



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, January 24, 2007

- 8:50 a.m. – Special Appropriative Pool Meeting
- 9:00 a.m. – Annual Advisory Committee Meeting
- 11:00 a.m. – Annual Watermaster Board Meeting

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





CHINO BASIN WATERMASTER

Thursday, January 10, 2008

9:00 a.m. – Annual Advisory Committee Meeting
11:00 a.m. – Annual Watermaster Board Meeting

(Lunch will be served directly after the board meeting)

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ANNUAL ADVISORY COMMITTEE MEETING**
9:00 a.m. – January 24, 2008
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. INTRODUCTIONS OF THE ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2008

<u>Robert DeLoach</u>	Chair	(Appropriative Pool) – (Non-Ag passed)
<u>Bob Feenstra</u>	Vice-Chair	(Agricultural Pool)
<u>Mark Kinsey</u>	Second Vice-Chair	(Appropriative Pool)
<u>Ken Manning</u>	Secretary/Treasurer	(Chief Executive Officer)

INTRODUCTIONS OF THE NEW BOARD MEMBERS, CALENDAR YEAR 2008

Calendar Year 2008 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2008, the following will represent the Appropriative Pool on the Watermaster Board.

Cucamonga Valley Water District – New Member: James Curatalo Jr.
Alternate: Kathy Tiegs

II. 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 Advisory Committee Meeting December 20, 2007 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2007 *(Page 15)*
2. Watermaster Visa Check Detail *(Page 19)*
3. Combining Schedule for the Period July 1, 2007 through November 30, 2007 *(Page 21)*
4. Treasurer's Report of Financial Affairs for the Period November 1, 2007 through November 30, 2007 *(Page 23)*
5. Budget vs. Actual July 2007 through November 2007 *(Page 25)*

- C. CHINO BASIN WATERMASTER INVESTMENT POLICY**
Resolution 08-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy (*Page 27*)
- D. LOCAL AGENCY INVESTMENT FUND**
Resolution 08-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) – (*Page 29*)
- E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS**
Resolution 08-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008 (*Page 31*)
- F. NOTICE OF INTENT**
Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield (*Page 35*)

III. BUSINESS ITEMS

- A. IEUA CONTRACT FOR TECHNICAL SERVICES FOR DRY YEAR YIELD**
Consider Approval of the Contract for Services for Dry Year Yield and to Amend the 2007/2008 Watermaster Budget for the Receipt of Revenue from Inland Empire Utilities Agency and the Expenditure of a Similar Amount for Services by Wildermuth Environmental, Inc. (*Page 37*)
- B. WATERMASTER RESPONSE TO CONDITIONS SUBSEQUENT FROM THE COURT ORDER GRANTING WATERMASTER'S MOTION FOR APPROVAL OF PEACE II DOCUMENTS**
Consider Approval and Submittal to the Court a Brief to Explain the Amendments to the Judgment Paragraph 8 and Judgment "G" and Corrected Initial Schedule to Replace Resolution No. 07-05 Attachment "E", together with an Explanation of the Corrections Made

NOTE: Please note the materials for this item will be sent out separate cover

IV. REPORTS/UPDATES

- A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**
 - 1. Peace II Order
 - 2. SWRCB Order re Permit 19895 (*Page 79*)
 - 3. Hanson Aggregate Litigation
- B. ENGINEERING UPDATES**
- C. FINANCIAL REPORT**
 - 1. Budget Update
- D. CEO/STAFF REPORT**
 - 1. Legislative Update
 - 2. Recharge Update
 - 3. Wildermuth Contract
 - 4. CBWM Web Site
 - 5. National Research Council
 - 6. Replenishment Water Purchase
- E. INLAND EMPIRE UTILITIES AGENCY**
 - 1. MWD Water Rates
 - 2. Drought Planning Update/DYY Implementation
 - 3. Recharge Phase II Project Status
 - 4. Regional Recycled Water Program – 3 Year Business Plan Status (*Page 123*)
 - 5. Monthly Water Conservation Programs Report (*Page 91*)
 - 6. Draft FY 07/08 Regional Water Conservation Programs Budget
 - 7. Monthly Imported Water Deliveries Report (*Page 103*)

8. State and Federal Legislative Report (*Page 109*)
9. Community Outreach/Public Relations Report (*Page 125*)
10. Phase II Chino Basin Facilities Improvement Program Report (*Page 129*)

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

V. INFORMATION

1. Hatch & Parent Merger with Brownstein, Hyatt, Farber, and Schreck, January 2008 and Amendments to Agreement for Legal Services (*Page 133*)
2. Newspaper Articles (*Page 137*)

VI. COMMITTEE MEMBER COMMENTS

VII. OTHER BUSINESS

VIII. FUTURE MEETINGS

January 23, 2007	9:00 a.m.	GRCC Meeting
January 23, 2007	8:50 a.m.	Special Appropriative Pool Meeting
January 24, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 24, 2007	11:00 a.m.	Annual Watermaster Board Meeting
February 14, 2008	8:00 a.m.	MZ1 Technical Committee Meeting
February 14, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
February 19, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 28, 2008	9:00 a.m.	Advisory Committee Meeting
February 28, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

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**CHINO BASIN WATERMASTER
ANNUAL WATERMASTER BOARD MEETING**
11:00 a.m. – January 24, 2008
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

PUBLIC COMMENTS

INTRODUCTIONS - CALENDAR YEAR 2008 WATERMASTER BOARD MEMBERS

Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Non-Agricultural Pool
Jim W. Bowman	City of Ontario
Paul Hofer	Agricultural Pool (Crops)
Bob Kuhn	Three Valleys Municipal Water District
Charles Field	Western Municipal Water District
James Curatalo	Cucamonga Valley Water District
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)
Ken Willis	City of Upland

I. CALENDAR YEAR 2008 OFFICERS – Action

A. ELECTION OF OFFICERS

1. Nominations will be heard for Watermaster Board Chair
2. Nominations will be heard for Watermaster Board Vice-Chair
3. Nominations will be heard for Watermaster Board Secretary/Treasurer

II. 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 Watermaster Board Meeting December 20, 2007 (*Page 7*)
2. Minutes of the Watermaster Board Conference Call December 31, 2007 (*Page 13*)

B. FINANCIAL REPORTS

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- D. **LOCAL AGENCY INVESTMENT FUND**
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- A. **IEUA CONTRACT FOR TECHNICAL SERVICES FOR DRY YEAR YIELD**
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 - 1. Budget Update
- D. **CEO/STAFF REPORT**
 - 1. Legislative Update
 - 2. Recharge Update
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 - 5. National Research Council
 - 6. Replenishment Water Purchase
 - 7. Personnel Committee Meeting

V. INFORMATION

- 1. Hatch & Parent Merger with Brownstein, Hyatt, Farber, and Schreck, January 2008 and Amendments to Agreement for Legal Services (*Page 133*)
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February 28, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting held
December 20, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

December 20, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on December 20, 2007 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Non-Agricultural Pool

Bob Bowcock, Chair

Vulcan Materials Company (Calmat Division)

Appropriative Pool

Mohamad El-Amamy

City of Ontario

Robert Young

Fontana Union Water Company

Mike McGraw

Fontana Water Company

Dave Crosley

City of Chino

Bill Kruger

City of Chino Hills

Charles Moorrees

San Antonio Water Company

Raul Garibay

City of Pomona

Robert DeLoach

Cucamonga Valley Water District

Agricultural Pool

Jeff Pierson

Ag Pool, Crops

Watermaster Board Members Present

Sandra Rose

Monte Vista Water District

Watermaster Staff Present

Kenneth R. Manning

Chief Executive Officer

Sheri Rojo

CFO/Asst. General Manager

Gordon Treweek

Project Engineer

Danielle Maurizio

Senior Engineer

Sherri Lynne Molino

Recording Secretary

Watermaster Consultants Present

Michael Fife

Brownstein, Hyatt, Farber & Schreck

Mark Wildermuth

Wildermuth Environmental Inc.

Tom McCarthy

Wildermuth Environmental, Inc.

Others Present

Rich Atwater

Inland Empire Utilities Agency

Rick Hansen

Three Valleys Municipal Water District

Ron Craig

City of Chino Hills

Marty Zvirbulis

Cucamonga Valley Water District

Steven G. Lee

Ag Pool Legal Counsel

Chair Bowcock called the Advisory Committee meeting to order at 9:10 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held November 22, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through October 31, 2007
4. Treasurer's Report of Financial Affairs for the Period October 1, 2007 through October 31, 2007
5. Budget vs. Actual July 2007 through October 2007

Motion by DeLoach, second by McGraw, and by unanimous vote

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

II. BUSINESS ITEMS**A. 2007/2008 ASSESSMENT PACKAGE**

Mr. Manning stated since we have not yet received official notice from the court regarding the Peace II process, staff has prepared the Assessment Package utilizing the conditions stated in the Peace II Agreement. If notification is received by the court authorizing something other than what was presented in Peace II, then the Assessment Package will be revised accordingly. Mr. Manning stated at the recent Appropriative Pool meeting some questions were presented. The first item is the loss factor which is included in the post hydraulic control section of the Peace II Agreement which means hydraulic control has to be achieved prior to being able to use any other number other than the 2% loss factor. The second issue pertains to water costs as it relates to ASR and this is somewhat tied to the Assessment Package. Staff is currently working on a draft policy. The last item concerns cost allocations for capital and O&M costs for recharge facilities and staff is working to resolve this issue. This last item will not affect the current Assessment Package; however, this does need to be addressed. Ms. Rojo noted a copy of the draft 2007/2008 Assessment Package is available on the back table. Ms. Rojo stated the recent Assessment Package Workshop was very well attended and gave a presentation which was given at the workshop and recent Pool meetings.

Motion by Kinsey, second by DeLoach and by unanimous vote

Moved to approve 2007/2008 Assessment Package contingent on the resolution of the three issues which were discussed and approval of Peace II measures by the court, as presented

B. STATE OF THE BASIN REPORT

Mr. Manning stated the State of the Basin Report was developed several months ago and has been internally circulated by the parties and corrections have been made according to comments and suggestions. This report has also been submitted to the Special Referee to provide comments. Any received comments made by the Special Referee or the technical assistant have also been incorporated into the final State of the Basin Report. Staff is asking for approval to receive and file this report with the court.

Motion by El-Amamy, second by DeLoach and by unanimous vote

Moved to approve receiving and filing the State of the Basin Report with the court, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Peace II Approval Process

Counsel Fife commented on the recently held hearing regarding a go forward schedule from the court on the Peace II Agreement. Judge Gunn did not give a schedule at the hearing, however, noted an order would be forthcoming shortly. Counsel Fife stated a retort has

been created in response to the Special Referee's report and it was filed with the court last Friday. Mr. Wildermuth's office has also prepared a technical report which was discussed at the hearing and that was served to all the parties on Tuesday. Counsel Fife stated Judge Gunn clearly indicated if Watermaster did not receive an order by the end of the year he would extend the deadlines. A discussion with regard to this matter ensued.

B. ENGINEERING REPORT

1. Engineering Update

Mr. Wildermuth presented a time history with regard to safe yield and how it is calculated in the Chino Basin and reviewed it in detail. Mr. Wildermuth stated if water is pumped out of the basin over a ten year period and that total volume is added to the change in storage and divided by ten, which will give you the estimate of yield in the basin. This was one of the methods used to formulate the operating safe yield numbers for the Judgment; however, a few minor errors were detected at a later date in the calculations used.

C. FINANCIAL REPORT

1. Financial Update

No comment was made regarding this item.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the state legislature was called back into special session by the governor to cover the health issue and the bonds for water; neither of which were resolved at the special session. Mr. Manning referenced a handout entitled, California's Fiscal Outlook by the Legislative Analyst's Office. Mr. Manning reviewed the handout and stated he was able to sit down with Senator Bob Margett and Michael Cohen, who is the director of the state administrative department for the Legislative Analysts Office to talk about some of the projections for the state's economy. Mr. Manning encouraged the parties to get in contact with their local representatives right now regarding pressing issues in legislature. A discussion ensued with regard to legislative issues.

2. Recharge Update

Mr. Manning stated the updated chart reflecting the water captured is now available. Recharge did happen in the month of November which included water that was captured from one storm. Mr. Manning stated it appears there is another storm on its way for December which means we are hopeful we will capture more storm water. It is still predicted by the weather analysts that overall California will still have a less than average year of rainfall.

3. AB 303 Grant

Mr. Manning stated several of the parties were contacted regarding writing support letters for the AB 303 grant and several have been received and submitted. Watermaster is hopeful to receive funds from this \$250,000 grant application. Wildermuth Environmental has been working with Watermaster staff on the grant proposal. Mr. Manning stated a copy of the grant application can be made available. A brief discussion ensued with regard to the submittals of support.

4. Wildermuth Environmental Contract

Mr. Manning stated over the last few months, discussions have taken place on how to improve efficiencies at Watermaster. One of the items discussed was for staff to get a better understanding and develop a more structured working arrangement with Wildermuth Environmental and staff is in the process of working with them on developing a master contract. This contract will outline the procedures that will be used and the relationship with Watermaster and other parties within the basin. A draft of that contract should be available in early 2008.

5. Personnel Committee Meeting

Mr. Manning stated Watermaster will hold a Personnel Committee meeting in January as staff prepares to make the changes in the reorganization. The Personnel Committee will change based upon who is representing the Pools, Advisory Committee, and Watermaster Board.

6. January 2008 Reorganization

Mr. Manning stated there will be elections at the annual meetings for the yearly reorganizations for the Pools, Advisory Committee, and Watermaster Board.

D. INLAND EMPIRE UTILITIES AGENCY1. Imported Water Supply Update

Mr. Atwater stated a draft of the Metropolitan Water District's DYY Plan will be out shortly. Mr. Atwater noted Congress adjourned today and stated prior to their adjournment they authorized the Cucamonga/IEUA Water Recycling Program Title 16 for \$30M. A discussion regarding Title 16 ensued. Mr. Atwater noted other water pertinent information is in the meeting packet for review.

2. Phase 2 Recharge Improvements

No comment was made regarding this item.

3. Inland Empire Landscape Alliance Update

No comment was made regarding this item.

4. IEUA Achievement of Excellence in Procurement Award

No comment was made regarding this item.

5. Monthly Water Conservation Programs Report

No comment was made regarding this item.

6. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

7. State and Federal Legislative Report

No comment was made regarding this item.

8. Community Outreach/Public Relations Report

No comment was made regarding this item.

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hanson commented on the availability of MWD water. Mr. Hanson stated all the work being done on spreading grounds currently is critically important for the capture of water. A discussion with regard to drought plans ensued.

IV. INFORMATION1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

January 10, 2008	9:30 a.m.	Annual Non-Agricultural Pool Elections
January 10, 2008	10:00 a.m.	Annual Appropriative Pool Elections
January 10, 2008	10:15 a.m.	Annual Joint Non-Ag & Appropriative Pool Meeting
January 15, 2008	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 23, 2008	9:00 a.m.	GRCC Meeting
January 24, 2008	9:00 a.m.	Annual Advisory Committee Meeting
January 24, 2008	11:00 a.m.	Annual Watermaster Board Meeting

The Watermaster Advisory meeting was dismissed by Chair Bowcock at 9:45 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board meeting held December 20, 2007
2. Watermaster Board Conference Call held December 31, 2007



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
December 20, 2007

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on December 20, 2007 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Bob Kuhn	Three Valleys Municipal Water District
Charles Field	Western Municipal Water District
Jim Bowman	City of Ontario
Sandra Rose	Monte Vista Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental, Inc.
Tom McCarthy	Wildermuth Environmental, Inc.

Others Present

Dave Crosley	City of Chino Basin Watermaster
Mark Kinsey	Monte Vista Water District
Mohamad El-Amamy	City of Ontario
Bob Feenstra	Ag Pool – Dairy
Robert DeLoach	Cucamonga Valley Water District
Marty Zvirbulis	Cucamonga Valley Water District
Hank Stoy	Cucamonga Valley Water District
Robert Tock	Jurupa Community Services District
David DeJesus	Three Valleys Municipal Water District
Raul Garibay	City of Pomona

The Watermaster Board Meeting was called to order by Chair Willis at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

RECOGNITION OF OUTGOING WATERMASTER BOARD MEMBERS

1. Ms. Sandra Rose, Monte Vista Water District
Chair Willis thanked Ms. Rose for her past two years of service on the Watermaster Board and presented her with a Commendation of Service plaque. Ms. Rose thanked Watermaster staff and counsel for all the assistance in learning Watermaster policies and procedures.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held November 22, 2007
2. Minutes of the Watermaster Board Conference call held November 28, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2007
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Motion by Kuhn, second by Bowman and by unanimous vote

Moved to approve the Consent Calendar items A through B, as presented

II. BUSINESS ITEMS**A. 2007/2008 ASSESSMENT PACKAGE**

Mr. Manning stated since we have not yet received official notice from the court regarding the Peace II process and that staff has prepared the Assessment Package utilizing the conditions stated in the Peace II Agreement. The Assessment Package that is being presented is predicated on the idea that staff will receive an order from the court by the end of the year. If notification is received by the court authorizing something other than what was presented in Peace II, then the Assessment Package will be revised accordingly. Mr. Manning stated at the recent Appropriative Pool meeting some questions were presented. The first item is the loss factor which is included in the post hydraulic control section of the Peace II Agreement which means hydraulic control has to be achieved prior to being able to use any other number other than the 2% loss factor. The second issue pertains to water costs as it relates to ASR and this is somewhat tied to the Assessment Package. Staff is currently working on a draft policy. The last item concerns costs allocations for capital and O&M costs for recharge facilities and staff is working to resolve this issue. This last item will not affect the current Assessment Package; however, this does need to be addressed. Mr. Manning stated these three items were also presented and discussed at the Advisory Committee meeting this morning. Ms. Rojo referenced the draft 2007/2008 Assessment Package is available on the back table. Ms. Rojo stated the recent Assessment Package Workshop was very well attended. Mr. Manning stated staff is asking for approval of the Assessment Package contingent upon receiving an order from the court. Mr. Vanden Heuvel stated he is uncomfortable approving the Assessment Package absent a court order and asked that the directors consider tabling this item until next month. Mr. Vanden Heuvel stated he has discussed the possibility of having a special board meeting after the receipt of the court order. A discussion ensued with regard to this matter and it was decided a special board conference call will be scheduled for December 31, 2007 at 10:30 a.m. Mr. Manning stated there could be something in the court order that changes how the Assessment Package is calculated which will need board approval. Mr. Vanden Heuvel offered comment regarding this item. A discussion ensued with regard to the comments received.

Motion by Kuhn, second by Bowman and by majority vote, Vanden Heuvel and Hofer voted no

Moved to approve 2007/2008 Assessment Package contingent on the resolution on the three issues which were discussed and approval of Peace II measures by the court, as presented

B. STATE OF THE BASIN REPORT

Mr. Manning stated the State of the Basin Report was developed several months ago and has been internally circulated by the parties and corrections have been made according to comments and suggestions. This report has also been submitted to the Special Referee to provide comments. Reviewed comments made by the Special Referee or the technical

assistant have also been incorporated into the final State of the Basin Report. Staff is asking for approval to receive and file this report with the court.

Motion by Rose, second by Field and by unanimous vote

Moved to approve receiving and filing the State of the Basin Report with the court, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Peace II Approval Process

Counsel Fife commented on the recently held hearing regarding a go forward schedule from the court on the Peace II Agreement. Judge Gunn did not give a schedule at the hearing, however, noted an order would be forthcoming shortly. Counsel Fife stated a retort has been created in response to the Special Referee's report and it was filed with the court last Friday. Mr. Wildermuth's office has also prepared a technical report which was discussed at the hearing and that was served to all the parties on Tuesday. Counsel Fife stated Judge Gunn clearly indicated if Watermaster did not receive an order by the end of the year he would extend the deadlines. A discussion with regard to this matter ensued.

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D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the state legislature was called back into special session by the governor to cover the health issue and the bonds for water; neither of which were resolved at the special session. Mr. Manning referenced a handout entitled, California's Fiscal Outlook by the Legislative Analyst's Office. Mr. Manning reviewed the handout and stated he was able to sit down with Senator Bob Margett and Michael Cohen, who is the director of the state administrative department for the Legislative Analyst Office to talk about some of the projections for the state's economy. Mr. Manning encouraged the parties to get in contact with their local representatives right now regarding pressing issues in legislature. A discussion ensued with regard to legislative issues.

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has been working with Watermaster staff on the grant proposal. Mr. Manning stated a copy of the grant application can be made available. A brief discussion ensued with regard to the submittals of support.

4. Wildermuth Environmental Contract

Mr. Manning stated over the last few months, discussions have taken place on how to improve efficiencies at Watermaster. One of the items discussed was for staff to get a better understanding and develop a more structured working arrangement with Wildermuth Environmental and staff is in the process of working with them on developing a master contract. This contract will outline the procedures that will be used and the relationship with Watermaster and other parities within the basin. A draft of that contract should be available in early 2008.

5. Personnel Committee Meeting

Mr. Manning stated Watermaster will hold a Personnel Committee meeting in January as staff prepares to make the changes in the reorganization. The Personnel Committee will change based upon who is representing the Pools, Advisory Committee, and Watermaster Board.

6. January 2008 Reorganization

Mr. Manning stated there will be elections at the annual meetings for the yearly reorganizations for the Pools, Advisory Committee, and Watermaster Board. Mr. Manning noted Jim Curatalo will be joining the Watermaster Board from Cucamonga Valley Water District.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Chair Willis thanked every party that was involved in the Peace II process for a wonderful job done.

VI. OTHER BUSINESS

Mr. Kuhn stated two meetings have taken place regarding the IEUA invoicing matter.

VII. FUTURE MEETINGS

January 10, 2008	9:30 a.m.	Annual Non-Agricultural Pool Elections
January 10, 2008	10:00 a.m.	Annual Appropriative Pool Elections
January 10, 2008	10:15 a.m.	Annual Joint Non-Ag & Appropriative Pool Meeting
January 15, 2008	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 23, 2008	9:00 a.m.	GRCC Meeting
January 24, 2008	9:00 a.m.	Annual Advisory Committee Meeting
January 24, 2008	11:00 a.m.	Annual Watermaster Board Meeting

The Watermaster Board meeting was dismissed by Chair Willis at 11:45 p.m.

Secretary: _____

Minutes Approved: _____

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Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER CONFERENCE CALL
December 31, 2007

The Watermaster Board Meeting was held as a conference call, on December 31, 2007 at 10:30 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Bob Kuhn	Three Valleys Municipal Water District
Jim Bowman	City of Ontario
Sandra Rose	Monte Vista Water District
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Scott Slater	Brownstein Hyatt Farber Schreck
Michael Fife	Brownstein Hyatt Farber Schreck
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

John Rossi	Western Municipal Water District
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The Watermaster Board Meeting was called to order by Chair Willis at 10:30 a.m.

AGENDA – ADDITIONS/REORDER

No additions or reorders were made to the agenda.

A. COURT ORDER FOR PEACE II

Counsel Slater stated the court submitted the order to approve the Peace II documents on December 21, 2007. Counsel Slater reviewed several sections of the order and reviewed the Conditions Subsequent in detail noting each due date. Counsel Slater noted a hearing has been set by the court for Thursday, May 1, 2008 at 2:00 p.m. to review the first four conditions listed in the Conditions Subsequent. A discussion ensued with regard to the order and conditions.

TENTATIVE ITEM:

Note: Action on this item will only be necessary if the Order received differs from the assumptions made in the development of the Assessment Package

B. 2007/2008 ASSESSMENT PACKAGE

Mr. Manning stated the Peace II Agreement was approved by the court which leaves the motions made by the Pools, Advisory Committee, and Watermaster Board approving the 2007/2008 Assessment Package in good standing. No further action needs to be taken on this item.

The Watermaster Board conference call meeting was dismissed by Chair Willis at 10:55 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 10, 2008
January 15, 2008
January 24, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – December 2007

SUMMARY

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

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

Fiscal Impact – Funds disbursed were included in the FY 2007-08 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 December 2007 were \$555,473.03. The most significant expenditures during the month were Ellison, Schneider & Harris, LLP in the amount of \$176,378.04, Wildermuth Environmental Inc. in the amount of \$152,956.57, and Hatch and Parent in the amount of \$95,741.13.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2007

Type	Date	Num	Name	Amount
Dec 07				
General Journal	12/1/2007	07/12/3	PAYROLL	-7,042.87
General Journal	12/1/2007	07/12/3	PAYROLL	-22,396.18
Bill Pmt -Check	12/4/2007	11912	APPLIED COMPUTER TECHNOLOGIES	-3,066.10
Bill Pmt -Check	12/4/2007	11913	ARROWHEAD MOUNTAIN SPRING WATER	-46.65
Bill Pmt -Check	12/4/2007	11914	BLACK & VEATCH CORPORATION	-4,515.00
Bill Pmt -Check	12/4/2007	11915	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	12/4/2007	11916	BOWMAN, JIM	-250.00
Bill Pmt -Check	12/4/2007	11917	CALIFORNIA WATER AWARENESS CAMPAIGN	-375.00
Bill Pmt -Check	12/4/2007	11918	CALPERS	-3,053.50
Bill Pmt -Check	12/4/2007	11919	COMPUTER NETWORK	-646.50
Bill Pmt -Check	12/4/2007	11920	DIRECTV	-74.98
Bill Pmt -Check	12/4/2007	11921	ELLISON, SCHNEIDER & HARRIS, LLP	-72,833.12
Bill Pmt -Check	12/4/2007	11922	INLAND EMPIRE UTILITIES AGENCY	-127.31
Bill Pmt -Check	12/4/2007	11923	KONICA MINOLTA BUSINESS SOLUTIONS	-1,099.46
Bill Pmt -Check	12/4/2007	11924	KUHN, BOB	-250.00
Bill Pmt -Check	12/4/2007	11925	MEDIA JIM	-900.00
Bill Pmt -Check	12/4/2007	11926	MONTE VISTA WATER DIST	-250.00
Bill Pmt -Check	12/4/2007	11927	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,525.00
Bill Pmt -Check	12/4/2007	11928	PURCHASE POWER	-2,018.99
Bill Pmt -Check	12/4/2007	11929	RICOH BUSINESS SYSTEMS-Maintenance	-49.00
Bill Pmt -Check	12/4/2007	11930	STATE COMPENSATION INSURANCE FUND	-921.41
Bill Pmt -Check	12/4/2007	11931	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	12/4/2007	11932	TLC STAFFING	-656.00
Bill Pmt -Check	12/4/2007	11933	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	12/4/2007	11934	VERIZON	-50.29
Bill Pmt -Check	12/4/2007	11935	VISION SERVICE PLAN	-36.11
Bill Pmt -Check	12/4/2007	11936	WILLIS, KENNETH	-250.00
Bill Pmt -Check	12/4/2007	11937	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	12/7/2007	11938	Diehl, Evans & Co, LLP	-275.00
Bill Pmt -Check	12/13/2007	11939	ACWA SERVICES CORPORATION	-224.75
Bill Pmt -Check	12/13/2007	11940	AUTOMATED GATE SERVICES, INC.	-116.00
Bill Pmt -Check	12/13/2007	11941	CITISTREET	-2,862.09
Bill Pmt -Check	12/13/2007	11942	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	12/13/2007	11943	HATCH AND PARENT	-95,741.13
Bill Pmt -Check	12/13/2007	11944	HSBC BUSINESS SOLUTIONS	-312.23
Bill Pmt -Check	12/13/2007	11945	PAYCHEX	-295.76
Bill Pmt -Check	12/13/2007	11946	PREMIERE GLOBAL SERVICES	-91.30
Bill Pmt -Check	12/13/2007	11947	REID & HELLYER	-11,010.67
Bill Pmt -Check	12/13/2007	11948	SAFEGUARD DENTAL & VISION	-13.32
Bill Pmt -Check	12/13/2007	11949	SAFETY CLEAN JANITORIAL SERVICES	-590.00
Bill Pmt -Check	12/13/2007	11950	THE FURMAN GROUP, INC.	-2,500.00
Bill Pmt -Check	12/13/2007	11951	TLC STAFFING	-1,053.76
Bill Pmt -Check	12/13/2007	11952	UNION 76	-174.95
Bill Pmt -Check	12/13/2007	11953	VERIZON	-348.44
Bill Pmt -Check	12/13/2007	11954	VERIZON WIRELESS	-436.96
Bill Pmt -Check	12/13/2007	11955	W.C. DISCOUNT MOBILE AUTO DETAILING	-100.00
Bill Pmt -Check	12/13/2007	11956	WESTERN DENTAL SERVICES, INC.	-23.25
Bill Pmt -Check	12/13/2007	11957	CITISTREET	-2,862.09
Bill Pmt -Check	12/13/2007	11958	CITISTREET	-2,862.09
General Journal	12/15/2007	07/12/8	PAYROLL	-7,042.87
General Journal	12/15/2007	07/12/8	PAYROLL	-23,944.88
Bill Pmt -Check	12/18/2007	11959	A & R TIRE	-76.44
Bill Pmt -Check	12/18/2007	11960	BANK OF AMERICA	-1,392.43
Bill Pmt -Check	12/18/2007	11961	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	12/18/2007	11962	GREENLEE, GAIL	-717.59
Bill Pmt -Check	12/18/2007	11963	NORDBAK'S PROMOTIONAL PRODUCTS	-52.53
Bill Pmt -Check	12/18/2007	11964	UNITED PARCEL SERVICE	-771.79
Bill Pmt -Check	12/18/2007	11965	WATER EDUCATION FOUNDATION	-661.00
Bill Pmt -Check	12/18/2007	11966	PETTY CASH	-893.04
Bill Pmt -Check	12/18/2007	11967	KONICA MINOLTA BUSINESS SOLUTIONS	-3,186.17
Bill Pmt -Check	12/18/2007	11968	MCI	-1,169.95
Bill Pmt -Check	12/18/2007	11969	RICOH BUSINESS SYSTEMS-Lease	-888.94
Bill Pmt -Check	12/18/2007	11970	STAULA, MARY L	-136.61
Bill Pmt -Check	12/18/2007	11971	WILDERMUTH ENVIRONMENTAL INC	-152,956.57
Bill Pmt -Check	12/18/2007	11972	CALPERS	-3,243.09
Bill Pmt -Check	12/18/2007	11973	ELLISON, SCHNEIDER & HARRIS, LLP	-103,544.92
Bill Pmt -Check	12/18/2007	11974	OFFICE DEPOT	-1,163.76
Bill Pmt -Check	12/18/2007	11975	TLC STAFFING	-610.94

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2007

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	12/18/2007	11976	PAT BOLDT CONSULTING	-359.21
Bill Pmt -Check	12/18/2007	11977	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	12/19/2007	11978	JASON KARNER	-60.00
Dec 07				-555,473.03

11:36 AM
12/24/07

CHINO BASIN WATERMASTER
Check Detail
December 2007

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	11960	12/18/2007	BANK OF AMERICA	1012 · Bank of America Gen'l Ckg	
Bill	402442...	11/30/2007		6909.1 · OBMP Meetings	-177.02
				6312 · Meeting Expenses	-215.50
				6212 · Meeting Expense	-215.50
				6191 · Conferences	-365.54
				7104.6 · Grdwtr Level-Supplies	-418.87
TOTAL					-1,392.43

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	POOL AGRICULTURAL	POOL NON-AGRIC.	GROUNDWATER REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2007-2008
Administrative Revenues										
Administrative Assessments		5,139,446			61,606				5,201,052	\$7,540,370
Interest Revenue		36,872	6,192		1,066				44,130	181,500
Mutual Agency Project Revenue	41,667								41,667	145,500
Grant Income										0
Miscellaneous Income										0
Total Revenues	41,667	5,176,318	6,192		62,672				5,286,849	7,867,370
Administrative & Project Expenditures										
Watermaster Administration	224,622								224,622	627,797
Watermaster Board-Advisory Committee	26,670								26,670	60,645
Pool Administration		7,456	65,825	2,871					76,152	127,333
Optimum Basin Mgmt Administration		1,532,850							1,532,850	1,857,337
OBMP Project Costs		1,720,287							1,720,287	5,183,883
Education Funds Use						375			375	
Mutual Agency Project Costs										
Total Administrative/OBMP Expenses	251,292	3,253,137	65,825	2,871		375			3,580,956	7,867,370
Net Administrative/OBMP Income	(251,292)	(3,211,470)								
Allocate Net Admin Income To Pools		193,744	52,833	4,716						
Allocate Net OBMP Income To Pools		2,476,011	675,193	60,266						
Agricultural Expense Transfer		790,550	(790,550)							
Total Expenses	3,467,761	3,300	2,892	67,853	(5,181)	375			3,580,956	7,867,370
Net Administrative Income	1,708,557					(375)			1,705,893	
Other Income/(Expense)										0
Replenishment Water Purchases										0
MZ1 Supplemental Water Assessments										0
Water Purchases										0
MZ1 Imported Water Purchase										0
Groundwater Replenishment						(2,328,727)			(2,328,727)	0
Net Other Income						(2,328,727)			(2,328,727)	0
Net Transfers To/(From) Reserves			2,892	(5,181)				(375)	(622,834)	
Working Capital, July 1, 2007	4,222,727		475,604	156,552	294,397	158,251		1,655	5,309,186	
Working Capital, End Of Period	5,931,284		478,496	151,371	(2,034,330)	158,251		1,280	4,686,352	

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

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	129,735
Zero Balance Account - Payroll			
Local Agency Investment Fund - Sacramento			
			<u>129,735</u>
			<u>4,254,271</u>
TOTAL CASH IN BANKS AND ON HAND	11/30/2007	\$	4,384,506
TOTAL CASH IN BANKS AND ON HAND	10/31/2007		4,837,076
PERIOD INCREASE (DECREASE)		\$	<u>(452,570)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$	-
Assessments Receivable			
Prepaid Expenses, Deposits & Other Current Assets			(26,858)
Accounts Payable			91,346
Accrued Payroll, Payroll Taxes & Other Current Liabilities			9,316
Transfer to/(from) Reserves			<u>(526,374)</u>
PERIOD INCREASE (DECREASE)		\$	<u>(452,570)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 10/31/2007	\$ 500	\$ 182,305	\$ -	\$ 4,654,271	\$ 4,837,076
Deposits	-	-	-	-	-
Transfers	-	321,926	78,074	(400,000)	-
Withdrawals/Checks	-	(374,496)	(78,074)	-	(452,570)
Balances as of 11/30/2007	\$ 500	\$ 129,735	\$ -	\$ 4,254,271	\$ 4,384,506
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (52,570)	\$ -	\$ (400,000)	\$ (452,570)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
1/21/2007	Withdrawal	L.A.I.F.	\$ 400,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 400,000				

* The earnings rate for L.A.I.F. is a daily variable rate; 5.24% was the effective yield rate at the Quarter ended September 30, 2007

**INVESTMENT STATUS
November 30, 2007**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 4,254,271			
TOTAL INVESTMENTS	\$ 4,254,271			

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

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

Respectfully submitted,



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

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

	<u>Jul - Nov 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	41,667	145,500	-103,833	28.64%
4100 · Administrative Assessments	5,201,052	0	5,201,052	100.0%
4110 · Admin Asmnts-Approp Pool	0	7,423,878	-7,423,878	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0	116,492	-116,492	0.0%
4700 · Non Operating Revenues	44,130	181,500	-137,370	24.31%
Total Income	<u>5,286,849</u>	<u>7,867,370</u>	<u>-2,580,521</u>	<u>67.2%</u>
Gross Profit	5,286,849	7,867,370	-2,580,521	67.2%
Expense				
6010 · Salary Costs	216,480	477,247	-260,767	45.36%
6020 · Office Building Expense	41,405	101,580	-60,175	40.76%
6030 · Office Supplies & Equip.	13,184	46,500	-33,316	28.35%
6040 · Postage & Printing Costs	41,201	83,000	-41,799	49.64%
6050 · Information Services	61,237	132,000	-70,763	46.39%
6060 · Contract Services	41,916	117,500	-75,584	35.67%
6080 · Insurance	4,160	18,210	-14,050	22.85%
6110 · Dues and Subscriptions	12,073	16,750	-4,677	72.08%
6140 · WM Admin Expenses	822	4,650	-3,828	17.68%
6150 · Field Supplies	63	2,500	-2,437	2.53%
6170 · Travel & Transportation	6,140	25,000	-18,860	24.56%
6190 · Conferences & Seminars	7,805	22,500	-14,695	34.69%
6200 · Advisory Comm - WM Board	7,583	18,931	-11,348	40.06%
6300 · Watermaster Board Expenses	19,087	41,714	-22,627	45.76%
8300 · Appr PI-WM & Pool Admin	7,456	24,001	-16,545	31.06%
8400 · Agri Pool-WM & Pool Admin	7,026	24,004	-16,978	29.27%
8467 · Ag Legal & Techninical Services	54,365	60,000	-5,635	90.61%
8470 · Ag Meeting Attend -Special	4,434	12,000	-7,566	36.95%
8500 · Non-Ag PI-WM & Pool Admin	2,871	7,328	-4,457	39.18%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-221,863	-419,640	197,777	52.87%
Subtotal G&A Expenditures	<u>327,819</u>	<u>816,150</u>	<u>-488,331</u>	<u>40.17%</u>
6900 · Optimum Basin Mgmt Plan	1,444,037	1,716,138	-272,101	84.15%
6950 · Mutual Agency Projects	0	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	88,814	141,199	-52,385	62.9%
Subtotal OBMP Expenditures	<u>1,532,850</u>	<u>1,867,337</u>	<u>-334,487</u>	<u>82.09%</u>
7101 · Production Monitoring	38,913	116,709	-77,796	33.34%
7102 · In-line Meter Installation	6,328	37,791	-31,463	16.74%
7103 · Grdwtr Quality Monitoring	40,000	162,104	-122,104	24.68%
7104 · Gdwtr Level Monitoring	74,888	212,667	-137,779	35.21%
7105 · Sur Wtr Qual Monitoring	4,749	40,553	-35,804	11.71%
7107 · Ground Level Monitoring	83,144	425,465	-342,321	19.54%
7108 · Hydraulic Control Monitoring	81,994	369,232	-287,238	22.21%
7109 · Recharge & Well Monitoring Prog	15,570	182,827	-167,257	8.52%
7200 · PE2- Comp Recharge Pgm	415,131	1,255,827	-840,696	33.06%
7300 · PE3&5-Water Supply/Desalte	49,360	159,509	-110,149	30.95%

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

	<u>Jul - Nov 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	89,563	159,674	-70,111	56.09%
7500 · PE6&7-CoopEfforts/SaltMgmt	54,969	308,533	-253,564	17.82%
7600 · PE8&9-StorageMgmt/Conj Use	21,041	92,660	-71,619	22.71%
7690 · Recharge Improvement Debt Pymt	618,373	1,377,552	-759,179	44.89%
7700 · Inactive Well Protection Prgm	0	4,339	-4,339	0.0%
9502 · G&A Expenses Allocated-Projects	126,264	278,441	-152,177	45.35%
Subtotal Project Expenditures	<u>1,720,287</u>	<u>5,183,883</u>	<u>-3,463,596</u>	<u>33.19%</u>
Total Expense	<u>3,580,956</u>	<u>7,867,370</u>	<u>-4,286,414</u>	<u>45.52%</u>
Net Ordinary Income	1,705,893		1,705,893	100.0%
Other Income/Expense				
Other Expense				
5010 · Groundwater Replenishment	2,328,727	0	2,328,727	100.0%
9999 · To/(From) Reserves	-622,833	0	-622,833	100.0%
Total Other Expense	<u>1,705,894</u>	<u>0</u>	<u>1,705,894</u>	<u>100.0%</u>
Net Other Income	<u>-1,705,894</u>	<u>0</u>	<u>-1,705,894</u>	<u>100.0%</u>
Net Income	<u>-0</u>	<u>0</u>	<u>-0</u>	<u>100.0%</u>



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 08-01 Re-authorizing
Watermaster's Investment Policy



RESOLUTION 08-01

RESOLUTION OF THE CHINO BASIN WATERMASTER,
SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING
A WATERMASTER INVESTMENT POLICY

WHEREAS, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

WHEREAS, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

WHEREAS, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

WHEREAS, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster Finance Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

WHEREAS, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

NOW, THEREFORE, BE IT RESOLVED, by the Chino Basin Watermaster that:

Section 1. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Chief Financial Officer subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

Section 2. This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.

**Watermaster's Investment Policy originally adopted by the Advisory Committee on February 13, 1997 and the Watermaster Board on March 5, 1998.

APPROVED by the Advisory Committee this 24th day of January 2008.
ADOPTED by the Watermaster Board on this 24th day of January 2008.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 08-01, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:
NOES: 0
ABSENT: 0
ABSTAIN: 0

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

D. LOCAL AGENCY INVESTMENT FUND

Resolution 08-02 Investment of Monies in the Local Investment Fund (LAIF)



RESOLUTION 08-02 OF CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730

PHONE: 909-484-3888

**AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under San Bernardino Superior Court Case No. WCV51010 (formerly Case No. SCV164327) entitled Chino Basin Municipal Water District V. City of Chino, et al., with powers to authorize the investment or deposit of surplus funds pursuant to the California Government Code, Section 53600; and

WHEREAS, upon filing of an appropriate resolution, local agencies are permitted to remit money to the State Treasurer for deposit in the fund for the purpose of investment; and pursuant to Section 16429.3 of said Government Code, such monies are not subject to impoundment of seizure by any state official or state agency.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record.

BE IT FURTHER RESOLVED, that the following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.

_____	<u>Chairman of the Board</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Vice-Chair</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Board Secretary/Treasurer</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Kenneth R. Manning</u>	<u>Chief Executive Officer/Secretary</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Sheri Rojo</u>	<u>C.F.O./Asst. G.M.</u>	_____
(NAME)	(TITLE)	(SIGNATURE)

APPROVED by the Advisory Committee this 24th day of January 2008.
ADOPTED by the Watermaster Board on this 24th day of January 2008.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 08-02, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

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

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS

Resolution 08-03 Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008



RESOLUTION 08-03

A RESOLUTION OF THE CHINO BASIN WATERMASTER LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS FOR FISCAL YEAR 2007- 2008

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

WHEREAS, the Watermaster Advisory Committee approved and the Watermaster Board adopted the Fiscal Year 2007-2008 Budget on June 28, 2007 to carry out the necessary Watermaster functions under the Judgment; and

WHEREAS, the parties named in this Judgment have pumped 13,238.88 acre-feet of water in excess of the operating safe yield, which is required to be replaced at the expense of the parties in accordance with the assessment formulas for the respective pools.

NOW, THEREFORE, BE IT RESOLVED that the Chino Basin Watermaster levies the respective assessments for each pool effective January 24, 2008 as showed on Exhibit "A" attached hereto.

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

THE FOREGOING RESOLUTION was

APPROVED by the Advisory Committee on the 24th day of January 2008.

ADOPTED by the Watermaster Board on the 24th day of January 2008.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Secretary, Watermaster Board

Exhibit "A"
Resolution 08-03

Summary
of
Assessments
Fiscal Year 2007-2008
Production Year 2006-2007

1. OVERLYING (NON-AGRICULTURAL) POOL

a.	2007-2008 Budget	\$ <u>4.50</u> Per AF - Admin.
		\$ <u>31.80</u> Per - OBMP
b.	Replenishment	\$ <u>257.00</u> Per AF

2. APPROPRIATIVE POOL

a.	Administration	
	1. 2007-2008 Budget	\$ <u>4.50</u> Per AF - Admin.
		\$ <u>31.80</u> Per - OBMP
	2. Ag Pool Reallocated	
		\$ <u>3.69</u> Per AF - Admin.
		\$ <u>26.07</u> Per AF - OBMP
b.	100% Net Replenishment	\$ <u>257.00</u> Per AF
c.	15/85 Water Activity	
	15% Replenishment Assessments	\$ <u>451,217.11</u>
	15% Water Transaction Activity	\$ <u>587,892.62</u>
d.	Pomona Credit	\$ <u>0.0</u>
e.	Recharge Debt Payment	\$ <u>1,377,552.00</u>

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 08-03, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:
NOES: 0
ABSENT: 0
ABSTAIN: 0

CHINO BASIN WATERMASTER

Secretary

Date: _____

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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

F. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding
the Determination of Operating Safe Yield



Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

PLEASE TAKE NOTICE that on this 24th day of February 2007, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

Approved by
**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS**

By: _____
Chair

By: _____
Chair

ATTEST:

By: _____
Secretary

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CHINO BASIN WATERMASTER

III. BUSINESS ITEMS

- A. IEUA CONTRACT FOR TECHNICAL SERVICES FOR DRY YEAR YIELD CONTRACT





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: December 10, 2008
December 15, 2008
December 24, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: IEUA Contract for Technical Services Regarding the Dry Year Yield Expansion Project

SUMMARY

Recommendation – Staff recommends approval of the enclosed contract by the Advisory Committee and the Watermaster Board. In addition, staff recommends authorization to amend the 2007/2008 Watermaster budget for the receipt of revenue from IEUA and the expenditure of a similar amount for services by WEI.

Financial Impact – \$400,000 will be received from IEUA through their agreement with MWD to offset 100% of the cost associated with the agreement.

Introduction

Chino Basin Watermaster ("Watermaster") and Inland Empire Utilities Agency ("IEUA") propose entering in to IEUA Agreement No. 460000070 ("Agreement") which will provide technical review services for the Dry Year Yield Expansion Project. Specifically the Agreement will provide for modeling work to be conducted by Watermaster's consultant Wildermuth Environmental, Inc. ("WEI").

Background

At the end of 2007, the Metropolitan Water District of Southern California ("MWD"), IEUA, Western Municipal Water District ("WMWD") and the Three Valleys Municipal Water District ("TVMWD") entered in to Agreement No. 88734 which provides up to \$1.5 million to be used to conduct California Environmental Quality Act ("CEQA") review for an expansion of MWD's Chino Basin Dry Year Yield

account from 100,000 acre-feet to 150,000 acre-feet. An executed copy of this agreement is attached to the Agreement as Exhibit "A."

On September 5, 2007, IEUA approved a consultant contract with Black & Veatch to perform services to fulfill the terms of Agreement No. 88734. An executed copy of this agreement is attached to the Agreement as Exhibit "B." The Black & Veatch contract contemplated the use of Tom Dodson and WEI as subcontractors in order to complete the services. Exhibit "A" to the Black & Veatch contract is the scope of work for the services by Black & Veatch and the subcontractors. Pages 3 – 5 (Phase I, Task 5) of this scope of work detail the work to be performed by WEI. The budget for this work is approximately \$400,000.

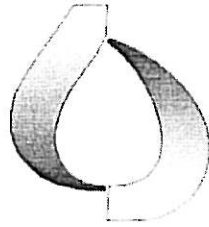
The nature of the modeling work to be performed by WEI for the project is comprehensive and thus goes to the heart of Watermaster's oversight responsibilities with respect to the Dry Year Yield Program and overall Basin operations. Because of this, it was the opinion of staff that the WEI services would be better structured through Watermaster in order to ensure the continued independence of WEI and the integrity of Watermaster's oversight review of the Dry Year Yield Expansion Project.

Summary of the Agreement

The Agreement is a services contract similar in nature to the Black & Veatch agreement, though modified to account for the fact that it will be WEI and not Watermaster that will be performing the services under the Agreement. Under the Agreement WEI will perform the services as described in the scope of work, and will bill Watermaster for those services. Watermaster will pay the WEI invoices and then submit those expenses to IEUA for reimbursement from MWD in accordance with Agreement No. 88734.

Under Agreement No. 88734 paragraph 7, the signatories to that agreement agree that if the environmental documents are not completed by December 31, 2008, or if certain other conditions develop relating to non-implementation of the DYY Expansion Project, then any funds advanced by MWD will be returned. Under the proposed Agreement with Watermaster, Watermaster does not assume any part of this liability.

The DYY Expansion Project will require amendment to the existing storage agreement with Watermaster, which will require approval by the Pool Committees, the Advisory Committee and the Board and will require an analysis of the potential for Material Physical Injury.



Inland Empire
UTILITIES AGENCY

AGREEMENT NUMBER: 4600000070

FOR

DRY YEAR YIELD EXPANSION PROJECT

THIS AGREEMENT (the "Agreement"), is made and entered into this ____ day of January 2008, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and, the Chino Basin Watermaster (hereinafter referred to as "Watermaster"), of Rancho Cucamonga, California, for professional environmental engineering services for the Dry Year Yield Expansion Project. Agency and Watermaster shall collectively be referred to as the Parties.

RECITALS

WHEREAS, in or about November, 2000, Agency entered into Metropolitan Water District Agreement No. 88734 entitled "Agreement for Groundwater Study, Preliminary Engineering Design and Environmental Costs for the Chino Basin Groundwater Storage Expansion Project (hereinafter referred to as "Master Agreement"). A copy of the Master Agreement is attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, Watermaster will benefit from the work conducted under the Master Agreement; and

WHEREAS, on or about September 5, 2007, in furtherance of performing its obligations under the Master Agreement, Agency entered into Contract No. 4600000005 for Dry Year Yield Expansion Project with Black and Veatch Corporation (hereinafter referred to as "Black and Veatch Agreement"). A copy of the Black and Veatch Agreement is attached hereto as Exhibit "B" and incorporated herein by this reference; and

WHEREAS, under the Black and Veatch Agreement, it was contemplated that Wildermuth Environmental, Inc. (hereinafter referred to as "WEI") would serve as a subcontractor to Black and Veatch; and

WHEREAS, the parties hereto agree that WEI shall serve as a consultant relative to the Dry Year Yield Expansion Project and shall provide its services through Watermaster;

COVENANTS

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties agree as follows:

1. PROJECT MANAGER ASSIGNMENT: All technical direction related to this Contract shall come from the designated Project Manager. Details of the Agency's assignment are listed below:

Project Manager: Richard W. Atwater
Chief Executive Officer/General Manager
Inland Empire Utilities Agency
Address: 6075 Kimball Avenue, Bldg. A
Chino, California 91708
Telephone: (909) 993-1740
Facsimile: (909) 993-1985
Email: atwater@ieua.org

2. WATERMASTER ASSIGNMENT: Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

Watermaster: Kenneth R. Manning
Chief Executive Officer
Chino Basin Watermaster
Address: 9641 San Bernardino Road
Rancho Cucamonga, California 91730
Telephone: (909) 484-3888
Mobile: (909) 579-7185
Email: KManning@CBWM.ORG

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:

1. Amendments to Contract number No. 4600000070
2. Contract Number 4600000070, General Terms and Conditions.
3. Table 1, Scope of Work (attached hereto), specifically column 12, entitled "Total WEI".
4. MWD Agreement No. 88734.

4. SCOPE OF WORK, SCHEDULE AND SERVICES: Watermaster Scope of Work, Schedule, and Services shall be in accordance with WEI work identified in the attached Table 1, titled "Inland Empire Utilities Agency/Chino Basin Watermaster, Metropolitan DDY Program Expansion Project Development Report," Scope and Fee Estimate [Rev. 7-30-07]; specifically, column 12, entitled "Total WEI", and as more thoroughly

described in the Black and Veatch Agreement. Watermaster shall perform those services requested by Black and Veatch to be performed under the Black and Veatch Agreement.

5. TERM: The term of this Contract shall extend from the Notice to Proceed, and terminate on December 31, 2008, unless otherwise agreed to by both parties, reduced to writing, and amended to this Contract.
6. MASTER CONTRACT: Watermaster shall comply with all of the cost accounting, record keeping and reporting requirements which the Agency is required to perform under the terms and conditions of the Master Agreement.
7. COMPENSATION: Agency shall pay Watermaster's properly executed monthly invoice, approved by the Project Manager, after approval from MWD staff of the invoice. Payment will be withheld for any service, which does not meet the Master Agreement terms and conditions, Agency requirements or have proven unacceptable until such service is revised, the invoice resubmitted, and accepted by the Project Manager.

Watermaster monthly invoices shall include a cost breakdown by work date, task description, itemized material cost and reasonable and customary expenses in accordance with the enclosed Table 1, column 12 entitled "Total WEI", and shall include the current monthly amount, and the cumulative amount invoiced to date. Material cost and reasonable expenses shall be submitted with receipts, and will be reimbursed at cost with no markup. Invoices must include the Contract Number 4600000070.

In compensation for the work performed hereunder, Agency shall pay Watermaster's invoices in accordance with the attached Table 1, and subject to MWD's staff review and approval, up to a Total Authorized Amount of **\$400,000.00**. Watermaster shall not be paid for any amount exceeding the Total Authorized Amount, or for work outside the scope identified herein without an Amendment to this Contract.

Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. The Total Authorized Amount and Term shall be equitably adjusted, if required, to account for such changes, and shall be set forth in the Amendment.

8. INSURANCE: During the term of this Contract, the Watermaster and its subcontractor personnel shall maintain at its sole expense, the following insurance.
 - A. Minimum Scope of Insurance:
 1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General

Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."
 3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.
 4. Professional Liability insurance in the amount of \$1,000,000 per occurrence.
- B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Watermaster shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:
1. General Liability and Automobile Liability Coverage
 - a. The Agency, its officers, officials, employees and volunteers are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Watermaster, products and completed operations of the Watermaster, premises owned, occupied or used by the Watermaster, or automobiles owned, leased, hired or borrowed by the Watermaster. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
 - b. The Watermaster's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Watermaster's insurance and shall not contribute with it.

- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Watermaster's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Watermaster may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees and volunteers for losses arising from work performed by the Watermaster for the Agency. Watermaster shall provide waiver of subrogation on all policies, required herein, except, Professional Liability.

3. All Coverages

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

- D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Watermaster shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. Submittal of Certificates: Watermaster shall submit all required certificates and endorsements to the following:

Safety and Risk Manager
Attn: Jack Frazier
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

9. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Watermaster or its subcontract personnel shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Watermaster: The Watermaster and or its subcontractor is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Watermaster and its subcontractor shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Watermaster and its subcontractor shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Watermaster or its employees.
- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. Indemnification: The Watermaster and its subcontractor agrees to protect, defend, indemnify and hold harmless the Agency, its officers, directors, agents, employees, servants, and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency, Watermaster and WEI) and damage to property, directly or indirectly out of the obligations herein undertaken or out of the operations conducted by the Watermaster, its employees, agents, representatives or subcontractors under or in connection with this Contract, to the extent due to Watermaster's negligence or willful misconduct.

The Watermaster further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Watermaster.

- F. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
 - G. Equal Opportunity: During the performance of this Contract, the Watermaster shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin.
 - H. Non-Conforming Work and Warranty: Watermaster represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Watermaster shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Watermaster by Agency, or any other person or entity. Any dispute that cannot be resolved between the Project Manager and Watermaster shall be resolved in accordance with the provisions of this Contract.
 - I. Disputes: All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. Both parties agree that any and all disputes, claims, matter of controversy arising out of or in relation to this Contract shall be considered in good faith by each Party. Each Party shall *meet and confer* with the other Party in a timely matter (not to exceed 60 days from time of notice) to resolve any such dispute. Should negotiations between the Parties fail to produce settlement of the subject dispute, claim, or matter of controversy, each Party shall be entitled to exercise all available remedies as prescribed by law in the State of California, San Bernardino County Superior Court, for resolution.
 - J. Attorneys' Fees: In the event an action is commenced by a party to this Contract against the other to enforce its rights or obligations arising from this Contract, the prevailing party in such action, in addition to any other relief and recovery ordered by the court or arbitration, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees.
10. PUBLIC RECORDS POLICY: Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency

shall use its best efforts to notify Watermaster of any requests for disclosure of any documents pertaining to Watermaster.

In the event of litigation concerning disclosure of information Watermaster considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Watermaster has marked "Confidential," "Proprietary," or "Trade Secret," Watermaster shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

11. INFRINGEMENT: Watermaster represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Watermaster shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

Watermaster shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its best efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement, or to put up a satisfactory bond to permit Agency's continued use of the Work and Documentation.

12. NOTICES: Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Cameron B. Langner
Manager of Contracts and Procurement
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

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

Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

13. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Watermaster, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Watermaster under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; except that it may be assigned without such consent to a related entity, an affiliate or wholly owned subsidiary of Watermaster; and, any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.
14. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all Watermaster's and subcontractor records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Watermaster. The Watermaster shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
15. INTEGRATION: The Contract Documents represent the entire Contract of the Agency and the Watermaster as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Watermaster.
16. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
17. TERMINATION FOR CONVENIENCE: Either party has the right to suspend, cancel or terminate this Contract at any time upon thirty (30) days written notice to the other party. In the event of such termination, the Watermaster shall deliver all documentation and work products to Agency and Agency shall pay Watermaster for all authorized and Watermaster-invoiced services up to the date of such termination.
18. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
19. NOTICE TO PROCEED: No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Watermaster.

IN WITNESS WHEREOF, the parties hereto have caused the Contract to be entered as of the day and year written above.

INLAND EMPIRE UTILITIES AGENCY:

CHINO BASIN WATERMASTER

Richard W. Atwater 12/19/2007
Richard W. Atwater (Date)
Chief Executive Officer
General Manager

Kenneth R. Manning (Date)
Chief Executive Officer

COPY

EXHIBIT A

Metropolitan
Agreement No. 88734

**Agreement for Groundwater Study, Preliminary Engineering Design and Environmental
Costs for the Chino Basin Groundwater Storage Expansion Project**

The purpose of this Metropolitan Agreement No. 88734 (this "Agreement") is to provide funds to facilitate the efforts of the Inland Empire Utilities Agency ("Program Agency") in coordination with Three Valleys Municipal Water District ("TVMWD") and Western Municipal Water District ("WMWD") in preparing preliminary engineering design, operational studies, and environmental documents for the expansion of the Chino Basin Groundwater Storage Project pursuant to the California Environmental Quality Act, Cal Pub. Res. Code §§ 21000-21178 ("CEQA") and the National Environmental Policy Act, 42 U.S.C. §§ 4321-4370e ("NEPA") if applicable.

In June 2003, the Chino Basin Groundwater Storage agreement was executed between The Metropolitan Water District of Southern California ("Metropolitan"), Chino Basin Watermaster, TVMWD, and IEUA and Metropolitan agreed to fund \$27.5 million in facilities. Construction of these facilities will be completed by March 2008. Metropolitan, WMWD, TVMWD, IEUA and the Chino Basin Watermaster have proposed to expand the existing Chino Basin Groundwater Storage Program from 100,000 AF to 150,000 AF. The Dry Year Yield would be increased from 33,000 AFY to 50,000 AFY.

In June 2007, the Board of Directors of The Metropolitan Water District of Southern California ("Metropolitan") appropriated Metropolitan capital funds and authorized execution of an agreement with Program Agency, TVMWD and WMWD for completion of a study to expand the Chino Basin Groundwater Storage Project. This study is to be structured to meet the CEQA requirements for facilities and operational studies designed to increase the Metropolitan's dry year yield to 50,000 AFY.

Prior to Metropolitan's approval of the Program Agency's proposed groundwater storage project, the requirements of CEQA and NEPA, if applicable, shall be satisfied. Specifically, Program Agency must (1) complete the environmental review and assessment required under CEQA and any environmental review and assessment required under NEPA and (2) certify as the "lead agency" (as defined in Section 15368 of the CEQA Guidelines, 14 CCR § 15000 et seq.), that such environmental assessment has been completed in accordance with CEQA, approve the project and file a Notice of Determination as required by Public Resources Code Section 21152 and NEPA, as applicable (collectively, the "Environmental Requirements.").

To facilitate the performance of the Environmental Requirements and Study, Metropolitan and Program Agency agree as follows:

1. Metropolitan will fund up to \$1,500,000 (the "ER Funds") for the costs and expenses to be incurred by Program Agency in performance of the Environmental Requirements and

Study (the "ER Costs"), provided however, this funding obligation is conditioned upon Metropolitan's prior written approval of the scope of work, schedule and budget for accomplishment of the Environmental Requirements. ER Costs are to include groundwater study, preliminary engineering and environmental documentation costs of all facilities to be funded by Metropolitan. ER Costs shall not include the costs or expenses of Program Agency personnel, outside legal counsel assisting Program Agency or Program Agency markups in completing the Environmental Requirements and Study.

2. Program Agency shall be responsible for all cost accounting record keeping for the Environmental Requirements and Study.
3. Metropolitan's reasons for approval or disapproval of the Environmental Requirements and Study budget shall be set forth in writing to Program Agency. With respect to any disapproved portions of such budget, Metropolitan and Program Agency shall promptly meet to resolve any disagreement and diligently seek to achieve a mutually acceptable budget.
4. Program Agency agrees to use the ER Funds solely for the payment of ER Costs.
5. Program Agency agrees to timely pay any ER Costs in excess of the ER Funds provided by Metropolitan under this agreement.
6. Metropolitan will disburse the ER Funds in accordance with the following procedure:
 - 6.1 Not more frequently than monthly and upon Metropolitan's approval of scope, budget and schedule, Program Agency may submit for Metropolitan's consideration and payment an invoice for ER Costs incurred. Each invoice shall set forth in reasonable detail those ER Costs that have been incurred since submittal of the prior invoice and shall reference discrete tasks as outlined in the approved schedule and budget. Work accomplished on each task shall be briefly described and the percent complete shall be presented with the percent and actual amounts expended to date on each task. Metropolitan shall review and approve or disapprove (in part or in whole) the invoice and provide payment of ER Funds within 30 days of receipt. If Metropolitan disapproves any portion of an invoice, it shall state its reasons for such disapproval in writing and cooperate in good faith with Program Agency, to promptly achieve a mutually acceptable revision to the disallowed portion of the invoice.
 - 6.2 On or prior to the first day of every calendar month after the disbursement of ER Funds Program Agency shall deliver to Metropolitan a written report from Program Agency, which shall include discussion of the prior month's activities, and a reasonably detailed accounting of all expenditures of ER Funds for the prior month. The report shall be accompanied by reasonably satisfactory evidence of payment to third-parties for services or materials in connection with the Environmental Requirements and Study.

6.3 At least 30 days in advance of finalization and public review of any environmental documents, Program Agency shall deliver to Metropolitan, copies of any and all documents, reports, analytical findings or other information derived from the Environmental Requirements and Study (including any such information provided by consultants or other advisors and any public comments to draft environmental reports) and copies of any and all correspondence and any governmental authority with respect to the Environmental Requirements and Study.

7. Notwithstanding anything to the contrary herein, if (a) the environmental documents are not completed by December 31, 2008, or (b) if the Program Agency does not agree to implement the Chino Basin Groundwater Storage Expansion Project and the Program Agency implements a storage program that uses the groundwater studies or environmental documentation developed as part of this agreement, or (c) Metropolitan, as a "responsible agency" (as defined in Section 15381 of the CEQA Guidelines) determines that the environmental documents prepared by Program Agency are not adequate for its use (as set forth in Section 15096(e) of the CEQA Guidelines), then Metropolitan may at any time elect to exercise its right to terminate this Agreement under this Section 7 by sending a written notice thereof to Program Agency. If Metropolitan sends such a written notice, then:

7.1 Program agency shall promptly deliver to Metropolitan (a) a final report prepared in accordance with Paragraph 6.2 above covering any period of time elapsed since the prior report and (b) all unexpended ER Funds then in its possession;

7.2 Within ninety (90) days after the final report delivered pursuant to Paragraph 6.2 above, Program Agency shall reimburse Metropolitan for all ER Funds previously advanced by Metropolitan; and

7.3 Upon payment of the amounts owing by Program Agency as set forth in Paragraphs 7.1 and 7.2, this Agreement (including, without limitation, Metropolitan's funding obligations herein) shall terminate and be of no further force and effect.

8. If Metropolitan does not object to the adequacy of the environmental documents prepared by Program Agency and the Environmental Requirements and Study have been completed by December 31, 2008, then Metropolitan shall send Program Agency a written notice that the conditions of Section 6 have been satisfied. If Metropolitan sends Program Agency written notice that conditions of Section 6 have been satisfied, then:

8.1 Program Agency shall reimburse Metropolitan for any unexpended ER Funds with Program Agency remaining after completion of the Environmental Requirements and Study;

8.2 Other than the reimbursement obligation in Paragraph 8.1 above, Program Agency will not otherwise be obligated to reimburse Metropolitan for any ER Funds, regardless of any future challenges to the adequacy of the environmental documents prepared by Program Agency; and

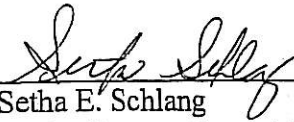
IN WITNESS WHEREOF, Metropolitan and Program Agency have caused this Agreement to be executed as of the date first set forth above.


APPROVED AS TO FORM

Karen Tachiki
General Counsel

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Jeffrey Kightlinger
General Manager

By: 
Setha E. Schlang
Senior Deputy General Counsel

By: 
for Jeffrey Kightlinger
General Manager

Date: 11/05/07

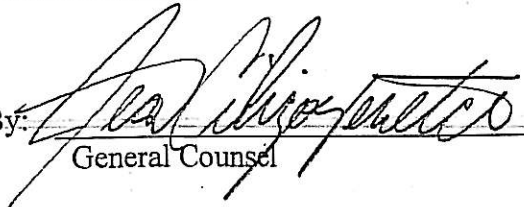
Date: 11/09/07

APPROVED AS TO FORM

Jean Cihigoyenetché
General Counsel

INLAND EMPIRE UTILITIES AGENCY

Richard Atwater
General Manager

By: 
General Counsel

By: 
General Manager

Date: 11-1-07

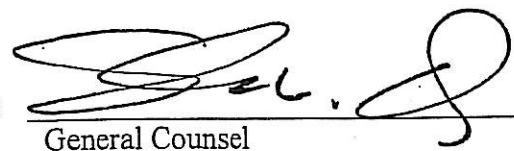
Date: 9/6/2007

APPROVED AS TO FORM

Steve Kennedy
General Counsel

THREE VALLEYS MUNICIPAL
WATER DISTRICT

Richard Hansen
General Manager

By: 
General Counsel

By: 
General Manager

Date: 10/17/07

Date: 10/2/07

APPROVED AS TO FORM

Jeffry Ferre
General Counsel

By: Jeffry F Ferre
General Counsel

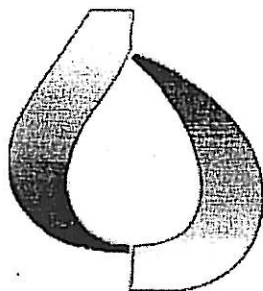
Date: 10/4/07

WESTERN MUNICIPAL WATER DISTRICT

John Rossi
General Manager

By: [Signature]
General Manager

Date: 10/3/07



Inland Empire
UTILITIES AGENCY

CONTRACT NUMBER: 4600000005

FOR

DRY YEAR YIELD EXPANSION PROJECT

THIS CONTRACT (the "Contract"), is made and entered into this 5th day of September 2007, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and, Black and Veatch, Corporation, of Irvine, California (hereinafter referred to as "Consultant"), for professional engineering services for the Dry Year Yield Expansion Project.

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties agree as follows:

1. **PROJECT MANAGER ASSIGNMENT:** All technical direction related to this Contract shall come from the designated Project Manager. Details of the Agency's assignment are listed below:

Project Manager: Richard W. Atwater
 Chief Executive Manager/General Manager
 Inland Empire Utilities Agency
 Address: 6075 Kimball Avenue, Bldg. A
 Chino, California 91708
 Telephone: (909) 993-1740
 Facsimile: (909) 993-1985
 Email: atwater@ieua.org

2. **CONSULTANT ASSIGNMENT:** Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

Consultant: David Argo
 Senior Vice President
 Address: 6 Venture, Suite 315
 Irvine, California 92618-3317
 Telephone: (949) 753-0500
 Facsimile: (949) 753-1252
 Email: argodg@bv.com

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
 1. Amendments to Contract number No. 4600000005
 2. Contract Number 4600000005, General Terms and Conditions.
 3. Exhibit A, Scope of Work (attached hereto).
4. SCOPE OF WORK, SCHEDULE AND SERVICES: Consultant Scope of Work, Schedule, and Services shall be in accordance with Exhibit A, attached hereto and made a part hereof, which tasks are specifically incorporated herein by this reference.
5. TERM: The term of this Contract shall extend from September 5, 2007, and terminate on December 31, 2008, unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. COMPENSATION: Agency shall pay Consultant's properly executed monthly invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice. Payment will be withheld for any service, which does not meet Agency requirements or have proven unacceptable until such service is revised, resubmitted, and accepted by the Project Manager.

Consultant monthly invoices shall include a cost breakdown by work date, task description, itemized material cost and reasonable and customary expenses, and shall include the current monthly amount, and the cumulative amount invoiced to date. Material cost and reasonable expenses shall be submitted with receipts, and will be reimbursed at cost with no markup. Invoices shall not be submitted in advance and shall not be dated earlier than three days prior to submittal. Invoices must include the Contract Number 4600000005.

The Project Manger shall approve all labor, materials, equipment and/or services to be furnished by others not specifically identified in Consultant's proposal, in advance, of their use.

In compensation for the work represented by this Contract, Agency shall pay Consultant's invoices up to a Total Authorized Amount of **\$1,425,400.00** for all services provided throughout the term of this Contract. Consultant shall not be paid for any amount exceeding the Total Authorized Amount, or for work completed beyond the expiration date without an Amendment to the Contract.

Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. The Total Authorized Amount and Term shall be equitably adjusted, if required, to account for such changes, and shall be set forth in the Amendment.

7. CONTROL OF THE WORK: Consultant shall perform the Work in compliance with the approved task Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

8. FITNESS FOR DUTY:

A. Fitness: Consultant's personnel on the Jobsite:

1. shall report for work in a manner fit to do their job;
2. shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
3. shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.

9. INSURANCE: During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.

A. Minimum Scope of Insurance:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."
3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.

4. Professional Liability insurance in the amount of \$1,000,000 per occurrence.
- B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:
1. General Liability and Automobile Liability Coverage
 - a. The Agency, its officers, officials, employees and volunteers are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
 - b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
 - c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
 - d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.
 2. Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees and volunteers for losses arising

from work performed by the Consultant for the Agency. Consultant shall provide waiver of subrogation on all policies, required herein, except, Professional Liability.

3. All Coverages

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.

E. Verification of Coverage: Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

F. Submittal of Certificates: Consultant shall submit all required certificates and endorsements to the following:

Safety and Risk Manager
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

10. LEGAL RELATIONS AND RESPONSIBILITIES

A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.

B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.

C. Observing Laws and Ordinances: The Consultant shall keep itself fully informed of all existing and future state and federal laws and all county and city

ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.

- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. Indemnification: The Consultant agrees to protect, defend, indemnify and hold harmless the Agency, its officers, directors, agents, employees, servants, and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Consultant) and damage to property, directly or indirectly out of the obligations herein undertaken or out of the operations conducted by the Consultant, its employees, agents, representatives or subcontractors under or in connection with this Contract, to the extent due to Consultant's negligence or willful misconduct.
- The Consultant further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Consultant.
- F. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- G. Equal Opportunity: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin.
- H. Non-Conforming Work and Warranty: Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Consultant by Agency, or any other person or entity. Consultant shall within five

(5) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

I. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.

3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to the Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.

J. Attorneys' Fees: In the event an action is commenced by a party to this Contract against the other to enforce its rights or obligations arising from this Contract, the prevailing party in such action, in addition to any other relief and recovery ordered by the court or arbitration, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees.

11. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Consultant and/or the Consultant's subcontractor(s) pertaining to this Contract.

12. PUBLIC RECORDS POLICY: Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Consultant of any requests for disclosure of any documents pertaining to Consultant.

In the event of litigation concerning disclosure of information Consultant considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Consultant has marked "Confidential," "Proprietary," or "Trade Secret," Consultant shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

13. TITLE AND RISK OF LOSS:

- A. Documentation: Title to the Documentation (Work Products) shall pass to Agency when prepared; however, a copy may be retained by Consultant for its records and internal use. Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the Project.

The Work Products shall not be changed or used for purposes other than those set forth in the Contract without the prior written approval of Consultant. If Agency releases the Work Products to a third party without Consultant's prior written consent, or changes or uses the Work Products other than as intended hereunder, Agency shall do so at its sole risk and discretion, and Consultant shall not be liable for any claims and/or damages resulting from or connected with the release of or any third party's use of the Work Products.

- B. Material: Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or fabricated, and such title shall be free and clear of any and all encumbrances. Consultant shall have risk of loss of any Material or Agency-owned equipment of which it has custody.
- C. Disposition: Consultant shall dispose of items to which Agency has title as directed in writing by the Agreement Administrator and/or Agency.

14. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and

Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:

1. Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.
2. If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.
3. If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.

B. No Additional Compensation: Nothing Set forth in this Contract shall be deemed to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.

15. INFRINGEMENT: Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Consultant shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim

that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

Consultant shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its best efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement, or to put up a satisfactory bond to permit Agency's continued use of the Work and Documentation.

16. NOTICES: Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Cameron B. Langner,
Manager of Contracts and Procurement
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

Consultant: Brad Hemken, P.E.
Project Manager
2850 E. Camelback Road, Ste. 240
Phoenix, AZ 85016

Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

17. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Consultant, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Consultant under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; except that it may be assigned without such consent to a related entity, an affiliate or wholly owned subsidiary of Consultant; and, any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.
18. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all Consultant's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
19. INTEGRATION: The Contract Documents represent the entire Contract of the Agency and the Consultant as to those matters contained herein. No prior oral or written under-

standing shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.

- 20. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
- 21. TERMINATION FOR CONVENIENCE: Either party has the right to suspend, cancel or terminate this Contract at any time upon thirty (30) days written notice to the other party. In the event of such termination, the Consultant shall deliver all documentation and work products to Agency and Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination.
- 22. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
- 23. NOTICE TO PROCEED: No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Consultant.

IN WITNESS WHEREOF, the parties hereto have caused the Contract to be entered as of the day and year written above.

INLAND EMPIRE UTILITIES AGENCY:

BLACK AND VEATCH, CORPORATION

Richard W. Atwater
Richard W. Atwater
Chief Executive Officer
General Manager

9/5/2007
(Date)

David Argo
David Argo
Senior Vice President

8-30-07
(Date)

EXHIBIT A

Scope of Work and Budget for Preparation of the Metropolitan DYY Program Expansion Project Development Report

The Scope of Services for the Project will be performed by Black & Veatch (Consultant), with subconsulting services from Wildermuth Environmental, Inc. (WEI) and Tom Dodson and Associates (TDA), under a contract with the Inland Empire Utilities Agency (IEUA). The work will also be coordinated with other Program Partners including the Metropolitan Water District of Southern California (Metropolitan), Western Municipal Water District (WMWD), Three Valleys Municipal Water District (TVMWD), and the Chino Basin Watermaster (Watermaster).

This exhibit provides: (1) a Scope of Work for the project and (2) an estimated budget to perform the work.

SCOPE OF WORK

PHASE 1 CHARACTERIZE DYY PROGRAM OBJECTIVES AND BASIN CAPABILITIES

Phase 1 tasks will focus on establishing the program objectives and capabilities of the Basin, Appropriators, and local agencies. The asset inventory from the initial DYY Program will be updated and revised to reflect new facilities and changes in water quality. The information developed in Phase 1 will be used to prepare an operations plan for the expanded DYY Program.

Task 1 Conduct Project Meetings

Project coordination and information gathering meetings will be conducted under this task. ~~Two meetings will be held with each of eight Appropriators (total of 16 meetings). These meetings~~ will focus on determining the level of interest in participating as a shift partner in the expanded program. Also, any current or future issues that may prohibit participation in the expanded program will be discussed. Finally, the asset inventory from the previous DYY Program will be updated through information gathered in the meetings.

This task also includes two meetings with WMWD and TVMWD (total of additional meetings). Similar items as developed above for the Appropriators will be discussed at these meetings. The asset inventory will be updated to include the appurtenant facility assets for the two potential partnering agencies.

Finally, this task includes monthly coordination meetings to be held with Metropolitan, IEUA, and Watermaster staff to discuss project updates.

A summary of the subtasks to be conducted under this task are as follows:

- 1.1 Meetings with Basin Appropriators to determine level of interest and changes to asset inventory (16 meetings).
- 1.2 Meetings with TVMWD and WMWD to determine level of interest and develop asset inventory (4 meetings).
- 1.3 Meetings with Metropolitan, IEUA, and Watermaster staff (monthly meetings).

Task 2 Define Available and Required Assets

This task will focus on updating and developing the asset inventory that was initially prepared during the first DYY Program. Information gathered from Task 1 will be used to refine the asset inventory and update existing facility and water quality mapping for the Basin. Water supply plans for each of the participating Appropriators and agencies will be updated and included in the asset inventory.

This information will be used to evaluate the feasibility of conducting wet water recharge, in-lieu exchange (shift), direct export, and aquifer storage and recovery (ASR) deliveries into the Basin. An evaluation of the current and planned wet water recharge capacity will be conducted to further refine the put capabilities of the Basin, should in-lieu shifting be limited or puts be accomplished by non-Basin agencies (i.e., WMWD, and TVMWD).

A summary of the subtasks to be conducted under this task are as follows:

- 2.1 Update DYY Program asset inventory schedule and mapping.
- 2.2 Refine Basin and UWMP 25-year water supply plan projections (including drought-planning activities).
- 2.3 Review and evaluate available wet water recharge capacity in the Basin.
- 2.4 Review current in-lieu exchange (shift) capacity of Basin Appropriators.
- 2.5 Review direct export opportunities for WMWD and TVMWD.
- 2.6 Review ASR opportunities for Basin Appropriators, WMWD, and TVMWD.

Task 3 Define DYY Program Size, Constraints, and Institutional Arrangements

Upon evaluation of the Basin capabilities from Task 2, this task will focus on confirming the size of the DYY Program expansion and put-take mechanisms for which to conduct the program. This task will also focus on addressing any water quality issues associated with using existing or planned transmission mains for water deliveries in addition to the proposed institutional arrangements required to deliver water between agencies and Program Partners. This task will be the first step in confirming the required facilities to conduct the expanded DYY Program, both on the put and take side.

An additional task to be conducted includes an evaluation of the Program participants' ability to manage peak and summer-time shift deliveries from the East Branch and Rialto pipelines. During Task 1, the interest and capabilities of the participants to participate in a peaking program will be addressed. The in-lieu exchange capabilities developed from Task 2 will play a major role in determining the feasibility of the Basin agencies and Program partners to conduct additional shift from Metropolitan during the summer months. This task will focus on the feasibility of conducting summer-time shift while Task 11 will address the value for agencies to manage peaking and summer-time shift deliveries from Metropolitan.

A summary of the subtasks to be conducted under this task are as follows:

- 3.1 Confirm and define size of DYY Program.
- 3.2 Define put/take mechanisms (in-lieu, wet water recharge, or ASR).
- 3.3 Define water quality constraints when using WMWD and TVMWD facilities for direct export.
- 3.4 Define institutional arrangements required to include WMWD and TVMWD as participants.
- 3.5 Determine facilities required to wheel water to MWWD and TVMWD.
- 3.6 Determine ability to manage peak and summer-time shift deliveries from East Branch and Rialto Pipeline.

Task 4 Develop Program Operations Plan

This task will focus on development of an annual and seasonal delivery schedule for which to use as a basis for modeling and facilities development. (The delivery schedule will show a reduction in firm Tier 1 and 2 deliveries when a DYY call is made by Metropolitan.) Current and projected Basin pumping and imported deliveries for all Program participants will be reviewed and summarized. A preliminary put/take schedule will be developed for the expanded program. Current DYY Program commitments as well as other storage and recovery program participation will be reviewed for each participant. This information will be compiled and entered into the DYY Program facility model that was developed for the initial program. The model will be used to confirm put and take facility requirements for the participants. The final product of this task will be development of a Basin Operations Plan that will be specific to the DYY Program.

A summary of the specific subtasks to be conducted under this task are as follows:

- 4.1 Review seasonal pumping and imported water deliveries for Basin Appropriators.
- 4.2 Review current DYY Program commitments and constraints on system, if any.
- 4.3 Develop preliminary put/take schedule for DYY Program.
- 4.4 Use updated DYY Program facility model to determine preliminary facility requirements.
- 4.5 Develop program-specific Basin operations plan.

Task 5 Conduct Basin Modeling and confirm Required Facilities

In 2002, WEI in conjunction with Black and Veatch conducted engineering and scientific investigations to evaluate the impacts of the 100,000 acre-ft DYY Program. In that work, WEI developed a high-resolution groundwater flow model for the Chino Basin that was subsequently used to evaluate Metropolitan's DYY program alternatives and that was eventually used in the subsequent California Environmental Quality Act of 1970 findings. Since that time, the complexity of the management issues in the Chino Basin and the magnitude of new hydrogeologic information require that the Watermaster, IEUA and Metropolitan develop a new

groundwater model. The new model will be used to investigate the effects of the revised OBMP, the incremental impact that will occur from the superposition of Metropolitan's proposed DYY expansion and other storage programs.

The model will be used to answer the following two fundamental questions:

- What are the short and long term changes in groundwater levels, subsidence in MZ-1, storage, storage losses, riparian habitat, and safe yield that will result from the planned future changes in groundwater pumping, recharge and storage management plans that are included in the OBMP and the 2007 revisions to the OBMP?
- What are the incremental short and long term changes that will occur when groundwater storage programs are superimposed on the OBMP and the 2007 revisions to the OBMP?

The flowing management concepts will be incorporated into modeling alternatives to answer these questions:

- Re-Operation Scheduling
- Desalter Well Field Location and Pumping
- Expanded Replenishment and Recharge Requirements and Capacities
- Long-term Subsidence Management Plan Constraints
- Management of Contaminant Plumes
- Development of Future Monitoring

Re-Operation will reduce the groundwater storage in the Basin by 400,000 acre-ft. Essentially, the replenishment obligation for the desalter program will be forgiven until the cumulative replenishment reaches 400,000 acre-ft. At that point, the Watermaster will re-determine safe yield and desalter replenishment will start. A long planning period will be required to estimate the new safe yield when the 400,000 acre-ft threshold is reached and to evaluate the long-term yield and basin levels after full replenishment is reinstated. The planning period will be at least through 2070. This longer planning period requires the model calibration period to be expanded. The model calibration period should be comparable to the planning period and no less than about half the planning period in length. In the 2002 groundwater model, the planning period was 26 years and the calibration was 11 years. The model being developed herein will have a 60-year planning period (2006-07 through 2065-66) and a 46-year calibration period (1960-61 through 2005-06).

Since the 2002 model was built, there are two new sources of data that must be included in the new model – high resolution geophysical logs and lithologic logs from over 40 new wells; and construction and operation of the new recharge facilities of the Chino Basin Facilities Improvement Program. These new information must be included in the model for the model to be up to date.

Finally the subsidence issues in the Chino Management Zone 1 requires a one-dimensional compaction sub model to be coupled to the new groundwater flow model to realistically answer the questions posed above.

Computer modeling will be used to determine the impact, if any, on current Basin operations upon inclusion of the expanded DYY Program. The asset inventory information developed in Tasks 1 and 2 and the facilities development from Task 4 will be used to model the expanded program. Any impacts to hydraulic control and management of the Basin will be addressed in this task. Upon review of the Basin modeling results, the final facilities selection or locations of facilities may be adjusted to meet the Basin operations plan and management objectives. All changes in facilities will be summarized before moving forward to Phase 2.

A summary of the subtasks to be performed under this task are as follows:

- 5.1 Update Basin model with asset and production information.
- 5.2 Run model to determine yield impacts/benefits of put/take schedule.
- 5.3 Review Basin modeling results.
- 5.4 Determine facility changes, if any, required for optimal Basin management (i.e., hydraulic control).
- 5.5 Update DYY Program facility model to reflect any facility changes.
- 5.6 Summarize and confirm facilities requirements to move forward to Phase 2.

PHASE 2 CONDUCT FACILITIES DEVELOPMENT AND CONCEPTUAL DESIGN

Phase 2 tasks will focus on conceptual design of the put and take facilities identified in Phase 1. A summary of impacts, if any, to Basin water resources will also be provided under this phase.

Task 6 Prepare Conceptual Design for Put Facilities (recharge basins, ASR wells)

This task includes the conceptual design for the put facilities identified in Phase 1. Local water quality and hydrogeologic criteria that may impact design will be considered. Design criteria and spatial layouts for all put facilities will be developed. Land requirements and preliminary site selection for the facilities will also be addressed. Sufficient detail will be developed for the conceptual design drawings to confirm facility requirements and preliminary cost estimates.

A summary of the subtasks to be performed under this task are as follows:

- 6.1 Define water quality and hydrogeologic criteria.
- 6.2 Develop design criteria and prepare conceptual design.
- 6.3 Determine land requirements and develop preliminary site selection.
- 6.4 Prepare conceptual facility drawings and Basin mapping.

Task 7 Prepare Conceptual Design for Take Facilities (wells, ASR wells, treatment facilities)

Similar to Task 6 above, this task includes development of the conceptual design of the take facilities identified in Phase 1. These facilities will include production wells, ASR wells, and treatment facilities. Local water quality and hydrogeologic design criteria will be developed and summarized for inclusion in the conceptual facility design. Spatial layouts and land requirements for all facilities will be developed. In addition, design criteria for new or connections to existing regional brine conveyance pipelines will be developed. Potential brine pipeline alignments will also be reviewed. Sufficient level of design will be prepared to develop design criteria to move forward to preliminary design and to develop conceptual-level cost estimates.

A summary of the subtasks to be performed under this task are as follows:

- 7.1 Define water quality and hydrogeologic criteria.
- 7.2 Prepare water quality and treatment technologies assessment.
- 7.3 Develop design criteria and prepare conceptual design.
- 7.4 Determine land requirements and develop preliminary site selection.
- 7.5 Determine water and/or brine conveyance requirements.
- 7.6 Prepare conceptual facility drawings and Basin mapping.

Task 8 Prepare Conceptual Design for Interagency Conveyance Facilities (WMWD and TVMWD)

This task includes development of the conveyance facilities required to move water to and from Program participants that are outside of the Basin boundaries including, WMWD and TVMWD. Alternative projects have already been brainstormed and are ready for preliminary screening and conceptual design. These alternatives are listed in the subtasks below. The feasibility of implementing each of the alternatives will be considered in addition to the required facilities and estimated construction costs. Four alternative conveyance alternatives will be considered for TVMWD and two alternatives will be developed for WMWD.

A summary of the subtasks to be performed under this task are as follows:

- 8.1 Develop raw water replenishment connection from San Gabriel Valley Water District (SGVWD) Azusa-Devil Cyn. Pipeline to San Antonio Ck Channel (TVMWD).
- 8.2 Develop new wells in Six Basins area and potential connections to Pomona-Walnut-Rowland (PWR) pipeline (TVMWD).
- 8.3 Develop new treated water connection between Water Facilities Authority (WFA) and Miramar WTPs (TVMWD).
- 8.4 Develop raw water replenishment connection into San Antonio Spreading Grounds (TVMWD).

- 8.5 Develop facilities required to convey water from Management Zone 3 (MZ3) to new Riverside-Corona Feeder (WMWD).
- 8.6 Develop facilities required to convey water from MZ3 and Chino Desalter Authority (CDA) Facilities to Arlington Desalter Pipeline (WMWD).

Task 9 Define Basin Water Resources Impacts or Benefits

This task serves as a summary of the water resources impacts, if any, of conducting the Basin operating plan for the DYY Program. This task will also provide a summary of the Basin modeling task that was conducted to confirm hydraulic control and to ensure all other Basin management objectives are being met with implementation of the expanded Program.

The following two subtasks will be performed:

- 9.1 Summarize modeling criteria and assumptions.
- 9.2 Summarize modeling results for final facilities selection.

PHASE 3 PREPARE CEQA DOCUMENTATION

Phase 3 work will incorporate all California Environmental Quality Act (CEQA) documentation deliverables for the expanded DYY Program. The CEQA documentation will cover any new facilities and may also include Basin re-operation due to the expanded Program. Since the facilities will most likely include facilities outside of the Basin, it is recommended to move forward with a Negative Declaration that tiers off the existing Optimum Basin Management Program (OBMP) Program Environmental Impact Report (PEIR). This will ensure that all facilities implemented under the Program will be consistent with the OBMP PEIR management objectives.

Task 10 Prepare Initial Study and Negative Declaration

This task assumes that the data justify adoption of a Negative Declaration as the appropriate CEQA environmental determination. If not, an Environmental Impact Report (EIR) would be prepared, most likely with a narrow focus of evaluation. TDA will serve as CEQA consultant for the project and will review and summarize the findings from the OBMP PEIR and the subsequent DYY environmental document which lead to a finding of consistency between the initial DYY Program and the OBMP PEIR. This will provide the background and setting for consideration of the proposed DYY Program Expansion Project.

A project description will be created that describes all of the proposed DYY Program facilities and operations. Using existing and new data for site specific impacts (biological and cultural) and the updated hydrology data, an Initial Study will be prepared that will be used to determine whether a Negative Declaration or EIR is the appropriate CEQA environmental determination. The Initial Study will be prepared in the context of the OBMP PEIR, but due to the age of this document, it must be a stand alone environmental document. A draft for internal review will be provided to all review parties. The Initial Study will be finalized, and a Notice of Intent to adopt a Negative Declaration will be distributed for a 30 day public review and comment period. At the end of this period we will respond to any comments and finalize the Negative Declaration for

adoption by the IEUA Board. We will attend a public meeting before the IEUA Board for adoption of the Negative Declaration (most probably with mitigation measures) and filing of Notice of Determination. This will close the review period except for the 30 day statute of limitations for someone to file litigation.

A summary of the subtasks to be performed under this task are as follows:

- 10.1 Review CEQA conducted for initial DYY Program facilities.
- 10.2 Summarize facility requirements for Program expansion.
- 10.3 Prepare Initial Study.
- 10.4 Prepare Negative Declaration (tier off OBMP).
- 10.5 Coordinate submission and review of CEQA documents.

PHASE 4 DEVELOP PROJECT IMPLEMENTATION PLAN

Phase 4 tasks will focus on development of DYY Program costs, schedule, and preparation of the Project Report. These tasks together will comprise the implementation plan for the Program.

Task 11 Determine Program Costs

The DYY Program facilities cost model will be updated and used to determine conceptual-level cost estimates for the Program facilities. The cost evaluation will also address the value of participation in a summer-time peaking program with Metropolitan. The costs developed under this phase will be used for final negotiation of funding from Metropolitan.

A summary of the subtasks to be performed under this task are as follows:

- 11.1 Use DYY Program facility/cost model to determine capital and Operation and Maintenance (O&M) costs for required assets.
- 11.2 Determine value of reducing summer peaking off Metropolitan facilities.
- 11.3 Determine unit water cost for program(s).

Task 12 Develop Program Implementation Schedule

Program scheduling milestones will be identified and the coordination with other Basin management activities will be addressed. Milestones include facility design, construction and startup deadlines. Scheduling will also include a detailed coordination schedule with other Basin management projects including desalter operations, hydraulic control, etc.

A summary of the subtasks to be performed under this task are as follows:

- 12.1 Summarize Metropolitan program schedule requirements.
- 12.2 Review schedule for other Basin management projects.
- 12.3 Develop design, construction, and operations schedule for Program facilities.

Task 13 Develop Project Report

This task will focus on development of a Draft and Final Project Development Report. All of the information and alternatives developed in the tasks above will be summarized and presented in a report. A Draft Report will be prepared for review by all Program partners and participating agencies. All comments received on the Draft Report will be reviewed and incorporated into the Final Report. Ten (10) hard copies of both the Draft and Final Project Development Reports will be provided for distribution by IEUA staff. A CD containing a photo-ready electronic copy of the Draft and Final reports will also be provided should additional copies be required by IEUA staff.

A summary of the subtasks to be performed under this task are as follows:

- 13.1 Prepare Draft Project Development Report.
- 13.2 Incorporate comments and prepare Final Project Development Report.

BUDGET AND SCHEDULE

Table 1 on the following page provides a detailed summary of the tasks and corresponding budget. As shown in the table, the total estimated not-to-exceed fee is \$1,425,400. Billing rate schedules for all Team members are available upon request.

A Preliminary Project Schedule is also included following Table 1. This schedule includes the estimated start and completion dates for all primary project tasks. As summarized in the schedule, we anticipate completion of the Final Project Development Report by the end of July 2008 and completion of all CEQA documentation by October 2008.

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INLAND EMPIRE UTILITIES AGENCY/CHINO BASIN WATERMASTER
METROPOLITAN DYY PROGRAM EXPANSION PROJECT DEVELOPMENT REPORT

Scope and Fee Estimate
(Rev. 7-30-07)

Task	Project Director	Project Manager	Senior Engineer	Engineer	Staff Engineer	CAD Tech	Clerical	Total Hours	Total Labor	Total Expenses @ 75	Total WEI	Total Decision	Total Cost
	250	160	150	130	120	110	90						
	Billing Rate:												
Task 7-Prepare Conceptual Design for Take Facilities (wells, ASH wells, treatment facilities)													
7.1 Define water quality and hydrogeologic criteria.	8	16	16	24	40		4	108	15,240	960	5,000		\$251,500
7.2 Prepare water quality and treatment technologies assessment.	8	20	40	40	80		24	212	28,160	1,940			30,100
7.3 Develop design criteria and prepare conceptual design.	16	60	64	200	300		48	688	89,520	6,080			95,600
7.4 Determine land requirements and develop preliminary site selection.	8	20	4	40	40		24	216	27,160	1,940			29,100
7.5 Determine water and/or brine conveyance requirements.	8	20	24	40	64		24	180	23,840	1,680			25,520
7.6 Prepare conceptual facility drawings and basin mapping.	8	20	32	64	60		8	292	37,440	2,560			40,000
													\$148,500
Task 8-Prepare Conceptual Design for Interagency Conveyance Facilities (WAWMD and TVMWD)													
8.1 Develop raw water replenishment connection from SGWWD Azusa-Devil Cyn Pipeline to San Antonio Ck Channel (TVMWD)	4	16	12	32	64		16	144	18,640	1,260	2,000		21,900
8.2 Develop raw wells in Six Basins area and potential connections to PWR pipeline (TVMWD)	4	24	24	48	80		24	204	26,440	1,860	5,000		33,300
8.3 Develop raw treated water connection between WFA and Miramar WTPs (TVMWD)	4	16	12	32	64		16	144	18,640	1,260	2,000		21,900
8.4 Develop raw water replenishment connection into San Antonio Spreading Grounds (TVMWD)	4	16	12	32	64		16	144	18,640	1,260	2,000		21,900
8.5 Develop facilities required to convey water from M23 to new Riverside-Corona Feeder (WAWMD)	4	24	20	48	80		24	200	25,840	1,760	2,000		29,600
8.6 Develop facilities required to convey water from M23 and CDA Facilities to Arlington Desalter Pipeline (WAWMD).	4	16	12	32	64		16	144	18,640	1,260	2,000		21,900
													\$28,800
Task 9-Define Basin Water Resources Impacts or Benefits													
9.1 Summarize modeling criteria and assumption.	4	4	4	4	8		8	44	5,920	480	8,000		14,400
9.2 Summarize modeling results for final facilities selection.	4	4	4	4	8		8	44	5,920	480	8,000		14,400
PHASE 3-PREPARE CEQA DOCUMENTATION													
Task 10-Prepare Initial Study and Negative Declaration													
10.1 Review CEQA conducted for Initial DYY Program facilities.	2	4	4	8	16		4	34	4,460	340	5,000		9,800
10.2 Summarize facility requirements for Program expansion.	2	4	4	8	16		4	34	4,460	340	5,000		9,800
10.3 Prepare Initial Study.	2	4	4	8	16		4	34	4,460	340	5,000		9,800
10.4 Prepare Negative Declaration (for off O&M).	2	4	4	8	16		4	34	4,460	340	5,000		9,800
10.5 Coordinate submission and review of CEQA documents.	2	4	4	8	16		4	34	4,460	340	5,000		9,800
													\$147,400
PHASE 4-DEVELOP PROJECT IMPLEMENTATION PLAN													
Task 11-Determine Program Costs													
11.1 Use DYY Program facility/cost model to determine capital and O&M costs for required assets.	8	24	20	48	60		16	196	26,120	1,760			\$43,000
11.2 Determine value of reducing summer peaking off Metropolitan facilities.	4	8	8	16	24		8	68	9,160	640			27,900
11.3 Determine unit water cost for program(s).	4	8	8	16	24		8	68	9,160	640			27,900
													5,300
Task 12-Develop Program Implementation Schedule													
12.1 Summarize Metropolitan program schedule requirements.	4	8	8	16	24		4	44	6,120	480			\$32,500
12.2 Review schedule for other Basin management projects.	2	8	8	16	20		6	50	6,460	440	5,000		11,900
12.3 Develop design, construction and operations schedule for Program facilities.	4	8	8	16	24		12	80	10,240	760	3,000		14,000
													\$53,300
Task 13-Develop Project Report													
13.1 Prepare Draft Project Development Report. (4)	8	24	24	40	60		40	196	25,440	4,260	3,500		33,200
13.2 Incorporate comments and prepare Final Project Development Report. (4)	4	16	16	24	40		20	116	15,080	3,520	1,500		20,100
Total	310	820	428	1,532	2,328	212	716	6,346	839,180	66,218	400,000	120,000	\$1,425,400

Notes:
 (1) Assumes 2 meetings with each of 8 Appropriators (total 16 meetings).
 (2) Assumes 2 meetings each with WAWMD and TVMWD (total 4 meetings).
 (3) Assumes one meeting per month over the estimated 12-month project duration.
 (4) Ten hard copies of the draft and final reports will be provided. A photo-ready electronic copy will also be provided.

TABLE 1
 INLAND EMPIRE UTILITIES AGENCY/CHINO BASIN WATERMASTER
 METROPOLITAN DYY PROGRAM EXPANSION PROJECT DEVELOPMENT REPORT
 Scope and Fee Estimate
 [Rev. 7-30-07]

Task	Project Director	Project Manager	Senior Engineer	Project Engineer	Staff Engineer	CAD Tech	Clerical	Total Hours	Total Labor	Total Expenses	Total WEI	Total Dodson	Total Cost
	250	160	150	130	120	110	90			8.75			
PHASE 1-CHARACTERIZE DYY PROGRAM OBJECTIVES AND BASIN CAPABILITIES													
Task 1-Conduct Project Meetings													
1.1	32	64		64			32	192	29,440	3,360	15,000		592,800
1.2	8	16		16			20	60	8,440	860	2,000		47,800
1.3	24	48		48			24	144	22,080	2,520	10,000		34,600
													\$111,100
Task 2-Define Available and Required Assets													
2.1	4	16		40	80	24	16	160	22,440	1,660	15,000		30,100
2.2	4	16		24	40		12	96	12,560	840	1,000		14,100
2.3	4	16		24	40		12	96	12,560	840	2,000		15,400
2.4	4	16		24	40		12	96	12,560	840			13,400
2.5	4	16		24	40		12	96	12,560	840			13,400
2.6	4	16		24	40		12	96	12,560	840	2,000		15,400
													\$56,100
Task 3-Define DYY Program Size, Constraints, and Institutional Arrangements													
3.1	4	4		8	16		4	36	4,960	340			5,300
3.2	4	4		8	16		4	40	5,460	420			5,880
3.3	4	4		8	16		8	76	10,360	740			11,100
3.4	4	4		8	16		8	52	6,960	540			7,500
3.5	4	4		8	16		8	60	7,960	540			8,500
3.6	8	16		16	24		20	124	16,680	1,120			17,800
													\$68,700
Task 4-Develop Program Operations Plan													
4.1	4	4		8	16		8	60	7,960	540	4,000		12,500
4.2	4	4		8	16		8	44	5,840	480			6,320
4.3	4	4		8	16		8	48	6,320	480	4,000		10,800
4.4	4	4		8	16		8	84	10,920	780			11,700
4.5	4	12		24	40		8	68	11,560	840	5,000		17,400
													\$316,200
Task 5-Conduct Basin Modeling and Confirm Required Facilities													
5.1	4	8		16	20		8	52	6,480	520	100,000		107,000
5.2	4	12		12	24		8	52	6,480	520	120,000		127,000
5.3	4	8		16	16		8	60	6,960	520	50,000		56,700
5.4	4	8		16	16		8	52	7,000	500			7,500
5.5	4	8		16	20		8	56	7,480	550			8,000
5.6	4	8		16	20		8	56	7,480	550			8,000
													\$84,500
PHASE 2-CONDUCT FACILITIES DEVELOPMENT AND CONCEPTUAL DESIGN													
Task 6-Prepare Conceptual Design for Put Facilities (recharge basins, ASR wells)													
6.1	4	12		16	24		4	76	10,640	780	5,000		16,400
6.2	8	16		40	80		16	176	23,200	1,600			24,800
6.3	4	12		4	24		4	108	14,000	1,000			15,000
6.4	4	16		16	24		8	148	19,000	1,300	8,000		28,300



CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

2. SWRCB Order re Permit 19895





State Water Resources Control Board



Linda S. Adams
Secretary for
Environmental Protection

Division of Water Rights
1001 I Street, 14th Floor ♦ Sacramento, California 95814 ♦ 916.341.5300
P.O. Box 2000 ♦ Sacramento, California 95812-2000
FAX: 916.341.5400 ♦ www.waterrights.ca.gov

Arnold Schwarzenegger
Governor

In Reply Refer
to:KDM:28473

Chino Basin Watermaster
c/o Bradley J. Herrema
Hatch & Parent
21 East Carrillo Street
Santa Barbara, CA 93101

Dear Mr. Herrema:

**ORDER ON PETITION FOR RECONSIDERATION OF CHINO BASIN WATERMASTER
REGARDING ORDER DENYING PETITION FOR EXTENSION OF TIME ON PERMIT 19895
(APPLICATION 28473), DAY CREEK AND ETIWANDA CREEK IN SAN BERNARDINO AND
RIVERSIDE COUNTIES**

The State Water Resources Control Board (State Water Board) reviewed your timely request to set aside the order denying the petition for extension of time on Permit 19895. The State Water Board has determined that the order on denial of the petition for extension of time should be remanded to the Division of Water Rights for further consideration. I have enclosed a copy of the State Water Board's order on this matter.

If you have any questions regarding the order, please contact me at (916) 341-5363.

Sincerely,

Katherine Mrowka, Chief
Watershed Unit 3

Enclosure

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STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD

ORDER WR 2008-0005-EXEC

In the Matter of Permit 19895 pursuant to Application 28473

CHINO BASIN WATERMASTER

Petition for Reconsideration of
Order Denying Petition for Extension of Time

SOURCES: Day Creek and East Etiwanda Creek, tributary to the Santa Ana River

COUNTIES: San Bernardino and Riverside

ORDER REMANDING ORDER DENYING PETITION FOR TIME EXTENSION

BY THE EXECUTIVE DIRECTOR:

1.0 INTRODUCTION

The Chino Basin Watermaster (Watermaster) petitions the State Water Resources Control Board (State Water Board or Board) for reconsideration of the Division of Water Rights' (Division) Order WR 2007-0034-DWR (Order) denying an extension of time for water right Permit 19895 (Application 28473). The Watermaster requests the Board to approve its petition for extension of time for the permit. The State Water Board finds that the Order denying the time extension of time was inappropriate and remands the order to the Division for further consideration consistent with this order¹.

2.0 RECONSIDERATION OF A DECISION OR ORDER

Any interested person may petition the State Water Board for reconsideration of a decision or order on any of the following grounds:

- (a) Irregularity in the proceedings, or any ruling, or abuse of discretion, by which the person was prevented from having a fair hearing;

¹ The State Water Board is directed to order or deny reconsideration on a petition within 90 days from the date on which the State Water Board adopts the decision or order. (Wat. Code, § 1122.) If the State Water Board fails to act within the 90-day period, a petitioner may seek judicial review, but the State Water Board is not divested of jurisdiction simply because the State Water Board failed to complete its review of the petition on time. (See *California Correctional Peace Officers Ass'n v. State Personnel Bd.* (1995) 10 Cal. 4th 1133, 1147-1148, 1150-1151 [43 Cal.Rptr.2d 681]; State Water Board Order WQ 98-05-UST at pp. 3-4.)

- (b) The decision or order is not supported by substantial evidence;
- (c) There is relevant evidence which, in the exercise of reasonable diligence, could not have been produced;
- (d) Error in law. (Cal. Code Regs., tit. 23, § 768.)²

The State Water Board may refuse to reconsider a decision or order if the petition for reconsideration fails to raise substantial issues related to the causes for reconsideration set forth in section 768 of the State Water Board's regulations. (§ 770, subd. (a)(1).) Alternatively, after review of the record, the State Water Board also may deny the petition upon a finding that the decision or order was appropriate and proper, set aside or modify the decision or order, or take other appropriate action. (*Id.*, subd. (a)(2)(A)-(C).)

State Water Board Resolution No. 2002-0104 delegates to the Executive Director the authority to supervise the activities of the State Water Board. Unless a petition for reconsideration raises matters that the State Water Board wishes to address or requires an evidentiary hearing before the State Water Board, the Executive Director's consideration of a petition for reconsideration falls within the scope of the authority delegated under Resolution No. 2002-0104. Accordingly, the Executive Director has the authority to refuse to reconsider a petition for reconsideration, deny the petition, set aside or modify the decision or order, or take other appropriate action. The State Water Board has not designated decisions by the Executive Director as precedent decisions pursuant to the Administrative Procedures Act. (SWRCB Order WR 96-1, p. 17, fn. 11.)

3.0 FACTUAL BACKGROUND

On October 3, 1986, the State Water Board issued Permit 19895 for Application 28473 to the Chino Basin Watermaster.³ The permit authorizes the diversion of up to 15,000 acre-feet of water per annum to underground storage for irrigation, industrial and municipal uses, from November 1 of each year to April 30 of the succeeding year. The water may be diverted from Day Creek and East Etiwanda Creek into four spreading basins. Both creeks are tributary to the Santa Ana River.

² All further regulatory references are to the State Water Board's regulations located in Title 23 of the California Code of Regulations unless otherwise indicated.

³ Originally, the County of San Bernardino was a co-permittee. The County has ceded its interest in the permit to the Watermaster.

Pertinent permit conditions include the following requirements:

- Commence construction by October 3, 1988, complete construction by December 1, 1989 and put water to beneficial use by December 1, 1990. (Terms 7-9.)
- Install and maintain devices to measure the quantities of water placed in underground storage and the quantities of water subsequently recovered for beneficial use. (Term 15.)
- File progress reports upon request. (Term 10.)

The Permittee made slow but fairly steady progress toward project construction between 1987 and 1991. (1987, 1988, 1989, 1990, 1991 Progress Reports.) In 1993, construction was reported as being complete. (1993 Progress Report.)

There has been insufficient runoff to pond water in some years. (1989, 1990 Progress Reports.) Some water was impounded in other years. (1991, 1992, 1993 Progress Reports.) The quantity of water actually placed in groundwater storage and subsequently recovered for beneficial use is unknown because Permittee did not install monitoring devices as required by its permit. (June 30, 2003 Report of Inspection report by Scott McFarland.)

On August 10, 1994, Permit 20753 (Application 28996) was issued to the Watermaster and the County of San Bernardino. Permit 20753 authorizes the Watermaster⁴ to divert water to four basins on East Etiwanda Creek and six basins on San Sevaine Creek. The Watermaster's petition for extension is for Permit 19895, not Permit 20753.

Starting in 1997, Permittee began filing Progress Reports indicating that construction has not started for Permit 19895. (Progress Reports for 1996, 1997 and 1998.) The 2001 Progress Report stated that construction had commenced but had not been completed. Significantly, the progress report for this permit (Permit 19895) refers the reader to the progress report for Permit 20753.

The June 30, 2003 inspection report by Scott McFarland indicates that all five points of diversion are as specified by the permit and four basins are in place (although two basins are not percolating water). The inspection report also indicates that the original project was completed years ago and that the Permittee has plans for expansion.

⁴ The County of San Bernardino has ceded its interests in Permit 20753 to the Watermaster.

On April 20, 2006 Permittee stated that measuring devices had been installed on basins A and B. (April 20, 2006 Contact Report.)

Permittee has repeatedly made statements to the effect that it does not have storage rights in the groundwater basin and that it is not entitled to use water from the groundwater basin. (1987-1993, 2002 Progress Reports.)

4.0 BASIS FOR ORDER DENYING PETITION FOR TIME EXTENSION

The order denying the petition for time extension contains about 31 recitals forming the basis for the order; many of the recitals are factually contradictory. The following appears to be the basis for the order denying the time extension:

- The project has not been constructed or not timely completed. (Whereas: 3.h, j, l and n; and 6.)
- Funds are not available for project construction. (Whereas: 6.)
- Permittee has not installed measuring devices or maintained records of water diversion and use. Permittee has not made beneficial use of water. (Whereas: 4, 5, 9, 10, and 12.)
- Watermaster has neither the right to store water in the Chino Groundwater Basin nor the right to withdraw water from the basin for beneficial use. (Whereas: 3.f, 10 and 12.)

5.0 DISCUSSION

Permittee's inconsistent reporting of the construction of the project authorized by Permit 19895, failure to install measuring devices and maintain records of use, and repeated statements that it is not entitled to store or use the water it seeks to appropriate were significant contributing causes to the order denying petitioner's request for a time extension. Nevertheless, the Division did not adequately review the record in denying the time extension petition.

5.1 Inconsistent Reporting of the Construction of the Project

When the record is examined more closely, it is clear that the project had been constructed, although construction was not completed until after the period specified in the permit. Thus, the Division should have considered whether to grant an extension of time to put water to full beneficial use, rather than denied an extension based on the assumption that construction was never completed.

It further appears that the Permittee's statements that it lacked the finances to commence construction were in reference to another project (the project for Permit 20753), or it may be that the Permittee statements were with regard to an intention to reconstruct one or more of the basins for Permit 19895. Nevertheless, intended reconstruction does not place the Permittee in violation of the permit terms requiring that construction be commenced and completed within the time set forth in the permit (Terms 7 and 8). The absence of funds to construct a different project or for project reconstruction is not, standing alone from other circumstances, a sufficient basis for denying a petition for a time extension.

5.2 Failure to Install Measuring Devices and to Maintain Records of Use

Some small amount of water has probably been placed in groundwater storage. The actual amount of water that has been placed in storage and subsequently put to beneficial use is unknown because Permittee failed to timely install required measuring devices—a permit violation that may have serious consequences.

An appropriation of water must be for a useful or beneficial purpose: when an appropriator ceases to use water for a useful or beneficial purpose, the right ceases. (Water Code § 1240.) Groundwater storage is a beneficial use of water only if the water so stored is thereafter applied to the beneficial purposes for which the storage is made. (Wat. Code, § 1242.) The State Water Board may only issue a license confirming the right to appropriate water for such amounts as have been determined to have been applied to beneficial uses within the terms and conditions of a permit. (Wat. Code, §§ 1610, 1611.) Thus, unless measuring devices are installed and records maintained of the quantity of water that is diverted to groundwater storage and thereafter put to beneficial use, a permittee will never be able to obtain a license for the appropriation of water.

Indeed, a permittee's failure to install such devices and to maintain records accounting for the amount of water that is recharged and subsequently beneficially used may be grounds for revocation. (Wat. Code, §§ 1611, 1410.) The fact that Permittee has belatedly installed some of the required measuring devices cannot make up for the absence of many years of records that could have documented the amount of water placed in the groundwater basin and subsequently put to beneficial use.

5.3 Repeated Statements regarding the Right to Store Water in or Withdraw Water from the Chino Groundwater Basin

The Watermaster's statements that it has neither the right to store water nor the right to withdraw water appear to be correct when viewed from the context of the Chino Basin Watermaster Judgment, Case No. RCV 51010 (Judgment). However, the Watermaster's statements are misleading within the context of the appropriative water laws administered by the State Water Board. And it is within the context of state appropriative water laws that the Watermaster files annual Progress Reports.

Part of the confusion between the State Water Board and the Watermaster are their differing views as to what constitutes groundwater storage. The State Water Board views groundwater storage as water physically diverted from a surface or subsurface stream and put into a groundwater basin for subsequent recovery. (Wat. Code, § 1242; Cal. Code Regs, tit. 23, § 658.) This includes the water being diverted under Permit 19895 from two streams overlying the Chino Groundwater Basin. The State Water Board views groundwater basins as natural reservoirs.

The Watermaster appears to view stored groundwater as only being made up of water imported from outside the Chino Basin Watershed and reclaimed water. (Judgment, 4. Definitions, (aa) Stored Water, (bb) Supplemental Water, ¶¶ 49. Sources of Supplemental Water.) Only those persons who have imported supplemental water pursuant to an agreement with the Watermaster have storage rights. (Judgment ¶¶ 28. Ground Water Storage Agreements.)

Finally, the Watermaster appears to view the diversion and spreading of groundwater into spreading basins for percolation to groundwater as replenishment or maintenance of the basic groundwater pool, and not storage. (Judgment, ¶¶ 50 Methods of Replenishment, (a) Spreading.)

The Judgment determined the various rights to extract and put Chino Basin groundwater to beneficial use. (Judgment, II. Declaration of Rights.) In accord with the judgment, the Watermaster has the duty and power:

- (1) to determine an operating safe yield for the basin (Judgment, ¶ 1.(l));
- (2) to oversee the extraction of water from the Chino Basin Groundwater (Judgment, V. B. Powers and Duties);
- (3) to develop and implement a physical solution for maximizing the reasonable beneficial uses of groundwater, including the importation of additional water and developing local water projects to augment the amount of water placed in the groundwater basin (Judgment, VI. Physical Solution); and
- (4) to assess users for amounts sufficient to replenish water to replace groundwater extraction exceeding the basin's safe yield. (Judgment, ¶¶ 22 and 45.)

Given such broad powers, the Watermaster has the authority to store groundwater and to regulate its extraction for subsequent beneficial use within the meaning of state appropriative water law administered by the State Water Board.⁵

6.0 THE PETITION FOR RECONSIDERATION BY CHINO BASIN WATERMASTER SHOULD BE ACCEPTED.

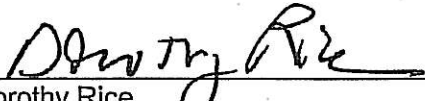
For the reasons discussed above, the petition for reconsideration by the Chino Basin Watermaster of Order WR 2007-0034-DWR denying its petition for extension of time should be accepted. Further, the order should be remanded to the Division for further consideration in light of the findings and discussion contained in this order.

ORDER

IT IS HEREBY ORDERED THAT the petition for reconsideration by the Chino Basin Watermaster of Order WR 2007-0034-DWR is accepted. The order is remanded to the Division for further consideration consistent with this order.

Dated: _____

1.11.08



Dorothy Rice
Executive Director

⁵ Of course, the Watermaster may only appropriate water subject to the State Water Board's permitting and licensing authority to the extent authorized by its permits. An extension of time is necessary if the Watermaster intends to divert or use more water than was actually diverted or used within the period specified in the permit.

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CHINO BASIN WATERMASTER

IV. REPORTS / UPDATES

E. INLAND EMPIRE UTILITIES AGENCY

5. Monthly Water Conservation Programs
6. Draft FY 07/08 Regional Water Conservation Programs Budget
7. Monthly Imported Water Deliveries Report
8. State and Federal Legislative Reports
9. Community Outreach/Public Relations Report
10. Phase II Chino Basin Facilities Improvement Program Report



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

January 24, 2008

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

- MWD Water Rates
- Drought Planning Update/DYY Implementation
- Recharge Phase II Project Status
- Regional Recycled Water Program – 3 Year Business Plan Status

Written Updates:

- Monthly Water Conservation Programs Report
- Draft FY 07/08 Regional Water Conservation Programs Budget
- Monthly Imported Water Deliveries Report
- State and Federal Legislative Reports
- Community Outreach/Public Relations Report
- Phase II Chino Basin Facilities Improvement Program Report

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Regional Conservation Programs Monthly Report – December 2007

MWD Activities

- **Media Campaign & Public Outreach** – MWD’s media campaign will conclude December 2007. Many agencies have adopted the “Twenty Gallon Challenge” including IEUA, Chino Basin Watermaster and the City of Chino. Cucamonga Valley Water District and Monte Vista Water District have implemented drought watch campaigns as well.
- **Accelerated Public Sector Water Efficiency Partnership Demonstration Program** – This program offers conservation audits to identify water efficiency improvements, pay for enhanced device incentives—paid up front—to purchase proven water-saving retrofit technologies, Pay-for-Performance water use reduction incentives and includes costs for public agencies, including schools, to hook-up to recycled water systems. Currently MWD and its consultant are working with potential program participants identified by the member agencies, reviewing response cards received directly from interested parties, and working on direct agency leads.
- **Water/Energy Partnership Update** – The Water/Energy Program is a partnership between Southern California Edison (SCE), MWD and its member agencies. This program will provide high efficiency toilets through a direct installation program for low-income, multi-family complexes. Upon completion of the toilet retrofits, this program will evaluate cold water, energy and gas savings. The program will be co-funded by MWD and SCE and is tentatively scheduled to kick-off in January 2008.
- **Region-wide Residential Program** – MWD has deferred action on vendor selection and contract award until February 2008.
- **Enhanced Conservation Grant** –In follow-up to MWD’s November 7, 2007 notification, Monte Vista Water District completed and submitted their final proposal for the “City of Montclair Redevelopment Agency Landscape Retrofit Pilot Program” by the December 7, 2007, deadline.
- **CUWCC BMP Workshop** - A BMP Workshop was hosted by IEUA for all member sub-agencies to work with representatives on interpretation of BMPS and implementation requirements. A majority of members attended and felt the workshop was beneficial for their respective agencies.

Landscape Programs

- **Phase II Landscape Audit Program** – The program consists of 150 commercial audits and 50 large landscape residential audits. To date, HydroEarth has completed all 150 Commercial field audits as well as 15 residential field audits. IEUA staff has reviewed and corrected the reports. The contract with HydroEarth expired on October 22, 2007 and all reports were posted to the IEUA FTP site on November 5, 2007. Monte Vista Water District has scheduled meetings with their customers and presented the final reports. HydroEarth and IEUA staff were present to answer any questions and to assist the customers in the implementation of recommendations made in the report.
- **Phase III Landscape Audit Program** – IEUA was awarded a grant from the Department of Water Resources in the amount of \$194,476 to perform 300 Landscape Audit evaluations within IEUA’s service area over a three-year period. IEUA, CBWCD and DWR have developed the final scope of work and budget with minor modifications and expect to receive the executed contract in January 2008. Training, staffing and certification are ongoing.
- **Ontario Cares** –A contract extension was granted by USBR through October 2008 and revised scope of work has been completed and resubmitted for approval. Ontario Cares is a pilot landscape project funded in cooperation with IEUA, MWD and the United States Bureau of Reclamation to integrate California-Friendly® landscape designs into the city’s existing Ontario Cares Program which provides home improvements for homeowners residing in low-income neighborhoods.
- **Water-Wise Residential Landscape Retrofit Program** – The Water-Wise Residential Landscape Program application was posted on the IEUA website on December 10th. IEUA issued a press release about the program in the Daily Bulletin on December 16th. To date IEUA has received 13 interested calls and one completed application from the City of Chino.
- **Inland Empire Landscape Alliance** –Alliance staff are focusing their energy on developing a draft regional model ordinance. Marsha Prillwitz will be conducting a technical workshop on January 22nd examining city’s current landscaping ordinances and offering suggestions about how to bring them into compliance with AB1881. Information generated at this workshop will be used to develop the regional model ordinance which will be presented in February. During the November 8 Alliance Board meeting it was decided not to hold board meetings during the months of December and January. Alliance board meetings will reconvening on Thursday, February 14th at 3:30 pm.

- California-Friendly® Landscape Classes (formerly PDA) — Spring 2008 classes have been scheduled and confirmed for Cucamonga Valley Water District, City of Ontario, and Monte Vista Water District.

Commercial/Industrial/Institutional Program

There are no updates available for November or December 2007 at this time. The January Monthly Conservation Update will reflect these figures.

- (CII SAVE-A-BUCK) – For fiscal year 07/08, there have been 1,050 rebates processed to date. From program inception (FY 00/01) to date, a total of 14,878 devices have been rebated, representing a lifetime savings of 19394.73 AF. The following is a list of the most recent rebate activity within the IEUA service area and provided through MWD's Save-A-Buck Program, only:
 - High Efficiency Clothes Washers – During the month of October 2007, there was one rebate issued for 8 HETs. To date, 420 commercial high efficiency clothes washer rebates have been issued within IEUA's service area since FY 00/01.
 - Multi-Family High Efficiency Clothes Washers – During the month of October 2007, there was one rebate issued for 1 multi-family HET. To date, one multi-family high efficiency clothes washer rebate has been issued within IEUA's service area since FY 00/01.
 - Cooling Tower Conductivity & pH Controllers – During the month of October 2007, there was one rebate issued. To date, 21 cooling tower conductivity controller rebates have been issued within IEUA's service area since FY 00/01.
 - Ultra-Low-Flush Toilets – During the month of October 2007, there was one rebate issued. To date, 1,894 ULFT rebates have been issued within IEUA's service area since FY 00/01.
 - ULFT Flushometers – During the month of October 2007, there were no rebates issued. To date, 4 ULFT flushometer rebates have been issued within IEUA's service area since FY 00/01.
 - High-Efficiency Toilets – During the month of October 2007, there was one rebate issued for 66 HET's. To date, 846 high efficiency toilet (HET) rebates have been issued within IEUA's service area since FY 00/01.
 - Zero Water Urinals – During the month of October 2007, there were two rebates issued for 44 waterless urinals. To date, 469 waterless urinals have been distributed within IEUA's service area since FY 00/01.
 - High-Efficiency Urinals – During the month of October 2007, there were no rebates issued. To date, 8 low-flow urinal rebates have been issued within IEUA's service area since FY 00/01.
 - Weather-Based Irrigation Controllers – During the month of October 2007, there were no rebates issued. To date, 0 WBIC rebates have been issued within IEUA's service area since FY 00/01.
 - Rotating Nozzles for Pop-up Spray Heads – During the month of October 2007, there were no rebates issued. To date, 0 rotating nozzle rebates have been issued within IEUA's service area since FY 00/01.
 - Synthetic Turf for commercial applications (CII Only) – During the month of October 2007, there were no rebates issued. To date, there have been no turf rebates issued within IEUA's service area since FY 00/01.
 - High Efficiency Nozzles for Large Rotary Sprinklers – During the month of October 2007, there were no rebates issued. To date, there have been no high efficiency nozzle rebates issued within IEUA's service area since FY 00/01.
 - Dry Vacuum Pumps – During the month of October 2007, there were no rebates issued. To date, there have been no pump rebates issued within IEUA's service area since FY 00/01.
 - Steam Sterilizer Retrofits – During the month of October 2007, there were no rebates issued. To date, there have been no steam sterilizer rebates issued within IEUA's service area since FY 00/01.
 - Pre-Rinse Spray Head-(PRSH) – During the month of October 2007, there were no rebates issued. To date, 2 pre-rinse spray head rebates have been issued in IEUA's service area since FY 00/01.
 - Water Broom – During the month of October 2007, there were no rebates issued. To date, 695 water broom rebates have been issued within IEUA's service area since FY 00/01.
 - X-Ray Recirculation Units – During the month of October 2007, there were no rebates issued. To date, 11 x-ray recirculation unit rebates have been issued within IEUA's service area since FY 00/01.

Residential Rebate Programs

- ULFT and HET Rebate Program – During the month of November, 12 ULFT rebates were processed. There were 195 rebates were processed during FY 06/07. Since the program was executed in 2002, a total of 4,573 rebates have been processed by IEUA. Implemented February 1, 2007, IEUA began processing the ULFT and HET rebates.

- **High Efficiency Clothes Washer Rebate** – During the month of November, 166 washer rebates were processed. There were 1,320 washer rebates processed by IEUA in FY 06/07. A total of 8,533 rebates have been distributed since the program was put into practice in 2002.
- **“SmarTimer of Inland Empire” Program** – During the month of November, 0 SmarTimer Irrigation Controller rebates were processed. There were 121 rebates were processed by IEUA in FY 06/07, with a total of 244 controllers placed. Since the introduction of the program in April 2006, 371 controllers have been placed to date.
- **Rotating Nozzles for Pop-up Spray Heads** – During the month of November, there were 0 customer rebates processed. Since the program’s inception thru September 30, 2007, a total of 578 nozzles have been distributed. The incentive is \$4 per rotating nozzle to be replaced. The rotating nozzles save up to 6,600 gallons of water over five years.

Other Residential Programs

- **Multi-Family ULFT Program** – The Multi-Family Direct Installation Program began ULFT retrofits in October, 2006. To date, there have been 11,867 ULFTs retrofitted within IEUA’s service area. During the month of November, there were 339 retrofits completed.

School Education Programs

- **Garden in Every School** – The schools selected for 07/08 program are EJ Marshall, Chino; Chaparral, Chino Hills; Linda Vista, Ontario; Pepper Tree, Upland; Los Amigos, CVWD; Oak Park, Fontana; Our Lady of Lourdes, MVWD. To date 5 of the 7 sites have been cleared. IEUA staff is currently coordinating with schools to develop the irrigation and garden designs. During the month of January program staff will hold onsite soil workshops for students at schools with cleared sites. On Saturday, January 26th teachers in participating schools are also invited to participate in an introduction to gardening workshop at the Huntington Gardens. Contact has been made with all past participants to view the current status of the gardens and find ways to help maintain the gardens with the plan of creating a support network between all of the GIES schools.
- **National Theatre for Children** – The 37 performances scheduled for the Fall 07/08 school year were completed, November 15, 2007. Scheduling for the Spring 07/08 school year is ongoing and updated schedules are provided as schools are confirmed.

Outreach

- **Water Education Water Awareness Committee (WEWAC)** – There were ten edugrants awarded to local area educators totaling \$4,420. Upon completion of the projects, classroom presentations will be held in Spring 2008.

CALENDAR

January 8, 2008	Regional Conservation Meeting, IEUA Headquarters, Raines Room – 9:00 a.m. – 11:00 a.m.
January 21, 2008	Project WET Workshop, IEUA Event Center, 11:00 a.m. – 4:00 p.m.
January 23, 2008	Leadership Breakfast
February 5, 2008	Regional Conservation Meeting, IEUA Headquarters, Raines Room- 9:00 a.m. – 11:00 a.m.
February 14, 2008	Landscape Alliance Board Meeting
February 23, 2008	Chino Creek Park Wetlands Grand Opening

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Drought Watch Newsletter

INLAND EMPIRE UTILITIES AGENCY

December 2007

Drought Proofing the Watershed

By Wyatt Troxel, SAWPA Vice Chair, and IEUA Board President

There are two topics that every water planner needs to examine today - drought, how we understand it and what it means to us, and recycled water which could answer the challenges that drought in its many forms brings to us.

It is key for us to understand that we are not "entering" into a drought. I suggest a change of paradigm - a little different way to look at the same thing! We are not a wet climate plagued by droughts. Rather, I suggest we plan as if Southern California specifically is persistently dry, punctuated by brief periods of wetness. Over our lifetime, we have perhaps experienced one or two seven-year droughts. A drought is generally referred to as a lack of water relative to the demand. It can be a little bit short or significantly short, and it can be long- or short-term; it can be natural, manmade or the result of a catastrophic event.

What do we mean by long-term? From planning agencies' perspective, long-term is at most a seven-year drought. However, in the natural history of California, there have been more 20-year droughts than there have been 7-year droughts, and we have had sieges of 100-year droughts. In fact, the last 6,000 years have been wetter than the previous 100,000 years. So, I suggest that we need to plan as if we are in a persistent drought, and we need to rethink our water ethic.

A major key in our new water ethic is the use of recycled water. Recycled water is the only new water supply that can replace or augment our imported water supply TODAY. The long-promised Delta fix and the Aqueduct fix are not likely to off-set the drought on the Colorado and tolerate the growth that we're experiencing. Those solutions are

somewhere between ten and 50 years away. Those physical solutions may not have the needed impact that Southern California needs now.

Recycled water is a major component of our local solution to drought and the Delta and we can do something about that today. It's not the entire solution, but it's one that we can act on now. And here's the key: **The change in our recycled water actions, actually putting it in the ground, depends on water policy of governing bodies.** Another way of looking at it is *mindset* - Mindset Dictates Action. Do we have the correct mindsets to help us make prudent policy decisions? Here is what we suggest as mindset toward establishing a new water ethic

1: The drought will not be over next year. Thinking that it will be over soon will hinder the forward planning that we need now.

2: Plan on it. The operative word is "plan". We must take action, so from a policy standpoint, we have to establish a new planning expectation and standard.

3: Conserve potable water to minimize reliance on imported water—our water

conservation principle. We over-stretched our groundwater supplies long ago and about 30% of the water we consume is imported water. The amount of runoff that we get from our area that could have been captured would have replaced our imported water demand. We need to reduce our stormwater and capture our rainwater.

4: Use the right water for the right purpose. Replace precious potable water with recycled water for non-potable purposes. Don't use drinking water for watering lawns and cashing cars.

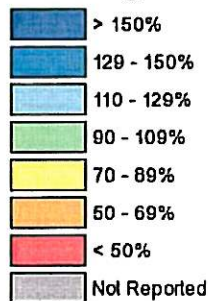
5: Do it soon! Replace the use of potable water with recycled water soon. A few years ago we started seeing the change in the water balance in California coupled with climate change. It doesn't make any difference if global warming is due to SUVs or solar flares; we have to deal with its effects. We have to respond to it to sustain humanity in the environment we live in, and we need to act soon.

Expanding our recycled water programs is something we can do now. At our agency we have moved from zero direct reuse 20 years ago to directly recycling 13,000 AF this year. In the next three years, we'll go

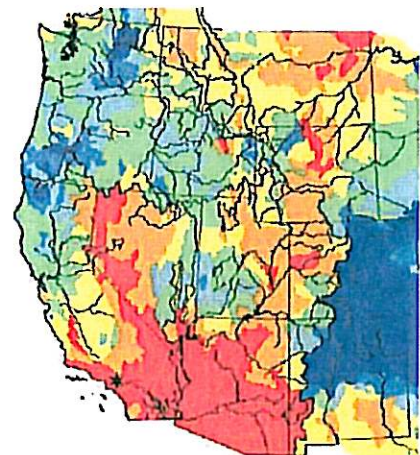
Monthly Precipitation for December 2006

(Averaged by Hydrologic Unit)

% Average



* Inland Empire



Prepared by NOAA, National Weather Service
Colorado Basin River Forecast Center, Salt Lake City Utah
www.cbrfc.noaa.gov

We Still Need to Conserve

Inland Valley Daily Bulletin

OUR VIEW: *Rain doesn't end need for faucet thrift.*

Finally, our high pressure gave way to a rainy weather system from the north, splashing Southern California with a steady dousing of rain on Friday.

What does this do for the drought? Does it mean one more storm in the Southland and we can all go back to overwatering our lawns and brushing our teeth with the faucet running? No.

Conservation is what put Southern California in a much better position for handling the current drought than we were during the last six-year-drought of 1987-1992, according to Metropolitan Water District Chairman Timothy Brick.

It's true.

Now - or ever - is not the time to abandon conservation efforts. That means homeowners planting more xeriscapes and using drip irrigation systems or systems they can "pause" before, during and after a storm. That means homeowners buying more low-flush toilets and water-stingy washing machines and dishwashers, and then running those machines only when

full. Conservation should be a way of life.

After all, the Colorado River Basin is still in a years-long drought, and a judge's order could shut off water deliveries from Northern California through the Sacramento-San Joaquin Delta as early as this month. MWD, which imports water from both those sources, anticipates its water supplies in 2008 will be 30 percent lower than normal. If so, it might mandate lower usage by water agencies across the region, which could lead to water rationing as soon as March, some water officials say.

Still, we're much better prepared than we used to be.

After 1992's "March Miracle," the water engineers were saying the huge storms that broke that drought cycle weren't enough. That the rain was falling mainly on the plain - i.e. here in Southern California - instead of as snowpack up north. They were blaming Mother Nature for their own Rube Goldberg-like rainwater collection systems.

That was then. Now, there's more storage and more water saving.

We give the water folks credit. They've

built in more water conservation by flooding the market with low-flow toilets and low-flow showers. Giveaways have been common at many water agencies. In the last 15 years, MWD and others have invested in some extensive water storage systems, both above and under ground. This has increased water storage here in Southern California. MWD reports it currently has 2.5 million acre-feet in surface and groundwater storage accounts, including Diamond Valley Lake in Perris. During the last drought, Southern California had just 225,000 acre-feet of water stored at one time. (One acre-foot of water equals 326,000 gallons, about what's used by two families in a year).

In addition to that new reservoir, underground basins like those in the Chino and San Gabriel valleys are being cleaned up. That means more local water can be stored underground and less water is imported from Northern California or the Colorado River.

Better water collection systems, combined with more water conservation and water recycling, will sustain life in our region. And oh yeah, occasional gifts of rain from Mother Nature.



Photo courtesy of the Mono Lake Committee

up to 50,000 AF of recycled and reused water. The amount of recycled water that we provided for direct reuse in our communities last year would support an equivalent population of about 150,000 people. In three years when we move up to 50,000 acre feet, we will be able to conserve potable water needed to support a population of over one-half million people. That means that we're going to shift our use of potable water away from lawns, away from public spaces, away from parking lots and fire hydrants, towards recycled water. Because of the Delta pump situation, we could face a 30% cut-back. People come to me as a policy-maker and ask, "Am I going to have to live with 30% less water?" In



In California, Mono Lake's water quality and natural resources were progressively declining from lack of stream flow. In 1994, the Los Angeles Department of Water and Power was required to stop diverting one-fifth of the water it historically exported from the basin. The development of water recycling projects in Los Angeles has provided a way to partially offset the loss of Mono Basin water, and to allow the restoration of Mono Lake to move ahead. Copyright 1994, Mono Lake Committee.

certain areas, on the short-term, the answer is yes, and in some areas it's even worse than that. But on the long-term, in three to five years in our communities, it doesn't mean a 30% cut-back, it means a 30% shift in what kind of water you're using and for what purpose. The quality of life does not need to change.

Conservation efforts to reduce the overall demands for water is extremely important. But the real key is to shift the demand for the type of water we use for what purpose. In our new water ethic we need to get smart and match water quality to water use.

Using the right water for the right purpose is the right thing. This new ethic will sustain us long into the future.



Landscape Alliance Newsletter



INLAND EMPIRE LANDSCAPE ALLIANCE

December 2007

Careful urban planning key to solving our water woes

Inland Valley Daily Bulletin

By Ken Willis

With greater frequency the press is reporting on the dire water situation confronting Southern California.

The drought is real. The remaining question is this: "How long a drought will it be?" The answer: "Very long."

Normally, Southern California attains the water it needs from three sources: the Sierra Nevada Mountains (the State Water Project); the Rocky Mountains (The Colorado River); and finally, local precipitation (annual rain storms, etc.) During this past rainy season, all three of these sources were "turned off" by Mother Nature. Our rainfall was less than Death Valley's!

Water experts are expecting that the weather pattern for the 2007-08 rainy season will be a reflection of this past year's experience, i.e., with "little or no change."

To add to the problems we face, a federal court ruling has decided that a rather small creature called the "Delta Smelt" is in danger due to water exports through the Sacramento Delta leading to the California Aqueduct. Thus about one-third of those exports are to be curtailed.

This will have quite an effect upon us locally in what we refer to as the Chino Basin. Note that we do not import Colorado River water into the Chino Basin due to an existing high salt content. Thus we rely upon less-salty state project water, which is delivered by the Metropolitan Water District. Salt is an important factor here due to a judgment in 1966 referred to as "Orange Co. vs. Chino Basin." This judgment forces us to control the salt content of the Santa Ana River as it is ultimately fed into Orange County's water

supply (yes, after we have already used it!)

The Santa Ana is a very delicate river due to the very high reliance upon it for water needs throughout all the water basins along its path.

Water agencies are faced with three alternatives that can help stretch our water supply. These are conservation, reclamation and recharge.

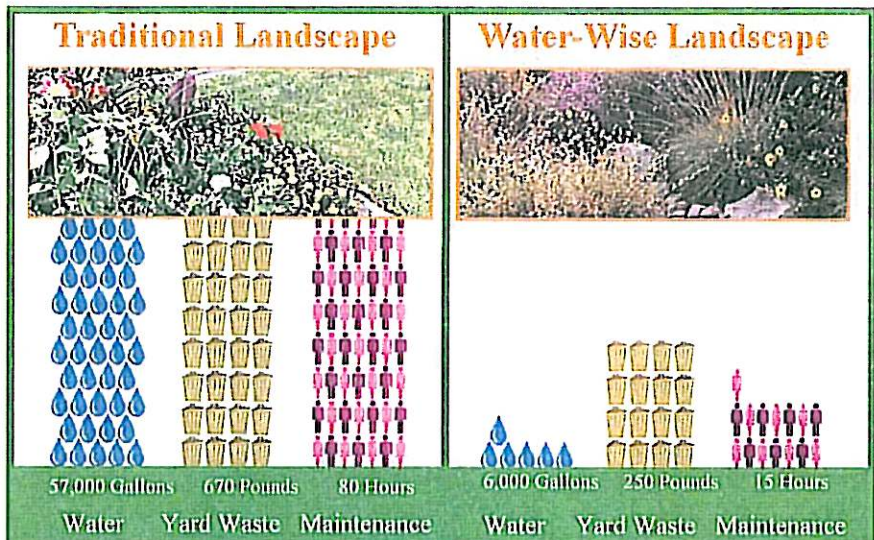
We must conserve water in new and bolder ways. This will involve re-evaluating our landscaping practices. Reliance on native drought tolerant plants, less lawn and smaller lot sizes for new development.

Existing homes are going to have to follow the same path. Why is this important? Because roughly 65 percent of the water used in each home is spread upon outside landscape. If we save some of that water, we will have accomplished an important objective.

Serious efforts are already under way to reclaim wastewater, treat it, clean it and then reuse it in order to expand our resource.

Reclaimed water can be used to irrigate public landscape such as parks, golf courses and road medians such as Euclid Avenue's.

By expanding our capability to capture



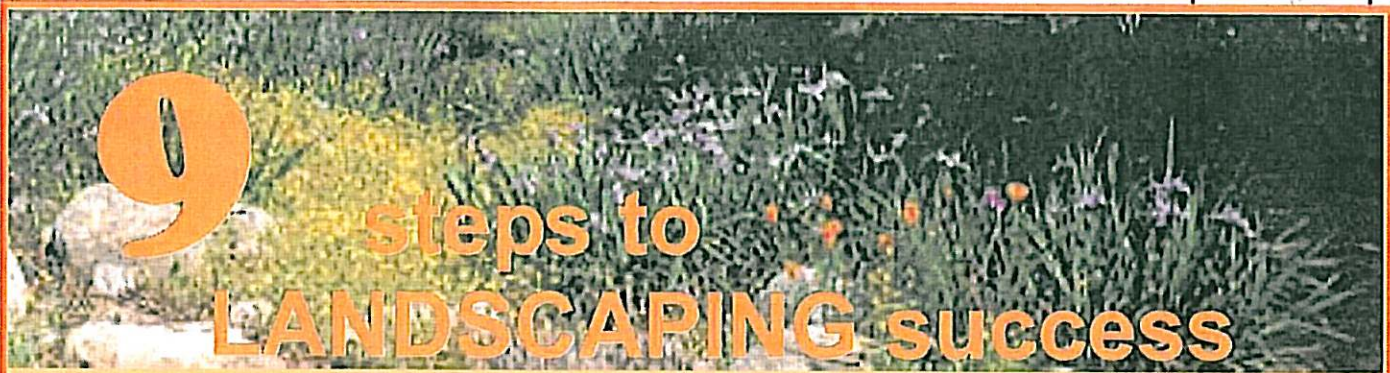
Landscaping has costs. Besides hitting us in our wallet, landscaping also significantly impacts human health, pet health, the environment, and strains public infrastructure. Garden\Garden, a demonstration project at Santa Monica College, compares two landscape strategies side-by-side: Sustainable vs. Traditional "mow and blow" and the numbers speak for themselves. Sustainable landscaping saves time, money and water.

NEW LANDSCAPING REBATE!

Make the change in your back yard—IEUA and the Cities of Chino, Chino Hills, Ontario and Upland, Cucamonga Valley Water District, Monte Vista Water District, Fontana Water Company and San Antonio Water Company is offering a \$2/square foot incentive for residents to replace their lawn with a Water-Wise landscape. Funds are limited. Visit www.ieua.org for details.



Providing a united voice on landscaping policies to achieve water use efficiency





1. **MAKE A PLAN AND BUDGET.** Write down a wish-list of what you want from your landscape. Do you entertain, need play areas for kids or a pet to run? How about a backyard retreat or a wildlife habitat? Look for opportunities to create shade, borders, walking paths and hardscapes. Remember, if the only time you walk on your grass is to mow it, it may be time to replace all or some of it with water-smart landscaping. Prioritize your wish-list with a budget in mind.
2. **WALK YOUR YARD.** Look at soil conditions and drainage patterns. Really walk through your landscape. Look at views you want to protect, enhance or screen. Determine if you will need to adapt your irrigation system and replace sprinklers with drip emitters, especially if you are replacing grass with water-smart plants and trees. Locate utility lines and call before you dig.
3. **FIND YOUR STYLE.** Collect ideas that capture your style. Visit area demonstration gardens such as the Chino Basin Water Conservation District Gardens, Rancho Santa Ana Botanic Garden, or the Maloof Gardens for inspiration. Make a list or save pictures of plant combinations, hardscapes or design ideas you like.
4. **PLOT YOUR PLAN.** Create a bird's-eye view of your lot using grid paper to place all existing features to scale. (Typical for an average-size property is 1 inch drawn on paper equals 8 feet in your landscape). Most graph paper is pre-measured with eight squares to the inch.
5. **DECIDE IF YOU NEED HELP.** If you're not the do-it-yourself type, consider hiring a landscape professional.
6. **SAVE MATURE, HEALTHY TREES.** If your trees are healthy and water-smart, protect them during a landscape conversion and don't cut through roots while removing grass.
7. **BUY STARTER PLANTS.** Plants in 1-gallon containers cost far less than larger plants, use less water initially and grow in a season or two. Plant in spring or fall to give plants a good start before the heat of summer.
8. **DON'T FORGET MULCH.** Whether organic (such as wood chips) or inorganic (rock or crushed granite), mulch provides more than visual interest. It covers and cools soil, discourages weeds and reduces water lost to evaporation.
9. **BE FLEXIBLE; HAVE FUN.** Remember, all good things come in time. Whether you're a constant gardener or a barely green thumb, your landscape may be a work in progress, but the end result will have lasting benefits.

more water for the purpose of recharging our water basins, we can avoid losing precious rain downstream or out to the ocean. This not only helps us to save more rainfall, it enables us to store State Project Water underground whenever there is a precious short-term surplus. In order to afford enough water for domestic uses in the long term, we need to look at how we plan and grow.

"Sustaining" growth does not equate to urban sprawl, but instead refers to higher-density development that utilizes recycled materials and intelligent design. Higher density may also result in greater affordability, thus allowing our own children to live as property owners instead of renters in the same towns and suburbs they have grown up in. The new reality is simply this: development of large-lot,

single-family tract homes is beyond the resources of our society. We can no longer afford the water, nor for that matter the energy, that is required to continue to develop in this way.

Again, here's what will work: reclamation, conservation, recharge and careful urban planning. For the sake of our children and grandchildren these must all work hand in hand.

Upcoming Events		
	Tuesday, January 22 12:00 pm-2:30 am	AB1881 Review and Technical Review of Existing Ordinances
	Thursday, February 14 3:30 pm-4:30 pm	Alliance Board Meeting
		Marsha Prillwitz Anza Conference Room, Inland Empire Utilities Agency Headquarters
		Board Room, Inland Empire Utilities Agency Headquarters

For additional information please contact:
Elizabeth Hurst
Phone: 909-993-1634
Fax: 909-993-1983

We're on the Web!
www.ieua.org/alliance.html

INLAND VALLEY

SUNDAY | DECEMBER 16, 2007

THE BUZZ

What's your community buzzing about? Check here Tuesday through Sunday to find out. Want to know what's new in your neighborhood or when your least-favorite intersection will be fixed? Write us at buzz@dailybulletin.com.

Save money, water

There's a perfect way for homeowners to save money on water. Homeowners who convert their yards to drought-tolerant landscaping can receive up to \$2,000 through a new program announced by the Chino-based Inland Empire Utilities Agency.

To qualify for the money, the agency requires a minimum of 400 square feet be converted, and a homeowner must commit to the change for at least five years.

Participants will receive \$2 per square foot, with a maximum award of \$2,000.

The agency's service area includes Chino, Chino Hills, Fontana, Montclair, Ontario, Rancho Cucamonga and Upland.

More information: www.ieua.org
or, (909) 993-1749.

— wll.bigham@dailybulletin.com

ENLAND MALLEN

Daily Bulletin

Careful urban planning key to solving our water woes

By Kent Willis

With greater frequency, the press is reporting on the dire water situation confronting Southern California. The drought is real. The remaining question is this: How long a drought will it be? The answer: Very long. Normally, Southern California obtains the water it needs from three sources: the Sierra Nevada Mountains (the State Water Project), the Rocky Mountains (the Colorado River) and locally local precipitation (annual rain storms etc). During this past rainy season, all three of these sources were "turned off" by Mother Nature. Our rainfall was less than Death Valley!

Water experts are expecting that the weather pattern for the 2007-08 rainy season will be a reduction of this past year's experience. Less with little or no change.

To add to the problems we face, a federal court ruling has decided that a number of cities called the "Delta Sixty" is in danger due to water exports through the Sacramento Delta leading to the California Aqueduct. This about one-third of those exports are to be curtailed.

This will have quite an effect upon us upon outside landscape. If we save

locally in what we refer to as the Chico Basin. Note that we do not import Colorado River water into the Chico Basin due to the existing high salt content. Thus, we rely upon less salty state project water, which is delivered by the Metropolitan Water District. Salt is an important factor here due to a judgment in 1956 referred to as "Orange Co. v. Chico Basin." This judgment forces us to control the salt content of the State's Amc-Mer as it is ultimately fed into Orange County's water supply. Yes, we have already used it!

The Santa Ana is a very delicate river due to the very high reliance upon it for water needs throughout all the water basins along its path.

Water agencies are faced with three alternatives that can help solve our water supply. These are conservation, reclamation and recharge.

We must conserve water in new and bolder ways. This will involve re-evaluating our landscaping practices. Reliance on native drought tolerant plants, less lawn and smaller lot sizes for new development.

Existing homes are going to have to follow the same path. Why is this important? Because roughly 65 percent of the water used in each home is spent upon outside landscape. If we save

POINT OF VIEW

some of this water, we will have accomplished an important objective.

Efforts are already under way to reclaim wastewater, treat it, clean it and then reuse it in order to expand our resource.

Reclaimed water can be used to irrigate public landscape such as parks, golf courses and road medians such as Encinitas Avenue.

By expanding our capability to capture more water for the purpose of recharging our water basins, we can avoid losing precious rain downstream or out to the ocean. This not only helps us to save more rainfall, it enables us to store State Project Water underground whenever there is a precious short-term rainfall.

Should we stop all building? It is a fact that our population will continue to increase as the net number of births over deaths continues to rise. Moreover, immigration into California from other states and nations will happen so long as there are employment opportunities. The demand for some type of clean, affordable shelter will always be necessary. What we can do is direct our

Housing to conform with our new reality by basing upon higher density, fewer big-lot "McMansions" and firm restrictions on landscape programs.

If we attempted to stop all development in Southern California, our economy would crumble around us. Hundreds of thousands of unemployed construction workers and related professionals would no longer spend money on goods and services. We need construction-related commerce to employ millions of other people.

Such an economic loss to our economy would be devastating. We would lose the tax base needed to maintain public education, public safety and a host of other important functions. California would experience a full-scale economic depression brought on by an inability of our society to adapt to a new reality.

Finally, there is the question of desalination. Can we desalinate seawater? Yes, the technology does exist. However, the cost of large-scale desalination plants would be prohibitive for many families required to pay for it. It would take an extraordinary amount of time to design, permit and build. The environmental, political and economic concerns would be so enormous it would be unlikely that all agencies could achieve consensus.

In order to afford enough water for domestic uses in the long term, we need to look at how we plan and grow. Sustainable growth does not require an urban sprawl, but instead leads to higher-density development that utilizes recycled materials and intelligent design.

Higher-density may also result in greater affordability, thus allowing our own children to live as property owners instead of renters in the same towns and suburbs they have grown up in.

The new reality is simply this: Development of large-lot, single-family tract homes is beyond the resources of our society. We can no longer afford the water, nor for that matter, the energy, that is required to combine to develop in this way.

Again, here's what will work: reclamation, conservation, recharge and careful urban planning. For the sake of our children and grandchildren, these must all work hand in hand.

Kenneth Willis is a member of the Inland Empire Council of the Urban and Water Mosaic Board, secretary/treasurer of San Antonio Water Co., treasurer of West End Consolidated Water Co., and chairman of the Policy Review Committee of Inland Empire Utilities District.

Los Angeles Times

SATURDAY, DECEMBER 15, 2007

Water exports may be cut to save tiny fish

The Southland could see supplies reduced by a third after a ruling requiring protections for the delta smelt.

BY ERIC BAILEY
Times Staff Writer

SACRAMENTO — A federal court order Friday will cut water exports to Southern California next year by up to a third in a bid to save a tiny fish teetering at the brink of extinction in the Sacramento-San Joaquin Delta. In an 11-page ruling, U.S. District Judge Oliver W. Wanger in Fresno said that the delta smelt — an endangered fish that exists only in the sprawling estuary that is the hub of the state's water system — is in "imminent peril" without swift action.

Environmentalists said it remains to be seen if the ruling can help save the fish, whose population has plummeted as delta water exports have skyrocketed.

Kate Poole of the Natural Resources Defense Council called it a "step in the right direction."

But whether the cutback in water exports is enough to save the smelt, she added, "is anybody's guess."

California's water managers, meanwhile, characterized Wanger's ruling as the largest court-ordered supply reduction in California history — and bad news for anyone who turns on a tap.

"This court-ordered reduction will only place further hardship on water agencies throughout the state and ultimately consumers, businesses, farmers and the economy as a whole," said Laura King Moon of State Water Contractors, which represents 27 agencies around California.

Local water agencies will be forced to rely on other sources, such as groundwater, to ease the effect on customers, Moon said. The first consequences could be felt in the Central Valley, where some farmers will have to forgo planting winter and spring crops, she said.

Urban residents will also need to conserve, Moon warned, and some areas eventually could be forced to ration.

The decision highlights the need to seek a comprehensive fix to the delta's continuing environmental woes, said Jeff Kightling,



ENDANGERED: With delta smelt numbers plummeting, water agencies will have to shut down pumps when the fish are near.

ERIC BAILEY/Associated Press

ger, general manager of the Metropolitan Water District. The delta smelt, the striped bass, longfin smelt and threadfin shad have suffered declines there in recent decades.

Wanger's written order formalizes the details of a decision

ter exports when the smelt — adults, juveniles and the vulnerable larval stage that floats in the water — venture near the pumps that supply the state's aqueducts.

Those pumps are so powerful that they reverse the flow of delta water. The smelt, only a couple of inches long and weak swimmers, can fall prey to those reversed currents and get gobbed up by the machinery.

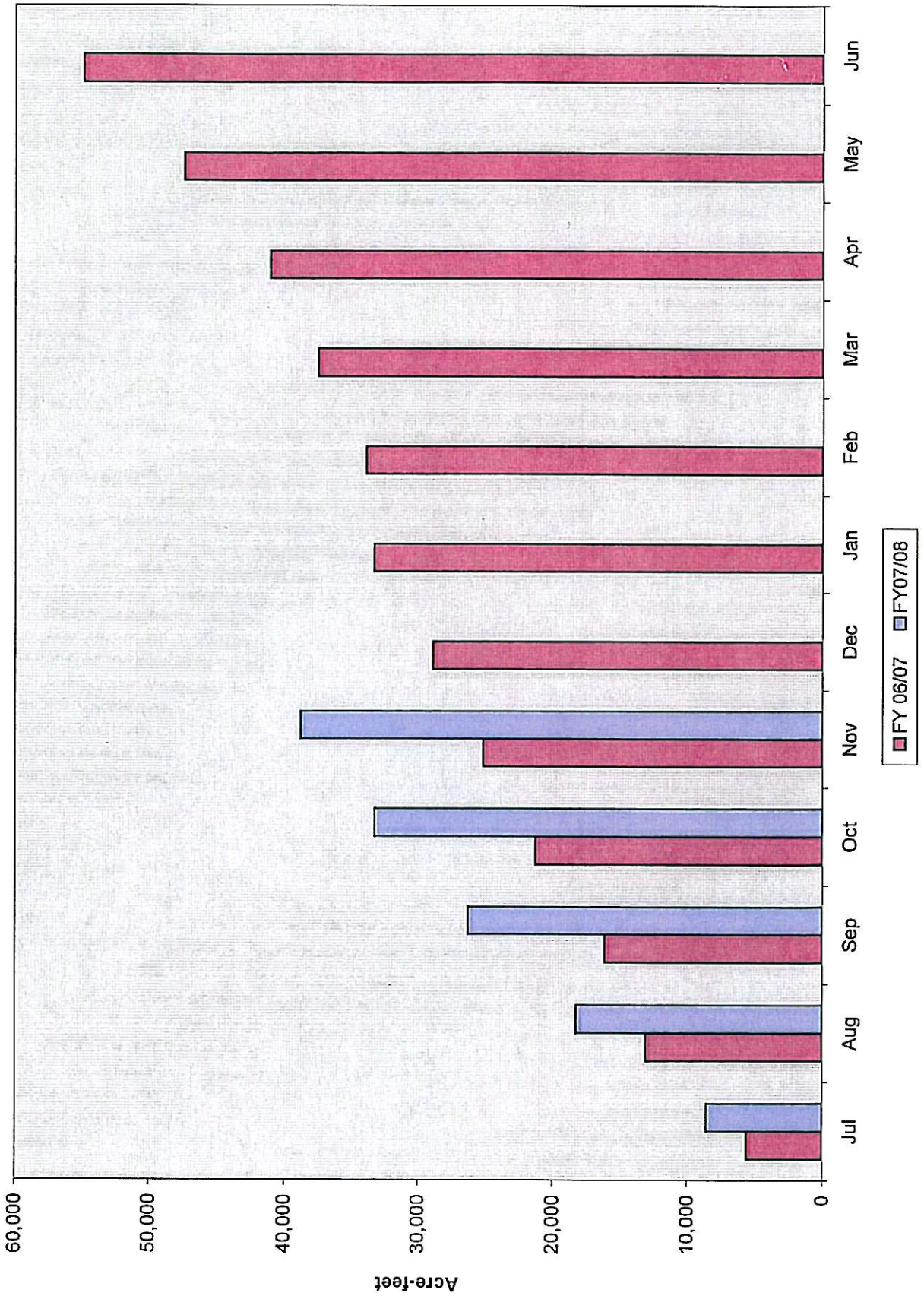
The judge also ordered the state and federal agencies that operate the two big canals — the California Department of Water Resources and the U.S. Bureau of Reclamation — to increase efforts to monitor whether the fish are being sucked into the pumps.

His ruling will remain in effect until the U.S. Fish and Wildlife Service releases a new biological opinion — also ordered by Wanger — spelling out long-term ways to save the smelt. The plan is slated for release in September.

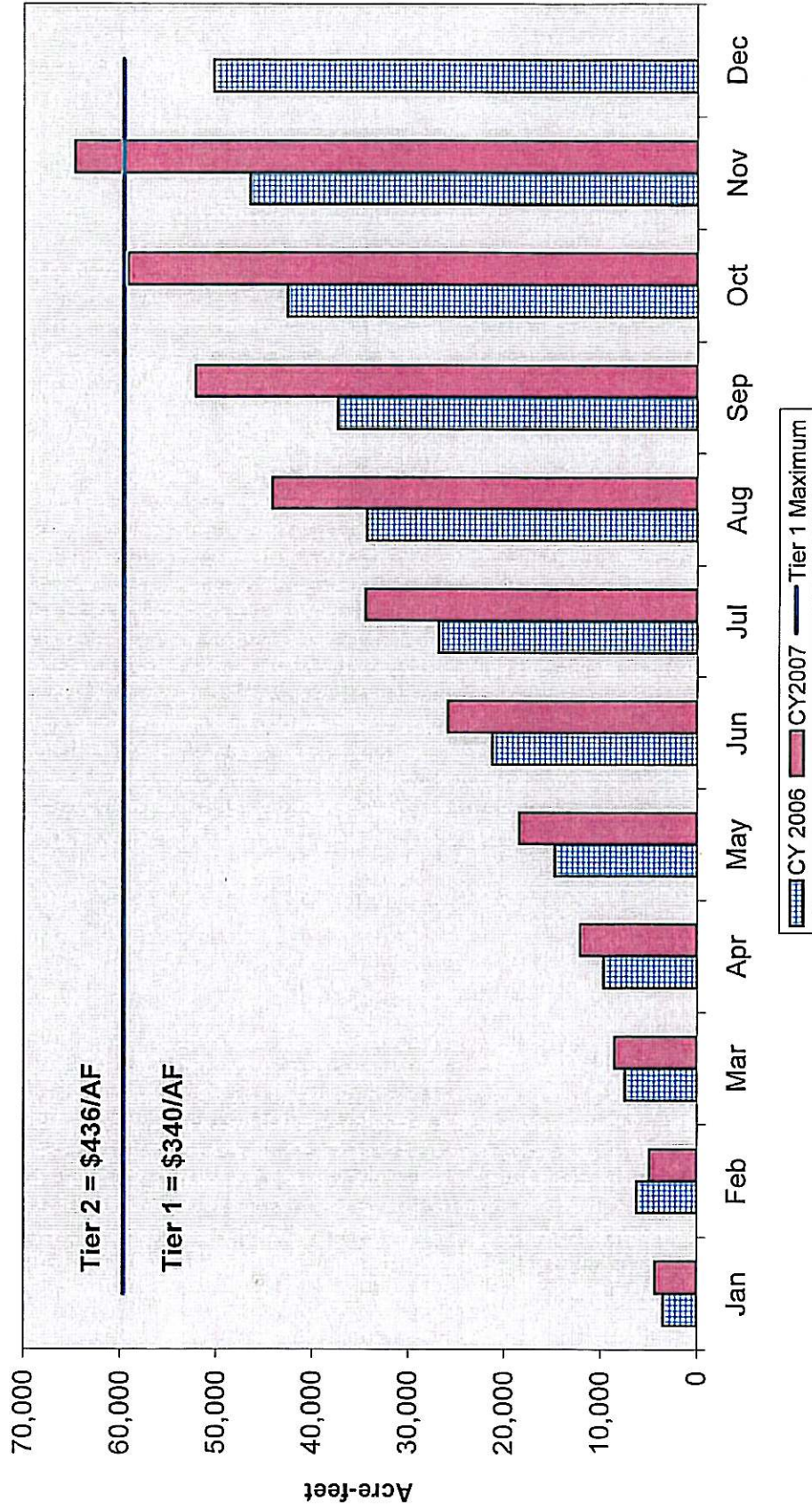
eric.bailey@latimes.com

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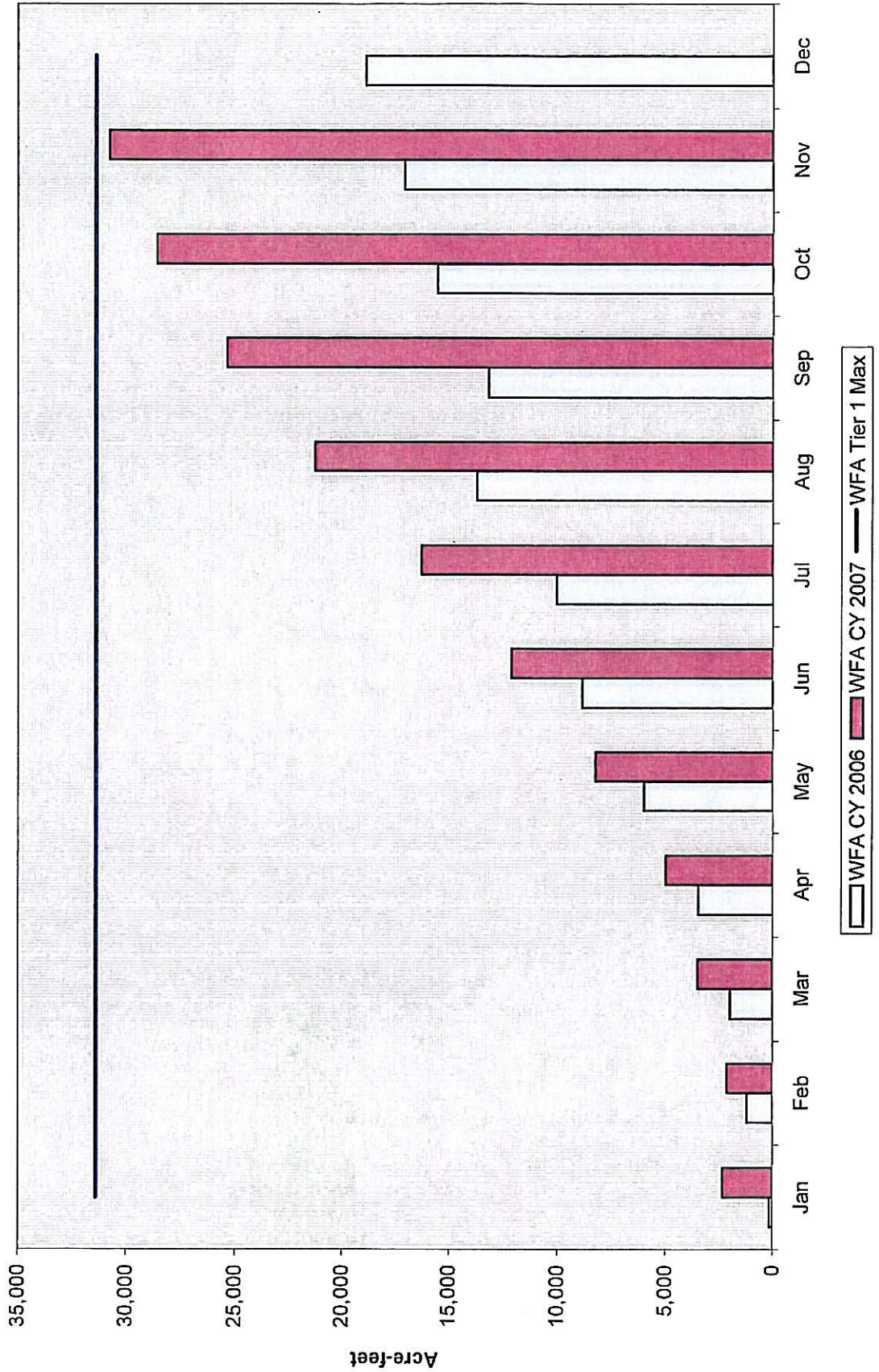
Cumulative Monthly Full Service Imported Water Deliveries
 Within IEUA's Service Area
 FY 06-07 and FY 07-08



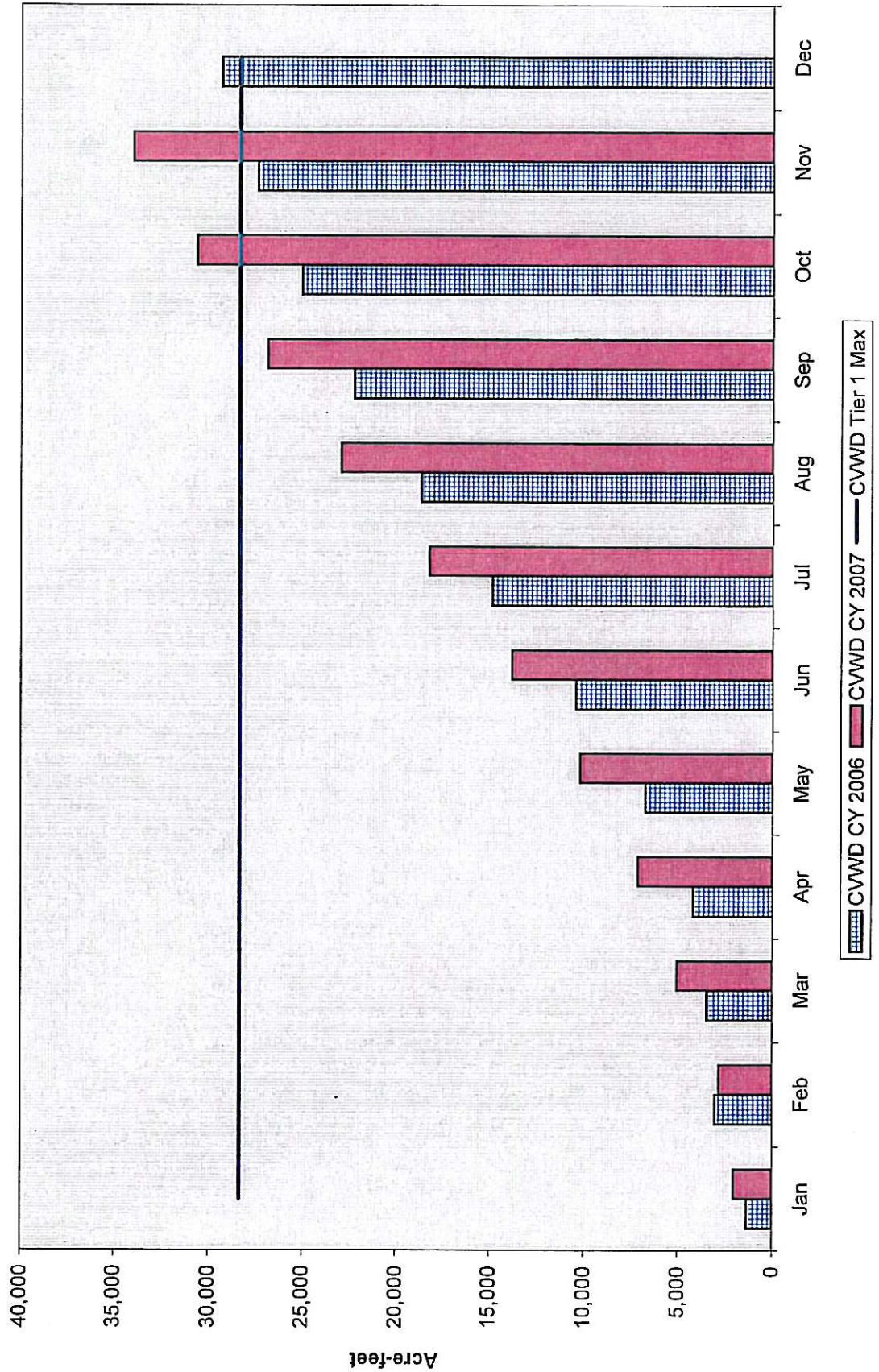
IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2006 and Calendar Year 2007



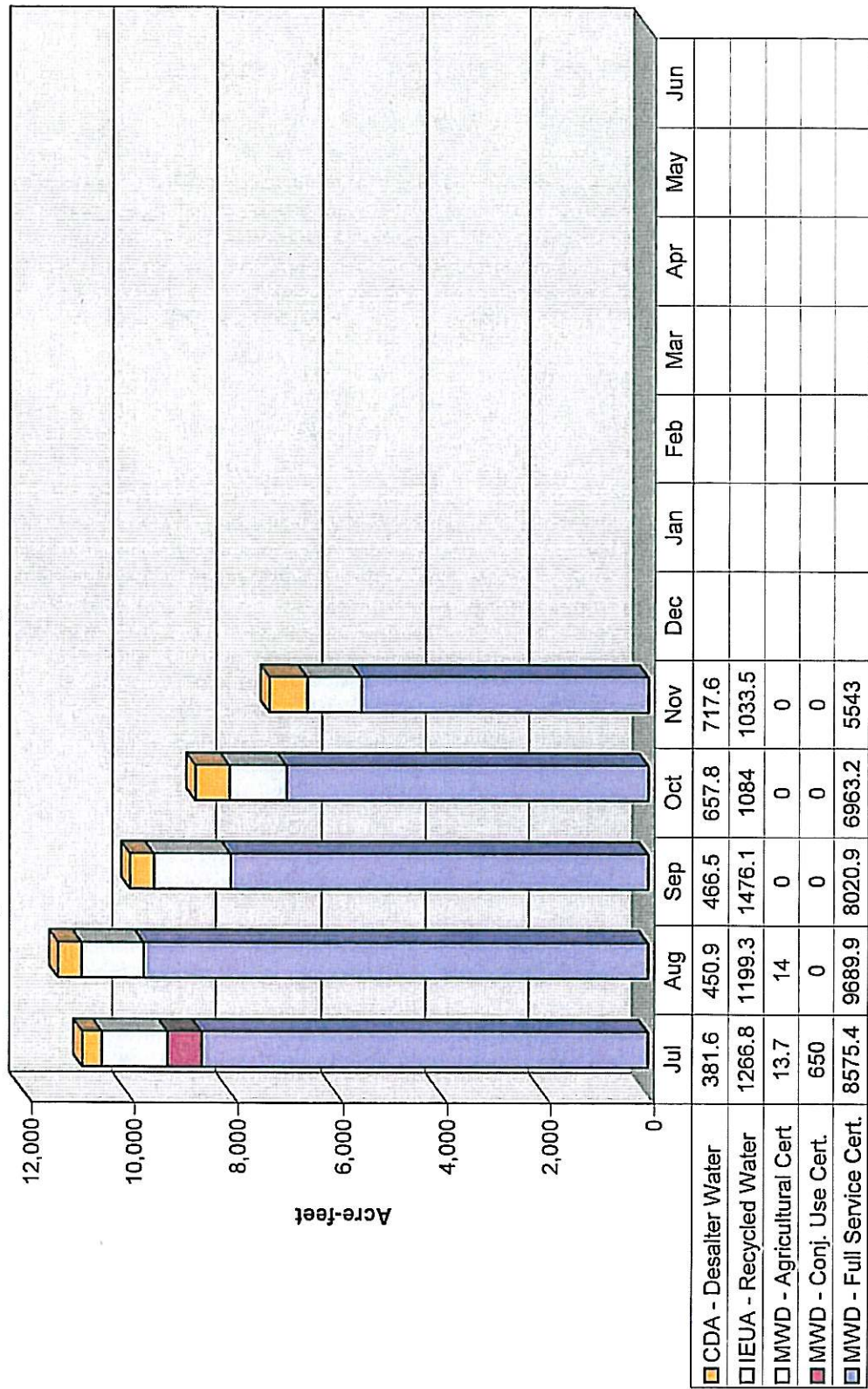
WATER FACILITIES AUTHORITY
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007



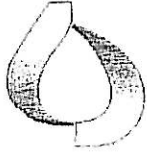
CUCAMONGA VALLEY WATER DISTRICT
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007



FY 07/08 Monthly Water Production From Within IEUA's Service Area Imported, Desalter, and Recycled Sources



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Inland Empire
UTILITIES AGENCY

Date: January 16, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (01/0908)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: December Legislative Report from Dolphin Group

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

Michael Boccadoro provides a monthly report on his activities on behalf of the Chino Basin/Optimum Basin Management Program Coalition.

PRIOR BOARD ACTION

None.

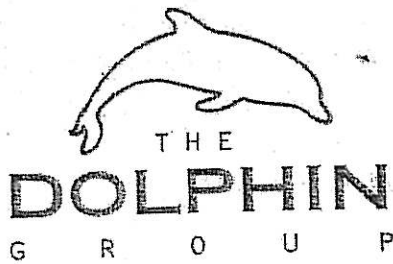
IMPACT ON BUDGET

None.

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December 19, 2007

To: Chino Basin/OBMP Coalition

From: Michael Boccadoro
Senior Vice President

RE: December Status Report

Please find attached the status report from The Dolphin Group for the month of December 2007.

As legislative leaders and administration officials continued to grapple with health care and water resource issues this month, more bad news regarding the budget was announced by Governor Schwarzenegger: The budget deficit next year could exceed \$14 billion.

Additionally, the CPUC is prepared to approve the AB 1969 programs on December 20th, while also considering changes to the way environmental attributes are treated for distributed generation customers.

The Legislature will reconvene on January 7, 2008 for the second year of the two year session.

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Chino Basin / OBMP Coalition

Status Report – December 2007

ENERGY/REGULATORY

AB 1969 Implementation

The CPUC is scheduled to approve the standard contracts for Southern California Edison stemming from AB 1969 (Yee – 2006) on December 20. If approved, SCE will have ten days to resubmit their draft tariffs in final form, at which time they will become effective immediately.

Southern California Edison has requested a stay of the December 20 decision, based on their pending petition to rehear some aspects of the Commission's decision earlier this year. The petition alleges that the Commission erred in expanding the program beyond water and wastewater agencies and permitting a customer to use energy on-site before exporting surplus energy to the utility. As of December 19, the CPUC has not yet approved the stay and is expected to approve the tariffs on December 20.

Environmental Attributes and RECs

On December 5, IEUA joined with other parties to submit reply comments to the CPUC regarding how environmental attributes and RECs (Renewable Energy Credits) should be addressed with respect to standard contracts for energy sales to the utilities.

Many parties supported the concept of "unbundling" the specific attributes from the Renewable Energy Credit "tag". This would encourage individual markets for selling and trading of these attributes (such as GHG), and clarify which entity owned which specific benefits.

The judge in the case will review the comments, and likely issue a "scoping memo" in January which will lay out the schedule for resolution of these issues. DGI will monitor this proceeding, and continue to actively intervene at the Commission on this important issue.

GHG Regulation

As required by AB 32 (2006 – Nuñez), the Global Warming Solutions Act, the California Air Resources Board (CARB) approved two major building blocks related to the regulation of GHG.

First, it adopted the total emissions limit for 2020. This limit, equal to the 1990 emissions in California, establishes the actual number of tons of emissions that California will be allowed to produce to achieve the reduction mandated under the act. That amount is equal to 427 million metric tons of carbon dioxide equivalent. CARB estimated that if no actions are taken, emissions could reach 600 MM tons by 2020, which means California must prevent 173 MM tons from being emitted to comply with AB 32.

Secondly, CARB also adopted regulations requiring mandatory reporting of greenhouse gases for large facilities. These facilities are responsible for 94% of the emissions from industrial and commercial stationary sources in the state. About 800 facilities will be required to report emissions to CARB under the adopted regulation.

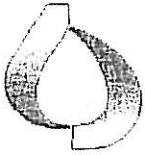
2008-2009 STATE BUDGET

In November, California Legislative Analyst Elizabeth Hill issued a report warning the Governor and lawmakers that the state's structural deficit could grow to \$10 billion in the next fiscal year. In early December, the Schwarzenegger Administration released its own estimate that the deficit could climb as high as \$14 billion.

Having already requested each state department to propose budgets cuts upwards of 15%, the Governor has indicated that he will declare a "fiscal emergency" in January. Declaring the emergency will permit the Legislature and the Governor to make mid-year cuts in the current state budget.

By declaring the emergency, the Legislature is required to pass and send to the governor legislation to address the fiscal emergency within 45 days. If not, the Legislature is prohibited from acting on any other bills or adjourning in joint recess until such legislation is passed. The fiscal emergency is likely to spur renewed discussions on special district property tax shifts to backfill state coffers.

The budget is expected to loom over all issues at the Capitol this year. In fact, although the Assembly approved a health care bill in December, the Senate is refusing to take up the bill in light of the budget crisis. Budget issues will also impact ongoing efforts to adopt a new water bond for the 2008 ballot.



Inland Empire
UTILITIES AGENCY

Date: January 16, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (01/09/08)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: December Legislative Report from Geyer and Associates

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

Bill Geyer and Jennifer West provide a monthly report on their state activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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MEMORANDUM

TO: Rich Atwater and Martha Davis
FROM: Jennifer West
DATE: December 19, 2007
RE: Sacramento Legislative Report

Governor Declares Fiscal Emergency for January

Faced with an estimated \$14 billion budget hole, the Governor is calling for immediate 10 percent budget cuts in all departments and announced that he would declare a state "fiscal emergency" in January. A \$14 billion shortfall represents 12 percent of the state's \$111 billion General Fund budget.

This declaration of a fiscal emergency will mark the first time the Governor has used the "fiscal emergency" authority that was created with the passage of Proposition 58 in 2004. Under Prop. 58, this declaration will also initiate another special session.

For special districts, the possibility of another local property tax shift to the state and the possible suspension of Prop. 1A is becoming a major concern. Prop. 1A is intended to protect revenues collected by local governments (cities, counties, and special districts) from being transferred to the California state government for statewide use. Prop. 1A can only be suspended if 1) the Governor issues a proclamation that declares that due to a "severe state fiscal hardship" a Prop. 1A suspension is necessary and 2) both houses of the legislature pass a bill by 2/3 vote concurring that Prop. 1A needs to be suspended. While it is not expected that the Governor will call for an immediate suspension of Prop. 1A in the budget he will release January 11, his declaration of a fiscal emergency may set the stage for such an action later in the budget process.

Prop. 1A, which went into effect in 2006, can only be suspended two times during a consecutive ten year period. It also requires that local governments must be fully repaid with interest for any state borrowing that occurs as a result of the suspension. An additional suspension can not occur unless local governments have been fully repaid.

Legislative Proposals

The current budget situation makes it much less likely that new legislation with state costs will be signed into law. Legislators are therefore considering introducing

legislation in the next two months that contain minimal or no state costs. Below are two proposals that may be introduced as legislation next month.

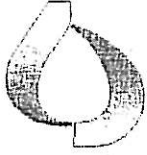
Conservation Rate Structure

SAWPA and IRWD are co-sponsoring legislation that would create a voluntary allocation-based rate structure. The proposal would allow the dedicated funding stream from these rates to be used for conservation programs, urban runoff and treat programs and NPDES requirements. Without this clarification there have been concerns that such application of water rate revenue could constitute a diversion of water revenues to general fund purposes. The sponsors hope this proposal will provide agencies with a double benefit: creating a new revenue source for governmental agencies to address urban runoff requirements and creating a voluntary rate structure that could conserve significant amounts of water.

Water/Waste Water Task Force

MWD is considering sponsoring legislation that would declare the Legislature's intent that the California Urban Water Conservation Council (CUWCC) and the California Energy Commission (CEC) convene a stakeholder workgroup composed of public and private agencies and organizations to evaluate and recommend proposals for improving the coordination between water, wastewater and energy agencies for water conservation measures in the state.

With or without legislation, the recommendations from such a group, could also be used to inform the Climate Action Team's (CAT) water subgroup. The CAT water subgroup is expected to make recommendations early next year for reducing GHG emissions from the water/waste water sector. The water and waste water community may have an opportunity to play an advisory role in this effort, as other local governments have advised the CAT's land use subgroup.



Inland Empire
UTILITIES AGENCY

Date: January 16, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (01/09/08)
From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager
Submitted by: Martha Davis *MD*
Executive Manager of Policy Development
Subject: December Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

Letitia White provides a monthly report on their federal activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Martha Davis and Rich Atwater
IEUA

From: Letitia White and Alex Shockey

Date: December 19, 2007

Re: December Monthly Legislative Update

Today is December 19th and the Congress has almost completed its work for the month. The House and Senate picked up a tremendous amount of speed as they rushed to adjourn for the year. They have produced an energy bill, an SCHIP bill, an AMT patch and an omnibus appropriations bill, all of which, after many Congressional concessions, the President will sign into law.

Inland Empire Utilities Agency was very successful in the Fiscal Year 2008 Omnibus Appropriations Bill. We not only received \$984,000 for our water recycling program but the Committee included the entire text of H.R. 122 to authorize funding for our water recycling program. This is an amazing achievement and we are very grateful to our hardworking Congressional Members and staff. Without Alisa Do and Congressman Dreier this would not have happened!

Last night, the Senate passed an amendment increasing funding for the Iraq war, bringing the total cost of the FY08 omnibus appropriations bill to about \$555 million. Of that total, \$473.5 billion is for the eleven regular spending bills (which when combined with \$459.3 billion in the Defense spending bill meets President Bush's \$932.8 billion discretionary cap), and \$11.2 billion is for emergency spending outside the cap. After passage of the omnibus, the Senate adjourned for the rest of 2007. The House will take up the omnibus this afternoon and will likely adjourn by the end of the day.

Today, before adjourning, the House also expects to clear the Alternative Minimum Tax (AMT) "patch" bill, legislation intended to prevent millions of Americans from paying higher taxes under the AMT. Taxpayers in New York, California and Massachusetts would be especially hard hit if this "patch" does not go through. This legislation has been controversial due to the Congressional leadership's desire to cover the cost of the fix by raising taxes. (House leaders vowed to adhere to pay-as-you-go rules when they took over the majority.) The President, however, has vowed to veto the bill if it raises taxes. Thus, the House vote will be on a Senate-modified version that stripped revenue-raising offsets from a House-passed one-year AMT "patch" that the President has indicated he will sign.

Innovative Federal Strategies LLC

The House and Senate were also able to squeak through an energy bill which the President intends to sign today. This bill boosts fuel efficiency standards 40 percent. Gone from the bill, however, is a \$21.8 billion package of tax incentives for renewable energy and energy efficiency that was mostly paid for by repealing about \$13 billion in incentives for oil and gas companies. Congressional leaders have vowed to try again next year to boost renewable energy production through the tax incentives and a mandate on certain power companies that they were forced to strip from the energy legislation so the President would sign it into law.

Also before adjourning, the House today expects to clear the State Children's Health Insurance Program (SCHIP) bill. This legislation, passed by the Senate yesterday, would prevent for six months a scheduled 10 percent cut in Medicare payments to doctors and extend for 15 months the SCHIP program until the end of March 2009. The President has vetoed two other five-year versions of the SCHIP bill but is amendable to signing this short term fix.

We hope that you have very Happy Holidays! We look forward to getting back to business in January!

FY 2008/09
Draft Regional Water Conservation Programs Budget

Background:

- FY 2007/2008 driest year on record
- Reduced State Water Project water due to drought
- Delta pumping restrictions due to Delta Smelt decision
- Need coordinated conservation message and programs that deliver water savings

Funding:

- No change from last year in funding sources or rates
- Expected revenue from MWD imported water surcharge will be reduced by \$260,000 from current year due to reduced amount of imports (no groundwater recharge)
- IEUA staff recommend transfer of \$234,000 from water fund reserves to support conservation activities
- Total proposed budget: \$689,380

Programs:

- Continue existing programs
 - MWD Rebates:
 - Residential Rebate Programs (ULFT, HET, High Efficient Clothes Washers, etc)
 - Commercial, Industrial, Institutional (CII) Rebate program – with IEUA expanded funding
 - Synthetic Turf Rebate Program
 - Multi-Family Direct Install (8,000 toilets) – DWR/MWD/IEUA funding
 - Landscape Programs
 - Landscape Alliance
 - Pilot Residential Landscape Rebate (Turf Removal)
 - Landscape Audit Program (implemented by CBWCD)
 - Ontario Cares
 - School Education Programs
 - Twenty Gallon Challenge
 - School Program like National Theatre for Children
 - Garden In Every School
 - WEWAC
 - Local Agency Support Programs
 - Water Fair
 - BMP Implementation Support Grants for Retail Agencies

Matching funds:

- Every \$1 invested by IEUA is matched with \$2-\$3 by outside sources including MWD, California Department of Water Resources and the U.S. Bureau of Reclamation

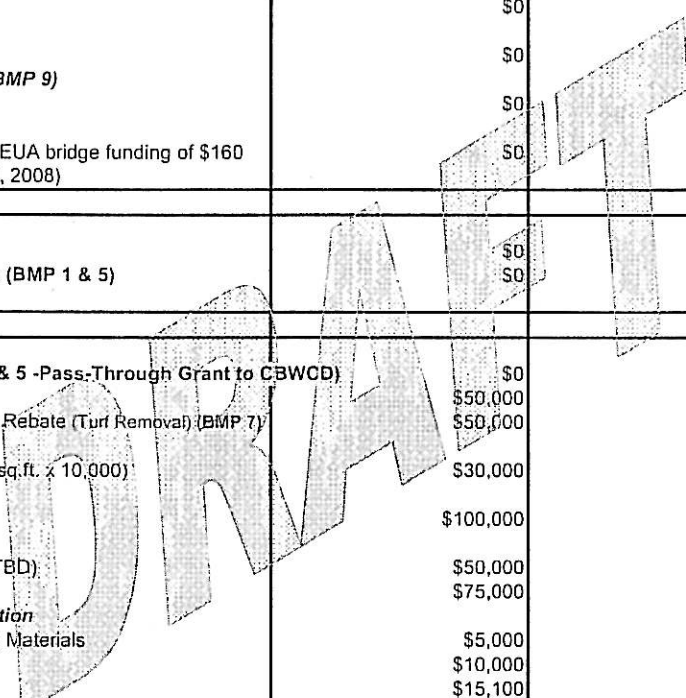
Regional Water Conservation Programs Budget - DRAFT
FY 08/09

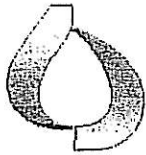
Water Conservation Budget Revenue Estimates - IEUA FUNDING	
(\$4) AF Surcharge Dedicated to Conservation Programs	\$240,000
Water Meter Support - WW Fund	\$54,694
Conservation Support Transfer In - RO Fund	\$50,000
Property Tax Revenue Transfer In - GG Fund	\$80,000
Interest Revenue (Water Conservation Reserves) - WW Fund	\$30,831
Water Conservation Reserves Transfer In - WW Fund	\$233,855
Total	\$689,380

Program	IEUA Funding	MWD/Other Funding	08/09 Budget Total
MWD Reimbursable Programs			\$1,352,000
<i>Toilet Programs (BMP 14)</i>			
Multi-Family Direct Install (8,000)	\$285,280	\$1,066,720	\$1,352,000
HET Rebate (MWD Managed)	\$0	\$0	\$0
<i>HECW Program (BMP 6)</i>			
HECW Rebate (MWD Managed)	\$0	\$0	\$0
<i>Rotating Nozzles for Pop-up Spray Heads (BMP 9)</i>			
Nozzle Rebate (MWD Managed)	\$0	\$0	\$0
<i>SmarTimer Controller Program (BMP 9)</i>			
WBIC (MWD Managed) - Remove IEUA bridge funding of \$160 (MWD Rebate: \$80, effective July 1, 2008)	\$0	\$0	\$0
Other Reimbursable Programs (Non MWD)			\$35,000
<i>USBR</i>			
Ontario Cares (BMP 7)	\$0	\$15,000	\$15,000
Phase III Landscape Audit Program (BMP 1 & 5)	\$0	\$20,000	\$20,000
Non-Reimbursable Programs			\$404,100
<i>Landscape Programs</i>			
Phase III Landscape Audit (BMP 1 & 5 -Pass-Through Grant to CBWCD)	\$0	\$194,476	\$0
Landscape Alliance (BMP 7)	\$50,000	\$0	\$50,000
Water-Wise Residential Landscape Rebate (Turf Removal) (BMP 7)	\$50,000	\$0	\$50,000
<i>Synthetic Turf Rebate (BMP 9)</i>			
Extra Incentives (IEUA add-on: .30/sq.ft. x 10,000)	\$30,000	\$0	\$30,000
<i>CII Program (BMP 9)</i>			
Extra CII Incentives	\$100,000	\$0	\$100,000
<i>School Education Programs (BMP 7 & 8)</i>			
School Program (vendor selection TBD)	\$50,000	\$0	\$50,000
Garden In Every School	\$75,000	\$0	\$75,000
<i>Local Agency Funding/Dues/Public Information</i>			
Development of Program Marketing Materials	\$5,000	\$0	\$5,000
Water Fair (BMP 7)	\$10,000	\$0	\$10,000
CUWCC Dues (BMP 10)	\$15,100	\$0	\$15,100
Chino Basin WCD - Earth Day (BMP 7)	\$1,500	\$0	\$1,500
BMP Support Grant (BMP 10)	\$16,000	\$0	\$16,000
WEWAC (BMP 8 & 10)	\$1,500	\$0	\$1,500
Total	\$689,380	\$1,296,196	\$1,791,100
Conservation Reserves: Approximately \$1.2 million			
Additional Conservation Related Programs			
<i>Chino Basin Green</i>			
Native Plant Nursery/Tree Planting Program	\$0	\$50,000	\$50,000
<i>Groundwater Infiltration Using Porous Concrete</i>			
Pervious Concrete Rebate Program	\$0	\$87,000	\$87,000
<i>Water Softener Funding Partnership</i>			
* "Pinch-the-Salt" Water Softener Rebate Program	\$250,000	\$95,000	\$345,000
Total	\$250,000	\$232,000	\$482,000

* Program funded through the IEUA Regional Sewage Operations Program -- Preliminary Estimates (does not include carryover)

Date: January 8, 2008





Inland Empire
UTILITIES AGENCY

Date: January 16, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (01/09/08)
From: Richard W. Atwater *RAW*
Chief Executive Officer/General Manager
Submitted by: Sondra Elrod *SE*
Public Information Officer
Subject: Public Outreach and Communications

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

DISCUSSION

Outreach/Tours/Workshop

- December 13, 2007 tour of HQ for Green Mind
- December 24, 2007 tour of Desalter for International Association of Plumbing and Mechanical Officials

Calendar of Upcoming Events

February 2008

- February 23, 2008, Chino Creek Park Grand Opening (Time to be Determined)

April 2008

- April 25 – 27, 2008, IEUA/MWD Director Koopman's Agricultural Inspection Trip.

Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign

- One page conservation ad ran December 28 and December 31 in the Daily Bulletin

Water Conservation Outreach

IEUA is working with its local retail agencies and school districts to get our 20 Gallon Challenge conservation tips into our elementary schools. IEUA is submitting conservation tip messages to our local chambers for their newsletters and to our local newspapers. IEUA is also working on getting a PSA on all of our local TV channels.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

BOARD PRESIDENT WISHES RESIDENTS 'A BIG WET YEAR'

Inland Empire Utilities Agency invests in recycled water to reduce demand on imported water

The Inland Empire Utilities Agency (IEUA), a municipal water district that also handles treatment of wastewater from homes and industry, water recycling and more, has a message for the new year that is simple – It is time to get serious about saving water.

And, according to Wyatt Troxel, President of the IEUA Board of Directors, his agency is working hard to do just that.

He pointed out that Southern California has just experienced the driest year in history and this year may be more of the same, forcing water agencies everywhere to look at their approach to providing water to local residents and businesses.

"We have to establish an entirely new water ethic for our region," Troxel said. "None of us should be thinking about water the way we used to."

He explained that with the natural drought, coupled with litigation on environmental issues in the Bay Delta area and Southern California's population growth – which he said has slowed but will pick up again – the region's demand for water is "outstripping our

gressive management of local water resources.

Recognizing that water recycling is an essential component of a sustainable regional water resources management strategy for the Chino basin, IEUA is building on its water recycling programs to continue to provide the region with an alternative water sup-

ply source to meet its industrial, landscape irrigation and groundwater recharge needs.

Agency officials pointed out that California Sen. Dianne Feinstein and Rep. David Dreier (R-Glendora) both have introduced legislation that recently was passed that will provide \$30 million to expand the agency's network of "purple" pipeline carrying recycled water.

"We are in a unique situation to provide recycled water to replace drinking water for non-drinking water uses," Troxel said. "Our goal is to have all the irrigated public spaces such as parks, median strips and schools on recycled water and have it available to them within three years."



Recycled water is ideal for use on golf courses.

catch basins because it was relatively a light rain, and the county's charter was simply to prevent property damage and human risk.

But with the IEUA's interest in doubling up and capturing some of that water at the same time, the agency was able to put 500 acre feet of water in the ground, or enough water to serve 1,000 households for a year.

The previous storm resulted in capturing another 750 acre feet.

Troxel said the ultimate goal is to put 100,000 acre feet back into the underground aquifers each year.

He pointed out that as reliable as Southern California wants its imported water supply to be, it is no longer as reliable as it once was because of legal and environmental issues currently being resolved in the courts.

"Recycled water is 100 percent reliable, and it is 100 percent conservation," he said.

What are his wishes for local residents in the new year?

"I certainly wish them a big wet year," Troxel said. "I think my major wish for the readers is for them to consider the real value of water in their life and everything they do."

He urged residents to ask the



Recycled water used for irrigation of parks and street medians.

question "am I using the right water for the right purpose," referring to an extreme ex-

ample of going to the supermarket and buying "designer" bottled water and then using that water to water the lawn.

"You are paying the price of gasoline for water when you are doing that and it just doesn't make sense," he said.

The Inland Empire Utilities Agency was formed in 1950 to supply supplemental water to the Chino Basin. Today, the agency is involved in recycled water distribution, desalting, power conservation and power generation as a by-product of methane gas energy recovery – all in one of the fastest growing areas in the United States.

For more information, contact the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA 91708, (909) 993-1600, or visit the Web site at www.ieua.org.

US Congressman David Dreier



US Congressman David Dreier

natural resources and is now challenging our resource of imported water so we just can't use water the way we used to."

Troxel pointed out that the Metropolitan Water District of Southern California (MWD), Southern California's major water wholesaler, has already called for a 10 percent cutback in water use.

He said he expects mandatory cutbacks in water consumption during the coming year that will be imposed in various communities, some more rigorous than others.

Calls for shift in how residents use water

"Our view is different from a cutback – we want to see a 30 percent shift in how we use water," said Troxel, who represents Division 5, which includes the City of Rancho Cucamonga, on the IEUA Board.

Over the past 10 years, the IEUA has been shifting its vision and programs to better meet the needs of local communities in sustained life style and economic growth through better and more ag-

Agency spends \$48 million to capture rainwater in groundwater basin

The IEUA is working in other areas that are doing even better.

The agency is building its flood control infrastructure making it possible to capture more of that water and put it into the ground.

"Already we have been retrofitting our flood basins so that they can recharge storm water and high quality recycled water along with imported water from Northern



Wyatt Troxel, IEUA Board President, has served on the Board since 1992 and also has accumulated more than 36 years of experience in municipal water and wastewater activities in both the public and private sectors.



Recycled water used for irrigation of parks and street medians.



US Senator Dianne Feinstein



Terry Collin, IEUA Vice President, Division 1



Gene Koopman, IEUA Secretary/Treasurer, Division 2



John L. Anderson, IEUA Director, Division 3



Angel Sanllago, IEUA Director, Division 4

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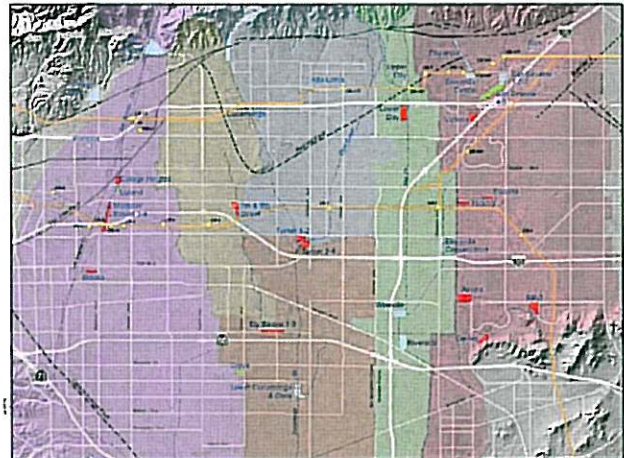
DECEMBER 2007

PHASE II CHINO BASIN FACILITIES IMPROVEMENT PROGRAM

Program Description

The Chino Basin Facilities Improvement Program (CBFIP) is a joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the Inland Empire Utilities Agency (IEUA), and the San Bernardino County Flood Control Department (SBCFCD). This Program, winner of The American Society of Civil Engineers (ASCE) project award, will increase the annual recharge of storm, imported, and recycled water to the Chino groundwater basin and reduce long-term maintenance costs. Phase II of the CBFIP comprises:

- Construction of new monitoring wells and lysimeters to monitor recharge operations
- Upgrading the capacity of MWD turnout CB-14 on the Rialto Feeder
- Construction of a new turnout on the Rialto Feeder (CB-20) to provide imported water to 8th Street Basin
- Improvements to conservation berms at four storm water retention basins to increase recharge of storm water
- Improvements to the SCADA system to improve operation of the recharge facilities
- Development of equipment for cleaning the basins without dewatering and drying basins.



All Phase II improvements, with the exception of the Phase 2A work, are currently in the design stage. Construction of the Phase 2A monitoring wells and lysimeters is nearing completion.

Key Highlights:

- Improvements will capture an additional 2,000 AF of storm water annually for recharge to the Chino Groundwater Basin.
- Improvements will result in lower maintenance costs for the berms.

Project Purpose:

The purpose of the project is to expand the storm, recycled and imported water recharge capacity, which increases annually the overall replenishment of the Chino Basin.

Project Participants:

- Inland Empire Utilities Agency (Contracting Agency)
- Chino Basin Watermaster
- California State Department of Water Resources

Project Team:

- Design: Kennedy/Jenks Consultants, Wildermuth Environmental, Inc.
- Project Management: IEUA
- Construction Management: IEUA
- Construction Inspection: Wildermuth Environmental, Inc.

Phase 2A - Monitoring Wells and Lysimeters

(Budget \$1,726,000)

Phase 2A work includes six monitoring wells and four lysimeters. The monitoring wells were installed at RP-3 Basin, Declez Basin, Eight Street Basin (2), and Brooks Basin (2). Lysimeters were installed at RP-3 Basin, Declez Basin, Eight Street Basin, and Brooks Basin.

- Wildermuth Environmental, Inc. provided design and construction inspection for this phase
- Construction Completion: Completed
- Data Report/As-Builts: December 31, 2007



Lysimeters at 8th Street Basin

Phases 2B, 2C, 2D and 2F (Bid Packages A and C)

Phases 2B, 2C, 2D, and 2F comprise SCADA Improvements, a new MWD Turnout (CB-20), expansion of MWD Turnout CB-14, and the relocation of the CB-14 existing pipeline. Construction of these facilities will be by the following Bid Packages, A and C. Package A includes 1) procurement of the high performance butterfly valves to be installed on the Rialto Feeder outlets at MWD turnouts CB-14 and the CB-20, and 2) installation of the shutoff valve manholes and shutoff valves. The budget for Package A is \$250,000 including the purchase of the valves (\$107,000). Package C includes the remainder of the work under these Phases, including the relocation of the CB-14 discharge structure. The budget for Package C is \$6,623,000.

- *Completion of Valve Procurement (Package A): January 14, 2007*
- *Completion of Valve Installation (Package A): February 10, 2008*
- *Construction Completion for Package A: April 1, 2008*
- *Design Completion for Package C: February 7, 2008*
- *Construction Completion for Package C: December 31, 2008*

(Budget \$6,873,000)



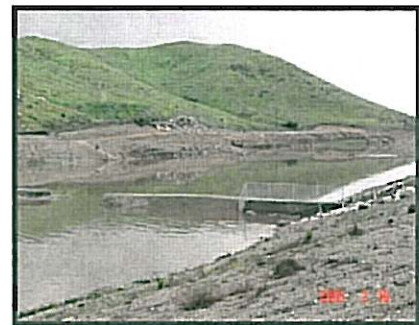
Turnout Construction

Phase 2E (Bid Package B)

Bid Package B comprises berm improvements at Hickory Basin, Eight Street Basin, Declaz Basin and San Sevaine Basin. The work will include heightening and hardening of existing berms, construction of conservation berms at San Sevaine Basin, and the addition of spillway sections as part of the berm work.

- *Design Completion Date for Package B: February 1, 2008*
- *Construction Completion Date: December 31, 2008*

(Budget \$1,851,000)



Declaz Basin

Phase 2G - Wet Basin Wet Cleaning Machine Development

Phase 2G involves development of equipment to clean basins without removing them from operation. To maintain recharge capacity, each basin must be cleaned at two-year to five-year intervals. Current cleaning practices necessitate dewatering and drying the basin so that earth moving equipment can enter the basin to remove accumulated silt. This practice reduces the quantity of water that can be recharged at that basin. It was determined during initial studies that more economic methods for wet basin cleaning were available than development of sole-purpose equipment. This phase includes an initial study only.

- *The Initial study is complete.*

(Budget \$50,000)



Cleaning Operations—Hickory Basin

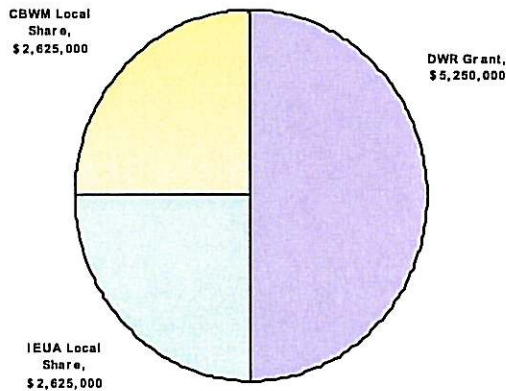
Phase II CBFIP Active Projects Scheduled Completion Dates

Phase II Activity	Design	Bid and Award	Construction
Bid Package A	Nov-07	Nov-07	Mar-08
Bid Package B	Jan-08	Mar-08	Dec-08
Bid Package C	Jan-08	Mar-08	Dec-08

Project Financing

■ DWR Grant	\$5.2500 Million
■ IEUA Local Share	\$2.625 Million
■ CBWM Local Share	\$2.625 Million
■ Total Project	\$10.500 Million

Project Summary



Phase II Activity	Cost To Date	Budget
Phase 2A	\$1,700,400	\$1,726,000
Bid Package A	\$160,000	\$250,000
Bid Package B	\$583,700	1,851,000
Bid Package C	\$1,345,300	\$6,623,000
Phase G	\$0	\$50,000
Total Phase II	\$3,789,400	10,500,000

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CHINO BASIN WATERMASTER

VII. INFORMATION

1. Hatch & Parent Merger with Brownstein, Hyatt, Farber, and Schreck



21 East Carrillo Street
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December 20, 2007

RECEIVED

JAN 03 2008

CHINO BASIN WATERMASTER

Ms. Sheri Rojo, CPA
Finance Manager
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

**Re: Hatch & Parent Merger With Brownstein Hyatt Farber Schreck,
January 2008 and Amendments to Agreement for Legal Services**

Dear Ms. Rojo:

We are delighted to announce Hatch & Parent's merger with Brownstein Hyatt Farber Schreck effective January 1, 2008. Our combined firm will have 12 offices in California, Colorado, Nevada, New Mexico and Washington D.C. With this merger, you will have access to more than 200 attorneys and policy advisors, with unparalleled expertise in real estate, land use, environmental and regulatory compliance, government relations, business and corporate transactions, taxation, litigation, wealth management, intellectual property and gaming, along with the largest water resources practice in the country. You will continue to see our firm involved on the forefront of resource and infrastructure issues integral to the vitality of the communities we serve.

Beginning on January 1, 2008, all current and new projects will be handled under the Brownstein Hyatt Farber Schreck name. We do not anticipate changes in staffing on any existing matters as a result of the merger. If a case warrants it, we may recommend that you consider working with some of our "new" attorneys. We expect all our clients will benefit over time from our broadened practice skills. Please visit the Brownstein website: <http://www.bhfs.com/> to view a summary of our new partners.

For 2008, our standard hourly rates for partners range from \$375 to \$615, for associates from \$225 to \$400, and for paralegals from \$100 to \$190. However, in appreciation for the fact that Chino Basin Watermaster is a long-time client of the firm, we will provide a discount off all of our attorneys' standard rates. Specifically, Mr. Fife's billing rate will be \$370 per hour. (See also Exhibit A.) You will continue to receive a 10% discount on all fees over \$100,000 per year. If you wish to discuss our new rate schedule, please contact Michael or me directly.

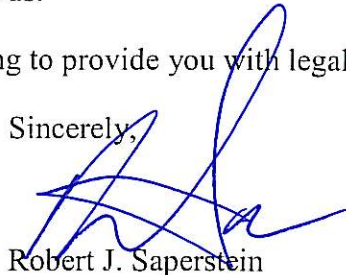
Unless we hear otherwise from you, our existing agreement with Chino Basin Watermaster for legal services, is hereby modified to reflect the changes described herein

specifically, our name change and 2008 hourly rates.

We recognize that there are many qualified attorneys in the legal community, and we are honored that you put your trust in us. We do all that we can to ensure the quality of our services exceeds your expectations. We are confident that our expanded firm will exemplify the Hatch & Parent tradition of excellence. We are excited about our ability to offer a greater complement of resources and talent to our exclusive set of clients. Please let us know how we might provide these additional services to you. If you have any questions regarding our merger with Browntein Hyatt Farber Schreck, please contact us.

We look forward to continuing to provide you with legal services in 2008.

Sincerely,



Robert J. Saperstein
For HATCH & PARENT
A Law Corporation

ROB:amm

Exhibit A
Chino Basin Watermaster
2008 Schedule of Hourly Rates

Partners:	\$350 - \$525
Scott S. Slater	\$525
Steven L. Hoch	\$450
Lisabeth D. Rothman	\$450
Rob Saperstein	\$425
Michael Fife	\$370
Stephanie Osler Hastings	\$370
C. Wesley Strickland	\$370
Carolyn Rhoades	\$325
Robin L. Lewis	\$325
Associates:	\$225 - \$350
Russell M. McGlothlin	\$300
Brad Herrema	\$260
Alexandra M. Barnhill	\$235
Morgan R. Evans	\$235
Amy M. Steinfeld	\$235
Todd R. Leishman	\$225
Paralegals	\$100-\$185

Hatch & Parent will continue to extend a 10% discount on all fees over \$100,000 per year.

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CHINO BASIN WATERMASTER

VII. INFORMATION

2. Newspaper Articles



Los Angeles Times

Support The:
**Indian Gaming
Revenue Agreements**

<http://www.latimes.com/news/opinion/commentary/la-oe-stein14dec14,0,467141.column?coll=la-util-opinion-commentary>
From the Los Angeles Times

O.C.'s water is No. 1

Getting a taste of Orange County's toilet-to-tap program.
Joel Stein

December 14, 2007

I get really squeamish about certain things, like drinking strangers' urine. So when I found out that Orange County is going to recycle all its sewage back into tap water, I figured drinking from the faucet was just one more thing never to do in Orange County.

The Orange County Water District, it turns out, wasn't even hiding its toilet-to-tap plan, but heavily promoting it -- including a slick brochure with a glossy photos of a sexy couple splashing each other with poo-water. So I decided to drive down to the plant in Fountain Valley and preview a glass.

Unlike Los Angeles and San Diego, where politicians abandoned similar systems when the public freaked out, Orange County went on the education offensive. Ron Wildermuth, water district communications director, has given more than 2,000 speeches to local groups and secured hundreds of endorsements from experts and community leaders. (Sen. Dianne Feinstein and the Anaheim Optimist Club ... both pro poo-water!)

When I arrived at the plant, there were six men waiting for me -- with sandwiches. If Orange County were in charge of the war in Iraq, the French would have joined the coalition willingly.

While I was eating, my new friends pointed out that hundreds of sewage plants upstream are dumping into the Colorado River -- which supplies 20% of the district's water -- so adding a little sewage isn't going to make a big difference. They also told me that on the space shuttles all the urine -- including from lab rats -- is recycled into drinking water. I was less persuaded by this second argument because astronauts are also willing to drink Tang, eat freeze-dried ice cream and risk getting blown up. When I helpfully mentioned that tap-water drinkers might get an extra thrill knowing they might be drinking O.C. celebrity urine, Wildermuth pointed out that Dennis Rodman lives in the county and that Britney Spears spends a lot of time there. Wildermuth is normally very good at his job.

The water coming into the plant from the sewage treatment facility across the street looked and smelled pretty clean to me, though Wildermuth assured me it would make me sick, possibly because of the Britney Spears urine. I watched it go through three levels of purification. If all goes as planned, next week they'll start pumping that water back underground, where it will filter through rock for more than six months. These guys somehow made cleaning poo-water sound like a Coors Light ad. I was incredibly impressed because I love the idea of gadgets fixing environmental problems, as opposed to my using less stuff.

At the end of the plant tour, I grabbed a plastic cup and filled it with the filtered water. I swirled and sniffed, partly to stall and partly to be a jerk. It had no odor at all. It tasted pretty awesome -- slightly sweet and crisp, almost like Deer Park. After some quick tests, we found out it had a concentration of dissolved solids (minerals) of 13 (San Pellegrino has 1,109) and a pH balance of 6.4 (San Pellegrino is 7.7) -- making it light and tasteless. Once the department adds some limestone and puts it into the aquifer, the water should end up a little heavier and less acidic. Right now it's young, like an unaged Chateau Palmer. Even so, I drank a fair number of glasses. Two hours of watching water treatment can build a pretty mean thirst. It also causes a man, before getting in his car for a long drive back to L.A., to make his contribution to the drinking water of Orange County.

I got a bottle for the road too. I had e-mailed Michael Mascha, the water sommelier who wrote "Fine Waters: A Connoisseur's Guide to the World's Most Distinctive Bottled Waters," for tips on what foods would be best with freshly treated sewage water. Mascha was ready for me. He'd actually tasted the water from a similar plant in Singapore. He said he found the water "flat and lifeless, kind of boring, but perfectly drinkable," and compared it to Le Bleu, a bottled water from North Carolina. He suggested fast food because "junk food has no *terroir* or natural source but is highly processed." So I pulled into a McDonald's for a double cheeseburger. It was a terrific pairing, the water's sweetness cutting through the burger's sodium, the extreme softness of both blending together.

Unfortunately, here in Los Angeles, our mayor is such a political wimp that he'll only back a voluntary water-saving campaign, allowing our precious poo-water to run out to sea. So I call upon In-N-Out to launch a massive "enjoy some sweet groundwater-replenishment-system beverage with your Double-Double" campaign. I could have that meal just about every day.

jstein@latimescolumnists.com

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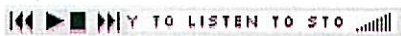
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Riverside County

Santa Ana River Trail project boosted by \$2.75 million grant



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10:00 PM PST on Thursday, December 13, 2007

By AMANDA STRINDBERG
The Press-Enterprise

The Santa Ana River Trail is one step closer to becoming a 100-mile uninterrupted path, stretching from the San Bernardino Mountains to the Pacific Ocean in Huntington Beach.

On Thursday, the California Coastal Conservancy board of directors awarded The Santa Ana River Trail and Parkway Partnership \$2.75 million in state funds for the project.

The money comes from the passage in November 2006 of Prop. 84, which set aside \$45 million for the trail.

"This is huge," said Patricia Lock-Dawson, the project's chief strategist and a consultant to Riverside and Riverside County. "It means you will be able to get on your bike in Redlands and ride to the coast."

The money will support planning, environmental and engineering work for about 29 miles of trail -- 22 miles in Riverside County, four miles in San Bernardino County and three miles in Orange County. That money will also be used for signs and to create a more accurate map of the trail, Lock-Dawson said.

The entire trail, a \$100 million project, is expected to be finished in 2012. Forty-three miles have been paved; some portions will remain dirt.

Nine miles were finished this year, the most completed in recent years. Lock-Dawson credits the formation of The Santa Ana River Trail and Parkway Partnership with speeding up the project, which has been decades in the making.

The group includes Riverside, San Bernardino and Orange counties, the 14 cities along the river, the Santa Ana Watershed Project Authority and The Wildlands Conservancy.

Julie Cochran, an owner of Woodcrest Bikes in Riverside, said bicyclists are looking forward to the completed trail.

"Our customers want a safe place to ride their bikes with the family," she said. "They don't feel comfortable on the streets."

Reach Amanda Strindberg at 951-368-9667 or astrindberg@PE.com

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dailybulletin.com

Message to conserve aimed at young water users

By Wendy Leung, Staff Writer

Article Created: 12/08/2007 07:16:56 AM PST

The Cucamonga Valley Water District knows sending some water-saving tips along with your water bill is not enough to get the point across.

When it comes to water conservation, the district has a multifaceted approach in preserving a natural resource that is rapidly depleting. It hosts a variety of programs and many of them target the most impressionable - young water users.

The district's effort has earned a number of recognitions including the Governor's Environmental and Economic Leadership Award in the area of children's environmental education and the Association of California Water Agencies award for excellence for the district's Environmental Learning Center.

President of the district's board of directors James Curatalo Jr., speaks about the importance of these educational initiatives.

QUESTION: Who is the district targeting with its message of conservancy?

ANSWER: Our efforts have been aimed at a broad spectrum from businesses to homeowners and to students. The students happen to be the most fun part. We get a lot of very positive feedback, especially teachers and principals.

Q: It seems particularly important today to teach good water-saving tips.

A: We're very dependent on the state water system and as our population has grown, our need to provide water has grown. We've done a very good job of doing that but as of right now, about almost half of our water comes from up north. It's a good supply and it's relatively inexpensive. But the future is not as certain. These students today, while they can help us conserve today and continue into the future, they can also have a real effect and impact on the policies of California water by way of voting.

Q: How successful has the learning center been?

A: To date, we've had 13,000 students visit so far. It's a very upbeat, unconventional way of learning water facts. Its aim is to be interactive, and it's fun. At the same time our aim is for them to gain a profound understanding of certain facts about water. What we teach is aligned with the California state standards. We have our agenda to teach but we also want to truly be partners with our school districts and tailor our message to their needs.

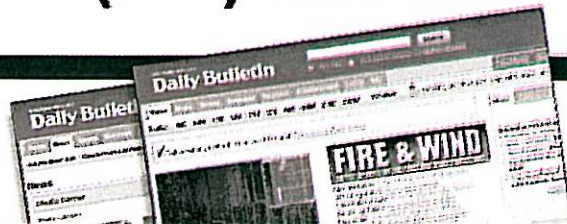
Q: You've been on the board for seven years, have your habits changed in terms of

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saving water?

A: I've been more adept at saving water. I think of all the systems of infrastructure and the historic planning that takes place. When I turn on the faucet, I really don't take it for granted.

For more information about the district's education programs, call (909) 987-2591 or visit www.cvwwater.com.

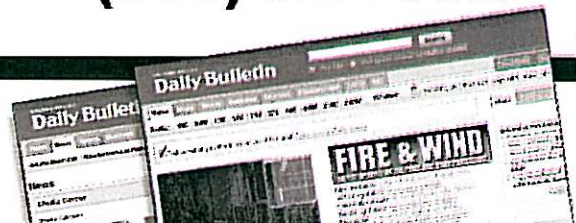
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 From the Los Angeles Times

L.A.'s water savings are just a drop in the bucket

Mayor Antonio Villaraigosa asked for a 10% reduction in June, but usage has remained nearly flat since then.

By Deborah Schoch
 Los Angeles Times Staff Writer

December 10, 2007

Mayor Antonio Villaraigosa's call six months ago for voluntary water conservation in a record dry year has failed to persuade Los Angeles residents and businesses to rein in water use substantially, city records show.

Despite the mayor's June 6 plea for a 10% reduction, water use in the city remained largely flat through October, compared with the same period last year, according to records from the city Department of Water and Power.

Now some environmentalists want the mayor to go further and endorse mandatory restrictions, such as those that have reaped significant water savings this fall in Long Beach. Area environmental leaders who met privately with Villaraigosa on Tuesday said they asked him to declare a state of drought and impose restrictions -- and that he said he would if science supported it.

"More than anything, I want a commitment from the mayor to work toward a more sustainable future and to reduce water use in Los Angeles," said Miriam Torres of the Environmental Justice Coalition for Water, who was among those at the meeting. "People in Los Angeles have to think of water as a precious resource and not a commodity."

The mayor's office confirmed last week that the conversation occurred but did not have details of what kind of scientific evidence the mayor had in mind.

City water officials said Friday that they planned to wait several more months to see if water supplies improve before resorting to harsher measures. Water use since June may be down as much as 3% from a year ago once November reports are counted, but final statistics were not available as of late Friday afternoon, said DWP spokesman Joseph Ramallo.

Cities throughout Southern California are urging conservation this year amid gloomy reports of a long-running drought in the Colorado River Basin and a near-record-low snowpack in the Sierra Nevada. A judge's August ruling to protect endangered smelt in the Sacramento-San Joaquin Delta could further curtail water deliveries from Northern California.

Although rains have dampened the Los Angeles Basin several times in the last two weeks, the rainwater will do little for the many local cities that rely heavily on imported water. Los Angeles, for instance, traditionally pipes most of its water from the Eastern Sierra Nevada.

When Villaraigosa called for a 10% cut, he warned that a confluence of weather events--such as a record-dry year and low snowpack -- threatened the city's water supply.

"Los Angeles needs to change course and conserve water to steer clear of this perfect storm," the mayor had told reporters June 6 at the Woodley Lakes Golf Course, which recently became the first city course irrigated with reclaimed, rather than potable, water.

Yet since the mayor's request, Angelenos appear not to have made dramatic changes in how much they water lawns or how often they wash cars.

City consumers used just shy of 1% more water from June through October than they did in the same period last year, according to DWP data. The increase was slightly larger when measured against the five-year average for the period.

Ramallo credited the mayor with helping reverse the course of water use earlier in the year, pointing to a nearly 21% increase in May from May 2006. "Use was running completely in the wrong direction," he said. "We've arrested a problem."

David Nahai, the DWP's new general manager, said he had been told that consumption may be down by 2% to 3% since Villaraigosa's June call, once November data is added.

"I would, of course, have liked to have seen a higher conservation rate," Nahai said Friday. But the rate reflects use by all city consumers, including businesses that do not have the flexibility to cut back, he said. He characterized Villaraigosa's call for a 10% cut as a "conversation" rather than an order.

"What the mayor really did, he had a candid conversation with the people of Los Angeles. He said, 'I would like you to change your personal behavior in order to change use by 10%,'" Nahai said.

Villaraigosa followed up Nov. 13 by resurrecting the Drought Busters program last used during the early 1990s. Six DWP employees are driving around the city in Toyota Prius hybrids, responding to more than 400 complaints about leaking sprinklers, missing sprinkler heads and other water waste.

The next step would be to start enforcing an ordinance passed during the last drought that restricts times for lawn sprinkling and other water uses.

Long Beach, the region's second largest city, drew statewide attention Sept. 21 when it mandated conservation with such rules as allowing lawn irrigation only three nights a week.

Residents rallied to the cause, and Long Beach consumption has decreased each month since. November water use, for example, was 5% lower than the lowest use for any November in the last 10 years, Water Department Director Kevin Wattier told the City Council last week. September use was also a record low, and October use was the second lowest of the decade for that month.

Long Beach has 473,000 residents, compared with 3.8 million in Los Angeles, according to 2006 census estimates. In Los Angeles, Ramallo said, "it's much harder to penetrate into people's consciousness."

In fact, a 3% drop in Los Angeles water use would dwarf a 10% drop in Long Beach, Nahai said. "Given the sheer size of Los Angeles, even small percentage increments result in very large numbers."

More than 50 representatives of Green LA, a network of community groups, met with the mayor last week and, among other requests, asked him to declare a drought and take firm action to reduce water use.

"We know historically that voluntary programs don't work," said Conner Everts, executive director of the Southern California Watershed Alliance, who attended the meeting. "The next step should be to enforce the water restrictions that are on the books."

Nahai said he was familiar with the Green LA request to Villaraigosa.

"As I see it, what was being asked of him is a symbolic gesture, an unequivocal statement that we're facing a water shortage," Nahai said.

He has formed a water shortage team that met for the first time Friday to review plans in case mandatory measures are needed, he said.

deborah.schoch@latimes.com

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Careful urban planning key to solving our water woes

By Ken Willis

Article Created: 12/15/2007 04:27:58 PM PST

With greater frequency the press is reporting on the dire water situation confronting Southern California.

The drought is real. The remaining question is this: "How long a drought will it be?" The answer: "Very long."

Normally, Southern California attains the water it needs from three sources: the Sierra Nevada Mountains (the State Water Project); the Rocky Mountains (The Colorado River); and finally, local precipitation (annual rain storms, etc.) During this past rainy season, all three of these sources were "turned off" by Mother Nature. Our rainfall was less than Death Valley's!

Water experts are expecting that the weather pattern for the 2007-08 rainy season will be a reflection of this past year's experience, i. e., with "little or no change."

To add to the problems we face, a federal court ruling has decided that a rather small creature called the "Delta Smelt" is in danger due to water exports through the Sacramento Delta leading to

the California Aqueduct. Thus about one-third of those exports are to be curtailed.

This will have quite an effect upon us locally in what we refer to as the Chino Basin. Note that we do not import Colorado River water into the Chino Basin due to an existing high salt content. Thus we rely upon less-salty state project water, which and is delivered by the Metropolitan Water District. Salt is an important factor here due to a judgment in 1966 referred to as "Orange Co. vs. Chino Basin." This judgment forces us to control the salt content of the Santa Ana River as it is ultimately fed into Orange County's water supply (yes, after we have already used it!)

The Santa Ana is a very delicate river due to the very high reliance upon it for water needs throughout all the water basins along its path.

Water agencies are faced with three alternatives that can help stretch our water supply. These are conservation, reclamation and recharge.

We must conserve water in new and bolder ways. This will involve re-evaluating our landscaping practices. Reliance on native drought tolerant plants, less lawn and smaller lot sizes for new development.

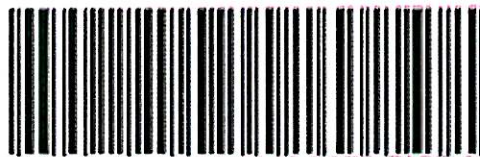
Existing homes are going to have to follow the same path. Why is this important? Because roughly 65 percent of the water used in each home is spread upon outside landscape. If we save some of that water, we will have accomplished an important objective.

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