



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, June 14, 2007

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

AT THE CHINO BASIN WATERMASTER OFFICES

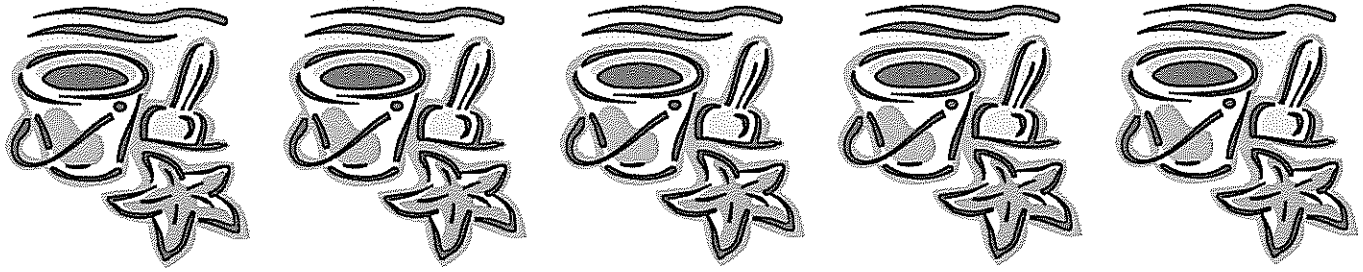
*9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888*

Tuesday, June 19, 2007

9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

*6075 Kimball Ave. Bldg. A Board Room
Chino, CA 91710
(909) 993-1600*



CHINO BASIN WATERMASTER

Thursday, June 14, 2007

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

Tuesday, June 19, 2007

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE



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

10:00 a.m. – June 14, 2007

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held May 17, 2007
(Page 1)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2007 (Page 13)
2. Watermaster Visa Check Detail (Page 17)
3. Combining Schedule for the Period July 1, 2006 through April 30, 2007 (Page 19)
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through April 30, 2007
(Page 21)
5. Profit & Loss Budget vs. Actual July 2006 through April 2007 (Page 23)

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007 (Page 25)
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater. Date of application: May 24, 2007 (Page 39)

II. BUSINESS ITEMS

A. MZ1 LONG TERM PLAN

Consider Approval for the Monitoring Zone 1 Long Term Plan (Page 55)

B. 2007/2008 BUDGET

Consider Approval for the Chino Basin Watermaster 2007/2008 Budget (Page 75)

C. MICRO-ECONOMIC ANALYSIS STUDY

Consider Approval for the Scoping Work for the Micro-Economic Analysis Study Performed by Dr. David Sunding (*all items including the staff letter for this item will be send out separate cover prior to the July 14, 2007 meeting*)

D. VOLUME VOTE

Discuss and Consider Adoption of the Revised Volume Vote (*Page 99*)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing Closing Brief (*Page 103*)

B. ENGINEERING REPORT

1. Model Update

C. CEO/STAFF REPORT

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

IV. INFORMATION

1. Newspaper Articles (*Page 165*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

June 14, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 19, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – June 19, 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 May 15, 2007 *(Page 7)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2007 *(Page 13)*
2. Watermaster Visa Check Detail *(Page 17)*
3. Combining Schedule for the Period July 1, 2006 through April 30, 2007 *(Page 19)*
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through April 30, 2007 *(Page 21)*
5. Profit & Loss Budget vs. Actual July 2006 through April 2007 *(Page 23)*

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007 *(Page 25)*
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater. Date of application: May 24, 2007 *(Page 39)*

II. BUSINESS ITEMS

A. MZ1 LONG TERM PLAN

Consider Approval for the Monitoring Zone 1 Long Term Plan *(Page 55)*

B. 2007/2008 BUDGET

Consider Approval for the Chino Basin Watermaster 2007/2008 Budget *(Page 75)*

C. MICRO-ECONOMIC ANALYSIS STUDY

Consider Approval for the Scoping Work for the Micro-Economic Analysis Study Performed by Dr. David Sunding *(all items including the staff letter for this item will be send out separate cover prior to the July 14, 2007 meeting)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Santa Ana River Hearing Closing Brief *(Page 103)*

B. ENGINEERING REPORT

- 1. Model Update

C. CEO/STAFF REPORT

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

IV. INFORMATION

- 1. Newspaper Articles *(Page 165)*

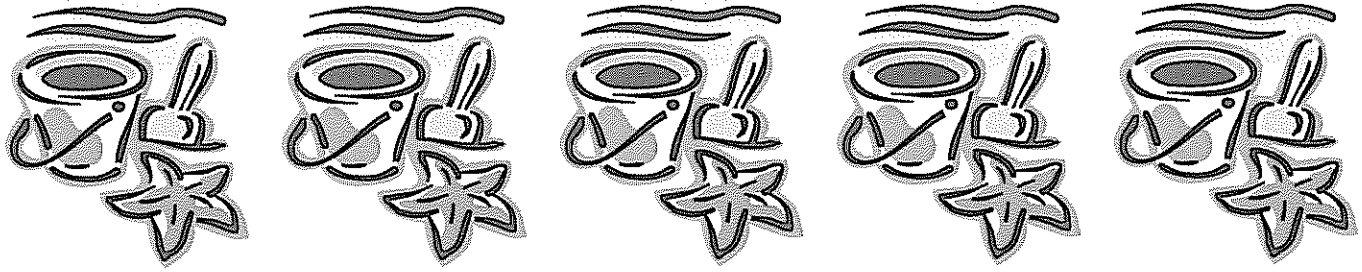
V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

June 14, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 19, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative & Non-Agricultural Pool Meeting – May 17, 2007



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
May 17, 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 May 17, 2007 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Raul Garibay, Chair	City of Pomona
Rosemary Hoerning	City of Upland
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Mike McGraw	Fontana Water Company
Mike Maestas	City of Chino Hills
Ken Jeske	City of Ontario
J. Arnold Rodriguez	Santa Ana River Water Company
Robert Young	Fontana Union Water Company

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

Rich Atwater	Inland Empire Utilities Agency
Marty Zvirbulis	Cucamonga Valley Water District
Wyatt Troxel	Inland Empire Utilities Agency

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

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

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

This item was pulled for discussion.

Mr. DeLoach asked that Consent Calendar Item B be pulled for discussion. Mr. DeLoach inquired into the Reid & Hellyer bill in the amount of \$5,600.00 dollars and asked that Ms. Rojo to email him with the details. Mr. DeLoach also noted there is another bill for almost \$33,000 dollars listed in the financial report from the Special Referee for the month.

B. FINANCIAL REPORTS

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

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

C. WATER TRANSACTION

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

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

II. BUSINESS ITEMS

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

Mr. Manning stated in 2000 the Regional Water Quality Control Board had some issues with the Management Zone 3 (MZ3) water quality and asked that the Chino Basin Watermaster partake in performing sampling within the MZ3 area. Watermaster has been doing that sampling and other extra monitoring on those wells since that request was made. Mr. Manning stated Inland Empire Utilities Agency (IEUA) was successful in obtaining a grant for \$250,000 dollars that will help us to offset some of the costs for additional wells that we are going to be drilling to offset the cost there. The MZ3 Agreement with IEUA is here today for a recommendation for approval. It was noted this agreement will be going to the IEUA Board on June 5, 2007 for their approval. This cost is reflected in the Watermaster budget and a very important issue. Mr. DeLoach commented that he was very surprised that this is still part of the original Peace Agreement process program element. Mr. DeLoach stated he was under the impression there were more monitoring wells intended for this project than what is called out in the staff report. Mr. Kinsey commented that it appears by reading the report that there are numerous more reasons why we would want to install these monitoring wells that go beyond the characterization of the salt from the Kaiser TDS plume. There is Regional Board concern about historical recharge of waste water at RP3 and it seems there are other parties that should be sharing the cost of this. Mr. Kinsey read portions of the staff letter for discussion purposes. Mr. Atwater stated Inland Empire Utilities Agency (IEUA) did an agreement with Jurupa Community Services that the Watermaster process approved in 2002; Mark Wildermuth and IEUA staff worked extensively with Jurupa. The IEUA Board approved the agreement to sell to Jurupa water which was approved by the Regional Sewage Policy. This project is the second phase which more than benefits Ontario and Jurupa lower down in the well field; and includes the MZ3 strategy that we have worked together in the Peace Agreement for the last five years. Mr. Manning stated that IEUA cooperates with us in terms of sharing on the monitoring costs. Mr. Kinsey stated IEUA has shown they have more than paid for their share and invested in facilities

necessary to monitor any legacy nitrate related impacts in RP3. A discussion ensued with regard to monitoring and water quality.

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

Moved to approve the Memorandum of Agreement 2006-2008 for the Management Zone 3 Monitoring Program, as presented

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Mr. Manning stated this item has been on the agenda numerous times over the last year-and-a-half. Watermaster by agreement has put forth the effort to try and develop a solution for the Management Zone 1 (MZ1) area of subsidence. One of the working items that are needed to be developed is the Long Term Plan (LTP) and the LTP is essentially the work that has been done by Wildermuth Environmental (WE); they have been performing a lot of work in the MZ1 area. WE has incorporated work with the piezometers to locate a depth which water could be pumped in order for us not to create inelastic subsidence in the MZ1 area. This month the Long Term Plan is being presented as an information item and staff intends to request approval for the plan in June through the Watermaster process. Mr. Manning stated what Watermaster is proposing is a two part solution to the MZ1 area; the first is the Long Term Plan which follows the guidance criteria that has already been passed unanimously and been put forth to the parties in the MZ1 area. Mr. DeLoach stated he has had the opportunity to sit in on a few of the MZ1 Technical Committee Meetings and at those meetings the parties seemed okay with the plan, however, does this plan look like something that all of the parties can live with? Mr. Manning stated the Long Term Plan in itself is very simple stating to the parties, if you are going to pump, we are advising that if you pump below the 245 foot level they could possibly cause subsidence. Mr. Manning stated he feels that the majority of the parties are on board with this plan and noted the court is looking for the LTP and has made that very clear; the court feels there has been enough science done in the MZ1 area that we know what is going on there and they are looking for the LTP to be part of our court submittal. Mr. Maestas stated the City of Chino Hills is not on board with this plan and while there has been a lot of work done, Chino Hills thinks we will be affected primarily by how we produce out of our wells. Mr. Maestas stated to date there has been nothing put on the table that the City of Chino Hills has bought off on; this is going to restrict pumping and dictate how and when we can't operate these wells. Mr. Maestas stated this plan does impact us quite a bit and to his knowledge he is not giving the okay. Mr. DeLoach inquired if the alternative water supply portion in the LTP address the needs of Chino Hills. Mr. Maestas stated it does not address it fully because what it does is take control out of his hands. A discussion ensued with regard to this matter. Mr. Manning stated Watermaster staff and the technical group has been working with the MZ1 Technical Committee and has asked for input from the City of Chino Hills in the past and at this point they have not received any alternative language. The only alternative now is to try and move forward with what we have. Chair Garibay inquired if there has been any attempt to get the staff of the City of Chino Hills and the Watermaster staff together outside of this type of setting for dialog regarding this issue. Mr. Manning stated there have been a number of ovations made by staff to the City of Chino Hills to get together but no meetings ever took place on this matter. Mr. Manning stated the City of Chino Hills has been an uncooperative party in terms accepting meetings to sit down and discuss alternative plans. Absent any changes or alternative plans from the City of Chino Hills, Watermaster staff feels it is time to move forward and if within the next couple of weeks there is an opportunity to sit down and discuss this we will accommodate such a meeting. Ms. Hoerning stated all parties approved the Guidance Criteria which established the 245 elevation and the LTP solidifies that this is in fact the level and inquired if the alternative water supply plan as a possible way of addressing some of these issues to serve water if they are asked to restrict water. Mr. Manning stated the meeting of the deadlines of the court is a priority but we are also trying to be sensitive to the needs of the parties in MZ1. We must be able to replenish in MZ1 both wet water and possibly consider in lieu solutions. Mr. Manning stated staff feels the LTP is a natural continuation of the Guidance Criteria; there are no drastic changes from the Guidance Criteria, it also calls for the additional science to go on with MZ1 so that we can better characterize what is going on in those areas of concern.

Mr. DeLoach inquired from the City of Chino Hills if this LTP absolutely does not work, what are the alternatives? Mr. Maestas stated they would want a relocation of their facilities. Mr. DeLoach inquired if the City of Chino Hills has put in writing the request to have their facilities relocated. Mr. Maestas stated he was not sure if that has ever been put in writing. A lengthy discussion ensued with regard to this matter.

C. VOLUME VOTE

Mr. Manning stated the volume vote was presented to the Pools last month and the Pools took action to approve the volume vote; however, after the meeting there was some question whether or not Watermaster staff was accurately interpreting the action taken by the Appropriative Pool the year prior. Mr. Manning stated he had reviewed the minutes from that prior year and those minutes are characterized in the staff report, the essence was they took no action and did not want to pursue the issue any further and would discuss the issue at a future meeting. When reviewing the minute's staff attempted to interpret what staff thought was the intent of the parties and then put together the volume vote for approval. The question that came up was whether or not replenishment water should be included in the volume vote calculation. Watermaster staff has no recommendation on how the volume vote is calculated; staff does have an interest in resolving this because we are now in the process of putting together a database. The next evolution of the Assessment Package database will include an automatic calculation of the volume vote immediately upon the acceptance of the Assessment Package by the Pools, Advisory Committee, and Watermaster Board. Staff needs to have that calculation built into the database and before we do that we would like to make sure there has been sufficient discussion and daylighting of the issues and to do that, staff feels the appropriate way to do this is to recommend to have this item taken to a committee for a full evaluation. Since the Budget Advisory Committee has already been established staff feels this would be the appropriate committee to forward this task to. The committee members spoke and stated they agreed this item should be given to the Budget Advisory Committee for review.

Chair Garibay authorized this item to be taken to the Budget Advisory Committee for review

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

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

2. Referee Report Regarding Status Report Transmittal

Counsel Fife stated Chino Basin Watermaster served all the parties with the actual transmittal from the Special Referee; a copy of that transmittal is in the meeting packet. The report is regarding comments to Watermaster's submittal of the OBMP Status Report. The main content of the notification is that there is a hearing scheduled for May 24, 2007 and we are hoping appearances will not be necessary and that the court will accept the Status Report and the schedules that were submitted. With that we are all looking forward to the completion of Peace II.

B. ENGINEERING REPORT

1. 2007 Watermaster Model Update

Mr. Wildermuth stated today's presentation is on the progress on Watermaster's Groundwater Model Update. The presentation will include topics on the Geologic Conceptual Model, the Percolation Model, estimated Evapotranspiration (ET) which is in the

in process, the Recharge and Routing Model which is in the calibration period, and our next steps. Mr. Wildermuth stated the specific questions to be answered with the new model are. What will be the impact of re-operation on subsidence in MZ1? What will be the impact on riparian resources in the Prado reservoir area from new desalter pumping and re-operation, and what does the new equilibrium look like when re-operation is terminated. The progress on Watermaster's Groundwater model is that we are incorporating the latest (since 2002) information from new wells and monitoring programs. We are also incorporating vadose zone flow and transport models along with non-linear ET functions for riparian vegetation. We have also extended the calibration from 11 years to about 40 years. New data sources for the conceptual model will include; subsidence investigation in the MZ1 area, 9 new HCMP well clusters, Chino II desalter wells, and other new monitoring wells, new appropriator wells, and OBMP water-level and water quality monitoring programs. A map of the new wells was reviewed in detail. The Percolation Model will reveal the thickness of unsaturated zone ranges from as low as 0 feet (Near Prado Basin) to as high as 1000 feet (north Chino basin). Mr. Wildermuth stated the vadose zone lithology varies from clay to gravel and sand and the vadose zone lithology is based on well completion reports which describe soil type based on USCS. Mr. Wildermuth discussed Evapotranspiration and stated the communities' field was verified by ecologists. A question regarding vegetation was presented. Mr. Wildermuth discussed the next steps to be taken which will include the completion of the extended calibration processing (May), construction of the groundwater flow model (June), the calibration of the groundwater flow model (June/July), the building of the compaction model (June/July), the running of the planning scenarios (August/September), and the documentation of planning scenarios (October).

C. FINANCIAL UPDATES

1. Budget Presentation

Ms. Rojo stated the budget is still in the process of being developed. A preliminary Budget Workshop was held on May 3, 2007 and there will be another workshop scheduled prior to the distribution of the final budget through the Watermaster process. Staff is anticipating a presentation will be given on the progress of the budget at the May Advisory Committee and Watermaster Board meetings.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is not much to report on as far as legislation is concerned.

The Santa Ana River Water Rights Application process went very well and Mr. Manning overheard several people commenting on how well prepared the Chino Basin Watermaster was for this hearing. Mr. Manning thanked Counsel Fife and expressed that he and his staff did an excellent job. Mr. Manning stated he will have a more complete legislative report to give and the Advisory Committee and Watermaster Board meeting later on this month.

2. Recharge Update

Mr. Treweek stated there are copies of the spreadsheet that incorporate recharge through the end of April on the back table. Last month, 500+ acre-feet of storm water was recharged which also includes any urban run off and 130 acre-feet of recycled water. Staff did receive notice that effective May 1, 2007 Metropolitan Water District will not be making any replenishment water available through the Rialto pipeline; which shuts us down as far as imported water is concerned. It does not appear that there will be much of a change between now and June 30th, the end of this fiscal year. We have imported and recharged 33,000 acre-feet of MET water, 4,000 acre-feet of storm water, and approximately 3,000 acre-feet of recycled water for a total of 40,000 acre-feet for this fiscal year. Our emphasis is to put recharge water into the MZ1 area and of our 33,000 acre-feet about 22,000 acre-feet went into MZ1 recharge area.

Mr. Treweek stated the Flood Control District sent out a letter to Inland Empire Utilities Agency on April 11, 2007 regarding the damage in the San Sevaine channel during the storms in 2005. The District estimates approximately \$2.2M dollars worth of damage to that channel during those storms and they are asking CBWM and IEUA to pay for half of that cost for repairs. Mr. Treweek gave a presentation on the Etiwanda – San Sevaine Recharge Project which also showed the damages done to the channel by the 2005 storms.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

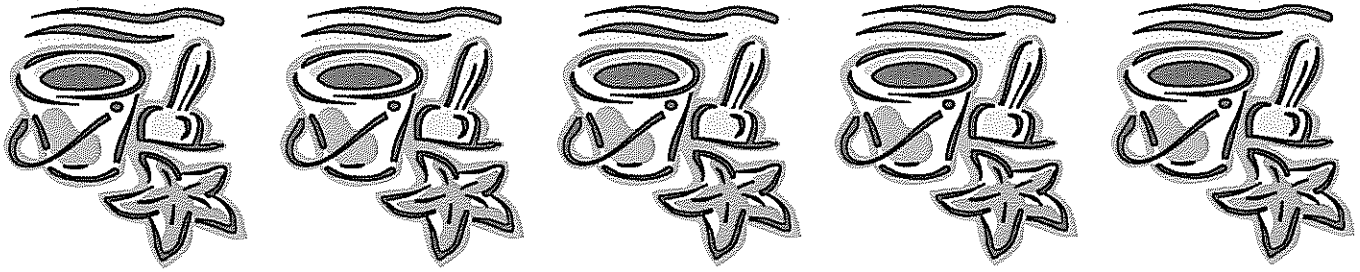
May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

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

The Appropriative and Non-Agricultural Pool committee meeting was dismissed at 11:30 a.m.

Secretary: _____

Minutes Approved: _____

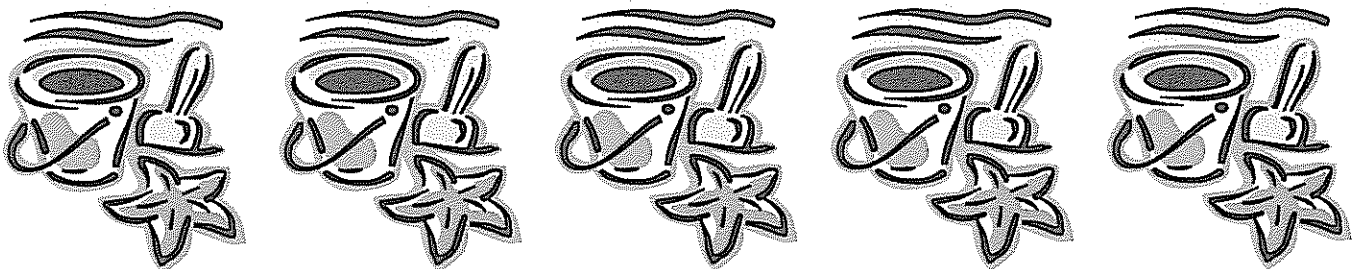


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – May 15, 2007



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
May 15, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on May 15, 2007 at 9:00 a.m.

Agricultural Pool Members Present

Jeff Pierson, Chair	Crops
Nathan deBoom	Dairy
Gene Koopman	Milk Producers Council
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy
Edward Gonsman	State of California CIM

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
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Rich Atwater	Inland Empire Utilities Agency
Jennifer Novak	State of California

Chair Pierson called the Agricultural Pool meeting to order at 9:06 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 April 17, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2007
2. Combining Schedule for the Period July 1, 2006 through March 31, 2007
3. Treasurer's Report of Financial Affairs for the Period March 1, 2007 through March 31, 2007

Pulled for discussion

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

Mr. Koopman pulled Financial Reports Item No. 4 for discussion purposes. Mr. Koopman stated on page 1 of 2 on the Profit & Loss Budget vs. Actual, in looking at the expenses there is a line item called out as Agricultural Pool Legal. Mr. Koopman inquired as to why other pools do not have legal as a separate line item as the Agricultural Pool does. Mr. Manning stated it is more historical than anything else. Ms. Rojo stated in the 6900 account, the Optimum Basin Management Program Accounting encompasses general legal expenses and the general engineering services. Mr. Koopman inquired if those two items could be broken out for clarity and commented on separating items out that are large expenses into more specific categories. Ms. Rojo stated the legal fees and the engineering fees for Watermaster are spread throughout the financial statements among different projects. If our engineer works on recharge related projects when we receive the bill it is then put into the recharge category of expenses. Ms. Rojo stated there is a more broken down section in the detailed section behind the pages that are put into the package; we only put the summary in the package each month. Ms. Rojo noted when presenting the budget at the Budget Workshop items are shown and discussed line by line and there are approximately twenty pages for the entire budget. Mr. Manning stated discussions with Inland Empire Utilities Agency are going to be taking place this week regarding recharge maintenance issues. Mr. Manning noted a meeting took place last month and extensive discussions took place on projected costs, current costs, and areas that could possibly be improved upon; the budget items are looked over with extreme care and concern where costs can be cut or dollars moved around into other categories. A brief discussion ensued with regard to maintenance. Mr. Koopman asked that the legal costs for the other Pools and Watermaster be broken out better so that the Agricultural Pool is not the only Pool to be singled out showing legal costs. Ms. Rojo noted she would take a look at the requests and try and make some changes to naming the line items differently. Ms. Rojo noted this breakdown could not done exactly as requested due to expenses being put into many different cost categories; however, it will be looked into for any changes that can be made. Mr. deBoom noted that particular line item titled legal fees also includes technical services performed for the Agricultural Pool. Counsel Lee stated Mr. Brommenschenkel's time is billed through his office, which is then paid, and re-billed through Reid & Hellyer's office to Chino Basin Watermaster. It was requested that at the next months meeting the Agricultural Pool legal read Agricultural Pool Legal & Technical in order to allow easier review of what is actually in that account.

C. WATER TRANSACTION

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

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

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

II. BUSINESS ITEMS

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

Mr. Manning stated in 2000, the Regional Water Quality Control Board had some issues with the Management Zone 3 (MZ3) water quality and asked that the Chino Basin Watermaster partake in performing sampling within the MZ3 area. Watermaster has been doing that sampling and other extra monitoring on those wells since that request was made. Mr. Manning stated Inland Empire Utilities Agency (IEUA) was successful in obtaining a grant for \$250,000 dollars that will help us to offset some of the costs for additional wells that we are going to be

drilling to offset the cost there. The MZ3 Agreement with IEUA is here today for a recommendation for approval. It was noted this agreement will be going to the IEUA Board on June 5, 2007 for their approval. This cost is reflected in the Watermaster budget. Mr. Koopman noted the MOA listed other sources of contamination in historical Agricultural areas and inquired if any of these wells will pick up any of the plume from Swan Lake. Mr. Manning stated the two wells that are being put in will not pick up that plume; however, the monitoring program itself which incorporates a number of other wells may. A discussion ensued with regard to the plumes and the actual detection in wells.

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

Moved to approve the Memorandum of Agreement 2006-2008 for the Management Zone 3 Monitoring Program, as presented

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Mr. Manning stated this item has been on the agenda numerous times over the last year-and-a-half. Watermaster by agreement has put forth the effort to try and develop a solution for the Management Zone 1 (MZ1) area of subsidence. One of the working items that are needed to be developed is the Long Term Plan (LTP) and the LTP is essentially the work that has been done by Wildermuth Environmental (WE); they have been performing a lot of work in the MZ1 area. WE has incorporated work with the piezometers to locate a depth which water could be pumped in order for us not to create inelastic subsidence in the MZ1 area. Mr. McCarthy is here from the WE office and has been working on that project for some time now and he will be talking about some of the sciences that have been happening in that area as well as the LTP. Mr. McCarthy stated the paperwork in the package is essentially the same LTP as part of the Peace Agreement process from the year 2000. The subsidence investigation has preceded the LTP. What WE has done recently is to have prepared an Alternate Water Supply Plan and that plan fits into finding another water source for those who would pump from the deep aquifer in MZ1. Mr. McCarthy stated forbearance has worked successfully and the Dry Year Yield Program as a source of water has also worked successfully; however, that is short term which is why we are looking for a long term solution. The draft LTP has been distributed informally to the parties; however, it has not been formally distributed 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 through the Watermaster process. There are technical items being worked out with the MZ1 Technical Committee and those technical items will not be part of the presented documents on the June agenda. Mr. Manning stated what Watermaster is proposing is a two part solution to the MZ1 area; the first is the Long Term Plan which follows the guidance criteria that has already been passed unanimously and been put forth to the parties in the MZ1 area. The Long Term Plan in itself is very simple stating to the parties, if you are going to pump we are looking that you do not pump below the 245 foot level which is the agreed upon level that below that could possibly cause subsidence. We are looking at some alternatives in terms of how they could utilize wells or utilize water delivery in the MZ1 area; Watermaster, working with the technical group has put together a technical plan that incorporates an alternative water supply plan. That alternative water supply incorporates the potential of using the Water Facilities Authority (WFA) as a delivery mechanism for additional water to the MZ1 area. Those issues at the WFA are yet to be worked out; staff at Watermaster believes this makes a lot of sense but there are many details still to be worked out. Staff is proposing that the LTP be approved as we work out the details of the Alternate Water Supply Plan for them. Staff has placed this item on the agenda for information only and this item will be brought back on the June agenda for approval. The court is looking for the LTP and has made that very clear; the court feels there has been enough science done in the MZ1 area that we know what is going on there and they are looking for the LTP to be part of our court submittal. Mr. deBoom inquired if the City of Chino Hills is involved in this process at all. Mr. Manning stated there was a period of time where the City of Chino Hills was absent from any of the scheduled technical working group meetings. In the last six months the City Chino Hills has been attending the meetings; however, while in the meetings they have not participated in any dialog. Due to the fact they have been attending the meetings they have had the opportunity to hear what is going on and see what is

being presented, while offering no feedback at the meetings. Mr. Manning stated it is time that progress is made on this item. The City of Chino Hills may or may not have a problem with this proposal, we do not know; however, the court is looking for it to be resolved and submitted. A lengthy discussion ensued with regard to pumping levels in the MZ1 area.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

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

2. Referee Report Regarding Status Report Transmittal

Counsel Fife stated Chino Basin Watermaster served all the parties with the actual transmittal from the Special Referee; a copy of that transmittal is in the meeting packet. The report is regarding comments to Watermaster's submittal of the OBMP Status Report. The main content of the notification is that there is a hearing scheduled for May 24, 2007 and we are hoping appearances will not be necessary and that the court will accept the Status Report and the schedules that were submitted. With that we are all looking forward to the completion of Peace II. Mr. Koopman inquired to sections of the Special Referee's statement. Mr. Manning stated staff has sent a letter to Mr. Thibeault informing him that the timeline that he had suggested of 2009 was unrealistic and we have now given him a very detailed chart of events that outlines the schedule that staff feels is a critical path towards implementation of the program. Mr. Manning noted after this meeting today there is a meeting scheduled with Mr. Atwater and others with Orange County to discuss this schedule to make sure they also understand it and are in agreement with it. Staff has taken the tasks that are necessary to achieve Hydraulic Control in order to maintain our Maximum Benefit and we have outlined that in a very detailed chart. Mr. Manning stated in speaking with Mr. Thibeault he has expressed that he would love for us to have the 2009 timeline met although he understands now that he has seen the chart and our difficulty with being about to comply with that date. A discussion ensued with regard to Orange County's agreeability. Mr. Koopman inquired to a portion of the Special Referee's recommendations. Counsel Fife stated the portion he is speaking about is the 1978 Judgment and there has been no question that basin re-operation requires Hydraulic Control. A lengthy discussion regarding replenishment and recycled water ensued. Mr. Koopman inquired as to the exact amount of water in storage in the basin for the Agricultural Pool. Mr. Manning stated he would need to investigate his question and would bring the number back at the next meeting.

B. ENGINEERING REPORT

1. 2007 Watermaster Model Update

Mr. McCarthy stated today's presentation is on the progress on Watermaster's Groundwater Model Update. The presentation will include topics on the Geologic Conceptual Model, the Percolation Model, estimated Evapotranspiration (ET) which is in the in process, the Recharge and Routing Model which is in the calibration period, and our next steps. Mr. McCarthy stated the specific questions to be answered with the new model are. What will be the impact of re-operation on subsidence in MZ1? What will be the impact on riparian resources in the Prado reservoir area from new desalter pumping and re-operation, and what does the new equilibrium look like when re-operation is terminated. The progress on Watermaster's Groundwater model is that we are incorporating the latest (since 2002) information from new wells and monitoring programs. We are also

incorporating vadose zone flow and transport models along with non-linear ET functions for riparian vegetation. We have also extended the calibration from 11 years to about 40 years. New data sources for the conceptual model will include; subsidence investigation in the MZ1 area, 9 new HCMP well clusters, Chino II desalter wells, and other new monitoring wells, new appropriator wells, and OBMP water-level and water quality monitoring programs. A map of the new wells was reviewed in detail. The Percolation Model will reveal the thickness of unsaturated zone ranges from as low as 0 feet (Near Prado Basin) to as high as 1000 feet (north Chino basin). Mr. McCarthy stated the vadose zone lithology varies from clay to gravel and sand and the vadose zone lithology is based on well completion reports which describe soil type based on USCS. Mr. McCarthy discussed Evapotranspiration and stated the communities' field was verified by ecologists. A question regarding vegetation was presented. Mr. Atwater stated we are working very closely with Orange County Water District on this issue and we are partnering with them to expand the habitat. A lengthy discussion ensued with regard to the Prado Wet Lands. Mr. McCarthy discussed the next steps to be taken which will include the completion of the extended calibration processing (May), construction of the groundwater flow model (June), the calibration of the groundwater flow model (June/July), the building of the compaction model (June/July), the running of the planning scenarios (August/September), and the documentation of planning scenarios (October). A brief discussion ensued with regard to Mr. McCarthy's presentation.

C. FINANCIAL UPDATES

1. Budget Presentation

Ms. Rojo stated the budget is still in the process of being developed. A preliminary Budget Workshop was held on May 3, 2007 and there will be another workshop scheduled prior to the distribution of the final budget through the Watermaster process. Staff is anticipating a presentation will be given on the progress of the budget at the May Advisory Committee and Watermaster Board meetings.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is not much to report on as far as legislation is concerned. The Santa Ana River Application process went very well and Mr. Manning overheard several people commenting on how well prepared the Chino Basin Watermaster was for this hearing. Mr. Manning thanked Counsel Fife and expressed that he and his staff did an excellent job. Mr. Manning stated he will have a more complete legislative report to give and the Advisory Committee and Watermaster Board meeting later on this month.

2. Recharge Update

Mr. Treweek stated there are copies of the spreadsheet that incorporate recharge through the end of April on the back table. Last month, 500+ acre-feet of storm water was recharged which also includes any urban run off and 130 acre-feet of recycled water. Staff did receive notice that effective May 1, 2007 Metropolitan Water District will not be making any replenishment water available through the Rialto pipeline; which shuts us down as far as imported water is concerned. It does not appear that there will be much of a change between now and June 30th, the end of this fiscal year. We have imported and recharged 33,000 acre-feet of MET water, 4,000 acre-feet of storm water, and approximately 3,000 acre-feet of recycled water for a total of 40,000 acre-feet for this fiscal year. Our emphasis is to put recharge water into the MZ1 area and of our 33,000 acre-feet about 22,000 acre-feet went into MZ1 recharge area.

Mr. Treweek stated the Flood Control District sent out a letter to Inland Empire Utilities Agency on April 11, 2007 regarding the damage in the San Sevaine channel during the storms in 2005. The District estimates approximately \$2.2M dollars worth of damage to that channel during those storms and they are asking CBWM and IEUA to pay for half of that cost for repairs. Mr. Treweek gave a presentation on the Etiwanda – San Sevaine

Recharge Project which also showed the damages done to the channel by the 2005 storms. A lengthy discussion ensued with regard to this topic.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

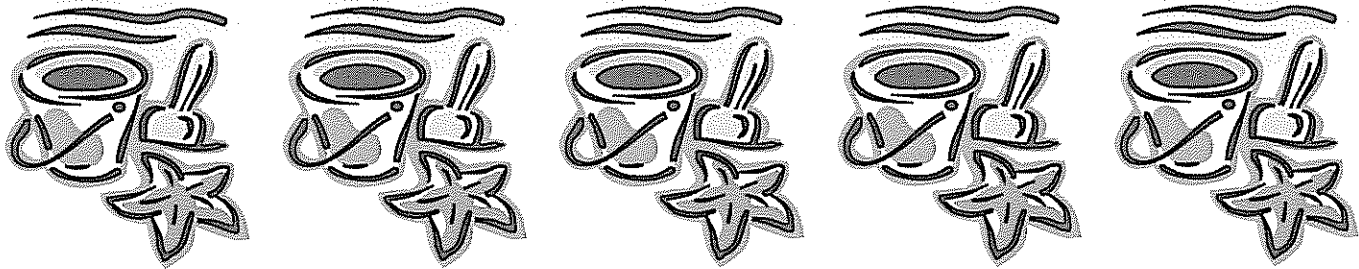
May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

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

The Agricultural Pool committee meeting was dismissed at 11:00 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 14, 2007
June 19, 2007
June 28, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – May 2007

SUMMARY

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

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

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

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of May 2007 were \$2,273,373.01. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$1,688,859.01, Wildermuth Environmental Inc. in the amount of \$309,246.35, and Hatch and Parent in the amount of \$103,398.08.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2007

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

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CHINO BASIN WATERMASTER

Check Detail
May 2007

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

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH APRIL 30, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			7,800,290		123,212				7,923,502	\$7,308,205
Interest Revenue			158,855	12,629	5,938			67	177,489	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	7,959,145	12,629	129,150	-	-	67	8,100,991	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	613,479								613,479	601,598
Watermaster Board-Advisory Committee	41,102								41,102	52,123
Pool Administration			18,732	72,506	5,445				96,683	118,245
Optimum Basin Mgmt Administration		1,971,994							1,971,994	1,855,795
OBMP Project Costs		3,513,415							3,513,415	5,089,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	664,581	5,485,409	18,732	72,506	5,445			375	6,247,048	7,722,405
Net Administrative/OBMP Income	(664,581)	(5,485,409)								
Allocate Net Admin Income To Pools	664,581		512,385	139,724	12,471				-	0
Allocate Net OBMP Income To Pools		5,485,409	4,229,195	1,153,275	102,939				-	0
Agricultural Expense Transfer			1,357,355	(1,357,355)					-	0
Total Expenses			6,117,668	8,150	120,855	-	-	375	6,247,048	7,722,405
Net Administrative Income			1,841,477	4,479	8,295			(308)	1,853,943	(139,700)
Other Income/(Expense)										
Replenishment Water Purchases						2,690,983			2,690,983	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(4,002,449)			(4,002,449)	0
Net Other Income						(1,311,466)			(1,311,466)	0
Net Transfers To/(From) Reserves			1,841,477	4,479	8,295	(1,311,466)		(308)	542,477	(139,700)
Working Capital, July 1, 2006			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
Working Capital, End Of Period			6,280,634	475,040	195,279	(171,851)	158,251	1,634	6,938,987	
05/06 Assessable Production			124,315,140	33,899,960	3,025,832				161,240,932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

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

DEPOSITORIES:

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

CHANGE IN CASH POSITION DUE TO:

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

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 3/31/2007	\$ 500	\$ 2,788,114	\$ -	\$ 434,046	\$ 5,658,868	\$ 8,881,528
Deposits	-	936,989	-	-	66,581	1,003,570
Transfers	-	(923,745)	57,791	(434,046)	1,300,000	-
Withdrawals/Checks	-	(2,178,030)	(57,791)	-	-	(2,235,821)
	\$ 500	\$ 623,328	\$ -	\$ -	\$ 7,025,449	\$ 7,649,277
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (2,164,786)	\$ -	\$ (434,046)	\$ 1,366,581	\$ (1,232,251)

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

INVESTMENT TRANSACTIONS

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

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

**INVESTMENT STATUS
April 30, 2007**

<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	\$ 7,025,449			
TOTAL INVESTMENTS	\$ 7,025,449			

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

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

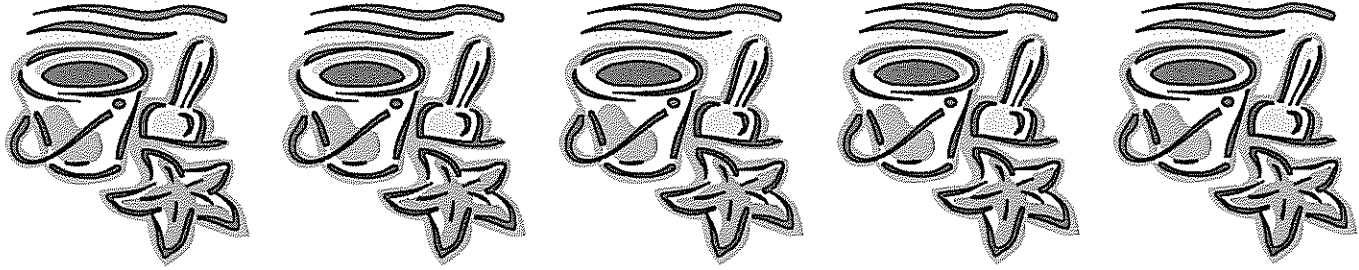
Respectfully submitted,



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

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

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

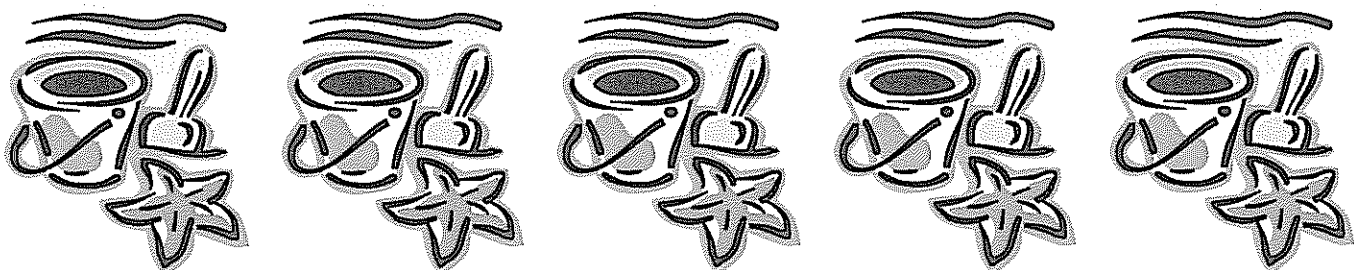


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

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



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 25, 2007

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **May 7, 2007**

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

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

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

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

Appropriative Pool: June 14, 2007

Non-Agricultural Pool: June 14, 2007

Agricultural Pool: June 19, 2007

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 25, 2007

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: May 25, 2007
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

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

Recommendation –

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

Fiscal Impact –

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

Background

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

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

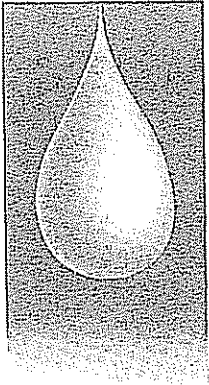
The following application for water transaction is attached with the notice of application.

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

Notice of the water transaction identified above was mailed on May 25, 2007 along with the materials submitted by the requestors.

DISCUSSION

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



SZ, DM, ...

FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

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

May 7, 2007

MAY 10 2007

CHINO BASIN WATERMASTER

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

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

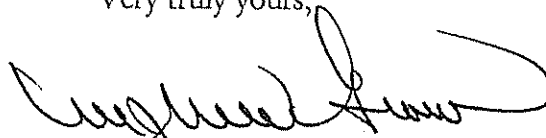
Dear Mr. Manning:

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

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

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

Very truly yours,


Michael J. McGraw
General Manager

MJM:bf
Enclosures

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

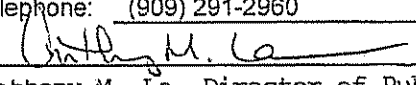
TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

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

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

Upland CA 91785
City State Zip Code

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


Anthony M. La, Director of Public Works

TRANSFER TO:

Fontana Water Company Attach Recapture Form 4
Name of Party

8440 Nuevo Avenue
Street Address

Fontana CA 92335
City State Zip Code

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

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

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

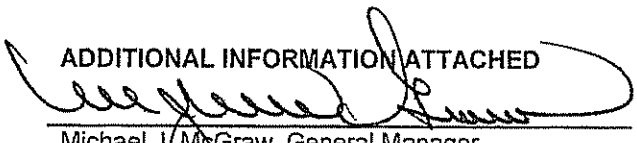
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

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

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

IDENTITY OF PERSON THAT STORED THE WATER: City of Upland

PURPOSE OF RECAPTURE

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

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

_____ N/A _____

PLACE OF USE OF WATER TO BE RECAPTURED

_____ Within Fontana Water Company's Service Area _____

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

_____ N/A _____

WATER QUALITY AND WATER LEVELS

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

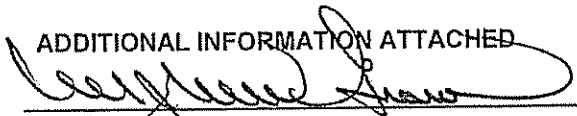
Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED Yes [] No [X]


Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

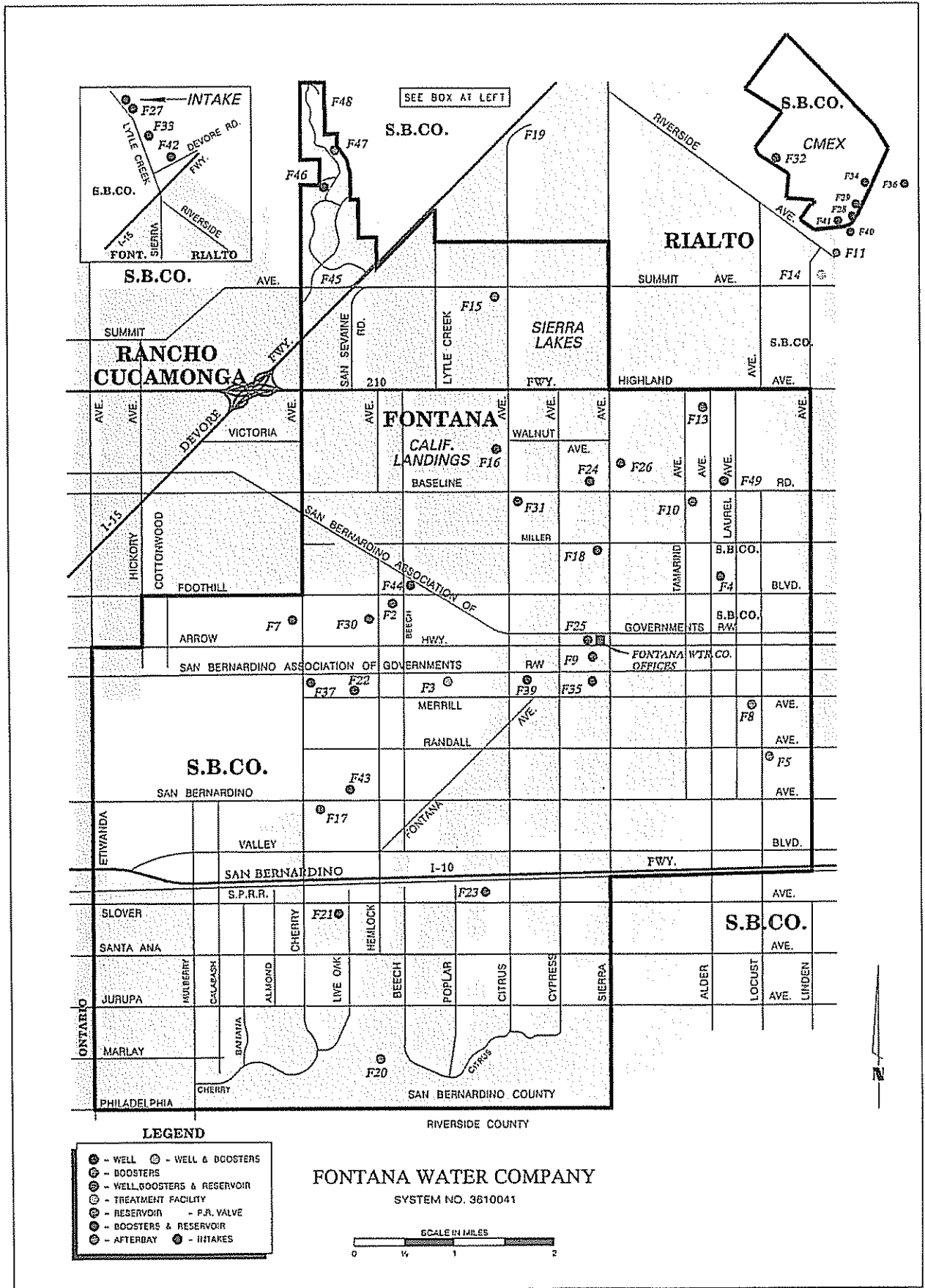
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

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

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

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



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 6, 2007

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **May 24, 2007**

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

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

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

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

Appropriative Pool: June 14, 2007

Non-Agricultural Pool: June 14, 2007

Agricultural Pool: June 19, 2007

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: June 6, 2007

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: June 6, 2007
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

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

Issue -

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

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

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

Notice of the water transaction identified above was mailed on June 6, 2007 along with the materials submitted by the requestors.

DISCUSSION

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

Robert A. DeLoach
General Manager
Chief Executive Officer

May 24, 2007



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

Dear Mr. Manning:

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

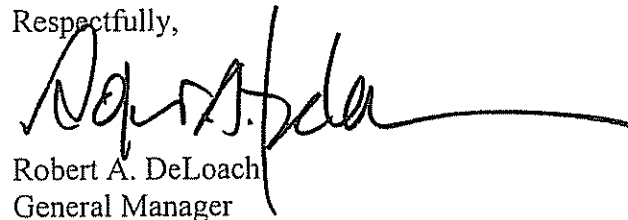
Enclosed please find:

- Form 3 – Application for Sale or Transfer of Right to Produce Water from Storage
- Form 4 – Application or Amendment to Application to Recapture Water in Storage
- Form 5 – Application to Transfer Annual Production Right or Safe Yield Map of CVWD's Chino Basin Wells

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

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

Respectfully,



Robert A. DeLoach
General Manager

Enclosures

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

West San Bernardino County Water District

Name of Party

May 14, 2006

Date Requested

_____ Date Approved

855 W. Baseline Road

Street Address

500 Acre-feet

Amount Requested

_____ Acre-feet

Amount Approved

Rialto

City

CA

State

92376

Zip Code

Telephone: (909) 875-1804

Facsimile: (909) 875-7284

Anthony W. Araiza

Applicant

TRANSFER TO:

Cucamonga Valley Water District

Name of Party

10440 Ashford Street

Street Address

Attach Recapture Form 4

Rancho Cucamonga

City

CA

State

91730

Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

Yes []

No [X]

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

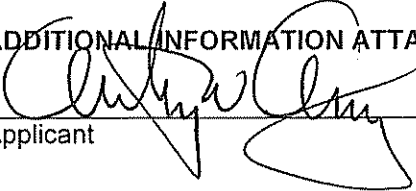
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

Cucamonga Valley Water District
Name of Party

May 14, 2007
Date Requested

Date Approved

10440 Ashford Street
Street Address

500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91730
City State Zip Code

Varies
Projected Rate of
Recapture

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

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

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

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

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

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

N/A

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

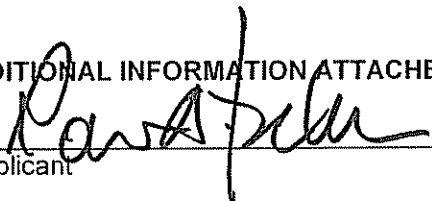
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Applicant

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 - 2007

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

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

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

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Transferor

Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

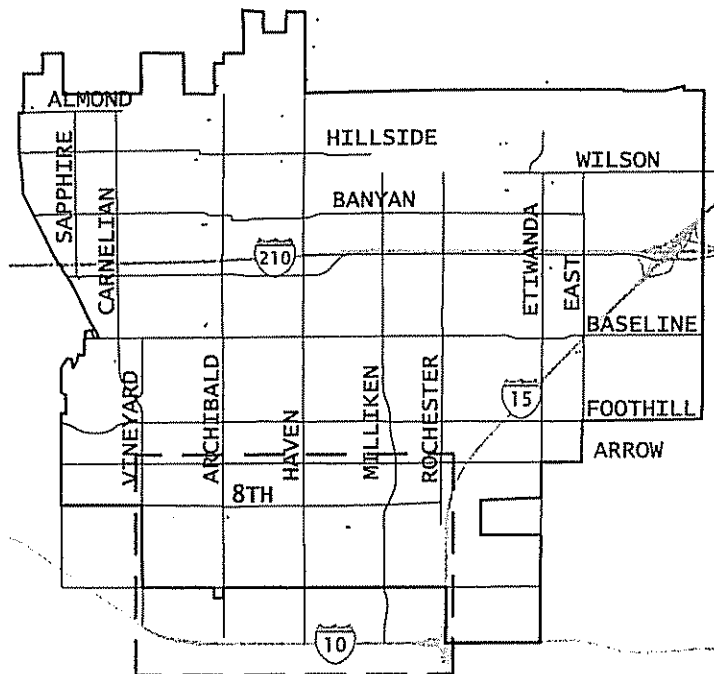
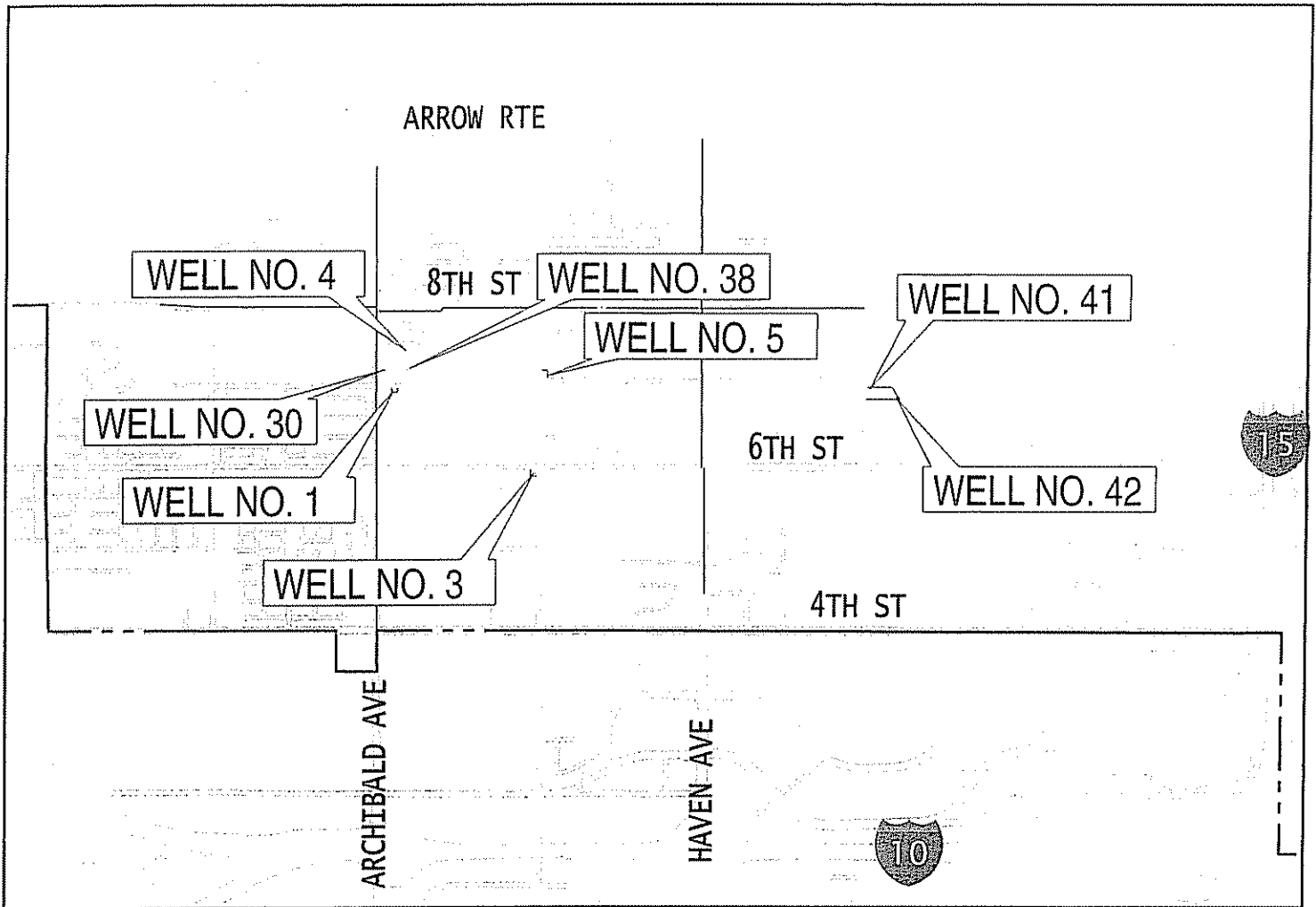
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

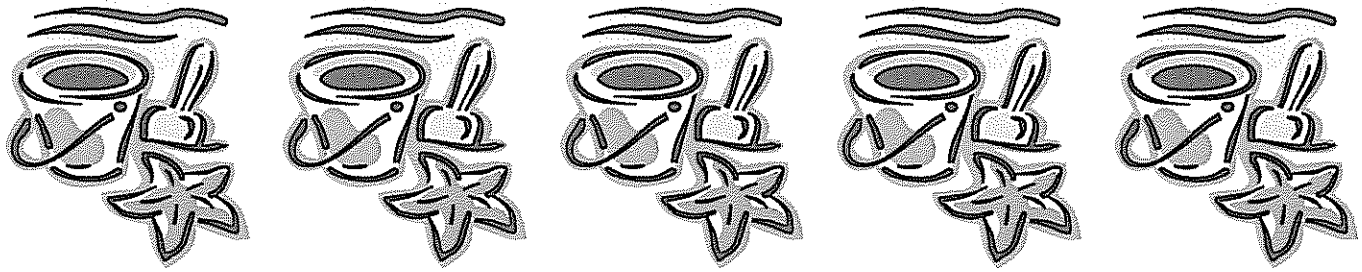
DATE OF BOARD APPROVAL: _____ Agreement # _____



Cucamonga Valley
Water District

CHINO BASIN WELLS

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. MZ1 – LONG TERM PLAN





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 14, 2007
June 19, 2007
June 28, 2007

TO: Committee Members
Watermaster Board Members

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

Chronology of Interim Plan and Long Term Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Long Term Plan Development and Approach

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

At the time of the Interim Plan's development, the Special Referee suggested that it was not even appropriate to call it a "plan," because, the Referee asserted, it was nothing more than a collection of "generally related," and at some level "arbitrary," activities. (Special Referee's September 18, 2002 Report, pp. 36-37.) In fact, the outcome of implementation of the Interim Plan is that the parties have been able to prevent their pumping from causing water levels to drop below the level that will cause inelastic subsidence, and the availability of supplemental water has allowed the parties to turn on and off their pumps at the request of the Technical Committee in order to better monitor and learn about the dynamics of the system and how better to avoid subsidence. The three years of data gathering and experimentation have produced a subtle understanding of the groundwater system. Watermaster is now able to measure very small amounts of inelastic subsidence and is able to say that the measures that have been taken over the last several years have brought the subsidence problem under control. The Long Term Plan says that: "The current state of aquifer-system deformation in south MZ-1 (in the vicinity of Ayala Park) is essentially elastic. Very little inelastic (permanent) compaction is now occurring in this area" (MZ-1 Plan, p. 1-1.)

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

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

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

The Long Term Plan Is Intended to be Adaptive

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

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

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

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

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

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

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

Watermaster's Alternative Water Supply Proposal

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

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

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

However, after many meetings with the Technical Committee and other affected parties, Watermaster believes that if an alternative water supply plan ever becomes necessary, that its proposed alternative water supply plan is the best approach for the Watermaster to encourage the affected parties to reduce pumping from the deep zone.

Long Term Plan Costs

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

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

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

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

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

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

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

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

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

Recommended Action

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

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



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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.



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

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



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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,



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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.



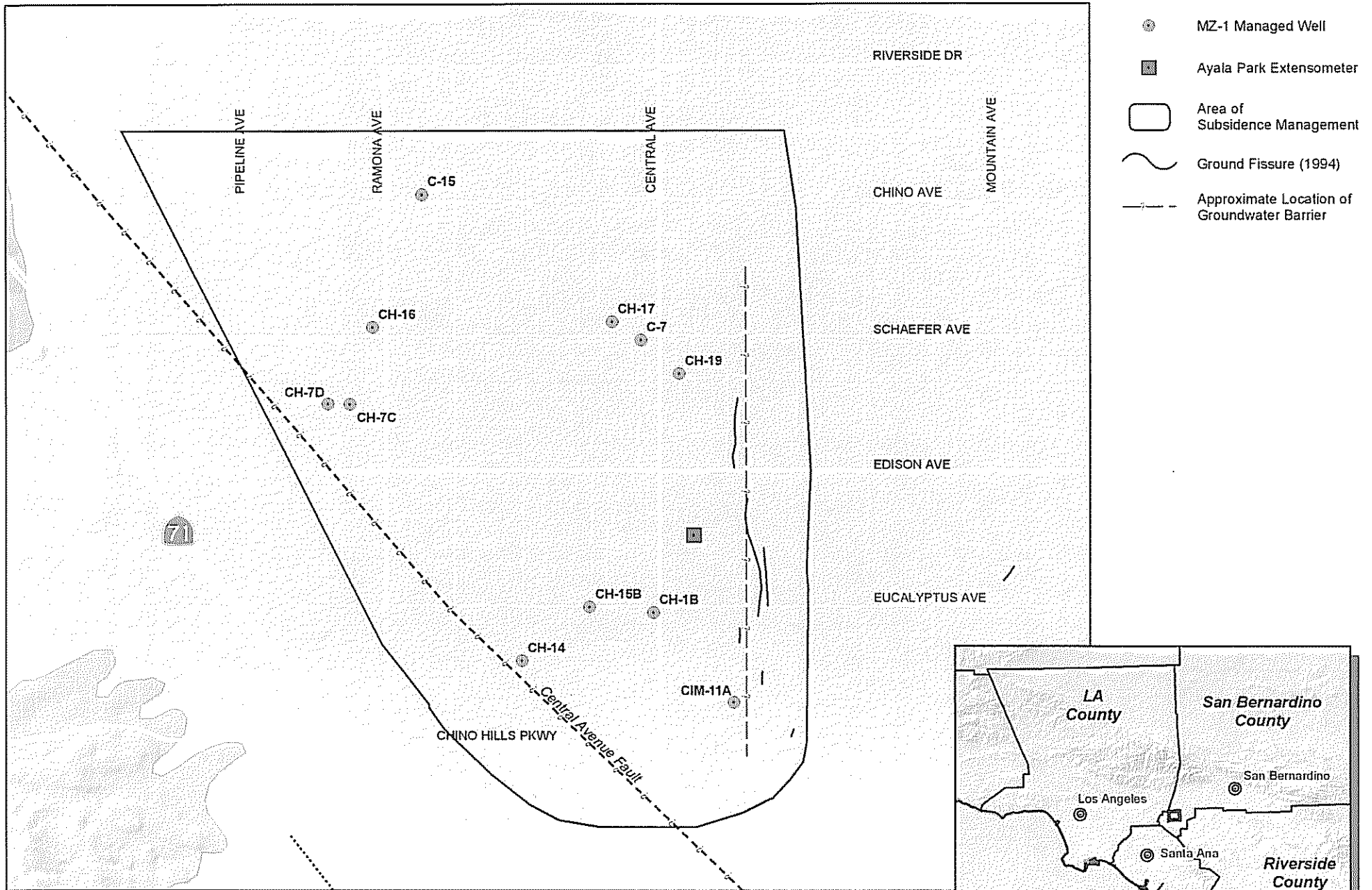
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**Table 2-1
MZ-1 Managed Wells**

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 Area and Managed Wells

Figure 2-1

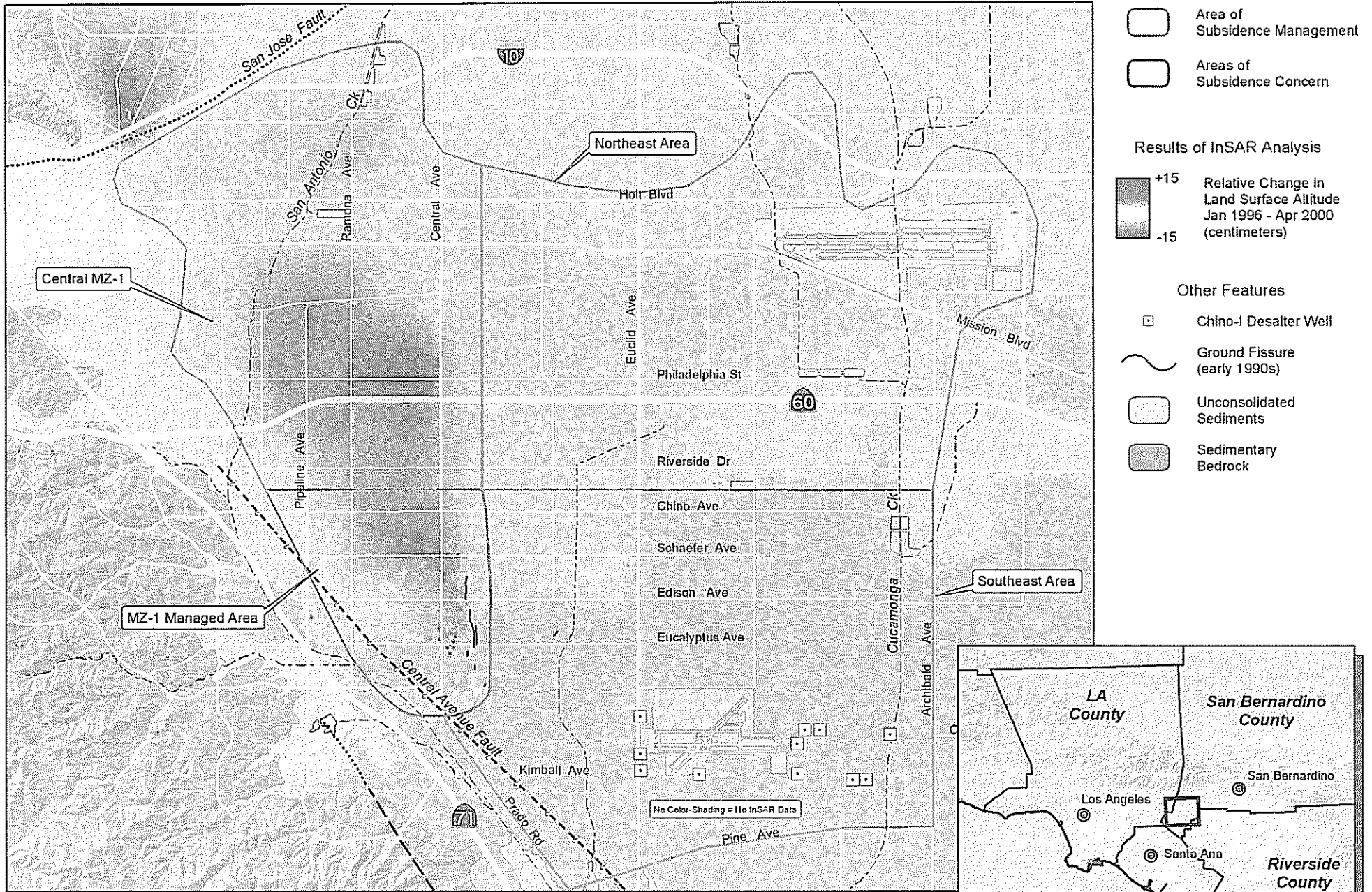


MZ-1 Subsidence Management Plan



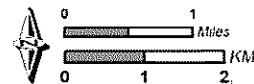
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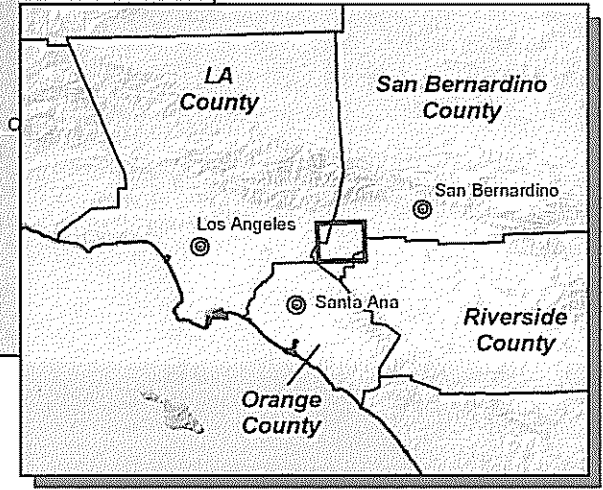
Subsidence Management Areas
Figure 2-2


 Chino Basin OBMP
 MZ-1 Subsidence Management Plan



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 Date: 2/20/03
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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



APPENDIX A – MZ-1 SUMMARY REPORT (OCTOBER 2005)