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

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

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

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

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

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



2. MZ-1 SUBSIDENCE MANAGEMENT PLAN

Managed Wells within the Area of Subsidence Management

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

The Managed Area was delineated based on:

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

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

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

The Guidance Level

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

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

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

Data Exchange between Watermaster and the Parties

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



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

Continued Monitoring within the Managed Area

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

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

In detail, Watermaster will continue the monitoring of:

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

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

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

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

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

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

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



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MZ-1 SUBSIDENCE MANAGEMENT PLAN

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

Contemplated Testing and Monitoring within the Managed Area

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

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

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

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

Expanded Monitoring in Areas of Subsidence Concern

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

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



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

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

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

Currently in Central MZ-1:

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

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

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

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



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

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

Currently in the Southeast Area:

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

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

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

Currently in the Northeast Area:

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

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



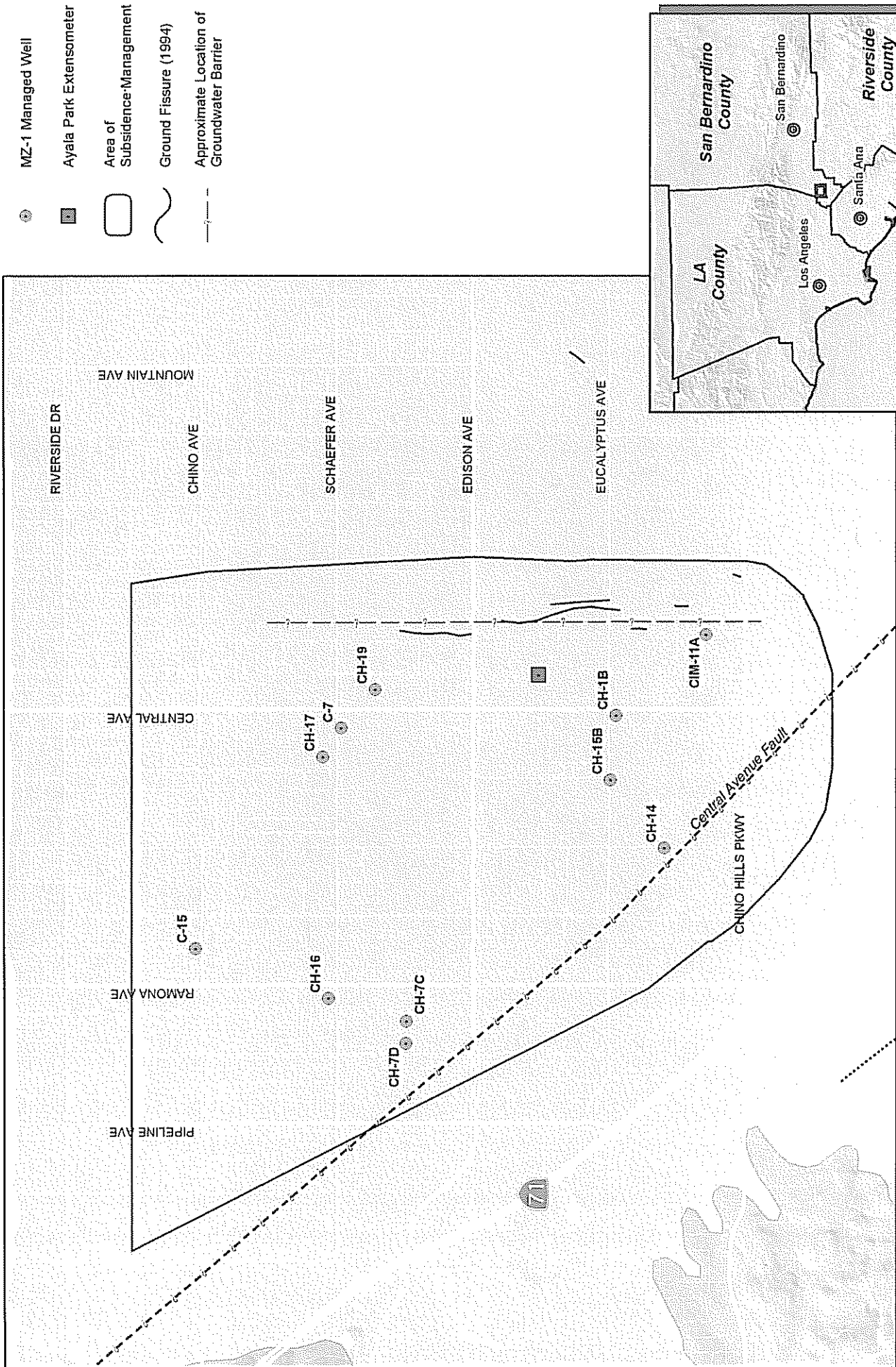
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**Table 2-1
MZ-1 Managed Wells**

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

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

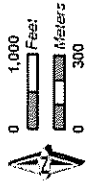
CBWM_ID	Owner	Well Name	Status	Screened Interval ft-bgs	Capacity gpm
	Chino Hills	1A	Active	166-317	700-800
	Chino Hills	1B	Inactive	440-470, 490-610, 720-900, 940-1180	up to 1200
	Chino Hills	7C	Not Equipped	550-950	--
	Chino Hills	5	Active		
	Chino Hills	14	Inactive	350-860	300-400
	Chino Hills	15A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



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

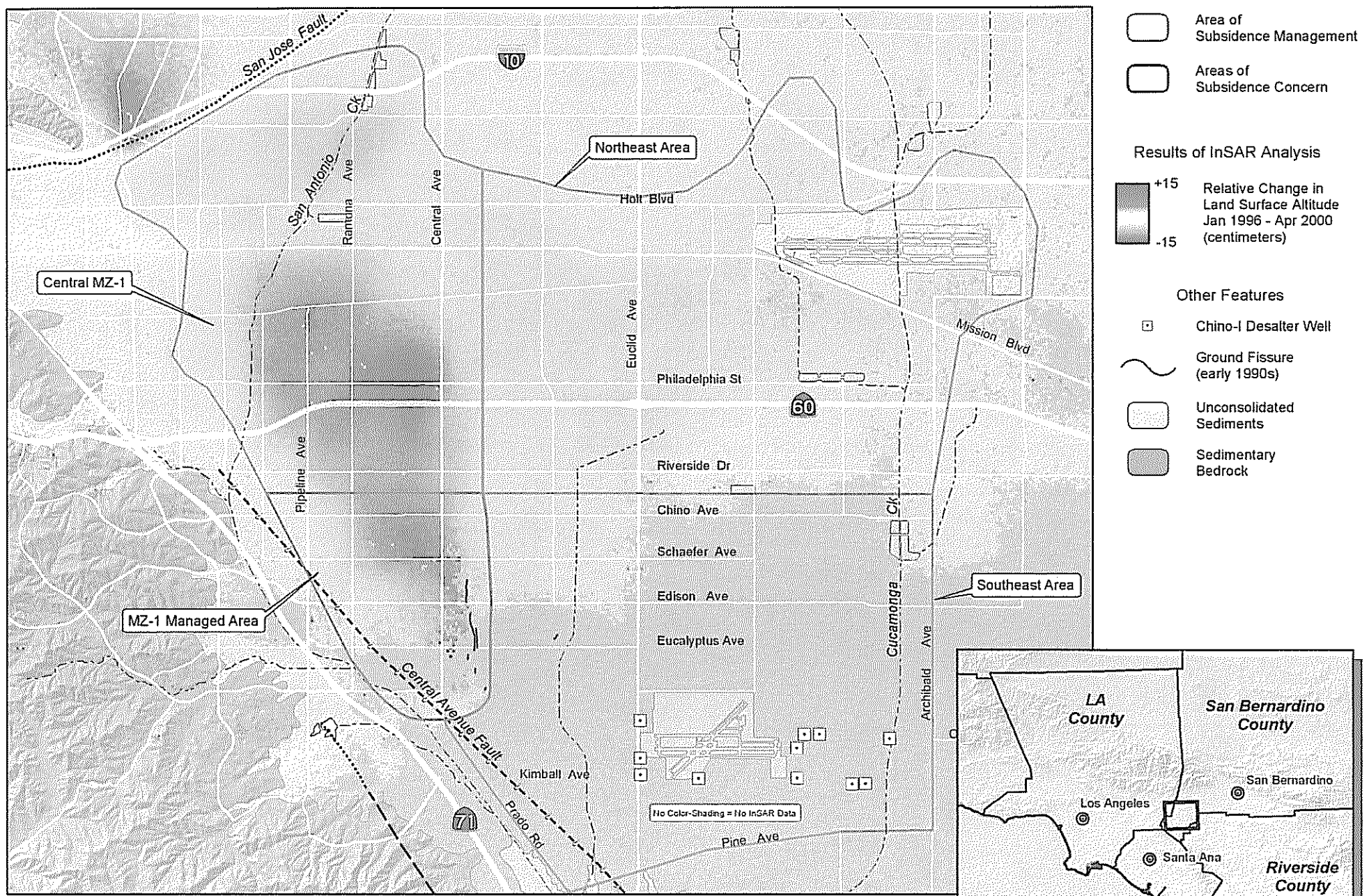
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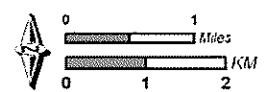
MZ-1 Subsidence Management Plan

MZ-1 Managed Area and Managed Wells
Figure 2-1



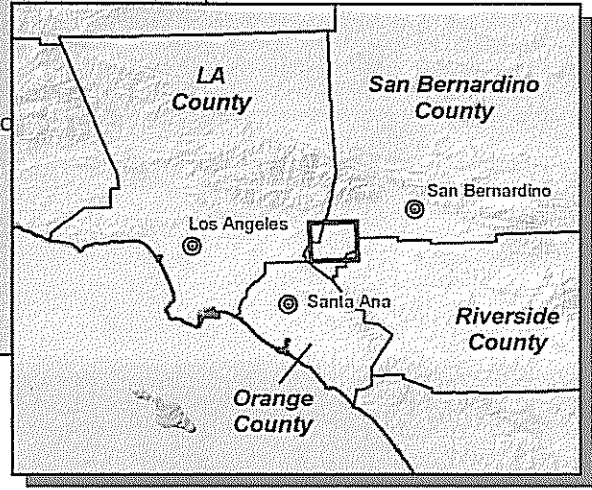
Subsidence Management Areas
Figure 2-2


 Chino Basin OBMP
 MZ-1 Subsidence Management Plan



Author: AEM
 Date: 20060321
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3. EVALUATION AND UPDATE OF THE MZ-1 SUBSIDENCE MANAGEMENT PLAN

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

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

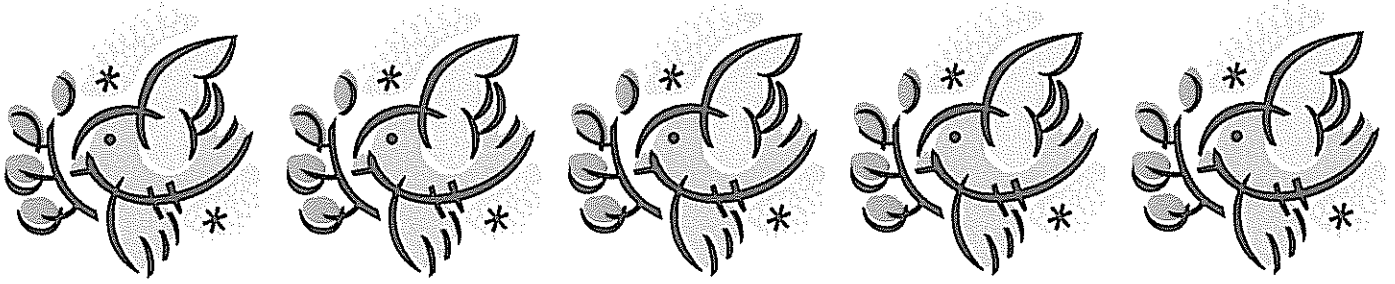
During April of each year, the MZ-1 Technical Committee will convene to review all available data collected and analyses performed over the past year, and to formally recommend revisions or additions to the MZ-1 Plan. These recommendations will be run through the Watermaster Process during May and, if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

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

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



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CHINO BASIN WATERMASTER

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: May 17, 2007

To: Appropriative Pool Members

SUBJECT: Appropriative Pool Allocation of Volume Vote

Recommendation: Refer the item to separate committee for discussion and recommendation

BACKGROUND

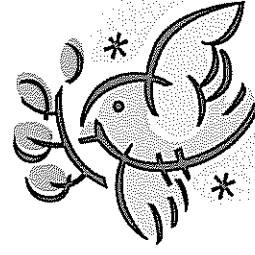
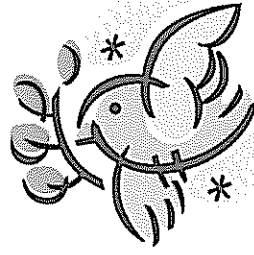
In April 2007, the Appropriative Pool agenda included an action item to approve the 07-08 Appropriative Pool Volume Vote based upon what staff thought to be the direction given by the Pool in March of 2006. The Appropriative Pool took action in April to approve the recommended volume vote calculation for 07-08. The calculation did not include replenishment costs as a component of the volume vote calculation. Since then a question has been raised about the staff's interpretation of the March 2006 action. For this reason staff is putting the item back on the Appropriative Pool agenda for reconsideration and direction.

Within the package distributed in March 2006, staff and counsel provided Pool parties with three different options to determine the formula for volume vote. At issue was the use of replenishment water paid to Watermaster as a component of the volume vote. Since some parties utilize the purchase of water from other parties or the use of water in storage as the vehicle to satisfy their obligations for over-pumping, those transactions are not reflected in the volume vote. The decision taken by the Appropriative Pool in 2006 was to "take no action" and to "save the discussion for a future meeting". Staff's interpretation and recommendation to the Appropriative Pool last month was based upon what it thought was the consensus of parties at that meeting. It did not include the use of replenishment water as a component of the calculation, nor did it include the use of the 100% or 85% water costs. In looking back at previous year's calculations, various formulas have been used to determine Volume Voting percentages.

Because staff is in the process of building the volume vote calculation into the data base program for next year's Assessment Package, it is important that staff be given clear direction as to how the calculation is to be determined. For that reason staff is asking that the item be referred to a separate committee for discussion and direction. At the Appropriative Pool meeting on May 17th staff will present a comparison of voting scenarios with and without the use of replenishment purchases and 100% and 85% assessments.

It is not anticipated that there will be any volume votes prior to the resolution of this issue.

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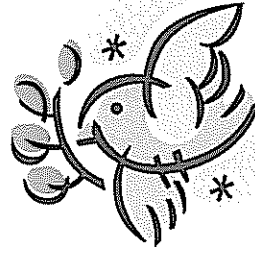
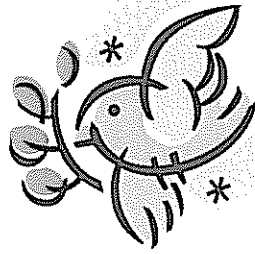
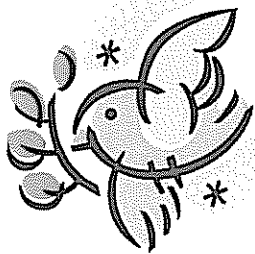


CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

2. Referee Report Regarding Status
Report Transmittal



1 ELLISON, SCHNEIDER & HARRIS L.L.P.
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4

5 SPECIAL REFEREE
6
7
8

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SAN BERNARDINO, RANCHO CUCAMONGA DIVISION
11

12 CHINO BASIN MUNICIPAL WATER
DISTRICT,

13
14 Plaintiff,

15 v.

16
17 THE CITY OF CHINO, et al.

18 Defendants.
19

CASE NO. RCV 51010

Judge: Honorable J. Michael Gunn

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

Date: May 24, 2007
Time: 1:30 p.m.
Dept: 8

20 I.

21 INTRODUCTION

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

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

6 II.

7 OBMP STATUS REPORT 2006—02

8 A. Status Report Highlights

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

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

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

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

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

⁴ The final report is due in July 2007.

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

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

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

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

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

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

28 ///

1 III.

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

4 A. Watermaster's Filings

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

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

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

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

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

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

33 ///

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

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

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

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

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

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

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

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

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

(Second Transmittal, Exh. C at ¶ 11.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV.

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

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

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

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

15 VI.

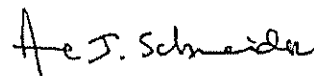
16 RECOMMENDATIONS

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

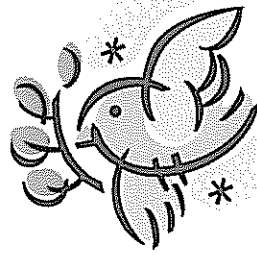
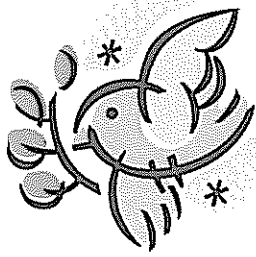
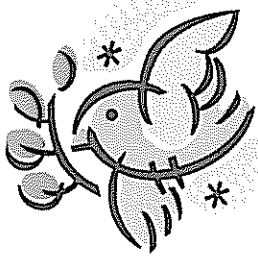
1 maximum efficiency and accuracy in court review of the subsequent evaluations of the
2 physical impacts of the proposed project.” (Second Transmittal Exh. C at ¶ 4.)

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

26 Dated: May 2, 2007

27 

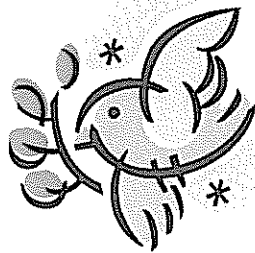
28 Anne J. Schneider, Special Referee



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



ACWA COMMUNICATIONS OUTREACH ADVISORY

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

April 24, 2007

ACWA Communications Outreach Advisory 07-13

SB 59 FAILS PASSAGE

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

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

The committee members voted as follows:

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

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

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

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

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

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

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

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

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4-14-07

Water utility hires private investigator

By Brenda Dunkle

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

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

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

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

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

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

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

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

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

Mr. Martin said the Chino Police Department has been

See SPILL, Page A2

Spill

Continued from Page A1

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

Mr. Martin said the private

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

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

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Court rules Imperial Valley canal to be lined

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

By Tony Perry
Times Staff Writer

April 7, 2007

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

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

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

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

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

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

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

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

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

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

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

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

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

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IN BRIEF ORANGE COUNTY / COUNTYWIDE

Water treatment plant reopens after upgrades

From Times Staff and Wire Reports

April 1, 2007

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

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

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

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

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4/10/09 Daily Bulletin

BRIEFLY

NEWS FROM AROUND
THE INLAND VALLEY

MVWD board seat open

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

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

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

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

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

— Lori Consalvo, (909) 483-9391

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Southland's dry spell could get worse

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

By Bettina Boxall
Times Staff Writer

March 31, 2007

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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(INFOBOX BELOW)

How dry we are

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

[See microfilm for full chart information]

Precipitation

Partial water year, from July 1 to last Sunday

	Inches	Average	% of
Eureka	30.58	93	
Redding	18.61	67	
Sacramento	9.99	57	
San Jose	7.98	61	
Fresno	4.80	50	
Bakersfield	2.44	45	
Los Angeles	2.47	18	
San Diego	3.39	36	

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

Graphics reporting by Cheryl Brownstein-Santiago

Audit of cleanup costs set

Rialto efforts to clean water to get a review

By Jason Pesick, Staff Writer
Inland Valley Daily Bulletin

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

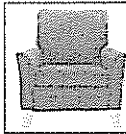
He said he is also concerned the suspected polluters will think there is dissension on the council over whether to continue pursuing them right before the state board hearings.

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

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

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MWD pipeline repairs put end to water-use alert
Jannise Johnson, Staff Writer

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

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

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

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

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

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

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

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

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

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

The pipeline supplies water

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

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

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

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