

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, February 28, 2008

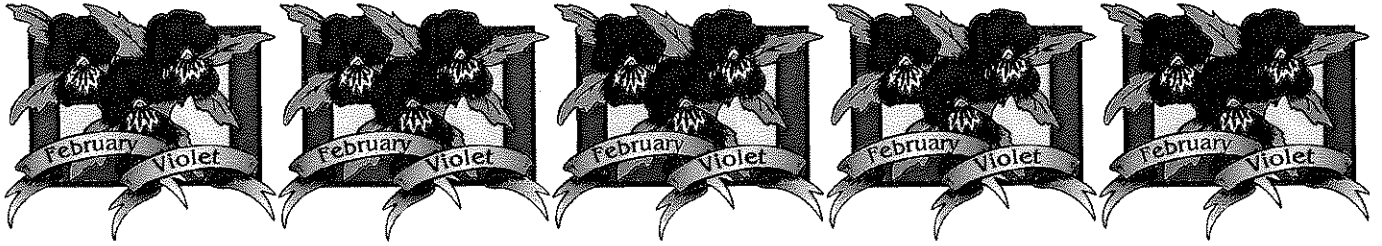
9:00 a.m. – Advisory Committee Meeting
11:00 a.m. – Watermaster Board Meeting

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





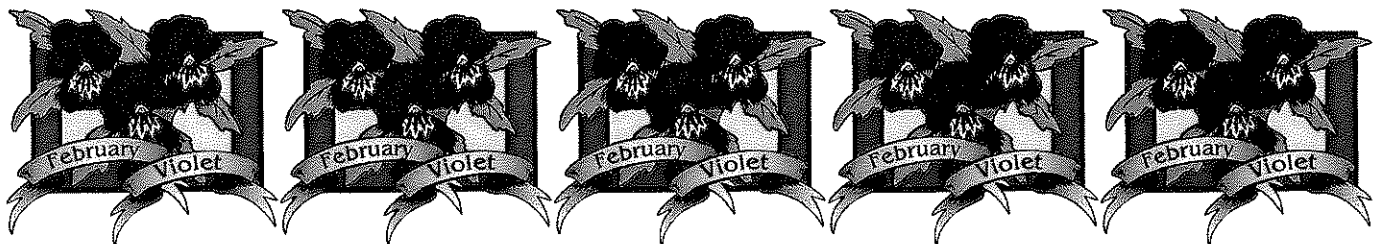
CHINO BASIN WATERMASTER

Thursday, February 28, 2008

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

(Lunch will be served)

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – February 28, 2008

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Annual Advisory Committee Meeting held January 24, 2008 (page 1)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2008 (page 15)
2. Watermaster Visa Check Detail (page 19)
3. Combining Schedule for the Period July 1, 2007 through December 31, 2007 (page 21)
4. Treasurer's Report of Financial Affairs for the Period December 1, 2007 through December 31, 2007 (page 23)
5. Budget vs. Actual July 2007 through December 2007 (page 25)

II. BUSINESS ITEMS

A. BUDGET AMENDMENT, BUDGET TRANSFER, AND PURCHASING POLICIES

Consider Approval for the Budget Amendment and Budget Transfer, and Purchasing Policies (page 27)

B. CAROLLO ENGINEERS CONTRACT

Consider Approval for the Extension to the Contract with Carollo Engineers for Gary Meyerhofer's Services and Budget Amendment (page 37)

C. WILDERMUTH ENVIRONMENTAL INC. CONTRACT

Consider Approval for the Contract between Chino Basin Watermaster and Wildermuth Environmental Inc. (page 43)

D. BUDGET AMENDMENT/TRANSFER ACTION ITEMS

Consider Approval for the Proposed Budget Transfer Request (page 61)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Temporary Urgency Application to SWRCB Regarding Santa Ana River from San Bernardino Valley Municipal Water District and Western Municipal Water District
- 2. Chino Basin Water Supply Assessment Committee
- 3. March 1, 2008 Court Filing

B. ENGINEERING UPDATES

- 1. Regional Board Letter
- 2. Monitoring Status to Date
- 3. March 1, 2008 Conditions Subsequent

C. FINANCIAL REPORT

- 1. Review of Consultant Services

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. Semi-Annual Status Report (page 73)
- 4. Personnel Committee Update
- 5. Prop 218 Opinion

E. INLAND EMPIRE UTILITIES AGENCY

- 1. MWD Drought Update – Oral Rich Atwater
- 2. Groundwater Recharge Activities – Oral Rich Atwater
- 3. Recycled Water Newsletter (page 93)
- 4. Monthly Water Conservation Programs Report (page 97)
- 5. Monthly Imported Water Deliveries Report (page 107)
- 6. State and Federal Legislative Report (page 113)
- 7. Community Outreach/Public Relations Report (page 133)

IV. INFORMATION

- 1. Newspaper Articles

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

February 28, 2007	9:00 a.m.	Advisory Committee Meeting
February 28, 2007	11:00 a.m.	Watermaster Board Meeting
March 13, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
March 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 27, 2007	9:00 a.m.	Advisory Committee Meeting
March 27, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – February 28, 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

I. CONSENT CALENDAR

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Consider Approval for the Contract between Chino Basin Watermaster and Wildermuth Environmental Inc. (page 43)

D. BUDGET AMENDMENT/TRANSFER ACTION ITEMS

Consider Approval for the Proposed Budget Transfer Request (page 61)

E. CHINO BASIN WATERMASTER OFFICE ASSISTANT AND OFFICE SPECIALIST POSITIONS

Consider Approval for the New Chino Basin Watermaster Office Assistant and Office Specialist Positions (page 65)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

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- 1. Regional Board Letter
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- 1. Review of Consultant Services

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. Semi-Annual Status Report (page 73)
- 4. Personnel Committee Update
- 5. Prop 218 Opinion

IV. INFORMATION

- 1. Newspaper Articles (page 135)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

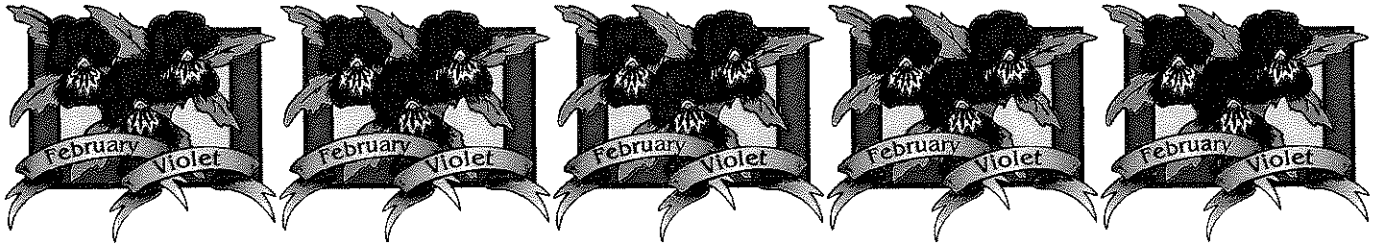
VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session will be held during the Watermaster Board meeting for the purpose of discussion and possible action regarding Hansen Aggregates Litigation.

VIII. FUTURE MEETINGS

February 28, 2007	9:00 a.m.	Advisory Committee Meeting
February 28, 2007	11:00 a.m.	Watermaster Board Meeting
March 13, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
March 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 27, 2007	9:00 a.m.	Advisory Committee Meeting
March 27, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

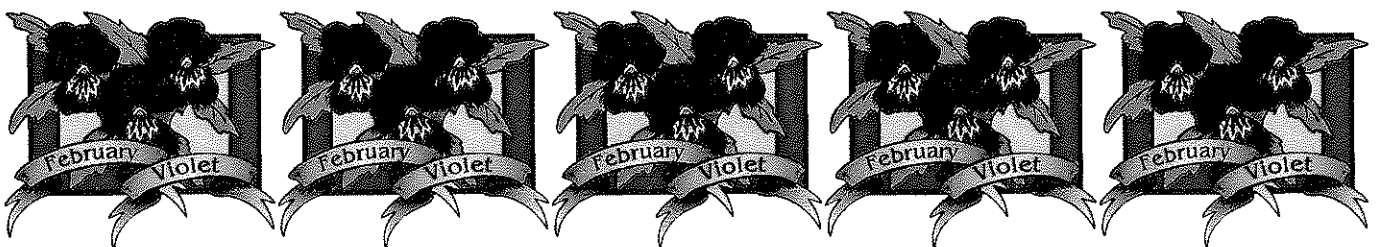


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – January 24, 2008



Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL ADVISORY COMMITTEE MEETING

January 24, 2008

The Annual Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on January 24, 2008 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Robert DeLoach, Chair	Cucamonga Valley Water District
Mohamad El-Amamy	City of Ontario
Robert Young	Fontana Union Water Company
Mike McGraw	Fontana Water Company
Mark Kinsey	Monte Vista Water District
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
J. Arnold Rodriguez	Santa Ana River Water Company

Non-Agricultural Pool

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jeff Pierson	Ag Pool, Crops
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Watermaster Board Members Present

Charles Field	Western Municipal Water District
Ken Willis	City of Upland

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sheri 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

Marty Zvirbulis	Cucamonga Valley Water District
Tom Crowley	Western Municipal Water District
Gerry Foote	Chino Basin Water Conservation District
Robert Tock	Jurupa Community Services District
Jennifer Novak	State of California

Chair DeLoach called the Advisory Committee meeting to order at 9:15 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

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

<u>Robert DeLoach</u>	Chair	(Appropriative Pool) – (Non-Ag passed on chair position)
<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**A. MINUTES**

1. Minutes of the Advisory Committee Meeting December 20, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2007
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2007 through November 2007

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

D. LOCAL AGENCY INVESTMENT FUND

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

E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS

Resolution 08-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008

F. NOTICE OF INTENT

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

Motion by Rodriguez, second by Kinsey, and by unanimous vote

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

III. BUSINESS ITEMS**A. IEUA CONTRACT FOR TECHNICAL SERVICES FOR DRY YEAR YIELD**

Mr. Manning stated this item pertains to a contract between Chino Basin Watermaster and Inland Empire Utilities Agency (IEUA) for technical services to provide the services of Wildermuth Environmental Inc. for the purposes of working on the Dry Year Yield (DYY) study. Mr. Manning stated originally this contract was going to come under the contract with Black & Veatch. However, Watermaster is working on developing a new contract with Wildermuth

Environmental for Watermaster that will have some language regarding Wildermuth's relationships with other parties within the basin in order to protect Watermaster and Wildermuth. This contract as it is presented today, will allow that to occur. IEUA has taken this contract before their board and it was approved. Staff is asking for approval of the agreement and to also approve, the financial budget changes to reflect the income and the expenditure. A discussion ensued with regard to a fee schedule and Mr. Manning noted the Wildermuth Contract is being brought forward as an informational item this month and will be brought back for approval next month along with a fee schedule and other language changes as needed.

Motion by Kinsey, second by Moorrees, and by unanimous vote

Moved to approve the contract for services for Dry Year Yield and to amend the 2007/2008 Watermaster budget for receipt of revenue from Inland Empire Utilities Agency and the expenditure of a similar amount for services by Wildermuth Environmental, Inc., as presented

B. WATERMASTER RESPONSE TO CONDITIONS SUBSEQUENT FROM THE COURT ORDER GRANTING WATERMASTER'S MOTION FOR APPROVAL OF PEACE II DOCUMENTS

Chair DeLoach noted this item was discussed and approved by the Appropriative and Non-Agricultural Pool members at a special meeting this morning. Mr. Manning stated there are two different tables available on the back table. One matrix lists all of the items that are included in the court order and some of the translations from the Special Referee's dates. The second item is the New Technical Reports pursuant to the court order and this was put together by Mr. Wildermuth. Counsel Fife stated the filing corresponds to the courts December 21, 2007 order; the court gave Watermaster nine conditions on the approval of the Peace II documents. Reports on the first two items are due by February 1, 2008. Counsel will be making minor wording changes prior to court submission, however, if there are any substantive changes the document will need to go through the Watermaster process again. The two conditions that are being responded to in the pleading are the reporting on the Non-Agricultural Pool elements of the Peace II documents which includes the purchase and sale agreement, the amendment to the exhibit G, and the provision to the Peace Agreement allowing intervention into the Non-Agricultural Pool. That condition is not something subject to court approval; counsel was asked to provide a clearer explanation and answer the questions listed in the Special Referee's preliminary report. The second condition was to provide a corrected initial schedule for the use of the controlled overdraft water; that is included as Table 1 to the pleading. This is an item that is being submitted for court approval; the pleading does notice a hearing for May 1, 2008 at 2:00 p.m. and was set by the court order.

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

Moved to approve and submit to the court a brief to explain the amendments to the Judgment paragraph 8 and exhibit "G" and corrected initial schedule to replace resolution No. 07-05 attachment "E," together with an explanation of the corrections made, as presented

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Peace II Order

Counsel Fife stated Watermaster now has an order and we are moving on the conditions in that order. Counsel Fife noted there is a matrix on the back table prepared by Mr. Manning which contains the nine conditions and their due dates.

2. SWRCB Order re Permit 19895

Counsel Fife stated a copy of this order is in the meeting packet. Several months ago Watermaster received a strange order from the State Board revoking permit 19895 for failure to proceed with diligence on the project; even though the project is complete. A petition for reconsideration was immediately filed and we got a favorable filing from the State Board and they did acknowledge there were many factual inconsistencies within their

own order; the petition for reconsideration was granted. The State Board has contacted Watermaster staff and counsel and would like to schedule a meeting to sit down and talk about the project. Chair DeLoach asked counsel to give some background on this item. Counsel Fife stated permit 19895 was originally issued to the Flood Control District in connection with the San Sevaine Project. There were actually two permits during this time, one for the San Sevaine Project and one for the Day Creek Project. At some point in time the Flood Control District put Watermaster on the permit so that Watermaster and the Flood Control were joint permittees and then eventually the Flood Control ceded its interest over to Watermaster. When the Flood Control District controlled the permit they were not always consistent in their reporting. When reports were distributed regarding the progress, the permit numbers were either put in incorrect or there were other typographical errors made which confused the State Board staff greatly causing them to revoke the permit. A lengthy discussion ensued with regard to this matter.

3. Hanson Aggregate Litigation

Counsel Fife stated things are moving forward with Hanson Aggregate; conversations are taking place and they appear to want to settle the case. Counsel Fife stated discussions regarding non-binding mediation are in progress. A discussion ensued with regard to costs incurred as well as lost opportunity costs.

B. ENGINEERING UPDATES

1. Engineering Update

Mr. Wildermuth referenced a handout and stated the handout is a summary of the technical work required by the conditions subsequent in the December 21, 2007 court order. Mr. Wildermuth reviewed the chart and the section titled; "New Technical Report" that completes the record for the Peace II order. The next section titled; "Annual Report of the Quantification of New Yield" provided an annual accounting of the new storm water and SAR recharge into the Chino Basin. This will be used to annually refine the re-operation schedule, assessment package determinations and to compute replenishment. He then reviewed the next section titled; "Hydraulic Control Articulation and Compliance Report" that formalizes the quantitative definition of hydraulic control and demonstrate concurrence of the Regional Water Quality Control Board. Lastly he reviewed the section titled; "Recharge Master Plan Process" that purposes to periodically update the Recharge Master Plan and clearly map out how Watermaster will implement plans to meet future replenishment demands. A discussion ensued with regard to this item and information given on the sections.

C. FINANCIAL REPORT

1. Budget Update

Ms. Rojo stated the Assessment Package was approved last month and the invoices have been mailed out. Ms. Rojo stated the Watermaster's budget preparation process is starting for the 2008/2009 year which begins by working with consultants and in going through the projects that they work on annually. The figures and/or updates for the various projects are reviewed quarterly with Wildermuth staff; an update is now available for your review. This handout has been updated since the Appropriative Pool meeting. Ms. Rojo reviewed the Status of Engineering Tasks cost categories in detail. Ms. Rojo referred to the handout regarding potential policies that Watermaster might adopt. This item will be brought back as an action item next month. Ms. Rojo asked that the committee members to review the policy handouts and to get back to her with any feedback as quickly as possible. Ms. Rojo stated the first policy is a budget transfers and amendments policy and the second is a purchasing policy. Ms. Rojo reviewed the handouts in detail. A discussion regarding this item ensued.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated because this is a presidential election year Washington's normal events have pretty much come to a halt. Mr. Manning stated the ACWA Conference is coming up in February which is always interesting but with it being a presidential election year, the conference will be especially interesting. At the state level the governor's budget is prepared and is almost ready to be given to the legislature and in the governor's recent speech he did talk a lot about water. Some of his speech talked about a possible reduction in staff which was confusing because most of the field agencies are running without field positions filled and it does not appear there would be much savings in doing that. Mr. Manning stated he will be going to meeting later this month that will be discussing bond measures and he will keep the parties up to date on what is going on.

2. Recharge Update

Mr. Treweek stated there is an updated supplemental and storm water recharge handout now available which summarizes the first six months of recharge. 4,000 acre-feet of storm water has been captured. Staff has calculated the storm in January and it appears approximately 2,000 acre-feet of storm water was captured then which is a very good number. Mr. Treweek stated he feels this high number of storm water capture is due to all the improvements made to the basins over the summer and our reactions to storms when they come in.

3. Wildermuth Contract

Mr. Manning stated Watermaster staff is working with Wildermuth staff to put together a draft contract; a copy of the first draft is now available. This will allow staff to be able to have in a formal contract for the work that is done with Wildermuth Environmental. Mr. Manning noted one of the biggest changes that will be taking place will be management of projects by task number and managing by task order will allow staff to have greater management control.

4. CBWM Web Site

Mr. Manning stated there is a handout regarding the Watermaster web site depicting web site hits from November 16, 2007 to December 16, 2007. This counter will give staff information as to where people are located that are entering the Watermaster web site. During the dates noted, the web site had 481 hits and it was interesting that some of the hits came from other countries.

5. National Research Council

Mr. Manning stated the National Research Council recently came out with a new study titled, "The Prospects for Managed Underground Storage for Recoverable Water." Watermaster received an advance copy because Chino Basin Watermaster is one of the sponsors of this study along with the USGS, Cal-Fed, the City of Phoenix, Inland Empire Utilities Agency, and the Sanitations Districts of Los Angeles County. Mr. Manning stated this is a very informative publication and has some interesting conclusions and recommendations in it.

6. Replenishment Water Purchase

Mr. Manning stated there have been internal staff discussions about how Watermaster is going to meet the replenishment obligations for this year. Watermaster has an outstanding obligation of approximately 3,900 acre-feet of water that needs to be replenished. Metropolitan Water District is not making water available for replenishment. Mr. Manning stated staff is looking at purchasing water out of storage accounts from producers in the basin. Please let staff know if you have water that you would consider selling to Watermaster. A letter regarding this same announcement will be going out shortly.

E. INLAND EMPIRE UTILITIES AGENCY1. MWD Water Rates

Mr. Atwater stated a meeting regarding the drought plan and Dry Year Yield activities took place this morning at 8:00 a.m. here at the Watermaster office. Mr. Atwater stated he is anticipating the Metropolitan Water District Board will approve a Regional Drought Allocation Plan on February 12, 2008. There are still some slight changes in those plans that are being worked on. Once the plan is administered, IEUA will hold a workshop. Mr. Atwater noted the recent rain storms have been wonderful and has helped the drought situation, but it is still too early in the storm season to get actual numbers. It would be great if the storms could continue throughout the season and then we will be able to put off the drought plan for this year. Mr. Atwater stated the MWD rates will be rising over the next couple years significantly and they are holding a public hearing on February 11, 2008 with regard to this issue.

2. Drought Planning Update/DYY Implementation

This item was discussed previously.

3. Recharge Phase II Project Status

Mr. Love stated 50% of this project is funded from the DWR grant with the balance provided by jointly providers by IEUA and Watermaster. Additional project partners are the Conservation District and the Flood Control District. Phase II is for enhancements and improvements to our existing recharge basins. A critical milestone coming up which is the Rialto Pipeline shutdown starting on February 4, 2008. During that shutdown while MWD is working on repairs to the pipeline IEUA is going to be improving CB14 which will include increasing the capacity. IEUA will also be adding a new replenishment connection called CB20 in the City of Upland. In working with the City of Upland, IEUA is trying to utilize the storm drain system to get the water flowing into the 7th and 8th Street Basins so that we can get imported water to those facilities. As of today no imported water can go into those basins; these are significant improvements to the recharge project.

4. Regional Recycled Water Program – 3 Year Business Plan Status

Mr. Love stated the focus for the Regional Recycled Water Program will have annual usage goals, metrics, and requirements for monthly progress reports. The plan will be revised and updated monthly. The goals of the plan will be to have 50,000 acre-feet per year to connected customers in the IEUA regional system by June 2010. Workshops and presentations will be scheduled for full review on this plan. Mr. Love reviewed the updates to this plan since his last presentation.

5. Monthly Water Conservation Programs Report

No comment was made regarding this item.

6. Draft FY 07/08 Regional Water Conservation Programs Budget

No comment was made regarding this item.

7. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

8. State and Federal Legislative Report

No comment was made regarding this item.

9. Community Outreach/Public Relations Report

No comment was made regarding this item.

10. Phase II Chino Basin Facilities Improvement Program Report

No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

V. INFORMATION

- 1. Hatch & Parent Merger with Brownstein, Hyatt, Farber, and Schreck, January 2008 and Amendments to Agreement for Legal Services

Counsel Fife stated Brownstein, Hyatt, Farber, and Schreck is now a 200 person firm with offices throughout the United States and is the largest water law firm in the United States.

- 2. Newspaper Articles

No comment was made regarding this item.

VI. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VII. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

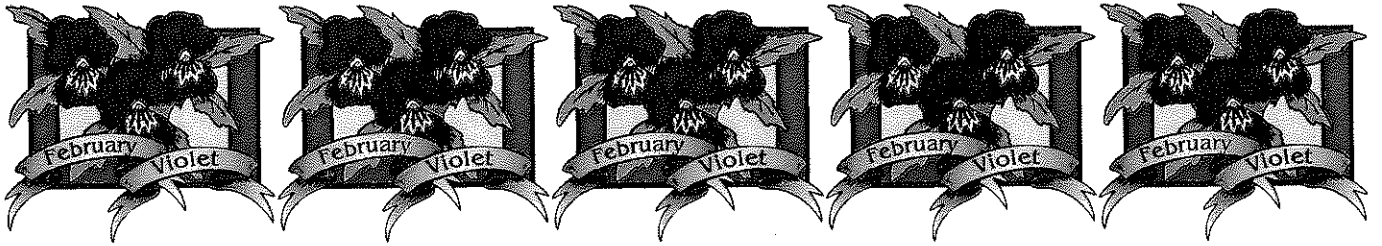
January 23, 2007	9:00 a.m.	GRCC Meeting
January 23, 2007	8:50 a.m.	Special Appropriative Pool Meeting
January 24, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 24, 2007	11:00 a.m.	Annual Watermaster Board Meeting
February 12, 2008	9:00 a.m.	Water Quality Committee Meeting
February 14, 2008	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

The Watermaster Advisory meeting was dismissed by Chair DeLoach at 10:30 a.m.

Secretary: _____

Minutes Approved: _____

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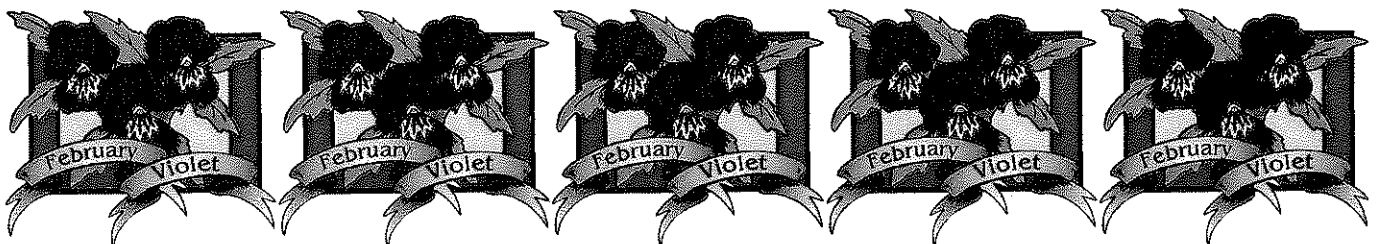


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – January 24, 2008



Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL WATERMASTER BOARD MEETING

January 24, 2008

The Annual Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 24, 2008 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	City of Upland
Bob Kuhn	Three Valleys Municipal Water District
Charles Field	Western Municipal Water District
Jim Bowman	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
Jim Curatalo	Cucamonga Valley 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
Sheri Rojo	CFO/Asst. General Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
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

Dave Crosley	City of Chino Basin Watermaster
Mark Kinsey	Monte Vista Water District
Mohamad El-Amamy	City of Ontario
Bob Feenstra	Ag Pool – Dairy
Jeff Pierson	Ag Pool – Crops
Sandra Rose	Monte Vista Water Company
Robert DeLoach	Cucamonga Valley Water District
Marty Zvirbulis	Cucamonga Valley Water District
Jennifer Novak	Ag Pool – State of California
Rosemary Hoerning	City of Upland
Gerry Foote	Chino Basin Water Conservation District
David DeJesus	Three Valleys Municipal Water District
Raul Garibay	City of Pomona
Tom Crowley	Western Municipal Water District
Bob Lemons	RBF/Chino Hills

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.

INTRODUCTIONS - CALENDAR YEAR 2008 WATERMASTER BOARD MEMBERS

Bob Bowcock	Non-Agricultural Pool
Jim W. Bowman	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
James Curatalo	Cucamonga Valley Water District
Charles Field	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Bob Kuhn	Three Valleys Municipal 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
Mr. Ken Willis from the City of Upland was voted in as the 2008 Watermaster Board Chair
2. Nominations will be heard for Watermaster Board Vice-Chair
Mr. Bob Kuhn from Three Valleys Municipal Water District was voted in as the 2008 Watermaster Board Vice-Chair
3. Nominations will be heard for Watermaster Board Secretary/Treasurer
Mr. Jim Curatalo from Cucamonga Valley Water District was voted in as the 2008 Watermaster Board Secretary

II. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting December 20, 2007
2. Minutes of the Watermaster Board Conference Call December 31, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2007
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2007 through November 2007

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

D. LOCAL AGENCY INVESTMENT FUND

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

E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS

Resolution 08-03– Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008

F. NOTICE OF INTENT

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

Motion by Bowman, second by Curatalo, and by unanimous vote

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

III. BUSINESS ITEMS**A. IEUA CONTRACT FOR TECHNICAL SERVICES FOR DRY YEAR YIELD**

Mr. Manning stated this item pertains to a contract between Chino Basin Watermaster and Inland Empire Utilities Agency (IEUA) for technical services to provide the services of Wildermuth Environmental Inc. for the purposes of working on the Dry Year Yield (DYY) study. Mr. Manning stated originally this contract was going to come under the contract with Black & Veatch. However, Watermaster is working on developing a new contract with Wildermuth Environmental for Watermaster that will have some language regarding Wildermuth's relationships with other parties within the basin in order to protect Watermaster and Wildermuth. This contract as it is presented today, will allow that to occur. IEUA has taken this contract before their board and it was approved. Staff is asking for approval and to also approve, which was initiated by the Appropriate Pool, the financial budget changes to reflect the income and the expenditure; the Pools and Advisory Committee approved this item unanimously.

Motion by Catlin, second by Bowcock, and by unanimous vote

Moved to approve the contract for services for Dry Year Yield and to amend the 2007/2008 Watermaster budget for receipt of revenue from Inland Empire Utilities Agency and the expenditure of a similar amount for services by Wildermuth Environmental, Inc., as presented

B. WATERMASTER RESPONSE TO CONDITIONS SUBSEQUENT FROM THE COURT ORDER GRANTING WATERMASTER'S MOTION FOR APPROVAL OF PEACE II DOCUMENTS

Mr. Manning stated there are two different tables available. One matrix lists all of the items that are included in the court order and some of the translations from the Special Referee's report. The second item is the New Technical Report put together by Mr. Wildermuth. Counsel Slater stated the nature of this report is also embodied in our filing. The order from the Court included two conditions subsequent that needed to be filed with the court on February 1, 2008.

The first condition is a brief to the court explaining the amendments to judgment Paragraph 8 and Judgment "G" relating to the transfer of Non-Agricultural Pool water. Counsel has prepared a brief which is responsive to that request and further summarizes the responses to the questions that were raised in the underlying Special Referee report. The second condition subsequent related to the preparation and submittal to the court for approval of a corrected initial schedule to replace Resolution No. 07-05, Attachment "E", with an explanation of the changes.

Mr. Wildermuth explained the necessity for the new initial schedule. He went on to mention that this initial schedule will not be the final schedule. He reiterated this is the best prediction from what we know today and it will need to be revised again by the end of 2008. Counsel Slater stated that once a discussion ensues between Western Municipal Water District and the Appropriate Pool regarding the ultimate drawdown the schedule may need to be changed to reflect any negotiated changes. Counsel and staff feels Watermaster has complied with the courts directions with regard to the initial schedule

Mr. Vanden Heuvel commented on the Special Referee's report regarding the new yield induced from the Santa Ana River that included an overstated amount for storm water and new yield. He inquired as to when and where these issues will be addressed. Counsel Slater stated the 400,000 acre-feet is not available to address other accounting issues; the 400,000 acre-feet is available for the specific purpose of being deployed for production from the desalters. Counsel Slater reiterated that the overstated amount is a real issue, although, the court chosen to defer

the Watermaster response until the end of the year, giving the Watermaster an opportunity to take into consideration a comprehensive approach to offsetting circumstances in the accounting.

Motion by Kuhn, second by Bowman, and by unanimous vote

Moved to approve and submit to the court a brief to explain the amendments to the Judgment paragraph 8 and exhibit "G" and corrected initial schedule to replace resolution No. 07-05 attachment "E," together with an explanation of the corrections made, as presented

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Peace II Order

Counsel Slater stated Watermaster now has an order and we are moving on the conditions in that order. Counsel Slater noted there is a matrix on the back table prepared by Mr. Manning which contains the nine conditions and their due dates.

2. SWRCB Order re Permit 19895

Counsel Slater stated a copy of this order is in the meeting packet. Several months ago Watermaster received an order from the State Board revoking permit 19895 for failure to proceed with diligence on the project; even though the project is complete. A petition for reconsideration was immediately filed and we got a favorable filing from the State Board and they did acknowledge there were many factual inconsistencies within their own order; the petition for reconsideration was granted. The State Board has contacted Watermaster staff and counsel and would like to schedule a meeting to sit down and talk about the project.

3. Hanson Aggregate Litigation

Counsel Slater stated things are moving forward with Hanson Aggregate; conversations are taking place and they appear to want to settle the case. Counsel Fife stated discussions regarding non-binding mediation are in progress.

B. ENGINEERING UPDATES

1. Engineering Update

Mr. Wildermuth referenced a handout and stated the handout is a summary of the technical work required by the conditions subsequent in the December 21, 2007 court order. Mr. Wildermuth reviewed the chart and the section titled; "New Technical Report" that completes the record for the Peace II order. The next section titled; "Annual Report of the Quantification of New Yield" provided an annual accounting of the new storm water and SAR recharge into the Chino Basin. This will be used to annually refine the re-operation schedule, assessment package determinations and to compute replenishment. He then reviewed the next section titled; "Hydraulic Control Articulation and Compliance Report" that formalizes the quantitative definition of hydraulic control and demonstrates concurrence of the Regional Water Quality Control Board. Lastly he reviewed the section titled; "Recharge Master Plan Process" that purposes to periodically update the Recharge Master Plan and clearly map out how Watermaster will implement plans to meet future replenishment demands.

C. FINANCIAL REPORT

1. Budget Update

Ms. Rojo stated the Assessment Package was approved last month and the invoices have been mailed out. Ms. Rojo stated the Watermaster's budget preparation process is starting for the 2008/2009 year which begins by working with consultants and in going through the projects that they work on annually. The figures and/or updates for the various projects are reviewed quarterly with Wildermuth staff; an update is now available for your review. This handout has been updated since the Appropriative Pool meeting. Ms. Rojo reviewed the Status of Engineering Tasks cost categories in detail. Ms. Rojo referred to the handout

regarding potential policies that Watermaster might adopt. This item will be brought back as an action item next month. Ms. Rojo asked that the committee members to review the policy handouts and to get back to her with any feedback as quickly as possible. Ms. Rojo stated the first policy is a budget transfers and amendments policy and the second is a purchasing policy. Ms. Rojo reviewed the handouts in detail. A discussion regarding this item ensued.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated because this is a presidential election year Washington's normal events have pretty much come to a halt. Mr. Manning stated the ACWA Conference is coming up in February which is always interesting but with it being a presidential election year, the conference will be especially interesting. At the state level the governor's budget is prepared and is almost ready to be given to the legislature and in the governor's recent speech he did talk a lot about water. Some of his speech talked about a possible reduction in staff which was confusing because most of the field agencies are running without field positions filled and it does not appear there would be much savings in doing that. Mr. Manning stated he will be going to meeting later this month that will be discussing bond measures and he will keep the parties up to date on what is going on.

2. Recharge Update

Mr. Treweek stated there is an updated supplemental and storm water recharge handout now available which summarizes the first six months of recharge. 4,000 acre-feet of storm water has been captured. Staff has calculated the storm in January and it appears approximately 2,000 acre-feet of storm water was captured then which is a very good number. Mr. Treweek stated he feels this high number of storm water capture is due to all the improvements made to the basins over the summer and our reactions to storms when they come in.

3. Wildermuth Contract

Mr. Manning stated Watermaster staff is working with Wildermuth staff to put together a draft contract; a copy of the first draft is now available. This will allow staff to be able to have in a formal contract for the work that is done with Wildermuth Environmental. Mr. Manning noted one of the biggest changes that will be taking place will be management of projects by task number and managing by task order will allow staff to have greater management control.

4. CBWM Web Site

Mr. Manning stated there is a handout regarding the Watermaster web site depicting web site hits from November 16, 2007 to December 16, 2007. This counter will give staff information as to where people are located that are entering the Watermaster web site. During the dates noted, the web site had 481 hits and it was interesting that some of the hits came from other countries.

5. National Research Council

Mr. Manning stated the National Research Council recently came out with a new study titled, "The Prospects for Managed Underground Storage for Recoverable Water." Watermaster received an advance copy because Chino Basin Watermaster is one of the sponsors of this study along with the USGS, Cal-Fed, the City of Phoenix, Inland Empire Utilities Agency, and the Sanitations Districts of Los Angeles County. Mr. Manning stated this is a very informative publication and has some interesting conclusions and recommendations in it.

6. Replenishment Water Purchase

Mr. Manning stated there have been internal staff discussions about how Watermaster is going to meet the replenishment obligations for this year. Watermaster has an outstanding

obligation of approximately 3,900 acre-feet of water that needs to be replenished. Metropolitan Water District is not making water available for replenishment. Mr. Manning stated staff is looking at purchasing water out of storage accounts from producers in the basin. Please let staff know if you have water that you would consider selling to Watermaster. A letter regarding this same announcement will be going out shortly.

7. Personnel Committee Meeting

Mr. Manning stated a Personnel Committee meeting will be scheduled for February with the newly appointed chair heads to discuss Watermaster personnel issues.

V. INFORMATION

1. Hatch & Parent Merger with Brownstein, Hyatt, Farber, and Schreck, January 2008 and Amendments to Agreement for Legal Services
No comment was made regarding this item.

2. Newspaper Articles
No comment was made regarding this item.

VI. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VII. OTHER BUSINESS

No comment was made regarding this item.

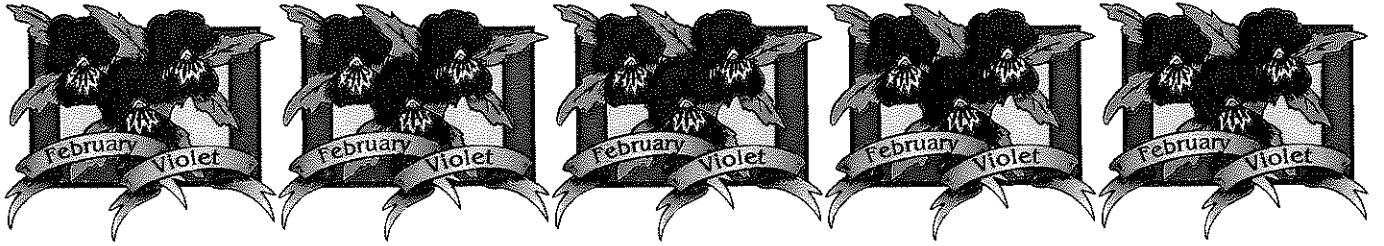
VIII. FUTURE MEETINGS

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 12, 2008	9:00 a.m.	Water Quality Committee 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

The Watermaster Board meeting was dismissed by Chair Willis at 12:00 p.m.

Secretary: _____

Minutes Approved: _____

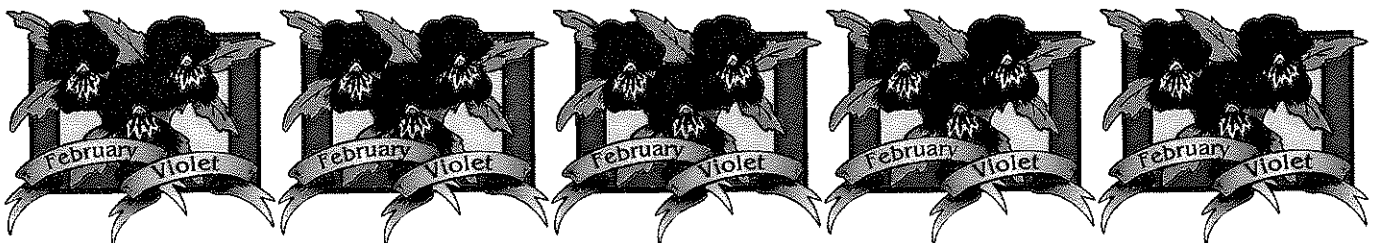


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2008
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2007 through December 31, 2007
4. Treasurer's Report of Financial Affairs for the Period December 1, 2007 through December 31, 2007
5. Profit & Loss Budget vs. Actual July 2007 through December 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: February 14, 2008
February 19, 2008
February 28, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – January 2008

SUMMARY

Issue – Record of cash disbursements for the month of January 2008.

Recommendation – Staff recommends the Cash Disbursements for January 2008 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 January 2008 were \$1,358,060.56. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$940,000.00, Wildermuth Environmental Inc. in the amount of \$99,725.24, Brownstein, Hyatt, Farber & Schreck in the amount of \$73,551.15, and Ellison, Schneider & Harris, LLP in the amount of \$35,672.25.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2008

Type	Date	Num	Name	Amount
Jan 08				
General Journal	1/2/2008	08/01/3	PAYROLL	-8,245.28
General Journal	1/2/2008	08/01/3	PAYROLL	-23,814.27
Bill Pmt -Check	1/9/2008	11979	APPLIED COMPUTER TECHNOLOGIES	-3,066.10
Bill Pmt -Check	1/9/2008	11980	ARROWHEAD MOUNTAIN SPRING WATER	-25.85
Bill Pmt -Check	1/9/2008	11981	BLACK & VEATCH CORPORATION	-5,082.50
Bill Pmt -Check	1/9/2008	11982	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	1/9/2008	11983	BOWMAN, JIM	-250.00
Bill Pmt -Check	1/9/2008	11984	CITISTREET	-2,862.09
Bill Pmt -Check	1/9/2008	11985	COMPUTER NETWORK	-330.17
Bill Pmt -Check	1/9/2008	11986	DE BOOM, NATHAN	-375.00
Bill Pmt -Check	1/9/2008	11987	DIRECTV	-74.98
Bill Pmt -Check	1/9/2008	11988	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	1/9/2008	11989	FEENSTRA, BOB	-500.00
Bill Pmt -Check	1/9/2008	11990	HETTINGA, PETER	-375.00
Bill Pmt -Check	1/9/2008	11991	HOSTETLER, DAN	-125.00
Bill Pmt -Check	1/9/2008	11992	HUITSING, JOHN	-375.00
Bill Pmt -Check	1/9/2008	11993	INLAND EMPIRE UTILITIES AGENCY	-127.31
Bill Pmt -Check	1/9/2008	11994	JAMES JOHNSTON	-900.00
Bill Pmt -Check	1/9/2008	11995	KONICA MINOLTA BUSINESS SOLUTIONS	-429.97
Bill Pmt -Check	1/9/2008	11996	KOOPMAN, GENE	-375.00
Bill Pmt -Check	1/9/2008	11997	KUHN, BOB	-250.00
Bill Pmt -Check	1/9/2008	11998	LOS ANGELES TIMES	-44.40
Bill Pmt -Check	1/9/2008	11999	MONTE VISTA WATER DIST	-375.00
Bill Pmt -Check	1/9/2008	12000	OFFICE DEPOT	-219.75
Bill Pmt -Check	1/9/2008	12001	PAYCHEX	-183.36
Bill Pmt -Check	1/9/2008	12002	PIERSON, JEFFREY	-875.00
Bill Pmt -Check	1/9/2008	12003	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,000.71
Bill Pmt -Check	1/9/2008	12004	PURCHASE POWER	-416.94
Bill Pmt -Check	1/9/2008	12005	RAUCH COMMUNICATION CONSULTANTS, LLC	-742.50
Bill Pmt -Check	1/9/2008	12006	REID & HELLYER	-7,364.68
Bill Pmt -Check	1/9/2008	12007	SAFEGUARD DENTAL & VISION	-13.32
Bill Pmt -Check	1/9/2008	12008	SAFETY CLEAN JANITORIAL SERVICES	-454.00
Bill Pmt -Check	1/9/2008	12009	STANDARD INSURANCE CO.	-565.89
Bill Pmt -Check	1/9/2008	12010	STATE COMPENSATION INSURANCE FUND	-715.65
Bill Pmt -Check	1/9/2008	12011	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	1/9/2008	12012	THREE VALLEYS MUNICIPAL WATER DIST	-30.00
Bill Pmt -Check	1/9/2008	12013	TLC STAFFING	-1,508.87
Bill Pmt -Check	1/9/2008	12014	VANDEN HEUVEL, GEOFFREY	-500.00
Bill Pmt -Check	1/9/2008	12015	VERIZON	-386.33
Bill Pmt -Check	1/9/2008	12016	VISION SERVICE PLAN	-36.11
Bill Pmt -Check	1/9/2008	12017	W.C. DISCOUNT MOBILE AUTO DETAILING	-125.00
Bill Pmt -Check	1/9/2008	12018	WESTERN DENTAL SERVICES, INC.	-23.25
Bill Pmt -Check	1/9/2008	12019	WHEELER METER MAINTENANCE	-300.00
Bill Pmt -Check	1/9/2008	12020	WILLIS, KENNETH	-250.00
Bill Pmt -Check	1/9/2008	12021	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	1/9/2008	12022	INLAND EMPIRE UTILITIES AGENCY	-190,000.00
Bill Pmt -Check	1/9/2008	12023	INLAND EMPIRE UTILITIES AGENCY	-750,000.00
Bill Pmt -Check	1/9/2008	12024	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,000.71
Bill Pmt -Check	1/9/2008	12025	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,000.71
Bill Pmt -Check	1/9/2008	12026	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,452.01
Bill Pmt -Check	1/9/2008	12027	CAROLLO ENGINEERS	-16,977.00
General Journal	1/12/2008	08/01/5	PAYROLL	-10,679.27
General Journal	1/12/2008	08/01/5	PAYROLL	-27,276.62
Bill Pmt -Check	1/14/2008	12028	ACWA SERVICES CORPORATION	-257.27
Bill Pmt -Check	1/14/2008	12029	CALIFORNIA PUBLIC EMPL RETIREMENT SYSTEM	-336.00
Bill Pmt -Check	1/14/2008	12030	INLAND EMPIRE UTILITIES AGENCY	-40.00
Bill Pmt -Check	1/14/2008	12031	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,525.00
Bill Pmt -Check	1/14/2008	12032	PREMIERE GLOBAL SERVICES	-101.38
Bill Pmt -Check	1/14/2008	12033	RICOH BUSINESS SYSTEMS-Lease	-977.84
Bill Pmt -Check	1/14/2008	12034	SOUTHERN CALIFORNIA WATER COMMITTEE	-60.00
Bill Pmt -Check	1/14/2008	12035	THREE VALLEYS MUNICIPAL WATER DIST	-15.00
Bill Pmt -Check	1/14/2008	12036	UNITED PARCEL SERVICE	-528.31
Bill Pmt -Check	1/14/2008	12037	INLAND EMPIRE UTILITIES AGENCY	-10,000.00
Bill Pmt -Check	1/22/2008	12038	A & R TIRE	-71.54
Bill Pmt -Check	1/22/2008	12039	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	1/22/2008	12040	CALIFORNIA PUBLIC EMPL RETIREMENT SYSTEM	-200.00
Bill Pmt -Check	1/22/2008	12041	COMPUTER NETWORK	-644.35
Bill Pmt -Check	1/22/2008	12042	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2008

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	1/22/2008	12043	ELLISON, SCHNEIDER & HARRIS, LLP	-35,672.25
Bill Pmt -Check	1/22/2008	12044	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	1/22/2008	12045	MCI	-1,169.95
Bill Pmt -Check	1/22/2008	12046	PETTY CASH	-490.09
Bill Pmt -Check	1/22/2008	12047	PIERSON, JEFFREY	-125.00
Bill Pmt -Check	1/22/2008	12048	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	1/22/2008	12049	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	1/22/2008	12050	PUMP CHECK	-1,587.50
Bill Pmt -Check	1/22/2008	12051	STAULA, MARY L	-136.61
Bill Pmt -Check	1/22/2008	12052	TLC STAFFING	-131.20
Bill Pmt -Check	1/22/2008	12053	UNION 76	-179.15
Bill Pmt -Check	1/22/2008	12054	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	1/22/2008	12055	VERIZON WIRELESS	-445.66
Bill Pmt -Check	1/22/2008	12056	BANK OF AMERICA	-1,698.36
Bill Pmt -Check	1/22/2008	12057	CUCAMONGA VALLEY WATER DISTRICT	-25.00
Bill Pmt -Check	1/24/2008	12058	BROWNSTEIN HYATT FARBER SCHRECK	0.00
Bill Pmt -Check	1/24/2008	12059	CALPERS	-3,243.09
Bill Pmt -Check	1/24/2008	12060	GEOTECHNICAL SERVICES	-37.72
Bill Pmt -Check	1/24/2008	12061	KONICA MINOLTA BUSINESS SOLUTIONS	-314.07
Bill Pmt -Check	1/24/2008	12062	OFFICE DEPOT	-169.53
Bill Pmt -Check	1/24/2008	12063	STANDARD INSURANCE CO.	-565.89
Bill Pmt -Check	1/24/2008	12064	THE FURMAN GROUP, INC.	-2,500.00
Bill Pmt -Check	1/24/2008	12065	VANDEN HEUVEL, ROB	-125.00
Bill Pmt -Check	1/24/2008	12066	WILDERMUTH ENVIRONMENTAL INC	-99,725.24
Bill Pmt -Check	1/24/2008	12067	BROWNSTEIN HYATT FARBER SCHRECK	-73,551.15
General Journal	1/26/2008	08/01/7	PAYROLL	-5,207.87
General Journal	1/26/2008	08/01/7	PAYROLL	-19,800.01
Jan 08				-1,358,060.56

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02/06/08

CHINO BASIN WATERMASTER
Check Detail
January 2008

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	12056	1/22/2008	BANK OF AMERICA	1012 - Bank of America Gen'l Ckg	
Bill	4024420...	12/31/2007		6141.3 - Admin Meetings	-318.82
				6312 - Meeting Expenses	-174.96
				6212 - Meeting Expense	-174.96
				6024 - Building Repair & Maintenance	-65.02
				6191 - Conferences	-515.00
				6191 - Conferences	-449.60
TOTAL					-1,698.36

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATIVE	POOL AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2007-2008
Administrative Revenues										
Administrative Assessments			5,139,446		61,606				5,201,052	\$7,540,370
Interest Revenue			86,118	12,090	2,469		40		100,717	181,500
Mutual Agency Project Revenue		41,667							41,667	145,500
Grant Income										0
Miscellaneous Income										0
Total Revenues	-	41,667	5,225,564	12,090	64,075	-	40		5,343,436	7,867,370
Administrative & Project Expenditures										
Watermaster Administration	242,606								242,606	627,797
Watermaster Board-Advisory Committee	31,610								31,610	60,645
Pool Administration			8,909	79,763	3,298				91,970	127,333
Optimum Basin Mgmt Administration		1,710,744							1,710,744	1,857,337
OBMP Project Costs		1,850,429							1,850,429	5,183,883
Education Funds Use								375	375	375
Mutual Agency Project Costs										10,000
Total Administrative/OBMP Expenses	274,216	3,561,173	8,909	79,763	3,298			375	3,927,734	7,867,370
Net Administrative/OBMP Income	(274,216)	(3,519,506)							-	-
Allocate Net Admin Income To Pools	274,216		211,418	57,652	5,146					
Allocate Net OBMP Income To Pools		3,519,506	2,713,504	739,955	66,047					
Agricultural Expense Transfer			869,412	(869,412)						
Total Expenses	3,803,242		7,959		74,491			375	3,927,734	7,867,370
Net Administrative Income	1,422,322		4,131	(10,416)				(335)	1,415,702	-
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	1,422,322		4,131	(10,416)			(335)		(913,025)	-
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	5,645,049		479,735	146,136	(2,034,330)	158,251	1,320		4,396,161	

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

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	124,262
Zero Balance Account - Payroll			124,262
Local Agency Investment Fund - Sacramento			<u>3,748,401</u>
TOTAL CASH IN BANKS AND ON HAND	12/31/2007	\$	3,873,163
TOTAL CASH IN BANKS AND ON HAND	11/30/2007		<u>4,384,506</u>
PERIOD INCREASE (DECREASE)		\$	<u>(511,343)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable		
	Assessments Receivable	\$	(12,457)
	Prepaid Expenses, Deposits & Other Current Assets		(20,885)
(Decrease)/Increase in Liabilities	Accounts Payable		(187,050)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities		(760)
	Transfer to/(from) Reserves		<u>(290,191)</u>
PERIOD INCREASE (DECREASE)		\$	<u>(511,343)</u>

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
\$	500	129,735	\$ -	4,254,271	\$ 4,384,506
	-	-		44,130	44,130
	-	489,573	60,427	(550,000)	-
	-	(495,046)	(60,427)	-	(555,473)
\$	500	124,262	\$ -	3,748,401	\$ 3,873,163
PERIOD INCREASE OR (DECREASE)	-	(5,473)	-	(505,870)	(511,343)

SUMMARY OF FINANCIAL TRANSACTIONS:

Balances as of 11/30/2007		
Deposits		
Transfers		
Withdrawals/Checks		
Balances as of 12/31/2007		
PERIOD INCREASE OR (DECREASE)		

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
12/18/2007	Withdrawal	L.A.I.F.	\$ 550,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 550,000				

* The earnings rate for L.A.I.F. is a daily variable rate; 4.96% was the effective yield rate at the Quarter ended December 31, 2007

**INVESTMENT STATUS
December 31, 2007**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 3,748,401			
TOTAL INVESTMENTS	\$ 3,748,401			

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,



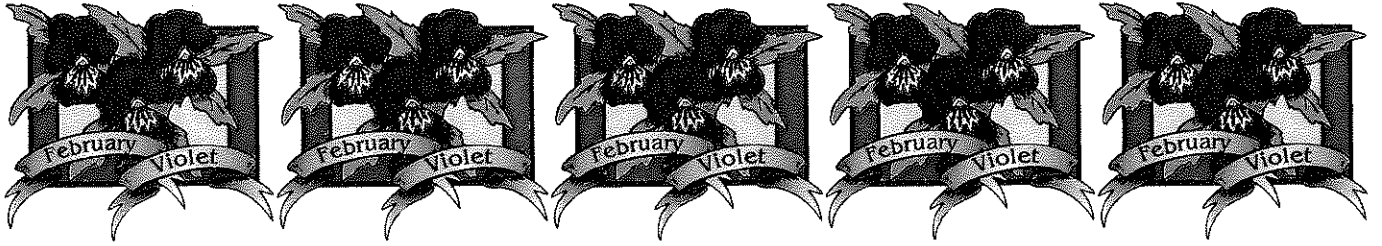
Sheri M. Rojo, CPA
Chief Financial Officer & Assistant General Manager
Chino Basin Watermaster

CHINO BASIN WATERMASTER
Budget vs. Actual
July through December 2007

	<u>Jul - Dec 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	100,716	181,500	-80,784	55.49%
Total Income	<u>5,343,435</u>	<u>7,867,370</u>	<u>-2,523,935</u>	<u>67.92%</u>
Gross Profit	5,343,435	7,867,370	-2,523,935	67.92%
Expense				
6010 · Salary Costs	244,691	477,247	-232,556	51.27%
6020 · Office Building Expense	48,074	101,580	-53,506	47.33%
6030 · Office Supplies & Equip.	14,636	46,500	-31,864	31.48%
6040 · Postage & Printing Costs	48,670	83,000	-34,330	58.64%
6050 · Information Services	75,448	132,000	-56,552	57.16%
6060 · Contract Services	39,608	117,500	-77,892	33.71%
6080 · Insurance	4,160	18,210	-14,050	22.85%
6110 · Dues and Subscriptions	12,734	16,750	-4,016	76.03%
6140 · WM Admin Expenses	1,177	4,650	-3,473	25.32%
6150 · Field Supplies	116	2,500	-2,384	4.63%
6170 · Travel & Transportation	7,131	25,000	-17,869	28.52%
6190 · Conferences & Seminars	9,272	22,500	-13,228	41.21%
6200 · Advisory Comm - WM Board	9,108	18,931	-9,823	48.11%
6300 · Watermaster Board Expenses	22,502	41,714	-19,212	53.94%
8300 · Appr PI-WM & Pool Admin	8,909	24,001	-15,092	37.12%
8400 · Agri Pool-WM & Pool Admin	10,074	24,004	-13,930	41.97%
8467 · Ag Legal & Techninical Services	61,730	60,000	1,730	102.88%
8470 · Ag Meeting Attend -Special	7,959	12,000	-4,041	66.33%
8500 · Non-Ag PI-WM & Pool Admin	3,298	7,328	-4,030	45.0%
6500 · Education Funds Use Expens	375	375		100.0%
9500 · Allocated G&A Expenditures	-263,111	-419,640	156,529	62.7%
	<u>366,560</u>	<u>816,150</u>	<u>-449,590</u>	<u>44.91%</u>
6900 · Optimum Basin Mgmt Plan	1,605,296	1,716,138	-110,842	93.54%
6950 · Mutual Agency Projects	0	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	105,449	141,199	-35,750	74.68%
	<u>1,710,744</u>	<u>1,867,337</u>	<u>-156,593</u>	<u>91.61%</u>
7101 · Production Monitoring	47,963	116,709	-68,746	41.1%
7102 · In-line Meter Installation	6,628	37,791	-31,163	17.54%
7103 · Grdwtr Quality Monitoring	42,950	162,104	-119,154	26.5%
7104 · Gdwtr Level Monitoring	84,077	212,667	-128,590	39.53%
7105 · Sur Wtr Qual Monitoring	5,524	40,553	-35,029	13.62%
7107 · Ground Level Monitoring	101,281	425,465	-324,184	23.81%
7108 · Hydraulic Control Monitoring	88,725	369,232	-280,507	24.03%
7109 · Recharge & Well Monitoring Prog	16,363	182,827	-166,464	8.95%
7200 · PE2- Comp Recharge Pgm	421,883	1,255,827	-833,944	33.59%

CHINO BASIN WATERMASTER
 Budget vs. Actual
 July through December 2007

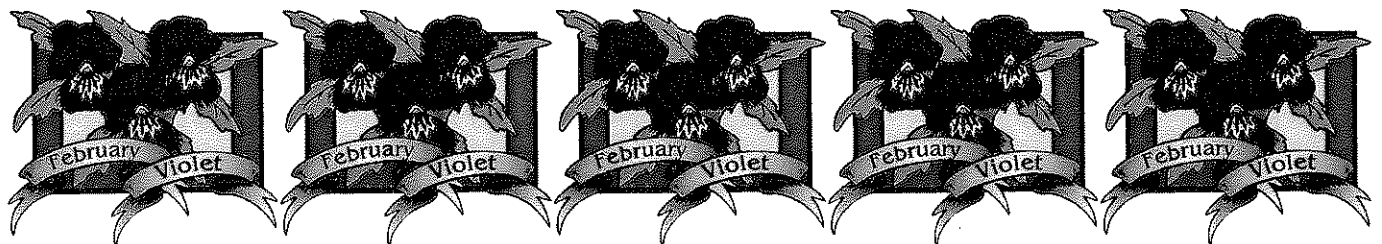
	<u>Jul - Dec 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7300 · PE3&5-Water Supply/Desalte	72,831	159,509	-86,678	45.66%
7400 · PE4- Mgmt Plan	94,355	159,674	-65,319	59.09%
7500 · PE6&7-CoopEfforts/SaltMgmt	68,180	308,533	-240,353	22.1%
7600 · PE8&9-StorageMgmt/Conj Use	30,419	92,660	-62,241	32.83%
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	150,877	278,441	-127,564	54.19%
	<u>1,850,429</u>	<u>5,183,883</u>	<u>-3,333,454</u>	<u>35.7%</u>
Total Expense	<u>3,927,734</u>	<u>7,867,370</u>	<u>-3,939,637</u>	<u>49.92%</u>
Net Ordinary Income	1,415,702		1,415,702	100.0%
Other Income/Expense				
Other Expense				
5010 · Groundwater Replenishment	2,328,727			
9999 · To/(From) Reserves	<u>-913,025</u>			
Total Other Expense	<u>1,415,702</u>			
Net Other Income	<u>-1,415,702</u>			
Net Income				



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. BUDGET AMENDMENT/TRANSFER AND PURCHASING POLICIES





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: February 14, 2008
February 19, 2008
February 28, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Proposed Budgeting and Purchasing Policies

SUMMARY

Recommendation – Staff recommends approval the proposed Budgeting and Purchasing Policies

DISCUSSION:

In an effort to maintain prudent fiscal oversight, Staff is requesting approval of the proposed Budget and Purchasing Policies and related procedures that identify, control and address budget expenditures and adjustments.

Currently, Watermaster Staff generates a monthly Budget vs. Actual Report and distributes the report to the Pools, Advisory Committee, and Board for approval. Following the completion of fiscal year 2006/2007, the Budget vs. Actual report noted that several different categories had budget overages. Watermaster does not currently have an adopted Budget Monitoring or Purchasing Policy. Therefore, Staff recommends the development of a policy and related procedures using guidance from Paragraph 30 of the Judgment and Paragraph 2.20 of the Rules and Regulations:

“... The administrative budget shall set forth budgeted items in sufficient detail as necessary to make a proper allocation of the expense among the several pools, together with Watermaster’s proposed allocation. The budget shall contain such additional comparative information or explanation as the Pools, Advisory Committee, and/or Board may recommend from time to time. Expenditures within budgeted items may thereafter be made by Watermaster in the exercise of powers herein granted, as a matter of course. Any budget transfer in excess of 20% of a budget category during any budget year or modification of such administrative budget during any year shall be first submitted to the Pools, Advisory Committee, and Board for review and recommendation.”

ATTACHMENTS:

1. Proposed Budget Transfers and Amendments Policy and Procedures
 - 1a. Budget Transfer
 - 1b. Amendment form

2. Proposed Purchasing Policy
 - 2a. Purchase Order form



CHINO BASIN WATERMASTER

Date: February, 2008

SUBJECT: BUDGET TRANSFERS AND AMENDMENT POLICY AND PROCEDURES

I. PURPOSE

This document defines the policies and procedures for budget transfers and amendments for the Chino Basin Watermaster.

The Chino Basin Watermaster budget has four main budget categories:

- General & Administrative Expenses
- Optimal Basin Management Program Expenses
- Project Expenditures
- Other Income/Expenses

II. BUDGET TRANSFERS AND AMENDMENT POLICIES AND GUIDELINES

Transfers:

The CEO has authority to transfer funds within the main budget categories up to \$25,000 without Board approval. However, to allow for full transparency in the process, the Pools, Advisory Committee, and the Board will be informed of all budget transfers less than \$25,000.

Budget transfers greater than \$25,000 *within the same categories* must be formally approved by the Pools, the Advisory Committee, and then by the Board.

If there are in sufficient funds within same category, the CEO may propose a transfer from one main category to another. All budget transfers from one main category to another, regardless of the amount, require approval by the Pools, the Advisory Committee, and then by the Board.

Amendments:

If there are no budgeted funds available to transfer to the line item, the CEO will submit a Budget Amendment request to the Pools, Advisory Committee, and then to the Board for approval.

III. TRANSFER AND AMENDMENT PROCEDURES

Budget Transfers (Attachment 1a):

A Budget Transfer form for transfers under \$25,000, within the same category, will be completed and presented to the Pools, Advisory Committee, and the Board for informational purposes.

A Budget Transfer form for transfers greater than \$25,000, within the same category, will be completed by staff and approved by the CEO. The transfer is then presented to the Pools, Advisory Committee, and the Board for formal approval.

Budget transfers from one main category to another, regardless of the amount, will be approved by the CEO and then presented to the Pools, Advisory Committee, and the Board for formal approval.

All budget transfers are processed in and recorded in the accounting system.

Budget Amendments (Attachment 1b):

All budget amendments will be presented to the Pools, Advisory Committee, and the Board for formal approval. The budget amendment should indicate the anticipated source of funding for the approved increase.

All budget amendments are processed in and recorded in the accounting system.



**CHINO BASIN WATERMASTER
BUDGET TRANSFERS**

Fiscal Year _____
Trans # _____

To: **All Parties**

From: _____ Date: _____

Describe reason for the transfer between budget categories here:

Budgetary account reduction		
<i>Line Item Description</i>	<i>Account Number</i>	<i>Amount</i>

Budgetary account addition		
		\$ -

Should be zero

Transfer Procedure	Finance Use Only
<ol style="list-style-type: none"> 1. Staff brings the transfer request to the Appropriate Pool for information purposes if the transfer is under \$25,000. Transfers over \$25,000 within the same budget category require Pools, Advisory Committee and Board approval. Transfers between budget categories, regardless of amount must be approved by the Pools, Advisory Committee and Board 2. Once the form has been completed by the CFO, and approved by the board if required, the Chief Financial Officer will prepare and process the budget transfer in the accounting system. 3. A log will be maintained by the CFO detailing the transfer. 4. A fiscal year file will also be kept to hold all budget amendment forms for auditor review. 	<p>Date Board Approved _____</p> <p>Finance Log # _____</p> <p>Date Posted _____</p> <p>Posted By _____</p> <p>Approved by _____</p> <p>Date approved _____</p>



CHINO BASIN WATERMASTER BUDGET AMENDMENT

To: **All Parties**

Fiscal Year 2007-08

From : _____ Date: _____

Describe reason for the budget amendment here:

Expenditure Amendment		
<i>Line Item Description</i>	<i>Account Number</i>	<i>Amount</i>
TOTAL:		\$ -

Revenue Source		
<i>Line Item Description</i>	<i>Account Number</i>	<i>Amount</i>
TOTAL:		\$ -

<p style="text-align: center; margin: 0;">Amendment Procedure</p> <ol style="list-style-type: none"> 1. Staff takes amendment requests to the Pools, Advisory Committee & Board for approval. 2. The Chief Financial Officer will prepare and process the budget entry. 4. A log will be maintained by the Finance Department detailing the adjustment. 5. A fiscal year file will also be kept to hold all budget amendment forms for auditor review. 	<p style="text-align: center; margin: 0;">Finance Use Only</p> <p>Date Board Approved _____</p> <p>Entered into System By _____</p> <p>Finance Log # _____</p> <p>Date Posted _____</p> <p>Approved By _____</p> <p>Date Approved _____</p>
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CHINO BASIN WATERMASTER

Date: February, 2008

SUBJECT: PURCHASING POLICY AND PROCEDURES

I. PURPOSE

This document defines the policies and procedures for the procurement of supplies, equipment, and services for the Chino Basin Watermaster.

II. PURCHASING POLICIES AND GUIDELINES

The basic purchasing policy of the Chino Basin Watermaster is to obtain quality supplies, services, vehicles and equipment needed for the proper operation of its various operations at the lowest possible cost. This will be accomplished through the use of quotes and competitive bidding when feasible. Purchasing functions are to be conducted by the appropriate staff member, or as designated by the CEO, except as provided for herein. The purchasing function shall be supervised by the Chief Financial Officer.

A. Ethics and Standards of Behavior

All purchasing functions will be conducted with absolute integrity. The very highest ethical standards will be maintained in all material activities and the CFO will remain constantly aware of the responsibilities in spending public funds.

B. Purchasing Authority

There are three levels of authority for normal purchases: supervising staff, CEO, and the Board. Generally, authority is established by the dollar amount of the purchase.

Except as permitted by Section 3 regarding "Exceptions," a formal purchase order, signed by the requesting staff and the Chief Financial Officer, is required for all purchases where any single item exceeds \$1,000. For purchases exceeding \$1,000, but where no single item exceeds \$1,000, a formal purchase order is not required. However, purchase orders may be issued regardless of amount when

required by the vendor, or when the complexity of the contract demands a formal document for clarity.

1. **CEO Award: up to \$10,000.**

When seeking goods or services exceed \$1,000, the requesting supervisor will complete the purchase requisition form and submit it, including specifications, quotes and other supporting data, to the finance department for review. Upon approval by the CFO and CEO, a purchase order will be issued.

Purchases up to \$10,000 must be approved by the CEO prior to issuance of a purchase order.

2. **Board Award: over \$10,000.**

The board will approve purchases, contracts, or agreements of more than \$10,000 as follows:

a. Specifications and other relative data shall be sent to the CEO, or his authorized representative, for approval. When possible, a formal bid process is to be used for these purchases.

3. **Exceptions to Standard Purchasing Procedures**

a. *Emergency Conditions*

An emergency is defined as a breakdown in machinery, equipment, or facilities resulting in the interruption of an essential service, or a distinct threat to public health, safety, or welfare. In the case of an emergency requiring the immediate purchase of supplies, materials, equipment or contractual services, the CEO may authorize the Chief Financial Officer or his designee to secure in the open market, at the lowest obtainable price, any supplies, materials, equipment, or contractual services required, regardless of the amount of the expenditure.

During an emergency condition, supplies, materials, equipment, or contractual services may be purchased. After the CEO or designee has concluded that the purchase is essential to prevent delays which may affect the life, health, or safety of citizens. As soon as possible, the supervisor will provide a completed purchase requisition to the Chief Financial Officer or designee, as well as a full written explanation of the circumstances. In the case of a disaster or for civil defense, nothing contained in this document shall limit the authority of the CFO and/or the CEO to make purchases and take such other emergency steps as are, or may be, authorized by the Board.

C. Record Keeping

The Finance Department is responsible for the maintenance of purchasing records. During the course of a Contract Watermaster will maintain supporting documentation and records. At the conclusion of the Contract, the original bids, specifications, and other pertinent data will be forwarded, along with the request for final payment, to the Finance Department.

III. PURCHASING PROCEDURES

A. Requisition

When a purchase order is required, the request shall be presented to the Finance Department in written form (Attachment 2a). The requisition must contain sufficient information to insure acquisition of the correct item(s). Requests that will put an account over-budget must be accompanied by a Budget Transfers form (Attachment 1a) if there is to be a budget transfer of funds from other accounts within the same classification. If there are no funds available for transfer, a Budget Amendment form (Attachment 1a) must be approved by the Pools, Advisory Committee, and the Board. Original quotes or bids, specifications, and other documentation are to accompany the request.

B. Open Purchase Order

Open purchase orders are entered into with vendors that are expected to supply products or services to the Watermaster on an ongoing and/or regular basis throughout the year. Open purchase orders are closed at the conclusion of each fiscal year.

C. Receiving of Goods/Equipment

1. **Acceptance**

When goods have been received or a project has been completed to the satisfaction of the staff ordering or overseeing the project or product, the packing slip and/or other completion documentation shall be signed-off by the receiver.

PURCHASE ORDER

ATTACHMENT 1b, page 1

Chino Basin Watermaster
 9641 San Bernardino Road
 Rancho Cucamonga, CA 91730
 Tel: (909) 484-3888 Fax: (909) 484-3890

DATE:	WHEN NEEDED (DATE)?
-------	---------------------

Check the appropriate box below

- Credit card request
- Check request
- Reimbursement
- Vendor will send bill

REQUESTED BY: _____

RECOMMENDED VENDOR:

PURCHASE JUSTIFICATION:

LINE	ITEM DESCRIPTION	TO BE USED FOR	BUDGET CODE	QUANTITY	ITEM COST	TOTAL COST
1						\$0.00
2						\$0.00
3						\$0.00
4						\$0.00
5						\$0.00
6						\$0.00
7						\$0.00
8						\$0.00
9						\$0.00
10						\$0.00
11						\$0.00
12						\$0.00
TOTAL						\$0.00

 REQUISITIONER SIGNATURE

 DATE

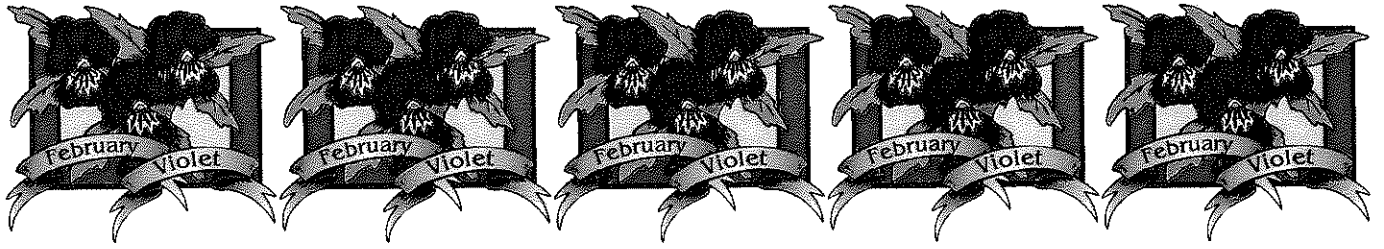
 CFO SIGNATURE

 DATE

 CEO SIGNATURE

 DATE

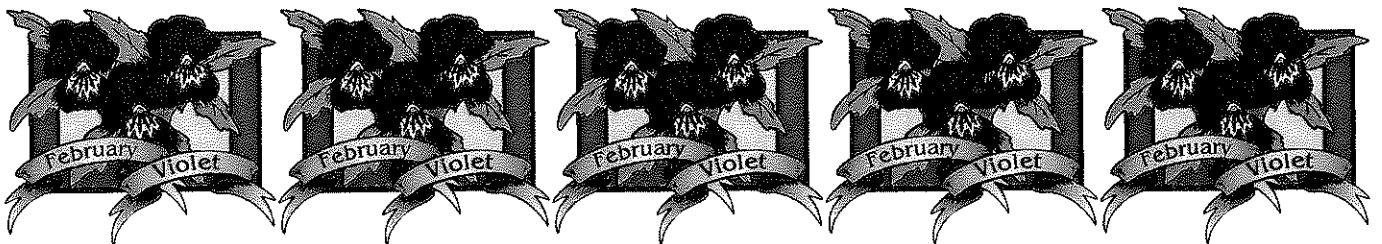
Requisitioner must complete all the above information, except for total cost, please include a line for estimated shipping and sales tax if applicable



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. CAROLLO ENGINEERING 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: February 14, 2008
February 19, 2008
February 28, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Extension of Contract for Project Facilitator for Chino Basin Desalters

SUMMARY

Issue – Extend the contract for the Project Facilitator to coordinate tasks relating to the implementation of the next increment of desalter capacity.

Recommendation – Approve extension of contract with Carollo Engineers to provide professional services at competitive rates for an amount not to exceed \$50,000.00, and approve Budget Amendment #A-08-02-01.

Fiscal Impact – No fiscal impact on the Watermaster Budget. All costs are being reimbursed by Western MWD.

Background

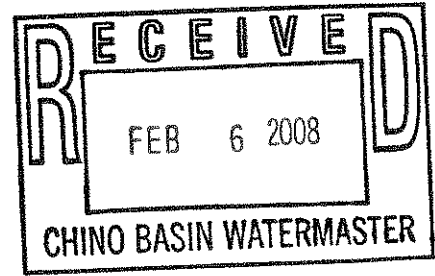
In April, the Board approved a contract with Carollo Engineers to provide the services of Gary Meyerhofer to act as the Project Facilitator for the expansion of the Chino Basin Desalters. That original agreement was for an amount not to exceed \$75,000 and Watermaster will be reimbursed for that same amount by IEUA, Western MWD and Three Valley's MWD. Those funds will be fully utilized by the end of February but the work is not yet complete.

Western MWD has approached Watermaster about extending the contract with Carollo for an additional \$50,000 with Western committing to reimburse Watermaster for that same amount. It is anticipated that when the Chino Desalter Authority (CDA) votes to include Western MWD into the JPA, that the contract with Carollo will be shifted to the CDA to administer.

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Engineers...Working Wonders With Water™



February 5, 2008
7757A.00

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

Attention: Mr. Ken Manning

Subject: Amendment No. 1 for Project Facilitation of Chino Basin Desalters

Dear Mr. Manning:

This letter serves as an amendment to our existing contract to provide Project Facilitation services for the Chino Desalters. This contract amendment of \$50,000 would cover approximately twenty-five percent of my time over the next four to five months.

If this amendment meets your approval, please sign below and return a copy for our files. Please call me if you have any questions.

Sincerely,

CAROLLO ENGINEERS, P.C.

Gary Meyerhofer, P.E.

GM:tba

Approved

Date

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CHINO BASIN WATERMASTER BUDGET AMENDMENT

To: **All Parties**

Fiscal Year 2007-08

From : Sheri Rojo, CPA

Date: February, 2008

Amendment # A-08-02-01

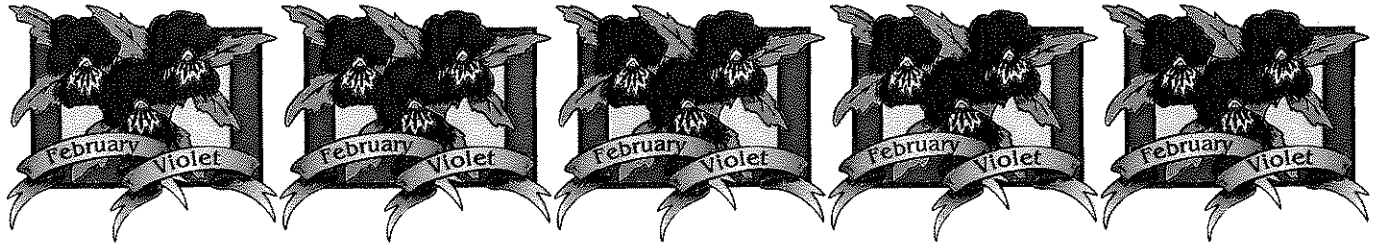
Describe reason for the budget amendment here: To record funds received from WMWD for Carollo Engineering contracted work and increase budgeted by same amount.

Expenditure Amendment		
<i>Line Item Description</i>	<i>Account Number</i>	<i>Amount</i>
Water Supply/Desalter	7303	\$ 50,000
TOTAL:		\$ 50,000

Revenue Source		
<i>Line Item Description</i>	<i>Account Number</i>	<i>Amount</i>
Western Municipal Water District	7303	\$ 50,000
TOTAL:		\$ 50,000

<p style="text-align: center; margin: 0;">Amendment Procedure</p> <ol style="list-style-type: none"> 1. Staff takes amendment requests to the Pools, Advisory Committee & Board for approval. 2. The Chief Financial Officer will prepare and process the budget entry. 4. A log will be maintained by the Finance Department detailing the adjustment. 5. A fiscal year file will also be kept to hold all budget amendment forms for auditor review. 	<p style="text-align: center; margin: 0;">Finance Use Only</p> <p>Date Board Approved _____</p> <p>Entered into System By _____</p> <p>Date Posted _____</p> <p>Approved By _____</p> <p>Date Approved _____</p>
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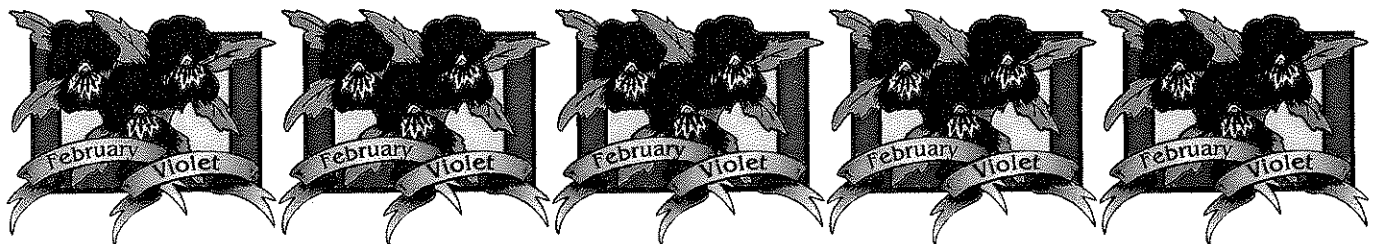
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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

C. WILDERMUTH ENVIRONMENTAL INC. 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: February 14, 2008
February 19, 2008
February 28, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Technical Services Contract with Wildermuth Environmental, Inc.

SUMMARY

Recommendation – Approve the proposed technical services contract

Fiscal Impact – None. Adoption of the contract merely describes the terms under which Wildermuth Environmental, Inc. will perform its existing budgeted services for Watermaster. The contract does not increase the level of service.

BACKGROUND

Wildermuth Environmental, Inc. (“WEI”) performs a wide variety of hydrological services for Chino Basin Watermaster. These services are provided on an as-needed basis and heretofore there has been no contract with Watermaster that described the terms under which those services were to be provided.

Watermaster staff initiated discussions with WEI on this subject and the two parties have developed the subject contract.

The contract describes the terms for the performance of services by WEI, specifying such matters as the acceptability of the work product from WEI and logistical matters such as insurance coverage. Of particular note, the contract describes the terms under which WEI may perform services for parties in the Chino Basin other than Watermaster.

Under paragraph 8 of the contract, WEI will advise Watermaster of any services that it proposes to perform for other parties to the Chino Basin Judgment and shall receive written consent from the Watermaster CEO prior to engaging in such services. Any services contract between WEI and a party to the Judgment shall contain a provision providing for the termination of the services should a conflict develop between the services and the services provided by WEI to Watermaster. However, WEI will not provide services to any party to the Judgment on a matter that will later be subject to Watermaster review.

Furthermore, WEI will not provide services to the Inland Empire Utilities Agency, nor to the Three Valleys Municipal Water District and Western Municipal Water District to the extent that such services would involve matters within the Chino Basin, except through a services contract with Watermaster and those entities.

Paragraphs 8 through 14 of the contract describes the extent to which the work product by WEI shall be considered proprietary. In general, any work product that has been paid for by Watermaster shall be owned by Watermaster. In particular, this includes the Chino Basin Groundwater Model. Anything that has been developed internally by WEI that was not paid for by Watermaster, remains proprietary to WEI. These paragraphs also address liability issues concerning the release of any work product.

The contract included here shows redline changes that were proposed by the Agricultural Pool. These include changing the words "digital file" and "data file" to "work product" in paragraphs 12 through 14. The term "work product" is more general and encompasses anything produced by WEI, even if it is not an electronic file. Paragraph 23 was also changed to specify that in the event of termination of the contract, all work product that belongs to Watermaster shall be delivered to Watermaster within 60 days of termination.

CONTRACT NUMBER 1
FOR
WATERMASTER ENGINEERING SERVICES

THIS CONTRACT (the "Contract"), is made and entered into this 1st day of January 2008, by and between the Chino Basin Watermaster (hereinafter referred to as "Watermaster"), and, Wildermuth Environmental Incorporated, of Lake Forest, California (hereinafter referred to as "Consultant"), for professional engineering services in support the Watermaster. As this is a continuation of an earlier agreement, the terms and conditions in this Contract will control all of the services rendered during the earlier agreement and this Contract both of which shall be collectively referred to as ("Contract").

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

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

Watermaster Contract Manager: Kenneth R. Manning
Chief Executive Officer
Chino Basin Watermaster
Address: 9641 San Bernardino Road
Rancho Cucamonga, CA 91730
Telephone: (909) 484-3888
Facsimile: (909) 484-3890
Email: kmanning@cbwm.org

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

Consultant Contract Manager: Mark J. Wildermuth
President
Wildermuth Environmental, Inc.
Address: 23692 Birtcher
Lake Forest, California 92630
Telephone: (949) 420-3030
Facsimile: (949) 420-4040
Email: mwildermuth@wildermuthenvironmental.com

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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. Task Orders for specific work assignments issued pursuant to Contract No. 1.
 2. Amendments to Contract No. 1
 3. Contract Number 1, General Terms and Conditions.
4. **SCOPE OF WORK, SCHEDULE AND SERVICES:** Consultant Scope of Work, Schedule, and Services shall be in accordance with specific Task Orders that are issued pursuant to this Contract. Each Task Order will contain a scope of work, description of the deliverables, schedule, fee and the naming of a specific project manager for each Task Order.
5. **TERM:** The term of this Contract shall extend from January 1, 2008, and terminate on December 31, 2012, and will continue thereafter until one party elects to terminate with 90 days written notice.
6. **COMPENSATION:** Watermaster shall pay Consultant's properly executed monthly invoices, approved by the Watermaster Contract Manager, within thirty (30) days following receipt of the invoice. Payment will be withheld for any service, which does not meet Watermaster requirements or have proven unacceptable until such service is revised, resubmitted, and accepted by the Watermaster Contract Manager.

The Consultant will submit monthly invoices for each Task Order. Each invoice shall include a cost breakdown, billing message describing the work done during the monthly billing period, itemized material cost and reasonable and customary expenses, including that of other parties retained by Consultant 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.

In compensation for the work represented by this Contract, Watermaster shall pay Consultant's invoices up to the total fee established in each Task Order. Consultant shall not be paid for any amount exceeding the Task Order authorized fee, without an amendment to the Task Order.

Watermaster may, at any time, make changes to the scope of work in a Task Order, including additions, reductions, and changes to any or all of the work, as directed in writing by the Watermaster. Such changes shall be

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made by a written amendment to the Task Order. The Task Order authorized fee and schedule shall be equitably adjusted to account for such changes, and shall be set forth in the written amendment.

7. CONTROL OF THE WORK: Consultant shall perform the work described in each Task Order. If performance of the work falls behind schedule, the Consultant shall use best efforts to accelerate the work to comply with the schedule in the Task Order. If the Consultant is unable to accelerate the work, the Consultant shall promptly notify the Watermaster Contract Manger of the delay, the causes of the delay, and submit a proposed revised completion schedule.

8. SERVICES FOR OTHER PARTIES: Consultant shall advise the Watermaster CEO of any services that Consultant proposes to perform for other parties to the Chino Basin Judgment and shall receive written consent from the Watermaster CEO prior to engaging in such services. Any services contract between Consultant and a party to the Judgment shall contain a provision providing for the termination of the services should a conflict develop between the services and the services provided by Consultant to Watermaster. Notwithstanding the foregoing, Consultant shall not provide services to any party to the Judgment on a matter that will later be subject to Watermaster review. Furthermore, Consultant shall not provide services to the Inland Empire Utilities Agency, nor to the Three Valleys Municipal Water District and Western Municipal Water District to the extent that such services would involve matters within the Chino Basin, except through a services contract with Watermaster and those entities.

9. FITNESS FOR DUTY:
 - A. Fitness: Consultant shall institute steps to attempt to make certain that 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

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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 Watermaster.
10. 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. 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.
 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 with a \$2,000,000 policy aggregate.
 - B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention, different from those generally available at reasonable cost, must be declared to and approved by the Watermaster.
 - 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 Watermaster, its officers, officials, employees and volunteers are to be covered as insureds, endorsements 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

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the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Watermaster, its officers, officials, employees or volunteers.

- b. The Consultant's insurance coverage shall be primary insurance as respects the Watermaster, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Watermaster, 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 Watermaster, 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. 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 Watermaster.

- 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. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII.
- E. Verification of Coverage: Consultant shall furnish the Watermaster with certificates of insurance and with original endorsements effecting coverage required by the Watermaster for themselves and all

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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 Watermaster before work commences. The Watermaster 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:

Sherri Rojo
Chief Financial Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

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11. 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 Watermaster.
- 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 Watermaster, 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 Watermaster Contract Manager.
- E. Indemnification: The Consultant agrees to protect, defend, indemnify and hold harmless the Watermaster, its officers, directors, agents, employees, servants, and volunteers free and harmless from liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Watermaster 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.

The Watermaster agrees to protect, defend, indemnify and hold harmless the Consultant, its officers, directors, agents, employees,

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servants, and volunteers free and harmless from liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Watermaster and the Consultant) 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 the 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.

Notwithstanding anything to the contrary in this Contract, any suit, arbitration, claim, demand, indemnification, or any other remedy against the Consultant shall be limited to the scope of the insurance coverage and limits currently in force for the Consultant. Such insurance shall be only the workers compensation and employers liability, general liability, and errors and omissions insurance. The scope of the insurance coverage and limits in such policies may change over time with changes by the insurance companies or the Consultant and such changed policies shall become the available insurance currently in force for the Consultant; and, the Consultant shall not be required to provide notice of any such changes after the earlier of final payment, the completion of services performed by the Consultant under this Contract, or the termination of the Contract. In no event shall any employee, agent, officer, director or shareholder of Consultant have any individual liability.

Notwithstanding anything to the contrary in this Contract, any suit, arbitration, claim, demand, indemnification, or any other remedy against the Watermaster shall be limited to the scope of the insurance coverage and limits currently in force for the Watermaster. Such insurance shall be only the workers compensation and employers liability, general liability, and errors and omissions insurance. The scope of the insurance coverage and limits in such policies may change over time with changes by the insurance companies or the Watermaster and such changed policies shall become the available insurance currently in force for the Watermaster. In no event shall any employee, agent, officer, director or member of Watermaster have any individual liability.

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- F. Conflict of Interest: No official of the Watermaster who is authorized in such capacity and on behalf of the Watermaster 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 deliverables provided in each Task Order shall be adequate to serve the purposes described in each Task Order issued pursuant to the Contract. For a period of not less than one (1) year after completion of a Task Order, Consultant shall, at no additional cost to Watermaster, correct any and all errors in the deliverable. Upon request of Watermaster, Consultant shall correct any such error deemed important by Watermaster in its sole discretion to Watermaster's continued use of the Task Order deliverable pursuant to a schedule jointly agreed to by the Watermaster and the Consultant. The Consultant will use best efforts to correct all errors in a timely manner.
- 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 Watermaster'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. Both Watermaster and Consultant waive trial by jury and any appeal except as the appeal is provided below.

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2. 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 Watermaster shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator. The Watermaster shall have seven (7) calendar days in which to determine if one such person is acceptable.
 - b. In the event that none of the names submitted by Consultant are acceptable to Watermaster, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Watermaster shall submit to Consultant a list of five names of persons acceptable to the Watermaster 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. If either Watermaster or Consultant desires to appeal the ruling of the arbitrator, then it may utilize this procedure to have a retired appellate judge to decide those issues being appealed in which case the party appealing shall pay the fees and costs of the arbitrator hearing the appeal and each party shall pay its own attorneys fees and costs for the appeal.

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4. Joinder in Mediation/Arbitration: The Watermaster 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 Watermaster'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.

12. Watermaster shall own all work product created pursuant to work which was or will be billed to Watermaster by Consultant. This includes, but is not limited to, current and future iterations of the Chino Basin Groundwater Model.

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13. The work product that remains proprietary to Consultant includes, but is not limited to the relational database called "Database and Visual Explanation" also known as "DaVE" and its supporting software, including the DaVE graphic user interface (GUI), the database structure (tables and relationships), the DaVE web services, and relational software tools. However, Consultant shall provide a license to Watermaster to use DaVE without cost to Watermaster.

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14. Watermaster shall not release to any third party for any reason any work product that is proprietary to Consultant without prior written permission from Consultant.

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15. Before Watermaster releases any work product owned by Watermaster to any third party, it shall receive written releases of liability in favor of both Watermaster and Consultant prior to such release.

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16. PUBLIC RECORDS POLICY: The Watermaster 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

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Proprietary) Watermaster shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Watermaster 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, if it decides to pursue such exemption from disclosure, defend and indemnify Watermaster from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

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17. TITLE AND RISK OF LOSS:

- A. Documentation: Except as pertains to proprietary work product of the Consultant or stated otherwise in each Task Order, title to the Documentation (Work Products) created in a Task Order shall pass to Watermaster when prepared; however, a copy may be retained by Consultant for its records and internal use.

The Work Products shall not be changed or used for purposes other than those set forth in the Task Order without the prior written approval of Consultant. If Watermaster 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, Watermaster shall do so at its sole risk and discretion, and Watermaster shall indemnify the Consultant against any and all claims and/or damages resulting from or connected with the release of or any third party's use of the Work Products.

- B. Material: Unless stated otherwise in each Task Order, title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Watermaster 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 Watermaster-owned equipment of which it has custody. Watermaster shall indemnify the Consultant against any and all claims and/or damages resulting from or connected with the use of all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract that are subsequently used by the Watermaster or by third parties.

- C. Disposition: Consultant shall dispose of items to which Watermaster has title as directed in writing by the Watermaster Contract Manager.

18. 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:

Watermaster: Sherri Rojo,
Chief Financial Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

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Consultant: Dr. Joseph LeClaire
Chief Operating Officer
Wildermuth Environmental, Inc.
23692 Birtcher
Lake Forest, California 92630

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.

19. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Watermaster, 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 Watermaster; 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 Watermaster shall be null, void and of no legal effect whatsoever.
20. RIGHT TO AUDIT: The Watermaster 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 at the place of business of Consultant within three (3) working days after said records are requested by the Watermaster. Notwithstanding the foregoing, an adjustment may only be requested and a claim made during the term of each Task Order and for one year following its final payment. Following the termination of the claim period then Consultant may destroy its records for such Task Order.
21. INTEGRATION: The Contract Documents represent the entire Contract of the Watermaster and the Consultant 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 Watermaster and the Consultant.

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22. **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.
23. **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, within 60 days the Consultant shall deliver all work product to Watermaster and Watermaster shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination.
24. **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.
25. **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 has been issued to the Consultant on a specific Task Order.

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

CHINO BASIN WATERMASTER:

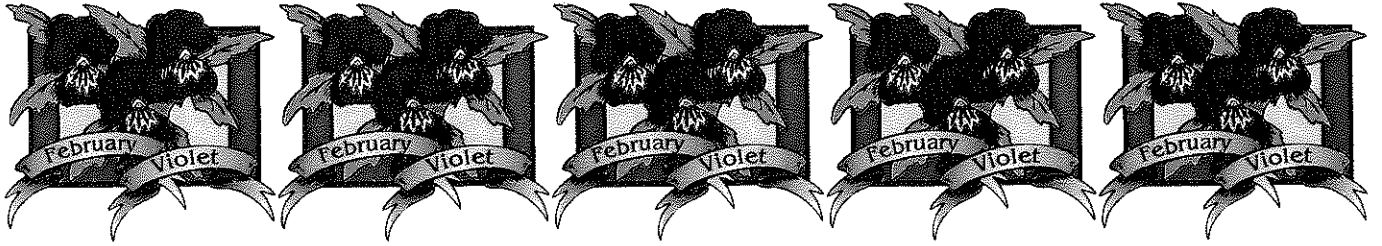
Kenneth R. Manning Date
Chief Executive Officer

WILDERMUTH ENVIRONMENTAL, INC.

Mark J. Wildermuth Date
President
SB 457420 v1:008350.0001

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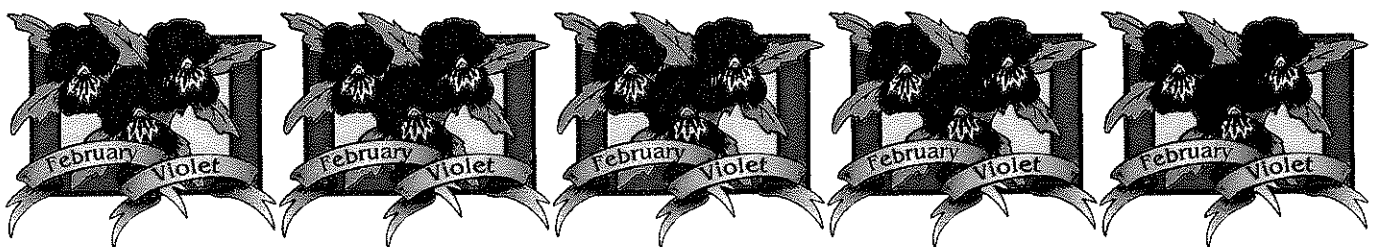
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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

D. BUDGET AMENDMENT/TRANSFER ACTION ITEMS





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: February 14, 2008
February 19, 2008
February 28, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Proposed Budget Transfer Request

SUMMARY

Recommendation - Staff recommends that the Pools, Advisory Committee, and Board approve the proposed Budget Transfer request.

DISCUSSION:

The adopted budget for the Optimum Basin Management Program (OBMP) included funds to be spent on non-program specific engineering costs such as support of the Peace II process, preparation, and attendance at Pool, Advisory Committee and Watermaster meetings, miscellaneous data and staff requests, development, and maintenance of the Groundwater Model, report preparation, and court ordered work. Also included in the OBMP category budget are costs related to Watermaster General Counsel and the Special Referee and her Technical Assistant. At the time of the budget preparation, it was assumed that Peace II would be resolved before or shortly into the new fiscal year and therefore, the budget reflected an expected decrease in anticipated costs. Peace II took longer to reach a resolution – with significantly more time than was originally budgeted. In addition to increased expenses relating to the Peace II process, Watermaster also incurred unbudgeted costs relating to the Santa Ana River water rights application process. In addition to engineering and legal costs exceeding budget in the OBMP category, the Agricultural Pool's special counsel and technical consultant are exceeding their annual budget amount.

As a result of the unforeseen costs relative to the aforementioned categories, staff recommends the transfer of budgeted funds from accounts listed on the attached Budget Transfer request which are anticipated to come from accounts where expenditures will be deferred to cover the anticipated budget shortfalls.

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**CHINO BASIN WATERMASTER
BUDGET TRANSFERS**

Fiscal Year 2007-2008
T-08-02-01

To: **All Parties**

From: Sheri Rojo Date: February, 2008

Describe reason for the transfer between budget categories here: To transfer funds to cover expected cost overages in accounts referenced below.

Budgetary account reduction

<i>Line Item Description</i>	<i>Account Number</i>	<i>Amount</i>
Production Monitoring	7101	\$ (15,000)
In-Line Meter Installation	7102	\$ (20,000)
Groundwater Water Quality Monitoring	7103	\$ (45,000)
Groundwater Level Monitoring	7104	\$ (30,000)
Surface Water Quality Monitoring	7105	\$ (25,000)
Ground Level Monitoring	7107	\$ (155,000)
Hydraulic Control Monitoring	7108	\$ (170,000)
Recharge & Well Monitoring Program	7109	\$ (80,000)
Comp Recharge Program	7200	\$ (310,000)
Coop Efforts/Salt Management	7500	\$ (170,000)
Storage Management/Conj Use	7600	\$ (10,000)

Budgetary account addition

Ag Legal & Technical	8467	\$ 50,000
Optimum Basin Mgmt Plan	6900	\$ 980,000
		\$ -

Should be zero

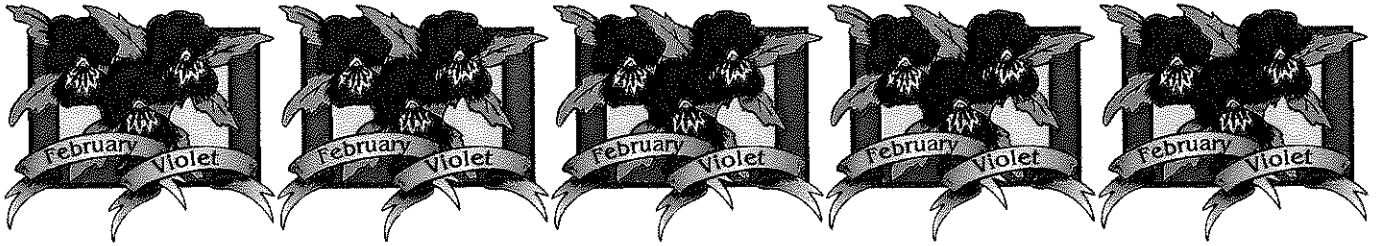
Transfer Procedure

- Staff brings the transfer request to the Appropriate Pool for information purposes if the transfer is under \$25,000. Transfers over \$25,000 within the same budget category require Pools, Advisory Committee and Board approval. Transfers between budget categories, regardless of amount must be approved by the Pools, Advisory Committee and Board
- Once the form has been completed by the CFO, and approved by the board if required, the Chief Financial Officer will prepare and process the budget transfer in the accounting system.
- A log will be maintained by the CFO detailing the transfer.
- A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

Finance Use Only

Date Board Approved _____
Date Posted _____
Posted By _____
Approved by _____
Date approved _____

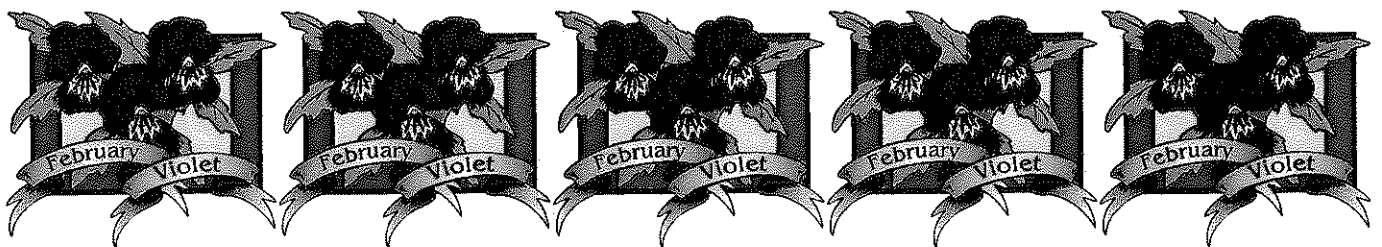
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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

E. CBWM OFFICE ASSISTANT AND OFFICE SPECIALIST POSITIONS





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: February 28, 2008
TO: Watermaster Board Members
SUBJECT: Creation of Positions: Office Specialist and Office Assistant

SUMMARY

Recommendation - Approve creation of the positions of Office Assistant and Office Specialist with salary ranges as recommended by the Personnel Committee. (see attached for both job descriptions and salary range recommendations)

Fiscal Impact – The Board approved budget for 07-08 includes money for the position of Office Specialist. It does not include the money for the Office Assistant position. The CEO only intends on hiring the position of Office Specialist during this fiscal year. An appointment to the Office Assistant position will not occur until it is budgeted in 08-09.

BACKGROUND

In September of 2007 the Board took action to eliminate the position of Secretary II. At the time the CEO mentioned that he was interested in reworking the job description and creating a more workable solution for the organization.

At a meeting of the Personnel Committee on February 6th, the CEO made the recommendation to create two positions that would work in tandem to cover the duties of the front desk and the clerical requirements for the staff other than the CEO. Both positions have salary ranges that are lower than the Secretary II position and when they work together, should provide complete coverage for the organization.

The positions were patterned after the same positions within the City of Ontario.

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Office Assistant

Supervisor: Chief Finance Officer

Status: P

GENERAL DESCRIPTION

Under general supervision, answer incoming telephone calls and direct calls to proper staff; schedule meetings; provide basic clerical support on behalf of designated supervisory, managerial or administrative positions; act as receptionist; and perform other related work as necessary.

TYPICAL DUTIES

The duties listed below are intended as illustrations of the various types of work that may be performed. The omission of specific duties does not exclude them from the position if the work is similar, related or a logical assignment to this class. Duties could include:

1. Answer incoming calls and take messages or route individuals appropriate to staff; assist public and direct to appropriate locations and/or staff.
2. Schedule meetings at the direction of supervisor staff.
3. Assist public at counter/front desk and direct persons to appropriate locations and/or staff.
4. Type and verify information in basic forms and documents.
5. Sort incoming mail and prepare outgoing mail.
6. Enter specific information into computer databases.
7. Copy, fax and distribute documents.
8. Sort, check and file basic records.
9. Order and maintain office supplies.
10. Coordinate development application intake processing. (Planning)
11. Testify in court. (Police)
12. Establish and maintain files for department memos, correspondence, contracts, agreements, City departments, purchase orders, and miscellaneous information.
13. Maintain Conference Room and EOC reservation logbooks. (Fire)

QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

Educational Background:

- Equivalent to completion of high school.

Knowledge and Special Skills:

- Six or more months of varied clerical support experience, preferably involving some public contact work. Some experience and/or training in use of Microsoft Office products. Some familiarity with other personnel and information systems and software applications. Office practices, procedures, and equipment. Word processing and spreadsheet applications programs.



Office Assistant

Supervisor: Chief Finance Officer

Status: P

QUALIFICATIONS

License or Certificate:

- Possession of, or ability to obtain, an appropriate, valid California driver's license and clean driving record.

Physical Demands:

- The physical demands described are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Sustained posture in a seated position.

Normal dexterity of hands and fingers to handle or feel objects, tools or controls.

High use of computer terminal and keyboard.

High to moderate requirements for hand coordination, visual and cognitive abilities.

Reach with arms and hands.

Regularly lift, carry and/or move up to ten pounds and occasionally lift, carry and/or move up to twenty-five pounds at waist high level, all without assistance.

Ability to bend, stoop, stretch, and kneel.

QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

Work Environment:

- The work environment characteristics described are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Primary office environment; noise level usually quiet to moderate.



Office Specialist

Supervisor: Chief Executive Officer

Status: P

GENERAL DESCRIPTION

Under general supervision, provide varied secretarial, clerical, accounting, and customer service support on behalf of designated supervisory, managerial or administrative positions within a department; and perform other related work as necessary.

TYPICAL DUTIES

The duties listed below are intended as illustrations of the various types of work that may be performed. The omission of specific duties does not exclude them from the position if the work is similar, related or a logical assignment to this class. Duties could include:

1. Type correspondence, reports, records, applications, and other types of documents.
2. Answer incoming and help desk calls and route individuals to appropriate staff; schedule meetings, assist public at front counter and direct public to appropriate locations and/or staff and answer basic questions regarding department procedures.
3. Prepare and maintain various logs, records, invoices, purchase orders and department files.
4. Enter, update and verify detailed fields of information in department computer database; prepare forms, lists and related summaries.
5. Issue forms and permits and process applications and payments.
6. Operate or relieve personnel at receptionists desk or assist other administrative support personnel in completing tasks.
7. Assist administrative support personnel with varied tasks, including preparation of certain agenda distribution packets.
8. Prepare and distribute incoming and outgoing mail.
9. Coordinate and make travel arrangements for conferences, workshops and other meetings to be attended or administered by managers, supervisors, administrators or other personnel
10. Arrange, assemble and prepare designated information for annual budget.

QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

Educational Background:

- Equivalent to completion of high school.

Knowledge and Special Skills:



Office Specialist

Supervisor: Chief Executive Officer

Status: P

QUALIFICATIONS

Knowledge and Special Skills:

- Three years or more of varied office clerical support experience, including some public contact work. Experience and/or training in the use of Microsoft Office products.

Office practices, procedures, and equipment.

Word processing, database and spreadsheet software applications programs.

Basic accounting methods.

Operate personal computer and standard office equipment, including fax machines, computer printers, and copier machines.

Organize, coordinate and complete task to meet scheduled deadlines.

Research and answer basic questions concerning procedures and programs.

Understand and follow oral and written instructions.

Communicate effectively both orally and in writing with co-workers, supervisors, management, public, and other department representatives.

License or Certificate:

- Possession of, or ability to obtain, an appropriate, valid California driver's license and clean driving record.

Physical Demands:

- The physical demands described are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Sustained posture in a seated position.

Normal dexterity of hands and fingers to handle or feel objects, tools or controls.

High use of computer terminal and keyboard.

High to moderate requirements for hand coordination, visual and cognitive abilities.

Reach with arms and hands.

Regularly lift, carry and/or move up to ten pounds and occasionally lift, carry and/or move up to twenty-five pounds at waist high level, all without assistance.

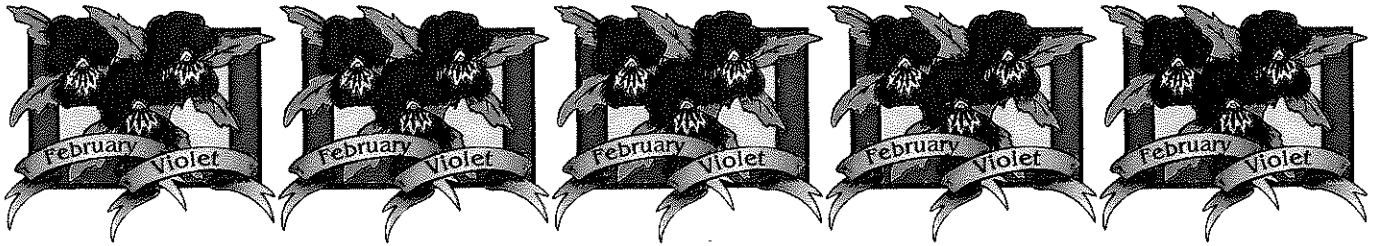
Ability to bend, stoop, stretch, and kneel.

QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

CHINO BASIN WATERMASTER BUDGET WORKSHEET							Budgeted 2007/2008 Positions
Including COLA 1.040		SALARY MATRIX 2007/2008 REVISED					
GRADE	STEP	ANNUAL	MONTHLY	BI-WEEKLY	WEEKLY	HOURLY	
W010 - Gordon	A	91,026	7,586	3,501.00	1,750.50	43.76	
Project Engineer	B	95,577	7,965	3,676.05	1,838.03	45.95	
7/21/2003	C	100,356	8,363	3,859.85	1,929.93	48.25	
	D	105,374	8,781	4,052.85	2,026.42	50.66	
	E	110,643	9,220	4,255.49	2,127.74	53.19	X
W009 - Sheri	A	93,735	7,811	3,605.20	1,802.60	45.07	
Chief Financial Officer	B	98,422	8,202	3,785.46	1,892.73	47.32	
12/19/2001	C	103,343	8,612	3,974.73	1,987.37	49.68	
	D	108,510	9,043	4,173.47	2,086.73	52.17	
	E	113,936	9,495	4,382.14	2,191.07	54.78	X
W005 - Janine	A	42,046	3,504	1,617.16	808.58	20.21	
Accountant	B	44,148	3,679	1,698.02	849.01	21.23	
6/30/2000	C	46,356	3,863	1,782.92	891.46	22.29	
	D	48,674	4,056	1,872.06	936.03	23.40	X
	E	51,107	4,259	1,965.67	982.83	24.57	
W011 - Sherri Lynne	A	46,742	3,895	1,797.76	898.88	22.47	
Executive	B	49,079	4,090	1,887.65	943.82	23.60	
Assistant	C	51,533	4,294	1,982.03	991.02	24.78	
12/15/2003	D	54,109	4,509	2,081.13	1,040.57	26.01	
	E	56,815	4,735	2,185.19	1,092.59	27.31	X
W004 -	A	31,200	2,600	1,200.00	600.00	15.00	
Office Specialist	B	32,760	2,730	1,260.00	630.00	15.75	
	C	34,398	2,867	1,323.00	661.50	16.54	
	D	36,118	3,010	1,389.15	694.58	17.36	
	E	37,924	3,160	1,458.61	729.30	18.23	
W006 -3	A	24,960	2,080	960.00	480.00	12.00	
Office Assistant	B	26,208	2,184	1,008.00	504.00	12.60	
	C	27,518	2,293	1,058.40	529.20	13.23	
	D	28,894	2,408	1,111.32	555.66	13.89	
	E	30,339	2,528	1,166.89	583.44	14.59	
W007 - Danni	A	87,337	7,278	3,359.12	1,679.56	41.99	
Senior Engineer	B	91,704	7,642	3,527.08	1,763.54	44.09	
8/12/2003	C	96,289	8,024	3,703.43	1,851.71	46.29	
	D	101,104	8,425	3,888.60	1,944.30	48.61	
	E	106,159	8,847	4,083.03	2,041.52	51.04	X
W008 - Jim	A	61,476	5,123	2,364.48	1,182.24	29.56	
Water Resource	B	64,550	5,379	2,482.70	1,241.35	31.03	
Engineer	C	67,778	5,648	2,606.84	1,303.42	32.59	
7/20/1992	D	71,167	5,931	2,737.18	1,368.59	34.21	
	E	74,725	6,227	2,874.04	1,437.02	35.93	X
W013 - Justin	A	52,475	4,373	2,018.28	1,009.14	25.23	
Environmental Specialist	B	55,099	4,592	2,119.19	1,059.60	26.49	
2/14/2005	C	57,854	4,821	2,225.15	1,112.58	27.81	
	D	60,747	5,062	2,336.41	1,168.21	29.21	X
	E	63,784	5,315	2,453.23	1,226.62	30.67	
W012 - Frank	A	56,152	4,679	2,159.68	1,079.84	27.00	
GIS Specialist	B	58,959	4,913	2,267.66	1,133.83	28.35	
2/14/2005	C	61,907	5,159	2,381.05	1,190.52	29.76	
	D	65,003	5,417	2,500.10	1,250.05	31.25	X
	E	68,253	5,688	2,625.10	1,312.55	32.81	

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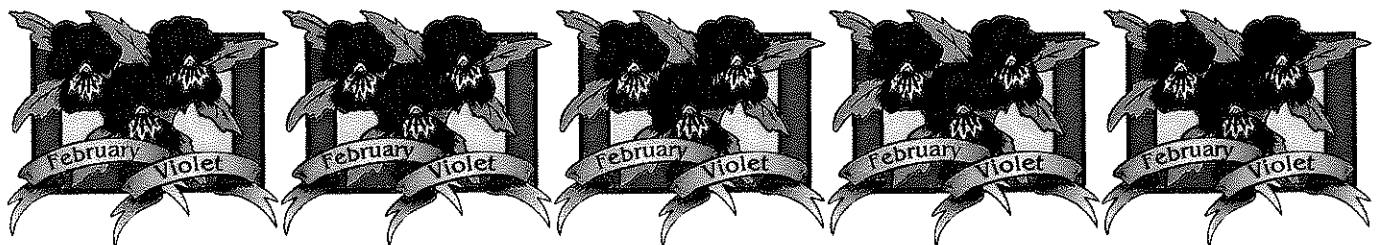


CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

D. CEO/STAFF REPORT

3. Semi-Annual Status Report



Optimum Basin Management Program

Status Report 2007-2: July to December 2007

Introduction

This status report covers the period July 1, 2007 through December 31, 2007. The bulk of this report describes the activities that occurred and status of the work conducted for each program element of the Optimum Basin Management Program (OBMP). However, there are additional significant efforts that occurred during the reporting period to include:

The Wildermuth final report entitled "Optimum Basin Management Program State of the Basin Report – 2006," dated July 2007 was accepted. This annual report documents groundwater production, recharge, quality, and level within the Chino Basin.

- The Wildermuth final report entitled "2007 CBWM Groundwater Model Documentation and Evaluation of the Peace II Project Description," dated November 2007, was accepted. It evaluated the state of hydraulic control and the amount of Re-Operation water required to achieve and maintain hydraulic control. The report also provided a material physical injury analysis for the implementation measures.
- Watermaster received and evaluated the Special Referee's "Preliminary Comments and Recommendations on Motion for Approval of Peace II Documents," dated November 29, 2007. This document recommended that Watermaster conduct further technical analysis and modeling on a range of technical issues, and address certain legal issues related to Peace II implementation.
- Watermaster legal counsel prepared "Watermaster Response to Special Referee's Preliminary Comments and Recommendations on Motion for Approval of Peace II Documents," dated December 14, 2007. This document provided further technical and legal discussion of the issues raised in the Special Referee's preliminary comments and recommendations.
- Watermaster received and evaluated the Special Referee's "Final Report and Recommendations on Motion for Approval of Peace II Documents," dated December 20, 2007. This report recommended that Watermaster submit to the court the Hydraulic Control technical reports, the Recharge Master Plan update and assurances, the Hydraulic Control evaluation standard, the safe yield analysis, and the new equilibrium assurances by the dates specified.
- Watermaster received and accepted the Superior Court's "Order Concerning Motion for Approval of Peace II Documents," dated December 21, 2007. This order adopted the recommendations made in the Special Referee's Final Report, and provided dates certain when Watermaster is to submit various technical reports and legal briefs.

Program Element 1: Develop and Implement a Comprehensive Monitoring Program

Groundwater Level Monitoring

Watermaster has three active groundwater level monitoring programs operating in the Chino Basin: 1) A semiannual basin-wide well monitoring program, 2) A key well monitoring program associated with the Chino I/II Desalter well fields and the Hydraulic Control Monitoring Program (HCMP), and 3) A piezometric monitoring program associated with land subsidence and ground fissuring in Management Zone 1 (MZ-1). The frequency of groundwater level monitoring varies with each program, depending on the needs of the data analyst. These groundwater level monitoring programs also rely on municipal producers, other government agencies, and private entities to supply their groundwater level measurements on a cooperative basis. Watermaster digitizes all these measurements and combines them into a relational database for general usage. During this period, Watermaster purchased and installed pressure



transducers/data loggers at key wells; principally in the northern portions of Chino Basin where more detailed groundwater level data are needed.

Groundwater Quality Monitoring

During this reporting period no additional wells were sampled. Watermaster continues a comprehensive data collection program whereby water quality data from other sources are routinely collected, QA/QC'd, and loaded into Watermaster's database.

Watermaster and the Inland Empire Utilities Agency (IEUA) are working closely with the Appropriative Pool members and their state-certified laboratories to obtain water quality data as an electronic data deliverable (EDD), which can be entered directly into Watermaster's relational database.

Groundwater-Production Monitoring

All active wells (except for minimum user wells) are now metered. Watermaster reads the agricultural production data from the meters on a quarterly basis and enters these data into Watermaster's relational database.

Surface Water Monitoring

Water Quality and Quantity in Recharge Basins. Watermaster measures the quantity and quality of storm and supplemental water entering the recharge basins. Pressure transducers or staff gauges are used to measure water levels during recharge operations. In addition to these quantity measurements, imported water quality values for State Water Project water are obtained from the Metropolitan Water District of Southern California (MWDSC) and recycled water quality values for the RP1 and RP4 treatment plant effluents are obtained from IEUA. Watermaster monitors the storm water quality in the eight major channels (San Antonio, West Cucamonga, Cucamonga, Deer Creek, Day Creek, San Sevaire, West Fontana, and DeClez) usually after each major storm event. Combining the measured flow data with the respective water qualities enables the calculation of the blended water quality in each recharge basin, the "new yield" to the Chino Basin, and the adequate dilution of recycled water.

Surface Water Monitoring in Santa Ana River (SAR). Watermaster measures the discharge of the river and selected water quality parameters to determine those reaches of the SAR that are gaining flow from Chino Basin and/or, conversely, those reaches that are losing flow into the Chino Basin. These bi-weekly flow and water quality measurements are combined with discharge data from permanent USGS and Orange County Water District (OCWD) stream gauges and discharge data from publicly owned treatment works (POTWs). These data are used in groundwater modeling to assess the extent of hydraulic control.

HCMP Annual Report

In January 2004, the RWQCB amended the Water Quality Control Plan (Basin Plan) for the Santa Ana River Basin to incorporate an updated total dissolved solids (TDS) and nitrogen (N) management plan. The Basin Plan Amendment includes both "antidegradation" and "maximum benefit" objectives for TDS and nitrate-nitrogen for the Chino and Cucamonga groundwater management zones. The application of the "maximum benefit" objectives relies on Watermaster and the IEUA's implementation of a specific program of projects and requirements, which are an integral part of the OBMP. On April 15, 2005, the RWQCB adopted resolution R8-2005-0064; thus approving the Surface Water Monitoring Program and Groundwater Monitoring Program in support of maximum benefit commitments in the Chino and Cucamonga Basins. Watermaster and the IEUA completed the 2006 Annual Report, which summarizes the results for those two programs, and submitted it to the RWQCB on April 16, 2007 in partial fulfillment of maximum benefit commitments.

Chino Basin Groundwater Recharge Program

The IEUA, Watermaster, Chino Basin Water Conservation District, and the San Bernardino County Flood Control District jointly sponsor the Chino Basin Groundwater Recharge Program. This is a comprehensive water supply program to enhance water supply reliability and improve the groundwater quality in local drinking water wells throughout the Chino Groundwater Basin by increasing the recharge of storm water, imported water, and recycled water. The recharge program is regulated under RWQCB Order No. R8-2005-0033 and Monitoring and Reporting Program No. R8-2005-0033.



Recharge Activities. On-going recycled water recharge occurred in the, Hickory Basin during this reporting period, and a six month recycled water test recharge program began at the 7th and 8th Street basins in September 2007.

Monitoring Activities. Watermaster and the IEUA collect weekly and bi-weekly water quality samples from basins that are actively recharging recycled water and from lysimeters installed within those basins. During this reporting period, approximately 493 basin and lysimeter samples were collected. Monitoring wells located down gradient of the recharge basins were sampled every two weeks during the reporting period for a total of about 82 samples.

Construction Activities. Lysimeters and monitoring wells associated with the 7th and 8th Street Basins were installed in fiscal year (FY) 2007/08.

Reporting. Watermaster and the IEUA completed the following required reports concerning the recharge program during the reporting period:

- Recycled Water Groundwater Recharge Program Phase I and Phase II Recharge Projects: Operation, Maintenance & Monitoring Plan, August 2007
- Recycled Water Groundwater Recharge Program Phase I and Phase II Recharge Projects: Diluent Water Monitoring Plan, October 2007
- 3Q07 Quarterly Report – November 2007

Land Surface Monitoring

Watermaster developed a multifaceted land surface monitoring program to develop data for a long-term management plan for land subsidence in Management Zone 1 (MZ-1). The monitoring program consisted of three main elements:

- An aquifer system monitoring facility consisting of multiple depth piezometers and a dual bore extensometer.
- The application of synthetic aperture radar interferometry (InSAR) to measure historical land surface deformation.
- Benchmark surveys to measure land surface deformation, “ground truth” the InSAR data, and evaluate effectiveness of the long term management plan.

Following two years of data collection and analysis, Watermaster submitted the MZ-1 Summary Report in October 2005, which contained Guidance Criteria to minimize subsidence and fissuring. The Guidance Criteria included a listing of Managed Wells and their owners subject to the criteria, a map of the so-called Managed Area, an initial threshold water level (Guidance Level) of 245 feet below the top of the PA-7 well casing, and a plan for ongoing monitoring and notification. Since October 2005, the MZ-1 Summary Report and the Guidance Criteria contained therein have been discussed extensively by the parties involved, and were adopted by the Watermaster Board at its May 2006 Meeting . The final MZ-1 Subsidence Management Plan was adopted by the Watermaster Board at its June 2007 Meeting.

The MZ-1 monitoring program continues unabated. Water level monitoring expanded to the central regions of MZ-1 with the installation of transducers/data loggers at selected wells owned by the City of Chino, the Monte Vista Water District, and the City of Pomona. This expansion of the water level monitoring program is the initial effort to better understand the mechanisms behind ongoing land subsidence in Central MZ-1. Watermaster also monitors vertical ground-surface deformation via ground level surveying and InSAR to understand the extent, rate, and spatial distribution of land subsidence in Central MZ-1. Watermaster uses electronic distance measurement (EDM) to monitor horizontal ground surface displacement across the zone of potential ground fissuring near the intersection of Central Avenue and Philadelphia Street.

All the data collected and analyzed during the Interim Monitoring Program (IMP) indicate very little permanent subsidence in the Southeast Area (east of Ayala Park) since the 1990s. However Watermaster monitors vertical ground-surface deformation via ground level surveying and InSAR techniques as part of the same program for the Managed Area. In addition, Watermaster installed pressure transducers/data loggers in 16 existing production and/or monitoring wells to record water levels every 15 minutes.

The data collected and analyzed during the IMP indicate minor but persistent permanent subsidence in the Northeast Area since the early 1990s. Consequently, Watermaster monitors ground-surface deformation via ground level surveying and InSAR techniques as part of the same program conducted in the Managed Area.



During FY 2007/08, Watermaster and the MZ-1 Technical Committee will further evaluate the contribution of pumping in the central and northern portions of MZ-1 on groundwater conditions, continue testing and monitoring to refine the Guidance Criteria, and work with Chino Hills to evaluate their options for producing groundwater from MZ-1. By the end of March 2008, the MZ-1 Technical Committee will have prepared specific scopes of work and detailed cost estimates for the above activities for inclusion in the FY 2008/09 budget.

Program Element 2: Develop and Implement a Comprehensive Recharge Program

Construction on the Chino Basin Facilities Improvement Project (CBFIP) Phase I was completed by December 31, 2005 at a cost of \$38M; 50% from a SWRCB Proposition 13 Grant, and 25% each from Watermaster and the IEUA. A CBFIP Phase II list of projects was developed by Watermaster and the IEUA, including monitoring wells, lysimeters, recycled water connections, SCADA system expansions, three MWDSC turnouts, and berm heightening and hardening. At a cost of approximately \$12M, these Phase II facilities will be financed through a 50% Grant from DWR and 25% each from Watermaster and the IEUA.

In FY 2005/06, the CBFIP Phase I facilities were able to recharge 49,000 AF of storm and supplemental water. With the completion of the Phase II facilities in FY 2007/08, the total recharge capacity will be about 91,000 AF. By the start of FY 2009/10, most of the basins will be able to operate on a 12 months-per-year basis with combinations of storm, imported, and recycled water, with occasional downtime for silt and organic growth removal. Operations and basin planning are coordinated through the Groundwater Recharge Coordinating Committee (GRCC), which met monthly during this reporting period.

Because of the drought and Delta water quality issues, MWDSC has been unable to provide replenishment water to southern California since May 1, 2007. This greatly restricts Watermaster's ability to recharge recycled water, since the California Department of Public Health requires that two parts of diluent water (imported or storm water) be blended with each part of recycled water. For this reporting period, only 4,000 AF of storm and recycled water have been recharged.

Program Element 3: Develop and Implement Water Supply Plan for the Impaired Areas of the Basin; and

Program Element 5: Develop and Implement Regional Supplemental Water Program

Construction on the Chino I Desalter Expansion and the Chino II Desalter facilities was completed in February 2006 and an application has been made for \$1.6 M in Proposition 50 funds to add 8 MGD of ion exchange capacity to the Chino II Desalter. As currently configured, the Chino I Desalter provides 2.6 MGD of treated (air stripping for VOC removal) water from Wells Nos. 1-4, 4.9 MGD of treated (ion exchange for nitrate removal) water from Wells Nos. 5-15, and 6.7 MGD of treated (reverse osmosis for nitrate and TDS removal) water from Wells Nos. 5-15 for a total of 14.2 MGD (16,000 AFY). The Chino II Desalter provides 4.0 MGD of ion exchange treated water and 6.0 MGD of reverse osmosis treated water from 8 additional wells for a total of 10.0 MGD (11,000 AFY).

Negotiations are currently underway between the Chino Desalter Authority and Western Municipal Water District to allow WMWD to join the CDA and to expand the Chino II Desalter by 10.5 mgd (10,600 AFY). Raw water will be drawn from existing CDA II wells, and possible additional new wells if needed. In addition, a new Chino Creek Well Field, required for hydraulic control, will provide additional raw water to the Chino I Desalter, enabling existing Well Nos. 13, 14, and 15 to shift production to the expanded Chino II Desalter facility if needed.

Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1

In October 2005, Watermaster completed the MZ-1 Summary Report, including the Guidance Criteria. Since then the impacted parties have had numerous meetings to transform the Summary Report into a Long-term Management Plan. The Summary Report and the Guidance Criteria were adopted by the Watermaster Board in May 2006, and the Long-term Management Plan was adopted in June 2007.



Program Element 6: Develop and Implement Cooperative Programs with the Regional Water Quality Control Board, Santa Ana Region (Regional Board) and Other Agencies to Improve Basin Management; and

Program Element 7: Develop and Implement a Salt Management Program

A Water Quality Committee meeting was held on July 19, 2007 to discuss the status of the investigations of the three major water quality plumes (Chino Airport, Ontario Airport, and Stringfellow Hazardous Waste site) in the Basin. For the Chino Airport, the consulting engineer for the San Bernardino County Department of Airports has successfully characterized the horizontal extent of TCE contamination, and submitted a work plan on December 10, 2007 to determine the vertical extent of contamination. Their work plan calls for installing 3 wells up to 300' in depth along the plume axis; to be followed by two wells ranging in depth from 100'-200' in order to sample the highest TCE concentrations. The SBCDA proposes to construct the wells in April 2008.

For the Ontario International Airport (OIA) plume, the Potentially Responsible Parties (PRPs) have been working with Watermaster to quantify the depth and extent of the TCE plume. The PRPs submitted a Work Plan in May 2007 for installing and sampling four groundwater monitoring wells, with two wells down gradient of the OIA and two wells down gradient of the Milliken Landfill. Watermaster and the RWQCB approved the Work plan; and the PRPs propose to begin drilling their monitoring wells in March 2008.

At the Stringfellow site, the consultants to the Department of Toxic Substances Control have been investigating whether the perchlorate plume from the site adds to the existing perchlorate levels in the Santa Ana River, or whether the perchlorate plume is diverted towards the Chino II Desalter well field. The results of their investigation, together with further discussion of the Chino Airport and OIA plumes will be the key topics of the Water Quality Committee meeting on February 12, 2008. Lastly, Watermaster continues to monitor the activities of General Electric's (GE) remediation at the Flat Iron facility and their efforts to develop a new location for recharge of their treated effluent.

MZ-3 Monitoring Program

The former Kaiser plume has been incorporated into an overall monitoring program for the MZ-3 area. The MZ-3 monitoring program is also assessing the groundwater quality impairment from total dissolved solids (TDS), nitrate, and perchlorate. The perchlorate may have originated from the Mid-Valley Landfill (in Rialto Basin, across the Rialto-Colton fault) or it may be a non-point source that resulted from the historical application of Chilean fertilizer. Four rounds of quarterly samples have been collected from 22 wells, including former Kaiser wells that Watermaster previously renovated: MP2 and KOFS. The MP2 cluster of wells (four depths) was in the heart of the Kaiser plume when the well was constructed; while KOFS was just beyond the leading edge of the plume. MP2 continues to show an impact from the Kaiser plume and the KOFS well is now impacted. Based on the analytical results, two new monitoring wells were constructed and two quarterly samples taken. Results from the entire monitoring program for MZ-3 will be presented in the final report, to be completed in FY 2007/08.

TDS and Nitrogen Monitoring Pursuant to the 2004 Basin Plan Amendment

Pursuant to the 2004 Basin Plan Amendment and the Watermaster/IEUA permit to recharge recycled water, Watermaster and the IEUA have conducted groundwater and surface water monitoring programs. Quarterly HCMP reports that summarize data collection efforts were submitted to the RWQCB in July and October of 2007. An annual HCMP report for 2007 will be submitted to the RWQCB in April 2008.

Program Element 8: Develop and Implement a Groundwater Storage Management Program; and

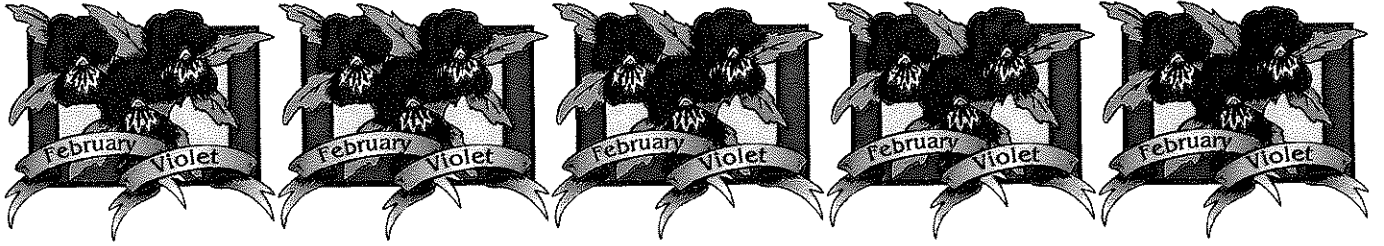
Program Element 9: Develop and Implement a Storage and Recovery Program

The existing Watermaster/IEUA/Metropolitan Dry Year Yield (DYY) program continued during the reporting period. As of December 31, 2007, about 88,434 acre-ft had been stored in the Basin in Metropolitan's DYY account. The construction statuses of local facilities included in the DYY program for the participating parties are as follows:



- City of Ontario – Wellhead treatment facility: final design received in October 2007. DYY Wells: Bids received for equipping Well No's 44 and 52; but were rejected in September 2007. New bid opening scheduled for 1Q 2008.
- Cucamonga Valley Water District – Five new wells (Nos. 39-42, and 43): construction completed for Well Nos. 39-42 and contract issued for wellhead equipment and transmission main for Well No. 43.
- City of Upland – New IX treatment facility constructed and online.
- City of Pomona – Expansion of existing IX treatment facility is 95% complete, and a permit to operate has been requested.
- City of Chino Hills – Refurbish Pellisier well and construct new treatment facility: design underway
- Monte Vista Water District – Well No. 31: well construction completed July 2006 and well equipping is scheduled for completion in August 2008. Well No. 32 is substantially complete. Well No. 33 and treatment facility (joint MVWD/Chino project): Well construction is complete and treatment facility construction is underway, with completion scheduled for July 2008.
- Jurupa Community Services District – Expansion of the Teagarden IX facility completed and online.



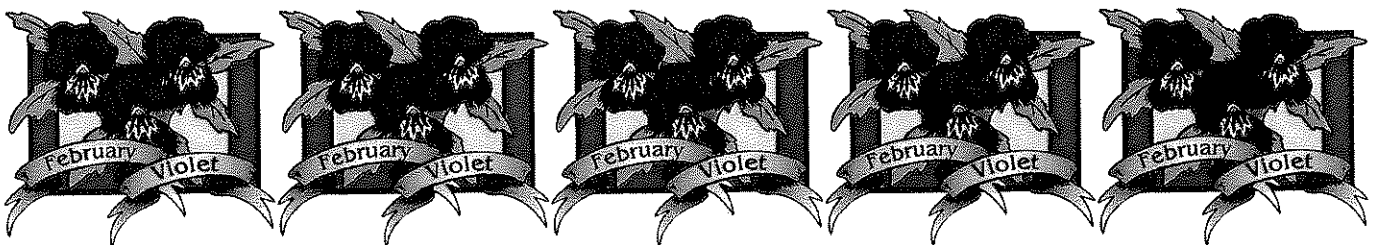


CHINO BASIN WATERMASTER

IV. REPORTS / UPDATES

E. INLAND EMPIRE UTILITIES AGENCY

3. Recycled Water Newsletter
4. Monthly Water Conservation Programs Report
5. Monthly Imported Water Deliveries Report
6. State and Federal Legislative Reports
7. Community Outreach/Public Relations Report



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

February 28, 2008

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

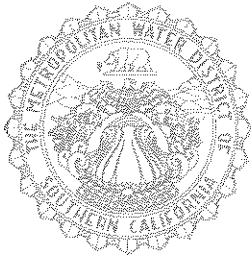
Discussion Items:

- MWD Drought Update – Rich Atwater (5 minutes)
- Groundwater Recharge Activities – Rich Atwater (10 minutes)

Written Updates:

- Recycled Water Newsletter
- Monthly Water Conservation Programs Report
- Monthly Imported Water Deliveries Report
- State and Federal Legislative Reports
- Community Outreach/Public Relations Report

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The Metropolitan Water District of Southern California

NEWS RELEASE

P. O. Box 54153, Los Angeles, California 90054-0153 • (213) 217-6485 • www.mwdh2o.com

Contact: Bob Muir, (213) 217-6930; (213) 324-5213, mobile

Feb. 12, 2008

**WATER SUPPLY ALLOCATION PLAN
ADOPTED BY METROPOLITAN BOARD
Although probably not needed in 2008, the plan
would allocate available supplies during shortages**

A water supply allocation plan calling for the equitable distribution of Metropolitan Water District's imported deliveries throughout Southern California in response to more challenging supply conditions was adopted today by the agency's board of directors.

Although it is unlikely the plan would be implemented this year, Metropolitan board Chairman Timothy F. Brick said it is prudent to have in place a region-wide, water-sharing plan in case it is necessary. If the region's supply situation worsens, Metropolitan would be better equipped to manage supply shortages through the allocation plan, he said.

"Making these tough decisions is the hardest thing we do as a water board," Brick said. "Because we work so hard to provide reliable supplies, to even consider the fact that we might not have adequate supplies is a very tough thing to contemplate. This, however, is the time to do it."

Metropolitan General Manager Jeff Kightlinger said the overall guiding principle of the tiered supply allocation plan is to alleviate disparate impacts at the retail level for its 26 member public agencies across Metropolitan's service area. The plan's formula includes mechanisms to balance many considerations and help ensure that no member agencies are disproportionately impacted, he said.

"This process was intended to be a prudent and responsible way to come up with a contingency plan should we face shortages in the future," Kightlinger said. "It's important to realize that this plan is being adopted, but not implemented. It ultimately will be a Metropolitan board decision as to whether we ever come back, declare a shortage and begin allocating supplies."

more

The plan incorporates considerations for impact on retail customers and the economy; changes and losses in local supplies; the investment in and development of local resources; and conservation achievements.

The Metropolitan board's adoption of the plan culminates more than seven months of discussion, collaboration and negotiation among Metropolitan, its member agencies and affected local agencies. The plan also serves as the final piece of Metropolitan's 1999 Water Surplus and Drought Management Plan, which originally did not include an allocation plan.

Under the plan, Metropolitan's member agencies and their retailers would be allocated supplies partly based on their dependency on MWD, while taking into account other local sources of supply.

The plan relies on pricing to encourage agencies to reach their targeted allocated supplies. These "penalty rates" are similar to drought pricing used in many cities during the 1987-92 drought, calling for agencies to pay up to four times Metropolitan's highest priced water, depending how far they exceed their allocation. Any funds collected through penalty rates will be applied toward investments in conservation and local resources development.

The Metropolitan Water District Act (Section 135) gives each member agency a "preferential right" to purchase a proportionate share of Metropolitan's available water supply. That right is determined by that member agency's financial contributions, other than water purchases, to Metropolitan over time.

"The plan doesn't eliminate preferential rights," Kightlinger said. "However, instead of implementing preferential rights, we believe the plan provides a more evenhanded manner to distribute water under today's circumstances."

###

The Metropolitan Water District of Southern California is a cooperative of 26 cities and water agencies serving 18 million people in six counties. The district imports water from the Colorado River and Northern California to supplement local supplies, and helps its members to develop increased water conservation, recycling, storage and other resource-management programs.

Clean, inexpensive, plentiful water

Groundwater Recharge Operations and Maintenance Update October – December 2007

Andrew Campbell

IEUA Groundwater Recharge Coordinator

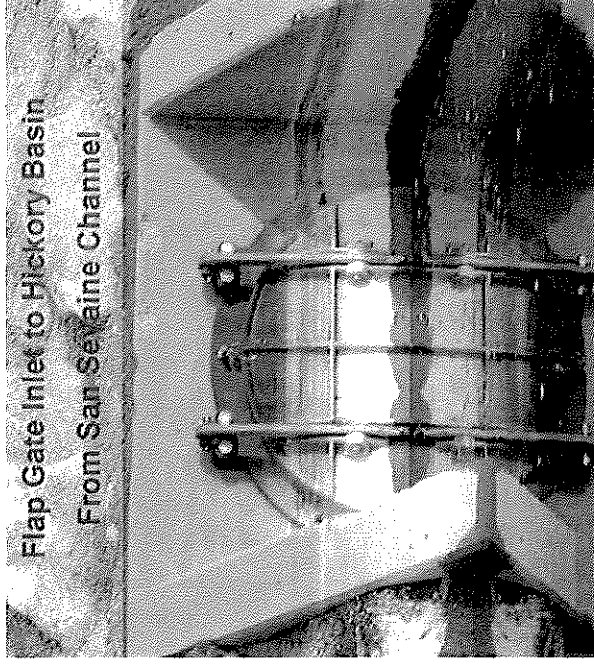
February 20, 2008

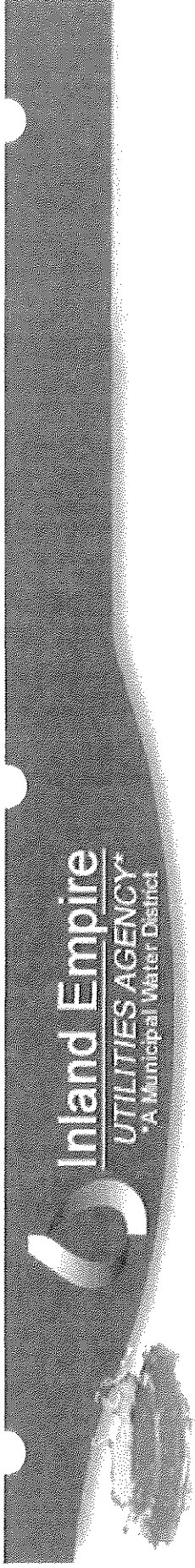
Engineering, Operations, & Biosolids Committee

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GWR Overview

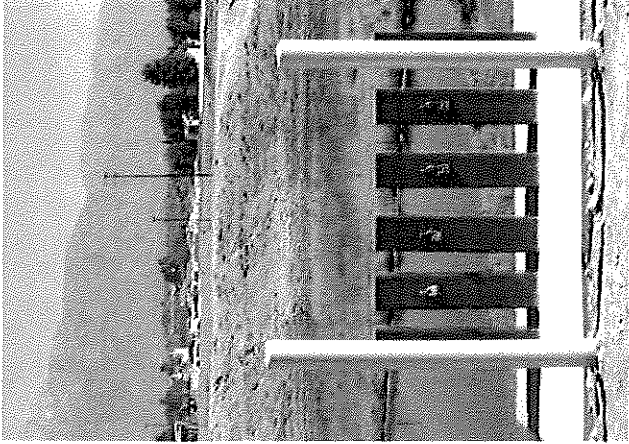
- Phase II GWR Permit
- Operations
- Maintenance





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Phase I & II Permit Recycled Water Groundwater Recharge



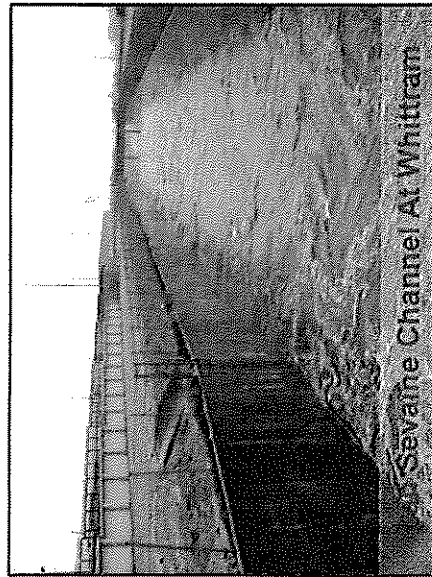
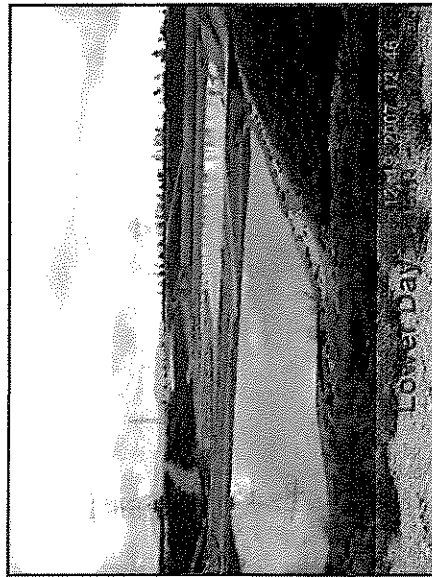
8th Street Basin Recycled Water
Flow Control Valve

- Diluent Water Monitoring Plan
 - Draft Submitted to CDPH and RWQCB
- 8th Street Basin Start-up
 - Began September
 - On Hold due to Dec-Jan Storms
- GWR Conducting Sampling/Reporting
 - Lysimeters, Quarterly, Annual, Diluent

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Current Operations

- Imported Water Deliveries Off
- Local Runoff Collected
- Recycled Water On Hold



Storm Water Capture FY07/08 Through Dec 2007			MWD Tier 1 Treated Rate \$513 /AF
Date	Total Rainfall	Recharge Volume (AF)	Total Water Value
Sep 22, 07	0.13 to 0.33 inch	56.1	\$ 28,757
Oct 13, 07	0.32 inch	127.9	\$ 65,602
Nov 30, 07	Approx 1.3 inches	726.9	\$ 372,918
Dec 01, 07	0.08 inch	56.4	\$ 28,924
Dec 07, 07	1.1 to 1.6 inches	475.9	\$ 244,134
Dec 09, 07	0.12 inch	21.5	\$ 11,049
Dec 19, 07	0.31 to 0.47 inch	400.0	\$ 205,200
Dec 21, 07	0.63 inch	150.4	\$ 77,133
		2,015.0	\$ 1,033,716

Recycled Water Recharge

Year	Month	Recharge Basin						Subtotal
		Banana	Hickory	Ely	Turner	7th & 8th		
2007								
	July	0	141	0	0	0	0	141
	August	0	78	0	0	0	0	78
	September	0	15	0	0	128		143
	October	0	23	0	0	109		132
	November	0	98	87	0	161		346
	December	0	0	53	0	0		53
2008								
	January	-	-	-	-	1		1
	February	-	-	-	-	-		0
	March	-	-	-	-	-		0
	April	-	-	-	-	-		0
	May	-	-	-	-	-		0
	June	-	-	-	-	-		0
	Total FY-2007/08	0	355	140	0	399		894

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Recharge Totals



Grove Basin After December Storm

Drainage System		(AF)				Management	
Basin	Oct 2007	Nov 2007	Dec 2007	FY Total	Zone Subtotals		
San Antonio Channel Drainage System							
College Heights East	-	-	-	0	MZ-1 1,129 AF		
College Heights West	-	-	-	0			
Upland	-	3	5	8			
Montclair 1, 2, 3 & 4	30	73	114	243	408		
Brooks	35	24	42	126			
Non-replenishment* (MVWD)	(21)	0	0	(42)			
West Cucamonga Channel Drainage System							
7th & 8th Street	151	242	224	794	MZ-2 2,495 AF		
Ely	34	361	367	846			
Non-replenishment* (GE)	-	(108)	(57)	(238)			
Minor Drainage							
Grove	-	10	80	90	MZ-3 470 AF		
Cucamonga and Deer Creek Channel Drainage Systems							
Turner 1 & 2	62	96	215	419			
Turner 3 & 4	3	66	62	154	408		
Day Creek Channel Drainage System							
Lower Day	2	18	32	57			
Etiwanda Channel Drainage System							
Etiwanda Debris	7	-	-	9	MZ-3 470 AF		
Victoria	8	49	66	128			
San Sevaine Channel Drainage System							
San Sevaine	6	37	75	120	408		
West Fontana Channel System							
Hickory	96	200	102	910			
Banana	2	35	22	62	MZ-3 470 AF		
Declez Channel Drainage System							
RP3	9	47	108	170			
Declez	14	108	77	238	408		
Subtotals	438	1,261	1,534	4,094			
Recharge Water by Type							
Storm Water w/ Local Runoff	306	915	1,481	3,201	78%		
MWD Imported Water	0	0	0	0	0%		
Recycled Water	132	346	53	893	22%		
Subtotals (Month)	438	1,261	1,534	4,094	100%		
Subtotals (FY to Date)	1,299	2,560	4,094	FY To Date			

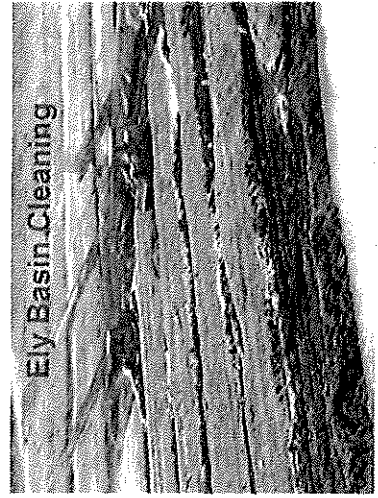
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Completed Maintenance

- Debris Removal
 - At Basin Inlets
 - RP3, Turner, Hickory, Lower Day, Montclair & Brooks
- Basin Cleaning
 - Ely (IEUA, CBWM, CBWCD, & GE)
 - 8th (Concrete Removal)



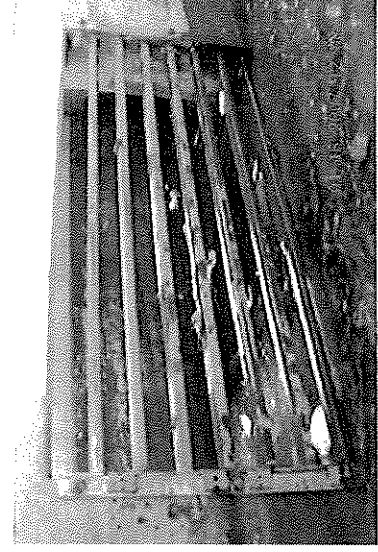
Concrete Removal, 8th Str Basin



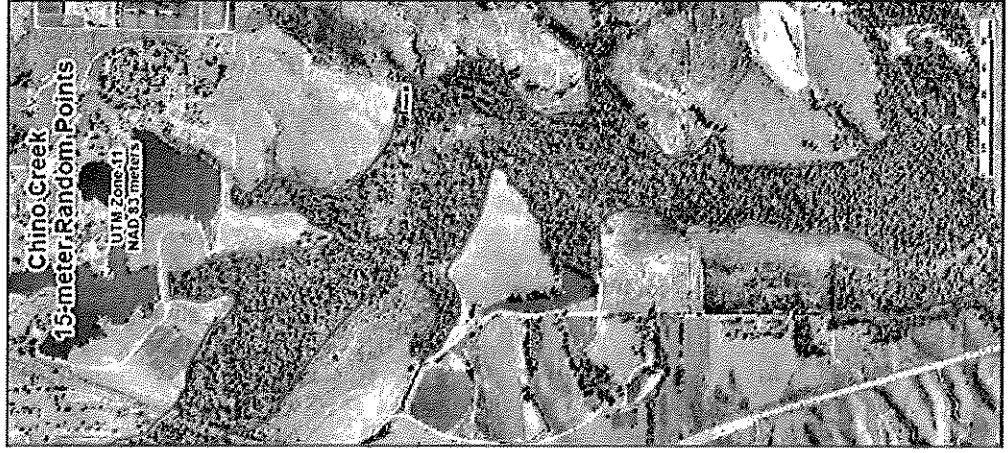
Ely Basin Cleaning



Inlet Grate Debris Cleaning



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Prado Vegetation Study

- Required of CBWM/IEUA by Hydraulic Control Monitoring Plan
- Contracted with USBR for field investigations and assessment
- 2007 Investigation - October
- Final Report – April 2008
- Cost \$20,796

INLAND VALLEY
Daily Bulletin

SUNDAY | FEBRUARY 17, 2008

CONSERVATION

Getting greener without grass

Water agencies from around the state came together in Ontario last week to discuss the question "How green are we going to get?"

The answer as we see it is that we're going to have to get *very* green in terms of water conservation and storage techniques. But we're going to have to become *less* green in terms of huge expanses of water-thirsty grass lawns.

There are lots of worried water officials in California these days, for good reasons. Southern California's sources of imported water are all diminished or threatened, especially by an eight-year drought in the Colorado River Basin and environmental threats to the San Joaquin-Sacramento River Delta that feeds the State Water Project.

In December, a judge ordered reductions in exports from the Delta to save a rare species of fish. Two days after the water conference in Ontario, scientists announced findings that climate changes and population growth could combine to dry up Lake Mead and Lake Powell, two huge man-made reservoirs on the Colorado River, within 13 years.

We're fortunate enough to be enjoying a decent rain year in Southern California after last year's record low rainfall, but the danger signs of drastic shortages are growing nonetheless.

Now — right now — is the time for public and even private institutions to start leading the way into a sustainable water future by getting rid of large swaths of lawns and replacing them with native and drought-tolerant plantings. City halls, schools, colleges, libraries, retail and office complexes all should go drought-tolerant with their landscaping wherever possible, as many of them already have.

Not only will it save them money, it will set an example for homeowners who are going to have to cut back on water usage one way or another — and landscape watering looks to be the most painless way to cut back.

"Sixty percent of the Chino Basin water supply in the residential sector goes to outside irrigation," said Martha Davis, executive manager for policy development at the Inland Empire Utilities Agency, during the Ontario conference. The Metropolitan Water District estimates that 70 percent of its water goes to outdoor use.

Water agencies certainly have been doing their parts to lead the way in conservation. Sites like the demonstration garden at the Chino Basin Water Conservation District in Montclair show how good-looking landscaping can save water.

MWD offers incentives and assistance to businesses and public agencies to cut back on their landscape water use. Inland Empire Utilities Agency and its partner agencies offer homeowners \$2 per foot, up to \$2,000 per residential site, to replace turf with "California Friendly" landscaping.

There are good reasons and good ways to save money and water at the same time.

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JANUARY 2008 RECYCLED WATER PROGRAM UPDATE

Highlights:

- Construction of New Recycled Water Facilities on Schedule.....Page 2
- Two New Recycled Water Customers Connected.....Page 3
- More Federal Funding Coming to the West.....Page 4

PROGRAM DESCRIPTION

The 3 Year Business Plan

The Recycled Water Three Year Business Plan (Plan), adopted by the IEUA Board of Directors on December 20, 2007, is an action oriented document to guide the expansion of the IEUA recycled water system. The Plan will focus on the most cost effective and rapid ways to increase the amount of recycled water available and used within IEUA's service area. The Plan is intended to focus on the 2007-2010 fiscal years and will be revised and updated on an annual basis. Metrics and an annual usage goal will be identified every year. Monthly progress reports will track these metrics and assess the progress toward the annual usage goal.

The implementation of the Plan will result in the development of a new water supply – 37,000 AFY (50,000 AFY Total). The program is self-funded through recycled water sales and the MWD local resources program rebates. Capital projects over the next three years are budgeted at \$120 million, primarily using SRF and Grant funding (accounting for approximately \$115 million). Project status as of January 2008 is shown in Figure 1.0.

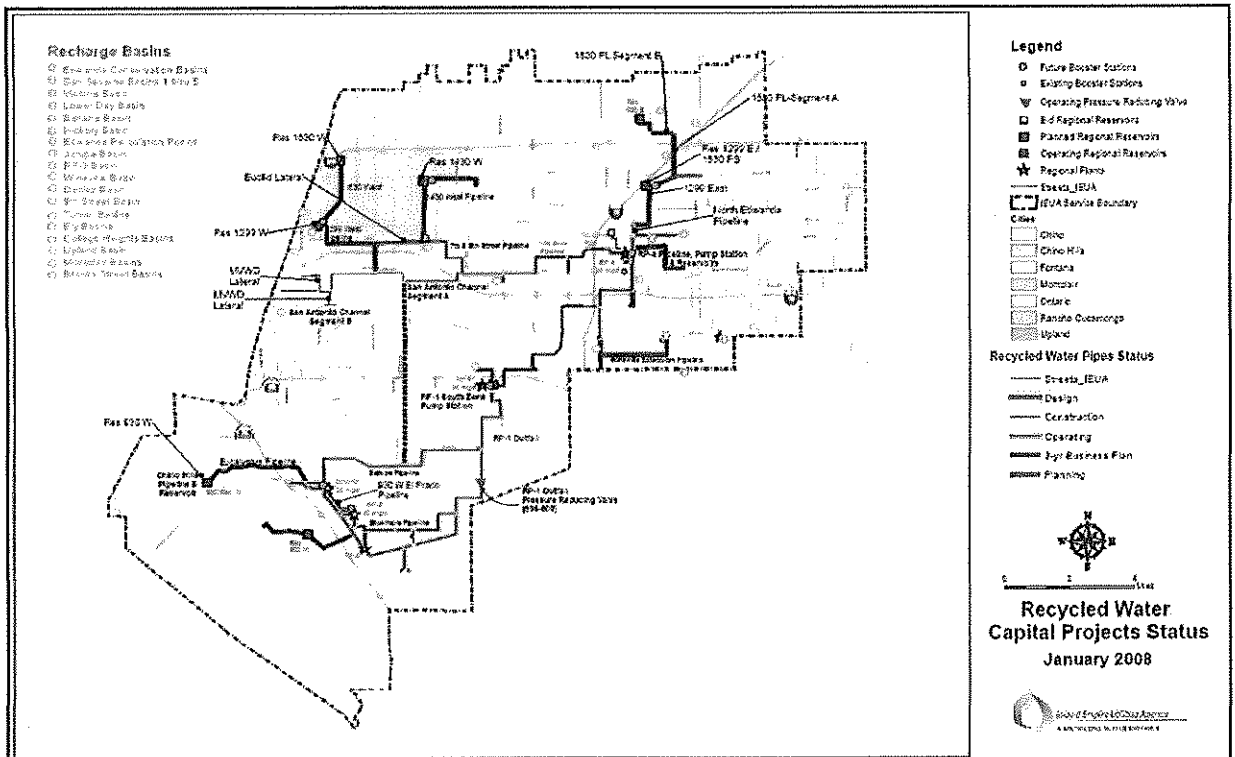
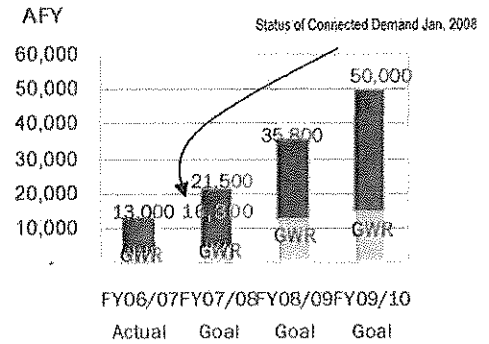


Figure 1.0

CAPITAL PROJECTS SUMMARY

PROJECTS IN DESIGN AND CONSTRUCTION

- Euclid Recycled Water Lateral - Lee and Ro is investigating using the existing 22-inch line owned by the San Antonio Water Company. Video inspection is 75% complete.
- RP-4 1158 Reservoirs - A preconstruction meeting was held on November 12, 2007. Construction to be completed by June 2008.
- 1630 East, Segment A Pipeline- Design contract to be awarded to RMC on February 20, 2008. Alignment evaluation was completed by RMC in January 2008.
- San Antonio Channel Pipeline, Segment B - Construction began in October 2006 and is 50% complete.
- MWW Recycled Water Laterals - Plans are in design with approval expected by January 24, 2008. Approval for State environmental documents and funding expected by March 1, 2008.
- 1158 Pipeline- Segment A and B - Segment A is anticipated to be complete in November 2008. The segment B contract was awarded and will begin in wetlands retention basin area.
- North Etiwanda Pipeline- Notice to proceed was issued October 17, 2007.
- RP-4 Recycled Water Pump Stations- Notice to proceed was issued October 25, 2007. Construction to be complete by June 2008.

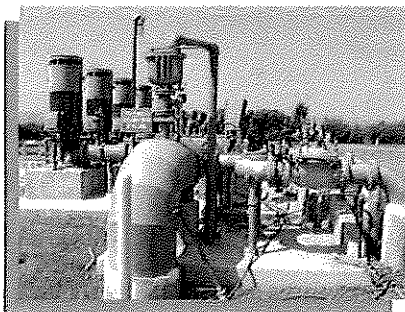


San Antonio Channel Pipeline Construction

CONSTRUCTION PROGRESS

ID	Task Name	2008											
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
1	1158 Reservoirs	████████████████████											
2	1158, Segment B Pipeline	████████████████████											
3	San Antonio Channel	████████████████████											
4	North Etiwanda Pipeline	████████											
5	RP-4 Pumping Stations	████████████████████											
6	Monte Vista Lateral	████████████████████											

PROJECTS IN PLANNING



RP-4 Pump Station

- 1299 East Recycled Water Pipeline and Reservoir/1630 East Pump Station- Concept agreement in place with CVWD. The facilities plan and environmental review are currently underway.
- 1630 Recycled Water Pipeline- Consulting agreement issued to RMC for pre-design.
- 1430 West Recycled Water Reservoir and Pipeline/1630 West Pump Station/1299 West Reservoir and Pipeline- Initial planning underway.
- Northwest Area- City of Upland is proceeding with their master plan. Upon completion, the design of facilities will begin in this area by MWH.
- South Area- Reservoir and pipelines for this area have started pre-design. Upon completion, the design of facilities will begin in this area by Stantech.
- Upland Master Plan (City of Upland) - Master plan in progress.
- North Chino Master Plan (City of Chino) - draft completed in February 2008

CUSTOMER CONNECTIONS

■ **Agricultural customers along the TP-1 Outfall line**

Li Farm off the new Edison Recycled Water Pipeline and Bootsma Farm have been connected. Chad Farm and Petersma Farm are expected to be connected in February 2008. Staff is also working to connect Li Farm on Schaffer Avenue and Kelloggs Compost facility as early as March 2008.

■ **Schools and Parks**

Majority of the potential customers along San Antonio Channel Pipelines are schools and parks. Staff has been working with Cities of Montclair and Ontario as well as the Monte Vista Water District and Ontario-Montclair School District to gear up for the conversion. Staff is also in the process of issuing task orders to proceed with the on-site existing irrigation plans to qualified consulting firms.

■ **Ontario's Recycled Water Accelerated CIP Plan**

The City of Ontario has master planned to connect 146 customers in the next three years that could potentially use over 3,000 AFY of recycled water. The complete plan calls for over \$24 million in construction of city's recycled water laterals to connect a total of 228 new customers increasing the potential recycled water use to over 3,500 AFY.

Targeted Customers for the next 6 months

Future Connections	Expected Connection Date	Expected Usage (AFY)
Chino Hills High School and Wickman Elementary School	February	30
Frito-Lay	February	15
Kaiser Hospital Cooling Tower	March	36
Temple Inland	April	1,100
Bellevue Cemetery	April	200
CIM Additional Farm	April-June	2,000
Chaffey High School	May-August	164
Envision Plastic	May-August	200
California Co-Gen	May-August	150
Montclair High School	June	51
Ontario-Montclair School District	May-August	107
Ontario City Parks	May-August	218
Montclair City Parks	May-August	100
Fruit Growers Supply	July	20
Other Connections	May-August	3,561
	Total	8,000

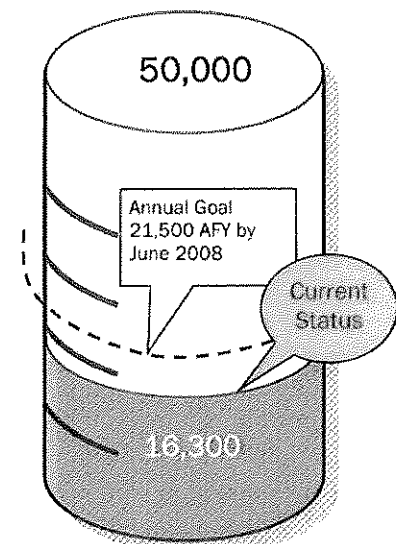


Figure 3.1

Figure 3.1 shows the effect of these new connections (in AFY) on our 3 Year Business Plan goal of 50,000 AFY connected by 2010

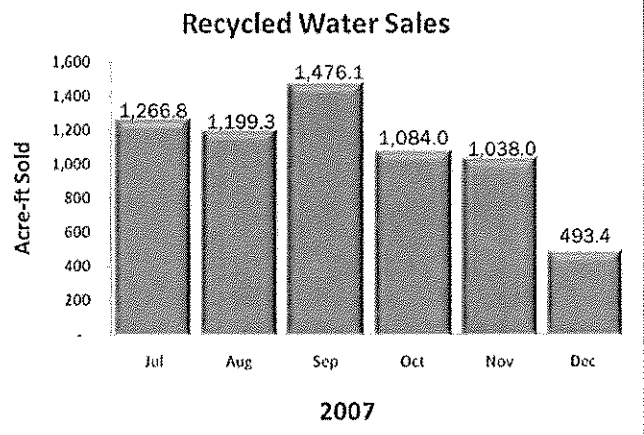
Financial Status Summary

Monthly Recycled Water Sales

FUNDING DEVELOPMENTS

3 Year Business Plan Funding:

- Congress authorized \$30 million to IEUA and CVWD in December 2007. A full grant application for \$20,000,000 was submitted to USBR in January 2008 for the Three Year Business Plan Projects. \$1,000,000 of the \$20,000,000 has been appropriated for IEUA this year.
- The application for the SRF loan of \$32,000,000 for the Northeast Project Area Projects is in process.



Other Funding News:

- At the Congressional hearing on Tuesday January 29, 2008, Lester Snow (DWR Director), Jeff Kightlinger (MWD), and Richard Atwater (IEUA) provided testimony regarding the statewide drought, Delta problems, and climate change impacts. Congressional members supported our request to increase Title XVI recycled water funding for the West.
- \$4,000,000 grant for the San Antonio Channel Projects from the State Water Resources Control Board has been received.
- \$14,752,000 SRF loan for the San Antonio Channel Projects from the State Water Resources Control Board has been received.
- Funding for the \$10,983,000 SRF loan for the RP-4 Reservoir, Pump Station and Pipelines from the SWRCB has been confirmed.
- MWD Local Resource Application in process which would provide \$250/AF rebates for 30,000 AF/Y (approximately \$7 million per year).
- Draft of Public Sector Retrofit Agreement received from MWD. These are the first applications received by MDW.

OPERATIONS AND PLANNING UPDATES

- On Tuesday, January 28, 2008 at 3:45 PM, RP-1 South Zone Pump Station experienced an electrical power failure at the main power center. The Cities of Ontario and Chino were notified of the outage. Within an hour the power was restored and the Cities were notified. At 6:30 p.m. later that evening, it was necessary to reset the power center of the entire RP-1 facility, which required another pump station outage that lasted approximately 1 hour. The Cities were notified again of the outage. Customers did not experience a shortage in supply during either incident.
- There have not been any major line breaks since the RP-4 outfall break at Philadelphia Ave on December 21, 2007. On January 29, 2008 an unidentified driver hit a blow off on Bickmore Ave. east of Euclid. City of Chino staff responded and isolated the blow off. On January 30, 2008, a contractor hit a 2" air relief valve on the 24" Philadelphia RW pipeline. The line was repaired on January 31, 2008 and did not affect any customers.
- RP-4 Water Reclamation Plant will be shut down for five days beginning on February 10, 2008, but customers will not be affected because TP-1 will be able to meet customer demand in that area.



IEUA Headquarters

UPCOMING EVENTS

- Red Team Meeting (IEUA and Member Agency Implementation Team.....February 19, 2008 at IEUA

Regional Conservation Programs Monthly Report – January 2008

MWD Activities

- **Media Campaign & Public Outreach** – MWD’s media campaign concluded in December 2007 and will restart on March 24, 2008, running through the end of April. During the month of May, the campaign will go dark and begin again from June 9, 2008 – June 30, 2008. The campaign will continue to focus on the same messaging and media material developed and delivered under the earlier campaign.
- **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 has been approved by the California Public Utilities Commission to move forward; however, the scope of the program has been scaled down and changed. The program is tentatively scheduled to begin on July 1, 2008; however there are logistical issues with the program, such as who will manage it, who will prepare RFP’s, managing the bidding process, and vendor selection. These issues will need to be ironed out over the next six months. This program is a partnership between Southern California Edison (SCE), MWD and its member agencies. The 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 March 11, 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. Project selections and grant awards will not be announced until April 2008.
- **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.
- **Imported Water Deliveries** – For the month of December 2007, full service water sales totaled 3,922 AF. This is about 193 greater than full service deliveries in December 2006. Calendar Year 2007 Tier 1 deliveries through 12/31/07 totaled the annual limit of 59,752.2 AF. Additionally, 8,923.8 AF of Tier II deliveries were received for the calendar year.

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. The final DWR contract was received in January and reviewed by staff. Minor corrections were identified and resubmitted to DWR for approval and change. The contract is effective January 1, 2008 that allows for match-share costs to be applied against the grant; however, staff is awaiting receipt of final revised contract for signature by IEUA’s General Manager. Program. Chino Basin Water Conservation District recently hired two new staff members in the capacity of Assistant General Manager and Landscape Evaluation Auditor and Program Manager. Program design and staff training are on-going and auditor certifications have been completed.
- **Ontario Cares** – A contract extension was granted by USBR through October 2008 and a revised scope of work with new funding reallocation was approved by USBR. Four more homes within the Ontario service area have requested California Friendly® landscape conversions and sites are anticipated to be completed in early spring 2008.

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 who meet program income requirements.

- **Water-Wise Residential Landscape Retrofit Program** – The Water-Wise Residential Landscape Program application was posted on the IEUA website on December 10th. To date, IEUA has received over 70 inquiries and 12 completed applications.
- **Inland Empire Landscape Alliance** – Alliance staff are focusing their energy on developing a draft regional model ordinance. Marsha Prillwitz spoke at a technical workshop on January 22nd and examined each city's current landscaping ordinances with the proposed model ordinance as well as the Riverside and San Diego county ordinances. Information generated at this workshop will be used to develop the regional model ordinance which will be distributed for discussion in February. The next formal board meeting for the Alliance will be held on Thursday, February 14th at 3:00 pm in IEUA's Board room.
- **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 December 2007, there were zero rebates issued. To date, 444 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 December 2007, there were zero rebates. 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 December 2007, there were zero rebates 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 December 2007, there were zero rebates 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 December 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 December 2007, there was one rebate issued for 46 HET's. To date, 892 high efficiency toilets (HET) have been installed within IEUA's service area since FY 00/01.
- **Zero Water Urinals** – During the month of December 2007, there were four rebates issued for 11 waterless urinals. To date, 610 waterless urinals have been installed within IEUA's service area since FY 00/01.
- **High-Efficiency Urinals** – During the month of December 2007, there were no rebates issued. To date, 8 low-flow urinals have been installed within IEUA's service area since FY 00/01.
- **Weather-Based Irrigation Controllers** – During the month of December 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 December 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 December 2007, there were three rebates issued for a total of 31,600 square feet installed. To date, 31,600 Sq.Ft. of synthetic turf has been installed within IEUA's service area since FY 00/01.
- **High Efficiency Nozzles for Large Rotary Sprinklers** – During the month of December 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 December 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 December 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 December 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 December 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 December 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 December, 6 ULFT rebates were processed. There were 195 rebates were processed during FY 06/07. Since the program was executed in 2002, a total of 4,579 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 December, 78 washer rebates were processed. There were 1,320 washer rebates processed by IEUA in FY 06/07. A total of 8,611 rebates have been distributed since the program was put into practice in 2002.
- **“SmarTimer of Inland Empire” Program** – During the month of December, 1 SmarTimer Irrigation Controller rebate was 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, 372 controllers have been placed to date.
- **Rotating Nozzles for Pop-up Spray Heads** – During the month of December, there were 4 customer rebates processed for a total of 81 nozzles distributed. Since the program’s inception thru December 31, 2007, a total of 659 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.
- **Synthetic Turf Retrofit Rebate Program** – During the month of December, 2 synthetic turf rebates were processed. Since the introduction of the program in July 2007, 2 rebates have been distributed.

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 installed within IEUA’s service area. During the month of December, there were 0 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. IEUA staff has completed irrigation and garden designs. Installations will begin in February. During the month of February, 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. There are 49 performances scheduled for April – June 2008 in the cities of Chino Hills, Chino, Rancho Cucamonga (CVWD), Alta Loma (CVWD), Fontana (FWC), Montclair (MVWD), Ontario, and Upland.

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 26, 2008	Garden in Every School Workshop at Huntington Gardens, 9:00am – 3:00pm
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, 3:30pm – 4:30pm
February 23, 2008	Chino Creek Park Wetlands Grand Opening
February, 27, 2008	Landscape Alliance Breakfast workshop: Inland Empire Regional Composting Facility, 7:30am – 9:30am
March 13, 2008	Landscape Alliance Board Meeting, 3:30pm – 4:30 pm
March 19, 2008	CVWD’s Frontier Project Breakfast & Tour, 7:30am – 9:30am
March 22, 2008	FY 2008/09 GIES workshop

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Drought Watch Newsletter

STANDARD EMPIRE UTILITIES AGENCY

January 2008

Billions of drops in the bucket

Just rethinking how we use water can be as effective as huge infrastructure projects.

By Peter Gleick, President and Co-Founder of the Pacific Institute

After more than a decade of generous rainfall and healthy river flows, the dry years are back. Much of the state, notably Southern California, has been experiencing severe drought. The major reservoirs along the Colorado River are less than half full. Snowpack in the Sierra Nevada last winter was half of normal, and meteorologists say we may be headed into another dry winter despite this weekend's rain.

The possibility of water shortages has spurred more talk than action. Despite holding a special session on water, Sacramento lawmakers did not come up with a borrowing bill to pay for new dams, additional storage space and fixing up the levees in the Sacramento-San Joaquin River Delta. Meanwhile, a coalition of business, labor, agricultural and water leaders recently said it was going to push for bond proposals to finance new dams.

Fortunately, there are cheaper, quicker and greener alternatives to huge, expensive water projects. But this requires rethinking how to manage and consume our water.

We've learned over the years how powerful the actions of individuals, industry and farmers can be at reducing water use. The simple act of setting efficiency standards for toilets and shower heads, or replacing flood irrigation with drip irrigation, has saved us billions of gallons. According to the U.S. Geological Survey, individual Californians use 40% less water today than they did 30 years ago, a truly remarkable achievement that's received far too little attention.

But our conservation and water-efficiency programs are faltering and need to be reinvigorated. One place to start is with thirsty appliances -- dishwashers and clothes washers,

in particular -- that still lack water efficiency standards. On average, washing machines account for 14% of water use in the home. Efficient washers already on the market can cut this use in half. If traditional machines were replaced with the more efficient models, the savings could amount to 33 billion gallons of water a year, according to estimates by the Pacific Institute. That's enough water to provide for the total household needs of more than 600,000 Californians annually.

These efficient washing machines also reduce hot water consumption, saving enough energy to power 85,000 California homes, according to institute estimates. Even better, they can save homeowners more than \$400 in water and energy costs over the machine's lifetime, compared with the old top-loading washers. Cumulatively, these kinds of improvements can postpone -- even eliminate -- the need to impose draconian measures during water shortages.

Unfortunately, while California has passed tougher clothes washer regulations, the federal government is blocking their implementation. The state, in turn, has sued the Department of Energy to let it let us save water and energy.

We also have to take a hard look at our gardens and agricultural fields. As development in California pushes inland, houses are being built

in the hottest, driest areas of the state. A person in a single-family home in Southern California's Metropolitan Water District consumes more than 60 gallons outdoors daily, mostly to water the lawn. That number rises rapidly as you travel inland, where up to 80% of households' total water use is applied to thirsty lawns. Nearly all of this water evaporates and cannot be captured for reuse locally.

Vast expanses of lawn don't belong in California. Replacing grass with low-water gardens would cut our water use substantially. So would replacing inefficient irrigation methods used to grow water-intensive crops.

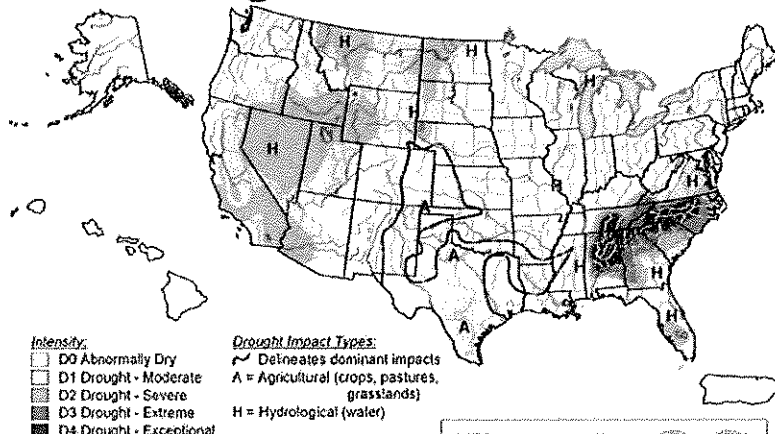
When all the savings achievable using existing technology are combined, water use in the year 2030 could be 20% below current levels and still support a growing population, a vibrant economy and a healthy agricultural sector, according to estimates done by the Pacific Institute. But we can't wish our way there, and our water agencies have yet to adequately put us on that path.

Education and economic incentives can alter people's water-use habits, but tougher regulations, more stringent water efficiency standards and better management and oversight by water agencies will also be necessary. The

California's heavy rainfall early January will do little to ease water shortages because Southern California depends heavily on imported water that has been reduced by prolonged drought and court-ordered cutbacks.

U.S. Drought Monitor January 15, 2008

Valid 7 a.m. EST



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



Released Thursday, January 17, 2008
Author: Rich Tinker, Climate Prediction Center, NOAA

<http://drought.unl.edu/dm>

State Water Resources Control Board has the authority to enforce the state constitutional requirement that water be beneficially used in California. To that end, the board should rethink the question of whether plantation-style lawns, flood irrigation practices and unlimited cultivation of such thirsty crops as cotton still constitute a beneficial use of water in a state

whose population and development are rapidly growing and when global warming poses new threats to our water supplies.

Improving the efficiency of our water use can yield more water than new dams, more quickly and at far less cost than the water bond proposals being kicked around. Lack of water

isn't our problem. Rather it's our lack of proper management of the water we're already paying for, and a lack of vision and diligence on the part of our leadership.

Water laws may throttle growth

Statutes force a district near Lake Perris to assess whether supply will be available for huge warehouse project, which is now on hold.

By Deborah Schoch, Los Angeles Times Staff Writer

Excerpt from the Los Angeles Times

The planned distribution center for the footwear firm Skechers USA would rise on 1.7 million square feet in the Inland Empire, making it one of the largest warehouses in the United States. It would anchor a new community called Rancho Belago, a variation of the Italian for "beautiful lake," after nearby Lake Perris reservoir.

Now, in a sign of growing water anxieties, the Skechers warehouse and six other large projects in western Riverside County are on hold until March or later because the local water agency could not promise to deliver water to serve them.

"Just looking at the raw numbers, we kept coming up short," said David J. Slawson, president of the board of directors of the Perris-based Eastern Municipal Water District, one of the largest districts in the state.

This winter is posing the first significant test of two little-known state laws passed in 2001 that link large development to the availability of water.

"No water. No construction. It's a bad

combination," said Borre Winckel, executive director of the Riverside County Building Industry Assn., which has seen a dramatic decrease in requests for building permits.

But state Sen. Sheila Kuehl (D-Santa Monica), sponsor of one of the two laws, says it is working the way it should, by requiring cities to be realistic about how ambitious developments can strain water supplies to the limit.

The twin laws require local water agencies statewide to assess the needs of large projects and assure that water supplies are there for both existing and new customers for the next 20 years. The Kuehl law focuses on residential growth of 500 units or more, while a related one sponsored by a former state senator, now Rep. Jim Costa (D-Fresno), requires supply studies for all large projects.

Since then, Eastern water district officials approved 82 studies, called water supply assessments, for new projects in the fast-growing region.

Each time, they looked at whether the projects would strain water supplies. Each time, they found that the water was there. That changed last year, amid what some are calling "the perfect drought," a confluence of natural problems sharply decreasing water deliveries to the area: a record-low snowpack in the Sierra Nevada, an eight-year drought in the Colorado River Basin, record-dry weather at home.

The final blow came in late summer with a federal court decision protecting the endangered Delta smelt by limiting water deliveries from the Sacramento-San Joaquin Bay Delta, linchpin of the state Water Project that distributes water statewide. The federal order, made final in December, will reduce deliveries

to Southern California by an estimated 22% to 30%, state officials say.

"What triggered things was the cutback on the state Water Project," said Peter Odencrans, spokesman for Eastern. "That made us think that until we work things out and get some security, we'd better be a little more cautious, and make sure that the data we come up with we do stand behind 100%."

Eastern gets 80% of its water from the Los Angeles-based Metropolitan Water District, the water wholesaler that sells to 26 member cities and agencies. The MWD, in turn, gets its water from Northern California and the Colorado River Basin, and current shortages may force cutbacks to its members as early as May.

The MWD board could approve a formula as early as February that could benefit the Inland Empire by allotting more water to growing areas that are heavily dependent on MWD water.

"We're confident, to a point, that this is not a long-term thing," added Mark Gross, senior planner for the Moreno Valley planning department. "We're hoping that something will get resolved in March."

Slawson, who owns a civil engineering and land surveying company in Moreno Valley, said he was constantly being questioned about the district's delay by owners and representatives of businesses in the area.

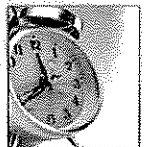
"All I can say is that the water industry is not inclined to act as land planners," he said. "But nonetheless, when they revised the water code to require us to issue these assessments, they changed the rules."

Monthly Water-Wise Conservation Tip:

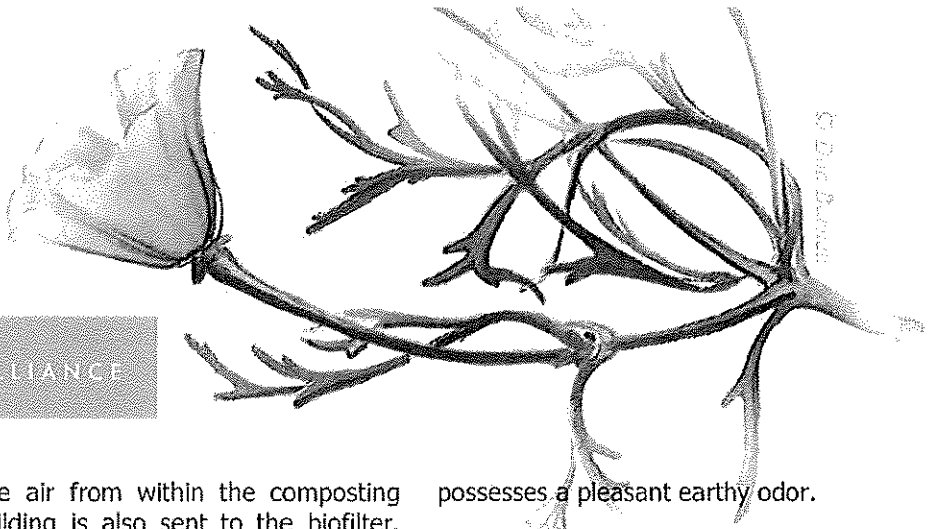
Replace part of lawn with low water use plants to save 1,000-1,800 gallons per month!

Visit www.ieua.org and www.bewaterwise.com for inspiration, information, and incentives

**It Is Time
to get Serious
about Saving Water**



Landscape Alliance Newsletter



INLAND EMPIRE LANDSCAPE ALLIANCE

January 2008

THE NATION'S LARGEST INDOOR COMPOSTING FACILITY

Welcome to the
*Inland Empire Regional
Composting Authority*

By Jeff Zeigenbein, Deputy Manager
of Operations & Organics
Management

Inland Empire Regional Composting Authority (IERCA) operates the nation's largest indoor composting facility, known as the Inland Empire Regional Composting Facility (IERCF). Developed and operated through a partnership between the Inland Empire Utilities Agency and the County Sanitation Districts of Los Angeles County, the IERCA focuses on producing top quality compost under the guidelines outlined in the US Composting Council's Seal of Testing Assurance (STA) program.

The facility began operations in April 2007 and is currently in the ramp-up phase operating at approximately 50% of design capacity. At full capacity, the IERCF will process 300,000 tons per year of recycled products and will produce approximately 225,000 cubic yards (90,000 tons) of compost.

The IERCA produces compost using the aerated static pile (ASP) composting method. In ASP composting, organic material is mixed together in large piles instead of in traditional windrows. Aeration occurs as air is pushed or pulled through the pile. IERCF pulls air directly from the piles and sends the air to a biofilter.

The air from within the composting building is also sent to the biofilter. The biofilter is a 3 acre pile of a special blend of wood chips that treats all of the air removing odors and other regulated compounds before it is exhausted to the atmosphere.

The entire composting process at the IERCF takes approximately 60 days. Active composting lasts for 22 days before the pile is screened and moved into curing. The material will stabilize in curing for between 30 – 38 days. After curing, the compost is ready for distribution and use. Larger materials screened from the compost are recycled back to the beginning of the composting process to again aid in aeration.

Compost is critical to water conservation—it helps the soil to retain moisture, reduce erosion and control sediment runoff, both of which are keys to meeting NPDES standards.

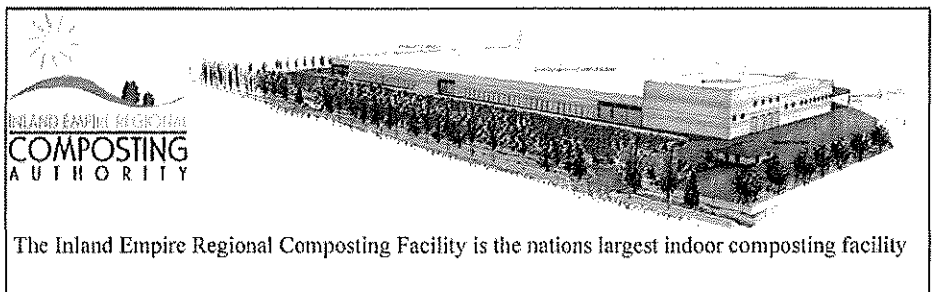
Manufactured from recycled green materials, horse stable bedding, biosolids, cow manure, and other vegetative and woody organic materials, IERCA compost, sold under the brand name SoilPro, is a well decomposed, stable, and weed-free source of organic matter. It contains a full spectrum of micro-nutrients necessary for healthy plant growth, is free of man-made foreign matter, and

possesses a pleasant earthy odor.

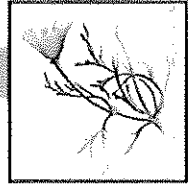
SoilPro compost is a woody-based nutrient rich soil conditioner that can be used in a variety of applications to provide many benefits. Its primary purpose is to be incorporated into the root zone of plants in order to improve soil quality and plant growth. Applications include the use of the product as a soil incorporate, media component, and growing media (in specific vegetative applications). Additionally, SoilPro compost is ideal for controlling sediment runoff and erosion, for revitalizing organically 'dead' and/or compacted or sandy soil, for helping in water conservation efforts (compost acts as a sponge to hold water until plants need it), and with further screening acts as an excellent component for establishing and maintaining turf.

SoilPro compost is screened to both 3/8" and 1/2" and has a bulk density of only 625 lbs per cubic yard, which translates to 3.2 cubic yards per ton. The light weight of the material leads to terrific savings in transportation costs as trucks can haul a very large volume of the product to customers within the southland.

For more information, join the Landscape Alliance during a **Breakfast Workshop on Wednesday, February 27th** and visit IERCA's website at www.ierca.org.



The Inland Empire Regional Composting Facility is the nations largest indoor composting facility



RESEARCH DESIGN CONNECTIONS

New Tools to Manage Stormwater—Without Structures

By Sally Augustin

Excerpt from Landscape Architecture Magazine

Nonstructural measures to manage stormwater quality and volume—physical, regulatory, or educational—are becoming increasingly common in the United States, Australia, and New Zealand. In a recent study, researchers Andre Taylor and Tim Fletcher identified four nonstructural tools that have the greatest potential value for stormwater-management agencies. The authors also present an evaluation framework to assess the performance of these methods.

The researchers define nonstructural stormwater-quality management tools as “[i]nstitutional and pollution prevention practices designed to prevent or minimize stormwater pollution and/or reduce the volume of stormwater requiring management. They do not involve fixed, permanent facilities, and they usually work by changing behavior through government regulation, persuasion, or economic instruments.”

The researchers identified four nonstructural ways to control stormwater quality:

1. Town planning regulations that establish storm-water quality requirements and require development proposals to meet them.
2. Development of local stormwater management plans to improve urban stormwater quality and aquatic ecosystems. Such plans might include “proactive programs that seek to identify illegal discharges of wastewater to separate stormwater networks,” erosion-and sediment-control programs, and interactive community education.
3. Government construction that addresses stormwater-quality issues
4. Maintenance operations undertaken by local governments that affect stormwater quality. These might include maintenance of the stormwater drainage system, litter control, and street sweeping.




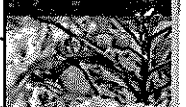




The researchers then developed guidelines for evaluating nonstructural stormwater management methods. These guidelines, including sample surveys and audit checklists, are available in a free 147-page document from the Cooperative Research Center for Catchment Hydrology in Australia (www.catchment.crc.org.au). The

guidelines include seven different components that can be applied together or singly, based on the objective, to evaluate nonstructural measures:

1. Implementation: “Evaluation of whether the measure has been fully implemented as designed and, in some cases, the quality of that implementation.”
2. Changes in people’s awareness and/or knowledge: “Evaluation of whether the measure has increased levels of awareness and/or knowledge of a specific stormwater issue within a target audience.”
3. Self-reported changes in attitudes.
4. Self-reported changes in behavior.
5. Actual changes in behavior: “Evaluation of whether the measure has changed people’s behavior, as indicated through direct measurement (for example, an observational approach).”
6. Changes in stormwater quality: “Evaluation of whether the measure (or suite of measures) has improved stormwater quality in terms of loads and/or concentrations of pollutants.”
7. Changes in the health of water bodies that receive the stormwater.



Upcoming Events

	Tuesday, January 22 12:00 pm-2:30 am	AB1881 Review and Technical Review of Existing Ordinances	Marsha Prillwitz, CUWCC Anza Conference Room, Inland Empire Utilities Agency Headquarters	
	Thursday, February 14 3:30 pm-4:30 pm	Alliance Board Meeting	Board Room, Inland Empire Utilities Agency Headquarters	
	Wednesday, February 27 7:30 am-9:30 am	IERCA composting breakfast and tour	Jeff Ziegenbein, Deputy Manager of Operations and Organics	
	Thursday, March 13 3:30 pm-4:30 pm	Alliance Board Meeting	Board Room, Inland Empire Utilities Agency Headquarters	
	Wednesday, March 19 7:30 am-9:30 pm	CVWD’s Frontier Project breakfast and tour	Robert DeLoach, CEO/GM CVWD 10440 Ashford Street, Rancho Cucamonga CA 91729-0638	

It's Time To Get Serious About Saving Water

Replace part of your lawn with low-water-use plants and save 1,000 to 1,800 gallons of water per month. Replace up to 1,000 square feet of turf and earn up to \$2,000 in rebates in the new Water-Wise Residential Landscape Program.

Remember, the water we save today is the water we'll need tomorrow.

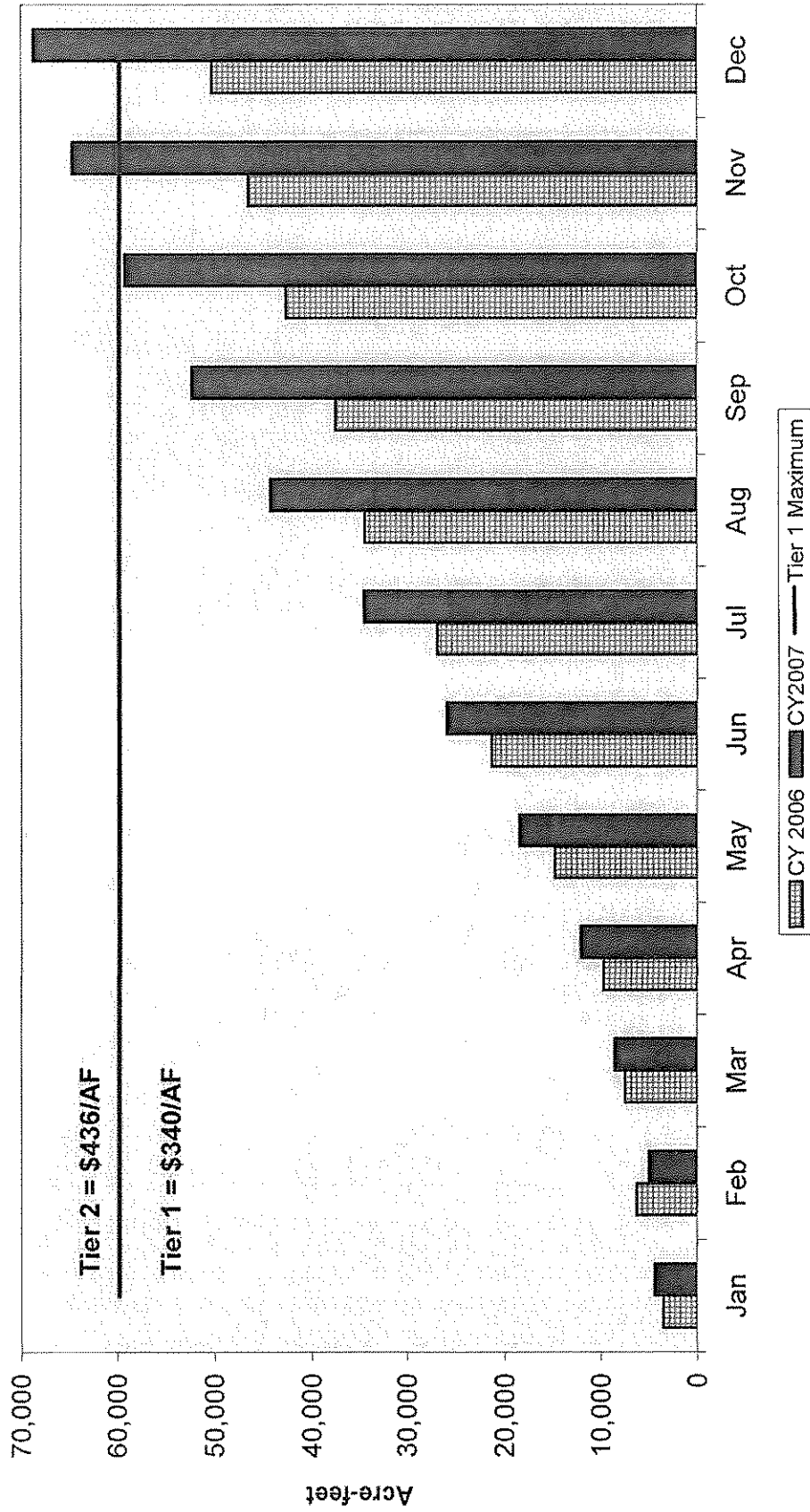
For more information visit www.ieua.org and www.bewaterwise.com or call Inland Empire Utilities Agency at 909-993-1600

WESTERN MUNICIPAL WATER DISTRICT SAN ANTONIO WATER COMPANY FONTANA WATER COMPANY

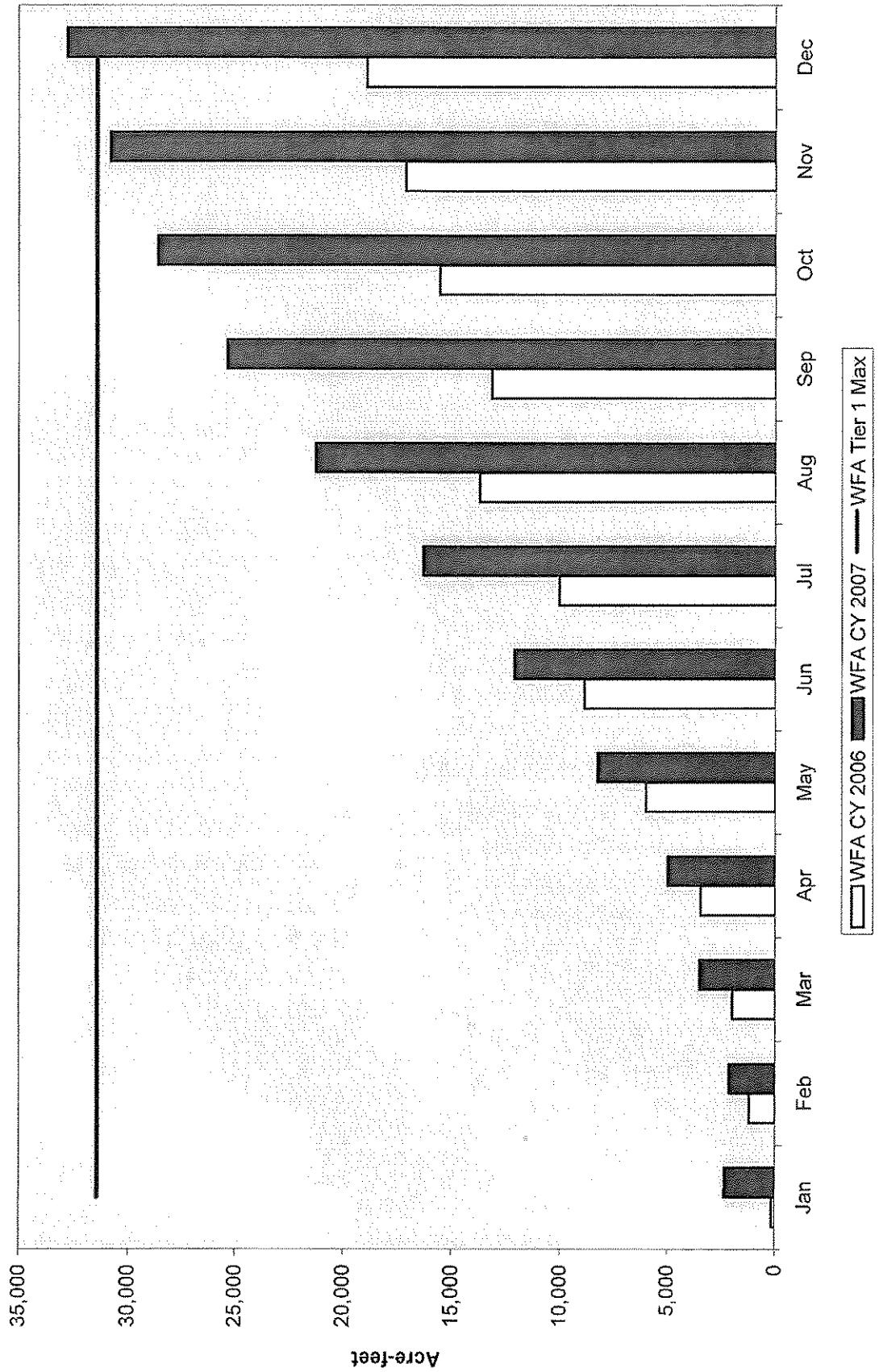
CHINO BASIN WATERMASTER CITY OF UPLAND MONTE VISTA WATER DISTRICT

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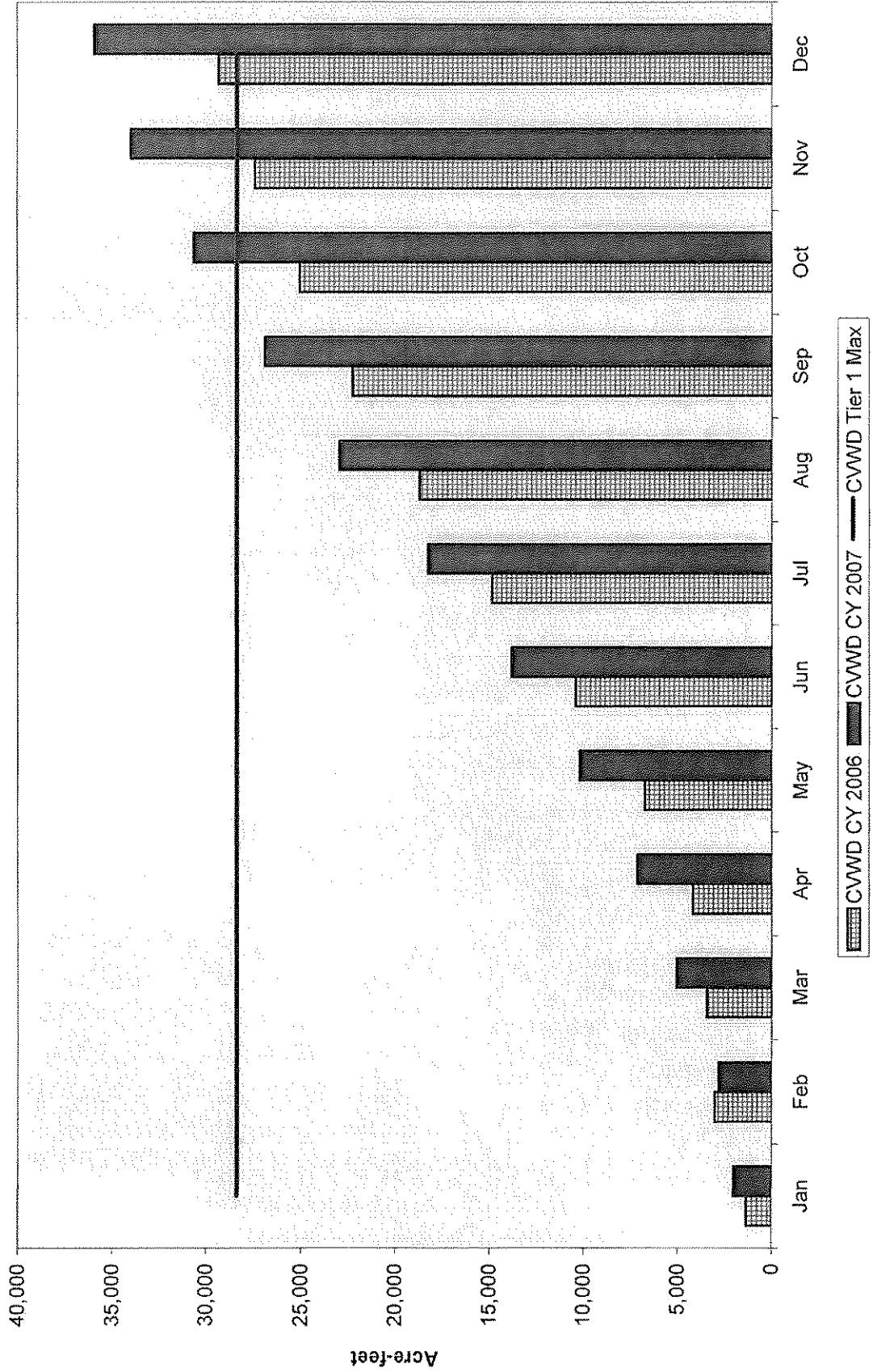
IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2006 and Calendar Year 2007



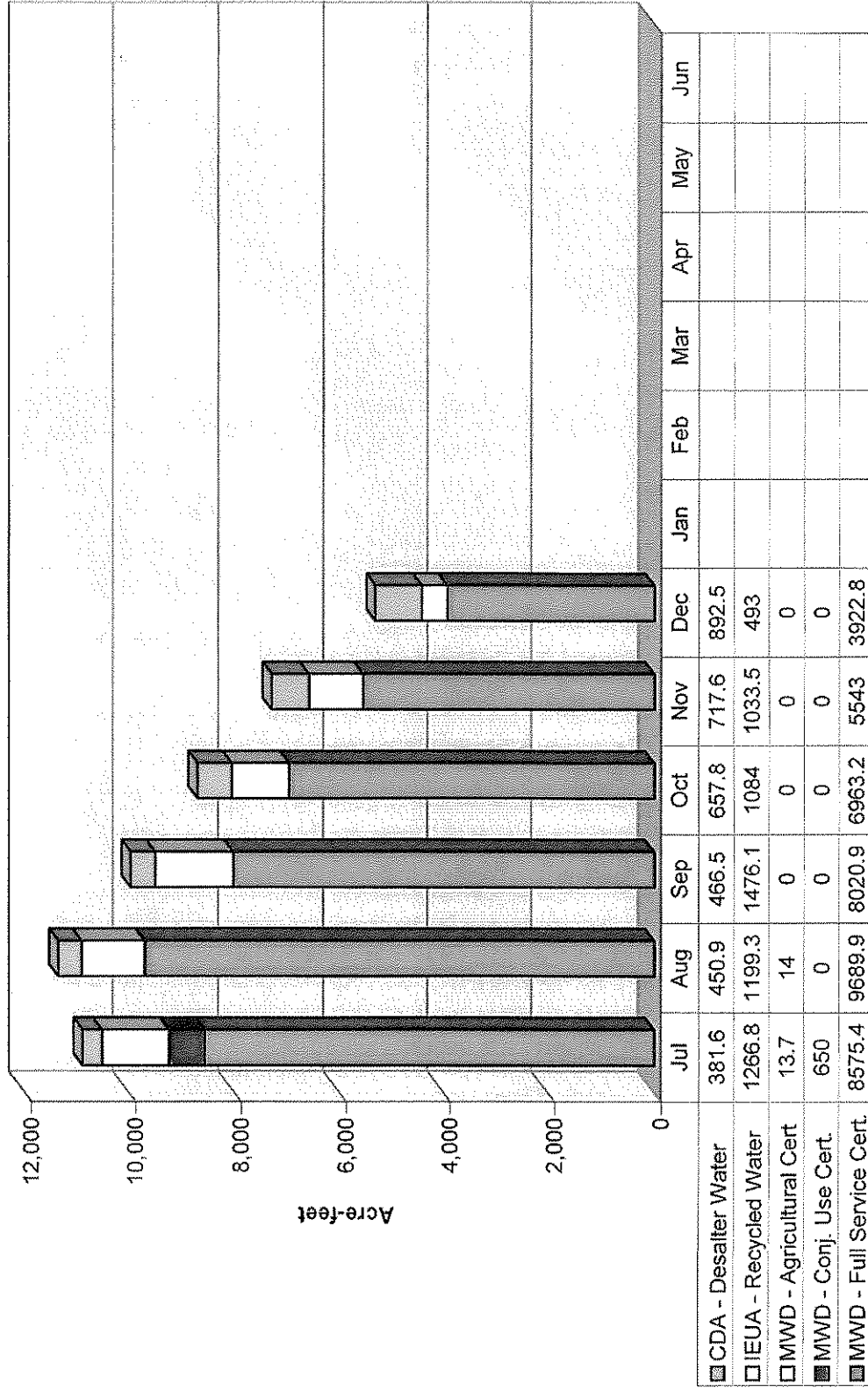
WATER FACILITIES AUTHORITY
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007



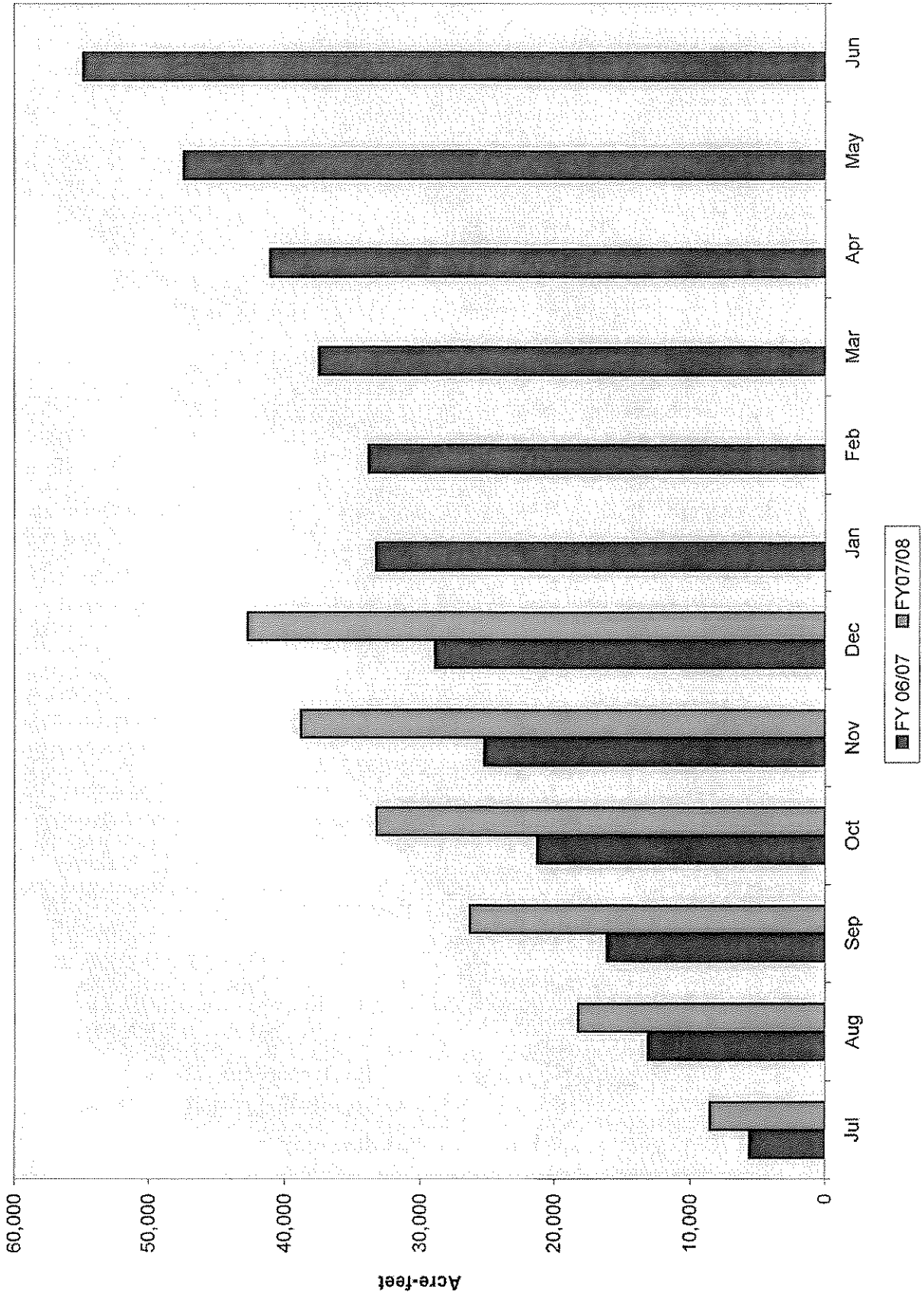
CUCAMONGA VALLEY WATER DISTRICT
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007



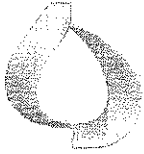
**FY 07/08 Monthly Water Production From Within IEUA's Service Area
Imported, Desalinated, and Recycled Sources**



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



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Inland Empire
UTILITIES AGENCY

Date: February 20, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (02/13/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: January 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

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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: January 23, 2008

Re: January Monthly Legislative Update

2007 and the fiscal year 2008 appropriations process may have been long, arduous and very drawn out but IEUA finished the year spectacularly well with our Water Recycling project authorized and \$984,000 appropriated for the project both in the Omnibus Appropriations package! We are still very happy about getting our legislation authorized! In comparison, January seems a little quieter as we get ready for FY'09.

The House returned to work on January 15 while the Senate came back on January 22. Due to these late January returns, not much legislative business has been accomplished at this point in the second session of the 110th Congress. The main focus of the Congress for the remainder of January will be the economic stimulus package that, as you may have read in the newspapers, the President and Congress are working to push through in a speedy, bi-partisan fashion.

In fact, congressional leaders and the White House hope to have an agreement in place on the economic stimulus package to announce before President Bush's State of the Union address on Monday, January 28. Last Friday, President Bush outlined principles for a package estimated to cost roughly \$145 billion, about 1 percent of gross domestic product, the amount most economists say is necessary to pump into the economy. About two-thirds would be geared toward individuals in the form of tax rebates, while the remainder would come as business tax breaks, including small-business incentives.

While House and Senate leadership may have an ambitious legislative agenda for the second half of the 110th Congress, what they are able to pass and have signed into law may be far less impressive. The political reality of Washington in an election year is that issues which don't have broad bipartisan backing often don't get very far. Members of Congress and Senators are not willing to cast politically risky votes and their respective leaderships are loath to make them. Furthermore, many lawmakers seem resigned to the fact that the fate of their agenda rests largely with the Senate, where 60 votes are needed to pass most legislation and Democrats hold only 51 seats. Nevertheless, that will not stop Members from pushing energy initiatives and continuing to try to alter the Bush administration's approach to the war in Iraq.

Innovative Federal Strategies LLC

Also on the congressional agenda, is the completion of the House-Senate conference committee on the farm bill. Meetings between House and Senate agriculture committee aides to try to reconcile the two versions of the farm bill are expected to continue while administration officials continue to insist that they will not accept any tax measures to raise revenue for the farm bill budget. Apparently, the \$5.2 billion in direct payments farmers are scheduled to get each year whether prices are high or low are "still on the table" as a source of funds to pay for other parts of the bill. In the meantime, the Senate Agriculture Committee has scheduled a confirmation hearing Thursday, January 24 on the nomination of former North Dakota GOP Governor Ed Schafer to be Agriculture Secretary. Some hope that the Senate can confirm Schafer quickly so that he can attend President Bush's State of the Union address on Monday, January 28.

The later part of January will be busy for Inland Empire Utilities Agency in Washington. Rich is coming back to testify on January 29 before the Water and Power Subcommittee for the Oversight Hearing on "*The Immediate Federal and State Role in Addressing Uncertain Water Deliveries for California and the Impacts on California Communities*". We are scheduling meetings for him in his short window of available time with the staff of our Congressional sponsors to discuss the Water Recycling project and fiscal year 2009 appropriations. With Martha and Rich's help, we are finalizing our fiscal year 2009 strategy, our project requests and white papers to be ready in time for the February deadlines.

We look forward to working together for a successful 2008!



Inland Empire
UTILITIES AGENCY

Date: February 20, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (02/13/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: January 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

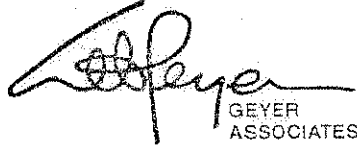
None.

RWA:MD

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BILL GEYER
JENNIFER WEST



CONSULTING AND ADVOCACY IN CALIFORNIA GOVERNMENT 1029 K ST., SUITE 33, SACRAMENTO, CA 95814, (916) 444-9346 FAX: (916) 444-7484, EMAIL: geyerw@pacbell.net

MEMORANDUM

TO: Rich Atwater and Martha Davis
FROM: Jennifer West
DATE: January 23, 2008
RE: Sacramento Legislative Report

Budget Crisis Dominates Politics in Sacramento

On January 10, the Governor released his proposed budget for the 2008-09 fiscal year. In addition, the Governor declared a "fiscal emergency" and called a Special Session of the Legislature, consistent with Proposition 58, to address a projected General Fund (GF) current year shortfall. The Department of Finance projects a GF shortfall of approximately \$14.5 billion (\$3.3 billion in 2007-08 and \$11.2 billion in 2008-09) for the two-year period ending June 30, 2009. In addition, in order to end 2008-09 with a positive GF reserve of approximately \$2.8 billion, a total of \$17.3 billion in GF solutions over the two-year period is required. The overall solutions in the Governor's budget include:

Sale of the remaining Economic Recovery bonds by March	\$3.3 billion
10 percent reductions (current year)	\$0.2 billion
10 percent reductions (budget year)	\$9.1 billion
No additional payments on economic recovery bonds	\$1.5 billion
Proposition 98 current year adjustments (school cuts)	\$0.4 billion
Additional tax collections	\$0.4 billion
Other Special Session reductions	\$0.3 billion
Accrual shift of 2009 tax payments	\$2.0 billion
	<hr/>
	\$17.3 billion

The full Assembly and Senate Budget Committees have met and decided that for now they intend to address only the needed spending cuts for the current year and then move on to the cuts for next year. They have also decided not to endorse the budget solution of

“across the board 10 percent cuts” that the Governor has proposed. The Committees have stated that they intend to prioritize spending cuts based on needs.

Local Property Tax Revenues

The Governor has not called for the suspension of Proposition 1A, which is required, in addition to a 2/3 vote of the Legislature, before the state can borrow local government funds, as specified by Proposition 1A. IEUA has been working closely with SAWPA and ACWA to develop a strategy to protect local property tax revenues should that become necessary. A suspension of Proposition 1A is not likely to occur until the May Revisé is issued and when the cuts associated with the 2008-09 budget will likely be proposed by the Legislature.

Roll Out of Proposition 84 Funds

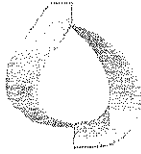
The Governor’s budget has few specifics and the Budget Subcommittees have not yet met to discuss the details of his budget. The following are highlights from the Governor’s budget on bond expenditures from Prop. 84:

- \$350 million and 9.5 positions for DWR for projects that increase water supplies, encourage water conservation, improve water quality and reduce dependence on imported water. This probably includes funding for IRWMP.
- \$89.1 million for the State Coastal Conservancy to restore coastal wetlands and watersheds and promote public access to the coast. This probably includes funding for the Santa Ana River Watershed program funded in Prop. 84.
- \$15.8 million and 10.5 positions for DWR to complete feasibility studies for surface water storage projects, evaluate climate change impacts on the state’s water supply and flood control systems, and develop a strategic plan for the sustainable management of the Delta.
- \$44.8 million to the SWRCB for the Urban Stormwater Grant Program. This provides grants to local public agencies for projects that mitigate stormwater runoff.

Any additional bond fund authorizations will place additional pressure on the state’s debt service payments and to some extent the GF. The Republican caucuses in both houses are still deciding what bond funds they want the state to roll out in this fiscal year. The roll out of the transportation bond funds are reportedly a top priority for the Republican caucuses.

Bill Introductions

The next legislative report will include a list of newly introduced water and energy related bills for the 2008-09 session. In 2008, IEUA will also continue to sponsor AB 224 (Wolk), regarding water planning and climate change. IEUA also plans to work closely with WaterReuse and MWD on possible recycled water legislation for 2008.



Inland Empire
UTILITIES AGENCY

Date: February 20, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (02/13/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: January 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.

RWA:MD

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January 23, 2008

To: Chino Basin/OBMP Coalition
From: Michael Boccadoro
Senior Vice President
RE: January Status Report

Please find attached the status report from The Dolphin Group for the month of January 2008.

The Legislature reconvened on January 7 for the second year of the two year session, and immediately set to work addressing the looming budget problems which will likely affect a broad array of legislation, potential bond initiatives and health care proposals.

Additionally, after yet another delay, the CPUC is again expected to approve the standard contracts for the purchase of renewable energy in late January.

Chino Basin / OBMP Coalition

Status Report – January 2008

ENERGY/REGULATORY

AB 1969 Implementation

After postponing action in December, the California Public Utilities Commission is expected to approve tariffs related to AB 1969 (Yee – 2006) on January 31st. The tariffs would require utilities such as Southern California Edison to purchase renewable electricity from public water and wastewater agencies at the standard market price reference (MPR).

The postponement occurred due to SCE's contention that the Commission erred when it originally approved the programs in July of 2007. Although the Commission had not ruled in favor of Edison, Commission staff held the item to ensure that all procedural rules had been followed.

Once approved by the Commission, SCE will have 10 days to submit their final tariffs, at which time the program will become fully effective. SCE's program will be filed under tariff schedule "WATER."

AB 1969 Analysis

As discussed above, although AB 1969 became law over a year ago, due to procedural delays at the CPUC, it has yet to become fully implemented. In order to better understand how the program will work, DGI and IEUA have begun preparing a case study to request of SCE to analyze the efficacy of the WATER tariff, particularly when compared with the current biogas net metering scheme utilized by IEUA.

By late January, DGI and IEUA intend to formally request that financial analyses be conducted by the utility on these comparisons. Using the 2007 data from aggregated accounts and the generation unit as the base case, the various scenarios will include:

- Selling all produced biogas power to SCE
- First using energy to offset electrical consumption at the location where the generation is installed, then selling excess produced energy to SCE
- Analysis of a solar installation at the same location, with analysis of both the "full sell" option, as well as off-setting on-site load first

DGI and IEUA are optimistic that these analyses can be completed in a matter of weeks, greatly informing various water and wastewater agencies about the costs and benefits associated with both biogas net metering and the new WATER program.

2008-2009 STATE BUDGET

There is little doubt that the state budget process will overshadow almost every part of the political process at the Capitol this year. As the projected structural shortfall continues to climb above \$14 billion, the budget process has begun early and in earnest.

Following the release of Governor Schwarzenegger's proposed budget in early January, the non-partisan Legislative Analyst Office released its evaluation of the proposed budget and California's on-going fiscal problems. While the LAO noted that the Governor's assumptions were reasonable regarding the fiscal situation, it noted that revenue solutions such as increased fees and/or taxes should be expanded.

The problem is furthermore expanded to the current 2007-08 budget, in that the Governor has declared a fiscal emergency and requested mid-year budget cuts. The Legislature has 45 days to supply the Governor with a plan to address the emergency.

Figure 1
Governor's Budget General Fund Condition

(Dollars in Millions)

	Actual 2006-07	Proposed 2007-08	Proposed for 2008-09	
			Amount	Percent Change
Prior-year fund balance	\$9,896	\$4,372	\$1,757	
Revenues and transfers ^a	95,887	100,759	102,904	2.1%
Total resources available	\$105,785	\$105,131	\$104,661	
Expenditures	\$101,418	\$103,578	\$100,996	-2.3%
Ending fund balance	\$4,372	\$1,757	\$3,665	
Encumbrances	\$895	\$995	\$995	
Structural Shortfall	\$11	\$17	\$11	
Budget Stabilization Account (BSA)	472	—	—	
Reserve for Economic Uncertainties	3,015	872	2,776	

^a Display of revenues related to the BSA is different than the administration. The 2006-07 amount includes \$472 million and 2007-08 amount includes \$1.823 billion in General Fund revenues received in these years and transferred to the BSA. The administration instead shows the entire \$1.454 billion as 2007-08 revenues, when the funds were transferred back to the General Fund.

Figure 7
General Fund Spending by Major Program

(Dollars in Millions)

	Actual 2005-07	Estimated 2007-06	Proposed 2008-09	
			Amount	Percent Change
Education				
K-12 Proposition 53	\$37,264	\$37,473	\$35,481	-5.0%
Community Colleges Proposition 55	4,090	4,118	4,027	-2.2
UC/CSU	5,893	6,231	6,095	-2.1
Other	4,120	6,027	6,587	7.8
Health and Social Services				
Medi-Cal	\$13,466	\$14,064	\$13,585	-3.4%
CalWORKs	2,016	1,481	1,547	4.5
SSI/SSP	3,533	3,641	3,748	2.9
In-Home Supportive Services	1,474	1,690	1,633	0.2
Other	8,590	8,762	8,786	0.3
Youth and Adult Corrections	\$9,118	\$10,096	\$10,268	1.7%
Transportation	\$2,890	\$1,459	\$1,485	3.2%
All Other	\$9,607	\$8,414	\$8,837	5.0%
Totals	\$101,416	\$103,978	\$100,996	-2.8%

2008 LEGISLATIVE SESSION

On January 7th, the Legislature formally began the second year of its session. While a few months ago many parties were optimistic that deals could be reached on both health care and water infrastructure issues, the ongoing budget problems has made leaders much more skeptical that such expansive projects can be moved forward this year.

Given the budget situation and the current year fiscal emergency, budget committees have already begun to meet, and do so twice weekly. Such hearings usually do not begin until March or April.

Legislators have also begun to introduce new measures. They have until February 22nd to introduce new measures, although various bills from last year may still be alive in the legislative process.



Inland Empire
UTILITIES AGENCY

Date: February 20, 2008
To: The Honorable Board of Directors
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: January Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

Dave Weiman provides a monthly report on his federal activities on behalf of IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

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Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

January 23, 2007

Legislative Report

TO: Richard W. Atwater
General Manager, Inland Empire Utility Agency

FR: David M. Weiman
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

SU: Legislative Report, January 2008

Highlights:

- Congress Returns Second Session, 110th Congress
- The Unexpected – Economic Downturn – Need for Stimulus – Exploring Possibilities for Accelerated Title XVI Funding
- Napolitano Subcommittee Calls Hearing on Delta – Implications of Recent Court Rulings that Likely Restrict SWP Water to Southern California
- Santa Ana River Natural Treatment, Brine Line and Low Chino Desalter – Part of Title XVI – Passed by Resources Committee, House Floor – Pending in Senate.
- Napolitano-McMorris Rogers Ask Bureau of Reclamation to Post Water Recycling Research on their Web Site
- Southern California Fires, Relief Legislation and Title XVI
- Drought Profile
- IEUA Priorities, 2008
- Rumor of the Month – A Bureau of Reclamation Climate Change Initiative Pending?
- News and Notes

- **IEUA Working Partners**

Congress Returns Second Session, 110th Congress. With enactment of the annual funding bill in December, Congress closed the first session of the 110th Congress. The Second Session began in mid-January. As a practical matter, the functional “start” of the session traditionally begins with the President delivering the State of the Union address which was originally scheduled for January 22, but was pushed back at the request of the White House until January 29. One week later, in early February, the Administration will submit its proposed “budget” to Congress. That is, they submit proposed overall spending limits and allocations by department, agency and within agency, by function. With that, the annual appropriations cycle begins anew.

The Unexpected – Economic Downturn – Need for Stimulus – Exploring Possibilities for Accelerated Title XVI Funding. As the year came to a close, the economy began to dominate the Nation’s attention (housing, foreclosures, subprime mortgages, jobless reports and other economic indicators) in the media and reflected in the presidential campaign). In January, the Administration and Congress both decided, on a rare bi-partisan basis, to put a Stimulus package together. It is expected to be acted upon in the House at the end of January or beginning of February. IEUA, working with Chairwoman Napolitano’s Water subcommittee, explored the possibility of providing accelerated funding for Title XVI. After all, there are projects that are ready-to-go, ready to issue contracts and would put workers to work in the semi-stalled construction trades. The Subcommittee is talking to the Leadership about this. The first part of stimulus will be tax-rebate based. There is already talk of a second bill for which Title XVI funding might qualify. IEUA is encouraging it.

Napolitano Subcommittee Calls Hearing on Delta – Implications of Recent Court Rulings that Likely Restrict SWP Water to Southern California. On January 29 (same day as the State of the Union Address), the Water and Power Subcommittee will hold a hearing to explore the implications of the recent Federal Court order. The Subcommittee is asking four major questions regarding the Court decision – *how each level of government can respond, what near-term strategies we as water users can take, how various federal and state operational plans be integrated, and how are water agencies and water users adapting to these changing circumstances.* Chairwoman Napolitano invited IEUA’s Rich Atwater to testify. Other witnesses include MWD Board Chair Tim Brick, Bureau of Reclamation Commissioner Bob Johnson, DWR’s Lester Snow, Rick Fran, Delta Vision Process and several representatives of agriculture. Atwater and Brick will be the two voices from Southern California.

Santa Ana River Natural Treatment, Brine Line and Low Chino Desalter – Part of Title XVI – Passed by Resources Committee, House Floor – Pending in Senate. Near the end of the first session, legislation (H.R. 813) introduced by Rep. Gary Miller, and cosponsored by Reps. Ken Calvert, John Campbell, David Dreier, Dan Rohrabacher, Ed Royce and Loretta Sanchez, to provide authority to authorize \$50 million Federal cost-shared funds desalination, \$40 million in Federal Funds to underwrite brine removal and \$20 million to provide develop large-scale wetlands in the Prado Basin (natural treatment) passed unanimously

in the House. Rep. Grace Napolitano's Water Subcommittee had responsibility for the bill and the Chairwoman actively supported the bill. The following day, the bill was received in the Senate and immediately referred to the Senate Energy Committee and is now on the Committee Calendar. Whether or not the bill will be able to move quickly is problematical. All Senate Energy Committee bills (parks, water, mining, public lands, etc.) have been blocked by a small group of Senate "budget hawks." There are some 80 bills pending floor action – all presently blocked. There are another group 80 or so additional bills that have already been "pre-cleared" for Committee action and still a third batch of bills, the Miller bill among them, that the Committee would like to consider. Chairman Jeff Bingaman and his Committee staff are working with the respective leadership to remove the objections and to clear these bills.

Napolitano-McMorris Rogers Ask Bureau of Reclamation to Post Water Recycling Research on their Web Site. House Water and Power Subcommittee Chairwoman, Grace Napolitano and her ranking member, Rep. Cathy McMorris Rogers Napolitano, just before the end of the year, asked Commissioner Bob Johnson to post all water recycling research funded by the Bureau of Reclamation's Title XVI program on the web site. The Subcommittee was concerned that significant funds were expended for this research, but the Bureau made no effort to share this research among and between water waters and, in general, further promote its use nationally and internationally..

Southern California Fires – New Justification for Title XVI. The fires last Fall were huge news – even back here. Chairman Napolitano and her Subcommittee are exploring whether or not funding for Title XVI can be expanded to include development of recycled water for fire fighting purposes. Again, stating the obvious – water is the critical tool of the fire fighter. Much of the water used to fight these fires was already treated. In other words, our most expensive and most treated supplies were tapped to fight fires. In turn, that is leading to the question – why aren't we using recycling water for this purpose rather than highly treated supplies? This discussion provides another new justification for Title XVI – the protection of life and property. Since the fires, informal discussions have occurred with DC Reps, ACWA, MWD, the Subcommittee, Committee and the Speaker's. It's being put "on the table" for consideration. Given the Interior Department's antipathy towards the program, this might be a new way to revitalize it.

Drought Conditions. During the last quarter of 2007 and early 2008, drought conditions generally remained constant and have been improving slightly according to the USDA/NOAA Drought Monitor. However, "severe" drought still exists in major parts of Southern California and throughout the West drought conditions centered – north to south – up and down the Rocky Mountain states. Approximately one-third of the entire State of California is in a condition described by the Drought Monitor as "extreme," most of which is located/centered throughout Southern California (and all of the MWD service area). More than 90% of the California is in some level of drought condition. Portions of Nevada and the entire border region of Arizona that adjoin California are classified as Extreme Drought. Notwithstanding a series of Fall and early Winter Storms, the region remains "water short."

IEUA Priorities – 2008. IEUA management is making the funding of the Title XVI recycling project its major priority for 2008.

Rumor of the Month – BuRec Climate Change Initiative. There are rumors – wholly unconfirmed – that the Bureau of Reclamation’s budget for the coming year, due to be released in early February, will contain some kind of new initiative – related to climate change. No details are known. Bureau initiatives, such as they are, are typically limited to some level of minimal research. If accurate, this is remarkable for several reasons. First, the Administration has been generally cautious on this issue. Second, the Bureau has been silent throughout 2007 on the issue (which has been noticed by House and Senate Committee and Western Members). Third, the Bureau has been reluctant to do anything that might expand what they define as its “core” mission (status quo). More will be known next month.

News and Notes. Domenici to Step Down. Steve Lanich retires. The Water and Power Subcommittee Staff Director, Steve Lanich, retired at the end of 2007. Steve worked on the Subcommittee and/or full Committee for some 22 years and was the senior-most water staffer on the Hill. He was one of water recycling’s biggest supporters. Steve also worked at EPA, at the Interior Department during the Carter Administration and briefly in the Senate. **Senator Pete Domenici announces retirement at end of 110th Congress.** Senator Domenici served as Chair, Senate Energy Committee and presently is the ranking Republican on the Committee. On Appropriations, he previously chaired and currently serves as ranking member of the Subcommittee on Energy and Water Development, the funding subcommittee that provides annual funding for Bureau of Reclamation programs. He is a supporter of water recycling. **Secretary of Agriculture.** The White House named Chuck Conner, Acting Secretary, but a replacement has yet to be nominated.

IEUA Continues to Work With Various Partners. On an on-going basis in Washington, IEUA continues to work with:

- a. Metropolitan Water District of Southern California (MWD)
- b. Milk Producer's Council (MPC)
- c. Santa Ana Watershed Project Authority (SAWPA)
- d. Water Environment Federation (WEF)
- e. Association of California Water Agencies (ACWA)
- f. WateReuse Association
- g. CALStart
- h. Orange County Water District (OCWD)
- i. Cucamonga Valley Water District (CVWD)
- j. Western Municipal Water District
- k. Chino Basin Watermaster



Date: February 20, 2008

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (02/13/08)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

Outreach/Tours/Workshop

- **January 21**, tour of IEUA facilities for Cal State San Bernardino students
- **January 23**, tour of HQ for Victor Valley Water District consultants
- **February 1**, tour of IEUA facilities for Bret Manly, Legislative Assistant to Congressman Gary Miller.
- **February 12**, tour of RP-5 for American Groundwater Trust
- **February 15**, tour of IEUA facilities for Northern California Assembly Member Jared Huffman, GM and staff from Sonoma County Water District.

Calendar of Upcoming Events

February 2008

- **February 1**, Water Crisis workshop hosted by the Water Districts of San Bernardino and Riverside County. Morongo Casino, 9:00 a.m. to 1:00 p.m. Western Municipal Water District, Eastern Municipal Water District
- **February 7**, Three Valleys MWD Leadership Breakfast, Sheraton Pomona Fairplex, 7:30 a.m.
- **February 7**, Tech and Policy, City of Upland Tech at 3:30 p.m. Policy at 5:00 p.m.
- **February 14**, Landscape Alliance meeting, IEUA Board Room, 3:00 p.m.
- **February 23**, Chino Creek Park Grand Opening, 10:00 a.m.

March 2008

- **March 7**, Tech and Policy, City of Upland, Tech at 3:30 p.m. Policy at 5:00 p.m.

- **March 13**, Landscape Alliance meeting, 3:00 p.m.
- **March 17**, IEUA hosted Special Districts dinner at the Panda Inn, 6:00 p.m.
- **March 25, 2008**, IEUA hosted dinner at the WaterReuse conference Marriott Hotel, Newport Beach, 7:0p.m.
- **March 27**, Department of Water Resources Public Hearing, IEUA Board Room 8:00 a.m. to 4:00 p.m.

April 2008

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

May 2008

- **May 1, 2008**, 5th Annual Riverside County Water Symposium, Morongo Casino Resort & Spa 9:00 a.m. to 3:00 p.m.

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- Eight page ad to run the end of February.
- Two page educational ad to run the end of February.

WATER CONSERVATION OUTREACH

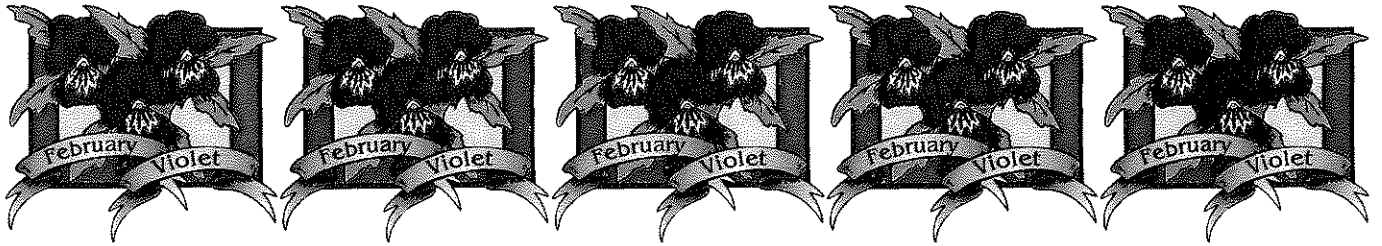
IEUA is submitting conservation tip messages to our local chambers for their newsletters and to our local newspapers. IEUA’s Public Service Announcement (PSA) is being finalized and should be on all of our local TV channels by the end of February.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

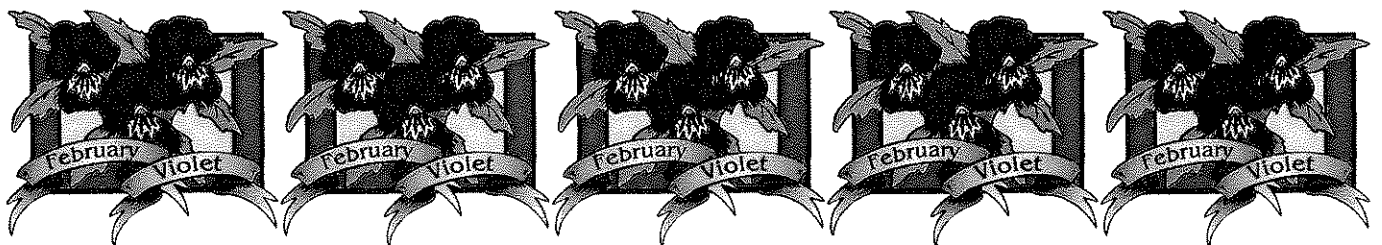
None.



CHINO BASIN WATERMASTER

VII. INFORMATION

1. Newspaper Articles





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Home News Sports Business Opinions Entertainment Living Info

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Traffic: 10E 10W 15N 15S 57N 57S 60E 60W 210E 210W Weather: ONTARIO, CA | Now: 51°F | High: 58°F | Low: 43°F | 5-Day Forecast

Most Viewed Most Emailed

- 1. In-N-Out cancels beef contract
2. 4:25 p.m.: Former Pomona resident has been arrested in 17-year-old...
3. Boy tells police pit bull attack was intentional
4. Area schools trim beef from menus
5. Driver of stolen truck killed in CHP chase
6. Jury exonerates Webb in taped shooting of airman after chase
7. Ambulance collision
8. Laborer faces rape, carjacking charges
9. Cage fighter held in beating of son
10. 7:01 p.m.: Claremont affordable housing project in jeopardy

Water sustainability to be priority

Article Created: 01/31/2008 08:25:25 PM PST

RANCHO CUCAMONGA - The Cucamonga Valley Water District doesn't want to scare its customers, but with a drought this severe, it is calling on residents to change the way they think about their water usage.

At Wednesday evening's workshop on the state's water crisis - the first of three this year - district officials identified the problems of depending on imported water and discussed ways to be sustainable.

"We have to think about a new way of life," said Jim Curataio, district board president.

About half the district's water supply comes from the Sacramento-San Joaquin Bay Delta, which is not only drying up, but susceptible to a number of environmental, political and infrastructural impacts.

This past summer, a judge ruled that the imported supply has to be cut in order to save the delta smelt, a small endangered fish found only in the delta.

Earthquakes, flooding or other natural disasters could also cripple the distribution system that brings water to half of the area's supply.

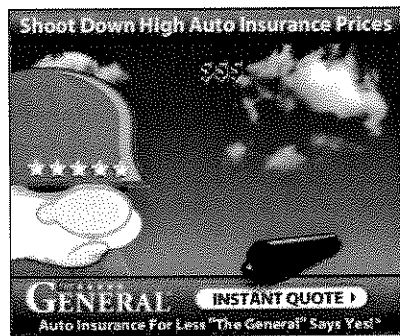
"If the delta fails," said Robert DeLoach, district general manager, "it will make Hurricane Katrina look like a small event."

Water agency officials don't want to be alarmists, but they know that asking customers to just turn off the water while brushing their teeth might not be enough.

Southern California is not only coming out of a record dry spell, but also experiencing a population growth that continues to tax natural

resources.

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This year, Orange County began purifying sewage water to make it safe for drinking. DeLoach said it is not inconceivable that a similar reclamation project could make its way to the Inland Valley.

"Unless something significant is done to secure the delta, we'll probably have to look at something like that," DeLoach said.

Local water agencies are also hoping to use more recycled water.

The Inland Empire Utilities Agency is planning to invest \$120 million in new infrastructure to utilize recycled water by 2011. Recycled water, characterized by pipes painted purple, is typically used for landscape irrigation and industrial processes.

DeLoach said he hopes saving water will eventually be as widely accepted as recycling.

"This generation doesn't even think twice about separating their trash," he said. "It's the same thing. We have to retrain people's thinking."

The district offers a number of rebates for residents who make water-saving changes to their homes such as installing low-flush toilets or synthetic turf.

For information about the rebate programs or the April and July workshops, visit online at www.cvwwater.com or www.bewaterwise.com.

wendy.leung@dailybulletin.com

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Vertical sidebar advertisement for eBay with text: 'What's on eBay right now? Roll over and find out! Shop victoriously Find Yours' and eBay logo.

Staying informed

To find out about future Cucamonga Valley Water District meetings, call (909) 987-2591

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People blamed for water woes in West



By ERICA WERNER, Associated Press Writer

2 hours, 55 minutes ago

Human activity such as driving and powering air conditioners is responsible for up to 60 percent of changes contributing to dwindling water supplies in the arid and growing West, a new study finds.

Those changes are likely to accelerate, says the study published Thursday in Science magazine, portending "a coming crisis in water supply for the western United States."

The study is likely to add to urgent calls for action already coming from Western states competing for the precious resource to irrigate farms and quench the thirst of growing populations. Devastating wildfires, avalanches and drought have also underscored the need.

Researchers led by climate expert Tim P. Barnett at the Scripps Institution of Oceanography at the University of California, San Diego, studied climate changes in the West between 1950-1999. They noted that winter precipitation falls increasingly as rain rather than snow, snow melts faster, river flows decrease in summer months, and overall warming is exacerbating dry summer conditions.

The researchers used statistical modeling to compare climate changes that would have happened with natural fluctuations over time, to climate changes with the addition of human-caused greenhouse gases and other emissions from vehicles, power plants and other sources.

They found that most changes in river flow, temperature and snow pack between 1950 and 1999 can be attributed to human activities, such as driving, that release emissions including carbon dioxide and other greenhouse gases into the atmosphere.

The changes they observed differed significantly from trends that could be attributed to natural fluctuations between wet and dry periods over time, they said.

"The climate's changing in the West. We've known that. The question is why, and no one's really addressed that," Barnett said in an interview. According to his study, "The answer is it is us."

"The picture painted is quite grim so it's time to collectively sit down and get our act together," Barnett added, suggesting the need for conservation, more water storage, and a slowdown on development in the desert Southwest.

"The building is just going crazy, so it would be a pretty good idea to put a curb on that unless they can figure out how to get more water," he said.

The study also included researchers from Lawrence Livermore National Laboratory, the University of Washington, Seattle, and the National Institute for Environmental Studies in Japan.

"Our results are not good news for those living in the western United States," they conclude. The research "foretells of water shortages, lack of storage capability to meet seasonally changing river flow, transfers of water from agricultural to urban uses and other critical impacts."

On the Net: <http://www.sciencemag.org/sciencexpress/recent.dtl>

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Rialto perchlorate case parties agree to delay

Jason Pesick, Staff Writer

Article Launched: 01/29/2008 08:35:49 PM PST
A messy battle over efforts to clean up Rialto's drinking water continued Tuesday as suspected polluters and government agencies agreed to push past a court-imposed deadline.

A Los Angeles County Superior Court judge was scheduled to hear arguments Tuesday regarding whether state cleanup hearings held by the State Water Resources Control Board can go forward.

But state officials working for the Riverside-based Santa Ana Regional Water Quality Control Board and three suspected polluters wanted 60 more days to continue negotiating a settlement to the contamination dispute instead of going through hearings before the state board.

"The parties want some additional time to continue the talks," said Kurt Berchtold, assistant executive officer of the regional board.

In case those two-month-old talks unravel, the parties are also trying to agree on a schedule to resolve the court dispute over whether the state hearings can even take place. In November, the parties also decided to push off a court hearing on the fairness of the state hearings so they could begin the settlement talks.

Rialto's water is contaminated with perchlorate, a chemical used to produce explosives, and trichloroethylene, an industrial cleaning product.

The courts got involved shortly before the state hearings were supposed to begin in August. Three suspected polluters - Black & Decker, Goodrich and Pyro Spectaculars - sued in Los Angeles County Superior Court, claiming the state hearing process was so flawed that it could not go forward.

Judge Dzintra Janavs, who recently announced plans to retire, halted the state hearings in August until she could resolve whether the state hearings were fair and could go forward.

The state regulatory agencies have tried to force three suspected polluters to clean up much of the contamination for years.

On separate fronts, Rialto has filed a federal lawsuit against dozens of suspected polluters. The case is scheduled for trial in October. Most recently, the U.S. Environmental Protection Agency has become involved in Rialto and may declare one of the source areas a Superfund site.

Rialto and many of the local water agencies are upset with the regional board's negotiations with the three suspected polluters.

"We need to move ahead one way or the other. If we were allowed to be in the secret meetings with the water board, I'd be much more comfortable extending the court hearings

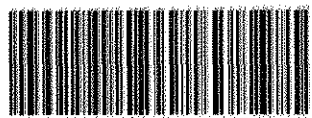
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tomorrow," Rialto Councilman Ed Scott a member of the city's perchlorate subcommittee, said Monday.

Michael Whitehead, president of the San Gabriel Valley Water Co., which owns the Fontana Water Co., said he does not have confidence that a possible settlement will even lead to a solution that meets the public's needs and restores the water supply.

"All the major affected parties should be at the table," he said.

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Pipeline work to resume on Feb. 4

By Wendy Leung, Staff Writer

Article Created: 01/28/2008 10:37:10 PM PST

With the area still drenched from recent rains, it shouldn't be much of a sacrifice to cut down water use during the upcoming shutdown of the Rialto Feeder pipeline. But local water agencies are asking customers to be ready to conserve.

The second phase of a three-phase pipeline improvement project is set to begin, and residents from La Verne to Fontana are being asked to reduce water consumption from Feb. 4-10. The project involves installing isolation valves on the 40-year-old Rialto Feeder pipeline, which brings imported water to the Inland Valley.

"It's probably not a problem considering the rain we've been getting," said Kristeen Buxton, spokeswoman for the Cucamonga Valley Water District.

The shutdown will affect the cities served by the Inland Empire Utilities Agency and a section of the Three Valleys Municipal Water District: La Verne, Claremont, Chino, Chino Hills, Montclair, Upland, Ontario, Rancho Cucamonga and Fontana.

Last February, service wasn't affected during a similar shutdown. Buxton said the district's customers cut consumption by

about 40 percent during the previous seven-day shutdown.

Water agencies are asking customers to refrain from unnecessary water consumption, especially outdoors. Tips for reducing water consumption include:

Turn off automatic sprinklers.

Do not fill swimming pools.

Do not wash cars.

Keep shower time to a minimum.

If running the washing machine or dishwasher is necessary, run full loads.

wendy.leung@dailybulletin.com

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No single answer to water woes

Article Created: 01/28/2008 05:27:50 PM PST
OUR VIEW: Don't be fooled by recent rains - there are still serious threats to water availability.

It might seem almost funny.

A local congresswoman is holding a hearing today in Washington about addressing the uncertainty in Southern California water supplies.

And a local water district is holding a workshop Wednesday to discuss the state's water shortage.

Meanwhile, we're still trying to dry out after getting soaked by rainstorms all weekend.

But it's not funny. Even though we've had some impressive storms this winter and our rainfall totals are looking good for this year, there are underlying problems that threaten Southern California's water supply in both the short and long terms.

With the eight-year drought in the Colorado River Basin cutting water imports from that river, and a court ruling threatening supplies from the Sacramento-San Joaquin River Delta, there is a great deal of uncertainty in our water future.

Rep. Grace Napolitano, D-Santa Fe Springs, is

holding a hearing today to examine what can be done to decrease our dependency on the Delta. A federal judge's decision that Delta water exports might have to be cut by as much as a third to protect a threatened fish makes finding alternatives a must. Some 18 million Southern Californians, as well as Central Valley agriculture, can expect a significant reduction in water availability.

Among the panelists at the hearing will be Rich Atwater, CEO and general manager of the local Inland Empire Utilities Agency, and Jeff Kightlinger, general manager of Metropolitan Water District, which provides imported water for most Southern California water agencies.

Inland Empire Utilities Agency has set a good example by promoting water recycling through its own projects and on the part of its member cities. MWD takes credit for reducing regional water demands by about 15 percent through encouragement of conservation.

Another hearing participant will be Rick Frank, a member of the governor's Delta Vision Blue Ribbon Task Force. That panel's important report recommends a dual focus on protecting the Delta's ecosystem and the state's water delivery, and leans toward a "dual conveyance" system that would divert some water into the State Water Project before it reaches the Delta.

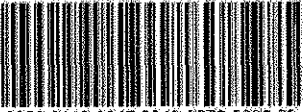
The task force is a many-pronged approach that includes better storage facilities for surface water and groundwater along with conservation

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and reuse.

That's right. There's no silver bullet to secure California's water supply. It's going to require a number of partial solutions and a lot of cooperation among groups with different needs and goals.

That's why we're glad to see Napolitano bring together water managers, farmers, the Delta study group, the federal Bureau of Reclamation and the state Department of Water Resources.

We're also glad to see the Cucamonga Water District put on a series of workshops to make consumers more conscious of their water use.

Even if we're still drying out from the rain.

Disagree? We'd like to hear from you. Write us at letters@dailybulletin.com.

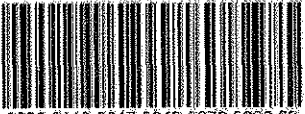
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City plans for water unclear

Owen led aggressive legal effort

Jason Pesick, Staff Write

Article Created: 01/27/2008 09:52:51 PM PST

RIALTO - City Attorney Bob Owen was the quarterback of the city's high-profile battle to pursue the parties charged with contaminating the city's drinking water.

But last week, the City Council fired him. What's not clear is if they want to send his cleanup strategy out the door with him.

The water supply is contaminated with perchlorate, an ingredient in explosives, and the cleaning solvent trichloroethylene. Although an audit the council requested on the cost of the city's efforts has not yet been made public, the best estimate is that \$20 million has been spent trying to hold dozens of suspected polluters responsible.

Only \$3 million has been spent on treatment.

"I think we have to take a look at the strategy, what it's going to cost,"

Councilman Joe Baca Jr. said when asked if he wants to nix the specialized lawyers Owen brought in.

Baca, Mayor Grace Vargas and Councilman Ed Scott, a member of the council's perchlorate subcommittee, voted to give Owen 30 days' notice. Owen's contract states the city will have to pay \$500,000 to end his contract early. Councilwoman Deborah Robertson and Councilwoman Winnie Hanson, the other member of the subcommittee, wanted to keep him.

"I'm hoping that this is not detrimental to our court case," Hanson said. A massive federal lawsuit to determine responsibility for the contamination is set to begin this year.

As costs have mounted and state regulators have failed to initiate a widespread cleanup, the City Council reversed a long-held view and invited the U.S. Environmental Protection Agency to town to declare part of the source of the contamination a Superfund site.

The council decided to pursue the suspected polluters in court long ago, Robertson said.

"We did it with the understanding that we would pursue litigation and seek to recover as much as we can," she said.

She said she has noticed gradual changes in strategy as of late. The city has tried to reach settlements with the suspected polluters and has sought state and federal money.

"These exit strategies don't appear to do anything to return anything to the ratepayers," she said.

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The ratepayers are the customers of Rialto's water department, which serves about half the city. The customers have funded the bulk of the city's efforts through a surcharge on their water bills.

Baca said residents should not pay a surcharge that funds lawyers and experts.

"It should go to treatment," he said.

Scott said the city can't eliminate the surcharge while the litigation continues.

But he said any money from a settlement or court order should reimburse ratepayers before going to the city.

He said he hopes the litigation can end soon.

"In fact, the olive branch is out there to settle the lawsuit," he said.

He also said the lawyers working on the case remain in place.

"Currently, we're steadfast on the existing strategy," said Scott. "There's been no change by the council on the lawsuit. That's not to say there won't be at some point."

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Water district plans workshop

Wendy Leung, Staff Writer

Article Created: 01/27/2008 09:51:43 PM PST
RANCHO CUCAMONGA - Lawns might be soaked and streets flooded, but this week's storm in the midst of a serious water crisis is just a drop in the bucket.

Following a record-dry year, the possibility of water rationing continues to loom, and the Cucamonga Valley Water District is hosting a series of informational meetings to discuss the state's water shortage.

"California's Water Crisis: A Local Issue," the first of three workshops, will be held 6 p.m. Wednesday in Central Park.

"We're not in 'crisis mode,' but we're asking people to be prepared," said Kristeen Buxton, spokeswoman for the water district. "We want to put the issue on everyone's mind and make them more conscious of their water use."

Two more workshops are planned for April 24 and July 17.

The water supply from Northern California is drying up, and cutbacks are likely. Buxton said the Metropolitan Water District hasn't given a timeline on when cutbacks could begin but has

called for conservation of up to 30 percent.

The water district - which serves Rancho Cucamonga and portions of Upland, Fontana and Ontario - relies on Northern California for about half of its supply. Buxton said the water district doesn't rely on Northern California as much as surrounding communities because it has nearby canyon sources and a reliable groundwater supply.

Registration for the meeting is encouraged. Call (909) 987-2591, ext. 7491, or visit .

wendy.leung@dailybulletin.com

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TURN DOWN THE TAP

The Cucamonga Valley Water District is asking its customers to conserve water while repairs are done on the Rialto Feeder pipeline Feb. 4-10. Customers are asked to reduce nonessential water use.



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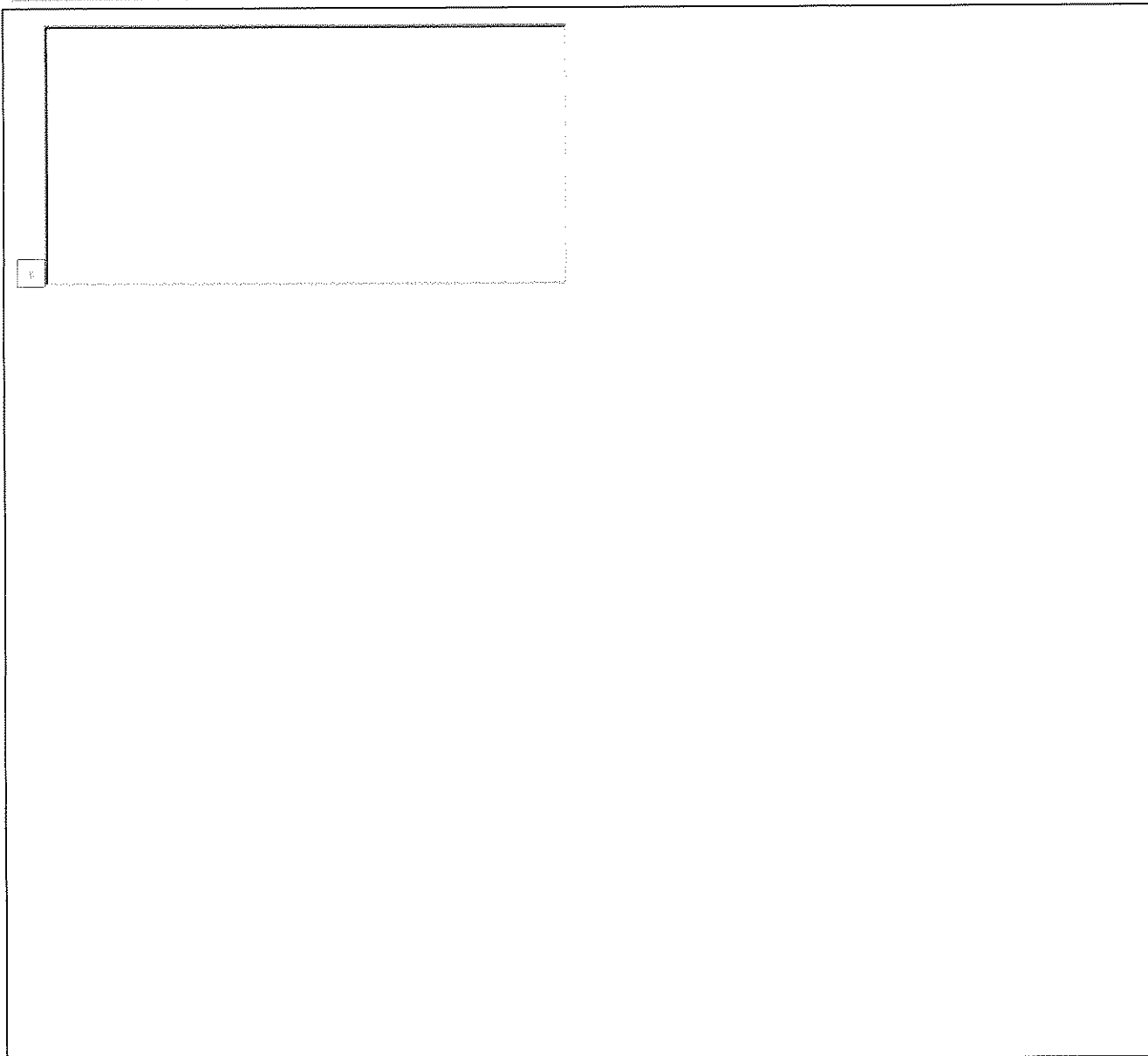
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Tuesday, January 22, 2008

Sewer-water system begins filling aquifer

Purified wastewater is being sent to settling ponds in Anaheim.

By **PAT BRENNAN**

THE ORANGE COUNTY REGISTER

A system that converts sewer water into drinking water has begun channeling its product into settling ponds in Anaheim, where it will sink into the county's deep aquifer, an important local source of drinking water.

On Friday, the Orange County Sanitation District began sending purified wastewater through a pipeline to the two Anaheim settling basins. Earlier this month, the Groundwater Replenishment System began piping water into an underground barrier that prevents seawater from seeping into the aquifer. But the agency had to wait for final state approval before sending water to the settling ponds.

Although state health officials required that the water receive an extra level of treatment – being filtered through sand and rock on its way down to the aquifer – experts say that last step is probably unnecessary.

The \$480 million system uses high-powered, reverse osmosis filters to treat the water, which arrives from the Orange County Sanitation District, adjacent to the water district in Fountain Valley, after pre-treatment to remove contaminants.

The water is then exposed to hydrogen peroxide and ultraviolet light to destroy any remaining organic material.

It will produce up to 70 million gallons per day, half for the seawater intrusion barrier and half for the county's drinking-water supply. But most of the seawater-barrier water also eventually becomes part of the drinking-water supply, said Orange County Water District spokesman Ron Wildermuth.

When the Groundwater Replenishment System hits the 70 million gallons per day, which it is working up to, it will produce an estimated 10 percent of all the water used countywide.

The treated water will mingle with other water in the deep aquifer, and it will likely be six months to a year before any of it is

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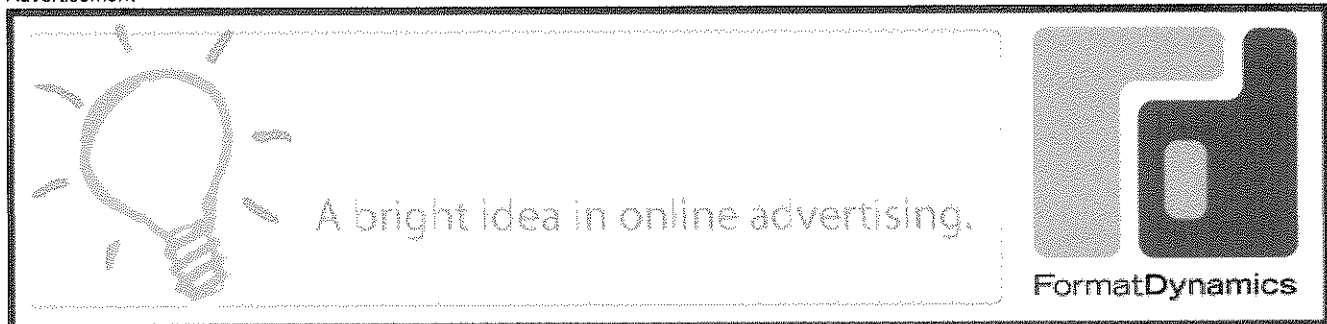
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pumped out and consumed, said Orange County Water District spokesman Ron Wildermuth.

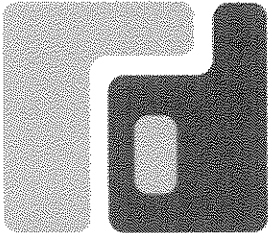
Only north and central Orange County receive water from the aquifer; South County relies almost entirely on imported supplies.

Contact the writer: 714-796-7865 or pbrennan@ocregister.com .

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<http://www.latimes.com/news/local/la-me-water20jan20,0,5461319.story?coll=la-home-center>
 From the Los Angeles Times

Drought plan opens rifts over fairness

Foes say the Metropolitan Water District proposal slights small, older cities with less clout. Backers say it spreads the pain.

By Deborah Schoch
 Los Angeles Times Staff Writer

January 20, 2008

With a key vote just weeks away, cities and water agencies across the region are scrambling to figure out the ramifications of a first-ever shortage allocation plan that would govern water deliveries to communities stretching from the Santa Monica Mountains to the Inland Empire and south to the Mexican border.

Deep rifts are developing among some of the 26 member agencies of the Metropolitan Water District over allotments under the plan, which will kick in if current water shortages necessitate rationing, possibly as early as spring.

The MWD imports water from Northern California and the Colorado River and sells it to its member agencies to supplement local supplies, such as groundwater.

Some critics say the plan, devised by MWD staff, heavily favors Los Angeles and growing communities while penalizing smaller, less affluent, built-out cities with less clout. Some worry that steep penalties could drive up water bills at a time when the MWD already says it will probably have to raise rates 20% to 30% by 2011.

Under the plan's complex formula, more water would flow to cities and agencies that depend heavily on MWD water as well as those that abruptly lose local supplies, are in growing areas or have installed certain water-conserving devices such as low-flow toilets.

Los Angeles would benefit from the "loss of local supply" feature if a drought sharply reduced the water it imports from the Eastern Sierra through the Los Angeles Aqueduct. San Diego, which gets most of its water from the MWD, would also receive assistance, since it has virtually no groundwater.

The formula would be the first of its kind adopted by the MWD, which cut supplies across the board in the droughts of the late 1970s and early '90s.

The plan drew criticism almost as soon as it was unveiled. More than 80 officials from cities along the 710 and 605 freeway corridors crowded into a Commerce meeting room Jan. 9. Some attacked the plan as disproportionately hurting lower-income, largely minority communities. Cerritos, Downey, Norwalk, Paramount and other cities have written letters asking for more time to study the proposal.

Kevin Wattier, the Long Beach Water Department general manager, said Friday that his agency may sue to block the plan if the MWD board approves it as expected Feb. 12. He believes that the proposal fails to account for how the sheer size of Los Angeles' water consumption could severely squeeze smaller cities' supplies in a major drought.

Last year, for example, low flows in its aqueduct from the Sierra forced the Los Angeles Department of Water and Power, which supplies water to city residents, to buy 253,000 acre-feet more water from the MWD than it had the previous year.

Los Angeles, Pasadena and several other cities in the region have voiced support for the proposal, calling it a significant move toward equity in a region of cities with vastly different water supplies and needs.

Cities that back the plan say it will "spread the pain" of a shortage.

"We realize if we're all going to go into our corners and fight for our little issue, we're not going to get a solution," said Shan Kwan, director of the Pasadena water services division. "Everyone is going to have to make some sacrifice, some compromise, to make this work for the region."

MWD General Manager Jeff Kightlinger said the proposal gives communities time to plan for possible cuts.

"Once people get past complaining or looking at what they may or may not be cut, they'll say, 'OK, I can start planning,'" Kightlinger said. "That's the goal here, to give people information so that they can go out and do what they can locally."

Others call the plan anything but fair.

"We think it favors big users, like L.A. and San Diego. It subsidizes agricultural water when we are going to be paying very high prices. We're concerned for our ratepayers," said Vince Brar, senior assistant city manager for Cerritos.

"It certainly favors the newer areas over the more established ones," said Jim Glancy, director of water resources for Lakewood.

Peter E. Rodriguez of the Upper San Gabriel Valley Municipal Water District, which delivers water to communities from South Pasadena to

Covina, offered this scenario: "Suddenly, the need based on growth is higher in the Inland Empire -- and suddenly, that means that in some older communities, the water allocation is reduced. That could mean higher rates, higher penalties."

Some older cities are disturbed by what they see as the loss of their preferential rights. Those rights favor the first members of the MWD, which was created in 1928 when local cities banded together to finance the construction of the Colorado River Aqueduct. In return, those cities, including Los Angeles, Pasadena, Compton and Long Beach, were to be first in line in times of shortage.

The new formula would not give the same preferential rights to early MWD members during years of water shortages.

That angers Long Beach water officials, who say their customers will pay more as a result.

Their counterparts in Los Angeles have a different take.

"We're happy with the formula, even though on paper it would look better for Los Angeles with preferential rights," said James McDaniel, chief operating officer for water at the DWP. "We feel you'd have a real disconnect if you went down that road. There would be a lot of inequity among the systems."

Others say lower-income residents would fare poorly under the plan. Those consumers are already "paying very high rates and conserving the most that they can," said Miriam Torres of the Environmental Justice Coalition for Water.

Residents in low-income areas may live in homes with older, inefficient appliances that neither they nor their water district can afford to replace, said Heather Cooley, senior research associate at the Pacific Institute, a nonprofit think tank based in Oakland.

"I would urge the Metropolitan Water District to consider providing additional funding for water conservation to these communities so that they can meet the water allocation budget," Cooley wrote in an e-mail.

Even if the plan is approved next month, MWD officials say they may not have to use the allocation this year, or at all. That depends on a number of variables: how much snow falls in the Sierra, how much longer an eight-year drought continues in the Colorado River Basin and how a federal judge rules in a case brought by environmental groups to protect Central Valley salmon.

Critics said that barring an upset, they expect the plan to win approval. The chairwoman of the key committee that will review it Feb. 11 is Nancy Sutley, Los Angeles' deputy mayor for energy and the environment, and the vice chairman is Jim Barrett, director of the San Diego Water Department.

Representation on the 37-member board is determined not by population, but by the assessed property valuations of specific member cities and agencies.

Los Angeles, San Diego and Orange County each have four votes, and the Central Basin Municipal Water District, which covers many of the southeast L.A. County cities concerned about the plan, has two. Most other cities and agencies each have one. Then, each vote is weighted according to valuation.

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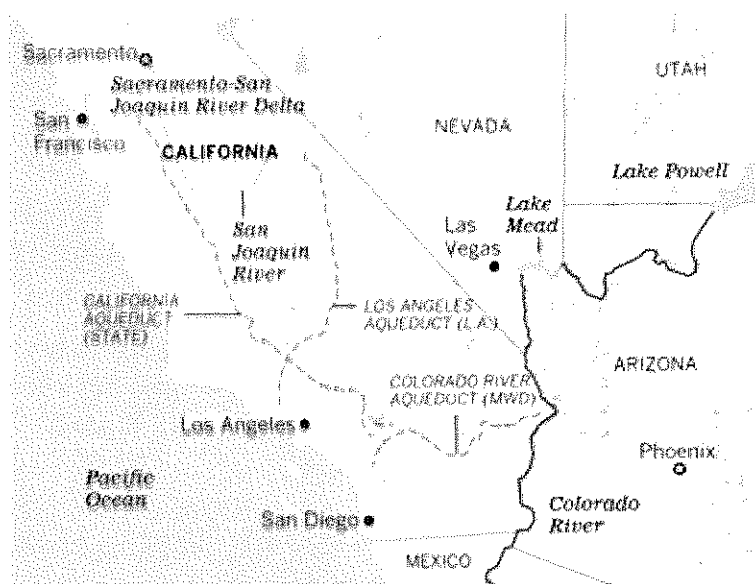
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Where the water comes from

The MWD imports water from the north via a state aqueduct and from the east via its own aqueduct, selling it to cities and districts serving 18 million people. L.A. gets Eastern Sierra water from a third aqueduct now at a historic low, forcing heavy purchases from the MWD.



Sources of water (projected 2007-08 fiscal year)*

	Imported by MWD	Ground- water	Other
Anaheim	22%	78%	
Burbank	50	50	
Long Beach	50	50	
Los Angeles	70	13	17%**
Pasadena	60	40	
Santa Ana	18	82	
Santa Monica	88	12	

*Does not take into account the allocation proposal

**From the L.A. Aqueduct, which normally supplies 45% to 50% of the city's water

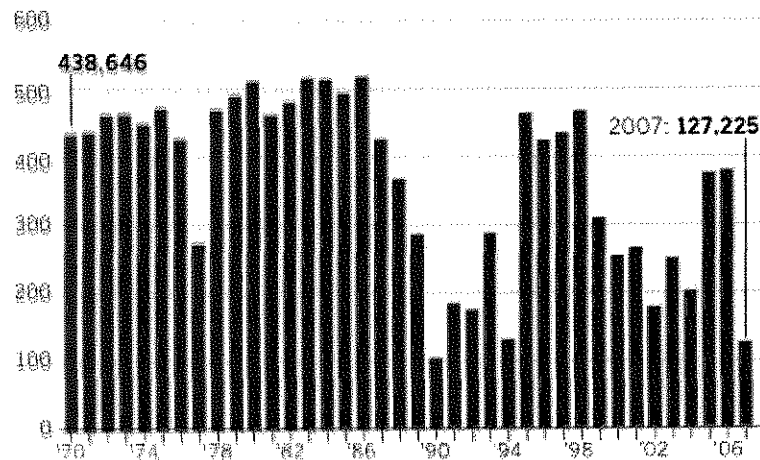
Sources: California Department of Water Resources, Metropolitan Water District, local cities and water agencies
Graphics reporting by DEBORAH SCHUCH

Los Angeles Times

Water from the Eastern Sierra

A diminishing snowpack and environmental concerns in recent years have led to less water being delivered to Los Angeles.

Annual deliveries from the Los Angeles aqueducts, in acre-feet of water
(Scale in thousands)



Source: Los Angeles Department of Water and Power

Los Angeles Times

Water utility offers rebate

Inland Empire Utilities Agency's Water-Wise Residential Landscape Program offers a mini-grant of \$2 per square foot up to a \$2,000 maximum per residential site to convert turf to what the agency calls "California Friendly" landscaping.

A minimum of 400 square feet of turf needs to be removed per residence to qualify for the rebate.

In addition, the property owner must commit to maintaining California Friendly landscape for a minimum of five years.

For information, visit IEUA's website at www.ieua.org, look for the rebate icon and scroll down to the Water Wise Residential Landscape Program.

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FOR IMMEDIATE RELEASE

La Habra City Councilman Steve Anderson appointed as Vice Chairman to Metropolitan Water District Board

Fountain Valley, CA (January 10, 2008) – The Municipal Water District of Orange County (MWDOC) announced today that of Steve Anderson, La Habra councilmember and long-time leader in the Orange County water/wastewater industry, was appointed as Vice Chairman of the Metropolitan Water District of Southern California board of directors.

Anderson was appointed to the Metropolitan board of directors as the Municipal Water District of Orange County's (MWDOC) fourth district-appointed representative on the 37-member Metropolitan board in January of 2007. Metropolitan Chairman Tim Brick appointed Anderson as Vice Chairman with a focus on water recycling and water desalination efforts. Orange County has been an industry leader in both of these water resource efforts. Director Anderson represents MWDOC on the Metropolitan board with directors Ergun Bakall, Larry D. Dick, and John V. Foley.

MWDOC is the regional water resource-management agency, serving nearly 2.3 million Orange County residents through 29 water providers. The agency, headquartered in Fountain Valley, is the third largest Metropolitan member agency. Metropolitan is a consortium of 26 water districts providing drinking water to 18 million people in six Southern California counties.

-- more --

“Orange County has spearheaded the development of new water resources such as the work of the Orange County Sanitation District and the Orange County Water District in developing the Ground Water Replenishment System and the South Coast Dana Point Desalination project, at a time when water supply in Southern California is critical,” said Susan Hinman, MWDOC president. “Steve’s background, knowledge, experience and regional perspective on the Metropolitan board are essential to pursuing new sources of water which will ultimately ensure that Orange County continues to receive its fair share of water at a reasonable rate.”

Anderson has held numerous positions in the Orange County utility-construction industry with Cal Domestic Water Company and the cities of La Habra and Anaheim. He was elected to the La Habra City Council in 1992 and served as mayor in 1995, 1999 and 2005.

Anderson was appointed to the Orange County Sanitation District board of directors in 1994, and served as vice chair in 2002 and chair in 2005. He is a sanitation district representative on the Groundwater Replenishment System Steering Committee.

Anderson was the recipient of the Santa Ana Watershed Project Authority 2005 Leadership Award and is the general manager of Midway City Sanitary District in Westminster.



Steve Anderson

#

The Municipal Water District of Orange County is a water resource management and planning agency, ensuring system and supply reliability to nearly 2.3 million Orange County residents through 29 cities and water agencies.

Los Angeles Times



roll over. wake up.

WHISTLER

<http://www.latimes.com/news/local/la-me-skechers14jan14,1,307066.story>
 From the Los Angeles Times

Water laws may throttle growth

Statutes force a district near Lake Perris to assess whether supply will be available for huge warehouse project, which is now on hold.

By Deborah Schoch
 Los Angeles Times Staff Writer

January 14, 2008

The planned distribution center for the footwear firm Skechers USA would rise on 1.7 million square feet in the Inland Empire, making it one of the largest warehouses in the United States. It would anchor a new community called Rancho Belago, a variation of the Italian for "beautiful lake," after nearby Lake Perris reservoir.

Now, in a sign of growing water anxieties, the Skechers warehouse and six other large projects in western Riverside County are on hold until March or later because the local water agency could not promise to deliver water to serve them.

The dilemma shows what can happen when construction and global trade, key drivers of the regional economy, are reined in by a potential lack of water.

"Just looking at the raw numbers, we kept coming up short," said David J. Slawson, president of the board of directors of the Perris-based Eastern Municipal Water District, one of the largest districts in the state.

Slawson explains that his own livelihood as a land surveyor depends on growth, that no one on the board wants to hobble the economy. Still, he said, the restriction is "something we feel is necessary until we have some better numbers and we see some action statewide."

He says he's surprised that other water districts have not paused to review their own supplies.

This winter is posing the first significant test of two little-known state laws passed in 2001 that link large development to the availability of water.

The Eastern district may be the first in the region to cite water as the reason for delaying approval of a large project because of the laws.

Developers and water officials worry that more agencies may do the same, further weakening a building market already crippled by the sub-prime mortgage crisis. Although Inland Empire business leaders hope Eastern will ease its restrictions as early as March, the district is offering no guarantees.

"No water. No construction. It's a bad combination," said Borre Winckel, executive director of the Riverside County Building Industry Assn., which has seen a dramatic decrease in requests for building permits.

But state Sen. Sheila Kuehl (D-Santa Monica), sponsor of one of the two laws, says it is working the way it should, by requiring cities to be realistic about how ambitious developments can strain water supplies to the limit.

The twin laws require local water agencies statewide to assess the needs of large projects and assure that water supplies are there for both existing and new customers for the next 20 years. The Kuehl law focuses on residential growth of 500 units or more, while a related one sponsored by a former state senator, now Rep. Jim Costa (D-Fresno), requires supply studies for all large projects.

Since then, Eastern water district officials approved 82 studies, called water supply assessments, for new projects in the fast-growing region.

Each time, they looked at whether the projects would strain water supplies. Each time, they found that the water was there. That changed last year, amid what some are calling "the perfect drought," a confluence of natural problems sharply decreasing water deliveries to the area: a record-low snowpack in the Sierra Nevada, an eight-year drought in the Colorado River Basin, record-dry weather at home.

The final blow came in late summer with a federal court decision protecting the endangered Delta smelt by limiting water deliveries from the Sacramento-San Joaquin Bay Delta, linchpin of the state Water Project that distributes water statewide. The federal order, made final in December, will reduce deliveries to Southern California by an estimated 22% to 30%, state officials say.

"What triggered things was the cutback on the state Water Project," said Peter Odencrans, spokesman for Eastern. "That made us think that until we work things out and get some security, we'd better be a little more cautious, and make sure that the data we come up with we do stand behind 100%."

The Eastern Municipal Water District distributes water to a 550-square-mile area from Moreno Valley to Temecula and Hemet nearly to Lake Elsinore. The area's population is now 660,000, but that is expected to soar eventually to 1.5 million, district officials said.

"We estimate that there may be requests for 120,000 new homes in our service area by 2030," Odencrans said. The current construction slowdown may offer some time for district water officials to study projected growth statistics and finish a projected \$1 billion in capital improvements planned within five years.

Economist John Husing, who has studied the Inland Empire extensively, worries that other water agencies will be forced to follow Eastern's lead, squeezed by the twin water laws and the federal smelt ruling.

"I expect that you're going to see it in every edge area of Southern California. That's Palmdale/Lancaster, out in the Imperial Valley," Husing said.

Eastern gets 80% of its water from the Los Angeles-based Metropolitan Water District, the water wholesaler that sells to 26 member cities and agencies. The MWD, in turn, gets its water from Northern California and the Colorado River Basin, and current shortages may force cutbacks to its members as early as May.

The MWD board could approve a formula as early as February that could benefit the Inland Empire by allotting more water to growing areas that are heavily dependent on MWD water -- exactly the sort of area served by Eastern. Some older, built-out cities in the Los Angeles area are criticizing that formula, saying it would force low-income customers to subsidize growth elsewhere.

In the meantime, Eastern officials are conducting a full-scale study of how much water they have already approved for other projects, since some of those may be on hold or canceled because of the building slowdown.

"We're going to look at the numbers all anew, sort of like zero-based budgeting. It's a zero-based urban management water project," Slawson said.

The developer of the Skechers distribution center said he understood the approach.

"They made a statement indicating that the purpose of their evaluation is certainly not to limit growth, but to find an approach to better manage their resources," said Iddo Benzeevi, chief executive of Highland Fairview Properties in Moreno Valley, which is developing the project.

Construction is slated for the second half of this year, and Benzeevi said he was optimistic that the schedule would be met.

"We're confident, to a point, that this is not a long-term thing," added Mark Gross, senior planner for the Moreno Valley planning department. "We're hoping that something will get resolved in March."

Slawson, who owns a civil engineering and land surveying company in Moreno Valley, said he was constantly being questioned about the district's delay by owners and representatives of businesses in the area.

Some business leaders ask him why Eastern decided to start deferring approvals. He tells them that the two 2001 state laws gave water districts new responsibilities in assessing growth.

"I do get questions: Why haven't other water districts done this?" says Slawson, who hears that others are still issuing water supply assessments.

"All I can say is that the water industry is not inclined to act as land planners," he said. "But nonetheless, when they revised the water code to require us to issue these assessments, they changed the rules."

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Los Angeles Times



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From the Los Angeles Times

Storm-damaged wetlands restored

The project near Prado Dam will improve water quality for millions of Orange County users living downstream.

By David Reyes

Los Angeles Times Staff Writer

Robert Johnson steered his pickup carefully along an earthen levee ringing the newly renovated wetlands behind Prado Dam, which straddles the Riverside-Orange county border.

He braked to watch a red-tailed hawk soar overhead and pointed proudly to young plants already sprouting where earthmovers had recently tracked. "People ask whether we have to plant those bulrushes and cattails out there, and we tell them no. They grow alarmingly fast. By spring this area will look overgrown."

More than two years ago, the wetlands, constructed by the Orange County Water District in 1996, were wiped out when the Santa Ana River -- which feeds into the dam's vast reservoir -- changed course due to near-record rainfall, said Johnson, the district's director of wetlands operations.

Earthmovers and bulldozers brought in by the water district have finished restoring more than 460 acres into a battery of large ponds, regarded as the largest man-made wetlands in Southern California.

The wetlands will act as nature's filtration system, removing nitrates and improving water quality for millions of downstream users in Orange County.

Prado is hardly a household name in Southern California, where more high-profile wetlands -- Ballona, south of Marina del Rey; Bolsa Chica, in Huntington Beach; and, in San Diego County, Batiquitos Lagoon in Carlsbad -- historically have grabbed headlines.

But Prado is well-known among birders and environmentalists in the Inland Empire because of its size and importance in an area where new housing developments sprout on former farms and other open land.

"We used to have the agricultural land in Chino, and birds and other wildlife would go there and into Prado's reservoir," said Terry Wold, a conservation coordinator for the Sierra Club's San Gorgonio chapter. "But, slowly, we've been taking their habitat away."

Birders have seen great egrets, herons and ducks on tours, and the area is also habitat for the endangered least Bell's vireo and Southwestern willow flycatcher.

Drew Feldmann, president of the San Bernardino Valley Audubon Society, said birds don't know about property lines. "To them, it's one large area, so we welcome whatever wetlands protection and restoration can be done."

The wetlands project includes diverting half the Santa Ana's flow into the pond system and subsequently into Chino Creek, where the water will rejoin the river. But recent rains have delayed the diversion until at least next month, district officials said.

"You have to understand that we're in a flood plain here, and everything is dynamic," said Bonnie Nash, the water district's habitat restoration manager. "That means things out here are temporary, because if it storms, water can rush through here and wipe things out."

Nash's greatest fear, however, isn't rain. It's *Arundo donax*, an invasive cane that grows up to 20 feet, hogs water and chokes out native plant life along the Santa Ana.

"It's worthless," said Nash, who relies on a network of contractors and volunteers to keep the non-native plant in check. *Arundo*, she and Johnson said, clogged the Santa Ana and was partly responsible for the diversion that swept into the district's wetlands.

That same year, more than 2,000 residents in Riverside and Orange counties living below the dam were evacuated after engineers detected seepage from the earthen structure, which at the time was holding back near-record levels of water.

They were allowed back into their homes after emergency repairs were made to the dam.

Prado, which is being raised more than 28 feet, is a crucial part of a mammoth flood-control system that protects more than 3 million people in San Bernardino, Riverside and Orange counties.

The raising of Prado is the last major piece of the flood protection plan that is part of the long-awaited Santa Ana Flood Control Project, a \$1.3-billion effort to protect Orange County homes from major flooding. Federal officials have described the flood plain in the Huntington Beach and Fountain Valley area as potentially the most vulnerable west of the Mississippi.

The U.S. Army Corps of Engineers has raised the dam's embankment and constructed new outlets, but still must build dikes, raise the spillway and put in a new operations tower. Completion of the project was expected by 2010, but that date has been pushed back by at least another year,

said Greg Fuderer, a Corps spokesman.

"We're behind our original schedule because of the flooding two years ago," he said.

When the project is finished, the storage capacity of the dam will be increased at least 50%, reducing the need to release water into the Santa Ana River. Although the river's flow is usually a trickle during the summer, the Santa Ana can turn destructively wild in the rainy season, and releases from the dam aggravate the problem.

Officials said the river is overdue for a great 100-year flood, which could cause \$15 billion in damage to downstream communities.

One such flood occurred in the late 19th century, when settlers wrote of rowing boats from Newport Beach to Santa Ana. Another massive flood in 1938 knocked out nearly every bridge in the county, submerged large parts of Garden Grove, Westminster and Santa Ana, and killed dozens of people.

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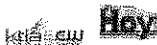
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Water officials tell Rialto that perchlorate levels are safe

By Jason Pesick, Staff Writer

Article Created: 01/11/2008 10:22:20 PM PST

RIALTO - The water here is safe to drink. That was the message city officials pushed at a town-hall meeting at Frisbie Middle School.

The meeting this week focused on the chemical perchlorate, which is contaminating local drinking water.

Rialto and West Valley Water District officials - which together serve water to the vast majority of Rialto - told residents they don't have to worry about the water coming out of their tap.

"We run the systems until there's no detectable perchlorate," Bill Hunt, an engineering consultant for Rialto, said of the treatment systems at the Thursday meeting.

Perchlorate, a chemical used to produce explosives like rocket fuel and fireworks, is flowing through Rialto from an industrial site north of the 210 Freeway that dates back to World War II.

The panel at the meeting included City Council members Winnie Hanson and Ed Scott, who make

up the perchlorate subcommittee, as well as medical, engineering and environmental consultants. For the first hour, the experts made presentations that at times confused people in attendance with talk of "resins" and "lag vessels."

Perchlorate can block the thyroid gland's access to iodine and cause an underactive thyroid, said Mary McDaniel, a doctor and lawyer with the firm McDaniel Lambert Inc. who reviewed a number of recent studies.

"So some of these studies make you worry a little bit more, some of them make you worry a little less. That's science," she said.

The thyroid is necessary for metabolism and brain development. It is not well understood how perchlorate affects sensitive populations like pregnant women and children.

McDaniel also pointed out that bottled-water companies do not have to test for perchlorate. If the U.S. Environmental Protection Agency sets a standard for perchlorate in drinking water, the U. S. Food and Drug Administration might set a perchlorate standard for bottled water, according to the FDA's Web site.

The second half of the meeting was set aside for residents to ask questions.

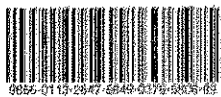
People with relatives who have birth defects and thyroid conditions wanted to know if perchlorate could have caused them.

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Kit Satre, who lives in Yucaipa but worked in Rialto starting in 1985, said she has two children with such serious birth defects that they have had 50 surgeries between them.

But McDaniel said she was not aware of perchlorate causing birth defects, and West Valley Water District board President Earl Tillman said his customers have never been exposed to high levels of perchlorate.

Thursday's meeting had a very different tone than past meetings, which city officials have used to attack San Bernardino County for its role in some of the contamination, as well as to question the safety of West Valley's water.

Scott on Thursday heaped praise on other elected officials, including Rep. Joe Baca, D-San Bernardino, and welcomed West Valley representatives.

"We're not serving any perchlorate," said Tillman, the president of West Valley's board.

If West Valley detects perchlorate in one of its wells, it takes the well offline or installs a treatment system, said General Manager Anthony "Butch" Araiza.

A West Valley well with a perchlorate level of 2 parts per billion is no longer online, he said.

Rialto officials say they do not serve water from wells if they detect perchlorate in the wells.

Fontana Water Co., the other big water agency in Rialto and a division of the San Gabriel Valley Water Co., does not serve water contaminated with perchlorate beyond the state's maximum level of 6 ppb, said Robert Young, assistant general manager.

Scott also told residents not to buy personal water treatment systems to clean out the perchlorate because the people selling them may be trying to scam residents.

He also encouraged people to write Marshall Larsen, the chairman, president and CEO of Goodrich, one of the companies Rialto says is responsible for the contamination. Scott said they should tell him to stop fighting Rialto.

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Water cleanup eyed

State department says a treatment plan is viable

By Liset Marquez, Staff Writer

Article Created: 12/18/2007 08:10:23 PM PST

NORCO - Officials with the State Department of Toxic Substances Control say they may have found a method to best treat the levels of trichloroethylene in the groundwater plume of Wyle Laboratories.

Since March, the agency has been conducting a sodium permanganate study. The process involves injecting sodium permanganate into the ground where it oxidizes and breaks down the levels of trichloroethylene, or TCE, said Rafat Abbasi, project manager for the Department of Toxic Substances Control.

"Based on the data, it is pretty successful in knocking down the TCE levels in the groundwater," said Abbasi in a monthly update on the cleanup.

Located on 400-plus acres to the east of Norco High School, Wyle was the site of munitions testing for the federal government in the 1950s and '60s.

Tests have shown that some chemicals in the groundwater may have moved from the Wyle site

to under nearby residential neighborhoods. The chemicals include trichloroethylene, vinyl chloride and perchlorate.

In October, the state's Department of Toxic Substances Control confirmed that Wyle Laboratories is not the source of airborne chemicals found in Norco High School's science building.

Abbasi said the agency also has completed fieldwork. Next year it expects to move into the cleanup phase. Wyle Laboratories then will begin a feasibility study that will look at the best way to clean up the site, he said.

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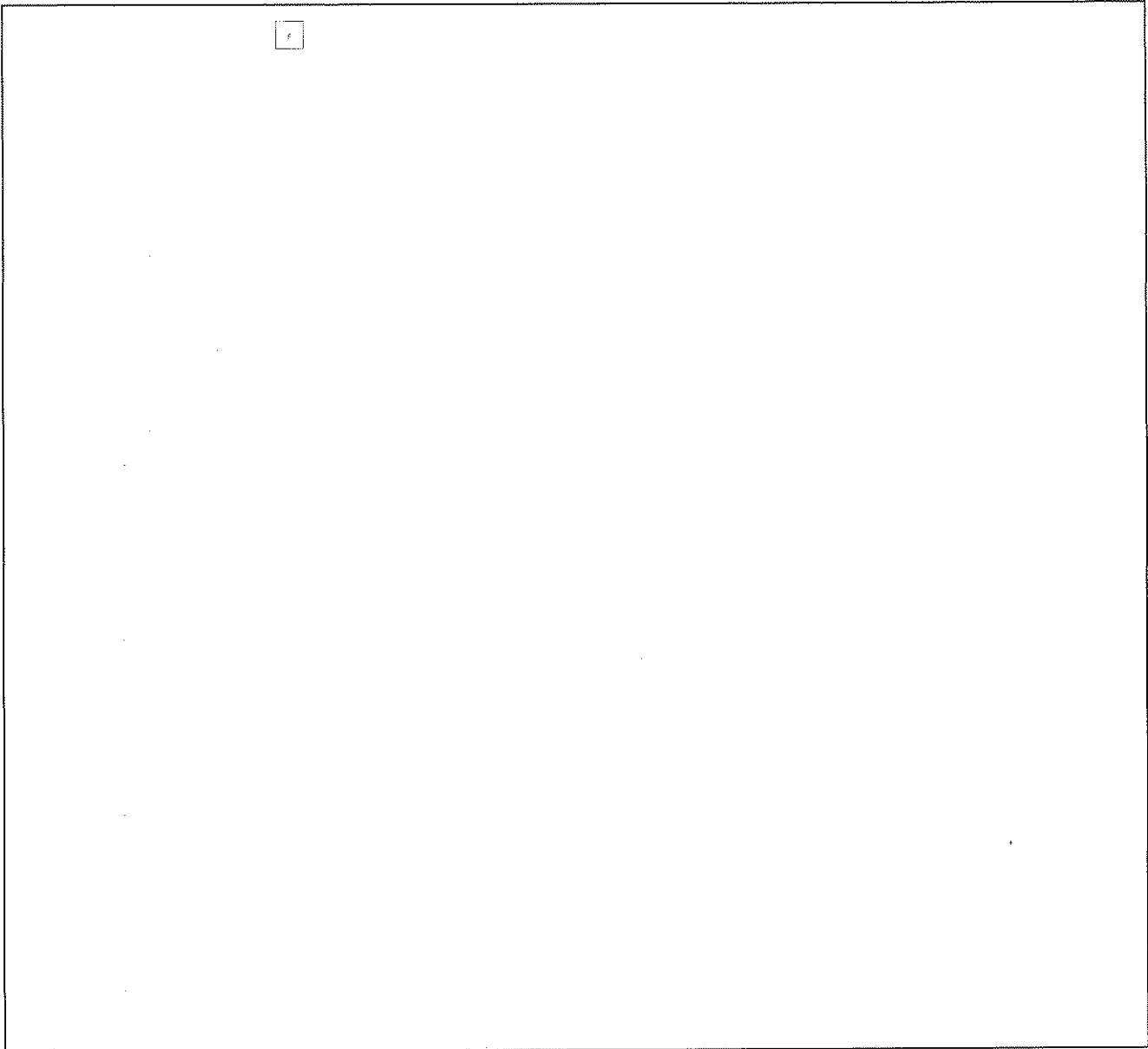
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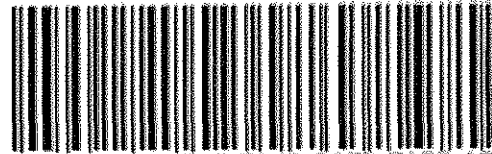


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Baca sets sights on water usage

Article Created: 12/16/2007 06:32:40 PM PST

Rep. Joe Baca pitched legislation last week to try to help lessen the state's growing fears of a water shortage.

Baca, D-San Bernardino, introduced H.R. 4571, or the Household Water Conservation Challenge Act of 2007, which would provide families with an individual tax credit of \$150 if their households show a 40 percent decrease in water consumption over a year.

"Right now, Americans use more water per day than anyone else in the world," Baca said in a news release. "With record levels of drought in 2007 in Southern California and throughout the nation, we must act now. By taking a few simple steps to conserve water, families can do their part to make sure we have enough water for every American."

The average American household uses nearly 1,300 gallons of water each day.

"Taking a few minutes less in the shower every morning and turning off the water when you brush your teeth can save tens of thousands of gallons of water throughout the year," Baca said. "By extending a tax credit to those households that are proactive in conserving water, we are rewarding Americans who are working to create a better tomorrow."

H.R. 4571 has been referred to the House Committee on Ways and Means.

Last Monday, the Big Bear Lake City Council elected Rick Herrick as mayor for 2008.

"I will continue to work on mounting an effective effort with partner agencies during storm events to keep Highway 18 open," Herrick said

in a news release. "I will also concentrate on long-range planning efforts that maintain the quality of life we cherish in our beautiful alpine environment."

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The council also chose Bill Jahn, who served as mayor this year, as mayor pro tem. Liz Harris was appointed as chairwoman of the Improvement Agency, with Herrick serving as vice chairman. Michael Karp will serve as chairman of the Fire Protection District Board and Jahn as the board's vice chairman.

Herrick was first elected to the council in November 2006.

The San Bernardino County Board of Supervisors last week agreed to work with Apple Valley and Victorville to build a new bridge over the Mojave River.

"East-west travel is one of the most pressing issues in the Victor Valley," said Brad Mitzelfelt, the 1st District supervisor who represents the High Desert, in a news release. "It's great that the county, Apple Valley and Victorville can pool their resources to get this important project moving."

The bridge at Yucca Loma Road will span the Mojave River, while also realigning and extending Green Tree Boulevard east of Hesperia Road to Yates Road, and widening Yates Road north of Spring Valley Lake.

The project will link Green Tree Boulevard in Victorville with Yates Road and Yucca Loma Road in Apple Valley.

Total cost of the planning and environmental review, which will take up to three years, is expected to be \$3.1 million. The federal government has provided \$2.8 million. The county will contribute \$87,000, Apple Valley \$210,000, and Victorville \$63,000.


Officials hope to complete the entire project within five years.

"One thing is clear. California does not have a revenue problem - we have a spending problem. The only way to


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address our growing budget deficit is to reduce spending. I will continue to stand firm against tax increases, because taxpayers should not be forced to pay for Sacramento's fiscal mismanagement."

- Assemblyman Anthony Adams, R-Claremont.

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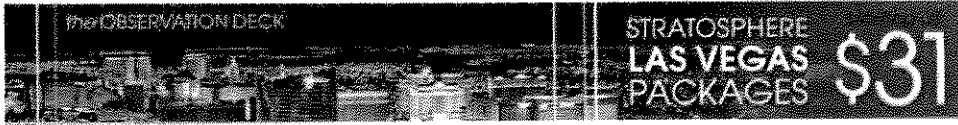
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Water woes worry Los Angeles councilman

By Kerry Cavanaugh, Staff Writer Article Last Updated: 01/03/2008 12:21:33 AM PST

With water supplies getting tighter, one Los Angeles leader has said the city needs to consider blocking new residential development until L.A. adopts regulations to limit water use in new projects.

West San Fernando Valley Councilman Dennis Zine said he called for the mandatory water conservation in new development after Mayor Antonio Villaraigosa's plea for voluntary water saving was largely ignored by Angelenos.

"It's a drastic step but we need to start discussing this," Zine said. "The more we build, the more water is consumed. The slower we are to act on it, the worse the consequences.

"How are we going to put some teeth in our water conservation?"

In a motion submitted last month, Zine asked city departments to consider a land-use policy that would require all new residential development to occupy a water-use "footprint" of 10percent less than the previous usage of the property.

The Department of Water and Power and the Department of Building and Safety said they are looking at Zine's proposal.

Under state law, developers of more than 500 units must prove there is enough water for future residents, and so far the DWP has never rejected a project based on water shortfalls.

If the Metropolitan Water District of Southern California - which sells water to the DWP and other utilities - were to ration or dramatically cut supplies, then the DWP would reconsider its ability to provide for new customers, DWP

spokesman Joe Ramallo said.

"Over the last 20 years we have continued to meet water needs - despite a population increase of 1million people - through strong conservation measures," Ramallo said.

Still, Los Angeles' water supply is getting tighter. Under environmental agreements, the DWP cannot take as much water from the Eastern Sierra. And pumping water from Northern California has slowed in order to protect fragile fish.

Deputy Mayor Nancy Sutley questioned whether the city would need to stop new development, as Zine has suggested.

"We're just at the beginning of the winter," she said.

But Sutley did agree that L.A. needs a more comprehensive water-conservation plan, and she pointed to the city's "green building" program that is aimed at saving water through building codes, landscaping requirements and water reuse.

"There are more options than just saying you must use less water," Sutley said. "We spend a lot of money putting potable water on our lawns. In some cases, it makes as much sense to do your landscaping with recycled water than not using water at all."

Holly Schroeder of the Building Industry Association's Greater L.A. and Ventura Chapter said new developments generally include the most water-efficient toilets, washing machines and appliances that older homes do not have.

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LOS ANGELES - DECEMBER 23: Los Angeles City Council member and... (David Livingston/Getty Images)

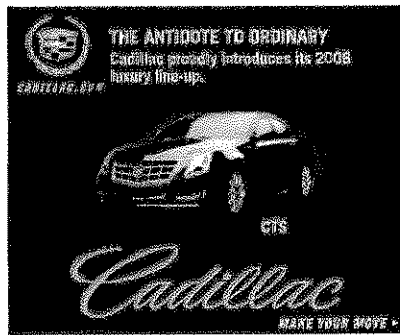
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And many new projects now incorporate drought-tolerant landscaping.

"We also have to remember we have a housing shortage," Schroeder said. "Are there better strategies for water conservation other than holding building permits, especially when you've made all these strides in development?"

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 From the Los Angeles Times

MWD may cut water to area cities

Facing shortages, the agency is reviewing a new allocation formula, which some contend penalizes older areas.

By Deborah Schoch
 Los Angeles Times Staff Writer

January 7, 2008

The Metropolitan Water District is considering a contingency plan to cut water deliveries to its member cities using a new formula that critics contend favors faster-growing areas while penalizing older, poor communities.

The district's staff is recommending the plan in case the agency, which serves 18 million people in six counties, is forced to slash water deliveries this spring in the event of continuing shortages.

This weekend's heavy rainfall will do little to ease those shortages because Southern California depends heavily on imported water that has been reduced by prolonged drought and court-ordered cutbacks, water officials said Sunday.

The current discussion signals growing worries that the region's water supplies cannot meet demand, due to last year's record dry weather, an eight-year drought in the Colorado River Basin and a federal court order last month that sharply reduces water deliveries from Northern California.

The MWD is also considering rate hikes of 10% to 20% for next year, in part to buy more water to shore up supplies.

The new formula for water allocations will be publicly discussed this afternoon in Los Angeles by a panel of the MWD board of directors. A final vote by the full board is not expected until February or March, MWD officials said.

The plan could be activated as early as May, although that is unlikely, the officials said.

The formula recommended by the MWD staff would be the first adopted by the 80-year-old district, which manages the delivery of water to cities from Ventura County to the Mexican border. It acts as a water wholesaler, importing water from Northern California and the Colorado River and selling it to its 26 member cities and water districts.

The agency did not use a formula during the droughts of the late 1970s and early 1990s, instead cutting deliveries by a set percentage across the board.

The proposed formula would determine how much water is allotted to cities and water agencies. Most MWD water is sold to cities at \$508 per acre-foot. If a city or agency exceeds its allotment by up to 10%, it would be charged a penalty fee of \$1,347 per acre-foot. If it uses even more water, the penalty would be higher. An acre-foot is the amount of water that would cover an acre of land, one foot deep.

The costs would ultimately be borne by ratepayers. All cities and districts would see supplies cut, although details for individual cities were not available last week.

"No one is going to be shielded from this," said MWD spokesman Bob Muir.

Some critics are focusing on several parts of the plan, including its shift away from historic water rights, credits for conservation efforts and the potential effect on low-income residents.

The formula has been debated privately since last summer by MWD staff and officials from water districts throughout the region.

The staff's written recommendation takes into account retail customers and the economy, population growth, losses in local water supplies, conservation efforts and other issues.

For instance, cities might receive more water if a large portion of their supply comes from MWD, if population in their county is growing, or if a large number of low-flow toilets and other water-saving devices have been installed.

MWD was founded in 1928 by a consortium of cities to finance the building of the Colorado River Aqueduct that helped develop Southern California. In return, the act creating the agency granted preferential water rights to the early member cities that paid for the district's infrastructure.

Those cities include Los Angeles, Long Beach, Burbank, Compton, Pasadena and Santa Monica.

Preferential rights would be trumped by the new formula, critics say.

The proposal does not eliminate any preferential rights, MWD officials said in an e-mail Sunday night.

"The purpose in developing this proposal was to determine if there was a more equitable manner to distribute water under today's circumstances."

Los Angeles Deputy Mayor Nancy Sutley, an MWD board member, also said Friday that the formula does not require cities to give up their rights.

"We're better off trying to figure this out cooperatively than going back to the way things were before we were born," said Sutley, who is chairwoman of the board's Water Planning and Stewardship Committee.

"I think we all realize that life has changed since then," added the panel's vice chairman, James M. Barrett, San Diego's water director.

But officials in other cities aren't convinced the proposal encourages cooperation or is an improvement. Long Beach and other southeastern L.A. County cities estimate that they would lose 20% more water under the formula than if water was divvied up by preferential rights.

Some say the MWD plan would force lower-income communities to subsidize water use in growing areas.

"We're completely the losers in this current situation," said Joone Lopez, deputy general manager of the City of Commerce-based Central Basin Municipal Water District, which buys water from MWD to serve 2 million people in southern Los Angeles County. About 47% of residents in the Central Basin district are low income, she said.

MWD spokesman Muir, in response to the criticism, said: "The foundation of this plan is equity, and not whether one area is growing and another is built out."

No conservation credits are granted for cities in which residents have heeded calls to use their sprinklers less and added drought-resistant landscaping -- changes that water experts say can save far more water than low-flow toilets and shower heads.

An estimated 40% to 70% of water in the region is used for landscape irrigation.

Long Beach, for instance, has adopted a mandatory plan that achieved 10-year lows in water consumption. Los Angeles residents, by contrast, used slightly more water after Mayor Antonio Villaraigosa's call for a voluntary 10% cut.

Cities with successful conservation records in recent dry years could actually lose out, because the MWD staff plans to use the years 2004 to 2006 as the base for making cuts, said Art Aguilar, general manager at the Central Basin district, which, he said, has invested heavily in conservation measures.

"The better water policy you practice, the worse you're going to be under the new allocation plan," Aguilar said. "If we knew this was coming, we could have just used the water, not used any conservation, and been better off."

MWD General Manager Jeff Kightlinger said that his staff sought to measure local conservation with "clear measurable steps" such as low-flow toilets and other devices.

The effects of reduced lawn sprinkling and new drought-resistant landscapes are more difficult to gauge, he said.

Some municipal officials in Los Angeles County say they feel steamrolled by the process.

They say that the formula would penalize low-income minority residents who could be hit twice, by penalty charges and then by proposed 2009 rate increases.

The formula is designed in a way that those cities could be affected more severely than growing cities in the Inland Empire or big cities such as Los Angeles and San Diego, and so would likely pay proportionately more in penalties, they said.

The Southeast Water Coalition, a regional authority that includes Cerritos, Downey, Whittier and eight other cities, has written MWD to ask for more time to review the plan.

The Long Beach Board of Water Commissioners will also send a letter, criticizing key points of the plan and asking for more review.

Kightlinger said that MWD has not been able to confirm that the plan would disproportionately hurt lower income, largely minority cities.

"We haven't been able to verify that that's necessarily correct. There are parts of Riverside County that are very poor," Kightlinger said.

Much of southeastern Los Angeles County are not areas of high growth, meaning that cuts there would have less effect on the economy, he added.

"It's a very complicated social issue, and it's something that we're trying to work through."

L.A. Deputy Mayor Sutley said that she supports creating a plan now, before serious shortages occur.

As for lower-income cities, she said: "We really feel for them, and Los Angeles is in the same position. We have a lot of DWP customers that

live below the poverty line."

The plan will be discussed today at 1:30 p.m. at MWD headquarters, Room 2-456, 700 N. Alameda St., Los Angeles.

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Fight widens over Delta

Stripers heat up the battle

By Matt Weiser - mweiser@sacbee.com

Published 12:44 am PST Wednesday, February 6, 2008

The big, tasty and hard-fighting striped bass is a top prize for fishermen in the Sacramento-San Joaquin Delta.

For everybody else who depends on the Delta's limited water, the racy chrome fish has become a flash point in California's next water war.

Farmers in arid Kern County last week sued the state for protecting the striper as a sportfish. They allege the nonnative striper has been allowed to damage the Delta, preying on endangered native fish, including salmon and the ghostly Delta smelt.

The legal action came like a Taser strike to the state's vocal angling community. And several water law experts say the case may stand as the first blast in what's expected to be a protracted battle over California's most precious resource.

The new lawsuit shows that this war's front has moved beyond the traditional realm of environmentalists versus government. Rhetoric has also hardened between interest groups that have spent the past 10 years trying to cooperate on water issues.

"They're executioners," Roger Mammon said, bluntly labeling water exporters.

Mammon is a board member of the West Delta Chapter of the California Striped Bass Association. "They don't care about the Delta except that it's water and money in their pocket. I think they're full of it."

Anglers call the striped bass innocent. Yes, it's a predator, but they say it successfully coexisted historically with salmon and smelt, and all thrived.

Instead, they blame water exporters – including the Kern farmers – for a bottomless thirst that has pumped Delta water to millions of homes and farm fields at a record pace over the past seven years.

"What's new is that the crisis is upon us," said Dante Nomellini Sr., a longtime water lawyer in Stockton. "This thing's going to heat up a lot more than what we've got right now."

The Sacramento-San Joaquin Delta is the largest estuary on the West Coast. It naturally collects about two-thirds of the state's runoff and funnels it to the sea via San Francisco Bay,

along the way providing vital habitat for an array of fish and other wildlife.

But it's also the hub of California's complex water distribution system. The 740,000-acre estuary is the diversion point for state and federal water projects serving 25 million people and more than 2 million acres of rich farmland. Those diversions, at separate pumping facilities near Tracy, reverse natural water flows, alter habitat and kill millions of fish each year.

A recent truce in California's water wars began in 1994 with creation of the CalFed Bay-Delta Program. This collaboration between government agencies, water consumers and environmentalists sought to protect the Delta and improve water deliveries.

But CalFed did not have the money and authority to meet all its goals and is now being reformulated, leaving most participants feeling shortchanged.

Since 2001, water exports from the Delta have neared record levels while numerous fish populations sank – including the threatened smelt, now near extinction.

This combination made litigation seem inevitable.

"A number of folks feel, for whatever reason, they are reduced to pursuing litigation as the last available option to vindicate their interests," said Richard Frank, director of the Environmental Law and Policy Center at UC Berkeley.

The truce may have ended last August, when a federal judge in Fresno ordered Delta water exports reduced to protect the smelt. That case was brought by environmental groups.

The striped bass case can be considered return fire.

That's according to Michael Boccadoro, spokesman for the plaintiffs. Calling themselves the Coalition for a Sustainable Delta, they include the Belridge, Berrenda Mesa, Lost Hills and Wheeler Ridge-Maricopa water districts. All are in Kern County and depend on Delta water.

Boccadoro said water exports get too much blame for the Delta's collapse, while other threats are ignored. The coalition fears this narrow focus will further harm fish, followed by more water cutbacks, creating a vicious cycle that will only hurt farmers.

Other threats they cite are poor water quality from upstream farm and urban runoff, and thousands of unchecked farm water diversions in the Delta itself.

The coalition will "absolutely" act on such issues, he said.

"They won't all be legal actions," Boccadoro said. "But there will be actions on each of the issues we believe are causing decline of the estuary."

Frank found it ironic that a farm group brought legal action over the Delta, when it is farmers who often decry court meddling in the Delta.

But he said this signifies the new battle at hand.

"It looks like at least some of them have decided the best defense is a good offense," he said.

Nomellini agrees. He represents the Central Delta Water Agency – farmers who cultivate the Delta's rich soil.

On Delta issues, these farmers have different interests from those in Kern County. Generally, they seek to preserve the Delta to avoid disrupting farm communities, and oppose excessive water exports which often make Delta waters too salty for their crops.

Yet they have a kinship with their farm brethren in the south.

That may be eroding.

"Our farmers view the other guys as breaching faith," said Nomellini. "They're part of the water grab. I don't know what we can do now other than just fight."

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Deal creates shared facilities near Seven Oaks Dam, more water stored

06:53 AM PST on Thursday, February 7, 2008

By JENNIFER BOWLES
The Press-Enterprise

Efforts to capture more water from the Santa Ana River took a step forward Wednesday when Inland agencies agreed to share recharge basins below the Seven Oaks Dam near Highland to allow them to store more water underground.

The deal is part of a larger effort to drought-proof the Inland region and make it less dependent on imported supplies that are gripped by drought and legal restrictions. Santa Ana River water can then be sent to homes and businesses for drinking and other purposes.

Under the agreement, 65 acres of recharge basins -- ponds that collect water that then percolates into aquifers -- owned and operated by Redlands-based San Bernardino Valley Water Conservation District would be used by the San Bernardino Valley Water Municipal Water District and Riverside-based Western Municipal Water District, which serves the western half of Western Riverside County.

The deal, however, hinges on the State Water Resources Control Board approving rights of the two water agencies for the additional water that would collect behind the dam. Spokeswoman Kathie Smith said the board should vote on those permits by June. The permit process started in 1991.

Environmental groups had also asked the board to consider saving some river water for the endangered species that live below the dam and require occasional flooding to maintain their habitat. The Santa Ana sucker that lives farther downstream also would benefit.

"That was something the state board was wrestling with ... how to ensure that the resources were not shortchanged or impacted by" the water districts' request, said Ileene Anderson, ecologist with the Center for Biological Diversity.

Under the agreement signed Wednesday in San Bernardino, the two water agencies would pay the conservation district for operation and maintenance costs when water is percolated for them, said Marv Shaw, general manager of the conservation district.

John Rossi, general manager of Western Municipal, said eventually more recharge basins would be constructed, but this agreement allows the water-savings to start sooner.

Rossi said the agencies wanted to come to an agreement to show the state water board that they have the ability to do something with the water.

"We'd rather store it for another day than see it go out to the ocean," Rossi said.

Reach Jennifer Bowles at 951-368-9548 or jbowles@PE.com, or view her blog at www.PE.com/blogs/environment