



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

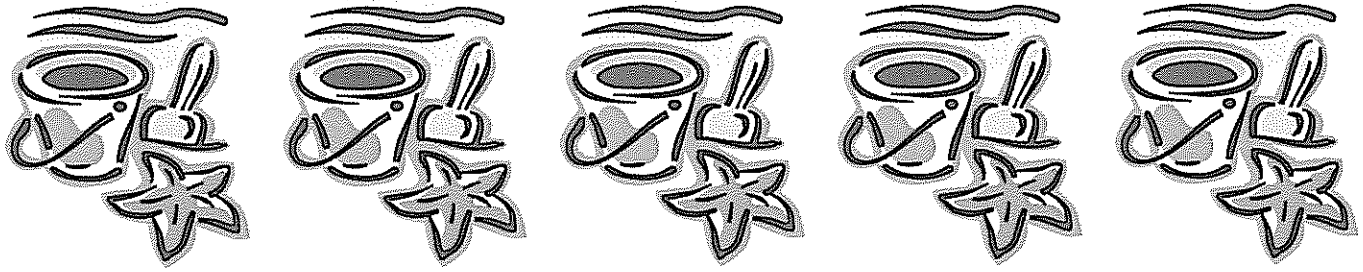
*9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888*

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)*
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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

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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)*

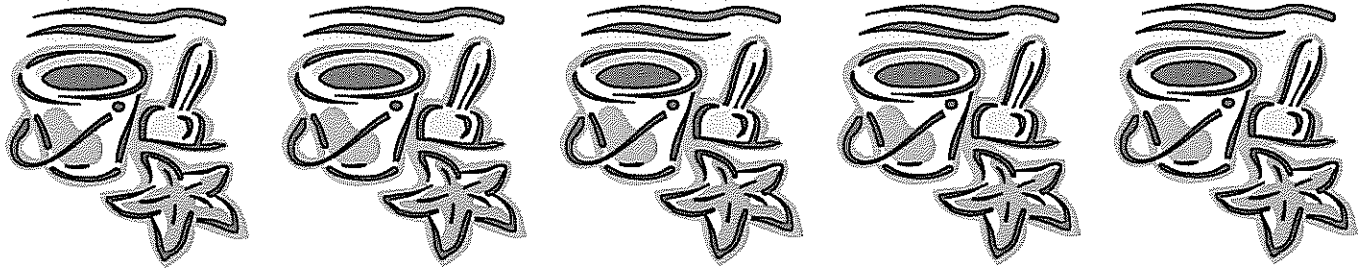
V. POOL MEMBER COMMENTS

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

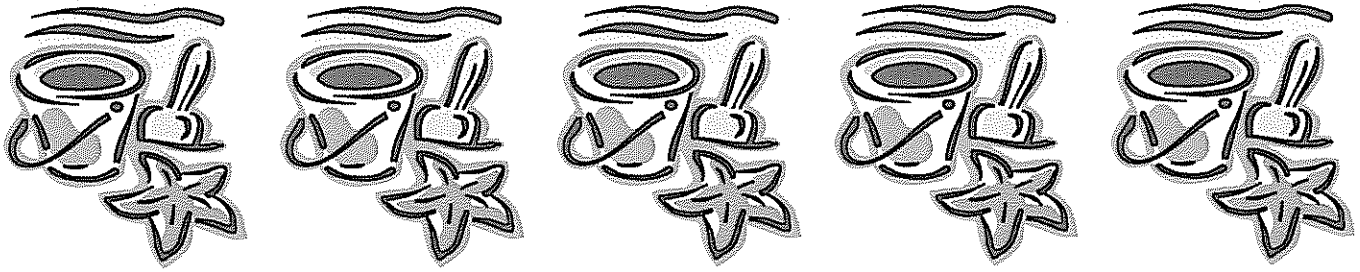
May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

* 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: _____

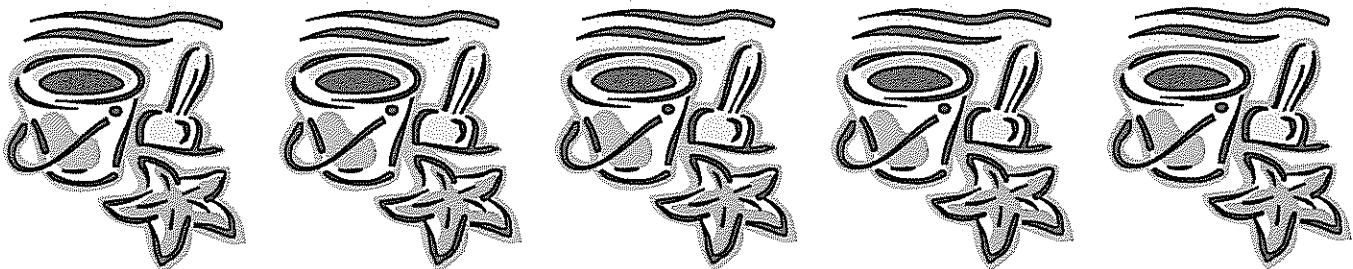


CHINO BASIN WATERMASTER

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 be 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 month's 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

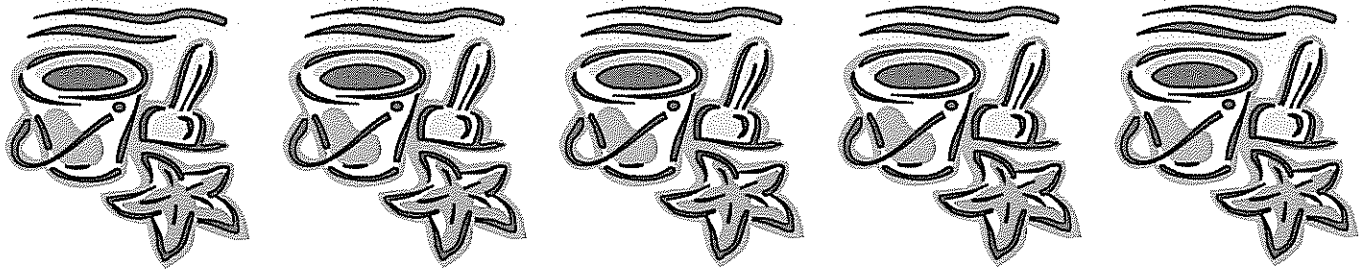
May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

* 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: _____

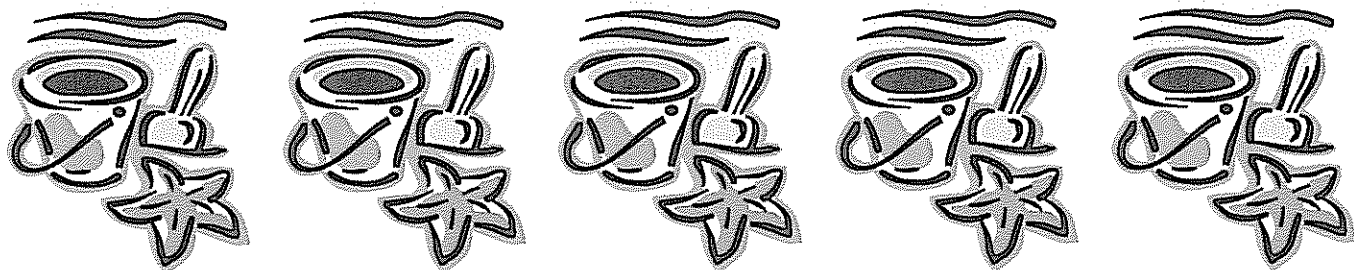


CHINO BASIN WATERMASTER

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

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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

Type	Num	Date	Name	Account	Paid Amount
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				8,881,528
	4/30/2007			
	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.

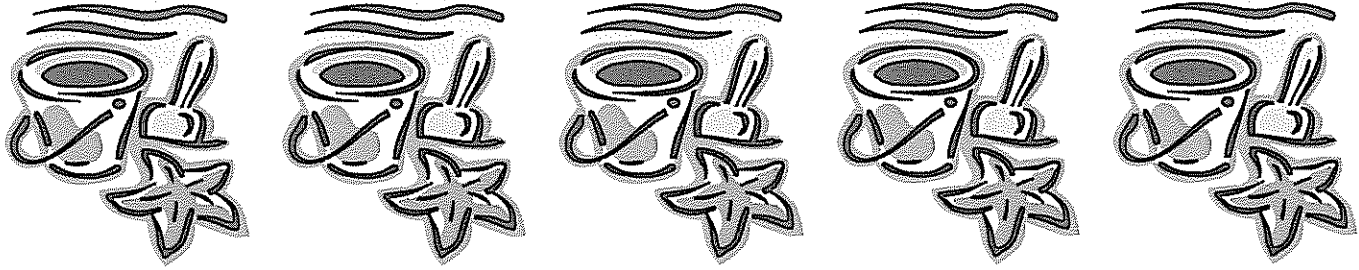
Respectfully submitted,



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).

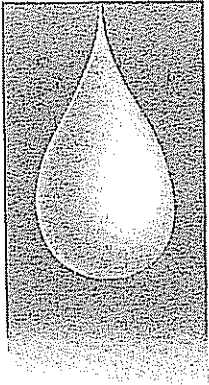
The following application for water transaction is attached with the notice of application.

- 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

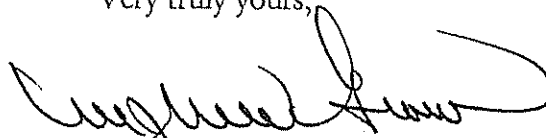
Dear Mr. Manning:

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,

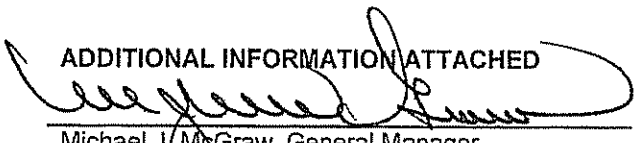

Michael J. McGraw
General Manager

MJM:bf
Enclosures

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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?

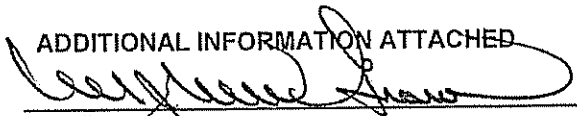
Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

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: _____

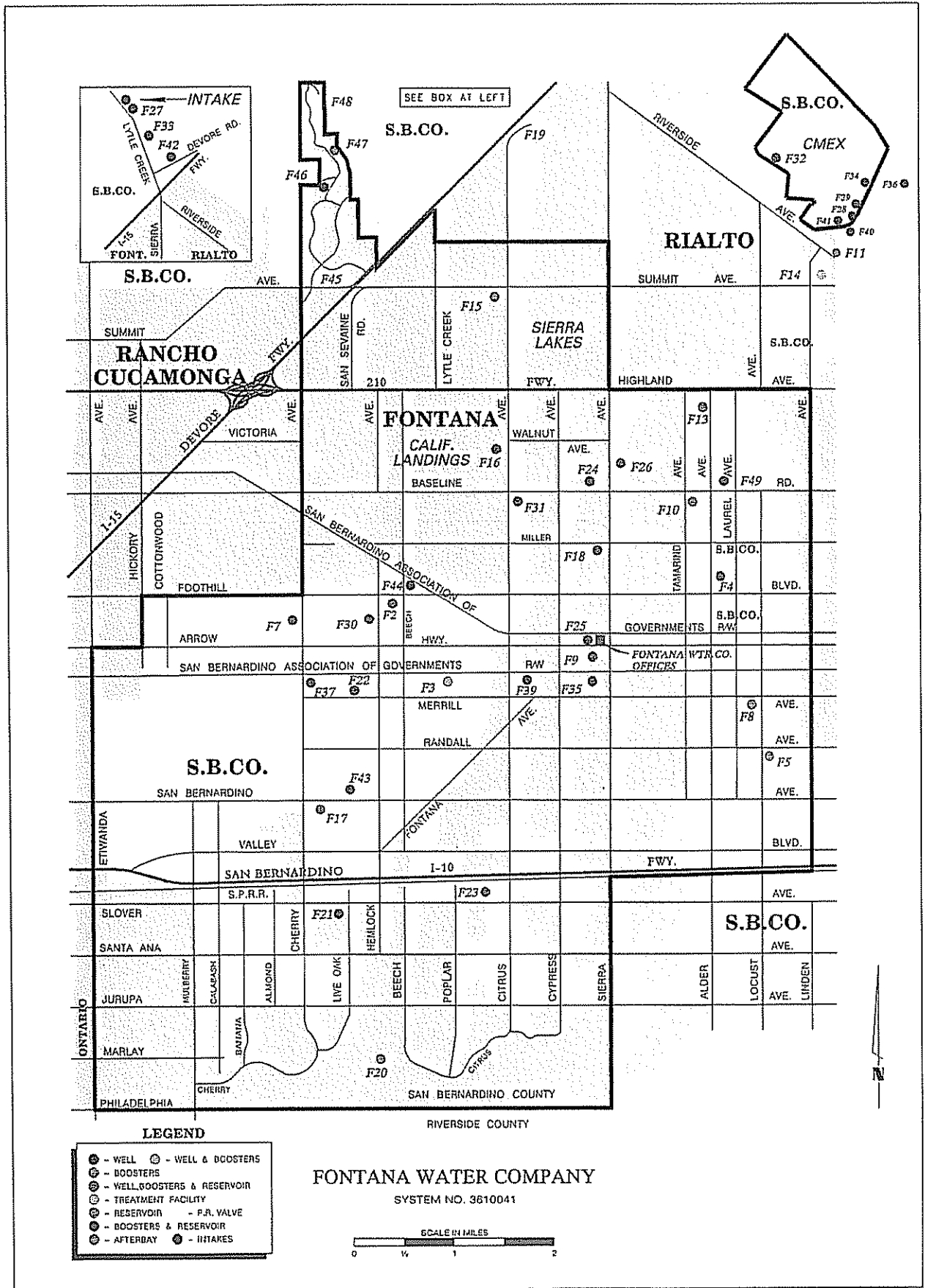
DATE OF BOARD APPROVAL: _____ Agreement # _____

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

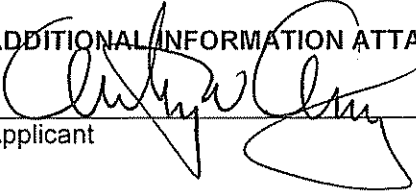
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

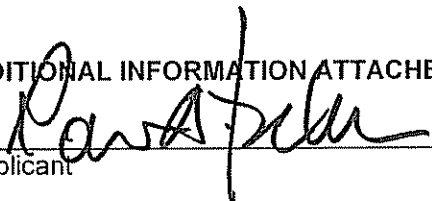
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

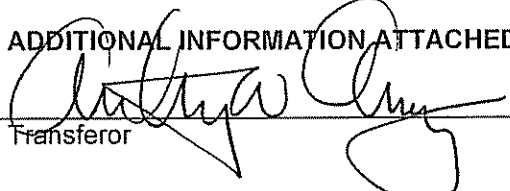
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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: _____

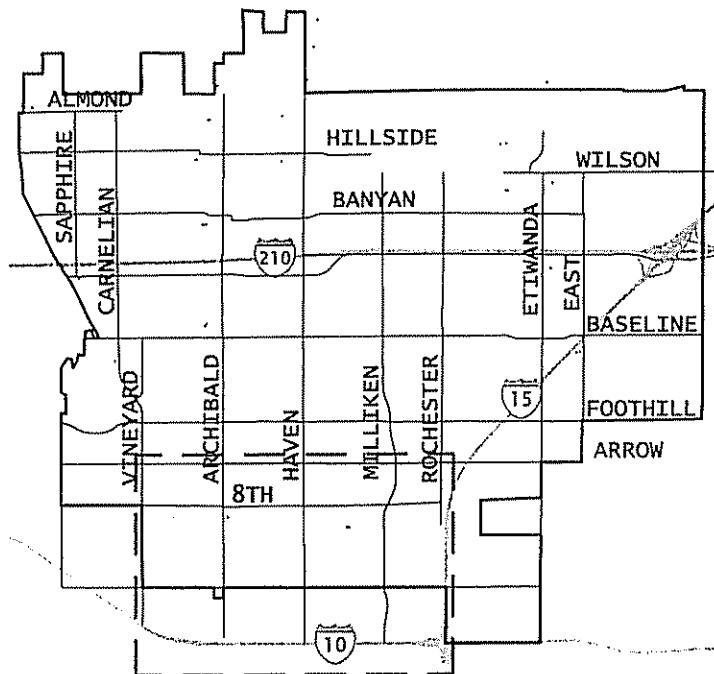
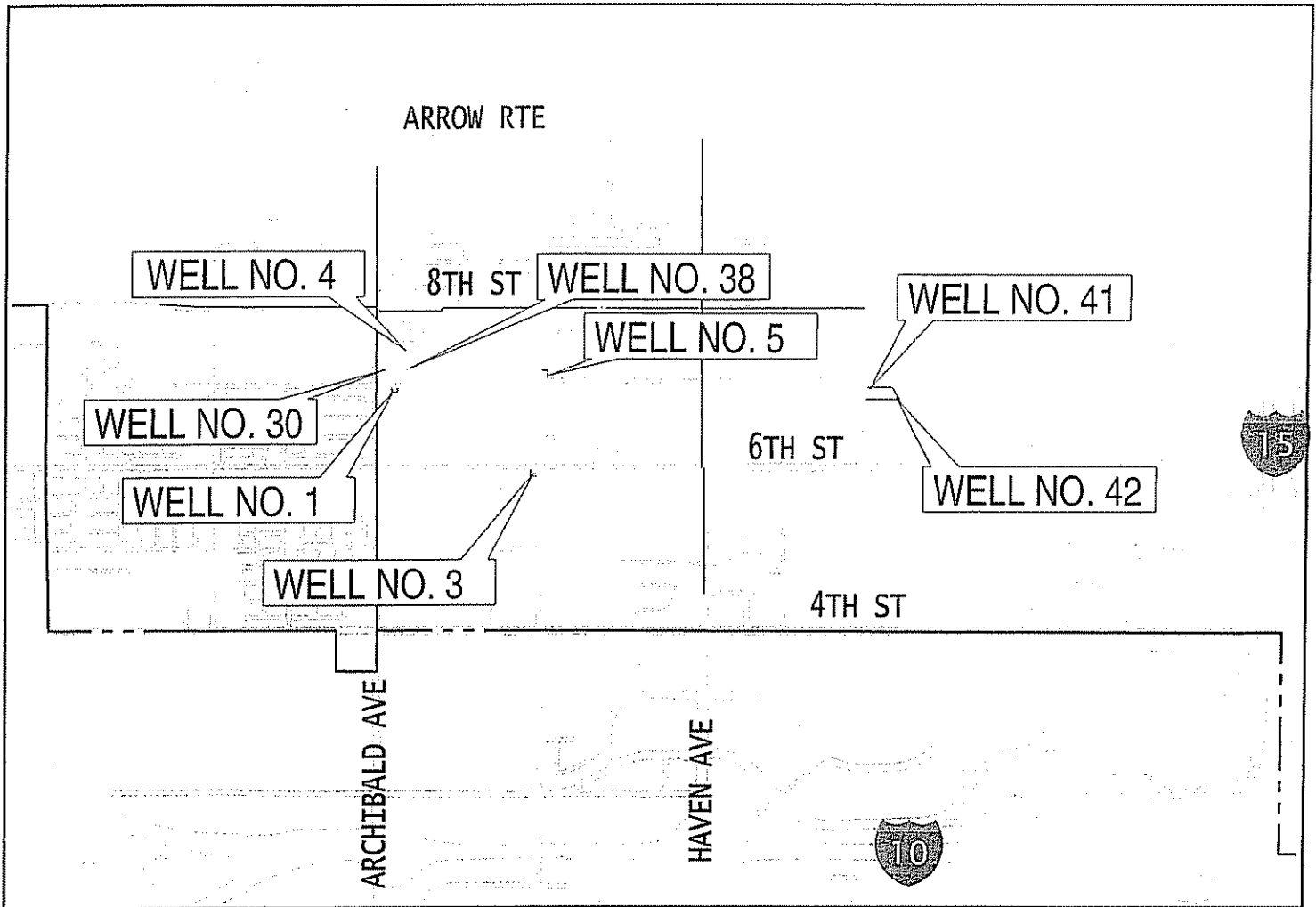
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

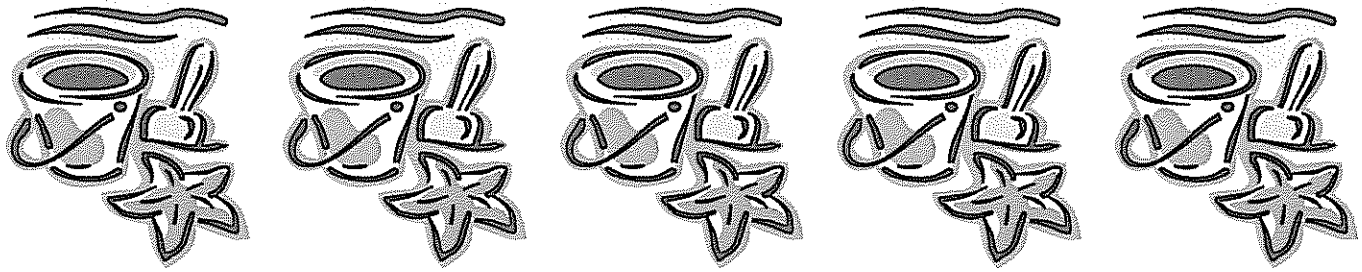
DATE OF BOARD APPROVAL: _____ Agreement # _____



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



SECTION 1
PROBLEM DESCRIPTION AND MANAGEMENT GOALS

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

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

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

The goal of the MZ-1 Plan is:

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

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

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

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

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

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



2. MZ-1 SUBSIDENCE MANAGEMENT PLAN

Managed Wells within the Area of Subsidence Management

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

The Managed Area was delineated based on:

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

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

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

The Guidance Level

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

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

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

Data Exchange between Watermaster and the Parties

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



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



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

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

Contemplated Testing and Monitoring within the Managed Area

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

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

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

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

Expanded Monitoring in Areas of Subsidence Concern

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

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



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

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

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

Currently in Central MZ-1:

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

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

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

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



SECTION 2
MZ-1 SUBSIDENCE MANAGEMENT PLAN

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

Currently in the Southeast Area:

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

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

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

Currently in the Northeast Area:

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

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



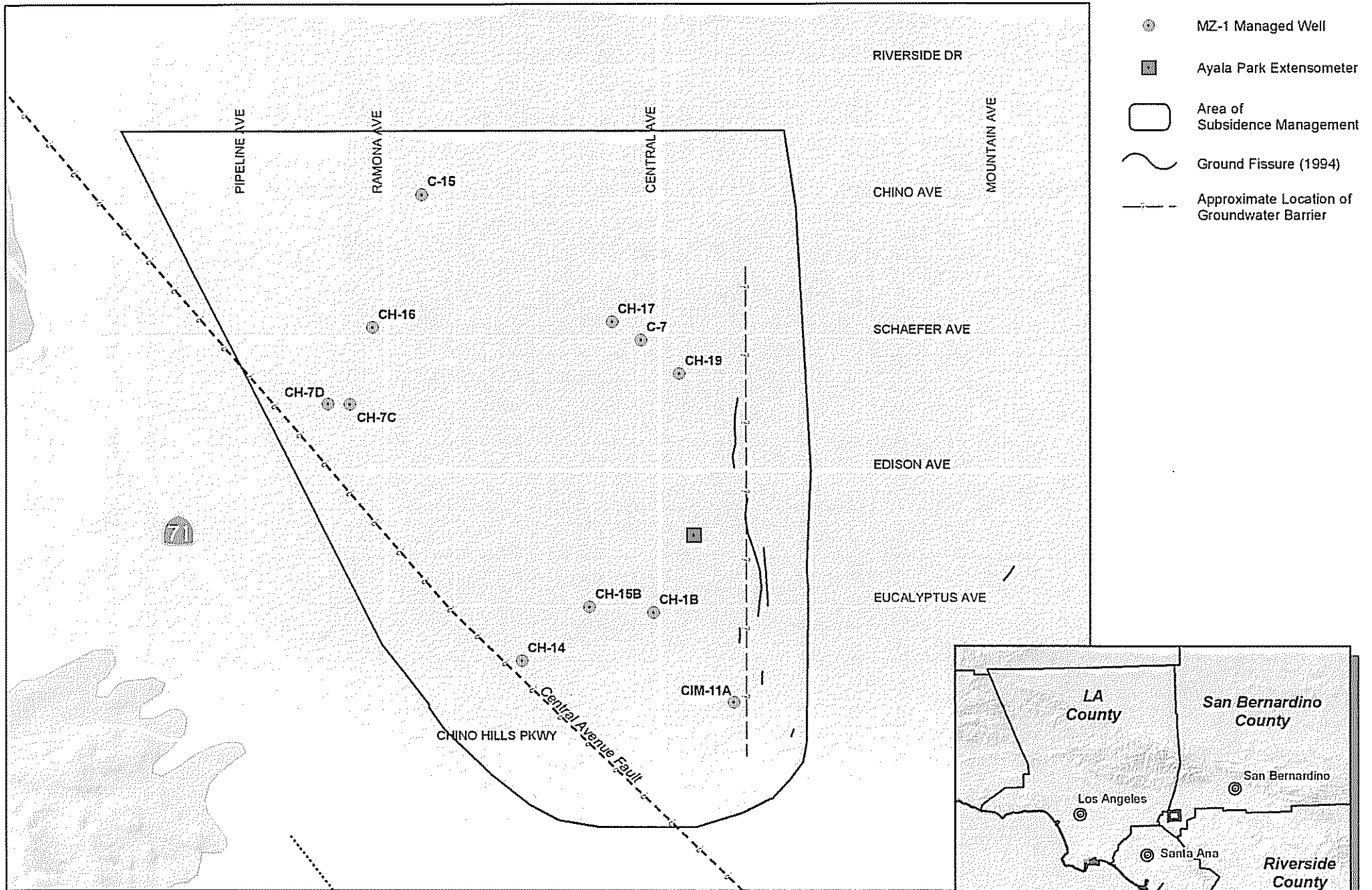
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**Table 2-1
MZ-1 Managed Wells**

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

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

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



MZ-1 Managed Area and Managed Wells

Figure 2-1

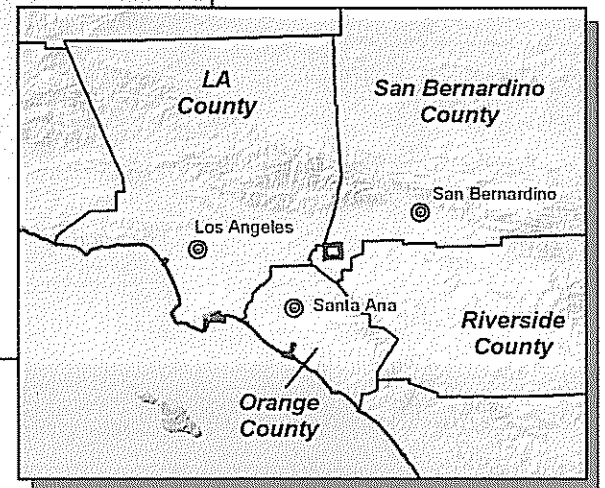


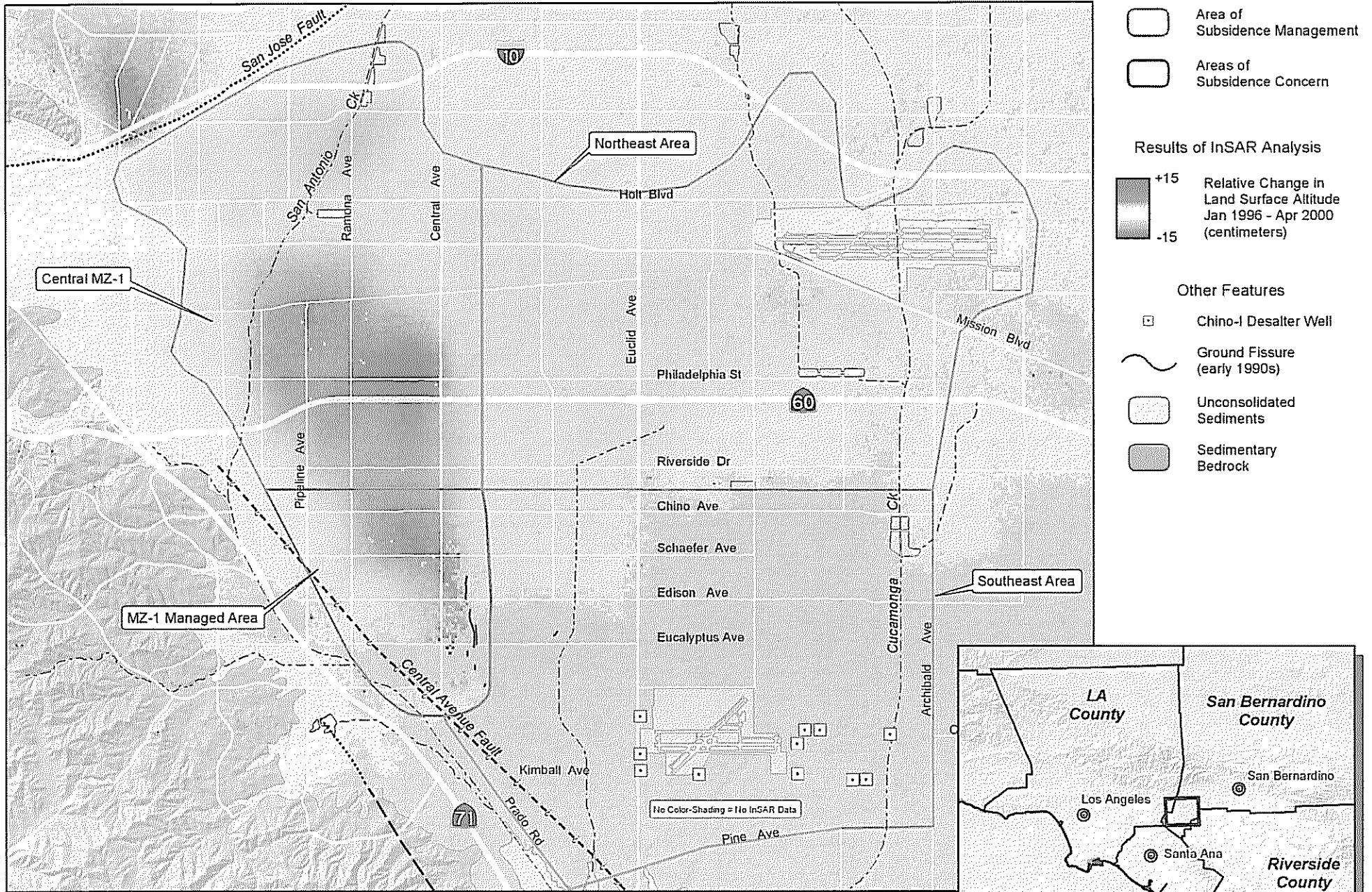
MZ-1 Subsidence Management Plan



Author: AEB
 Date: 20080318
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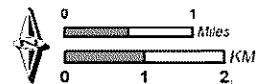
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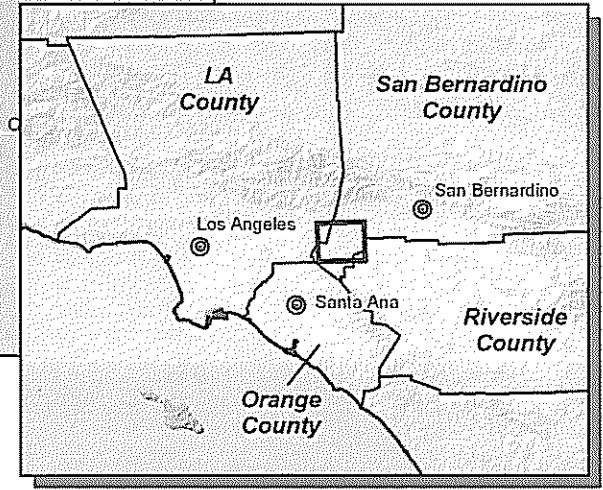
Subsidence Management Areas
Figure 2-2


 Chino Basin OBMP
 MZ-1 Subsidence Management Plan



Author: ABM
 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)



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. 2007/2008 BUDGET





CHINO BASIN WATERMASTER

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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: Proposed Fiscal Year 2007/2008 Budget

SUMMARY

Issue – Annual Budget for Watermaster Administration and OBMP tasks during FY 2007/08.

Recommendations – Staff recommends the Committees and the Board take action to approve/adopt the Proposed FY 2007/08 Budget

Fiscal Impact – The FY 2007/08 Proposed Budget expenses are \$7,867,370. The FY 2007/08 Budget, as proposed, anticipates a slight increase in Administrative and OBMP costs, and an increase in OBMP project costs over the prior year "amended" budget

DISCUSSION

For the Administrative costs:

- The draft budget includes anticipated increases in staff salary costs based on the proposed COLA this year of 4%.
- The draft budget includes anticipated increases for Information Services which encompasses costs to maintain developed databases, develop additional databases and to maintain the Watermaster computer network & workstations.

For OBMP General costs:

- Attorney-General Manager's meetings, Pool meetings, Advisory Committee and Board meetings.
- Miscellaneous data requests from Appropriators
- Recalibration/Update groundwater model

-
- Fund Microeconomic study.

Staff has compiled a draft budget for OBMP Project costs:

- Monitoring activities – Groundwater production, groundwater level and quality, surface water discharge and quality, and ground level
- Continued implementation of the recharge improvement project including recharge and well monitoring program – this budget includes \$760,000 for Recharge O&M expenses and \$1,377,552 for Recharge debt service.
- Support of the Water Quality Committee, including engineering support for mitigation of volatile organic chemicals (VOC) plumes associated with the Ontario International Airport and the Chino Airport. Watermaster is also performing a comprehensive groundwater monitoring program in MZ-3.
- Development of a recharge master plan
- Management of subsidence and related monitoring and analysis
- Continued implementation of the Hydraulic Control Monitoring Program

In summary, the FY 2007/08 Budget, as proposed, anticipates a slight increase in Administrative and OBMP costs and an increase in project costs. Final assessments will be refined when the assessment package is prepared this fall; assessments are dependent on prior year pumping which will affect the final assessment amounts.





CHINO BASIN WATERMASTER

2007 / 2008

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**CHINO BASIN WATERMASTER
SUMMARY BUDGET 2007-2008**

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Ordinary Income					
4000 Mutual Agency Revenue	\$200,139	\$0	\$138,000	\$145,500	\$7,500
4110 Appropriative Pool Assessments	4,829,596	5,214,166	7,227,619	7,423,879	196,259
4120 Non-Agricultural Pool Assessments	66,160	0	80,586	116,492	35,906
4730 Prorated Interest Income	334,285	108,305	136,500	181,500	45,000
4900 Miscellaneous Income	42,500	0	0	0	0
Total Income	5,472,680	5,322,471	7,582,705	7,867,370	284,665
Administrative Expenses					
6010 Salary Costs	491,105	355,627	447,037	477,247	30,210
6020 Office Building Expense	93,227	51,946	102,000	101,580	-420
6030 Office Supplies & Equip.	40,039	22,746	51,500	51,150	-350
6040 Postage & Printing Costs	79,874	46,661	78,500	83,000	4,500
6050 Information Services	89,452	68,809	112,500	132,000	19,500
6060 WM Special Contract Services	48,567	63,175	131,000	117,500	-13,500
6080 Insurance Expense	25,133	15,108	25,210	18,210	-7,000
6110 Dues and Subscriptions	15,677	13,420	16,750	16,750	0
6150 Field Supplies & Equipment	1,003	867	4,000	2,500	-1,500
6170 Vehicle Maintenance Costs	20,299	13,477	19,350	25,000	5,650
6190 Conferences & Seminars	17,245	19,375	22,500	22,500	0
6200 Advisory Committee Expenses	13,964	7,605	15,168	18,931	3,763
6300 Watermaster Board Expenses	42,743	17,164	36,955	41,714	4,759
6500 Education Fund Expenditures	375	375	375	375	0
8300 Appropriative Pool Administration	20,015	10,588	15,918	24,001	8,083
8400 Agricultural Pool Administration	130,684	40,734	95,633	96,004	371
8500 Non-Agricultural Pool Administration	4,100	3,391	6,694	7,328	634
9400 Depreciation Expense	31,714	0	0	0	0
9500 Allocated G&A Expenditures	-380,801	-195,527	-408,749	-419,640	-10,891
Total Administrative Expenses	784,415	555,540	772,341	816,150	43,809
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	1,329,336	931,973	1,713,780	1,716,138	2,358
6950 Cooperative Efforts	31,928	10,000	5,000	10,000	5,000
9501 Allocated G&A Expenditures	131,649	68,630	142,015	141,199	-816
Total General OBMP Expenditures	1,492,913	1,010,603	1,860,795	1,867,337	6,542



CHINO BASIN WATERMASTER SUMMARY BUDGET 2007-2008

	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7000 OBMP Implementation Projects					
7101 Production Monitoring	74,315	47,189	61,565	116,709	55,144
7102 In-Line Meter Installation/Maintenance	58,116	7,775	64,904	37,791	-27,113
7103 Groundwater Quality Monitoring	81,001	73,296	149,713	162,103	12,390
7104 Groundwater Level Monitoring	132,789	80,830	191,953	212,667	20,714
7105 Recharge Basin Water Quality Monitoring	32,181	1,678	32,247	40,553	8,306
7107 Ground Level Monitoring	542,595	80,413	160,984	425,466	264,482
7108 Hydraulic Control Monitoring Program	289,180	99,364	268,258	369,232	100,974
7109 Recharge & Well Monitoring Program	118,328	22,272	146,350	182,827	36,477
7200 OBMP Pgm Element 2 - Comp Recharge	786,392	717,791	1,472,997	1,255,827	-217,170
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	580	325	4,676	159,509	154,833
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	263,037	88,029	578,762	159,674	-419,088
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	112,150	131,656	310,507	308,533	-1,974
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	7,547	10,928	6,698	92,660	85,962
7700 Inactive Well Protection Program	1,304	0	14,921	4,339	-10,582
7690 Recharge Improvement Debt Payment	399,761	608,415	1,358,000	1,377,552	19,552
9502 Allocated G&A Expenditures	249,152	126,896	266,734	278,441	11,707
Total OBMP Implementation Projects	3,148,429	2,096,856	5,089,269	5,183,883	94,614
Total Expenses	5,425,756	3,663,000	7,722,405	7,867,370	144,965
Net Ordinary Income	46,924	1,659,472	-139,700	0	139,700
Other Income					
4210 Approp Pool-Replenishment	6,548,139	369,248	0	0	0
4220 Non-Ag Pool-Replenishment	0	0	0	0	0
4230 Groundwater Recharge Activity	0	0	0	0	0
Total Other Income	6,548,139	369,248	0	0	0
Other Expense					
5010 Groundwater Recharge	8,989,022	1,535,520	0	0	0
Total Other Expense	8,989,022	1,535,520	0	0	0
Net Other Income	-2,440,884	-1,166,272	0	0	0
9800 From / (To) Reserves	2,393,960	-493,199	139,700	0	-139,700
Net Income	\$0	\$0	\$0	\$0	\$0

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CHINO BASIN WATERMASTER

FY 2007/2008

DETAIL BUDGET

	FY 05-06	FY 06-07	FY 06-07	FY 07-08	Current
	June	December	"Amended"	Proposed	vs.
	Actual	Actual	Budget	Budget	Proposed
Ordinary Income					
Income					
4000 Cooperative Effort Contributions					
4010 Local Agency Subsidies - Other	\$0	\$0	\$138,000	\$145,500	\$7,500
4013 Local Agency Contr - OBMP	19,551	0	0	0	0
4040 Cooperative Agreement	180,587	0	0	0	0
Total 4000 Mutual Agency Revenue	<u>200,139</u>	<u>0</u>	<u>138,000</u>	<u>145,500</u>	<u>7,500</u>
4110 Appropriative Pool Assessments					
4111 Administrative Assessment	756,678	5,214,166	797,672	629,243	-168,429
4111.2 OBMP Assessment	2,814,398	0	3,628,811	4,121,218	492,407
4112 Ag Pool Reallocation - Administrative	201,097	0	215,009	171,591	-43,418
4113 Ag Pool Reallocation - OBMP	758,572	0	978,127	1,124,274	146,147
4115 Recharge Improvement Revenue	300,000	0	1,608,000	1,377,552	-230,448
4117 P/Y Adjustments & Pool Interest	-1,148	0	0	0	0
Total 4110 Appropriative Pool Assessments	<u>4,829,596</u>	<u>5,214,166</u>	<u>7,227,619</u>	<u>7,423,879</u>	<u>196,259</u>
4120 Non-Agricultural Pool Assessments					
4123 Administrative Assessment	25,559	0	14,522	15,316	794
4124 OBMP Assessment	39,453	0	66,064	101,176	35,112
4127 P/Y Adjustments	1,148	0	0	0	0
Total 4120 Non-Agricultural Pool Assessments	<u>66,160</u>	<u>0</u>	<u>80,586</u>	<u>116,492</u>	<u>35,906</u>
4730 Prorated Interest Income					
4731 Interest - Agricultural Pool	16,957	10,797	12,000	18,500	6,500
4732 Interest - Appropriative Pool	307,788	93,756	120,000	158,000	38,000
4733 Interest - Non-Agricultural Pool	9,462	3,705	4,500	5,000	500
4739 Interest - Education Fund	79	47	0	0	0
Total 4730 Prorated Interest Income	<u>334,285</u>	<u>108,305</u>	<u>136,500</u>	<u>181,500</u>	<u>45,000</u>
4900 Miscellaneous Income	42,500	0	0	0	0
Total Income	<u>5,472,680</u>	<u>5,322,471</u>	<u>7,582,705</u>	<u>7,867,370</u>	<u>284,665</u>

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Administrative Expenses					
6010 Salary Costs					
6011 WM Staff Salaries & Payroll Burden	514,258	350,456	444,640	474,644	30,004
6012 Payroll Services	2,516	1,323	2,400	2,600	200
6013 Human Resources Services	0	10,096	0	0	0
6016 New Employee Search Costs	5,000	0	0	0	0
6017 Temporary Services	0	0	0	0	0
Subtotal Wages	521,775	361,875	447,040	477,244	30,204
6018 Fringe Benefits	-30,670	-6,248	452,102	497,044	44,942
60199 Payroll Burden Allocated	0	0	-452,105	-497,041	-44,936
Total 6010 Salary Costs	491,105	355,627	447,037	477,247	30,210
6020 Office Building Expense					
6021 Office Lease	57,560	26,172	61,000	64,080	3,080
6022 Telephone	11,840	5,773	14,000	10,000	-4,000
6024 Building Repairs & Janitorial	16,172	20,001	16,000	27,500	11,500
6026 Security Services	0	0	1,000	0	-1,000
6027 Other Expense	7,655	0	10,000	0	-10,000
Total 6020 Office Building Expense	93,227	51,946	102,000	101,580	-420
6030 Office Supplies & Equip.					
6031 Office Supplies	20,715	17,509	21,500	46,500	25,000
6038 Other Office Equipment	4,781	273	12,000	0	-12,000
6039 Office Expenses	11,575	2,925	11,500	0	-11,500
6141 Meeting Expenses	2,968	2,040	6,500	4,650	-1,850
Total 6030 Office Supplies & Equip.	40,039	22,746	51,500	51,150	-350
6040 Postage & Printing Costs					
6042 Postage	12,513	8,623	9,500	15,000	5,500
6043 Copy Machine Lease & Maintenance	65,190	35,901	60,000	60,000	0
6044 Postage Meter Lease	1,923	977	2,000	2,000	0
6045 Outside Printing	248	1,160	7,000	6,000	-1,000
Total 6040 Postage & Printing Costs	79,874	46,661	78,500	83,000	4,500

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
6050 Information Services					
6052 Consultants	55,125	37,754	56,500	72,500	16,000
6053 Internet Services	19,787	10,762	20,000	21,000	1,000
6054 Computer Software	-6,844	1,612	11,000	11,000	0
6055 Computer Hardware	19,048	18,436	25,000	27,500	2,500
Total 6050 Information Services	89,452	68,809	112,500	132,000	19,500
6060 WM Special Contract Services					
6061 Contract Services	46,365	34,032	60,000	51,500	-8,500
6062 Audit Services	0	0	6,000	6,000	0
6063 Public Relations Consultant	0	10,421	45,000	40,000	-5,000
6067 General Counsel	2,202	18,722	20,000	20,000	0
Total 6060 WM Special Contract Services	48,567	63,175	131,000	117,500	-13,500
6080 Insurance Expense					
6085 Business Insurance Package	25,133	15,108	25,000	18,000	-7,000
6086 Position Bond Insurance	0	0	210	210	0
Total 6080 Insurance Expense	25,133	15,108	25,210	18,210	-7,000
6110 Dues and Subscriptions					
6111 Membership Dues	14,891	13,145	16,000	16,000	0
6112 Subscriptions	786	275	750	750	0
Total 6110 Dues and Subscriptions	15,677	13,420	16,750	16,750	0
6150 Field Supplies & Equipment					
6151 Small Tools & Equipment	95	410	2,000	1,500	-500
6154 Uniforms	909	456	2,000	1,000	-1,000
Total 6150 Field Supplies & Equipment	1,003	867	4,000	2,500	-1,500
6170 Vehicle Maintenance Costs					
6170 Travel & Transportation	0	3,951	0	4,000	4,000
6171 Vehicle Allowance	6,025	3,900	6,000	8,400	2,400
6173 Mileage Reimbursements	1,140	719	1,350	1,400	50
6175 Vehicle Fuel	2,873	1,079	3,500	3,200	-300
6177 Vehicle Repairs & Maintenance	10,262	3,827	8,500	8,000	-500
Total 6170 Travel & Transportation	20,299	13,477	19,350	25,000	5,650

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DETAIL BUDGET

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
6190 Conferences & Seminars					
6191 Conferences & Seminars	16,638	18,090	20,000	20,000	0
6192 Training & Continuing Education	608	1,285	2,500	2,500	0
Total 6190 Conferences & Seminars	17,245	19,375	22,500	22,500	0
6200 Advisory Committee Expenses					
6201 WM Staff Salaries	13,370	6,500	14,368	16,431	2,063
6212 Meeting Expense	594	1,105	800	2,500	1,700
Total 6200 Advisory Committee Expenses	13,964	7,605	15,168	18,931	3,763
6300 Watermaster Board Expenses					
6301 WM Staff Salaries	16,649	7,354	15,655	19,914	4,259
6311 Board Member Compensation	20,125	8,250	18,500	18,500	0
6312 Meeting Expense	5,711	1,560	2,500	3,000	500
6313 Board Members' Expenses	258	0	300	300	0
Total 6300 WM Board Expenses	42,743	17,164	36,955	41,714	4,759
6500 Education Fund Expenditures	375	375	375	375	0
8300 Appropriative Pool Administration					
8301 WM Staff Salaries	19,815	10,479	15,168	23,251	8,083
8312 Meeting Expenses	200	109	750	750	0
Total 8300 Appropriative Pool Administration	20,015	10,588	15,918	24,001	8,083
8400 Agricultural Pool Administration					
8401 WM Staff	17,029	8,663	15,333	20,604	5,271
8411 Compensation	1,950	825	1,500	1,600	100
8412 Meeting Expenses	49	0	300	300	0
8456 IEUA RTS Meter Charge	1,904	637	1,500	1,500	0
8467 Ag-Pool Legal Service	92,796	21,976	60,000	55,000	-5,000
8467.1 Frank B & Associates	5,905	3,083	5,000	5,000	0
8470 Ag Pool Meeting Special Compensation	11,050	5,550	12,000	12,000	0
Total 8400 Agricultural Pool Admin	130,684	40,734	95,633	96,004	371

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DETAIL BUDGET

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
8500 Non-Agricultural Pool Administration					
8501 WM Staff	3,924	3,282	6,494	7,128	634
8512 Meeting Expense	175	109	200	200	0
Total 8500 Non-Agricultural Pool Admin	4,100	3,391	6,694	7,328	634
9400 Depreciation Expense	31,714	0	0	0	0
9500 Allocated G&A Expenditures	-380,801	-195,527	-408,749	-419,640	-10,891
Total Administrative Expenses	784,415	555,540	772,341	816,150	43,809
General OBMP Expenses					
6900 Optimum Basin Mgmt Program					
6901 OBMP - Staff	153,080	79,803	223,370	234,138	10,768
6906 OBMP - Engineering	315,197	291,698	285,820	395,000	109,180
6906.4 OBMP - CEQA	0	0	590,800	452,000	-138,800
6906.7 OBMP - DataX	137,204	26,659	70,450	10,000	-60,450
6906.8 OBMP - Reports	0	0	73,340	140,000	66,660
6907 OBMP - Legal					
6907.1 Ellison & Schneider	112,217	95,333	50,000	60,000	10,000
6907.2 Ludorff & Scalmanini	37,990	66,857	15,000	20,000	5,000
6907.3 WM Legal Counsel	562,449	342,396	350,000	350,000	0
6909 OBMP - Other Expense	11,200	29,227	55,000	55,000	0
Total 6900 OBMP	1,329,336	931,973	1,713,780	1,716,138	2,358
Total 6950 Cooperative Efforts	31,928	10,000	5,000	10,000	5,000
9501 Allocated G&A Expenditures	131,649	68,630	142,015	141,199	-816
Total General OBMP Expenses	1,492,913	1,010,603	1,860,795	1,867,337	6,542

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7000 OBMP Implementation Projects					
<i>7100 OBMP Pgm Element 1 - Comp Monitoring Program</i>					
7101 Production Monitoring					
7101.1 Production Monitoring - WM Staff	36,795	21,491	32,175	64,479	32,304
7101.3 Production Monitoring - Engineering Services	36,771	25,323	28,640	51,480	22,840
7101.4 Production Monitoring - Computer Services	750	375	750	750	0
Total 7101 Production Monitoring	74,315	47,189	61,565	116,709	55,144
7102 In-Line Meter Installation/Maintenance					
7102.1 In-Line Meter - WM Staff	5,381	442	12,154	2,541	-9,613
7102.4 In-Line Meter - Contract Services	150	0	7,500	0	-7,500
7102.5 In-Line Meter - Maintenance & Repair	4,104	1,230	15,000	4,000	-11,000
7102.6 In-Line Meter - Supplies	0	63	250	0	-250
7102.7 In-Line Meter - In-Line Meters	23,527	1,570	7,500	5,000	-2,500
7102.8 In-Line Meter - Calibration & Testing	24,954	4,470	22,500	26,250	3,750
Total 7102 In-Line Meter Installation/Maintenance	58,116	7,775	64,904	37,791	-27,113
7103 Groundwater Quality Monitoring					
7103.1 Grdwtr Quality - WM Staff	24,828	23,746	66,403	74,600	8,197
7103.3 Grdwtr Quality - Engineering Services	32,387	49,172	60,560	70,577	10,017
7103.4 Grdwtr Quality - Contract Services	13,893	0	0	0	0
7103.5 Grdwtr Quality - Laboratory Services	9,059	0	20,000	14,177	-5,824
7103.6 Grdwtr Quality - Supplies	85	3	2,000	2,000	0
7103.7 Grdwtr Quality - Computer Services	750	375	750	750	0
Total 7103 Groundwater Quality Monitoring	81,001	73,296	149,713	162,103	12,390
7104 Groundwater Level Monitoring					
7104.1 Grdwtr Level - WM Staff	75,601	34,260	81,383	87,137	5,754
7104.3 Grdwtr Level - Engineering Services	32,034	44,331	84,570	103,730	19,160
7104.4 Grdwtr Level - Contract Services	0	1,567	10,000	11,500	1,500
7104.6 Grdwtr Level - Supplies	2,417	671	2,000	2,500	500
7104.7 Grdwtr Level - Capital Equipment	22,737	0	14,000	7,800	-6,200
Total 7104 Groundwater Level Monitoring	132,789	80,830	191,953	212,667	20,714

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7105 Recharge Basin Water Quality Monitoring					
7105.1 Recharge Basin Water Quality - WM Staff	5,071	1,678	30,747	36,053	5,306
7105.3 Recharge Basin Water Quality - Engineering Services	6,093	0	0	0	0
7105.4 Recharge Basin Water Quality - Laboratory Services	20,781	0	0	3,500	3,500
7105.6 Recharge Basin Water Quality - Supplies	236	0	1,500	1,000	-500
Total 7105 Recharge Basin Water Quality Monitoring	32,181	1,678	32,247	40,553	8,306
7107 Ground Level Monitoring					
7107.1 Ground Level - WM Staff	4,098	2,270	1,044	3,173	2,129
7107.2 Ground Level - Engineering Services	129,652	30,643	46,740	152,093	105,353
7107.3 Ground Level - Synthetic Aperture Radar	25,000	12,500	30,000	27,000	-3,000
7107.5 Ground Level - Laboratory Services	0	0	0	1,100	1,100
7107.6 Ground Level - Contract Services	81,631	35,000	83,200	242,100	158,900
7107.7 Ground Level - Piezometer at Ayala Park	302,213	0	0	0	0
Total 7107 Ground Level Monitoring	542,595	80,413	160,984	425,466	264,482
7108 Hydraulic Control Monitoring					
7108.1 Hydraulic Control Monitoring - WM Staff	2,276	353	2,088	13,545	11,457
7108.2 Hydraulic Control Monitoring - Temporary Services	20,964	16,427	0	0	0
7108.3 Hydraulic Control Monitoring - Engineering Services	173,551	82,584	162,970	215,787	52,817
7108.4 Hydraulic Control Monitoring - Laboratory Services	41,302	0	88,200	97,020	8,820
7108.5 Hydraulic Control Monitoring - Construction	0	0	0	0	0
7108.9 Hydraulic Control Monitoring - Contract Services	51,087	0	15,000	42,880	27,880
Total 7108 Hydraulic Control Monitoring	289,180	99,364	268,258	369,232	100,974
7109 Recharge & Well Monitoring					
7109.3 Recharge & Well Monitoring - Engineering Services	70,181	22,272	44,850	71,177	26,327
7109.4 Recharge & Well Monitoring - Laboratory Services	48,146	0	101,500	111,650	10,150
Total 7109 Recharge & Well Monitoring	118,328	22,272	146,350	182,827	36,477

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7200 OBMP Pgm Element 2 - Comp Recharge					
7201 Comp Recharge - WM Staff	119,569	56,565	159,727	128,327	-31,400
7202 Comp Recharge - Engineering Services	42,595	15,424	40,270	14,340	-25,930
7202.1 Comp Recharge - Recharge Master Plan	78,651	0	0	317,660	317,660
7203 Comp Recharge - Contract Services	26,432	10,214	20,000	28,000	8,000
7204 Comp Recharge - Supplies	5,798	2,406	10,000	5,000	-5,000
7206 Comp Recharge - Basin Program O&M	510,000	616,505	1,233,000	760,000	-473,000
7207 Comp Recharge - Legal	3,348	0	10,000	2,500	-7,500
7208 Hansen Aggregate Damages	0	16,677	0	0	0
Total 7200 Comprehensive Recharge	786,392	717,791	1,472,997	1,255,827	-217,170
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter					
7301 OBMP - WM Staff	580	325	4,676	23,909	19,233
7303 OBMP - Engineering Services	0	0	0	135,600	135,600
Total 7300 OBMP Elements 3 & 5 Water Supply Plan	580	325	4,676	159,509	154,833
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies					
7401 OBMP - WM Staff	5,594	2,363	13,762	11,667	-2,095
7402 OBMP - Engineering Services	243,166	70,559	169,000	147,457	-21,543
7403 OBMP - Contract Services	1,589	14,845	396,000	0	-396,000
7404 OBMP - Supplies	2,751	44	0	100	100
7405 OBMP - Other Expenses	9,937	217	0	450	450
Total 7400 OBMP Element 4 - Mgmt Zone Strategies	263,037	88,029	578,762	159,674	-419,088
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt					
7501 OBMP - WM Staff	2,906	0	3,507	3,783	276
7502 OBMP - Engineering Services	100,424	117,280	307,000	269,750	-37,250
7503 OBMP - Contract Services	8,820	0	0	0	0
7506 OBMP - CO-OP Legal	0	14,376	0	35,000	35,000
Total 7500 OBMP Element 6 & 7 - Coop Efforts/Salt Mgmt	112,150	131,656	310,507	308,533	-1,974

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use					
7601 OBMP - WM Staff	7,547	4,060	6,698	9,660	2,962
7602 OBMP - Engineering Services	0	0	0	62,500	62,500
7603 OBMP - Contract Services	0	6,868	0	20,000	20,000
7605 OBMP - Other Expenses	0	0	0	500	500
Total 7600 OBMP Element 8 & 9 Storage Mgmt/Conj Use	7,547	10,928	6,698	92,660	85,962
7700 Inactive Well Protection Program					
7701 Inactive Well Protection Program - WM Staff	0	0	5,171	2,839	-2,332
7702 Inactive Well Protection Program - Engineering Services	0	0	1,000	0	-1,000
7703 Inactive Well Protection Program - Contract Services	1,304	0	8,750	1,500	-7,250
Total 7700 Inactive Well Protection Program	1,304	0	14,921	4,339	-10,582
7690 Recharge Improvement Debt Payment	399,761	608,415	1,358,000	1,377,552	19,552
9502 Allocated G&A Expenditures	249,152	126,896	266,734	278,441	11,707
Total OBMP Implementation Projects	3,148,429	2,096,856	5,089,269	5,183,883	94,614
Total General OBMP & Implementation Projects	4,641,341	3,107,459	6,950,064	7,051,220	101,156
Total Expenses	5,425,756	3,663,000	7,722,405	7,867,370	144,965
Net Ordinary Income	46,924	1,659,472	-139,700	0	139,700

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	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Other Income					
Water Replenishment Assessments					
4210 Approp Pool-Replenishment					
4211 15% Gross Assessments	891,531	0	0	0	0
4212 85% Net Assessments	5,052,010	0	0	0	0
4213 100% Net Assessments	235,349	0	0	0	0
4214 Prior Year Adjustment	369,248	369,248	0	0	0
Total 4210 Approp Pool-Replenishment	6,548,139	369,248	0	0	0
4220 Non-Ag Pool-Replenishment					
4223 Net Replenishment	0	0	0	0	0
Total 4220 Non-Ag Pool-Replenishment	0	0	0	0	0
4230 Groundwater Recharge Activity					
4230 Groundwater Recharge	0	0	0	0	0
4231 MZ1 Assigned Water Sales	0	0	0	0	0
Total 4230 Groundwater Recharge Activity	0	0	0	0	0
Total Other Income	6,548,139	369,248	0	0	0
Other Expense					
5010 Groundwater Recharge					
5011 Replenishment Water	8,619,003	1,290,960	0	0	0
5012.4 MZ1 Interim Imported Water Purchase	0	0	0	0	0
5014 Vector Control	2,860	0	0	0	0
5015 OC-59 Use Fees	41,107	26,142	0	0	0
5015.1 OC-59 Use Fees - Other	0	6,175	0	0	0
5016.1 CBWCD Basin Maintenance	0	0	0	0	0
5017 IEUA Surcharges	326,052	212,243	0	0	0
Total 5010 Groundwater Recharge	8,989,022	1,535,520	0	0	0
Total Other Expense	8,989,022	1,535,520	0	0	0
Net Other Income	-2,440,884	-1,166,272	0	0	0
(To) / From Reserves	2,393,960	-493,199	139,700	0	-139,700
Net Income	\$0	\$0	\$0	\$0	\$0

Budget Line Number	Comments	
ORDINARY INCOME/EXPENSE		
4000 COOPERATIVE EFFORT CONTRIBUTIONS		
4010	Local Agency Subsidies - Other	This account represents funds which are to be received from Metropolitan Water District to offset our costs related to administering the Dry Year Yield Program.
4110 APPROPRIATIVE POOL ASSESSMENTS		
4111	Administrative Assessment	Appropriative Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Appropriators on a per acre-foot basis levied based on the prior year's production.
4111.2	OBMP Assessment	Appropriative Pool Assessments equal the Pool's share of all Optimum Management costs levied to the Appropriators on a per acre-foot basis based on the prior year's production.
4112	Agricultural Pool Reallocation-Administrative Assessment	The Appropriative Pool and the Overlying Agricultural Pool agreed that the unproduced portion of Ag Pool's annual share of safe yield (82,800 acre-feet) would be immediately reallocated to the Appropriative Pool members provided the Appropriative Pool would pay the Agricultural Pool's share of Administrative and Special Project expenses.
4113	Agricultural Pool Reallocation- OBMP Assessment	With separate assessments levied for General Administration and Optimum Basin Management Plan and Implementation Costs, the Agricultural Pool costs charged through the reallocation levy have been separated to differentiate between the revenues from the two levies.
4115	Recharge Improvement Revenue	This line item covers funds required to pay the budgeted debt service payment and the operating & maintenance expenses.
4117	P/Y Adjustments	Consists of adjustments related to prior years, if any.
4120 NON-AGRICULTURAL POOL ASSESSMENTS		
4123	Administrative Assessment	Non-Agricultural Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Non-Agricultural Pool based on the prior year's production.
4124	OBMP Assessment	Non-Agricultural Pool Assessments equal the Pool's share of all Optimum Basin Management costs levied to the Pool members based on the prior year's production.
4127	P/Y Adjustments	Consists of adjustments related to prior years, if any.
4730 PRORATED INTEREST INCOME		
Interest is prorated between the Pools and the Education Fund using formula approved by the Advisory Committee and Pools several years ago.		
4900 MISCELLANEOUS INCOME		
Miscellaneous income, such as fees collected for data requests, rebates, etc.		
6010 SALARY COSTS		
6011	WM Staff Salaries & Payroll Burden	Expenses related to administrative staff hours and costs not related to a particular project.
6012	Payroll Services	Expenses related to processing of bi-weekly payroll and preparation of quarterly and annual tax returns, including year end W-2 processing.
6016	Employee Search Costs	Costs cover "help wanted" advertisements, pre-employment physicals & non-staff or consultant interviewer's time (if applicable).
6018	Fringe Benefits	Benefits paid to employees such as medical, dental, vacation, sick leave & holidays.
60199	Payroll Burden Allocated	Fringe benefits allocated to salary costs.
6020 OFFICE BUILDING EXPENSE		
6021	Office Lease	Lease for Watermaster office.
6022	Telephone	Telephone expense includes office telephone system, cellular phones for management & field staff along with conference call service.
6024	Building Repair & Maintenance	This line item covers monthly housekeeping & maintenance requests to the office.
6026	Security Services	This line item covers the office alarm system.
6027	Other Expense	Expenses to this line include office building improvements.
6030 OFFICE SUPPLIES & EQUIPMENT		
6031	Office Supplies	Office supplies include: copy paper, stationery, envelopes, checks and other miscellaneous office supplies.
6038	Office Equipment	This Budget line covers the cost of office equipment not included in office supplies referenced in account 6031.
6039	Office Expense	This line covers the costs of items not covered under any of the above #6030 lines including file management consulting fees.
6141	Meeting Expenses	Expenses charged to this line include administrative meeting expenses.


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CHINO BASIN WATERMASTER
2007-2008 BUDGET
LINE ITEM JUSTIFICATION

Budget Line Number	Comments	
<u>6040 POSTAGE & PRINTING COSTS</u>		
6042	Postage	Postage reflected here covers the cost of mailing or shipping all meeting notices and agendas; correspondence; Annual Reports; outgoing bills and payments, etc. Charges include Fedex and United Parcel Service costs as well as postage.
6043	Copy Machine Lease	This line covers the cost of leasing copy machines as well as the costs for copies exceeding the minimum number per month/year as stipulated in the lease agreements.
6044	Postage Meter Lease	Postage meter costs includes the annual lease fees, quarterly reset fees and postage meter ink cartridge replacements.
6045	Printing	Printing costs covered here are those done by outside printers and include the Annual Report, blueprints, special area street maps, color prints, emergency printing when copiers are down for repairs, etc. Color brochures and annual financial statements will be printed.
<u>6050 WATERMASTER INFORMATION SERVICES</u>		
6052	Computer Consultant Support Services	Watermaster uses consultants to maintain its computer network & workstations as well as to develop & maintain databases.
6053	Internet Services	Website maintenance costs & T-1 internet connection.
6054	Computer Software	Costs include new software, software upgrades, textbooks, manuals, etc.
6055	Computer Hardware	Costs include new and upgraded computer hardware such as workstations, servers, printers, backup power supplies, etc.
6057	Computer Maintenance	Computer maintenance includes parts for breakdowns and routine maintenance.
<u>6060 WATERMASTER SPECIAL CONTRACT SERVICES</u>		
6061	Other Contract Services	Watermaster retains consultants to develop and implement strategic plans and develop brochures and the Annual Report.
6062	Audit Services	This line item budgets funds to pay for the required annual financial statement audit.
6063	Public Relations Consultant	Watermaster retains outside consultants on a per contract basis as our Public Relations Consultant, to keep us up to date regarding relevant legislative issues.
6067	Legal Services - General Counsel	Watermaster's general counsel expenses related to personnel and non-project specific matters.
<u>6080 INSURANCES</u>		
6085	Business Insurance Package	All insurance policies are now included under Business Insurance Package, including auto & general liability.
6086	Position Bond Insurance	Insures key positions for risk of misappropriation and/or fraud.
<u>6110 DUES & SUBSCRIPTIONS</u>		
6111	Membership Dues	Watermaster memberships include: American Water Works Assoc Research Foundation, Association of California Water Agencies, Association of Ground Water Agencies.
6112	Subscriptions	Watermaster subscribes to the periodicals and trade journals.
<u>6150 FIELD SUPPLIES & EQUIPMENT</u>		
6151	Small Tools & Equipment	Small tools include: any tool which might be required while work in the field.
6154	Uniforms & Safety Shoes	T-shirts, hats & jackets are provided to staff with Watermaster's logo to wear while in the field and while representing Watermaster. This line item also includes work boots for field staff.
<u>6170 TRAVEL & TRANSPORTATION</u>		
6170	Travel & Transportation	Travel & Transportation costs related to Watermaster business, not related to conferences & seminars.
6171	Vehicle Allowances	Employment agreement allows the Chief Executive Officer a vehicle allowance of \$650 per month.
6173	Mileage Reimbursements	Reimbursements paid to Watermaster employees' for use of personal vehicles for Watermaster business at the federally approved rate per mile.
6175	Vehicle Fuel	Fuel expenses for Watermaster owned vehicles.
6177	Vehicle Repairs	Covers repairs & maintenance to Watermaster's vehicles.
6179	Vehicle Purchase	This item includes purchases of additional vehicles.

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CHINO BASIN WATERMASTER
2007-2008 BUDGET
LINE ITEM JUSTIFICATION

Budget Line Number	Comments	
<u>6190 CONFERENCES & SEMINARS</u>		
6191	Conferences & Seminars	Staff attends conferences for information, training, or making presentations regarding the Chino Basin Watermaster activities.
6192	Training & Continuing Education	Attendance at training & continuing education for staff.
<u>6200 ADVISORY COMMITTEE</u>		
6201	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Advisory Committee meetings.
6212	Meeting Expenses	Advisory Committee meetings are normally scheduled to cover the lunch hour so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, a luncheon or refreshments are served and those costs are reflected here.
<u>6300 WATERMASTER BOARD EXPENSES</u>		
6301	WM Staff Salaries	Salary and burden costs of WM staff in preparing for and attending Watermaster Board Meetings.
6311	Member Compensation	Board Members are entitled to, but may waive, compensation for each day of service. Those who have not waived, receive \$125 per day served at various meetings including Board meetings, Committee meetings and other water agency meetings, including conference calls.
6312	Meeting Expenses	Board and Committee meetings may be scheduled to cover the lunch hour so that attendees are absent from their normal jobs the least amount of time possible. If this occurs, a luncheon or refreshments are served and those costs are reflected here.
6313	Board Member's Expenses	Board Members are entitled to receive reimbursement for expenses incurred on behalf of Watermaster. Upon request, mileage is reimbursed to any Board Member using a personal vehicle on Watermaster business.
<u>6500 EDUCATION FUND EXPENDITURES</u>		
This account disburses funds from the educational account as directed.		
<u>8300 APPROPRIATIVE POOL ADMINISTRATION AND SPECIAL PROJECTS</u>		
8301	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings, and any other Appropriative Pool administrative activity.
8312	Meeting Expenses	This item covers meeting expenses, including the cost of refreshments.
<u>8400 AGRICULTURAL POOL ADMINISTRATION AND SPECIAL STUDIES</u>		
8401	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings, and any other Agricultural Pool administrative activity.
8411	Compensation - AG Pool Members	AG Pool Members are reimbursed \$25 for each Pool, Committee or Board Meeting attended. Ag Pool voted to increase reimbursement to \$125 per meeting with the extra \$100 to be paid out of Ag Pool accumulated interest. This additional \$100 is shown under account #8470.
8412	Meeting Expenses	This item covers meeting expenses, including the cost of refreshments.
8456	IEUA RTS Meter Charge	Inland Empire Utilities Agency implemented a 'readiness to serve' charge against Watermaster for future provision of service to the land in the Agricultural preserve.
8467	Agri-Pool Legal Services	The Agricultural Pool retains its own legal council to represent them in all Watermaster matters.
8467.1	Frank B & Associates	The Agricultural Pool has contracted with a water management consultant to assist them in following Watermaster activities important to the Agricultural Pool.
8470	Ag Pool Meeting Special Compensation	See account #8411 for details of this line item.
<u>8500 NON-AGRICULTURAL POOL ADMINISTRATION AND SPECIAL PROJECTS</u>		
8501	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings and any other Non-Agricultural Pool administrative activity.
8512	Meeting Expense	This item covers meeting expenses, including the cost of refreshments.
<u>9500 ALLOCATED G&A EXPENDITURES</u>		
Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.		
<u>6900 OPTIMUM BASIN MANAGEMENT PROGRAM</u>		
6900	OPTIMUM BASIN MANAGEMENT PROGRAM - GENERAL ENGINEERING	This work includes general engineering services requested by Watermaster to support implementation of the OBMP. The current budget request includes general, non-project specific as well as ad hoc requests for services and data requests promoting the ongoing efforts to implement the OBMP. Items include CEQA work as required for the Peace II process including basic CEQA processing, recalibrating the groundwater model, preparing documentation, and peer review and forecasting; Dr. Sunding's Microeconomic Study as part of the Peace II process; the design, modification, and maintenance of the DataX program (half of the total expense for this project is budgeted, as the other half will be paid by IEUA); and all aspects of preparing reports as required by the OBMP, including the State of the Basin Report bi-annually.

Budget Line Number	Comments
6950 COOPERATIVE EFFORTS	
6953	TDS/Nitrogen Study - SAWPA On an ad hoc basis, Watermaster and other agencies agree to share the costs of various projects that will benefit both parties. This is an on-going study managed through SAWPA with many contributors and participants. The amount budgeted is one-half the previous Watermaster commitment as was budgeted for Phase 2B. It is to finalize the Basin Plan Update with the RWQCB.
6956	CBWCD-Turner Basin Development This represents funds expended for development within the Turner Basin.
6959	Public Awareness Campaign/Legislative Updates This is a project that began as a result of the State of California's electric supply problems. It has subsequently evolved to include public awareness campaigns, along with updates regarding legislative activities.
9501	ALLOCATED G&A EXPENDITURES Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.
7000 OPTIMUM BASIN MANAGEMENT PROGRAM IMPLEMENTATION PROJECTS	
7101	PRODUCTION MONITORING Watermaster staff collects and processes production information for the approximately 670 wells within the Basin, including approximately 220 Appropriator wells and approximately 450 private wells. Consultant staff reads the meters for the private wells, while the Appropriators report their meter readings to Watermaster. The data are inputted into a production database that is updated quarterly, and that is used at the end of the fiscal year to provide essential data for the Assessment Package. Computer services are for the subscription for parcel lot information (split 50/50 with 7103--Groundwater Quality Monitoring).
7102	IN-LINE METER INSTALLATION Approximately 350 in-line flow meters are now installed on the previously unmetered private wells. Approximately 150 meters must be calibrated each year and other maintenance and repairs are required. Each calibration is expected to cost \$175. Eight more meters are expected to be installed this fiscal year, as these wells are expected to remain for at least another 12 months.
7103	GROUNDWATER QUALITY MONITORING Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater quality monitoring program. Previously, Watermaster annually collected water quality data from approximately 200 private wells and obtained other water quality data from other cooperators so that approximately one-third of the active wells were sampled every third year. Other cooperators include members of the appropriate and overlying non-agricultural pools, the Regional Water Quality Control Board, the Department of Toxic Substances Control, the United States Geological Survey, the Orange County Water District and others. The key well monitoring program has now been implemented. Approximately 115 wells are included within the water quality key well program, with approximately 60 wells being sampled and analyzed each year. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. The ad hoc Water Quality Committee oversees the surface water and groundwater quality programs to ensure that necessary data are collected to effectively manage the Basin. Required supplies for this line item include sampling equipment such as piping and valving. Computer services are for the subscription for parcel lot information (split 50/50 with 7101--Production Monitoring).
7104	GROUNDWATER LEVEL MONITORING PROJECT Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater-level monitoring program. Previously, Watermaster staff measured all the private wells in the agricultural area that could be measured - once in the fall and once in the spring. Groundwater level data was also obtained from cooperators for other wells. Cooperators include members of the appropriate and overlying non-agricultural pools, Regional Water Quality Control Board (RWQCB), Department of Toxic Substances Control (DTSC), United States Geological Survey, Orange County Water District, and others. The key well monitoring program has now been implemented. Desalter/HCMP wells are now measured monthly and an additional approximately 380 are now measured semi-annually. Contract services for this item include the construction of aluminum covers for transducers not otherwise enclosed in structures and ground-level surveys of well reference points. Required supplies for this line item include sounder replacement lines, rubber gloves, distilled water, and fittings for installing transducers. Capital equipment for this line item include transducers and transducer download cables.
7105	BASIN WATER QUALITY MONITORING Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the surface water quality monitoring program. Work in this line item includes measuring water quality at recharge and flood retention basins within the Chino Basin. This was typically done during the rainy season only; approximately 3-4 samplings per basin per year. However, with the start of more recycled water and imported water recharge, sampling is expected to increase significantly. Flow and water quality data will also be collected from cooperators including IEUA, WR, JCSD, Cities of Corona and Riverside, Regional Water Quality Control Board, United States Geological Survey, Orange County Water District and others. This information is necessary to determine the quality of stormwater recharge, which is subsequently used to estimate salt offsets for recycled and imported water recharge. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. Required supplies for this line item include rubber gloves, sample bags, tools, and field lab equipment.

Budget Line Number	Comments	
7107	GROUND LEVEL MONITORING	<p>Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the development and implementation of a ground level monitoring program. Watermaster is interested in determining how much, if any, subsidence has occurred in the Basin and in monitoring the effectiveness of the OBMP in minimizing it. Data will be collected from a network of ground elevation stations (surveys), from a multi-piezometer and from a dual borehole extensometer in the subsidence-prone area (mainly Management Zone 1). Satellite imagery (InSAR) also will be collected and analyzed for subsidence. Watermaster is implementing these efforts as part of the monitoring program associated with the MZ1 interim management plan.</p> <p>A web page for real-time water level reading at the PA-7 Piezometer (Ayala Park) will be implemented, which is a requirement of the MZ-1 Long-Term Management Plan. A new Central MZ1 piezometer is also planned; as well as is an extensive ground-level survey to determine reference points for several wells near the piezometer.</p>
7108	HYDRAULIC CONTROL MONITORING PROGRAM	<p>As part of the Basin Plan, a monitoring plan to evaluate the state of hydraulic control in the southern end of the basin has been developed. Hydraulic control will be used to maximize the safe yield of the basin. Watermaster, OCWD and the Regional Board have developed a monitoring plan to assess the state of hydraulic control to provide information to Watermaster to manage future production and recharge. Samples are collected from seven stations along the SAR every-other-week for water quality analyses. Stream flow measurements are also collected from five stations along the SAR. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use.</p> <p>Two new nested monitoring wells are also planned, that will be located near the OIA VOC plume and near the former IEUA Co-Composter Facility.</p>
7109	RECHARGE AND WELL MONITORING PROGRAM	<p>Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the surface water quality monitoring program. Work in this line item includes measuring water quality at recharge and flood retention basins within the Chino Basin. Lysimeter samples will be collected and analyzed at recycled water recharge basins. Also, monitoring well samples will be collected and analyzed at recycled water recharge basins. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. Reports prepared under this line item include Quarterly and Annual Reports, Start-up Reports for Brooks and 8th Street Basins, and the Tracy Study at Brooks Basin Report.</p>
7200	OBMP PROGRAM ELEMENT 2 -- COMPREHENSIVE RECHARGE PROGRAM	<p>Watermaster and IEUA will continue to improve the new recharge facilities by enhancing the SCADA system, hardening and heightening the internal conservation berms, installing ground water monitoring wells and lysimeters, adding reclaimed water turnouts, and conducting new basin feasibility studies. This line item includes the development and revision of the Recharge Master Plan.</p>
7300	OBMP PROGRAM ELEMENTS 3 & 5 - WATER SUPPLY PLAN - DESALTER	<p>Pursuant to the OBMP & Peace Agreement, Watermaster assisted in the formation of the Chino Basin Desalter Authority (CDA) to expand the Chino I Desalter and to construct Chino II Desalter. The work in this line item includes engineering services for the technical review of non-Watermaster consultant work products for consistency with OBMP and other Watermaster interests. Work in this line item also includes the design and implementation of the proposed Chino Creek Desalter well field.</p>
7400	OBMP PROGRAM ELEMENT 4 - MANAGEMENT ZONE MANAGEMENT STRATEGIES	<p>Pursuant to the OBMP & Peace Agreement, Watermaster has begun the process of developing management plans for MZ1 & MZ3. Producers in the known subsidence area in MZ1 agreed to an MZ1 Interim Management Plan. Watermaster will be collecting and reporting data gathered from the piezometer and extensometer installed in FY 02/03 and data from ground level survey stations. Data collected will be presented and discussed at the MZ1 Technical Group meetings.</p> <p>In Management Zone 3, Watermaster will conduct a thorough ground water quality survey to locate contaminant plumes which might impact appropriator wells. Plans include quarterly sampling and analyses of two new "sentry" wells to provide on-going monitoring of plume management.</p>
7500	OBMP PROGRAM ELEMENTS 6 & 7 - COOPERATIVE EFFORTS AND SALT MANAGEMENT	<p>Pursuant to the OBMP & Peace Agreement, Watermaster will complete specific activities to improve water quality monitoring and analyze the effectiveness of the OBMP to accomplish its goals. The work in this line item included coordinating with RWQCB and DTSC, and participating in the TMDL process for Santa Ana River, Chino and Mill Creeks.</p>
7600	OBMP PROGRAM ELEMENTS 8 & 9 - STORAGE MANAGEMENT AND CONJUNCTIVE USE PROGRAMS	<p>Pursuant to the OBMP & Peace Agreement, Watermaster will complete specific activities to implement storage management and to develop storage and recovery programs.</p>
7700	INACTIVE WELL PROTECTION PROGRAM	<p>Pursuant to the OBMP & Peace Agreement, Watermaster has compiled a list of inactive wells that have not been properly abandoned. Watermaster equips inactive wells with devices that meet the requirement of well abandonment to protect the integrity of the groundwater. These devices also allow for access to the well for monitoring purposes, if necessary. This fiscal year, approximately three more inactive wells will be equipped with such devices.</p>
7690	RECHARGE IMPROVEMENT DEBT PAYMENT	<p>Repayment of debt as agreed to in contract with Inland Empire Utilities Agency for improvement of recharge basins within the Chino Basin, to be paid by the Appropriators.</p>
9502	<u>ALLOCATED G&A EXPENDITURES</u>	<p>Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.</p>


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CHINO BASIN WATERMASTER
2007-2008 BUDGET
LINE ITEM JUSTIFICATION

Budget
Line
Number Comments

SUPPLEMENTAL & REPLENISHMENT WATER INCOME AND EXPENSES

		Water rights were assigned in the Judgment entered in 1978. It established the terms and conditions regarding replenishment water and how the assessments would be levied to cover the water for each pool. No amounts are budgeted in this category as Watermaster is unable to determine what the overproduction will be at year, if any. Replenishment water is a "pass-thru" expense meaning all amounts overproduced by an agency are billed to them at the rate Watermaster pays for the cost of the water.
4210	App Pool Replenishment Assessments	Certain Appropriators under the Judgment have 15% of the cost of replenishment water required by their group and 85% of the cost is paid by the appropriator overproducing water in the prior year. Other Appropriators have the obligation to pay 100% of the costs of replacing any overproduced water.
4211	15% Gross Assessments	Costs levied against the 15%/85% group for replacing water.
4212	85% Gross Assessments	Costs levied against the 15%/85% group for replacing water.
4213	100% Net Assessments	Costs levied against those subject to 100% assessments for replacing water.
4220	Non-Ag Pool Replenishment	Non-Ag members (primarily industrial producers) are required to replace any water produced which exceeds their assigned water rights.
4230	Net Replenishment Assessments	Costs levied against those subject to 100% assessments for replacing.
5010	GROUNDWATER RECHARGE	Costs of Replenishment or Supplemental Water.
5011	Replenishment Water	This line covers the costs of purchasing replenishment water from MWD at \$233/AF.
5012.4	MZ1 Interim Imported Water Purchase	This line covers the costs of purchasing water @ \$233/AF.
5014	Vector Control	Vector control at Recharge Basins.
5015	OC-59 Use Fees	Connection Fees.
5017	IEUA Surcharges	Inland Empire Utilities Agencies charges a fee for water delivered.

**CHINO BASIN WATERMASTER
ASSESSMENT CALCULATION
FISCAL YEAR 2007-2008**

****ESTIMATED, BASED ON PREVIOUS YEARS ASSESSMENT PACKAGE**

MEMO ONLY FISCAL YEAR 2007-2008 BUDGET TOTALS			ASSESSMENT	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AG POOL	
PRODUCTION BASIS									
2004-05	Production & Exchanges in Acre-Feet		164,588.252	127,810.967	77.655%	34,450.449	20.931%	2,326.836	1.414%
2005-06	Production & Exchanges in Acre-Feet		161,240.932	124,315.140	77.099%	33,899.960	21.024%	3,025.832	1.877%
BUDGET									
				General Administration	OBMP	General Administration	OBMP	General Administration	OBMP
Administration, Advisory Committee & Watermaster Board (1)	\$816,150		\$816,150	\$629,243		\$171,591		\$15,316	
OBMP & Implementation Projects(1)	5,673,668		5,673,668		\$4,374,341		\$1,192,855		\$106,472
General Admin & OBMP Assessments	<u>6,489,818</u>		6,489,818	629,243	4,374,341	171,591	1,192,855	15,316	106,472
TOTAL BUDGET			6,489,818	629,243	4,374,341	171,591	1,192,855	15,316	106,472
Less Budgeted Interest Income	(181,500)		(181,500)		(140,944)		(37,990)		(2,566)
Contributions from Outside Agencies	<u>(145,500)</u>		(145,500)		(112,179)		(30,591)		(2,730)
CASH DEMAND			6,162,818	629,243	4,121,218	171,591	1,124,274	15,316	101,176
OPERATING RESERVE									
Administrative	0%	0	\$0	\$0		\$0		\$0	
OBMP	0%	0	0		\$0		\$0		\$0
Less: Funds On Hand Utilized for Assessments		<u>0</u>	0		0		0		0
FUNDS REQUIRED TO BE ASSESSED			<u>\$6,162,818</u>	<u>\$629,243</u>	<u>\$4,121,218</u>	<u>\$171,591</u>	<u>\$1,124,274</u>	<u>\$15,316</u>	<u>\$101,176</u>
Proposed Assessments									
General Administration Assessments			Per Acre-Foot	\$5.06	\$33.15	\$5.06	\$33.16	\$5.06	\$33.44
Minimum Assessments			Per Producer	\$5.00				\$5.00	
Prior Year Assessments (For Information Only)									
			Per Acre-Foot	\$6.23	\$34.49	\$6.23	\$34.49	\$6.23	\$34.49

(1) Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment or Replenishment water purchases.

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

D. REVISED VOLUME VOTE





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909 484 3888 Fax: 909 484 3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 14, 2007

TO: Appropriative Pool Members

SUBJECT: Volume Vote

SUMMARY

Issue – The Appropriative Pool Volume Vote method of calculation.

Recommendation – Discuss and consider approval of amended Volume Vote.

Fiscal Impact – None.

BACKGROUND

Each year, the Appropriative Pool Committee adopts a Volume Vote for potential use at a Pool meeting. According to the Judgment, Exhibit "H", paragraph 3,

"The total voting power on the Pool Committee shall be 1,000 votes. Of these, 500 votes shall be allocated in proportion to decreed percentage shares in Operating Safe Yield. The remaining 500 votes shall be allocated proportionally on the basis of assessments paid to Watermaster during the preceding year."

During the formation of the assessment package database, it became apparent that the Volume Vote calculation should be a part of that database. In researching past volume vote calculations, it became clear that in prior years, there were inconsistent methods of calculating the volume vote. On March 9, 2006, several different options for calculating the assessment package were presented to the committee. It was the committee's decision to take no action on this item at that time.

On April 12, 2007, a Volume Vote was presented and approved by the group that excluded replenishment water purchases from the assessment portion of the calculation. A question was posed as to whether or not the exclusion of replenishment water purchases was appropriate. The decision to solicit input from the parties in the Appropriative Pool resulted in the referral of this item to the Budget Advisory Committee by the Pool Chairman.

The Budget Advisory Committee met and reviewed several different options and their related methodology for calculating the Volume Vote.

DISCUSSION

Two main items were discussed at the Budget Advisory Committee, the methodology for calculating the Volume Vote and the effective time period of the adopted Volume Vote. The discussions centered around the intent of the Judgment and its effort to fairly give weight to each parties vote. It was understood that the intention of the use of "assessments paid to Watermaster" for calculating the Volume Vote was an attempt to equitably offer a vote to those who may be producers in the basin and paying the related assessments but not receiving a vote on the same pro-rata amount as their Operating Safe Yield (OSY). After discussing the matter and considering the different options, it was the opinion of the Budget Advisory Committee that the using 50% OSY and 50% of the prior year's production would capture the essence of the intent of the judgment while removing the variables related to the different types of assessments that should be included and/or excluded from the calculation.

As a result, it was the committee's recommendation to modify the past Volume Vote that was approved April 12, 2007 and offer a consistent methodology for calculating future Volume Votes which would be based on 50% OSY and 50% of the prior year's production. The Volume Vote would be generated following the adoption of each Assessment Package and it would remain in force until superseded by the Volume Vote adopted in the following year.

If there are any questions regarding this matter, please contact Ms. Sheri Rojo at 909-484-3888 or by email at srojo@cbwm.org prior to the June meeting.

APPROPRIATIVE POOL

ALLOCATION OF VOLUME VOTE 50% Prior Year Production & 50% OSY

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

	2005-2006 Assessable Production	Assmt Vote	O S Y Vote	Allocated Vote
Arrowhead Mtn Spring Water Co *	259 794	1 04	0 00	1 04
Chino Hills. City of	2.839 018	11 42	19 25	30 67
Chino. City of	4.761 913	19 15	36 79	55 94
Cucamonga Valley Water District	14.458 036	58 15	33 01	91 16
Desalter Authority	0 000	0 00	0 00	0 00
Fontana Union Water Company	0 000	0 00	58 29	58 29
Fontana Water Company	15.137 240	60 88	0 01	60 89
Golden State Water Company*	438 343	1 76	3 75	5 51
Inland Empire Utilities Agency*	0 675	0 00	0 00	0 00
Jurupa Community Services District	17.557 881	70 62	18 80	89.42
Los Serranos Country Club	0 000	0 00	0 00	0 00
Marygold Mutual Water Company*	136 390	0 55	5 98	6 53
Metropolitan Water Dist of So Calif	1 000	0 00	0 00	0 00
Monte Vista Irrigation Co *	0 000	0 00	6 17	6 17
Monte Vista Water District	16.837 713	67 72	43 99	111 71
Niagara Bottling Company. LLC*	762 584	3 07	0 00	3 07
Nicholson Trust*	0 000	0 00	0 03	0 03
Norco. City of*	0 000	0 00	1 84	1 84
Ontario. City of	29.627 444	119 16	103 71	222 87
Pomona. City of	14.029 281	56 43	102 27	158 70
Santa Ana River Water Company	1.837 317	7 39	11 87	19 26
San Antonio Water Company*	12 640	0 05	13 74	13 79
San Bernardino County (Shooting Park)*	415 129	1 67	0 00	1 67
Upland. City of	5.202 744	20 93	26 01	46 94
West End Consolidated Water Co*	0 000	0 00	8 64	8 64
West Valley Water District*	0 000	0 00	5 88	5 88
* Indicates Minor Rep	124.315 142	500 00	500 00 499.99	999 99 999.99

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

Date: _____

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

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CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing Closing Brief



Chino Basin
Watermaster
Santa Ana
River Hearing
Closing Brief

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7
8 **BEFORE THE STATE WATER RESOURCES**

9 **CONTROL BOARD**

10
11 In the Matter of Water Right Applications
31165 and 31370 of San Bernardino Valley
12 Municipal Water District and Western
Municipal Water District of Riverside
13 County; Application 31174 of Orange
County Water District; Application 31369
14 of Chino Basin Watermaster; Application
31371 of San Bernardino Valley Water
15 Conservation District; and Application
31372 and Wastewater Change Petition
16 WW-0045 of the City of Riverside

**CHINO BASIN WATERMASTER
CLOSING BRIEF**

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1 **I. INTRODUCTION**

2 The Santa Ana River Applications present the State Water Resources Control Board (“State
3 Board”) with a unique situation. The Santa Ana River already has a well-developed and complex
4 system for the integrated regional management of the watershed, and for the administration of the
5 water rights to use the River and its tributaries. This system has evolved over many decades in
6 response to the particular needs of the local region, and today is a model of integrated and
7 comprehensive water resource management.

8 The State Board is thus faced with the choice of whether it will recognize and encourage
9 integrated planning by acknowledging the existing system and tailoring the permits to work within
10 that system, or whether it will choose to regard the existing system as secondary and create a new
11 and separate system of water rights administration for the watershed. (RT Vol. I, 99:11-22.)

12 The Chino Basin Watermaster encourages the State Board to take this opportunity to aid in
13 the evolution of integrated planning in the Santa Ana Watershed by tailoring its order and the
14 resulting permits in such a way that the State Board will become a valuable new component to an
15 already highly functional system. The discussion in this closing brief, and the proposed permit
16 attached here as Exhibit “A,” are intended to suggest ways in which the State Board can accomplish
17 this goal in a manner facilitating the State Board’s exercise of its statutory and common law duties.

18 **II. HEARING BACKGROUND**

19 **A. Procedural History of Application 31369**

20 On July 3, 2002, the State Board held a hearing on various Petitions for a Limited Revision
21 of the Declaration of Fully Appropriated Stream Status of the Santa Ana River. State Board Order
22 2002-0006 amended the Declaration of Fully Appropriated Stream Status for the purpose, inter alia,
23 of accepting the Chino Basin Watermaster’s (“Watermaster”) water right application.

24 Watermaster’s application was noticed by the State Board on July 31, 2003.

25 Application 31369 was protested by four entities: the California Department of Fish &
26 Game, the United States Forest Service, the Cucamonga Valley Water District, and the East Valley
27 Water District. All of these protests were resolved prior to the hearing.

28 Also prior to the hearing, Watermaster received stipulations from all non-applicant parties

1 that such parties would not present any evidence concerning Application 31369, nor would they
2 cross-examine any witness offered in support of Application 31369. These stipulating parties were:
3 the Center for Biological Diversity, Southern California Edison, United States Forest Service, East
4 Valley Water District, City of Chino, and the Santa Ana River Mainstem Project Local Sponsors.
5 Watermaster submitted these stipulations to the State Board via letter dated April 17, 2007.

6 **B. Hearing Key Issues**

7 On February 16, 2007, the State Board issued a Notice of Public Hearing. The Notice of
8 Public Hearing specified six issues for consideration at the hearing:

9 *1. Is there water available for appropriation by each of the applicants? If so, when is water*
10 *available and under what circumstances?*

11 *2. Will approval of any of the applications or the petition result in any significant adverse*
12 *impacts to water quality, the environment or public trust resources? If so, what adverse impact or*
13 *impacts would result from the project or projects? Can these impacts be avoided or mitigated to a*
14 *level of non-significance? If so, how? What conditions, if any, should the State Board adopt to*
15 *avoid or mitigate any potential adverse impacts on fish, wildlife, or other public trust resources that*
16 *would otherwise occur as a result of approval of the applications and petition?*

17 *3. Is each of the proposed projects in the public interest? If so, what conditions, if any,*
18 *should the State Board adopt in any permits that may be issued on the pending applications, or in*
19 *any order that may be issued on the wastewater change petition, to best serve the public interest?*

20 *4. Will any of the proposed appropriations by the applicants and/or the proposed change in*
21 *treated wastewater discharge by the petitioner cause injury to the prior rights of other legal users*
22 *of water?*

23 *5. What should be the relative priority of right assigned to any permits that may be issued on*
24 *the pending applications?*

25 *6. What effect, if any, will the projects have on groundwater and/or movement of any*
26 *contaminated groundwater plumes? Can the effects be mitigated? If so, how?*

27 **C. Additional Question Presented at the Hearing Relevant to Application 31369**

28 At the hearing, input was requested from the parties as to how the State Board should
administer its permitting authority where stream flows are erratic and flashy. Watermaster
submitted responsive information to the State Board along with suggested permit terms addressing
the erratic hydrology within the Chino Basin watershed. (CBWM Exh. 7-1.) These issues are
further addressed in this closing brief.

D. Stipulation of Applicants Regarding Key Issues 4 and 5

On April 5, 2007, the applicants presented the State Board with a stipulation constituting a

1 full resolution of Key Issues 4 and 5. An executed copy of this stipulation is attached to this closing
2 brief as Exhibit "B." The stipulation contains a recitation of the water rights adjudication
3 judgments pertaining to the Santa Ana River Watershed and the subsequent agreements that have
4 been entered into pursuant to those judgments. The stipulation explains how these judgments and
5 agreements work together to constitute a full resolution of the relative priorities to the water of the
6 Santa Ana Watershed, and how the judgments and agreements provide satisfactory protections to all
7 legal users of water in the watershed.

8 At the April 5, 2007 Pre-Hearing Conference, the Hearing Officer ordered that any party
9 who objected to the stipulation should submit its objection within seven days, by April 12, 2007 at
10 5:00 pm. If no objections were received, then Key Issues 4 and 5 would be eliminated as issues
11 from the hearing. The Hearing Officer subsequently issued a letter ruling dated April 10, 2007,
12 confirming this ruling.

13 No party objected to the stipulation and no party presented evidence concerning Key Issues
14 4 and 5. (RT Vol. I, 2:21-24.)

15 **III. DESCRIPTION OF THE PROJECT (APPLICATION 31369)**

16 **A. Watermaster's Project is an Implemented Project that Uses Pre-Existing** 17 **Facilities Primarily Constructed for Flood Control Purposes.**

18 Application 31369 seeks the right to appropriate to underground storage 68,500 acre-feet per
19 year ("AFY") of ephemeral storm flows from four creek systems tributary to the Santa Ana River.¹
20 (CBWM Ex. 1-1, page 2 lines 8-17.) These creek systems include the San Antonio Creek System
21 (including San Antonio Creek and Chino Creek), the Cucamonga Creek System (including
22 Cucamonga Creek and Deer Creek), the Day Creek System, and the San Sevaine Creek System
23 (including San Sevaine Creek, and Etiwanda Creek). (Id., CBWM Ex. 1-2 and 1-3.) This requested
24 appropriation is in addition to two currently permitted appropriations under Permits 19895

25 _____
26 ¹ Watermaster withdrew without prejudice that portion of Application 31369 concerning 28,500 acre-feet of recycled
27 water. As stated at the hearing, while Watermaster could not know in 2000 how the recycled water program in the
28 Chino Basin would operate, the actual program as implemented does not involve any issues that would invoke the State
Board's jurisdiction. Control over the water is maintained at all times, and to the extent that recycled water is placed in
the channels, those channels are used merely as a means of conveyance under Water Code § 7044. (RT Vol. I, 167:5-
169:9; 180:13-181:5.)

1 (Application 28473) for 15,000 AFY, and 20753 (Application 28996) for 27,000 AFY, for a total
2 appropriation by Watermaster of 110,500 AFY.

3 The area from which the water will be appropriated, and the place of use for the water
4 appropriated, is the jurisdictional area of the Chino Basin Watermaster as defined in Exhibit A (by
5 map) and Exhibit K (by legal description) of the stipulated judgment in the case *Chino Basin*
6 *Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010.
7 (CBWM Ex. 1-5; App. Joint Ex. 2-11; CBWM Ex. 1-2.)

8 The points of diversion are existing recharge basins spread throughout the Chino Basin, and
9 built primarily for flood control purposes. (CBWM Ex. 1-1, page 2, lines 20-23.) Watermaster
10 presented evidence at the hearing that the points of diversion are the same as those listed in
11 Attachment 3b and Attachment 13 to Application 31369. (CBWM Ex. 1-3.)

12 The storm water recharge project described by Application 31369 is one component of
13 Watermaster's Recharge Master Plan. (CBWM Ex. 1-1, pages 6-8; CBWM Ex. 1-11 and 1-12.)
14 The Recharge Master Plan implements Program Element Two of Watermaster's Optimum Basin
15 Management Program. (CBWM Ex. 1-1, page 4; CBWM Ex. 1-7 and 1-10; RT Vol. I, 133:19 –
16 134:12.) Implementation of the Recharge Master Plan was called the Chino Basin Facilities
17 Improvement Project ("CBFIP"). (CBWM Ex. 1-13.) The cost of the CBFIP was approximately
18 \$44 million, and construction was completed in December 2005. (CBWM Ex. 1-15, page 2-1.)

19 **B. CEQA Compliance**

20 Watermaster's Optimum Basin Management Program ("OBMP"), inclusive of all the
21 OBMP Program Elements including Program Element Two and the storm water recharge project,
22 was analyzed in the OBMP Programmatic Environmental Impact Report ("OBMP PEIR"). (CBWM
23 Ex. 3-3.) The OBMP PEIR was certified by the Inland Empire Utilities Agency ("IEUA") on July
24 13, 2000, two months prior to the submittal of Application 31369. (CBWM Ex. 3-1, page 2, line 3
25 and page 4, line 2.) Project level analysis for the CBFIP was conducted through the Initial Study
26 for the Implementation of Storm Water and Imported Water Recharge at 20 Recharge Basins in the
27 Chino Basin. (CBWM Ex. 3-4.) This Initial Study supported the adoption of a Finding of
28 Consistency by IEUA on October 3, 2001. (CBWM Ex. 3-5.) The written testimony of Mr. Dodson

1 says that he performed supplemental investigations of the facts contained in the PEIR and the Initial
2 Study, and that while these analyses were performed a number of years ago, the findings made in
3 the PEIR and Initial Study are still accurate and can serve as a basis for decision with respect to
4 Application 31369. (CBWM Ex. 3-1, page 13.) There was no objection to this testimony.

5 As additional background information, Watermaster submitted additional CEQA analyses
6 that were prepared prior to the Initial Study for those recharge basins that were constructed post-
7 CEQA. (CBWM Exhibits 3-6 through 3-14.)

8 **C. Operation of the Facilities**

9 The operation of the facilities is governed by a complex set of procedures described in the
10 document titled Chino Basin Recharge Facilities Operation Procedures dated March 2006
11 (“Operation Manual”). (CBWM Ex. 1-15.) The Operation Manual is a collaborative work of the
12 Chino Basin Groundwater Recharge Coordinating Committee (“GRCC”) composed of the Chino
13 Basin Watermaster, the Chino Basin Water Conservation District, the Inland Empire Utilities
14 Agency, and the San Bernardino County Flood Control District. (CBWM Ex. 1-15, page 1-1.)

15 In general, the pattern of operations of the facilities for water conservation purposes
16 involves the diversion and retention of as much storm water as possible into the facilities. (RT Vol.
17 II, 12:17-18; 15:20.) Because of variability in the weather and the priority of the flood control
18 function of the basins, it sometimes happens that water that is diverted is not able to be recharged.
19 (Id., 16:1-9.) Any water that is diverted but which is not able to be recharged returns to the system.
20 (Id., 16:13-20.) While for planning purposes Watermaster uses an average number of 18,000 acre-
21 feet per year of water recharged, this number is an *average* and depends on Watermaster having the
22 flexibility to divert and recharge as much of the storm water as possible. (CBWM Ex. 2-1, page 7,
23 lines 3-6; RT Vol. II, 12:18; RT Vol. I, 143:6; RT Vol. I, 162:21-163:7.)

24 **IV. WATER AVAILABILITY**

25 When considering whether to approve an application to appropriate water, the State Board
26 must determine whether unappropriated water is available to supply the project described in an
27 application. (Water Code § 1375, subd. (d).) Unappropriated water includes water that has not
28 been either previously appropriated or diverted for riparian use. (Water Code §§ 1201, 1202.)

1 **A. Physical Availability**

2 Watermaster provided unequivocal and uncontested evidence that water is available to
3 supply the project. Watermaster’s hydrologist, Mr. Wildermuth, presented testimony as to his
4 model analysis regarding water availability. The model used for this analysis is known as the
5 “waste load allocation model” because it is the model used by the Santa Ana Regional Water
6 Quality Control Board in setting waste load allocations for the watershed, and was the model used
7 by the Regional Board in formulating the 2004 Basin Plan Amendments. (CBWM Ex. 2-1, page 4,
8 lines 14-20; RT Vol. II, 4:22-5:20.)

9 This analysis simulated the amount of water that would be available to Watermaster’s points
10 of diversion over a 50-year period using historical precipitation and 1993 land use conditions.
11 (CBWM Ex. 2-1, page 4, line 25 through page 5, line 3.) According to this analysis, the maximum
12 amount of water that would be available at the points of diversion is approximately 160,000 acre-
13 feet. (CBWM Ex. 2-1, figure 6; RT Vol. II, 6:24.) This amount is well in excess of the amount
14 requested by Application 31369, and well in excess of the 110,500 acre-feet requested by
15 Application 31369 in combination with Watermaster’s existing two permits. Watermaster’s
16 evidence shows that under its simulated conditions, in five out of the last 50 years, more than
17 110,500 acre-feet would have been available to Watermaster’s facilities. (RT Vol. II, 9:20-24.)
18 Watermaster’s evidence further shows that had current (rather than 1993) land-use conditions been
19 used, the analysis would have shown even more water available at the points of diversion. (CBWM
20 Ex. 2-1, page 6, lines 13-17; RT Vol. II, 10:17-20.)

21 There was no opposition to any of the evidence presented by Watermaster, nor were any
22 contrary facts entered into the record by any party.

23 **B. Beneficial Use in an Erratic and Flashy System**

24 At the hearing, the Hearing Officer asked the applicants to address permitting issues as they
25 relate to the erratic nature of stream flows in the Santa Ana Watershed. One aspect of this question
26 concerns the ability to make beneficial use of the available water.

27 The erratic nature of the flow of the creek systems in the Chino Basin does not create an
28 impediment to the beneficial use of the water appropriated because the Chino Basin contains

1 substantial groundwater storage assets, and all water diverted is intended to be recharged to
2 underground storage.

3 Groundwater storage is an important component of the management of the Chino Basin. It
4 is so important that two of the nine OBMP Program Elements concern groundwater storage
5 management. (CBWM Ex. 1-7, Program Elements Eight and Nine.) The 1978 Chino Basin
6 Judgment gives Watermaster the authority to control and regulate all use of the storage capacity of
7 the Chino Basin. (CBWM Ex. 1-5, pp. 8-9.) The groundwater storage resources of the Chino Basin
8 allow Watermaster to store any water recharged for use in subsequent years. All storm water
9 recharged will be put to beneficial use by the parties to the Chino Basin Judgment.

10 Watermaster's evidence shows that with the completion of the (CBFIP) the facilities have
11 the capacity to recharge the full amount of water requested under Application 31369 as well as its
12 two existing permits. (RT Vol. I, 141-142; CBWM Ex. 1-13.) Construction of the CBFIP was
13 completed in December 2005. (CBWM Ex. 1-15, page 2-1.) The evidence shows that after the
14 completion of the CBFIP the capacity of the basins in total was anticipated to be 123,195 acre-feet
15 per year. (Applicants Joint Ex. 2-19, Table ES-1; RT Vol. I, 141:20-142:16.) During the 05-06
16 storm season, the Groundwater Recharge Coordinating Committee began to learn about the
17 operational capabilities of the improved recharge basins and were able to finalize the Operation
18 Manual. (CBWM Ex. 1-15.) The Operation Manual states that the initial performance of the
19 facilities is likely to be less than anticipated, but as the facilities come in to full use, the duration of
20 the maintenance cycles of the facilities is decreased, and "experience is gained towards optimizing
21 the operation of these basins," the recharge capacity will increase and exceed the amount originally
22 anticipated.² (CBWM Ex. 1-15, page 2-1.) The procedures described in the Operation Manual have
23 not yet been fully tested since there has been almost no storm flow in the 06-07 storm season.
24 (CBWM Ex. 1-16.)

25 Because of the flashy and erratic nature of the storm flow in the Chino Basin, the only

26 ² Note that the Operation Manual plans for the use of the recharge basins under average conditions and so allocates the
27 recharge capacity between the three types of water to be recharged: storm water, recycled water, and imported
28 supplemental water. However, in wet years when more storm water is available, Watermaster will reduce the amount of
supplemental water that is imported and dedicate the recharge capacity to storm water with the goal of maximizing the
recharge of storm water. (CBWM Ex. 1-1, 6:11-22.)

1 practical method of use for the water is as recharge to underground storage. However, storm water
2 recharge always presents operational challenges because public safety considerations inherent in the
3 flood control functions will always take precedence over recharge. While the erratic nature of the
4 flows in the Chino Basin may thus create operational challenges for Watermaster, there is no reason
5 why they should present a beneficial use limitation on the issuance of a permit for the full amount
6 requested by Watermaster. In fact, Watermaster's evidence shows that any limitation on
7 Watermaster's ability to divert storm flows when available will inhibit the ability to put the
8 available water to beneficial use by recharging it in to the groundwater basin. (CBWM Ex. 2-1,
9 page 7, lines 3-6; RT Vol. II, 12:18; RT Vol. I, 143:6; RT Vol. I, 162:21-163:7.)

10 C. Previous State Board Decisions

11 While the Santa Ana River watershed's flashy hydrology may be unique in relation to the
12 perennial stream flows prevalent in northern California, the issue of high variability of available
13 water is not. The State Board has dealt with the issue in its permitting capacity in many past
14 decisions. In addressing the issue, however, the State Board has not constrained itself from
15 permitting applications in such circumstances.

16 For example:

17 The available information relating to the applications and protests
18 points to the conclusion that the flow of the sources from which the
19 applicants seek to appropriate is erratic and uncertain, that
20 unappropriated water nevertheless exists therein frequently and that
21 such water, when it exists, may be taken and used beneficially in the
manner proposed by the applicants, without injury to downstream
users...the applications should therefore be approved and permits
issued, subject to the usual terms and conditions.

(In the matter of Application 16326 by Crossley and Application 16327 by Crossley to appropriate
22 water from two Unnamed Streams tributary to Secret Ravine in Placer County (1958) State Board
23 902, slip copy at p. 10.)

24 Similarly, in Decision 1642, the State Board addressed the Monterey County Water
25 Resources Agency's application to increase its storage rights in Nacimiento Reservoir. (*In the*
26 *Matter of Application 30532* (2001) State Board D-1642.) The State Board found that water was
27 available for the project in eight of the 43 years that the project had been in operation, and that in
28

1 those eight years there were 611 days when water in storage exceeded the licensed amount. (Id.,
2 slip copy at p. 10.) On this basis, the State Board found sufficient water available to supply the
3 project. (Id., slip copy at p. 13; see also *In the Matter of Application 22980 of Western Lake*
4 *Properties, Inc., to Appropriate from Big Creek in Tuolumne County* (1968) State Board D-1320,
5 slip copy at p. 6 [surplus water would be available in 6 out of 42 years].)

6 In Decision 1613, the State Board addressed an application by University Exchange
7 Corporation to appropriate 490 acre-feet for use as a residential supply. (*In the Matter of*
8 *Application 26813* (1986) State Board D-1613.) The Goleta Water District protested the application
9 on public interest grounds, alleging that there may be inadequate water available in dry years. The
10 State Board found that the amount of water available for appropriation would be inadequate for the
11 proposed uses in many years, and would be dependant on a supplemental water supply. (Id §4.2.)
12 Even with a supplemental supply, the State Board found that the volume of water needed by the
13 proposed residential developments could only be met in 96% of the years, and that in the other 4%
14 of the years the applicant would depend on a groundwater supply that would cause overdraft to the
15 groundwater basin. (Id.) The State Board found that these factors were not significant and granted
16 the permit for the full requested amount.

17 As the evidence at the hearing demonstrated, in order to achieve its average storm water
18 recharge to underground storage, Watermaster must divert storm water whenever it is available.
19 (CBWM Ex. 2-1, page 7, lines 3-6; RT Vol. II, 12:18; RT Vol. I, 143:6; RT Vol. I, 162:21-163:7.)
20 The appropriation of storm water when available, though its reliability may be unpredictable, should
21 be allowed despite the inability to rely on that supply for a firm amount of water in each year. (See
22 *In the Matter of Application 22980 of Western Lake Properties, Inc., to Appropriate from Big Creek*
23 *in Tuolumne County* (1968) State Board D-1320, slip copy at p. 4 [“In a proper case, the Board can
24 approve an application to divert from a source with no firm yield remaining above diversions
25 authorized in existing permits, when there is a reasonable expectation that variations in either the
26 supply or the needs of prior rights will leave unappropriated water in the source in some months or
27 some years, which water the applicant will be able to use, whenever it occurs.”].)

28 **D. Other Appropriations**

1 Downstream from Watermaster's points of diversion there are no other legal users of water
2 other than the Orange County Water District ("OCWD"). Thus, so long as OCWD's rights are
3 satisfied, there will be no water rights limitation on the availability of water. In this regard,
4 OCWD's rights with respect to the Chino Basin are defined by the 1969 Stipulated Judgment in
5 *Orange County Water District v. City of Chino*, Orange County Superior Court Case No. 117628.
6 (Applicants Joint Ex. 2-1.)

7 Watermaster has historically appropriated as much storm water as it could, consistent with
8 the 1969 Judgment. This, in fact, is the right decreed to the Chino Basin by that Judgment. The
9 1969 Judgment says that the Upper Area parties have the right, "... to divert, pump, extract,
10 conserve, store and use all surface and ground water supplies originating within Upper Area without
11 interference or restraint by Lower Area claimants so long as the Lower Area receives the water to
12 which it is entitled under this Judgment and there is compliance with all of its provisions."
13 (Applicants Joint Ex. 2-1, page 10.)

14 So long as OCWD receives the water to which it is entitled under the 1969 Judgment and so
15 long as there is compliance with all of the Judgment's provisions, OCWD's rights do not act as a
16 limitation on the availability of water for appropriation by Watermaster.

17 It is important to emphasize that within the parameters of the 1969 Judgment as quoted
18 above, Watermaster's right to divert storm flows within the Chino Basin is defined not by a limit on
19 the number of acre-feet that may be utilized, but rather as a duty to deliver a certain minimum
20 quantity of water to downstream users. The specification through Application 31369 of a specific
21 acre-foot number to which Watermaster will be limited is thus, in itself, the imposition of a
22 condition on Watermaster that does not exist under the 1969 Judgment. As discussed below, there
23 are no resource-based justifications for the imposition of any conditions on Watermaster's activities.
24 The only justification for even the condition of a defined acre-foot right is that such a condition is a
25 necessary feature of the Water Code's water right system that Watermaster has accepted as an
26 unavoidable consequence of making use of the State Board's services.

27 V. PUBLIC TRUST

28 Watermaster presented uncontested and unequivocal evidence that its project will have no

1 impact on public trust resources and that there are no limiting conditions that can be put in to
2 Watermaster's permit that will have any benefit to public trust resources. As discussed below, this
3 lack of impact is the result of the particular physical setting of the Chino Basin: all of the channels
4 in the Chino Basin are concrete lined, and the only impact of the project outside of the Chino Basin
5 is a small reduction in flow in and near Prado Basin, an area of the Santa Ana Watershed which has
6 no shortage of water.

7 **A. Flow Analysis**

8 Watermaster diverts water from four creek systems that are tributary to the Santa Ana River.
9 There is no natural base flow to these creeks, and so the only time water is present is during and
10 immediately following storm events. (RT Vol. II, 108.) The travel time for water entering the four
11 creek channels at the base of the San Gabriel mountains until it discharges to the Santa Ana River is
12 about three to four hours. (RT Vol. II, 108:21.) The operation of the facilities can have the effect of
13 delaying this travel time to between 12 to 24 hours, after which time the flow in the channels
14 becomes negligible. (RT Vol. II, 108:8-11.) The reason for these short travel times is that the
15 channels are concrete-lined with steep gradients. (RT Vol. II, 108:23-109:4.) Apart from these
16 ephemeral flows, water in the channels is composed of some urban dry weather flow and treated
17 waste water that is discharged below Watermaster's points of diversion. (RT Vol. II, 108:8-12.)

18 Watermaster's hydrologist provided testimony on flow duration curves for each of the four
19 creek systems in the Chino Basin, as well as for the Santa Ana River mainstem. These flow
20 duration curves are composite representations of the daily flows of each of the creek systems based
21 upon 50 years of daily data. (CBWM Ex. 2-1 Figures 7-10; RT Vol. II, 110:12-111:1.) These flow
22 duration curves simulate the impacts that Watermaster's proposed appropriation would have had
23 over the last 50 years of historical flow. According to Watermaster's testimony, the changes in flow
24 are generally small and infrequent. (CBWM Ex. 2-1, page 10, lines 15-21; RT Vol. II, 111:23-
25 112:7; Id. at 112:22-24; Id. at 113:3-5.)

26 Watermaster also provided evidence that even these small changes in flow would be
27 eliminated under ultimate land use conditions since urbanization downstream of Watermaster's
28 points of diversion will result in higher flows reaching the Santa Ana River and that these higher

1 flows will offset the amount that Watermaster recharges into the groundwater basin. (RT Vol. II,
2 12:7-11.)

3 Finally, Watermaster provided evidence about the cumulative effect of its appropriations in
4 combination with other Upper Basin applicants' diversions. Flow duration curves were presented
5 which simulated the change in flow at Riverside Narrows and at Prado Dam. (CBWM Ex. 2-1
6 Figures 11-12; CBWM Ex. 2-9.) The flow duration curve at Prado Dam simulates the impact of the
7 diversions by Muni/Western, the City of Riverside, and the Chino Basin Watermaster. (CBWM Ex.
8 2-9; RT Vol. II, 115:21-24.) These impacts were characterized as not significant within the context
9 of the overall flow of the Santa Ana River. (CBWM Ex. 2-1, page 10, lines 22-24; RT Vol. II,
10 116:13-16.)

11 There was no opposition to any of the evidence presented by Watermaster, nor were any
12 contrary facts entered into the record by any party.

13 **B. CEQA Analysis**

14 Watermaster's storm water recharge project was analyzed by the OBMP PEIR and found to
15 have no negative impacts. Subsequently a project level Initial Study was performed that resulted in
16 a Finding of Consistency for the project.

17 With respect to public trust resources, both the OBMP PEIR and the Initial Study found that
18 the channels in the Chino Basin are primarily concrete-lined flood control channels so that there are
19 no public trust resources in this area to consider. (CBWM Ex.3-1 page 5:14; CBWM Ex. 3-3 pp. 4-
20 308 to 4-344 (section 4.8); CBWM Ex. 3-1 page 7:5-10; CBWM Ex. 3-4.) Because of this, the
21 analysis of public trust impacts of the recharge project focused on potential impacts at Prado
22 reservoir. (CBWM Ex 3-1 page 5:16.) The analysis found that Watermaster will divert substantially
23 less than the projected increased flows reaching Prado, so that the net effect will merely be a
24 smaller increase in flows than would otherwise be the case, with no adverse impact on public trust
25 resources. (CBWM Ex.3-1 page 5:17-23; CBWM Ex. 3-3 pp. 4-308 to 4-344 (section 4.8).)

26 There was no opposition to the written testimony concerning Watermaster's CEQA
27 compliance. Because there were no questions to be put to Watermaster's witness concerning such
28 compliance, at the April 20, 2007 Pre-Hearing Conference Call the Hearing Officer permitted

1 Watermaster to rely solely on the written testimony of this witness. There was no opposition to this
2 by any party.

3 **C. Supplemental Analysis Regarding Special Species of Concern**

4 For the purpose of the hearing on Application 31369, Watermaster performed supplemental
5 analyses with regard to special status species that seemed of particular interest to the State Board
6 and other hearing parties. Watermaster presented the testimony of the leading experts familiar with
7 the species of concern in the areas that might be affected by the diversions under Application
8 31369: the four creek systems as they pass through the Chino Basin, Reach Three of the Santa Ana
9 River and the Prado Wetlands.

10 With respect to the four creek systems as they pass through the Chino Basin, Watermaster's
11 evidence demonstrated that there is no habitat for any species within the stream channels from
12 which Watermaster diverts. There is neither riparian habitat nor habitat for the Santa Ana sucker
13 within these areas. (CBWM Ex. 4-1, 3:7-12; RT Vol. II, 146:10-23; CBWM Ex. 6-1, 3:13-23; RT
14 Vol. II, 154:5-14, 156:13-16.) Furthermore, the United States Fish and Wildlife Service's
15 designation of critical habitat for the San Bernardino Kangaroo Rat within the northern portion of
16 the Chino Basin specifically excludes Watermaster's northernmost diversion facilities, and there is
17 no designated critical habitat for any species south of this point. (CBD Ex. 2; RT Vol. II, 148:7-
18 149-5.) Watermaster presented evidence that there is no potential for Watermaster's appropriations
19 to impact habitat upstream from its points of diversion. (RT Vol. II, 149:6-11.) There was no
20 opposition to this evidence, nor were any contrary facts entered in to the record by any party.

21 **1. Riparian Habitat and Avian Species**

22 With respect to Reach Three and Prado Wetlands, Mr. Tony Bomkamp testified that
23 Watermaster's diversions will have no impact on riparian habitat. (CBWM Ex. 4-1, 8:21-10:4; RT
24 Vol. II, 150:24.) Mr. Bomkamp performed a water budget analysis which calculated the amount of
25 water required by the riparian species within Reach Three and Prado Wetlands and then compared
26 this amount with the amount of water actually available in these areas. (RT Vol. II, 122:10 –
27 124:23.) This methodology was utilized by Mr. Bomkamp for his analysis of both the City of
28 Riverside's project and well as for the Chino Basin in order to provide an analysis of the cumulative

1 effect of both of these projects. (RT Vol. II, 144:18-21; 149:19-23.)

2 The analysis focused on the water needs of the willow because the water needs of this
3 species are larger than any other relevant species in the study area. (RT Vol. II, 145:18-146:1.) It
4 also focused on the habitat needs of the Least Bell's vireo with respect to this riparian habitat
5 because the vireo serves as an umbrella species for all other avian species of concern in the study
6 area. (RT Vol. II, 145:5-14.) The evidence shows that in the area of Reach Three above the Prado
7 Wetlands, there is approximately 18 times more water present than is required by the riparian
8 habitat. (RT Vol. II, 124:21-23.) With respect to the Prado Wetlands, the evidence shows that even
9 with both the Riverside and the Chino Basin diversions, there is still, on average, more than 260,000
10 acre-feet of water in excess of that needed by the riparian habitat. (RT Vol. II, 126:6-13.)
11 Consequently, Watermaster's proposed project will have no impact on the Least Bell's vireo nor
12 any other special status avian species. (RT Vol. II, 126:16-19; 145:2-146:9.) Because there is such
13 a large amount of treated effluent in the Santa Ana River system, the timing of the storm flows does
14 not have a significant effect on this analysis. (RT Vol. II, 151:11-22.)

15 The evidence shows that the conclusion regarding lack of impacts will be true even when
16 Watermaster's appropriations reach the full amount requested. This is because when there is
17 increased water available in the Chino Basin, there is also increased water throughout the Santa Ana
18 Watershed, and even though Watermaster's appropriations may increase, the flows in Reach Three
19 and Prado will also be increasing and Watermaster's percentage impact on the overall flows will
20 actually decrease. (RT Vol. II, 150:6-24.) Similarly, in dry years Watermaster's appropriations will
21 have a decreased percentage impact because in such years the flows in Reach Three and Prado are
22 fed almost exclusively by wastewater discharges. (RT Vol. II, 151:2-22.)

23 Watermaster's evidence shows that even if Watermaster were to divert and recharge all of
24 the flows in the creek systems, that there will be no adverse impact on Reach Three or the Prado
25 Wetlands. (RT Vol. II, 151:23-152:14.) Watermaster's evidence shows that there are no limitations
26 that can be placed on Watermaster's appropriations that will have any benefit to riparian habitat or
27 avian species. (Id.)

28 There was no opposition to any of this evidence, nor were there any questions from staff.

1 (RT Vol. II, 157:24 – 158:4.) No party introduced any contrary evidence in to the record.

2 2. Santa Ana Sucker

3 With respect to the Santa Ana Sucker, Reach Three and the Prado Wetlands do not provide
4 suitable habitat. (CBWM Ex. 6-1, 3:24-4:1; RT Vol. II, 157:2-14.) Dr. Jonathan Baskin testified
5 that Reach Three was generally poor habitat for the Santa Ana Sucker because it is more than 90%
6 sand substrate. (RT Vol. II, 141:11-16.) Dr. Baskin further testified that flows in Reach Three are
7 currently higher than is suitable for the Santa Ana Sucker. (RT Vol. II, 142:6-16.) Prado Basin is
8 also not suitable habitat because of the predominance of standing water which is contrary to the
9 habitat needs of the sucker. (RT Vol. II, 139:20-22.)

10 Dr. Jeffrey Beehler, administrator of the Santa Ana Watershed Project Authority's Santa
11 Ana Sucker Conservation Team, testified that Watermaster's project will not cause any direct
12 impact to the Santa Ana Sucker by, for example, drawing suckers in to Watermaster's diversion
13 facilities. (RT Vol. II, 153:20-154:8.) This is because the sucker does not inhabit the concrete
14 channels within the Chino Basin. (Id.)

15 The testimony analyzed the mouths of the four creek systems where the concrete-lined
16 portions end, and found that none of them offer suitable sucker habitat. Chino Creek and
17 Cucamonga Creek both are low gradient, rip-rapped channels with silty bottoms that empty directly
18 into Prado Basin. (RT Vol. II, 155:8-13.) Prado Basin acts as a barrier against the suckers because it
19 is standing water that is habitat for a number of invasive species which prey on the sucker. (RT Vol.
20 II, 155:12-16.) This testimony is consistent with the analysis provided by Dr. Baskin. (RT Vol. II
21 142:17-24.) The short unlined area at the mouth of Day Creek was also shown to be relatively flat
22 and silty, with unreliable flows. (RT Vol. II, 155:20 -156:4.) Similarly, the short unlined area at the
23 mouth of San Sevaine Creek was also shown to be flat, sandy and containing large barriers to fish
24 movement. (RT Vol. II, 156:6-12.)

25 Watermaster's project will not adversely affect the sucker in Reach Three itself. (CBWM
26 Ex. 6-1, 4:8-10; RT Vol. II, 156:13-157:14.) This is because the limiting factor for the sucker
27 within the Santa Ana River is sufficient habitat and not the availability of adequate flows, and
28 Watermaster's project will not affect the availability of habitat. (CBWM Ex. 6-1, 4:3-7; RT Vol. II,

1 156:20-22, 157:6-14.)

2 Based on the lack of impacts from Watermaster's appropriations under Application 31369,
3 Watermaster's evidence shows that there are no limitations that can be placed on Watermaster's
4 appropriations that will have any benefit to the Santa Ana Sucker. (RT Vol. II 157:15-19.)

5 There was no opposition to any of this evidence, nor were there any questions from staff.
6 (RT Vol. II, 157:24 – 158:4.) No party introduced any contrary evidence into the record.

7 **D. Public Trust in an Erratic and Flashy System**

8 One aspect of the Hearing Officer's concern over the erratic and flashy nature of the system
9 was how to formulate permit terms that would be protective of the public trust. (RT Vol. I, 254:1-
10 23.) This concern is founded on the assumption that some measure of limitation on the
11 appropriation by the permittee may be appropriate in order to protect public trust values; the
12 difficulty of formulating a permit term in an erratic system only manifests itself if it is necessary to
13 find a way to define how much water *cannot* be diverted. As shown by Watermaster's evidence, this
14 issue does not arise in the Chino Basin. In any given year, Watermaster can divert and recharge all
15 of the storm water in the system, and this activity will not harm public trust values, and may even
16 create a public trust benefit. Since there are no permit terms that will be protective of the public
17 trust with respect to the Chino Basin, the issue of how to formulate such terms with regard to the
18 erratic nature of the stream flows does not arise.

19 **VI. PUBLIC INTEREST**

20 The State Board is to allow the appropriation for beneficial purposes of unappropriated
21 water under such terms and conditions as in its judgment will best develop, conserve, and utilize in
22 the public interest the water sought to be appropriated. (Water Code § 1253.) In determining
23 whether an appropriation of water is in the public interest, the State Board shall give consideration
24 to any general or coordinated plan looking toward the control, protection, development, utilization
25 and conservation of the water resources of the State. (Water Code § 1256.)

26 The storm water recharge project described in Application 31369 is one component of
27 Watermaster's Recharge Master Plan. (CBWM Ex. 1-1, pp. 6-7.) The Recharge Master Plan
28 implements Program Element Two of Watermaster's OBMP. The OBMP is a comprehensive and

1 integrated groundwater management program for the Chino Basin that functions as the Physical
2 Solution under the 1978 Judgment. When implementation of the OBMP began in 2000, the Santa
3 Ana Watershed Project Authority named the program “Integrated Project of the Year.” (CBWM
4 Ex. 1-1, p. 5.)

5 As its name indicates, the purpose of the OBMP is to provide a management program for the
6 Chino Basin that will optimize the use of the Basin for the wide variety of beneficial uses there.
7 The water appropriated under Application 31369 will be recharged into the Chino Basin and put to
8 use for municipal, agricultural and industrial uses by the 800,000 people who live and work in the
9 Basin area. (RT Vol. II, 21:24-22:8.)

10 In addition, in acting upon an application to appropriate water, the State Board shall
11 consider water quality control plans which have been established pursuant to Division Seven of the
12 Water Code. (Water Code § 1258.)

13 On September 30, 2004, the State Board approved the most recent set of amendments to the
14 Santa Ana Region Basin Plan. These amendments included an innovative program to encourage the
15 use of recycled water in selected places within the Santa Ana Watershed, most notably in the Chino
16 Basin. The central feature of these amendments is the inclusion of what are known as the
17 “Maximum Benefit Standards” which provide for greater assimilative capacity in the Chino Basin
18 thereby allowing for increased recycled water use and recharge. (CBWM Ex. 1-8: Attachment to
19 Resolution No. R8-2004-0001, pp.52-53; CBWM Ex. 1-1. pp.5:10-6:22.) In exchange for the
20 ability to utilize the Maximum Benefit Standards, the parties in the Chino Basin committed to
21 implement a suite of water quality improvement measures. One of the measures specifically
22 identified is the storm water recharge project that is the subject of Application 31369. (CBWM Ex.
23 1-8: Attachment to Resolution No. R8-2004-0001, page 58, item numbered “5”; *see also* Water
24 Code § 1257). In order to recharge recycled water, Watermaster must recharge a prescribed amount
25 of storm water to meet blending requirements. (CBWM Ex. 1-1, p. 6; CBWM Ex. 1-8; CBWM Ex.
26 2-7; CBWM Ex. 2-4; RT Vol. III, 23:22-24:7.) Without the recharge of storm water, Watermaster’s
27 recharge of recycled water will be limited unless Watermaster can import an amount of water that
28 will have an equivalent function as a dilutant. Such a scenario will require additional importation of

1 water from the Bay-Delta through the State Water Project. (CBWM Ex. 1-1, p. 9; RT Vol. III,
2 22:17-23-:1; see CBWM Ex. 2-1, p. 11.) It cannot be in the public interest to compel a community
3 to unnecessarily forego the use of available local resources and to instead increase its reliance on
4 imported supplies whose reliability may be in question.

5 Watermaster provided unequivocal evidence that any permit conditions that limit
6 Watermaster's flexibility will have a negative impact on the public interest values of Watermaster's
7 project. (RT Vol. III, 22:17-23:1; 24:8-14.) There was no opposition to any of this evidence. No
8 party introduced contrary evidence into the record.

9 **VII. GROUNDWATER QUALITY**

10 **A. Watermaster's Project Will Have a Beneficial Impact on Groundwater Quality**
11 **in the Chino Basin**

12 Watermaster presented uncontested and unequivocal evidence that Watermaster's recharge
13 of increased amounts of storm water to the Chino Basin will improve groundwater quality within
14 the Basin. (CBWM Ex. 1-1, p. 7; CBWM Ex. 1-12, p. ES-2.) The Initial Study for the storm water
15 recharge project found that the recharge of high quality storm water into the Chino Basin will have
16 a beneficial impact on the groundwater quality in the Basin. (CBWM Ex. 3-4, page 49; CBWM Ex.
17 3-1, page 6, line 16.) Watermaster's extensive water quality monitoring activities have
18 demonstrated this to be the case. (CBWM Ex. 3-1, p. 11; see CBWM Ex. 2-7, p. 6-1.)

19 **B. Watermaster's Project Will Not Have Any Effect on the Movement of any**
20 **Contaminated Groundwater Plumes**

21 Watermaster presented uncontested and unequivocal evidence that its recharge of storm
22 water under Application 31369 will not cause the plumes of contamination in the Chino Basin to
23 move differently than they are already moving. Watermaster has conducted extensive modeling of
24 the movement of the contaminant plumes within Chino Basin. (CBWM Ex. 2-1, p. 18, Figures 14,
25 15; CBWM Ex. 2-3; RT Vol. III, 71:9-20.) This analysis demonstrates that plume movement within
26 the Basin will be virtually the same with or without Watermaster's anticipated recharge under
27 Application 31369. (CBWM Ex. 2-1, pp. 18, 19; RT Vol. III, 75:19-22, 78:14-19.)
28

1 **C. Watermaster and the RWQCB Are Already Addressing All the Plumes in the**
2 **Chino Basin.**

3 Pursuant to Program Element Six of the OBMP, Watermaster works closely with the
4 RWQCB to address the plumes of contamination in the Chino Basin. (RT Vol. III, 77:5-78:13.) In
5 addition to Watermaster’s oversight of these plumes pursuant to the OBMP, the remediation of each
6 plume in the Basin is the subject of remediation effort under additional state or federal supervision.
7 (CBWM Ex. 7-1, Exhibit “B”; see also CBWM Ex. 2-1, pp. 12-18.) A summary of efforts currently
8 underway to remediate the plumes in the Chino Basin was attached as Exhibit “B” to CBWM Ex. 7-
9 1. A copy is also attached to this closing brief as Exhibit “C.”

10 **VIII. PROPOSED FINDINGS**

- 11 1. There is adequate water available for appropriation under Application 31369 in combination
12 with Watermaster’s existing Permits 19895 and 20753.
- 13 2. There is no water availability basis for limiting or conditioning Watermaster’s appropriation.
- 14 3. The appropriated water will be put to beneficial use.
- 15 4. There is no beneficial use basis for limiting or conditioning Watermaster’s appropriation.
- 16 5. The water is available year round, though it occurs in the greatest quantities during the
17 winter and spring months. The conditions under which the water is available for appropriation
18 relate almost exclusively to precipitation conditions, though also to flood control operations.
- 19 6. There is no basis for limiting Watermaster’s season of use.
- 20 7. Approval of Application 31369 will not result in any adverse impacts to water quality, the
21 environment or public trust resources.
- 22 8. There is no public trust basis for limiting or conditioning Watermaster’s appropriation.
- 23 9. The project proposed by Application 31369 is in the public interest, and any limitations
24 imposed on Watermaster’s ability to divert and recharge storm water will detract from the public
25 interest.
- 26 10. The rights of other users of water and the priority of those rights are fully defined in the
27 judgments and agreements described in the Stipulation of Applicants on file with the State Board.
- 28 11. The Santa Ana Watershed has a well-developed and complex system for the integrated

1 regional management of the Santa Ana River, and for the administration of the rights of the parties
2 of the watershed to use the River and its tributaries.

3 12. In the Santa Ana Watershed, the most effective manner by which the State Board can fulfill
4 its statutory and common law duties is to give a high level of deference to the existing judgments
5 and agreements.

6 13. The project proposed by Application 31369 will have a beneficial impact on the
7 groundwater of the Chino Basin.

8 14. The project proposed by Application 31369 will not have any negative impact on the
9 movement of any contaminated groundwater plumes.

10 15. There is no water quality basis in the record for limiting or conditioning Watermaster's
11 appropriation.

12 16. Continued implementation of OBMP Program Element Six is adequate to provide water
13 quality protections within the Chino Basin.

14 17. Because of the erratic nature of storm flows in the Santa Ana Watershed, it is appropriate to
15 utilize a modified approach to defining the period of development and use.

16 18. The Optimum Basin Management Program constitutes an integrated and comprehensive
17 management plan for the water resources of the Chino Basin.

18 **IX. PROPOSED PERMIT TERMS**

19 Attached to this closing brief as Exhibit "A," is a proposed permit that is based on the
20 discussion contained in this closing brief and upon the model provided by Watermaster's two
21 existing permits. The proposed permit is composed primarily of standard State Board permit terms,
22 though in some respects these standard permit terms have been modified in an attempt to tailor the
23 permit to the particular conditions of the Santa Ana Watershed and in an attempt to integrate the
24 permit in to the existing integrated regional management of the watershed. The discussion below
25 provides an explanation for each of the areas where the proposed permit deviates from standard
26 State Board permit terms.

27 **A. Deference to the Existing Integrated Regional Management of the Santa Ana**
28 **Watershed (Proposed Permit Terms 12 and 13)**

1 1. Policy Background

2 Pursuant to the California Supreme Court's decision in *National Audubon Society v*
3 *Superior Court* (1983) 33 Cal.3d 419, superior courts and the State Board have concurrent original
4 jurisdiction in cases involving water issues. (*Id.* at 451.) However, under the rule of exclusive
5 concurrent jurisdiction, when two tribunals have concurrent jurisdiction over the subject matter and
6 all parties involved in litigation, the first to assume jurisdiction has exclusive and continuing
7 jurisdiction over the subject matter and all parties involved until such time as all necessary related
8 matters have been resolved. (See *Plant Instruction Co. v. Fibreboard Corp.* (1990) 224 Cal.App.3d
9 781, 786-87 In the present case the Superior Court, through the 1969 Judgment, retained this
10 "exclusive and continuing jurisdiction."

11 Any decision of the State Board as to the Applications at issue in this proceeding may not
12 conflict with the provisions of the 1969 Judgment. In *Environmental Defense Fund Inc. v. East Bay*
13 *Municipal Utility District* (1980) 26 Cal.3d 183, the Supreme Court faced a situation on the
14 American River where both a Superior Court and the State Board were exercising jurisdiction. In
15 that case the court held that even though the State Board had retained jurisdiction to consider the
16 diversion point of an appropriation, the Superior Court could exercise jurisdiction over claims
17 involving reasonable use of water under Article X, Section 2 of the California Constitution. (*Id.* at
18 199-200.) Here even though the State Board has authority to permit applications to appropriate
19 surface waters, it can not deprive the Superior Court of its exclusive retained jurisdiction over the
20 allocation of waters between the parties to the 1969 Judgment.

21 In the judicial adjudication involving all of the waters of Putah Creek, the State Board has
22 addressed the issue of how to exercise its jurisdiction concurrently with the Superior Court. In *In*
23 *the Matter of Modification of Appropriative Water Rights Subject to Condition 12* (1996) State
24 Board Order WR 96-002, the State Board faced a situation on Putah Creek where the Superior
25 Court was adjudicating the water rights of over 2,000 water users. After months of negotiations, the
26 parties reached an agreement as to how to exercise their water rights. The State Board found that:

27 In the coordinated actions in the Sacramento County Superior Court,
28 both the SWRCB and the court have concurrent jurisdiction over the
 post-1914 appropriative water rights issued by the SWRCB. The

1 SWRCB is requested to amend the terms and conditions in
2 appropriative rights to give effect to the terms of the Agreement...

3 In order to avoid the possibility that post-1914 appropriative rights
4 could be subjected to inconsistent mandates from the SWRCB and the
5 court, the SWRCB should review any and all orders of the court
6 implementing the provisions of the Agreement. If it appears that the
7 order of the court and the SWRCB impose inconsistent mandates on
8 appropriative water rights, the SWRCB should consider amending the
9 requirements set forth by this order. (*Id.* at 48-49.)

10 In the present matter, as the existing framework created by the 1969 Judgment has served
11 the parties well in the nearly 40 years since its issuance, the State Board's decision as to the
12 applications at issue should be consistent with the terms of the 1969 Judgment.

13 As the Board noted in *Solano Irrigation Districts v. All Appropriative Water Rights Holders*
14 in Upper Basin (1994) Cal. Env. Lexis 8, June 2, 1994, a matter also involving Putah Creek, it is a
15 difficult situation where both the State Board and a court have jurisdiction over a stream system.

16 However, the State Board added:

17 Having expressed this reservation, the SWRCB hastens to add that it
18 is also sensitive to the problem presented by its concurrent
19 jurisdiction with the Court and will make earnest effort to avoid
20 conflict with the decision of the Court whenever possible. (*Id.* at 61.)

21 2. Permit Terms Recognizing Existing Institutional Framework

22 The April 5, 2007 Stipulation of the Applicants represents a summation of the complex and
23 highly developed institutional framework that exists in the Santa Ana Watershed for the
24 administration of water rights. This system has been evolving over several decades and integrates
25 the management of both surface and groundwater. The system also incorporates water quality
26 considerations in to the water rights decision-making process.

27 This system, administered by three separate watermaster bodies, forms the foundation upon
28 which Integrated Regional Water Management ("IRWM") in the Santa Ana Watershed occurs. Joint
testimony was presented on behalf of all applicants that the State Board should take this opportunity
to demonstrate its support for IRWM by encouraging the process that has evolved in the Santa Ana
Watershed. (Joint Exhibit 1-1, pp. 9-10; RT Vol. I, 99:11-22.)

The State Board should recognize and encourage the system that has developed in the Santa
Ana Watershed through the inclusion in all permits of Standard Permit Terms 23 and/or 24, and N.

1 PERMIT TERM 23 Adjudicated Rights

2 When Used: If diversion is from an adjudicated source.

3 Term:
4 Rights under this permit are, and shall be, specifically subject to existing rights determined by the
5 Adjudication, Superior Court, ___ County, No. ___ insofar as said adjudicated rights are maintained.
(0000023)

6 PERMIT TERM 24 Private Agreement

7 When Used: As necessary.

8 Term:
9 Permittee shall comply with the following provisions which are derived from the agreement between
10 permittee and _____ executed on ____ and filed with the State Water Resources Control Board:

- 11 1.
- 12 2.
- 13 etc.

14 Inclusion in this permit of certain provisions of the referenced agreement shall not be construed as
15 disapproval of other provisions of the agreement or as affecting the enforceability, as between the parties, of
16 such other provisions insofar as they are not inconsistent with the terms of this permit.
(0000024)

17 PERMIT TERM N Subject to Watermaster

18 When Used: In adjudicated areas where a watermaster supervises distribution of water.

19 Term:
20 Diversion of water under this permit shall be subject to regulation by the watermaster appointed to enforce
21 the terms of the ___ Decree.
(000000N)

22 These standard permit terms demonstrate a clear precedent for the State Board to recognize
23 and incorporate existing arrangements between the parties in the fulfillment of its statutory duties.

24 Standard Permit Term 23 allows the State Board to incorporate the terms of the three
25 judgments in the Santa Ana Watershed governing water rights as between the parties. In fact, the
26 State Board has done exactly this on two prior occasions with regard to Watermaster's two existing
27 permits. Watermaster's Permit 19895 (Application 28473) Term 14, and Permit 20753 (Application
28 28996) Term 13 both state:

*Rights under this permit are, and shall be, specifically subject to existing rights determined
by the judgment in Chino Basin Municipal Water District v. City of Chino, Superior Court, San*

1 *Bernardino County No. 164327³, and the stipulated judgment in Orange County Water District v.*
2 *City of Chino Case No. 117628, insofar as such adjudicated rights are maintained.*

3 Standard Permit Term 24 allows the State Board to incorporate private agreements among
4 the parties. The State Board should utilize both these approaches and incorporate the April 5, 2007
5 stipulation in its entirety and as an operative term into each of the parties' permits.

6 Finally, under Permit Term N, the State Board should acknowledge that the Santa Ana River
7 Watermaster, and the two additional local Watermasters, already administer a complex system of
8 water rights. Permit Term N recognizes that in adjudicated areas such administration can serve as a
9 logical and efficient extension of the administration by the State Board. The State Board should
10 take advantage of this precedent and become, as Mr. Dendy testified, a "partner" in the existing
11 process in the Santa Ana Watershed. (RT Vol. I, 11-22.) The State Board should acknowledge the
12 primary responsibility for administration of water rights in the watershed by the three existing
13 Watermaster entities and should reserve for itself an oversight role that will come in to play only if
14 the existing system should somehow fail.

15 Proposed Permit Terms 12 and 13 accomplish this goal by incorporating the Stipulation of
16 the Parties in to the permit as an operative element, and by establishing the Santa Ana Watermaster
17 as the primary entity to which the permittees will report. Watermaster recommends that these permit
18 elements be incorporated into each of the Applicant's permits.

19 **B. Incorporation of Existing OBMP Program Elements (Proposed Permit Terms**
20 **10, 11 and 13)**

21 Permit terms included in Watermaster's existing two permits require the installation of
22 adequate measuring devices prior to the diversion of water (Permit 19895, Term 15; Permit 20753,
23 Term 14) and specify that allowed diversions under the permits may be altered if necessary in order
24 to meet the water quality objectives contained in a water quality control plan (Permit 19895 Term
25 13; Permit 20753, Term 12).

26 As described in the written testimony of Mr. Malone, Watermaster has an extensive
27 monitoring program under OBMP Program Element One through which Watermaster gathers a

28 ³ Case No. 164327 has subsequently been renumbered by the San Bernardino Superior Court as Case No. RCV 51010.

1 wide variety of types of data about all aspects of the water resources of the Chino Basin. (CBWM
2 Ex. 5-1.) Watermaster already has a detailed set of monitoring activities relating to the diversion
3 and recharge of water at the recharge basins. (CBWM Ex. 5-1, pp. 19-22.) These monitoring
4 activities include both water quantity and water quality parameters.

5 OBMP Program Element Six (Develop and Implement Cooperative Programs with the
6 Regional Board and Other Agencies to Improve Basin Management) relates directly to water quality
7 issues, and specifically relates to the Regional Board Water Quality Control Board. Additionally, as
8 described at length above, the storm water recharge project described by Application 31369 is
9 specifically identified in the most recent Basin Plan for the Santa Ana Region as a mitigation
10 measure for the use of recycled water. Since a management program already exists, it will be more
11 effective for the permit to simply reference these existing activities rather than trying to create
12 something new.

13 The State Board can rely upon these existing management elements without involving itself
14 in enforcement issues because ultimately enforcement of the OBMP commitments remains with the
15 court overseeing Watermaster. (RT Vol. I, 133:8-14; CBWM Ex. 1-5; CBWM Ex. 1-9; CBWM Ex.
16 1-10.)

17
18 **C. Permit Terms Responsive to Erratic and Flashy Nature of Creek System**

19 **1. Diversion Quantity (Proposed Permit Term 5)**

20 The evidence shows that Watermaster is capable of diverting and recharging the storm water
21 when it is available. Watermaster's testimony demonstrated the overwhelming positive features of
22 recharging as much of the available storm water as possible. However, the number of variables
23 involved in predicting how much of any given storm event will be able to be recharged is virtually
24 impossible. The permit should acknowledge this reality and not attempt to define limits beyond the
25 gross quantity of water to be diverted and the potential diversion rate of the facilities. Beyond this,
26 Watermaster should be left with the flexibility to make best efforts to recharge as much of this water
27 as possible. This is true especially since any water that is not able to be recharged simply returns to
28 the channel from which it was diverted a very short time later. (RT Vol. II, 108:17-109:11.)

1 2. Modified Period of Use and Development (Proposed Permit Term 7)

2 The question of the erratic and flashy nature of the Santa Ana Watershed was put to the
3 hearing participants in the context of a challenge with regard to the formulation of permitting terms.
4 With respect to the Chino Basin, the issue of the erratic nature of the flows should not pose an issue
5 with regard to the formulation of a permit because there are neither beneficial use nor public trust
6 concerns with Watermaster's diversion activities, even if Watermaster is simply given the discretion
7 and the flexibility to divert and recharge as much water as it can, whenever it is available. Rather,
8 the challenge of the erratic availability of water presents a challenge with regard to defining the
9 manner in which Watermaster may perfect its permit into a license.

10 In a more traditional stream system, an applicant receives a permit and then proceeds to
11 construct a project to appropriate water. A limited period of development and use is imposed on the
12 applicant so that water resources are not inappropriately tied-up and kept from being put to
13 maximum beneficial use. With respect to the Chino Basin, this concern does not exist.
14 Watermaster's project is a project proposed on behalf of the universe of potential water users, and it
15 is a project that has already been implemented.

16 Application 31369 requests the ability to divert and recharge 68,500 acre-feet per year. This
17 amount, when combined with Watermaster's existing permits, will give Watermaster the right to
18 divert and recharge 110,500 acre-feet per year. Watermaster did not apply for the maximum amount
19 that its evidence shows will be available. (CBWM Ex. 2-1, Figure 6.) Rather, Watermaster
20 formulated its request based on a reasonable expectation about the capacity of its facilities and a
21 reasonable expectation about precipitation conditions. However, it is impossible to know when
22 there will again be sufficient water available in the system to allow Watermaster to appropriate the
23 full amount of its permit and subsequently apply for a license for the full permitted amount.
24 Watermaster should not be held subject to the vagaries of the weather patterns when there is no
25 benefit that will be derived from such a limitation.

26 Proposed Permit Term 7 resolves this problem by allowing Watermaster to request a license
27 on its permit when it can make a credible demonstration that the facilities have the capacity to
28 appropriate the full amount of the permit. Because it is likely that such a demonstration will require

1 some level of operation during high flow periods, the proposed permit term gives Watermaster a 50-
2 year period in which to make this demonstration. 50 years was chosen because this is the statistical
3 period modeled in Watermaster's water availability analysis, which analysis showed that over the
4 course of such a period there is a 10% chance that water will be available in sufficient quantity to
5 satisfy the full amount of Watermaster's requested appropriation.

6 3. Administration of Rights and Coordination Between Legal Users of Water (Proposed
7 Permit Term 12)

8 Ultimately, the incorporation of the existing system of management and administration is the
9 best way for the State Board to craft permit terms that take account of the flashy and erratic nature
10 of the system. (See Water Code § 380.) The existing system evolved in response to the particular
11 conditions in the Santa Ana Watershed, including the erratic and flashy nature of the River and its
12 tributaries. This system can be incorporated into the permit by incorporation of the Stipulation of
13 the Applicants as an operative terms as recommended in Proposed Permit Term 12.

14 ///
15 ///
16 ///

17 **X. CONCLUSION**

18 Watermaster's Application 31369 should be granted as requested without conditions except
19 as discussed herein.

20 Dated: June 6, 2007

HATCH & PARENT

21
22
23 By: /s/ Michael T. Fife
24 MICHAEL T. FIFE
25 BRADLEY J. HERREMA
26 Attorneys for Attorneys For
27 CHINO BASIN WATERMASTER
28

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Exhibit A
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[PROPOSED]

State of California

State Water Resources Control Board
DIVISION OF WATER RIGHTS

PERMIT FOR DIVERSION AND USE OF WATER

PERMIT _____

Application 31369 of the Chino Basin Watermaster (9641 San Bernardino Road, Rancho Cucamonga, CA 91730) filed on September 21, 2000, has been approved by the State Water Resources Control Board subject to the limitations and conditions of this Permit.

Chino Basin Watermaster is hereby authorized to divert and use water as follows:

1. Source:

San Antonio Creek System (including San Antonio Creek and Chino Creek), Cucamonga Creek System (including Cucamonga Creek, West Cucamonga Creek and Deer Creek), Day Creek System, San Sevaine Creek System (including San Sevaine Creek, West Fontana Channel, Declez Channel, and Etiwanda Creek).

All creeks are tributary to the Santa Ana River.

2. Location of Points of Diversion:

SEE ADDENDUM

Counties of San Bernardino and Riverside.

3. Purpose of use:

Recharge to storage in the Chino Groundwater Basin for the purpose of supply augmentation and for blending with recycled water. End uses of recharged water include: Municipal, Irrigation, Stockwatering, and Industrial

4. Place of use:

The jurisdictional area of the Chino Basin Watermaster as defined in Exhibit A (by map) and Exhibit K (by legal description) of the stipulated judgment in the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010.

5. The water appropriated shall be limited to a quantity of 68,500 acre-feet per year at a maximum rate of 115,570 cubic feet per second distributed throughout the points of diversion as described in the ADDENDUM, from January 1 to December 31. Watermaster will make best efforts to recharge all water appropriated into the Chino Groundwater Basin.
6. The amount authorized for appropriation may be reduced in the license if investigation warrants.
7. Chino Basin Watermaster may request a license to be issued when Watermaster is able to demonstrate that operationally and physically the facilities have the capability to appropriate the full amount of the permit. Such a demonstration shall not depend on an actual appropriation of that amount of water so long as the reason such an appropriation has not occurred is solely because of precipitation conditions or flood control operational decisions. Chino Basin Watermaster shall complete this demonstration within 50 years of the issuance of this permit.
8. Progress reports shall be submitted promptly by Chino Basin Watermaster when requested by the State Water Resources Control Board until a license is issued.
9. Chino Basin Watermaster shall allow representatives of the State Water Resources Control Board and other parties as may be authorized from time to time by said Board, reasonable access to project works to determine compliance with the terms of this permit.
10. Pursuant to California Water Code Sections 100 and 275, and the common law public trust doctrine, all rights and privileges under this permit and under any license issued pursuant thereto, including method of diversion, method of use, and quantity of water diverted, are subject to the continuing authority of the State Water Resources Control Board in accordance with law and in the public interest of the public welfare to protect public trust uses and to prevent waste, unreasonable use, unreasonable method of use or unreasonable method of diversion of said water.

The continuing authority of the State Water Resources Control Board may be exercised by imposing specific requirements over and above those contained in this permit with a view to eliminating waste of water and to meeting the reasonable water requirements of the Chino Basin without unreasonable draft on the source. The Chino Basin Watermaster may be required to implement or facilitate the implementation of a water conservation plan, and operate efficient water measuring devices to assure compliance with the quantity limitations of this permit and to determine accurately water use as against reasonable water requirements for the authorized project. It is recognized by this permit that such measures are already underway by the Chino Basin Watermaster, the parties to the stipulated judgment in the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010, and pursuant to the Chino Basin Watermaster's Optimum Basin Management Program ("OBMP"). No action will be taken pursuant to this paragraph unless the State Water Resources Control Board

determines, after notice to the affected parties and opportunity for hearing, that such specific requirements are physically and financially feasible and are appropriate to the particular situation.

The continuing authority of the State Water Resources Control Board may be exercised by imposing further limitations on the diversion and use of water by the Chino Basin Watermaster in order to protect public trust uses. No action will be taken pursuant to this paragraph unless the Board determines, after notice to the affected parties and opportunity for hearing, that such action is consistent with California Constitution Article X, section 2; is consistent with the public interest and is necessary to preserve or restore the uses protected by the public trust.

11. The Chino Basin Watermaster shall continue to implement its water quality program under OBMP Program Element Six (Develop and Implement Cooperative Programs with the Regional Board and Other Agencies to Improve Basin Management).

This permit shall be construed to allow the Chino Basin Watermaster to comply with the terms of the 2004 Santa Ana Regional Water Quality Control Board's resolution R802004-0001 that amended the Water Quality Control Plan for the Santa Ana Region with respect to the requirement to recharge stormwater into the groundwater basin and as reflected in permit R8-2005-0033 Water Recycling Requirements for Inland Empire Utilities Agency and Chino Basin Watermaster, Phase I Chino Basin Recycled Water Groundwater Recharge Project, and similar permits that may be issued regarding the recharge of recycled water and as these permits may from time to time be amended.

12. Rights under this permit are, and shall be, specifically subject to existing rights determined by the judgments and agreements as described by that "Stipulation of the Applicants" on file with the State Water Resources Control Board and made a part of the official record relating to this permit through submission to the State Water Resources Control Board by Watermaster, et al. on April 5, 2007.

Diversion of water under this permit shall be subject to regulation by the court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. 51010, and by the watermaster appointed to enforce the terms of the stipulated judgment in the case *Orange County Water District v. City of Chino*, Orange County Superior Court Case No. 117628.

The terms of this permit shall be construed as consistent with the judgments and agreements as described in the Stipulation of the Applicants, and as those judgments and agreements may be amended from time to time. Provided, however, that enforcement of such judgments and agreements shall be solely the responsibility of the watermasters and courts associated with such judgments and agreements.

13. The Chino Basin Watermaster shall continue to implement its comprehensive monitoring program under Program Element One of the OBMP. Watermaster shall provide its recharge and production monitoring data to the Santa Ana Watermaster on an

annual basis. Watermaster will ensure that if the State Water Resources Control Board requires the reporting of any such data either under this permit or under any license granted based on this permit, that such reporting is provided to the Board by the Santa Ana River Watermaster.

14. This permit is issued and permittee takes it subject to the following provisions of the Water Code:

Section 1390. A permit shall be effective for such time as the water actually appropriated under it is used for a useful and beneficial purpose in conformity with this division (of the Water Code), but no longer.

Section 1391. Every permit shall include the enumeration of conditions therein which in substance shall include all of the provisions of this article and the statement that any appropriator of water to whom a permit is issued takes it subject to the conditions therein expressed.

Section 1392. Every permittee if he accepts a permit, does so under the conditions precedent that no value whatsoever in excess of the actual amount paid to the State therefore shall at any time be assigned to or claimed for any permit granted or issued under the provisions of this division (of the Water Code), or for any rights granted or acquired under the provisions of this division (of the Water Code). In respect to the regulation by any competent public authority of the services or the price of the services to be rendered by any permittee or by the holder of any rights granted or acquired under the provisions of this division (of the Water Code) or in respect to any valuation for purposes of the sale to or purchase, whether through condemnation proceedings or otherwise, by the State or any city, city and county, municipal water district, irrigation district, lighting district, or any political subdivision of the State, of the rights and property of any permittee, or the possessor of any rights granted, issued, or acquired under the provisions of this division (of the Water Code).

Addendum to
Exhibit A
(Chart of
Points of
Diversion)

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**CHINO BASIN WATERMASTER
APPLICATION 31369 POINTS OF DIVERSION**

Spreading Facility	Basin Type ¹	Diversion Name	Easting ²	Northing ²	Point is Within	Section	Township	Range	Base and Meridian	Diversion Name	Conduit	Stormwater Recharge Rate of Diversion (cfs)	Annual Amount (acre-ft/yr)	Spreading Area (Acres)
Chino Creek (San Antonio Creek) System														
College Heights	FB	San Antonio Creek Inlet	665307.0	1861320.7	NW 1/4 of NW 1/4 of	11	01S	08W	S.B.B.M.	San Antonio Creek Inlet	3 - 5' x 5' reinforced concrete culvert, 150' long, 2% slope	290	420	10
Upland Basin	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	690	2,500	32
Montclair 1	Both	San Antonio Creek Inlet Misc Existing Urban Storm Drains	6652040.1 Varies	1855855.9 Varies	NE 1/4 of NE 1/4 of	15	01S	08W	S.B.B.M.	San Antonio Creek Inlet Misc Existing Urban Storm Drains	48" reinforced concrete pipe, 80% slope	1,400	1,870	9
Montclair 2	FT	Outlet from Montclair 1 Misc Existing Urban Storm Drains	6651927.8 Varies	1854846.5 Varies	NE 1/4 of NE 1/4 of	15	01S	08W	S.B.B.M.	Outlet from Montclair 1 Misc Existing Urban Storm Drains	Concrete spillway varies	2,220	1,300	13
Montclair 3	Both	San Antonio Creek Inlet Outlet from Montclair 2 Misc Existing Urban Storm Drains	6651423.5 6651875.5 Varies	1853334.9 1853570.8 Varies	NW 1/4 of SE 1/4 of NW 1/4 of NE 1/4 of	15	01S	08W	S.B.B.M.	San Antonio Creek Inlet (proposed) Outlet from Montclair 2 Misc Existing Urban Storm Drains	3 - 5' x 5' reinforced concrete culvert, 150' long, 2% slope Concrete spillway varies	2,390	680	5
Montclair 4	FT	Outlet from Montclair 3 Misc Existing Urban Storm Drains	6651331 Varies	1852355.3 Varies	NW 1/4 of SE 1/4 of	15	01S	08W	S.B.B.M.	Outlet from Montclair 3 Misc Existing Urban Storm Drains	Concrete spillway varies	2,400	1,070	8
Brooks	FT	San Antonio Creek Inlet Misc Existing Urban Storm Drains	6647769.6 Varies	1845097.3 Varies	NW 1/4 of NW 1/4 of	27	01S	08W	S.B.B.M.	San Antonio Creek Inlet (proposed) Misc Existing Urban Storm Drains	Trapezoidal channel, b=4', z = 1, d=6', 5% slope, diverted completely varies	1,660	3,660	14
Cucamonga Creek System														
8th Street	FT	Misc Existing Urban Storm Drains	6673019.3	1856071.8	NE 1/4 of NE 1/4 of	17	01S	07W	S.B.B.M.	West Cucamonga Creek Inlet	varies	2,910	2,680	19
7th Street	FT	Outlet from 8th Street Basin	6673030.1	1854979	NE 1/4 of NE 1/4 of	17	01S	07W	S.B.B.M.	Outlet from 8th Street Basin	50' wide spillway & 3 - 10' x 5' reinforced concrete culvert, 110' long	2,880	370	8
Ely Basin	FT	West Cucamonga Creek Inlet Misc Existing Urban Storm Drains	6676982.7 Varies	1835570.1 Varies	SW 1/4 of SE 1/4 of	33	01S	07W	S.B.B.M.	West Cucamonga Creek Inlet Misc Existing Urban Storm Drains	Trapezoidal Channel, b = 36', z = 16', 5% slope, diverted comple varies	6,030	5,770	43
Grove Street	FT	Misc Existing Urban Storm Drains	Varies	Varies	SW 1/4 of SE 1/4 of	33	01S	07W	S.B.B.M.	Misc Existing Urban Storm Drains	varies	1,140	1,530	17
Turner No. 1	FB	Cucamonga Creek Inlet	6682542.5	1850672.8	NW 1/4 of NE 1/4 of	22	01S	07W	S.B.B.M.	Cucamonga Creek Inlet	8' x 4' reinforced concrete culvert, 40' long, 5% slope	310	1,210	16
Turner No. 2,3,4	Both	Deer Creek Inlet Outlet from Turner 5B9	6684634.1	1850133.6	NE 1/4 of NE 1/4 of	22	01S	07W	S.B.B.M.	Deer Creek Inlet (proposed) Misc Existing Urban Storm Drains	3 - 5' x 5' reinforced concrete culvert, 150' long 2% slope	650	2,490	30
Turner No. 5,8,9	Both	Deer Creek Inlet Misc Existing Urban Storm Drains	6686169 Varies	1850180.3 Varies	NE 1/4 of NW 1/4 of	23	01S	07W	S.B.B.M.	Deer Creek Inlet (proposed) Misc Existing Urban Storm Drains	3 - 5' x 5' reinforced concrete culvert, 150' long 2% slope varies	630	3,780	26
Day Creek System														
Lower Day	Both	Day Creek Inlet Misc Existing Urban Storm Drains	6700373.3 Varies	1871850 Varies	NE 1/4 of NE 1/4 of	31	01N	06W	S.B.B.M.	Day Creek Inlet Misc Existing Urban Storm Drains	86" reinforced concrete pipe, 360' long, 4% slope varies	140	920	18
Etowanda Perculation Ponds (aka Etowanda Basins)	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	1,560	2,540	20
Wineville	FT	Day Creek Inlet Misc Existing Urban Storm Drains	6700368.6 Varies	1830840.8 Varies	SE 1/4 of NE 1/4 of	31	01S	06W	S.B.B.M.	Day Creek Inlet Misc Existing Urban Storm Drains	60" wide concrete channel diverted completely into basin varies	12,000	4,100	70
Riverside	FT	Wineville Outlet Misc Existing Urban Storm Drains	6699249.7 Varies	1837568 Varies	SE 1/4 of NE 1/4 of	31	01S	06W	S.B.B.M.	Wineville Outlet Misc Existing Urban Storm Drains	104" wide spillway & 72" RCP diverted completely into basin varies	4,440	4,800	59
Etowanda Debris Basin	FT	Outlet from Etowanda Spreading Area	6709726	1877535.3	SW 1/4 of SE 1/4 of	21	01N	06W	S.B.B.M.	Outlet from Etowanda Spreading Area	Natural channel diverted completely through basin	4,620	2,300	40
San Sevaine Creek System														
San Sevaine No. 1	FT	San Sevaine Creek Inlet	6715443.4	1877470.9	NE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	San Sevaine Creek Inlet	Natural channel diverted completely through basin	6,750	1,860	20
San Sevaine No. 2	FT	Outlet from San Sevaine 1	6715805.1	1876823.8	NE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	Outlet from San Sevaine 1	150' wide spillway	6,830	250	12
Rich Basin	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	3,420	1,340	8
San Sevaine No. 3	FT	Outlet from Rich Basin Outlet from San Sevaine 2 Misc Existing Urban Storm Drains	6719551.8 6715774.2 Varies	1880432 1876134.1 Varies	SW 1/4 of NE 1/4 of SE 1/4 of NE 1/4 of	23 27	01N 01N	06W 06W	S.B.B.M. S.B.B.M.	Outlet from Rich Basin Outlet from San Sevaine 2 Misc Existing Urban Storm Drains	Concrete channel diverted completely into basin 150' wide spillway varies	11,010	1,760	12
San Sevaine No. 4	FT	Outlet from San Sevaine 3	6715757.2	1875498.7	SE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	Outlet from San Sevaine 3	150' wide spillway	10,630	300	6
San Sevaine No. 5	FT	Outlet from San Sevaine 4	6715623.9	1874677.6	SE 1/4 of NE 1/4 of	27	01N	06W	S.B.B.M.	Outlet from San Sevaine 4	150' wide spillway	10,800	500	127
Victoria Basin	Both	Inlet from Etowanda Creek Misc Existing Urban Storm Drains	6711701.1 Varies	1870738.9 Varies	SW 1/4 of NW of	34	01N	06W	S.B.B.M.	Inlet from Etowanda Creek Misc Existing Urban Storm Drains	2 - 5' x 5' reinforced concrete culvert, 120' long 2% slope varies	740	2,000	15
Banana Basin	FT	Misc Existing Urban Storm Drains	Varies	Varies						Misc Existing Urban Storm Drains	varies	1,230	1,560	8
Hickory Basin	FT	Outlet from Banana Basin	6713257.7	1857072.2	SE 1/4 of SW 1/4 of	10	01S	06W	S.B.B.M.	Outlet from Banana Basin	varies	1,200	1,980	11
Junipa Basin	Both	Inlet from San Sevaine Channel Misc Existing Urban Storm Drains	6709521.7 Varies	1841430.5 Varies	SW 1/4 of SE 1/4 of	28	01S	06W	S.B.B.M.	Inlet from San Sevaine Channel Misc Existing Urban Storm Drains	3 - 5' x 5' reinforced concrete culvert, 150' long, 2% slope varies	3,000	7,600	50
Former RP3 Site	FT	Inlet from Declez Channel	6721760.9	1838204.8	SE 1/4 of NE 1/4 of	35	01S	06W	S.B.B.M.	Inlet from Declez Channel	25' wide concrete channel diverted completely into basin	3,300	3,573	30
Declez Basin	FT	Inlet from Declez Channel	6713196.3	1834901.3	NE 1/4 of NW 1/4 of	3	02S	06W	S.B.B.M.	Inlet from Declez Channel	25' wide concrete channel diverted completely into basin	3,240	1,787	9
Totals												116,670	66,500	

Note (1) - FT is a flow-through basin where all inflows are unregulated and completely diverted into the basin. FB is a flow-by basin where inflows are controlled by either man-made inlet works or by flow magnitude. Both is a combination flow-through and flow-by basin.
 Note (2) - Easting/Northing are California Stateplane coordinates (Units: Feet, Zone: 6, Datum: NAD83)

Note (1) - Misc existing storm drains consists of reinforced concrete boxes, reinforced concrete pipes and corrugate

Exhibit B
(Stipulation of
Applicants)

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BEFORE THE
STATE WATER RESOURCES CONTROL BOARD

San Bernardino Valley Municipal Water District, Western Municipal Water District of Riverside County, Orange County Water District, Chino Basin Watermaster, San Bernardino Valley Water Conservation District, and City of Riverside,

Applicants.

WATER RIGHT HEARING ON
APPLICATION NOS. 31165, 31370, 31174,
31369, 31371, 31372

STIPULATION OF APPLICANTS

Date: May 2, 2007
Time: 9:00 a.m.
Dept: Cal EPA Building, Coastal Hearing Room

Applicants San Bernardino Valley Municipal Water District ("Muni") and Western Municipal Water District of Riverside County ("Western") (Application Nos 31165 and 31370), Orange County Water District ("OCWD") (Application No. 31174), Chino Basin Watermaster (Application No 31369), San Bernardino Valley Water Conservation District ("Conservation District") (Application No. 31371), and City of Riverside (Application No. 31372 and Wastewater Change Petition WW-0045) (collectively, the "Parties"), hereby enter the following Stipulation to resolve Issue Numbers 4 and 5, as set forth on page 10 of the February 16, 2007 Notice of Public Hearing and Pre-hearing Conference on Water Right Applications and Wastewater Change Petition:

1. The priority of rights as among all legal users of water from the Santa Ana River, including all applicants in the current proceedings, was the subject of several cases, all litigated and resolved as set forth below.

2. The first such case was *Orange County Water District v. City of Chino et al.* (Orange County Superior Court No. 117628) (the "*Orange County Judgment*"), in which judgment was entered on April 17, 1969. A general description of the case and the key elements

1 of that judgment, which is excerpted from the 35th Annual Report of the Santa Ana River
2 Watermaster dated April 30, 2006, is attached hereto as Exhibit A; reference should be made to
3 the actual *Orange County* Judgment on file with the Orange County Superior Court for particular
4 details of the case and rights and obligations of the parties thereunder.

5 3. The continuing vitality of the *Orange County* Judgment has been recognized and
6 reaffirmed in various documents which also served as the vehicles by which any upstream
7 diverters which had concerns over OCWD's application either agreed not to protest or dismissed
8 their protests against OCWD's application. Those agreements are:

9 (a) *Memorandum of Understanding to Affirm and Preserve Existing Rights in*
10 *the Santa Ana River Watershed*, between and among Inland Empire Utilities Agency, Orange
11 County Water District, San Bernardino Valley Municipal Water District and Western Municipal
12 Water District of Riverside County, November 16, 1999;

13 (b) *Santa Ana River and Chino Basin Water Right Accord*, September 15,
14 2000

15 (c) *Agreement Between Orange County Water District and City of San*
16 *Bernardino Concerning Water Rights*, September 1, 2004;

17 (d) *Agreement Between Orange County Water District and East Valley Water*
18 *District Concerning Water Rights*, June 23, 2006; and

19 (e) *Agreement Between Orange County Water District and City of Riverside*
20 *Concerning Water Rights*, July 24, 2006.

21 4. The second such case was *Western Municipal Water District of Riverside County*
22 *et al. v. East San Bernardino County Water District, et al.* (Riverside County Superior Court
23 No. 78426) (the "*Western Judgment*"), in which judgment was also entered on April 17, 1969,
24 simultaneously and in conjunction with the *Orange County* Judgment. A general description of
25 the case and the key elements of that judgment is attached hereto as Exhibit B; reference should
26 be made to the actual *Western Judgment* on file with the Riverside County Superior Court for
27 particular details of the case and rights and obligations of the parties thereunder.
28

1 5 The third such case was *Big Bear Municipal Water District v. North Fork Water*
2 *Company*, et al. (San Bernardino County Superior Court No. 165493) (the "*Big Bear Judgment*"),
3 in which judgment was entered on February 7, 1977.

4 6 Certain of the Parties have also entered into settlement agreements to clarify their
5 respective priorities to use the waters of the Santa Ana River:

6 (a) *Settlement Agreement Relating to the Diversion of Water from the Santa*
7 *Ana River System*, dated July 21, 2004 (the "*Seven Oaks Accord*"); and

8 (b) *Settlement Agreement Among San Bernardino Valley Water Conservation*
9 *District, San Bernardino Valley Municipal Water District and Western Municipal Water District*
10 *of Riverside County*, dated August 2005 (the "*Conservation District Agreement*")

11 7 The fourth such case was *Chino Basin Municipal Water District v. City of Chino et*
12 *al.* (San Bernardino County Superior Court Case No. RCV 51010) (the "*Chino Basin Judgment*"),
13 in which judgment was entered on January 30, 1978.

14 8 The effect of the *Orange County Judgment* was to divide the waters of the Santa
15 Ana River between the Lower Area and the Upper Area, as those areas were defined in the
16 *Orange County Judgment*, in the manner set forth in that judgment

17 9 The effect of the *Western Judgment* was to allocate the waters of the San
18 Bernardino Basin, Colton Basin and Riverside Basin Areas, i e., the "Upper Area" except for
19 Chino Basin, consistent with the requirements of the *Orange County Judgment*.

20 10 The effect of the *Big Bear Judgment* was to implement a physical solution that
21 allows for the maintenance of high levels of water in Big Bear Lake for recreational purposes
22 without interfering with downstream water rights.

23 11 The effect of the *Chino Basin Judgment* was to allocate the waters of the Chino
24 Basin among the parties to that judgment, which are all located within that basin, consistent with
25 the requirements of the *Orange County Judgment*.

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12. The relative priority of OCWD to divert water from the Santa Ana River is established by the *Orange County* Judgment and affirmed in the agreements identified in paragraph 3 above.

13. The relative priority of Chino Basin Watermaster to divert water from the Chino Basin is established by Inland Empire Utilities Agency's rights and obligations under the *Orange County* Judgment, the *Chino Basin* Judgment, and the agreements identified in paragraphs 3(a) and 3(b) above.

14. The relative priority of the City of Riverside to change the point of discharge, place of use and purpose of use of its wastewater discharge is established by the *Orange County* Judgment, the *Western* Judgment, and the agreement identified in paragraph 3(e) above.

15. The effect of the judgments and agreements identified in paragraphs 2, 3(a), 4, 5 and 6 above has been to create, upon action by the State Water Resources Control Board to approve Application Nos. 31165, 31370 and 31371, the following relative priorities among the Parties that divert and use water from the mainstem of the Santa Ana River in the Upper Area, consistent with the requirements of the *Orange County*, *Western*, and *Big Bear* Judgments:

(a) The City of Redlands, East Valley Water District, Bear Valley Mutual Water Company, Lugonia Water Company, North Fork Water Company and Redlands Water Company would have first priority to divert up to 88 cubic feet per second

(b) The Conservation District would have a second priority to divert and spread pursuant to License Nos. 2831 and 2832.

(c) Muni/Western's diversion and storage of water that is the subject of Application No. 31165 would have a third priority.

(d) The Conservation District's diversion of water that is the subject of Application No. 31371 would have a fourth priority.

(e) Muni/Western's diversion and storage of water that is the subject of Application No. 31370 would have a fifth priority.

The priorities described in paragraphs 14(c) through 14(e) above are subject to the provisions of

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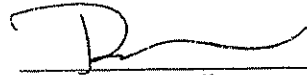
paragraphs 5(e) and 5(f) of Exhibit A of the Conservation District Agreement.

16. The Parties do not intend this Stipulation to modify or amend the terms of any of the judgments or agreements referenced above. In the event that there is any inconsistency between the terms of those judgments or agreements and the descriptions of those judgments or agreements in this Stipulation, the terms of the judgments or agreements shall control

17. Given that the foregoing proceedings have included all legal users of water in the Santa Ana River, the above constitutes a full resolution of the water right priorities among the Parties and is fully protective of other legal users of water. Accordingly, the Parties request that the SWRCB accept this stipulation as a full resolution of Issues 4 and 5 concerning relative water rights priorities and protection of other legal users of water at the April 5, 2007 Pre-Hearing Conference.


DATED: April 5, 2007

DOWNEY BRAND LLP

By: 
David R.E. Aladjem
Attorneys for Applicants
San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County

DATED: April 5, 2007

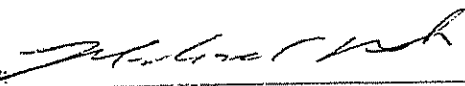
PILLSBURY WINTHROP SHAW PITTMAN LLP

By: 
Christopher J. McNevin
Attorneys for Applicant
Orange County Water District

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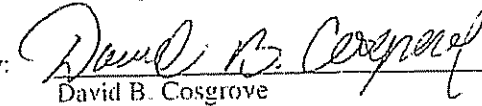
DATED: April 5, 2007

HATCH & PARENT

By: 
Michael T. Fife
Attorneys for Applicant
Chino Basin Watermaster

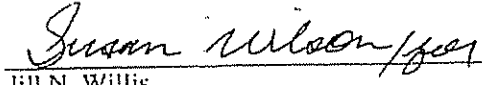
DATED: April 5, 2007

RUTAN & TUCKER LLP

By: 
David B. Cosgrove
Attorneys for Applicant
San Bernardino Valley Water Conservation
District

DATED: April 5, 2007

BEST BEST & KRIEGER LLP

By: 
Jill N. Willis
Attorneys for Applicant
City of Riverside

ORDER

IT IS SO ORDERED:

April __, 2007.

Arthur G. Baggett, Jr
Hearing Officer

CHAPTER IV

HISTORY AND SUMMARY OF THE JUDGMENT in the case of Orange County Water District v City of Chino, et al. (Case No. 117628-County of Orange)

History of Litigation

The complaint in the case was filed by Orange County Water District on October 18, 1963, seeking an adjudication of water rights against substantially all water users in the area tributary to Prado Dam within the Santa Ana River Watershed, but excluding the area tributary to Lake Elsinore. Thirteen cross-complaints were filed in 1968, extending the adjudication to include substantially all water users in the area downstream from Prado Dam. With some 4,000 parties involved in the case (2,500 from the Upper Area and 1,500 from the Lower Area), it became obvious that every effort should be made to arrive at a settlement and physical solution in order to avoid enormous and unwieldy litigation.

Efforts to arrive at a settlement and physical solution were pursued by public officials, individuals, attorneys, and engineers. Attorneys for the parties organized in order to facilitate settlement discussions and, among other things, provided guidance for the formation and activities of an engineering committee to provide information on the physical facts.

An initial meeting of the engineers representing the parties was held on January 10, 1964. Agreement was reached that it would be beneficial to undertake jointly the compilation of basic data. Liaison was established with the Department of Water Resources, State of California, to expedite the acquisition of data. Engineers representing the parties were divided into subcommittees which were given the responsibility of investigating such things as the boundary of the Santa Ana River Watershed and its subareas, standardization of the terminology, the location and description of wells and diversion facilities, waste disposal and transfer of water between subareas.

In response to a request from the attorneys' committee at a meeting held April 17, 1964, on April 30, 1964, the joint engineering committee prepared a list of preliminary engineering studies directed toward settlement of the Santa Ana River water rights litigation. Special assignments were made to individual engineers on selected items requested by the attorneys' committee.

The attorneys and engineers for the defendants then commenced a series of meetings separate from the representatives of the plaintiffs in order to consolidate their positions and to determine a course of action. On October 7, 1964, engineers for the defendants presented the results of the studies made by the joint engineering committee. The defendants' attorneys requested that additional information be provided on the methods

of measuring flow at Prado Dam, the historical supply and disposal of water passing Prado Dam, segregation of flow into components, and determination of the amount of supply which was usable by the downstream area. On December 11, 1964, the supplemental information was presented to the defendants' attorneys

During 1965, engineers and attorneys for the defendants held numerous conferences and conducted additional studies in an attempt to determine their respective positions in the case. Early in 1966, the plaintiff and defendants exchanged drafts of possible principles for settlement. Commencing March 22 and ending April 13, 1966, four meetings were held by the engineers to discuss the draft of principles for settlement

On February 25, 1968, the defendants submitted a request to the Court that the Order of Reference be issued requesting the California Department of Water Resources to determine the physical facts. On May 9, 1968, the plaintiffs' attorney submitted motions opposing the Order of Reference and requested that a preliminary injunction be issued. In the meantime, every effort was being made to come to an agreement on the Stipulated Judgment. Commencing on February 28, 1968 and extending until May 14, 1968, six meetings were held to determine the scope of physical facts on which agreement could be reached so that if an Order of Reference were to be approved by the Court, the work under the proposed reference would not repeat the extensive basic data collection and compilation which had already been completed and on which engineers for both plaintiffs and defendants had reached substantial agreement. Such basic data were compiled and published in two volumes under date of May 14, 1968 entitled "Appendix A, Basic Data."

On May 21, 1968, an outline of a proposal for settlement of the case was prepared and a committee of attorneys and engineers for the parties commenced preparation of the settlement documents. On June 16, 1968, the Court held a hearing on the motions it had received requesting a preliminary injunction and an Order of Reference. The parties requested that the Court delay the preliminary hearings on these motions in view of the efforts toward settlement that were underway. The plaintiff, however, was concerned regarding the necessity of bringing the case to trial within the statutory limitation and, accordingly, on July 15, 1968, submitted a motion to set the complaint in the case for trial. On October 15, 1968, the trial was commenced and was adjourned after one-half day of testimony on behalf of the plaintiff. Thereafter, the parties filed with the Court the necessary Settlement Documents including a Stipulation for Judgment. The Court entered the Judgment on April 17, 1969, along with Stipulations and Orders dismissing all defendants and cross-defendants except for the four major public water districts overlying, in aggregate, substantially all of the major areas of water use in the watershed. The districts, the locations of which are shown on Plate 1, "Santa Ana River Watershed", are as follows:

- (1) Orange County Water District (OCWD), representing all lower basin entities located within Orange County downstream of Prado Dam.

- (2) Western Municipal Water District (WMWD), representing middle basin entities located within Riverside County on both sides of the Santa Ana River primarily upstream from Prado Dam.
- (3) Inland Empire Utilities Agency (IEUA), formerly Chino Basin Municipal Water District (CBMWD), located in the San Bernardino County Chino Basin area, representing middle basin entities within its boundaries and located primarily upstream from Prado Dam.
- (4) San Bernardino Valley Municipal Water District (SBVMWD), representing all entities within its boundaries, and embraced within the upper portion of the Riverside Basin area, the Colton Basin area (being an upstream portion of the middle basin) and the San Bernardino Basin area, being essentially the upper basin.

Summary of Judgment

Declaration of Rights. The Judgment sets forth a declaration of rights. Briefly stated, the Judgment provides that the water users in the Lower Area have rights, as against the water users in the Upper Area, to receive certain average and minimum annual amounts of non-storm flow ("base flow") at Prado Dam, together with the right to all storm flow reaching Prado Dam. The amount of the Lower Area entitlement is variable based on the quality of the water received by the Lower Area. Water users in the Upper Area have the right as against the water users in the Lower Area to divert, pump, extract, conserve, store and use all surface and groundwater supplies originating within the Upper Area, so long as the Lower Area receives the water to which it is entitled under the Judgment and there is compliance with all of its provisions.

Physical Solution. The Judgment also sets forth a comprehensive "physical solution" for satisfying the rights of the Lower Area. To understand the physical solution it is necessary to understand the following terms that are used in the Judgment:

Storm Flow – That portion of the total flow which originates from precipitation and runoff and which passes a point of measurement (either Riverside Narrows or Prado Dam) without having first percolated to groundwater storage in the zone of saturation, calculated in accordance with procedures referred to in the Judgment.

Base Flow - That portion of the total surface flow passing a point of measurement (either Riverside Narrows or Prado Dam) which remains after deduction of storm flow, nontributary flows, exchange water purchased by OCWD, and certain other flows as determined by the Watermaster.

Adjusted Base Flow - Actual base flow in each year adjusted for water quality pursuant to formulas specified in the Judgment. The adjustment of Base Flow for water quality is intended to provide an incentive to the Upper Area to maintain a

better quality of water in the river. When the total dissolved solids (TDS) is lower than a specified value at one of the measuring points, the water quantity obligation is lower. When the TDS is higher than a specified value, the water quantity obligation is higher. This is the first comprehensive adjudication in Southern California in which the quality of water is taken into consideration in the quantification of water rights.

Credits and Debits - Under the accounting procedures provided for in the Judgment, credits accrue to SBVMWD in any year when the Adjusted Base Flow exceeds 15,250 acre-feet at Riverside Narrows and jointly to IEUA and WMWD when the Adjusted Base Flow exceeds 42,000 acre-feet at Prado Dam. Debits accrue in any year when the Adjusted Base Flows falls below those levels. Credits or debits accumulate year to year.

Obligation at Riverside Narrows. SBVMWD has an obligation to assure an average annual Adjusted Base Flow of 15,250 acre-feet at Riverside Narrows, subject to the following:

- (1) A minimum Base Flow of 13,420 acre-feet plus one-third of any cumulative debit.
- (2) After October 1, 1986, if no cumulative debit exists, the minimum Base Flow shall be 12,420 acre-feet.
- (3) Prior to 1986, if the cumulative credits exceed 10,000 acre-feet, the minimum Base Flow shall be 12,420 acre-feet.
- (4) All cumulative debits shall be removed by the discharge of a sufficient Base Flow at Riverside Narrows at least once in any ten consecutive years following October 1, 1976. Any cumulative credits shall remain on the books of account until used to offset any subsequent debits or until otherwise disposed of by SBVMWD
- (5) The Base Flow at Riverside Narrows shall be adjusted using weighted average annual TDS in such Base Flow in accordance with the formula set forth in the Judgment.

Obligation at Prado Dam. IEUA and WMWD have a joint obligation to assure an average annual Adjusted Base Flow of 42,000 acre-feet at Prado Dam, subject to the following:

- (1) Minimum Base Flow at Prado shall not be less than 37,000 acre-feet plus one-third of any cumulative debit.
- (2) After October 1, 1986, if no cumulative debit exists, the minimum Base Flow quantity shall be 34,000 acre-feet.

- (3) Prior to 1986, if the cumulative credit exceeds 30,000 acre-feet, the minimum Base Flow shall be 34,000 acre-feet.
- (4) Sufficient quantities of Base Flow shall be provided at Prado to discharge completely any cumulative debits at least once in any ten consecutive years following October 1, 1976. Any cumulative credits shall remain on the books of account until used to offset any debits, or until otherwise disposed of by IEUA and WMWD.
- (5) The Base Flow at Prado during any year shall be adjusted using the weighted average annual TDS in the total flow at Prado (Base Flow plus Storm Flow) in accordance with the formula set forth in the Judgment.

Other Provisions. SBVMWD, IEUA and WMWD are enjoined from exporting water from the Lower Area to the Upper Area, directly or indirectly. OCWD is enjoined from exporting or "directly or indirectly causing water to flow" from the Upper Area to the Lower Area. Any inter-basin acquisition of water rights will have no effect on Lower Area entitlements. OCWD is prohibited from enforcing two prior judgments so long as the Upper Area Districts are in compliance with the physical solution. The composition of the Watermaster and the nomination and appointment process for members are described along with a definition of the Watermaster's duties and a formula for sharing its costs. The court retains continuing jurisdiction over the case. There are provisions for appointment of successor parties and rules for dealing with future actions that might conflict with the physical solution.

History of the Watermaster Committee Membership

The Santa Ana River Watermaster is a committee composed of five members nominated by the parties and appointed by the court. SBVMWD, IEUA (formerly CBMWD), and WMWD nominate one member each and OCWD nominates two. The Watermaster members annually elect a Chairman, Secretary, and Treasurer.

The original five members were appointed at the time of entry of the judgment. They prepared a *pro forma* annual report for the 1969-70 Water Year. The first annual report required by the judgment was prepared for the 1970-71 Water Year and reports have been prepared annually since then.

The membership of the Watermaster has changed over the years. The historical listing of members and officers shown in Table 8 reflects the signatories to each annual report.

TABLE 8

HISTORY OF THE WATERMASTER COMMITTEE MEMBERSHIP

Water Year	SBVMWD	IEUA	WMWD	OCWD	OCWD
1969-70	Clinton O. Henning	William J. Carroll	Albert A. Webb, Secretary	Max Bookman, Chairman	John M. Toups
1970-71 through 1973-74	James C. Hanson	William J. Carroll	Albert A. Webb, Secretary	Max Bookman, Chairman	John M. Toups
1974-75 through 1977-78	James C. Hanson	William J. Carroll	Donald L. Harriger	Max Bookman, Chairman	John M. Toups, Secretary
1978-79 through 1981-82	James C. Hanson	William J. Carroll	Donald L. Harriger	Max Bookman, Chairman	William R. Mills, Jr., Secretary
1982-83 through 1983-84	James C. Hanson	William J. Carroll	Donald L. Harriger	Harvey O. Banks, Chairman	William R. Mills, Jr., Secretary
1984-85 through 1988-89	Robert L. Reiter	William J. Carroll	Donald L. Harriger	Harvey O. Banks, Chairman	William R. Mills, Jr., Secretary
1989-90 through 1994-95	Robert L. Reiter, Secretary/Treasurer	William J. Carroll	Donald L. Harriger	Harvey O. Banks, Chairman	William R. Mills, Jr.
1995-96	Robert L. Reiter, Secretary/Treasurer	William J. Carroll, Chairman	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr.
1996-97	Robert L. Reiter, Secretary/Treasurer	William J. Carroll	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr., Chairman
1997-98	Robert L. Reiter, Secretary/Treasurer	Robb D. Quincey	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr., Chairman
1998-99 through 2000-01	Robert L. Reiter, Secretary/Treasurer	Richard W. Atwater	Donald L. Harriger	Bill B. Dendy	William R. Mills, Jr., Chairman
2001-02 through 2002-03	Robert L. Reiter, Secretary/Treasurer	Richard W. Atwater	Donald L. Harriger, Chairman	Bill B. Dendy	Virginia L. Grebbien
2003-04 through 2004-05	Robert L. Reiter, Chairman/Treasurer	Richard W. Atwater	John V. Rossi	Bill B. Dendy, Secretary	Virginia L. Grebbien

EXHIBIT B

The *Western* Judgment, entered simultaneously with the *Orange County* Judgment, settled rights within the upper SAR watershed in part to ensure that those resources upstream of Riverside Narrows would be sufficient to meet the flow obligations of the *Orange County* Judgment at Riverside Narrows (*Western Municipal Water District of Riverside County v. East San Bernardino County Water District*, Superior Court of Riverside County, Case No. 78426 [April 17, 1969]). Toward this end, the *Western* Judgment generally provides for:

- A determination of safe yield of the San Bernardino Basin Area (SBBA);
- Establishment of specific amounts that can be extracted from the SBBA by plaintiff parties equal in aggregate to 27.95 percent of safe yield;
- An obligation of Muni to provide replenishment for any extractions from the SBBA by non-plaintiffs in aggregate in excess of 72.05 percent of safe yield;
- An obligation of Western to replenish the Colton and Riverside basins if extractions for use in Riverside County in aggregate exceed certain specific amounts; and
- An obligation of Muni to replenish the Colton and Riverside basins if water levels are lower than certain specific water level elevations in specified wells

Like the *Orange County* Judgment, the *Western* Judgment identifies regional representative agencies to be responsible, on behalf of the numerous parties bound thereby, for implementing the replenishment obligations and other requirements of the judgment. The representative entities for the *Western* Judgment are Muni and Western. Muni and Western are principally responsible for providing replenishment of the groundwater basins if extractions exceed amounts specified in the Judgment or as determined by the Watermaster. For purposes of this replenishment obligation, Muni acts on behalf of all defendants dismissed from the *Western* Judgment, and similarly, Western acts on behalf of the Plaintiffs and other dismissed parties within Western. Plaintiff parties with specific rights to produce 27.95 percent of the safe yield from the SBBA are the City of Riverside, Riverside Highland Water Company, Meeks & Daley Water Company, and the Regents of the University of California. The *Western* Judgment is administered by the two-person Western-San Bernardino Watermaster Committee: one person nominated each by Muni and Western, and both appointed by the court.

Like the *Orange County* Judgment, the *Western* Judgment contemplates that the parties to the Judgment will undertake "new conservation" which is defined as any increase in replenishment from natural precipitation which results from operation of works and facilities not in existence as of 1969. The *Western* Judgment specifies that the parties to the Judgment have the right to participate in any new conservation projects and, provided their appropriate shares of costs are paid, rights under the Judgment are increased by the respective shares in new conservation, in proportion to each party's share of the safe yield under the *Western* Judgment.

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Exhibit C
(List of Water
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Remediation
Activities)

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Chino Basin Water Quality Anomaly Remediation Activities

Plume: Chino Airport

Character: VOCs

Remediation Status: Subject of RWQCB Cleanup and Abatement Order 90-134. Plume is currently being characterized and a draft remediation plan is expected by the end of 2007.

Oversight Agency: RWQCB

Plume: California Institute for Men

Character: VOCs

Remediation Status: CIM, who is voluntarily performing the cleanup, has been working with the RWQCB to remediate the groundwater contamination. Plume has been characterized and is currently being remediated.

Oversight Agency: RWQCB

Plume: General Electric Flatiron Facility

Character: VOCs

Remediation Status: General Electric, who is voluntarily performing the cleanup, has been working with the RWQCB to remediate the groundwater contamination. No Cleanup and Abatement Order has as of yet been issued. Plume is characterized and remediation is in place to contain it.

Oversight Agency: RWQCB

Plume: General Electric Test Cell Facility

Character: VOCs

Remediation Status: Subject to Hazardous Materials Division of San Bernardino County Environmental Health Services and the DTSC Docket Numbers 88/89-009C0 and 97/98-014, respectively, for soil remediation. Closure was requested on May 11, 2004 with regard to the soil remediation. General Electric, who is voluntarily performing the cleanup, has been working with the RWQCB for the past 8 years, to characterize and remediate the groundwater contamination. No Cleanup and Abatement Order has been issued. The plume is characterized and a draft remediation plan has been submitted to the RWQCB.

Oversight Agencies: San Bernardino County; DTSC; RWQCB

Plume: Kaiser Steel Fontana Site

Character: TDS/TOC

Remediation Status: Subject of RWQCB Cleanup and Abatement Order 87-121, as amended by Order 91-40. Thereafter, Kaiser and the RWQCB entered into a 1993 settlement agreement whereby Kaiser is required to mitigate any adverse impacts caused by its plume on existing and otherwise useable municipal wells. Pursuant to the settlement, the RWQCB rescinded its earlier order 91-40 and Kaiser was granted capacity in the Chino II Desalter to intercept and remove the Kaiser plume from the Chino Basin.

Oversight Agency: RWQCB

Plume: Milliken Sanitary Landfill

Character: VOCs

Remediation Status: Subject of RWQCB Order No. 81-003. Plume has been characterized and no active remediation plan has been developed.

Oversight Agency: RWQCB

Plume: Upland Sanitary Landfill

Character: VOCs

Remediation Status: The closed Upland Landfill is regulated under RWQCB Order No 98-99-07 dated Dec. 7, 1998. In a compliance with the Order, a Post-Closure Monitoring and Maintenance Plan (PCMMP) has been prepared and submitted. The PCMMP was revised in 2001, after completion of the final cover improvements, and is currently in place.

Oversight Agency: RWQCB

Plume: Ontario International Airport (VOC Anomaly – South of Ontario Airport)

Character: VOC

Remediation Status: The plume is currently being voluntarily investigated by a group of potentially responsible parties including Boeing, Aerojet, Northrop Grumman, General Electric and the Department of Defense. Investigative or Cleanup and Abatement Orders will likely be issued in the future. Watermaster is assisting the RWQCB in its preparation of these orders. The remediation of the plume will then likely be accomplished through existing Chino Basin Desalter I facilities, owned by the Chino Desalter Authority.

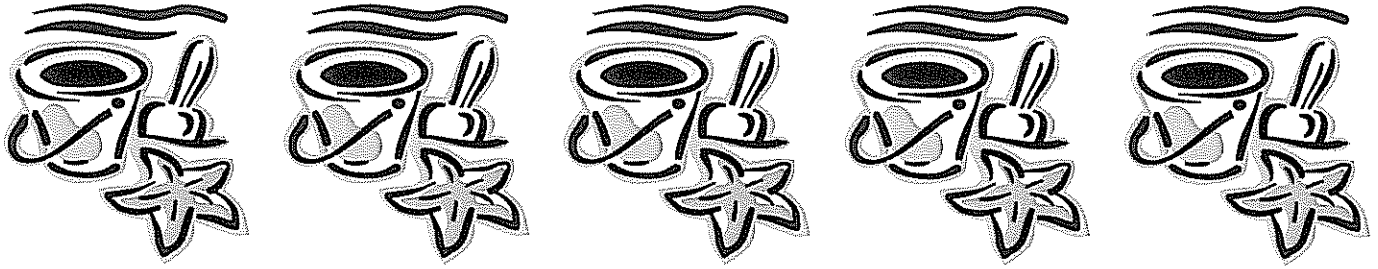
Oversight Agency: RWQCB.

Plume: Stringfellow NPL Site

Character: VOCs, perchlorate, NDMA, heavy metals

Remediation Status: The Stringfellow Site is the subject of USEPA Records of Decision EPA/ROD/R09-84/007, EPA/ROD/R09-83/005, EPA/ROD/R09-87/016, and EPA/ROD/R09-90/048. Pursuant to these decisions, the original disposal area is sealed; remediation is in progress focusing on source control, installation of pretreatment facilities and groundwater cleanup. There are approximately 70 extraction wells throughout the length of the plume that have been effective in stopping plume migration and removing contamination. DTSC assumed responsibility for the cleanup of the site in 2001. DTSC is currently conducting a supplemental feasibility study to address, in particular, soil remediation in the source area. This study will form the basis for decisions about long term remedies for the site. A risk investigation/feasibility study that is currently being conducted for perchlorate will result in a fifth USEPA Record of Decision. The RWQCB originally initiated orders and studies in the 1970s and 1980s, and gives input as a stakeholder, but the Records of Decision direct clean-up.

Oversight Agencies: USEPA; DTSC; RWQCB



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



Fontana Water stands up to mayor's barbs

Michael L. Whitehead
San Bernardino County Sun

Article Launched: 06/01/2007 12:00:00 AM PDT

In local communities throughout California, safe drinking water consistently tops the list of people's concerns in public-opinion surveys. This is no surprise: A reliable supply of safe drinking water is essential for the public health and safety of a community, the human potential of its citizens, and the forward progress of both.

Rapid growth of the city's population has necessitated that Fontana Water Co. design and construct new infrastructure to make sure that every one of the thousands of new homes and businesses gets hooked up and starts receiving safe and reliable water service to keep pace with the City Council's aggressive growth plans. Fontana Water Co. has responded to this growth in a way that facilitates economic development in this community.

This is the true state of affairs in Fontana, and it's curious that the leading contrarian to this optimistic (though quite realistic) point of view would be the mayor of Fontana himself. Ostensibly, he should be the city's leading civic booster.

Contrary to the angry and temperamental assertions of Mayor Mark Nuaimi (re: "How Fontana Water ratepayers got robbed," Point of View, May 3), Fontana Water Co., in operation since the 1920s, has grown up right alongside the city.

Importantly, our dedicated employees are from this community and of this community, and we are not going to stand by and be accused falsely of bad conduct by a public official who should know better.

A recent California Public Utilities Commission proceeding highlighted and supported Fontana Water Co.'s significant private investment in new and existing infrastructure to serve local residents and to meet the high cost of local, state and federal government mandates. The costs of providing water service have been rising for years. The issue is not unique to Fontana.

Every day, we work alongside the region's lawmakers at every level of government to support legislation, to design new regulations and to enforce those strict standards already in place to accelerate groundwater cleanup and make polluters pick up the tab for their fair share of the groundwater pollution cleanup. Still, the annual cost to monitor and treat water continues to increase each year.

For example, it can cost more than \$500,000 a year to treat each well contaminated with perchlorate, a rocket fuel additive. Fontana Water Co.'s water system includes more than 35 wells and 16 water storage reservoirs. Even while Nuaimi called for a lobbying campaign to get state officials to roll back safe drinking-water standards for perchlorate and other pollutants and told the PUC not to approve treatment, the PUC endorsed our plans for more investment in state-of-the-art water treatment infrastructure to remove perchlorate and other contamination from our local water supplies.

Unlike publicly owned municipal water companies, Fontana Water Co. does not enjoy taxpayer subsidies and is required by law to publicly disclose all of our expenses and provide detailed accounting for any rate adjustment. We have complied with every regulatory request by all governmental officials. So, contrary to Nuaimi's claim, there is no cost shifting from one bank account to another in order to balance the books. That is pure nonsense.

To this day, I do not know why the mayor makes this assertion, and we have stood ready to answer any questions he or others had to set this matter straight. That's exactly what happened in the recently concluded PUC proceedings. Following months of fact-gathering, sworn testimony during formal public hearings and careful scrutiny, the PUC issued its decision, which found the company's records to be complete and accurate.

The PUC decision addressed all of the issues and reached a balanced result, which serves the public interest. The fact is, our customers see the true cost of providing water service. In return, Fontana Water Co., like any other regulated public utility, is limited in its "profit."

That is why we view with particular concern the mayor's harsh criticism of the PUC, as well as his suggestion that taxpayers would benefit by the use of eminent domain to take over Fontana Water Co.'s longstanding company operations and rights without the exercise of due process.

A city-led hostile takeover of the water company by eminent domain is ill conceived. It would be risky, very costly and would imperil economic growth. The city learned the hard way when it tried this in the 1990s - it had no reliable water supply, and its water rates were more than 25 percent higher than Fontana Water Co.'s. To make matters worse, it would inevitably siphon money away from providing essential city services such as public safety, road repair and much needed relief from heavy traffic congestion.

A city-owned and operated water company would encourage the sort of empire building, cronyism and political manipulation that we have seen recently in neighboring communities

We can't help but wonder why the mayor is waging his lonely vendetta against our company over imagined grievances, when there is so much left to do together. I am very proud of our longstanding success in working cooperatively with all of the other 17 cities and two counties we serve. But Nuaimi's heated rhetoric, wild exaggerations, outright inaccuracies and accusations of willful wrongdoing drown out the voices of reason calling for continuation of the mutually beneficial relationship between Fontana Water Co. and the citizens of Fontana.

Michael L. Whitehead is president of Fontana Water Co., a division of San Gabriel Valley Water Co.

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Los Angeles Times
latimes.com

06/07/07



http://www.latimes.com/news/la-me-conserve7jun07_0_3636595_story?coll=la-top-topstories&track=ntofhtml
 From the Los Angeles Times

THE STATE

L.A. urges conserving water in dry spell

By Hector Becerra and David Pierson
 Times Staff Writers

June 7, 2007

Los Angeles officials urged residents Wednesday to reduce water consumption by 10% as weather forecasters predicted the region's historic dry spell will combine with a summer of record-setting temperatures

Mayor Antonio Villaraigosa's call for conservation — the first water-reduction goal the city has issued in more than a decade — comes as water agencies across Southern California are trying to deal with the driest season on record

The Metropolitan Water District of Southern California, which supplies water to communities across the region, immediately backed the mayor's conservation push, and officials said they hope residents in the rest of Southern California will follow suit

The agency has embarked on a large water conservation campaign inspired not only by little rainfall but also by unusually small snowpack in the eastern Sierra Nevada and continued drought along the Colorado River basin, which are two key sources of water

Adding to the uncertainty is the state's decision last week to temporarily halt water pumping to the Southland from the Sacramento-San Joaquin Delta in an effort to protect an endangered fish

Jeffrey Kightlinger, the water district's general manager, said that if dry conditions continue, the agency may consider steps such as greatly reducing the amount of water delivered to agricultural businesses and increasing their rates next year

"We have unprecedented dry conditions," Kightlinger said. "We know the Colorado River is going to be dry next year. And we have the problems with this [Delta fish] species. So we could be losing water from both the Colorado River and the State Water Project going into next year."

That could mean more aggressive conservation efforts, including mandatory rationing — something that hasn't occurred in Southern California since 1991.

The region imports about half of its water. The rest comes from local underground aquifers, which are still in reasonably good shape thanks to the 2005 rainy season, which was the second-wettest on record.

Those reserves are giving Southern California some wiggle room this summer, officials said. But if the dry conditions continue, the future is expected to be uglier.

"If we have another dry year next year, and even the year after, we'll really feel the impact as far as the water supply," said Jayme L. aber, a hydrologist for the National Weather Service in Oxnard.

Forecasters offer no reassurance. A so-called La Niña condition is forming in the Pacific Ocean, suggesting dry, warm conditions could continue into next year, they said.

"With this late developing La Niña, that's not good for Southern California or the Colorado River Basin," said Bill Patzert, a climatologist for the Jet Propulsion Laboratory in La Cañada-Flintridge. "It could be dry next winter as well."

(Since July 1 of last year, downtown L.A. has recorded less than 4 inches of rain.)

Patzert and others also said this summer is expected to be as hot, if not hotter, than last summer, during which several record-breaking heat waves were blamed for the deaths of more than 100 people across the state.

Even if the dry spell continues, water officials said, Southern California is in better shape now than during the drought of the late 1980s and early 1990s.

Back then, officials ordered mandatory conservation, requiring a 15% cut in water use.

The L.A. City Council, for example, passed an ordinance that prohibited lawn watering during the middle of the day, automatic serving of water in restaurants and hosing down sidewalks.

A crew called the "drought busters" went around the city issuing citations to water customers who violated the ordinance.

Since that drought, water agencies have worked to improve reserves and better tap groundwater supplies. In addition, many residents have taken steps to conserve, including purchasing more water-efficient toilets and washing machines.

"Hopefully if we're all doing our job right, we've planned for this. We won't go under in one dry year," said Gina DePinto, a spokeswoman for the Orange County Water District.

Water officials have been saying for months that the region could face several years of drought conditions.

The mountain snowpack vital to water imports from Northern California is at its lowest level in nearly two decades. Several big reservoirs in the Colorado system are half-empty.

L.A. officials didn't suggest to residents specific ways to reduce water consumption.

But in general, water agencies recommend taking shorter showers, fixing leaking faucets, using a broom rather than a hose to clean driveways and installing water-conserving sprinklers.

"Los Angeles needs to change course and conserve water to steer clear of this perfect storm," Villaraigosa said. "The combination of record-low rainfall, the second-lowest snowpack ever recorded and a potentially very hot summer is a perfect storm that could put Los Angeles into a drought."

L.A. resident Henrietta Renaux said she heard the mayor's call to conserve water early Wednesday on television and felt compelled to contribute in a small way by sparingly watering her plants outside her Echo Park apartment.

"We can all try, I mean, we really need to in this weather," said Renaux, 79, holding the end of her green garden hose. "Everyone in L.A. needs to get behind this."

But it won't be easy. She has a soft spot for the yellow roses in her courtyard, which were brown and shriveled and looked as if they were begging for regular watering.

"I guess I could take a shower every other day instead," Renaux said.

Jewel Thais-Williams said she is already conserving water but hopes the new conservation effort will prompt others to follow suit.

The 68-year-old Mid-Wilshire resident said she takes short showers, brushes her teeth with the faucet off and draws water in the sink to rinse her dishes.

She also does her laundry in one large load rather than smaller loads and waters her plants with a smaller spout to prevent wasting water around the edges.

"We have to protect our city," she said.

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Times staff writer Duke Helfand contributed to this report.

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Saving water

Here are some water-savings tips from [bewaterwise.com](http://www.bewaterwise.com), a website created by Southern California water agencies:

- **Fix leaky faucets, plumbing joints and the sprinkler system.** *Saves 20 gallons per day for every leak stopped.*
- **Install a "smart" sprinkler controller that figures out the right amount of water for the landscape based on information about the plants and garden environment.** *In one study, these new controllers saved 40 gallons per day.*
- **Replace part of the lawn with native and Southland-friendly plants.** *Saves 1,000 to 1,800 gallons per month, depending on the climate.*
- **Replace an old washing machine with a high-efficiency model.** *Saves 20 to 30 gallons per load.*
- **Run only full loads in the washing machine and dishwasher.** *Saves 300 to 800 gallons per month.*

- Use a broom instead of a hose to clean driveways and sidewalks. *Saves 150 gallons or more each time*
- Shorten showers. *Even a one- or two-minute reduction can save up to 700 gallons per month*
- Don't water the sidewalks, driveway or gutter. Adjust sprinklers so that water lands on the lawn or garden where it belongs — and only there. *Saves 500 gallons per month*
- Don't use the toilet as a wastebasket. *Saves 400 to 600 gallons per month*

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Source: Bewaterwise.com<252>

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Farmers, vintners cool to prospect of recycled water for irrigation

By BLEYS W. ROSE
THE PRESS DEMOCRAT

Farmers, vintners, environmentalists and north Sonoma County residents told supervisors Tuesday that they have little use for a \$385 million recycled water project that would provide highly treated wastewater for agriculture.

During a 90-minute public hearing on the north county water recycling project, supervisors heard vineyard operators say they are firmly opposed to putting recycled water on their grapes and farmers say they feared it would damage groundwater quality.

Environmental group leaders said they welcome the idea of recycled wastewater, but fear that technology isn't good enough to assure the public on water quality.

Katie Murphy, vice-president of the Alexander Valley Association, said any hint of tainted wastewater being spread on the county's foremost cash crop would send the local economy into a tailspin.

"I am worried that there is a huge backlash on recycled water on our grapes," Murphy said. "I fear negative publicity and that could linger over our wine industry for a long time."

Murphy's comments reflected opinions of many farmers, ranchers and vintners at the public hearing, although Clos du Bois executive Keith Horn said he represented 20 grape growers in the Coalition for Sustainable Agriculture who would welcome recycled, highly treated wastewater.

"The water quality issues can be overcome," Horn said.

The public hearing was one of the last opportunities for comment on the North Sonoma County Agricultural Reuse Project that would create 19 reservoirs and 112 miles of pipeline through the Dry Creek, Alexander and Russian River valleys. Water Agency officials say primary customers are the vineyard operators of some of the county's premier grape growers that comprise almost half the 47,000 acres covered under the project.

Treated wastewater would come from Santa Rosa's pipeline to The Geysers geothermal fields. The city has plans to use much of that water in southeast and southwest Santa Rosa, which led some critics to point out the project may lack supply and demand.

"Santa Rosa wants to get rid of its wastewater for its uncontrolled growth," said Alexander Valley farmer David Fanucchi. "The Water Agency's long-term program is to get water away from the farmers and sell it to the highest bidders."

The water reuse project is part of the Water Agency's effort to convince state regulators that the county is making best use of current supply and, therefore, should gain approval for more water from Lake Sonoma and Lake Mendocino reservoirs. The Water Agency proposed a smaller-scale recycled water project for Sonoma Valley last year, but its water was aimed more at lawns, fields and open space than agriculture.

Water Agency officials say the massive water project would ensure long-term supplies for agriculture, reduce reliance on groundwater, reduce water drawn out of Dry Creek and leave water in reservoirs for management of endangered fish.

David Cuneo, the project environmental review specialist, said state water quality and health

standards allow use of highly treated wastewater on crops, adding "but we do recognize it is an ongoing debate."

Leaders of environmental groups such as Russian River Keeper, the Sierra Club and the Russian River Watershed Protection Committee said using recycled wastewater is a laudable goal, but they could not support the project because there's not enough evidence that treatment plants filter out chemical compounds that could appear in crops and groundwater.

"It is not a high enough quality to pursue this project," said Don McEnhill of Russian River Keeper.

However, Cynthia Murray, president of the North Bay Leadership Council, a business group, said agriculture elsewhere in California is making use of recycled water with no problem.

"We are way behind the curve on use of recycled water," Murray said. "I am very confident that we can provide a level of protection, but we may need to have more public education."

The Water Agency is accepting written comment on the draft environmental review until Friday. The full 603-page report is available at www.sonomacountywater.org. Supervisors expect to get the final environmental review document back for review this summer along with a financial analysis of the project costs.

You can reach Staff Writer Bleys W. Rose at 521-5431 or bleys.rose@pressdemocrat.com.

Colton leaders seek big bucks in Washington

Stephen Wall, Staff Writer
San Bernardino County Sun

Article Launched:05/01/2007 12:00:00 AM PDT

COLTON - City leaders have descended on the nation's capital this week.

They aren't there to go sightseeing, although they might visit a few monuments and museums in their spare time.

Council members and other city officials have made their annual trek to Washington, D.C., to make their best sales pitch for federal funds for local projects

Mayor Kelly Chastain and Councilmen David Toro and John Mitchell are making the five-day trip, along with City Manager Daryl Parrish, assistant to the city manager Amanda Rhinehart and Public Works Director Amer Jakher.

Colton leaders hope to persuade lawmakers and other federal officials to dole out millions of dollars for transportation improvements, infrastructure projects, recreation programs, library services and other priorities.

Parrish said Colton has brought back at least \$15 million in federal money since beginning its lobbying trips five years ago.

"This is not a junket," Parrish said. "We've brought home results. This has definitely been a worthwhile endeavor for the city. If you don't go, you don't get anything."

In past years, Parrish said the city has secured money to build a massive storm drain to alleviate flooding near Arrowhead Regional Medical Center and improve traffic flow on Mount Vernon Avenue.

Colton also has received federal dollars to provide afterschool programs for at-risk children through the city's Police Activities League.

Parrish said lobbying efforts have helped the city bring home millions of dollars to clean up drinking water wells contaminated by perchlorate.

On Monday, city officials met with representatives of Sen. Barbara Boxer, D-Calif., and Rep. Jerry Lewis, R-Redlands, to discuss additional money for the storm drain, Interstate 10 improvements and habitat acquisition for the endangered Delhi Sands flower-loving fly.

They also received an update about perchlorate issues from a Defense Department official.

City leaders plan to raise the same issues at a meeting Wednesday with Rep. Joe Baca, D-Rialto.

This is the first year the city has sought money to acquire land to be set aside for fly conservation. In exchange for protecting habitat south of I-10, the city wants to be able to develop land north of the freeway into a large retail center near Arrowhead Regional.

Additional money is being requested to widen the Pepper Avenue bridge over I-10 and expand and realign on- and off- ramps.

The city also is seeking federal dollars for Police Activities League programs, literacy projects for children and computer labs for senior citizens.

Chastain said the fierce competition for limited federal dollars makes the lobbying trips a necessity.

"We have so many issues right now on our docket," she said. "We need to continually be in front of (federal officials) to let them know how important these projects are. We don't want them to forget about us."

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Inland agencies eye water

Runoff, wastewater sought; environmentalists object

By Joe Nelson, Staff Writer
Inland Valley Daily Bulletin

Article Launched:05/07/2007 12:00:00 AM PDT

Inland water agencies asking for rights to billions of gallons of future water expected to collect in the Santa Ana River and Seven Oaks Dam near Highland have been testifying before a state board.

Closing arguments are set for Tuesday in Sacramento before the state Water Resources Control Board, which will ultimately decide how the water is allocated, said Randy Van Gelder, general manager for the San Bernardino Municipal Water District.

It's expected that as the Inland Empire continues to grow in population, so will the amount of storm runoff and wastewater from home and business development. Various water agencies are hoping to access that water to diminish the amount they would need to import from the Colorado River. Some want the water for agricultural use, others to replenish groundwater and drinking water supplies.

San Bernardino Municipal Water District and Western Municipal Water District of Riverside, for example, are hoping to divert water from the Seven Oaks Dam and Santa Ana River to store in groundwater basins to serve customers in San Bernardino and Riverside counties, Van Gelder said.

Representatives from the San Bernardino Valley Municipal Water District, the Western Municipal Water District of Riverside County, the Chino Basin Watermaster and the Orange County Water District were among the agencies that submitted testimony last week.

Environmentalists also testified. They are concerned about the impact such water diversion would have on the various plant and wildlife species that thrive in the watershed that flows from Highland to the Orange County coastline.

"One of the things we're concerned about is every endangered species along that river is in a state of collapse or is imperiled," said Adam Keats, an attorney for the Center for Biological Diversity in San Francisco.

An increase in diversions of water from the Santa Ana River would be detrimental to at least 10 federally and state-licensed threatened and endangered species, including the Santa Ana sucker fish, the San Bernardino kangaroo rat and migratory songbirds such as the western yellow-billed cuckoo, the southwestern willow flycatcher, and the Least Bell's vireo, according to testimony presented by Ileene Anderson, an ecologist with the Center for Biological Diversity.

To address the threat to the kangaroo rat and two plant species - the Santa Ana River woollystar and the slender-horned spineflower - the Army Corps of Engineers is putting together a multiple-species habitat management plan, said Jay Field, spokesman for the Army Corps of Engineers in Los Angeles.

That plan, he said, is still in the early stages. Options include directing and spreading the water into overbank areas that would provide the necessary hydrology for the plants and wildlife, much like controlled flooding.

In a policy statement submitted to the state board, Ontario Public Works Director Kenneth Jeske voiced his support for the Chino Basin Watermaster's plan to divert a portion of storm water out of concrete channels and back into recharge basins, which would increase the yield of the basin and improve groundwater quality.

Testimony began Wednesday before a hearing officer. The five-member state board should make a decision as to how the water is allocated by the end of the year.

Contact writer Joe Nelson at (909) 386-3874 or via e-mail at joe.nelson@sbsun.com.

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Water officials bracing for dry weather

By Sahra Susman, Staff Writer
Inland Valley Daily Bulletin

Article Launched:04/30/2007 11:13:10 PM PDT

JURUPA - Tired of constantly replanting the grass in her backyard, Eastvale resident Kathy Bogart decided to tear out her lackluster lawn and replace it with artificial turf

"The backyard sprinkler system didn't seem efficient and we were constantly replacing the grass," Bogart said.

Strategies like Bogart's are applauded by water officials who are concerned about conservation, not backyard aesthetics. As temperatures rise, Southern California remains on track to have one of the driest years on record.

"We are facing a rather interesting situation in Southern California because all of the supply sources the region calls upon are having extremely dry years," said Bob Muir, spokesman for the Metropolitan Water District of Southern California.

Muir said in addition to Southern California's drought, statewide the snow pack is the lowest in 20 years and the Colorado River - a major source of California's imported water - is in its eighth year of drought.

Jurupa Community Services District General Manager Eldon Horst said his agency is gearing up to promote water conservation as summer approaches.

"What we want to do is be a good citizen in the state and ask our customers to conserve water and...to use water as wisely as possible," Horst said.

The district is completing three major projects to help meet increasing demand on the water supply this summer. In the summer of 2005 the district ran out of water and had to import its supply from Ontario

The added capacity of the Roger D. Teagarden Ion Exchange plant, a new water well and wellhead treatment for two additional wells will allow the agency to meet the demand and "assures clean, safe and reliable water supplies," Horst said.

In addition to the increased capacity of the agency's own wells, the district has made provisions to buy water from other agencies if necessary. Currently it has an agreement to buy water from the Rubidoux Community Services District, is renewing past agreements with the city of Norco and is working toward an agreement with Chino Hills.

"We also have water agreements with Ontario to allow us to utilize some of their Chino Desalter II water," Horst said.

Horst said the agency's improvements would allow the agency to use water more wisely and put less pressure on imported water supplies. With the addition of the Chino II Desalter Project coming online last week, a larger amount of groundwater treated for salt and nitrate impurities will be available.

Aside from additional water sourcing the agency is also encouraging water conservation. Since May is Water Awareness Month, water agencies across the region will promote conservation by participating in the Splash Festival. The family fun event promoting water conservation takes place May 12.

The Jurupa district offers financial incentives on low water-usage appliances and technical and financial assistance for landscape irrigation systems

"We're very happy that residents are taking seriously the rebate issues," Horst said. "However, the biggest savings is in the management of landscape irrigation."

Muir said water conservation is paramount to our future.

"The next era in water conservation will be in the outdoors, where up to 70 percent of water is used," Muir said.

His agency has worked on pilot projects with developers in the Inland Valley to feature California-friendly landscaping, which feature native and drought-tolerant plants, in both model homes or housing tracts

"It can be quite expensive to replace your turf with synthetic turf, so in Southern California we have other water-saving options including the California-friendly plants," he said.

Staff writer *Sahra Susman* can be reached at sahra.susman@dailybulletin.com or by phone at (909) 483-9356.

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Fifth-graders participate in environmental festival

By Canan Tascli, Staff Writer
Inland Valley Daily Bulletin

Article Launched:04/26/2007 11:00:00 PM PDT

The Cucamonga Valley Water District is working to create a new generation of conservationists.

"Recognition of environmental education is so critical to young people because it is giving them the foundation on how to protect the environment and that will help them become good stewards as they grow into adults," said Kristeen Buxton, public affairs officer at CVWD. "These are the future water users in our community and leaders, so it is important that they are aware of recycling, pollutants and water conservation and what else might be going on."

On April 13, 700 fifth-grade students from the Etiwanda School District participated in the CVWD fourth annual Kids Environmental Festival. Students spent one day, outdoors, at the CVWD offices in Rancho Cucamonga engaged in six hands-on learning stations all geared to teach them about water and environmental issues.

"Some people don't know how to help and so now they know," said Nicole Babich, 11, of Windrows Elementary School. "This place tells kids how to control and conserve water and how water is important because really, some people don't know how to save water."

Austin Young, 10, educated his fellow classmates on how to conserve water.

"Make sure you shut the sink handles tight," Austin said. "And you don't need to take a 30-minute shower because no one is that dirty."

Although the students participated in six stations as a class, there were 16 all together.

"It helps a lot for kids that are kinetic and visual learners because they enjoy being able to create things, like the earth stress ball," said Petrea Perey, fifth-grade teacher at East Heritage Elementary School. "For a lot of kids it really drives the lesson home and puts it in their brain and it helps with retention."

While the stations were educational, they also provided entertainment.

"The water cannon using the soda bottle really motivated the kids to want to know more about water pressure," Perey said. "They were very impressed."

The stations were taught by volunteers from the city, other water agencies, the gas company and employees of CVWD.

"It was very well organized and thought out so that each child was actively allowed to either touch, work or see something new," said Megan Gardner, fifth-grade teacher at West Heritage Elementary School.

Like Perey, Gardner said the visuals helped her students absorb the material they were given.

"Some students may not have any idea of the actual effects of recycling and water conservations, so this opened my students eyes to it first hand," Gardner said. "It wasn't your typical lecture format and then expecting them to understand the material, because it was interactive they visualized it and now they can remember what they were taught."

While the students learned throughout the day, they received a T-shirt to wear and back pack to keep their lunches in.

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Plant lovers find Harmony in the Garden

Article Launched:05/31/2007 11:00:00 PM PDT

Chino Basin Water Conservation District in Montclair partnered with the University of California Cooperative Extension to provide a workshop full of helpful gardening tips for residents.

On May 19, the two agencies hosted Harmony in the Garden, a daylong event for garden lovers. There were presentations about garden design and care, the master gardener program and composting.

Janet Hartin, a horticulturist at the University of California Cooperative Extension, said the goal of the workshop was to demonstrate and promote water efficient landscaping the re-use of green waste, and how to minimize the use of pesticides. The free workshop will become an annual event.

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