



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, March 27, 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, March 27, 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. – March 27, 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 Advisory Committee Meeting held February 28, 2008 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2008 *(Page 13)*
2. Watermaster Visa Check Detail *(Page 17)*
3. Combining Schedule for the Period July 1, 2007 through January 31, 2008 *(Page 19)*
4. Treasurer's Report of Financial Affairs for the Period January 1, 2008 through January 31, 2008 *(Page 21)*
5. Budget vs. Actual July 2007 through January 2008 *(Page 23)*

II. BUSINESS ITEMS

A. SEMI-ANNUAL STATUS REPORT

Consider Approval of the Semi-Annual Status Report and the Filing with the Court *(Page 25)*

B. PURCHASING POLICY

Consider Approval of Watermaster Purchasing Policy and Procedures *(Page 33)*

C. CHINO BASIN FACILITIES IMPROVEMENT PROJECT, PHASE I, BOND REFINANCE

Provide Direction and Possible Action for Participation in the Refinancing of the Variable Rate Demand Bonds with Inland Empire Utilities Agency *(Page 41)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Non-Agricultural Water Proposal
2. SWRCB Permits
3. Hanson Aggregates
4. Condition Subsequent Number 4

B. ENGINEERING UPDATES

- 1. Condition Subsequent No. 3 Report
- 2. Condition Subsequent No. 6 Report
- 3. Hydraulic Control Monitoring Program Report for 2007
- 4. MZ1 Technical Committee Recommended Scope & Budget for FY 2008/2009

C. FINANCIAL REPORT

- 1. Budget Update

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Acquisition of Alcoa offsite wells in Chino Watershed Management Zone

E. INLAND EMPIRE UTILITIES AGENCY

- 1. Phase II Chino Basin Recharge Improvements *(Page 53)*
- 2. Monthly Water Conservation Programs Report *(Page 69)*
- 3. Monthly Imported Water Deliveries Report *(Page 79)*
- 4. State and Federal Legislative Report *(Page 85)*
- 5. Community Outreach/Public Relations Report *(Page 115)*

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

- 1. New Water Bond Unveiled to Restart Legislative Negotiations *(Page 119)*
- 2. Newspaper Articles *(Page 123)*

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

| | | |
|----------------|------------|---|
| March 27, 2007 | 9:00 a.m. | Advisory Committee Meeting |
| March 27, 2007 | 11:00 a.m. | Watermaster Board Meeting |
| March 28, 2007 | 9:00 a.m. | Recharge Master Plan Meeting |
| April 10, 2008 | 10:00 a.m. | Joint Appropriative & Non-Agricultural Pool Meeting |
| April 15, 2008 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| April 24, 2008 | 8:00 a.m. | IEUA Dry Year Yield Meeting @ CBWM |
| April 24, 2007 | 9:00 a.m. | Advisory Committee Meeting |
| April 24, 2007 | 11:00 a.m. | Watermaster Board Meeting |

Meeting Adjourn

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – March 27, 2008

At The Offices Of

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

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

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 Watermaster Board Meeting held February 28, 2008 *(Page 7)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2008 *(Page 13)*
2. Watermaster Visa Check Detail *(Page 17)*
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5. Budget vs. Actual July 2007 through January 2008 *(Page 23)*

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III. REPORTS/UPDATES

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B. ENGINEERING UPDATES

- 1. Condition Subsequent No. 3 Report
- 2. Condition Subsequent No. 6 Report
- 3. Hydraulic Control Monitoring Program Report for 2007
- 4. MZ1 Technical Committee Recommended Scope & Budget for FY 2008/2009

C. FINANCIAL REPORT

- 1. Budget Update

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Acquisition of Alcoa offsite wells in Chino Watershed Management Zone
- 3. Recharge Activities, Plume Investigation/Remediation, and Conservation

IV. INFORMATION

- 1. New Water Bond Unveiled to Restart Legislative Negotiations (*Page 119*)
- 2. Newspaper Articles (*Page 123*)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

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|----------------|------------|---|
| March 27, 2007 | 9:00 a.m. | Advisory Committee Meeting |
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| March 28, 2007 | 9:00 a.m. | Recharge Master Plan Meeting |
| April 10, 2008 | 10:00 a.m. | Joint Appropriative & Non-Agricultural Pool Meeting |
| April 15, 2008 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| April 24, 2008 | 8:00 a.m. | IEUA Dry Year Yield Meeting @ CBWM |
| April 24, 2007 | 9:00 a.m. | Advisory Committee Meeting |
| April 24, 2007 | 11:00 a.m. | Watermaster Board Meeting |

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – February 28, 2008



Draft Minutes
**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

February 28, 2008

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on February 28, 2008 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Mark Kinsey, Chair

Ken Jeske

Robert Young

Mike McGraw

Bill Kruger

Rosemary Hoerning

Dave Crosley

Charles Moorrees

Raul Garibay

Robert Tock

Rich Atwater

Non-Agricultural Pool

Kevin Sage

Agricultural Pool

Jeff Pierson

Nathan Mackamul

Jennifer Novak

Monte Vista Water District

City of Ontario

Fontana Union Water Company

Fontana Water Company

City of Chino Hills

City of Upland

City of Chino

San Antonio Water Company

City of Pomona

Jurupa Community Services District

Inland Empire Utilities Agency

Vulcan Materials Company (Calmat Division)

Ag Pool, Crops

State of California – CIM

State of California – Department of Justice

Watermaster Board Members Present

Terry Catlin

Inland Empire Utilities Agency

Watermaster Staff Present

Kenneth R. Manning

Sheri Rojo

Gordon Treweek

Danielle Maurizio

Sheri Lynne Molino

Chief Executive Officer

CFO/Asst. General Manager

Project Engineer

Senior Engineer

Recording Secretary

Watermaster Consultants Present

Michael Fife

Mark Wildermuth

Joe LeClaire

Brownstein, Hyatt, Farber & Schreck

Wildermuth Environmental Inc.

Wildermuth Environmental, Inc.

Others Present

Mohamad El-Amamy

Jack Safely

John Anderson

Eunice Ulloa

Sandra Rose

Gary Meyerhofer

Steven G. Lee

Rita Kurth

John Bosler

Bob Lemons

Rick Hansen

City of Ontario

Western Municipal Water District

Inland Empire Utilities Agency

Chino Basin Water Conservation District

Monte Vista Water District

Carollo Engineers

Reid & Hellyer

Cucamonga Valley Water District

Cucamonga Valley Water District

RBF/Chino Hills

Three Valleys Municipal Water District

Chair Kinsey called the Advisory Committee meeting to order at 9:04 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

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

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2008
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2007 through December 2007

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

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

II. BUSINESS ITEMS**A. BUDGET AMENDMENT, BUDGET TRANSFER, AND PURCHASING POLICIES**

Mr. Manning stated staff has been working on developing documents and policies which will strengthen our internal processes while continuing to improve transparency in the Watermaster process. What are being presented today are the proposed budget transfer and amendment policies and procedures and a purchasing policy. Watermaster staff reviewed several other agencies policies to see what was being done elsewhere based on the size of their organizations. Mr. Manning stated Watermaster has a small accounting staff and therefore we are presenting a policy that is reflective of our limited staff size. Mr. Kinsey stated the level of detail in the policies proposed appear to be a really good fit for the size of the Watermaster organization. No further comment was made.

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

Moved to approve the budget amendment, budget transfer, and purchasing policies, as presented

B. CAROLLO ENGINEERS CONTRACT

Mr. Manning stated this contract is an extension to an existing contract Watermaster has with Carollo Engineers to provide the services of Mr. Meyerhofer. Mr. Manning stated in April 2007 the Watermaster Board approved the original contract in the amount of \$75,000 to hire Carollo Engineers to provide the services of Mr. Meyerhofer who would coordinate the Chino Desalter Authority Expansion Program and maintain the schedule that Watermaster had developed for both the court and for the Regional Board. The original \$75,000 agreed to by Watermaster was invoiced to Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Western Municipal Water District for \$25,000 each. This contract extension would be for \$50,000 which would be reimbursed by WMWD. Mr. Meyerhofer has been doing an outstanding job, but, there is still a lot of work to be done. Staff originally tried to anticipate the amount of time it would take for this to transition to allow Western Municipal Water District to become a part of the CDA where we would then transfer this contract over to the CDA and WMWD; that has not yet taken place which is why staff is seeking an extension to the original contract to allow that still to happen.

Motion by Jeske, second by Crosley, and by unanimous vote

Moved to approve the extension to the contract with Carollo Engineers and the budget amendment, as presented

C. WILDERMUTH ENVIRONMENTAL INC. CONTRACT

Mr. Manning stated this item was discussed at the pool meetings and was passed unanimously by the pools. There were some slight language changes discussed and the contract in today's meeting packet reflects those changes. The main difference is the elimination of Schedule A and the language in there that makes it clear that anything that Watermaster pays for, Watermaster owns, including the model. Counsel Fife reviewed the small changes made to the contract from suggestions made at the various pool meetings. Mr. Manning stated staff is asking for approval from the presented contract.

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

Moved to approve the Wildermuth Environmental Contract between Chino Basin Watermaster and Wildermuth Environmental Inc., as presented

D. BUDGET AMENDMENT/TRANSFER ACTION ITEMS

Ms. Rojo stated staff is utilizing the budget transfer form that was just approved to transfer funds between accounts to cover the projected over runs that are being anticipated in the OBMP and Agricultural legal and technical categories. Mr. Manning stated in an attempt to stay on budget, some work is being deferred from this year to next. A discussion ensued with regard to the Agricultural Pool legal bills and the discussions that took place at the February Pool meetings. The committee members approved the budget amendments/transfer, approved to move the \$50,000 transfer request from the Ag legal and technical category into the OBMP account, and requested a meeting with the Agricultural Pool chair; the Pool and Advisory Committee chairs regarding this matter to take place. It was noted the request for Agricultural Pool funds for legal expenses will be brought back through the Watermaster process next month.

Motion by Jeske, second by Moorrees, and by majority vote – Ag voted no

Moved to approve the budget amendments/transfer request, as presented. Moved to approve moving the \$50,000 from the Agricultural legal and technical amount to the OBMP account, as presented. Moved to have Watermaster staff, Appropriate Pool chair, and the Agricultural Pool chair and Advisory Committee chair to meet to discuss costs and the budget to ensure accounts are appropriately charged and budgeted and to have this request for additional funds be brought through the Watermaster process next month, as presented

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

Counsel Fife stated this temporary urgency application comes from Western Municipal Water District and San Bernardino Valley Municipal Water District with regard to the Santa Ana process from the hearing that took place in May 2007. A decision from that hearing has not been received from the State Board and because of the recent wet weather; WMWD and SBVMWD are thinking there could be as much as 43,000 acre-feet in the Santa Ana River that they would be able to divert. This can't be done until a decision has been received on their application by the State Board which is why the temporary urgency application has been filed. This should not be an issue for the Chino Basin Watermaster; however, there will be some technical review from Wildermuth to assure there will be no impact on the basin. Counsel Fife stated the State Board did issue that permit and a copy is on the back table.

Added Comment:

Counsel Fife added comment regarding the process that is going on with the State Board concerning Watermaster's permit on Lower Day Channel, where through an administrative error they had noticed a proposed revocation of the permit. An appeal was filed regarding

the revocation of the permit and the State Board did reverse their decision for them to take a second look at the permit situation. Counsel Fife stated counsel has offered to meet with the State Board staff to assist them in reviewing this permit; a meeting has been scheduled in Sacramento on March 4, 2008.

2. Chino Basin Water Supply Assessment Committee

John Schatz is currently writing a water supply assessment and has asked for any willing volunteers to help draft boilerplate language. He is trying to get together a few people to help draft some language about the Chino Basin and why the Chino Basin provides a reliable supply of water that can be put into a water supply assessment. A few parties have already agreed to help with this project. A discussion ensued with regard to this matter.

B. ENGINEERING UPDATES

1. Regional Board Letter

Mr. Wildermuth stated the Regional Board letter dated January 15, 2008 which requests that both Chino Basin Watermaster and Inland Empire Utilities Agency, who are the maximum benefit proponents, submit a status report on deliverables required under Max Benefit. Watermaster and IEUA staff got together and doled out assignments to get this request taken care of. Mr. Wildermuth also noted the schedule that was submitted to the Regional Board a year ago relating to obtaining Hydraulic Control is not 100% on track and that needs to be reported to the Regional Board. Mr. Wildermuth stated a request has been made to the Regional Board for an additional week's time to allow staff to finish the report.

2. Monitoring Status to Date

Mr. Wildermuth stated there is a table on the back counter that summarizes the actions from the start of the OBMP implementation. The table does somewhat understates some of the monitoring, however, it gives a pretty complete description of what has been done along with what percentage of the budget has been used to date.

3. March 1, 2008 Conditions Subsequent

Mr. Wildermuth stated the court's December 21, 2007 order required Watermaster to produce a report to answer certain questions. Mr. Wildermuth stated a draft report has been completed and has been put on the Wildermuth and Watermaster ftp sites. Most of the report is a repackaging of the report to create a certain record that the court wanted to see. The only substantially new item in the report is section 5 where it looks at specific questions that were articulated by the Special Referee and attempts to answer those. Mr. Wildermuth handed out several tables that came from this report and then he reviewed them in detail. A lengthy discussion ensued with regard to this matter. It was noted the conditions subsequent due March 1, 2008 will be filed with the court by March 3, 2008 since March 1 is a Saturday.

C. FINANCIAL REPORT

1. Review of Consultant Services

Ms. Rojo noted a full report regarding the review of consultant services will be given today at the Watermaster Board meeting.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the water bond issue in California is not over and is still in discussion mode in Sacramento, both the Governor and the senate have different ideas where they want to see this bond issue go. The Chamber of Commerce has four alternatives to the bond measures that were originally drafted in concept following the pattern on the senate version of the bond but also incorporates items that the Governor is looking for. Mr. Manning will keep the parties apprised at future meetings.

Mr. Manning stated the ACWA conference will take place at the end of the month and he will be attending that conference but will be back for the Board meeting.

Mr. Manning stated the AGWA conference took place recently in Ontario and it was very well attended. It turned out to be an excellent conference from speaking to others who attended. At that conference Mr. Manning was voted in as the new AGWA Chairman taking the place of Mr. Rossi who had been chair for the past several years.

2. Recharge Update

Mr. Treweek stated there have been two fairly good storms in January in which 4,500 acre-feet of storm water was recharged. When adding the 3,500 acre-feet of recharge that took place in December the total for this year is approximately 8,000 acre-feet of storm water captured and 1,000 acre-feet of recycled water.

Recently the Rialto Pipeline was shut down and during that down time two new valves were installed in CB14 and CB20. A lot of capacity was brought on board by installing these two new valves.

Mr. Treweek discussed the progress on the Phase II project and all the work is looking at being complete by October 2008.

3. Semi-Annual Status Report

Mr. Manning stated a copy of the Semi-Annual Status Report is in the meeting packet and is ready for review and comment. Next month this item will come through the Watermaster process for approval to file with the court.

4. Personnel Committee Update

Mr. Manning stated the Personnel Committee did meet recently and at that meeting the committee approved two new positions and authorized Watermaster staff to move forward with obtaining approval. One of the positions that was approved was the Office Assistant placement and that will be going to the Watermaster Board today. A search will begin for a replacement for Mr. Treweek who will be retiring in April. Dr. Mathis will be assisting Watermaster staff with this task as well as looking at salary schedules and assisting in doing the CEO evaluation.

5. Prop 218 Opinion

Mr. Manning stated this was put on the agenda to see if there was interest in Watermaster staff to do a foundational type of opinion on Prop 218 including the fees that are paid to Watermaster. All the parties do have legal staff to provide your own legal opinions as to what Watermaster fees are and how they relate to Prop 218. Watermaster staff is interested in assisting the parties if needed and if there is a significant interest in staff doing this, then Watermaster staff will start the process. A discussion ensued with regard to this matter. Mr. Manning stated this cost to provide information is not currently in the Watermaster budget.

E. INLAND EMPIRE UTILITIES AGENCY

1. MWD Drought Update

Mr. Atwater stated an updated presentation was given this morning at the DYY meeting held here at the Chino Basin Watermaster office and it can be shown again if the parties are interested. Mr. Atwater stated the Metropolitan Water District did approve the Drought Plan in early February and IEUA is currently working with all the parties on the details of the plan.

2. Groundwater Recharge Activities

Mr. Atwater stated Mr. Treweek did a really nice job explaining the current recharge activities during his report, however, to add to that in working with the Recycled Water Program, IEUA is starting to put recycled water in the Brooks Basin.

- 3. Recycled Water Newsletter
Mr. Atwater stated the most recent Recycled Water Newsletter has been distributed recently.
- 4. Monthly Water Conservation Programs Report
No comment was made regarding this item.
- 5. Monthly Imported Water Deliveries Report
No comment was made regarding this item.
- 6. State and Federal Legislative Report
No comment was made regarding this item.
- 7. Community Outreach/Public Relations Report
No comment was made regarding this item.

IV. INFORMATION

- 1. Newspaper Articles
No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

Chair Kinsey stated Monte Vista Water District has its second injection well or ASR well operational.

VI. OTHER BUSINESS

No comment was made regarding this item.

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 |

The Advisory Committee meeting was dismissed by Chair Kinsey at 10:10 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – February 28, 2008



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
February 28, 2008

The Annual Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 28, 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 |
| Kevin Sage | 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. |
| Joe LeClaire | Wildermuth Environmental, Inc. |

Others Present

| | |
|-------------------|---|
| Dave Crosley | City of Chino Basin Watermaster |
| Ken Jeske | City of Ontario |
| John Anderson | Inland Empire Utilities Agency |
| Mark Kinsey | Monte Vista Water District |
| John Bosler | Cucamonga Valley Water District |
| Bill Kruger | City of Chino Hills |
| Eunice Ulloa | Chino Basin Water Conservation District |
| Robert Tock | Jurupa Community Services District |
| Bob Feenstra | Ag Pool – Dairy |
| Jeff Pierson | Ag Pool – Crops |
| Sandra Rose | Monte Vista Water Company |
| Jennifer Novak | Ag Pool – State of California |
| Rosemary Hoerning | City of Upland |
| David DeJesus | Three Valleys Municipal Water District |
| Raul Garibay | City of Pomona |
| Bob Lemons | RBF/Chino Hills |

The Watermaster Board Meeting was called to order by Chair Willis at 11:05 a.m.

PLEDGE OF ALLEGIANCE**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Annual Watermaster Board Meeting held January 24, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2008
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2007 through December 2007

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

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

II. BUSINESS ITEMS**A. BUDGET AMENDMENT, BUDGET TRANSFER, AND PURCHASING POLICIES**

Mr. Manning stated staff has been working on developing documents and policies which will strengthen our internal processes while continuing to improve transparency in the Watermaster process. What are being presented today are the proposed budget transfer and amendment policies and procedures and a purchasing policy. Watermaster staff reviewed several other agencies policies to see what was being done elsewhere based on the size of their organizations. Mr. Manning stated Watermaster has a small accounting staff and therefore we are presenting a policy that is reflective of our limited staff size. Mr. Catlin inquired whether staff had time to consider the proposed changes to the purchasing policy based on IEUA's recommendations. Staff noted that since the changes were sent late the evening before, they were not considered for inclusion in the document before the Board today. Watermaster staff offered to bring the purchasing policy back the following month after there has been time to consider the proposed changes. It was noted the purchasing policy will be brought back at a future date after further review by Watermaster staff.

Motion by Vanden Heuvel, second by Bowman, and by unanimous vote

Moved to approve the budget amendment and budget transfer policies, and procedures, as presented. The purchasing policy will be brought back for consideration at a future date as discussed.

B. CAROLLO ENGINEERS CONTRACT

Mr. Manning stated this contract is an extension to an existing contract Watermaster has with Carollo Engineers to provide the services of Mr. Meyerhofer. Mr. Manning stated in April 2007 the Watermaster Board approved the original contract in the amount of \$75,000 to hire Carollo Engineers to provide the services of Mr. Meyerhofer who would coordinate the Chino Desalter Authority Expansion Program and maintain the schedule that Watermaster had developed for both the court and for the Regional Board. The original \$75,000 agreed to by Watermaster was invoiced to Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Western Municipal Water District for \$25,000 each. This contract extension would be for \$50,000 which would be reimbursed by WMWD. Mr. Meyerhofer has been doing an outstanding job, but, there is still a lot of work to be done. Staff originally tried to anticipate the amount of time it would take for this to transition over to allow Western Municipal Water District to become a part of the CDA where we would then transfer this contract over to the CDA and WMWD; that has not yet taken place which is why staff is seeking an extension to the original contract to allow that still to happen.

Motion by Vanden Heuvel, second by Catlin, and by unanimous vote

Moved to approve the extension to the contract with Carollo Engineers and the budget amendment, as presented

C. WILDERMUTH ENVIRONMENTAL INC. CONTRACT

Mr. Manning stated this item was discussed at the pool meetings and was passed unanimously by the pools. There were some slight language changes discussed and the contract in today's meeting packet reflects those changes. The main difference is the elimination of Schedule A and the language in there that makes it clear that anything that Watermaster pays for, Watermaster owns, including the model. Mr. Manning stated staff is asking for approval from the presented contract. A lengthy discussion regarding the contract, task orders, and ownership ensued.

Motion by Vanden Heuvel, second by Bowman, and by unanimous vote

Moved to approve the Wildermuth Environmental Contract between Chino Basin Watermaster and Wildermuth Environmental Inc., as presented

D. BUDGET AMENDMENT/TRANSFER ACTION ITEMS

Mr. Manning summarized the discussions and actions taken by each Pool and by the Advisory Committee. A discussion ensued with regard to the different actions taken at the various meetings. Mr. Manning noted he had discussed this matter with the chairman of the Agricultural Pool noted Mr. Feenstra agreed to have a separate meeting with others for review and discussion on the Ag Pool legal bills. A lengthy discussion regarding this matter ensued. The board members approved the budget amendments/transfer, approved to move the \$50,000 transfer request from the Ag legal and technical category into the OBMP account, and requested a meeting with the Agricultural and Appropriative Pool and Advisory Committee chairs regarding this matter take place. It was noted the request for Agricultural Pool funds for legal expenses will be brought back through the Watermaster process next month.

Motion by Bowman, second by Catlin, and by majority vote – Vanden Heuvel and Hofer abstained from the vote

Moved to approve the budget amendments/transfer request, as presented. Moved to approve moving the \$50,000 from the Agricultural legal and technical amount to the OBMP account, as presented. Moved to have Watermaster staff, Appropriative Pool chair, and the Agricultural Pool chair and Advisory Committee chair to meet to discuss costs and the budget to ensure accounts are appropriately charged and budgeted and to have this request for additional funds be brought through the Watermaster process next month, as presented

E. CHINO BASIN WATERMASTER OFFICE ASSISTANT AND OFFICE SPECIALIST POSITIONS

Mr. Manning stated the Personnel Committee met recently and approved staff's recommendation to create two positions one being an office assistant and the other an office specialist. The job descriptions and salary schedules are provided in the meeting packet. The position of office specialist is in the budget for this year and staff intends to hire the receptionist who has been a temporary with Watermaster for the past several months for that position. The other position will not be filled until we have the funds in the budget.

Motion by Vanden Heuvel, second by Willis, and by unanimous vote

Moved to approve the Watermaster Office Assistant and Office Specialist positions, as presented

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
Counsel Slater stated this temporary urgency application comes from Western Municipal Water District and San Bernardino Valley Municipal Water District with regard to the Santa Ana process from the hearing that took place in May 2007. A decision from that hearing has not been received from the State Board and because of the recent wet weather; WMWD and SBVMWD are thinking there could be as much as 43,000 acre-feet in the Santa Ana River that they would be able to divert. This can't be done until a decision has been received on their application by the State Board which is why the temporary urgency application has been filed. This should not be an issue for the Chino Basin Watermaster; however, there will be some technical review from Wildermuth to assure there will be no impact on the basin. Counsel Slater stated the State Board did issue that permit and a copy is on the back table.
2. Chino Basin Water Supply Assessment Committee
Counsel Slater stated John Schatz is currently writing a water supply assessment and has asked for any willing volunteers to help draft boilerplate language. He is trying to get together a few people to help draft some language about the Chino Basin and why the Chino Basin provides a reliable supply of water that can be put into a water supply assessment. A few parties have already agreed to help with this project. A discussion regarding this matter ensued.
3. March 1, 2008 Court Filing
Counsel Slater stated this item is a conditions subsequent filing. The legal counsel portion of this will be a single paragraph transmittal to the court indicating that Mr. Wildermuth has completed the clarifications and are prepared to meet the filing date by March 1, 2008.

B. ENGINEERING UPDATES

1. Regional Board Letter
Mr. Wildermuth stated the Regional Board letter dated January 15, 2008 which requests that both Chino Basin Watermaster and Inland Empire Utilities Agency, who are the maximum benefit proponents, to submit a status report on deliverables required under Max Benefit. Watermaster and IEUA staff got together and doled out assignments to get this request taken care of. Mr. Wildermuth also noted the schedule that was submitted to the Regional Board a year ago relating to obtaining Hydraulic Control is not 100% on track and that needs to be reported to the Regional Board. Mr. Wildermuth stated a request has been made to the Regional Board for an additional week's time to allow staff to finish the report.
2. Monitoring Status to Date
Mr. Wildermuth stated there is a table on the back counter that summarizes the actions from the start of the OBMP implementation. The table does somewhat understates some of the monitoring, however, it gives a pretty complete description of what has been done along with what percentage of the budget has been used to date.
3. March 1, 2008 Conditions Subsequent
Mr. Wildermuth stated the court's December 21, 2007 order required Watermaster to produce a report to answer certain questions. Mr. Wildermuth stated a draft report has been completed and has been put on the Wildermuth and Watermaster ftp sites. Most of the report is a repackaging of the report to create a certain record that the court wanted to see. The only substantially new item in the report is section 5 where it looks at specific questions that were articulated by the Special Referee and attempts to answer those. Mr. Wildermuth handed out several tables that came from this report and then he reviewed them in detail. A lengthy discussion ensued with regard to this matter. It was noted the

conditions subsequent due March 1, 2008 will be filed with the court by March 3, 2008 since March 1 is a Saturday.

C. FINANCIAL REPORT

1. Review of Consultant Services

Mr. Manning stated a couple members of the board requested a report that would look at all the different consultants that Watermaster utilizes in our services including their services and expenditures and then compare them to budget. Ms. Rojo gave her presentation on Watermaster Consultants which included comparison costs from 2004 to 2008. A discussion regarding this matter ensued.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the water bond issue in California is not over and is still in discussion mode in Sacramento, both the Governor and the senate have different ideas where they want to see this bond issue go. The Chamber of Commerce has four alternatives to the bond measures that were originally drafted in concept following the pattern on the senate version of the bond but also incorporates items that the Governor is looking for. Mr. Manning will keep the parties apprised at future meetings.

Mr. Manning stated the ACWA conference will take place at the end of the month and he will be attending that conference by will be back for the Board meeting.

Mr. Manning stated the AGWA conference took place recently in Ontario and it was very well attended. It turned out to be an excellent conference from speaking to others who attended. At that conference Mr. Manning was voted in as the new AGWA Chairman taking the place of Mr. Rossi who had been chair for the past several years.

2. Recharge Update

Mr. Treweek stated there have been two fairly good storms in January in which 4,500 acre-feet of storm water was recharged. When adding the 3,500 acre-feet of recharge that took place in December the total for this year is approximately 8,000 acre-feet of storm water captured and 1,000 acre-feet of recycled water.

Recently the Rialto Pipeline was shut down and during that down time two new valves were installed in CB14 and CB20. A lot of capacity was brought on board by installing these two new valves.

Mr. Treweek discussed the progress on the Phase II project and all the work is looking at being complete by October 2008.

3. Semi-Annual Status Report

Mr. Manning stated a copy of the Semi-Annual Status Report is in the meeting packet and is ready for review and comment. Next month this item will come through the Watermaster process for approval to file with the court.

4. Personnel Committee Update

Mr. Manning stated the Personnel Committee did meet recently and at that meeting the committee approved two new positions and authorized Watermaster staff to move forward with obtaining approval. One of the positions that was approved was the Office Assistant placement and that will be going to the Watermaster Board today. A search will begin for a replacement for Mr. Treweek who will be retiring in April. Dr. Mathis will be assisting Watermaster staff with this task as well as looking at salary schedules and assisting in doing the CEO evaluation.

5. Prop 218 Opinion

Mr. Manning stated this was put on the agenda to see if there was interest in Watermaster staff to do a foundational type of opinion on Prop 218 including the fees that are paid to Watermaster. All the parties do have legal staff to provide your own legal opinions as to what Watermaster fees are and how they relate to Prop 218. Watermaster staff is interested in assisting the parties if needed and if there is a significant interest in staff doing this, then Watermaster staff will start the process. A discussion ensued with regard to this matter. Mr. Manning stated this cost to provide information is not currently in the Watermaster budget.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

The regular Board meeting was dismissed at 12:26 p.m. to convene the Confidential Session

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

No comment was made regarding this item.

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 |

The Watermaster Board meeting was dismissed by Chair Willis at 12:35 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





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: March 13, 2008
March 28, 2008
March 27, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – February 2008

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for February 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 February 2008 were \$322,455.40. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$111,740.25, Brownstein, Hyatt, Farber & Schreck in the amount of \$59,056.35, and Carollo Engineers in the amount of \$17,414.50.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
February 2008

| Type | Date | Num | Name | Amount |
|-----------------|-----------|---------|--------------------------------------|-------------|
| Feb 08 | | | | |
| Bill Pmt -Check | 2/4/2008 | 12068 | JAMES JOHNSTON | -935.00 |
| Bill Pmt -Check | 2/4/2008 | 12069 | AMERICAN WATER WORKS ASSOCIATION | -173.00 |
| Bill Pmt -Check | 2/4/2008 | 12070 | ARROWHEAD MOUNTAIN SPRING WATER | -43.43 |
| Bill Pmt -Check | 2/4/2008 | 12071 | BLACK & VEATCH CORPORATION | -1,817.50 |
| Bill Pmt -Check | 2/4/2008 | 12072 | CAROLLO ENGINEERS | -6,202.00 |
| Bill Pmt -Check | 2/4/2008 | 12073 | DIRECTV | -74.98 |
| Bill Pmt -Check | 2/4/2008 | 12074 | INLAND EMPIRE UTILITIES AGENCY | -127.31 |
| Bill Pmt -Check | 2/4/2008 | 12075 | PRINTING RESOURCES | -188.63 |
| Bill Pmt -Check | 2/4/2008 | 12076 | R&D PEST SERVICES | -85.00 |
| Bill Pmt -Check | 2/4/2008 | 12077 | RAUCH COMMUNICATION CONSULTANTS, LLC | -573.75 |
| Bill Pmt -Check | 2/4/2008 | 12078 | SAFETY CLEAN JANITORIAL SERVICES | -699.57 |
| Bill Pmt -Check | 2/4/2008 | 12079 | STATE COMPENSATION INSURANCE FUND | -715.65 |
| Bill Pmt -Check | 2/4/2008 | 12080 | THE STANDARD INSURANCE COMPANY | -156.56 |
| Bill Pmt -Check | 2/4/2008 | 12081 | TLC STAFFING | -1,312.00 |
| Bill Pmt -Check | 2/4/2008 | 12082 | VERIZON | -49.99 |
| Bill Pmt -Check | 2/4/2008 | 12083 | VISION SERVICE PLAN | -36.11 |
| Bill Pmt -Check | 2/4/2008 | 12084 | W.C. DISCOUNT MOBILE AUTO DETAILING | -75.00 |
| Bill Pmt -Check | 2/4/2008 | 12085 | YUKON DISPOSAL SERVICE | -142.88 |
| Bill Pmt -Check | 2/4/2008 | 12086 | CITISTREET | -2,862.09 |
| Bill Pmt -Check | 2/4/2008 | 12087 | PUBLIC EMPLOYEES' RETIREMENT SYSTEM | -5,452.01 |
| Bill Pmt -Check | 2/4/2008 | 12088 | CITISTREET | -2,862.09 |
| Bill Pmt -Check | 2/4/2008 | 12089 | PUBLIC EMPLOYEES' RETIREMENT SYSTEM | -6,520.97 |
| Bill Pmt -Check | 2/4/2008 | 12090 | CITISTREET | -2,862.09 |
| Bill Pmt -Check | 2/4/2008 | 12091 | PUBLIC EMPLOYEES' RETIREMENT SYSTEM | -4,383.06 |
| Bill Pmt -Check | 2/6/2008 | 12092 | APPLIED COMPUTER TECHNOLOGIES | -3,071.30 |
| Bill Pmt -Check | 2/6/2008 | 12093 | COMPUTER NETWORK | -1,186.78 |
| Bill Pmt -Check | 2/6/2008 | 12094 | DAILY BULLETIN | -192.00 |
| Bill Pmt -Check | 2/6/2008 | 12095 | g.Neil | -54.99 |
| Bill Pmt -Check | 2/6/2008 | 12096 | HSBC BUSINESS SOLUTIONS | -627.99 |
| Bill Pmt -Check | 2/6/2008 | 12097 | LAWSON PRODUCTS, INC. | -35.93 |
| Bill Pmt -Check | 2/6/2008 | 12098 | OFFICE DEPOT | -207.46 |
| Bill Pmt -Check | 2/6/2008 | 12099 | PARK PLACE COMPUTER SOLUTIONS, INC. | -5,100.00 |
| Bill Pmt -Check | 2/6/2008 | 12100 | PAYCHEX | -384.04 |
| Bill Pmt -Check | 2/6/2008 | 12101 | REID & HELLYER | -4,331.57 |
| Bill Pmt -Check | 2/6/2008 | 12102 | TLC STAFFING | -656.00 |
| Bill Pmt -Check | 2/6/2008 | 12103 | UNION 76 | -161.99 |
| Bill Pmt -Check | 2/6/2008 | 12104 | VERIZON | -323.56 |
| General Journal | 2/9/2008 | 08/02/4 | PAYROLL | -6,625.44 |
| General Journal | 2/9/2008 | 08/02/4 | PAYROLL | -24,310.47 |
| Bill Pmt -Check | 2/22/2008 | 12105 | ACWA SERVICES CORPORATION | -257.27 |
| Bill Pmt -Check | 2/22/2008 | 12106 | ARGENT COMMUNICATIONS GROUP | -575.00 |
| Bill Pmt -Check | 2/22/2008 | 12107 | BANC OF AMERICA LEASING | -3,186.17 |
| Bill Pmt -Check | 2/22/2008 | 12108 | BANK OF AMERICA | -3,417.54 |
| Bill Pmt -Check | 2/22/2008 | 12109 | BOWCOCK, ROBERT | -125.00 |
| Bill Pmt -Check | 2/22/2008 | 12110 | BOWMAN, JIM | -125.00 |
| Bill Pmt -Check | 2/22/2008 | 12111 | BROWNSTEIN HYATT FARBER SCHRECK | -59,056.35 |
| Bill Pmt -Check | 2/22/2008 | 12112 | CALPERS | -3,243.09 |
| Bill Pmt -Check | 2/22/2008 | 12113 | CAROLLO ENGINEERS | -11,212.50 |
| Bill Pmt -Check | 2/22/2008 | 12114 | COMPUTER NETWORK | -80.81 |
| Bill Pmt -Check | 2/22/2008 | 12115 | COSTCO WHOLESALE MEMBERSHIP | -220.00 |
| Bill Pmt -Check | 2/22/2008 | 12116 | CUCAMONGA VALLEY WATER DISTRICT | -5,495.00 |
| Bill Pmt -Check | 2/22/2008 | 12117 | ELLISON, SCHNEIDER & HARRIS, LLP | -2,909.22 |
| Bill Pmt -Check | 2/22/2008 | 12118 | FIRST AMERICAN REAL ESTATE SOLUTIONS | -125.00 |
| Bill Pmt -Check | 2/22/2008 | 12119 | IDEAL GRAPHICS | -17.24 |
| Bill Pmt -Check | 2/22/2008 | 12120 | KUHN, BOB | -125.00 |
| Bill Pmt -Check | 2/22/2008 | 12121 | MCI | -1,169.95 |
| Bill Pmt -Check | 2/22/2008 | 12122 | PRE-PAID LEGAL SERVICES, INC. | -103.60 |
| Bill Pmt -Check | 2/22/2008 | 12123 | PREMIERE GLOBAL SERVICES | -194.26 |
| Bill Pmt -Check | 2/22/2008 | 12124 | RICOH BUSINESS SYSTEMS-Lease | -888.94 |
| Bill Pmt -Check | 2/22/2008 | 12125 | SAFEGUARD DENTAL & VISION | -13.32 |
| Bill Pmt -Check | 2/22/2008 | 12126 | STAULA, MARY L | -136.61 |
| Bill Pmt -Check | 2/22/2008 | 12127 | TLC STAFFING | -1,254.40 |
| Bill Pmt -Check | 2/22/2008 | 12128 | UNITED PARCEL SERVICE | -421.55 |
| Bill Pmt -Check | 2/22/2008 | 12129 | VANDEN HEUVEL, GEOFFREY | -125.00 |
| Bill Pmt -Check | 2/22/2008 | 12130 | VERIZON WIRELESS | -431.06 |
| Bill Pmt -Check | 2/22/2008 | 12131 | W.C. DISCOUNT MOBILE AUTO DETAILING | -75.00 |
| Bill Pmt -Check | 2/22/2008 | 12132 | WESTERN DENTAL SERVICES, INC. | -23.25 |
| Bill Pmt -Check | 2/22/2008 | 12133 | WILDERMUTH ENVIRONMENTAL INC | -111,740.25 |

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
February 2008

| Type | Date | Num | Name | Amount |
|-----------------|-----------|---------|-----------------|--------------------|
| Bill Pmt -Check | 2/22/2008 | 12134 | WILLIS, KENNETH | -125.00 |
| General Journal | 2/23/2008 | 08/02/6 | PAYROLL | -6,807.26 |
| General Journal | 2/23/2008 | 08/02/6 | PAYROLL | -23,155.57 |
| Feb 08 | | | | <u>-322,455.40</u> |

4:57 PM
03/06/08

CHINO BASIN WATERMASTER
Check Detail
February 2008

| Type | Num | Date | Name | Account | Paid Amount |
|-----------------|-----------|-----------|-----------------|-----------------------------------|-------------|
| Bill Pmt -Check | 12108 | 2/22/2008 | BANK OF AMERICA | 1012 · Bank of America Gen'l Ckg | |
| Bill | 402552... | 1/31/2008 | | 6031.7 · Other Office Supplies | -195.88 |
| | | | | 6191 · Conferences | -1,858.12 |
| | | | | 6057 · Computer Maintenance | -259.00 |
| | | | | 6312 · Meeting Expenses | -409.19 |
| | | | | 6112 · Subscriptions/Publications | -695.35 |
| TOTAL | | | | | -3,417.54 |

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2007 THROUGH JANUARY 31, 2008

| | WATERMASTER ADMINISTRATION | OPTIMUM BASIN MANAGEMENT | POOL APPROPRIATIVE | POOL AGRICULTURAL | POOL NON-AGRIC. | GROUNDWATER REPLENISHMENT | GROUNDWATER OPERATIONS SB222 | EDUCATION FUNDS | GRAND TOTALS | BUDGET 2007-2008 |
|---------------------------------------|-------------------------------|--------------------------------|-----------------------|----------------------|--------------------|------------------------------|------------------------------------|--------------------|-----------------|---------------------|
| Administrative Revenues | | | | | | | | | | |
| Administrative Assessments | | | 7,480,691 | | 122,298 | | | | 7,602,989 | \$7,540,370 |
| Interest Revenue | | | 86,117 | | 2,469 | | | 40 | 100,716 | 181,500 |
| Mutual Agency Project Revenue | | 41,667 | | 12,090 | | | | | 41,667 | 145,500 |
| Grant Income | | | | | | | | | | 0 |
| Miscellaneous Income | | | | | | | | | | 0 |
| Total Revenues | - | 41,667 | 7,566,808 | 12,090 | 124,767 | - | - | 40 | 7,745,372 | 7,867,370 |
| Administrative & Project Expenditures | | | | | | | | | | |
| Watermaster Administration | 266,516 | | | | | | | | 266,516 | 627,797 |
| Watermaster Board-Advisory Committee | 35,377 | | | | | | | | 35,377 | 60,645 |
| Pool Administration | | | 10,853 | 86,363 | 3,896 | | | | 101,112 | 127,333 |
| Optimum Basin Mgmt Administration | | 1,822,977 | | | | | | | 1,822,977 | 1,857,337 |
| OBMP Project Costs | | 2,880,751 | | | | | | | 2,880,751 | 5,183,883 |
| Education Funds Use | | | | | | | | 375 | 375 | 375 |
| Mutual Agency Project Costs | | | | | | | | | | 10,000 |
| Total Administrative/OBMP Expenses | 301,893 | 4,703,728 | 10,853 | 86,363 | 3,896 | | | 375 | 5,107,108 | 7,867,370 |
| Net Administrative/OBMP Income | (301,893) | (4,662,061) | | | | | | | | |
| Allocate Net Admin Income To Pools | 301,893 | | 230,307 | 65,655 | 5,931 | | | | | |
| Allocate Net OBMP Income To Pools | | 4,662,061 | 3,556,576 | 1,013,895 | 91,590 | | | | | |
| Agricultural Expense Transfer | | | 1,157,954 | (1,157,954) | | | | | | |
| Total Expenses | 4,955,690 | | 7,959 | 4,131 | 101,417 | | | 375 | 5,107,108 | 7,867,370 |
| Net Administrative Income | 2,611,118 | | | | 23,350 | | | (335) | 2,638,264 | |
| Other Income/(Expense) | | | | | | | | | | |
| Replenishment Water Assessments | | | | | | 3,402,393 | | | 3,402,393 | 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 | | | | | | 1,073,666 | | | 1,073,666 | 0 |
| Net Transfers To/(From) Reserves | | | 2,611,118 | 4,131 | 23,350 | 1,073,666 | | (335) | 3,711,930 | |
| Working Capital, July 1, 2007 | | | 4,222,862 | 475,604 | 156,528 | 294,397 | 158,251 | 1,655 | 5,309,297 | |
| Working Capital, End Of Period | | | 6,833,980 | 479,735 | 179,878 | 1,368,063 | 158,251 | 1,320 | 9,021,227 | |
| 06/07 Assessable Production | | | 130,826,204 | 37,295,410 | 3,369,080 | | | | 171,490,694 | |
| 06/07 Production Percentages | | | 76.288% | 21.748% | 1.965% | | | | 100.000% | |

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JANUARY 1 THROUGH JANUARY 31, 2008**

DEPOSITORIES:

| | | |
|---|-----------|-------------------|
| Cash on Hand - Petty Cash | \$ | 500 |
| Bank of America | | |
| Governmental Checking-Demand Deposits | \$ | 1,115,385 |
| Zero Balance Account - Payroll | | - |
| Local Agency Investment Fund - Sacramento | | - |
| <hr/> | | |
| TOTAL CASH IN BANKS AND ON HAND | | 1/31/2008 |
| TOTAL CASH IN BANKS AND ON HAND | | 12/31/2007 |
| | \$ | 3,520,872 |
| | | 3,873,163 |
| | \$ | (352,291) |

CHANGE IN CASH POSITION DUE TO:

| | | |
|--|-----------|------------------|
| Decrease/(Increase) in Assets: | | |
| Accounts Receivable | \$ | (18,413) |
| Assessments Receivable | | (5,078,588) |
| Prepaid Expenses, Deposits & Other Current Assets | | 215,900 |
| Accounts Payable | | (66,856) |
| Accrued Payroll, Payroll Taxes & Other Current Liabilities | | (29,289) |
| Transfer to/(from) Reserves | | 4,624,955 |
| | \$ | (352,291) |

PERIOD INCREASE (DECREASE)

| | Petty Cash | Gov't'l Checking Demand | Zero Balance Account | | Local Agency Investment Funds | Totals |
|-----------|------------|-------------------------|----------------------|-------------|-------------------------------|---------------------|
| | | | Payroll | Payroll | | |
| \$ | 500 | \$ 124,262 | \$ - | \$ - | \$ 3,748,401 | \$ 3,873,163 |
| | - | 949,212 | | | 56,586 | 1,005,798 |
| | - | 1,304,977 | 95,023 | | (1,400,000) | - |
| | - | (1,263,066) | (95,023) | | - | (1,358,089) |
| <hr/> | | | | | | |
| \$ | 500 | \$ 1,115,385 | \$ - | \$ - | \$ 2,404,987 | \$ 3,520,872 |
| | - | - | - | - | - | - |
| \$ | - | \$ 991,123 | \$ - | \$ - | (1,343,414) | \$ (352,291) |

SUMMARY OF FINANCIAL TRANSACTIONS:

| | |
|--------------------------------------|--|
| Balances as of 12/31/2007 | |
| Deposits | |
| Transfers | |
| Withdrawals/Checks | |
| Balances as of 1/31/2008 | |
| PERIOD INCREASE OR (DECREASE) | |

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JANUARY 1 THROUGH JANUARY 31, 2008**

INVESTMENT TRANSACTIONS

| Effective Date | Transaction | Depository | Activity | Redeemed | Days to Maturity | Interest Rate(*) | Maturity Yield |
|--------------------------------------|-------------|------------|-----------------------|----------|------------------|------------------|----------------|
| 1/15/2008 | Interest | L.A.I.F. | \$ 56,586 | | | | |
| 1/14/2008 | Withdrawal | L.A.I.F. | \$ (1,100,000) | | | | |
| 1/29/2008 | Withdrawal | L.A.I.F. | \$ (300,000) | | | | |
| TOTAL INVESTMENT TRANSACTIONS | | | \$ (1,343,414) | | | | |

* 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
January 31, 2008**

| Financial Institution | Principal Amount | Number of Days | Interest Rate | Maturity Date |
|------------------------------|---------------------|----------------|---------------|---------------|
| Local Agency Investment Fund | \$ 2,404,987 | | | |
| TOTAL INVESTMENTS | \$ 2,404,987 | | | |

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

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

Respectfully submitted,



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

| | <u>Jul '07 - Jan 08</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 | | | | |
| 4110 · Admin Asmnts-Approp Pool | 7,480,691 | 7,423,878 | 56,813 | 100.77% |
| 4120 · Admin Asmnts-Non-Agri Pool | 122,298 | 116,492 | 5,806 | 104.98% |
| 4700 · Non Operating Revenues | 100,716 | 181,500 | -80,784 | 55.49% |
| Total Income | <u>7,745,372</u> | <u>7,867,370</u> | <u>-121,998</u> | <u>98.45%</u> |
| Subtotal | 7,745,372 | 7,867,370 | -121,998 | 98.45% |
| Expense | | | | |
| 6010 · Salary Costs | 283,016 | 477,247 | -194,231 | 59.3% |
| 6020 · Office Building Expense | 55,744 | 101,580 | -45,836 | 54.88% |
| 6030 · Office Supplies & Equip. | 16,320 | 46,500 | -30,180 | 35.1% |
| 6040 · Postage & Printing Costs | 54,038 | 83,000 | -28,962 | 65.11% |
| 6050 · Information Services | 81,857 | 132,000 | -50,143 | 62.01% |
| 6060 · Contract Services | 45,769 | 117,500 | -71,731 | 38.95% |
| 6080 · Insurance | 4,160 | 18,210 | -14,050 | 22.85% |
| 6110 · Dues and Subscriptions | 13,647 | 16,750 | -3,103 | 81.47% |
| 6140 · WM Admin Expenses | 1,306 | 4,650 | -3,344 | 28.09% |
| 6150 · Field Supplies | 116 | 2,500 | -2,384 | 4.63% |
| 6170 · Travel & Transportation | 8,706 | 25,000 | -16,294 | 34.83% |
| 6190 · Conferences & Seminars | 11,050 | 22,500 | -11,450 | 49.11% |
| 6200 · Advisory Comm - WM Board | 10,298 | 18,931 | -8,633 | 54.4% |
| 6300 · Watermaster Board Expenses | 25,079 | 41,714 | -16,635 | 60.12% |
| 8300 · Appr PI-WM & Pool Admin | 10,853 | 24,001 | -13,148 | 45.22% |
| 8400 · Agri Pool-WM & Pool Admin | 12,342 | 24,004 | -11,662 | 51.42% |
| 8467 · Ag Legal & Technical Services | 66,061 | 60,000 | 6,061 | 110.1% |
| 8470 · Ag Meeting Attend -Special | 7,959 | 12,000 | -4,041 | 66.33% |
| 8500 · Non-Ag PI-WM & Pool Admin | 3,896 | 7,328 | -3,432 | 53.17% |
| 6500 · Education Funds Use Expens | 375 | 375 | 0 | 100.0% |
| 9500 · Allocated G&A Expenditures | -309,214 | -419,640 | 110,426 | 73.69% |
| Subtotal G&A Expenditures | <u>403,379</u> | <u>816,150</u> | <u>-412,771</u> | <u>49.43%</u> |
| 6900 · Optimum Basin Mgmt Plan | 1,691,283 | 2,746,138 | -1,054,855 | 61.59% |
| 6950 · Mutual Agency Projects | 10,000 | 10,000 | 0 | 100.0% |
| 9501 · G&A Expenses Allocated-OBMP | 121,695 | 141,199 | -19,504 | 86.19% |
| Subtotal OBMP Expenditures | <u>1,822,977</u> | <u>2,897,337</u> | <u>-1,074,360</u> | <u>62.92%</u> |
| 7101 · Production Monitoring | 62,106 | 101,709 | -39,603 | 61.06% |
| 7102 · In-line Meter Installation | 8,408 | 17,791 | -9,383 | 47.26% |
| 7103 · Grdwtr Quality Monitoring | 49,220 | 117,104 | -67,884 | 42.03% |
| 7104 · Gdwtr Level Monitoring | 113,296 | 182,667 | -69,371 | 62.02% |
| 7105 · Sur Wtr Qual Monitoring | 6,379 | 15,553 | -9,174 | 41.01% |
| 7107 · Ground Level Monitoring | 123,236 | 270,465 | -147,229 | 45.56% |
| 7108 · Hydraulic Control Monitoring | 103,778 | 199,232 | -95,454 | 52.09% |
| 7109 · Recharge & Well Monitoring Prog | 18,842 | 102,827 | -83,985 | 18.32% |
| 7200 · PE2- Comp Recharge Pgm | 620,122 | 945,827 | -325,705 | 65.56% |
| 7300 · PE3&5-Water Supply/Desalte | 5,568 | 159,509 | -153,941 | 3.49% |

| | <u>Jul '07 - Jan 08</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|--|-------------------------|------------------|-----------------------|--------------------|
| 7400 · PE4- Mgmt Plan | 105,172 | 159,674 | -54,502 | 65.87% |
| 7500 · PE6&7-CoopEfforts/SaltMgmt | 71,185 | 138,533 | -67,348 | 51.39% |
| 7600 · PE8&9-StorageMgmt/Conj Use | 44,332 | 82,660 | -38,328 | 53.63% |
| 7690 · Recharge Improvement Debt Pymt | 1,368,373 | 1,377,552 | -9,179 | 99.33% |
| 7700 · Inactive Well Protection Prgm | | 4,339 | -4,339 | |
| 9502 · G&A Expenses Allocated-Projects | 180,734 | 278,441 | -97,707 | 64.91% |
| Subtotal Special Project Expenditures | <u>2,880,751</u> | <u>4,153,883</u> | <u>-1,273,132</u> | <u>69.35%</u> |
| Total Expense | <u>5,107,108</u> | <u>7,867,370</u> | <u>-2,760,262</u> | <u>64.92%</u> |
| Net Ordinary Income | 2,638,264 | | 2,638,264 | 100.0% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 4210 · Approp Pool-Replenishment | 3,393,137 | | | |
| 4220 · Non-Ag Pool-Replenishment | 9,256 | | | |
| Total Other Income | <u>3,402,393</u> | | | |
| Other Expense | | | | |
| 5010 · Groundwater Replenishment | 2,328,727 | | | |
| 9999 · To/(From) Reserves | 3,711,930 | | | |
| Total Other Expense | <u>6,040,657</u> | | | |
| Net Other Income | <u>-2,638,264</u> | | | |
| Net Income | <u>0</u> | <u>0</u> | <u>0</u> | <u>100.0%</u> |



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. SEMI-ANNUAL STATUS REPORT





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: March 13, 2008
March 18, 2008
March 27, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Status Report 2007-2

SUMMARY

Recommendation – Approve Status Report 2007-2 for filing with the Court

BACKGROUND

Status Report 2007-2 covers the period of July 1, 2007 through December 31, 2007. While the bulk of the report describes work conducted for each element of the Optimum Basin Management Program (OBMP) during the 6 month period, it also references the reports and court filings made to address the issues of the Peace II implementation.

Staff recommends approval of the report for filing with the Court.

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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 Sevaine, 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

II. BUSINESS ITEMS

B. PURCHASING POLICY





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

DATE: March 27, 2008
TO: Committee Members
Board Members
FROM: Sheri Rojo, CFO/Assistant General Manager
SUBJECT: Proposed Purchasing and Procedure Policy

RECOMMENDED ACTION:

Staff recommends that the Advisory Committee and Board Members approve the proposed Purchasing and Procedure Policy.

DISCUSSION:

At the Board meeting in February 2008, the proposed Purchasing Policy was removed from the agenda to allow Staff additional time to consider potential modifications from IEUA and other agencies. Staff has reviewed the proposed changes which consisted of adding and modifying language within the existing purchasing procedures, and accepted many of the suggestions. Please note, however, that some of the proposed changes were not incorporated into the policy due to differences in organization size and structure. Changes are shown in the "red line" version attached.

In an effort to maintain prudent fiscal oversight, while working within a cost/benefit constraint due to limited size, Staff is requesting Committee approval of the proposed Purchasing and Procedure Policy that identifies, controls, and monitors the procurement process for Watermaster.

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CHINO BASIN WATERMASTER

Date: March, 2008

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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.

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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 all Watermaster Staff will remain constantly aware of the responsibilities in spending public funds.

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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 member and approved by 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

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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. Splitting or separating of orders for the purpose of evading the requirements of this Policy is strictly prohibited.

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

When seeking goods or services exceeding \$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 both the CFO and 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 CFO for initial approval. Final signed approval must be received by the CEO, or his authorized representative, to authorize the transaction. When possible, a formal bid process is to be used for these purchases.

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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 and CEO, 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. The documented circumstances of the emergency purchase shall be presented to the Chino Basin Watermaster's Board, at the next available Board meeting.

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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.

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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 negotiated 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.

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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 approved by the receiver.

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PURCHASE ORDER

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

#

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

REQUESTED BY:

Check the appropriate box below

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

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

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

C. CHINO BASIN FACILITIES IMPROVEMENT PROJECT, PHASE I, BOND REFINANCE





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: March 27, 2008

TO: Committee Members
Board Members

SUBJECT: Refinancing of Bonds

Recommendation

1. Provide direction and possible action for participation in the refinancing of the variable rate demand bonds with IEUA.

Fiscal Impact

IEUA intends to include the cost of refinancing into the issuance of bonds. Those costs, which are estimated to be \$350,000, will be passed on to Chino Basin Watermaster as part of our new principal bond repayment schedule. The term of the bond refinance appears to be unchanged according to IEUA.

Background

In 2002, Chino Basin Watermaster participated with IEUA in the issuance of Variable Rate Demand Bonds (VRDB's) in the amount of \$59,000,000 to finance the Groundwater Recharge improvements delineated in Phase 1 of the Chino Basin Facilities Improvement Project. Chino Basin Watermaster's portion of the issuance was approximately \$10,000,000. The interest rates on those funds have been relatively low, fluctuating between 2% to 3%. The bonds were supported by an insurance policy provided by AMBAC and a line of credit with Dexia Bank. In the past few months, the capital debt market for variable rate products has been experiencing volatility due in large part to the deterioration of subprime mortgages. The weekly interest rate has been steadily declining due to the rate cuts by the Federal Reserve Bank, but most recently has been rising more steeply, increasing in one week from 2.6% to 4.00%.

Currently, Chino Basin Watermaster's principal balance is \$9,015,250 with payments that fluctuate depending on the rate of interest. The 2007-2008 payment was \$618,373. The amount of the overall issuance for IEUA is just over \$54,000,000. A bond repayment schedule as well as the time and responsibility schedule is attached. Watermaster's only other option appears to look for outside funding to convert the Watermaster portion of the bond issuance into a fixed rate. Watermaster has not spent any time to date exploring this option although this could still be utilized after the current bond refinance is complete as the existing bond terms do not have a prepayment penalty.

To this point Watermaster has cooperated with IEUA in the development of their bond issuance. Staff has devoted many hours to make sure that we were not holding up the process, but given the potential financial impacts to the agency we felt it prudent to get direction from the Advisory Committee and Board before we move ahead.



**Inland Empire Utilities Agency
 Certificate of Participation Refunding, Series 2008B
 Time and Responsibility Schedule
 March 19, 2008**

| Date | Event | Responsible Parties |
|----------------------|--|----------------------------|
| 3/10/2008 2:30 PM | Conference Call to Discuss Legal Documents, Bank Documents and POS | ALL |
| 3/12/2008 | Credit Package to Rating Agencies | FA, UW, BC |
| 3/13/2008 | Bank Package Submitted for Credit Approval | Bank |
| 3/14/2008 | Documents to Board – in substantially final form | BC, UC, Bank Counsel |
| 3/17/2008 | Issue 30-Day Conditional Notice to Bondholders | IEUA, BC, Trustee |
| 3/17-21/08 | Conference calls with Rating Agencies | IEUA, FA, UW, BC |
| 3/19/2008 | Board and Financing Corporation Meeting (Approval) | IEUA, BC, UW |
| 3/20/2008 | Bank Credit Approval (or by March 24) | Bank |
| 3/31/2008 | Receive Ratings From Rating Agencies | ALL |
| 4/4/2008 | Print and Distribute Preliminary Official Statement | BC |
| 4/14/2008 | Price Bonds and Sign Purchase Contract | IEUA, FA, BC, UW, UC |
| | Pre-Close | ALL |
| 4/15/2008 | Closing and delivery of funds | ALL |
| 4/16/08 | Pay off 2002A Bonds | Trustee |

| | | |
|------------------|--------------------------------|------------------------------------|
| IEUA - | Inland Empire Utilities Agency | UW/Remarketing Agent - Citi |
| BC - | Stradling Yocca | Bank - Dexia |
| UC - | Ballard Spahr | Bank Counsel - Sidley |
| Trustee - | US Bank | Financial Advisor - PFM |

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BOND DEBT SERVICE

Chino Basin Regional Financing Authority
 Variable Rate Demand Revenue Refunding Bonds
 Inland Empire Utilities Agency, 2008 Series B
 PRELIMINARY - Subject to change

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|------------|--------------|---------------------|
| 05/07/2008 | | | 130,040.44 | 130,040.44 | |
| 06/01/2008 | 1,155,000 | 4.000% | 3,155.74 | 1,158,155.74 | |
| 06/04/2008 | | | 161,971.58 | 161,971.58 | |
| 06/30/2008 | | | | | 1,450,167.76 |
| 07/02/2008 | | | 161,971.58 | 161,971.58 | |
| 08/06/2008 | | | 202,464.48 | 202,464.48 | |
| 09/03/2008 | | | 161,971.58 | 161,971.58 | |
| 10/01/2008 | | | 161,971.58 | 161,971.58 | |
| 11/05/2008 | | | 202,464.48 | 202,464.48 | |
| 12/03/2008 | | | 161,971.58 | 161,971.58 | |
| 01/07/2009 | | | 202,464.48 | 202,464.48 | |
| 02/04/2009 | | | 161,971.58 | 161,971.58 | |
| 03/04/2009 | | | 162,415.34 | 162,415.34 | |
| 04/01/2009 | | | 162,415.34 | 162,415.34 | |
| 05/06/2009 | | | 203,019.18 | 203,019.18 | |
| 06/01/2009 | 1,355,000 | 4.000% | 3,860.82 | 1,358,860.82 | |
| 06/03/2009 | | | 158,257.53 | 158,257.53 | |
| 06/30/2009 | | | | | 3,462,219.55 |
| 07/01/2009 | | | 158,257.53 | 158,257.53 | |
| 08/05/2009 | | | 197,821.92 | 197,821.92 | |
| 09/02/2009 | | | 158,257.53 | 158,257.53 | |
| 10/07/2009 | | | 197,821.92 | 197,821.92 | |
| 11/04/2009 | | | 158,257.53 | 158,257.53 | |
| 12/02/2009 | | | 158,257.53 | 158,257.53 | |
| 01/06/2010 | | | 197,821.92 | 197,821.92 | |
| 02/03/2010 | | | 158,257.53 | 158,257.53 | |
| 03/03/2010 | | | 158,257.53 | 158,257.53 | |
| 04/07/2010 | | | 197,821.92 | 197,821.92 | |
| 05/05/2010 | | | 158,257.53 | 158,257.53 | |
| 06/01/2010 | 1,410,000 | 4.000% | 4,172.05 | 1,414,172.05 | |
| 06/02/2010 | | | 153,930.96 | 153,930.96 | |
| 06/30/2010 | | | | | 3,467,193.40 |
| 07/07/2010 | | | 192,413.70 | 192,413.70 | |
| 08/04/2010 | | | 153,930.96 | 153,930.96 | |
| 09/01/2010 | | | 153,930.96 | 153,930.96 | |
| 10/06/2010 | | | 192,413.70 | 192,413.70 | |
| 11/03/2010 | | | 153,930.96 | 153,930.96 | |
| 12/01/2010 | | | 153,930.96 | 153,930.96 | |
| 01/05/2011 | | | 192,413.70 | 192,413.70 | |
| 02/02/2011 | | | 153,930.96 | 153,930.96 | |
| 03/02/2011 | | | 153,930.96 | 153,930.96 | |
| 04/06/2011 | | | 192,413.70 | 192,413.70 | |
| 05/04/2011 | | | 153,930.96 | 153,930.96 | |
| 06/01/2011 | 1,470,000 | 4.000% | 153,930.96 | 1,623,930.96 | |
| 06/30/2011 | | | | | 3,471,102.48 |
| 07/06/2011 | | | 186,775.34 | 186,775.34 | |
| 08/03/2011 | | | 149,420.27 | 149,420.27 | |
| 09/07/2011 | | | 186,775.34 | 186,775.34 | |
| 10/05/2011 | | | 149,420.27 | 149,420.27 | |
| 11/02/2011 | | | 149,420.27 | 149,420.27 | |
| 12/07/2011 | | | 186,775.34 | 186,775.34 | |
| 01/04/2012 | | | 149,420.27 | 149,420.27 | |
| 02/01/2012 | | | 149,420.27 | 149,420.27 | |
| 03/07/2012 | | | 186,265.03 | 186,265.03 | |
| 04/04/2012 | | | 149,012.02 | 149,012.02 | |
| 05/02/2012 | | | 149,012.02 | 149,012.02 | |
| 06/01/2012 | 1,530,000 | 4.000% | 5,016.39 | 1,535,016.39 | |
| 06/06/2012 | | | 180,412.57 | 180,412.57 | |
| 06/30/2012 | | | | | 3,507,145.40 |
| 07/05/2012 | | | 144,330.05 | 144,330.05 | |
| 08/01/2012 | | | 144,330.05 | 144,330.05 | |
| 09/05/2012 | | | 180,412.57 | 180,412.57 | |
| 10/03/2012 | | | 144,330.05 | 144,330.05 | |

BOND DEBT SERVICE

Chino Basin Regional Financing Authority
 Variable Rate Demand Revenue Refunding Bonds
 Inland Empire Utilities Agency, 2008 Series B
 PRELIMINARY - Subject to change

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|------------|--------------|---------------------|
| 11/07/2012 | | | 180,412.57 | 180,412.57 | |
| 12/05/2012 | | | 144,330.05 | 144,330.05 | |
| 01/02/2013 | | | 144,330.05 | 144,330.05 | |
| 02/06/2013 | | | 180,412.57 | 180,412.57 | |
| 03/06/2013 | | | 144,725.48 | 144,725.48 | |
| 04/03/2013 | | | 144,725.48 | 144,725.48 | |
| 05/01/2013 | | | 144,725.48 | 144,725.48 | |
| 06/01/2013 | 1,590,000 | 4.000% | 5,401.64 | 1,595,401.64 | |
| 06/05/2013 | | | 174,808.22 | 174,808.22 | |
| 06/30/2013 | | | | | 3,467,274.26 |
| 07/03/2013 | | | 139,846.58 | 139,846.58 | |
| 08/07/2013 | | | 174,808.22 | 174,808.22 | |
| 09/04/2013 | | | 139,846.58 | 139,846.58 | |
| 10/02/2013 | | | 139,846.58 | 139,846.58 | |
| 11/06/2013 | | | 174,808.22 | 174,808.22 | |
| 12/04/2013 | | | 139,846.58 | 139,846.58 | |
| 01/02/2014 | | | 139,846.58 | 139,846.58 | |
| 02/05/2014 | | | 174,808.22 | 174,808.22 | |
| 03/05/2014 | | | 139,846.58 | 139,846.58 | |
| 04/02/2014 | | | 139,846.58 | 139,846.58 | |
| 05/07/2014 | | | 174,808.22 | 174,808.22 | |
| 06/01/2014 | 1,645,000 | 4.000% | 4,506.85 | 1,649,506.85 | |
| 06/04/2014 | | | 134,798.90 | 134,798.90 | |
| 06/30/2014 | | | | | 3,462,464.69 |
| 07/02/2014 | | | 134,798.90 | 134,798.90 | |
| 08/06/2014 | | | 168,498.63 | 168,498.63 | |
| 09/03/2014 | | | 134,798.90 | 134,798.90 | |
| 10/01/2014 | | | 134,798.90 | 134,798.90 | |
| 11/05/2014 | | | 168,498.63 | 168,498.63 | |
| 12/03/2014 | | | 134,798.90 | 134,798.90 | |
| 01/07/2015 | | | 168,498.63 | 168,498.63 | |
| 02/04/2015 | | | 134,798.90 | 134,798.90 | |
| 03/04/2015 | | | 134,798.90 | 134,798.90 | |
| 04/01/2015 | | | 134,798.90 | 134,798.90 | |
| 05/06/2015 | | | 168,498.63 | 168,498.63 | |
| 06/01/2015 | 1,715,000 | 4.000% | 4,886.58 | 1,719,886.58 | |
| 06/03/2015 | | | 129,536.44 | 129,536.44 | |
| 06/30/2015 | | | | | 3,467,009.84 |
| 07/01/2015 | | | 129,536.44 | 129,536.44 | |
| 08/05/2015 | | | 161,920.55 | 161,920.55 | |
| 09/02/2015 | | | 129,536.44 | 129,536.44 | |
| 10/07/2015 | | | 161,920.55 | 161,920.55 | |
| 11/04/2015 | | | 129,536.44 | 129,536.44 | |
| 12/02/2015 | | | 129,536.44 | 129,536.44 | |
| 01/06/2016 | | | 161,920.55 | 161,920.55 | |
| 02/03/2016 | | | 129,536.44 | 129,536.44 | |
| 03/02/2016 | | | 129,182.51 | 129,182.51 | |
| 04/06/2016 | | | 161,478.14 | 161,478.14 | |
| 05/04/2016 | | | 129,182.51 | 129,182.51 | |
| 06/01/2016 | 1,780,000 | 4.000% | 129,182.51 | 1,909,182.51 | |
| 06/30/2016 | | | | | 3,462,469.52 |
| 07/06/2016 | | | 154,669.40 | 154,669.40 | |
| 08/03/2016 | | | 123,735.52 | 123,735.52 | |
| 09/07/2016 | | | 154,669.40 | 154,669.40 | |
| 10/05/2016 | | | 123,735.52 | 123,735.52 | |
| 11/02/2016 | | | 123,735.52 | 123,735.52 | |
| 12/07/2016 | | | 154,669.40 | 154,669.40 | |
| 01/04/2017 | | | 123,735.52 | 123,735.52 | |
| 02/01/2017 | | | 123,735.52 | 123,735.52 | |
| 03/01/2017 | | | 124,074.52 | 124,074.52 | |
| 04/05/2017 | | | 155,093.15 | 155,093.15 | |
| 05/03/2017 | | | 124,074.52 | 124,074.52 | |
| 06/01/2017 | 1,855,000 | 4.000% | 5,895.34 | 1,860,895.34 | |

BOND DEBT SERVICE

Chino Basin Regional Financing Authority
Variable Rate Demand Revenue Refunding Bonds
Inland Empire Utilities Agency, 2008 Series B
PRELIMINARY - Subject to change

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|------------|--------------|---------------------|
| 06/07/2017 | | | 147,978.08 | 147,978.08 | |
| 06/30/2017 | | | | | 3,494,801.41 |
| 07/05/2017 | | | 118,382.47 | 118,382.47 | |
| 08/02/2017 | | | 118,382.47 | 118,382.47 | |
| 09/06/2017 | | | 147,978.08 | 147,978.08 | |
| 10/04/2017 | | | 118,382.47 | 118,382.47 | |
| 11/01/2017 | | | 118,382.47 | 118,382.47 | |
| 12/06/2017 | | | 147,978.08 | 147,978.08 | |
| 01/03/2018 | | | 118,382.47 | 118,382.47 | |
| 02/07/2018 | | | 147,978.08 | 147,978.08 | |
| 03/07/2018 | | | 118,382.47 | 118,382.47 | |
| 04/04/2018 | | | 118,382.47 | 118,382.47 | |
| 05/02/2018 | | | 118,382.47 | 118,382.47 | |
| 06/01/2018 | 1,925,000 | 4.000% | 6,328.77 | 1,931,328.77 | |
| 06/06/2018 | | | 140,594.52 | 140,594.52 | |
| 06/30/2018 | | | | | 3,462,917.29 |
| 07/05/2018 | | | 112,475.62 | 112,475.62 | |
| 08/01/2018 | | | 112,475.62 | 112,475.62 | |
| 09/05/2018 | | | 140,594.52 | 140,594.52 | |
| 10/03/2018 | | | 112,475.62 | 112,475.62 | |
| 11/07/2018 | | | 140,594.52 | 140,594.52 | |
| 12/05/2018 | | | 112,475.62 | 112,475.62 | |
| 01/02/2019 | | | 112,475.62 | 112,475.62 | |
| 02/06/2019 | | | 140,594.52 | 140,594.52 | |
| 03/06/2019 | | | 112,475.62 | 112,475.62 | |
| 04/03/2019 | | | 112,475.62 | 112,475.62 | |
| 05/01/2019 | | | 112,475.62 | 112,475.62 | |
| 06/01/2019 | 2,010,000 | 4.000% | 6,828.49 | 2,016,828.49 | |
| 06/05/2019 | | | 132,884.93 | 132,884.93 | |
| 06/30/2019 | | | | | 3,471,301.94 |
| 07/03/2019 | | | 106,307.95 | 106,307.95 | |
| 08/07/2019 | | | 132,884.93 | 132,884.93 | |
| 09/04/2019 | | | 106,307.95 | 106,307.95 | |
| 10/02/2019 | | | 106,307.95 | 106,307.95 | |
| 11/06/2019 | | | 132,884.93 | 132,884.93 | |
| 12/04/2019 | | | 106,307.95 | 106,307.95 | |
| 01/02/2020 | | | 106,307.95 | 106,307.95 | |
| 02/05/2020 | | | 132,884.93 | 132,884.93 | |
| 03/04/2020 | | | 106,017.49 | 106,017.49 | |
| 04/01/2020 | | | 106,017.49 | 106,017.49 | |
| 05/06/2020 | | | 132,521.86 | 132,521.86 | |
| 06/01/2020 | 2,080,000 | 4.000% | 5,910.38 | 2,085,910.38 | |
| 06/03/2020 | | | 99,652.46 | 99,652.46 | |
| 06/30/2020 | | | | | 3,460,314.22 |
| 07/01/2020 | | | 99,652.46 | 99,652.46 | |
| 08/05/2020 | | | 124,565.57 | 124,565.57 | |
| 09/02/2020 | | | 99,652.46 | 99,652.46 | |
| 10/07/2020 | | | 124,565.57 | 124,565.57 | |
| 11/04/2020 | | | 99,652.46 | 99,652.46 | |
| 12/02/2020 | | | 99,652.46 | 99,652.46 | |
| 01/06/2021 | | | 124,565.57 | 124,565.57 | |
| 02/03/2021 | | | 99,652.46 | 99,652.46 | |
| 03/03/2021 | | | 99,925.48 | 99,925.48 | |
| 04/07/2021 | | | 124,906.85 | 124,906.85 | |
| 05/05/2021 | | | 99,925.48 | 99,925.48 | |
| 06/01/2021 | 2,165,000 | 4.000% | 6,406.03 | 2,171,406.03 | |
| 06/02/2021 | | | 93,282.19 | 93,282.19 | |
| 06/30/2021 | | | | | 3,461,405.04 |
| 07/07/2021 | | | 116,602.74 | 116,602.74 | |
| 08/04/2021 | | | 93,282.19 | 93,282.19 | |
| 09/01/2021 | | | 93,282.19 | 93,282.19 | |
| 10/06/2021 | | | 116,602.74 | 116,602.74 | |
| 11/03/2021 | | | 93,282.19 | 93,282.19 | |

BOND DEBT SERVICE

Chino Basin Regional Financing Authority
 Variable Rate Demand Revenue Refunding Bonds
 Inland Empire Utilities Agency, 2008 Series B
 PRELIMINARY - Subject to change

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|------------|--------------|---------------------|
| 12/01/2021 | | | 93,282.19 | 93,282.19 | |
| 01/05/2022 | | | 116,602.74 | 116,602.74 | |
| 02/02/2022 | | | 93,282.19 | 93,282.19 | |
| 03/02/2022 | | | 93,282.19 | 93,282.19 | |
| 04/06/2022 | | | 116,602.74 | 116,602.74 | |
| 05/04/2022 | | | 93,282.19 | 93,282.19 | |
| 06/01/2022 | 2,260,000 | 4.000% | 93,282.19 | 2,353,282.19 | |
| 06/30/2022 | | | | | 3,472,668.48 |
| 07/06/2022 | | | 107,934.25 | 107,934.25 | |
| 08/03/2022 | | | 86,347.40 | 86,347.40 | |
| 09/07/2022 | | | 107,934.25 | 107,934.25 | |
| 10/05/2022 | | | 86,347.40 | 86,347.40 | |
| 11/02/2022 | | | 86,347.40 | 86,347.40 | |
| 12/07/2022 | | | 107,934.25 | 107,934.25 | |
| 01/04/2023 | | | 86,347.40 | 86,347.40 | |
| 02/01/2023 | | | 86,347.40 | 86,347.40 | |
| 03/01/2023 | | | 86,347.40 | 86,347.40 | |
| 04/05/2023 | | | 107,934.25 | 107,934.25 | |
| 05/03/2023 | | | 86,347.40 | 86,347.40 | |
| 06/01/2023 | 2,345,000 | 4.000% | 7,452.60 | 2,352,452.60 | |
| 06/07/2023 | | | 98,939.73 | 98,939.73 | |
| 06/30/2023 | | | | | 3,487,561.13 |
| 07/05/2023 | | | 79,151.78 | 79,151.78 | |
| 08/02/2023 | | | 79,151.78 | 79,151.78 | |
| 09/06/2023 | | | 98,939.73 | 98,939.73 | |
| 10/04/2023 | | | 79,151.78 | 79,151.78 | |
| 11/01/2023 | | | 79,151.78 | 79,151.78 | |
| 12/06/2023 | | | 98,939.73 | 98,939.73 | |
| 01/03/2024 | | | 79,151.78 | 79,151.78 | |
| 02/07/2024 | | | 98,939.73 | 98,939.73 | |
| 03/06/2024 | | | 78,935.52 | 78,935.52 | |
| 04/03/2024 | | | 78,935.52 | 78,935.52 | |
| 05/01/2024 | | | 78,935.52 | 78,935.52 | |
| 06/01/2024 | 2,435,000 | 4.000% | 8,249.73 | 2,443,249.73 | |
| 06/05/2024 | | | 89,355.19 | 89,355.19 | |
| 06/30/2024 | | | | | 3,461,989.57 |
| 07/03/2024 | | | 71,484.15 | 71,484.15 | |
| 08/07/2024 | | | 89,355.19 | 89,355.19 | |
| 09/04/2024 | | | 71,484.15 | 71,484.15 | |
| 10/02/2024 | | | 71,484.15 | 71,484.15 | |
| 11/06/2024 | | | 89,355.19 | 89,355.19 | |
| 12/04/2024 | | | 71,484.15 | 71,484.15 | |
| 01/02/2025 | | | 71,484.15 | 71,484.15 | |
| 02/05/2025 | | | 89,355.19 | 89,355.19 | |
| 03/05/2025 | | | 71,680.00 | 71,680.00 | |
| 04/02/2025 | | | 71,680.00 | 71,680.00 | |
| 05/07/2025 | | | 89,600.00 | 89,600.00 | |
| 06/01/2025 | 2,535,000 | 4.000% | 6,945.21 | 2,541,945.21 | |
| 06/04/2025 | | | 63,901.37 | 63,901.37 | |
| 06/30/2025 | | | | | 3,464,292.90 |
| 07/02/2025 | | | 63,901.37 | 63,901.37 | |
| 08/06/2025 | | | 79,876.71 | 79,876.71 | |
| 09/03/2025 | | | 63,901.37 | 63,901.37 | |
| 10/01/2025 | | | 63,901.37 | 63,901.37 | |
| 11/05/2025 | | | 79,876.71 | 79,876.71 | |
| 12/03/2025 | | | 63,901.37 | 63,901.37 | |
| 01/07/2026 | | | 79,876.71 | 79,876.71 | |
| 02/04/2026 | | | 63,901.37 | 63,901.37 | |
| 03/04/2026 | | | 63,901.37 | 63,901.37 | |
| 04/01/2026 | | | 63,901.37 | 63,901.37 | |
| 05/06/2026 | | | 79,876.71 | 79,876.71 | |
| 06/01/2026 | 2,640,000 | 4.000% | 7,522.19 | 2,647,522.19 | |
| 06/03/2026 | | | 55,800.55 | 55,800.55 | |

BOND DEBT SERVICE

Chino Basin Regional Financing Authority
 Variable Rate Demand Revenue Refunding Bonds
 Inland Empire Utilities Agency, 2008 Series B
 PRELIMINARY - Subject to change

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|-----------|--------------|---------------------|
| 06/30/2026 | | | | | 3,470,139.17 |
| 07/01/2026 | | | 55,800.55 | 55,800.55 | |
| 08/05/2026 | | | 69,750.68 | 69,750.68 | |
| 09/02/2026 | | | 55,800.55 | 55,800.55 | |
| 10/07/2026 | | | 69,750.68 | 69,750.68 | |
| 11/04/2026 | | | 55,800.55 | 55,800.55 | |
| 12/02/2026 | | | 55,800.55 | 55,800.55 | |
| 01/06/2027 | | | 69,750.68 | 69,750.68 | |
| 02/03/2027 | | | 55,800.55 | 55,800.55 | |
| 03/03/2027 | | | 55,800.55 | 55,800.55 | |
| 04/07/2027 | | | 69,750.68 | 69,750.68 | |
| 05/05/2027 | | | 55,800.55 | 55,800.55 | |
| 06/01/2027 | 2,745,000 | 4.000% | 8,122.19 | 2,753,122.19 | |
| 06/02/2027 | | | 47,377.53 | 47,377.53 | |
| 06/30/2027 | | | | | 3,470,106.29 |
| 07/07/2027 | | | 59,221.92 | 59,221.92 | |
| 08/04/2027 | | | 47,377.53 | 47,377.53 | |
| 09/01/2027 | | | 47,377.53 | 47,377.53 | |
| 10/06/2027 | | | 59,221.92 | 59,221.92 | |
| 11/03/2027 | | | 47,377.53 | 47,377.53 | |
| 12/01/2027 | | | 47,377.53 | 47,377.53 | |
| 01/05/2028 | | | 59,221.92 | 59,221.92 | |
| 02/02/2028 | | | 47,377.53 | 47,377.53 | |
| 03/01/2028 | | | 47,248.09 | 47,248.09 | |
| 04/05/2028 | | | 59,060.11 | 59,060.11 | |
| 05/03/2028 | | | 47,248.09 | 47,248.09 | |
| 06/01/2028 | 2,855,000 | 4.000% | 9,048.63 | 2,864,048.63 | |
| 06/07/2028 | | | 48,139.34 | 48,139.34 | |
| 06/30/2028 | | | | | 3,480,297.67 |
| 07/05/2028 | | | 38,511.48 | 38,511.48 | |
| 08/02/2028 | | | 38,511.48 | 38,511.48 | |
| 09/06/2028 | | | 48,139.34 | 48,139.34 | |
| 10/04/2028 | | | 38,511.48 | 38,511.48 | |
| 11/01/2028 | | | 38,511.48 | 38,511.48 | |
| 12/06/2028 | | | 48,139.34 | 48,139.34 | |
| 01/03/2029 | | | 38,511.48 | 38,511.48 | |
| 02/07/2029 | | | 48,139.34 | 48,139.34 | |
| 03/07/2029 | | | 38,616.99 | 38,616.99 | |
| 04/04/2029 | | | 38,616.99 | 38,616.99 | |
| 05/02/2029 | | | 38,616.99 | 38,616.99 | |
| 06/01/2029 | 2,970,000 | 4.000% | 9,764.38 | 2,979,764.38 | |
| 06/06/2029 | | | 36,879.45 | 36,879.45 | |
| 06/30/2029 | | | | | 3,469,470.22 |
| 07/05/2029 | | | 29,503.56 | 29,503.56 | |
| 08/01/2029 | | | 29,503.56 | 29,503.56 | |
| 09/05/2029 | | | 36,879.45 | 36,879.45 | |
| 10/03/2029 | | | 29,503.56 | 29,503.56 | |
| 11/07/2029 | | | 36,879.45 | 36,879.45 | |
| 12/05/2029 | | | 29,503.56 | 29,503.56 | |
| 01/02/2030 | | | 29,503.56 | 29,503.56 | |
| 02/06/2030 | | | 36,879.45 | 36,879.45 | |
| 03/06/2030 | | | 29,503.56 | 29,503.56 | |
| 04/03/2030 | | | 29,503.56 | 29,503.56 | |
| 05/01/2030 | | | 29,503.56 | 29,503.56 | |
| 06/01/2030 | 3,080,000 | 4.000% | 10,463.56 | 3,090,463.56 | |
| 06/05/2030 | | | 25,065.75 | 25,065.75 | |
| 06/30/2030 | | | | | 3,462,196.14 |
| 07/03/2030 | | | 20,052.60 | 20,052.60 | |
| 08/07/2030 | | | 25,065.75 | 25,065.75 | |
| 09/04/2030 | | | 20,052.60 | 20,052.60 | |
| 10/02/2030 | | | 20,052.60 | 20,052.60 | |
| 11/06/2030 | | | 25,065.75 | 25,065.75 | |
| 12/04/2030 | | | 20,052.60 | 20,052.60 | |

BOND DEBT SERVICE

Chino Basin Regional Financing Authority
 Variable Rate Demand Revenue Refunding Bonds
 Inland Empire Utilities Agency, 2008 Series B
 PRELIMINARY - Subject to change

| Period Ending | Principal | Coupon | Interest | Debt Service |
|------------------|------------|--------|---------------|---------------|
| 06/30/2008 | 1,155,000 | 4.000% | 295,167.76 | 1,450,167.76 |
| 06/30/2009 | 1,355,000 | 4.000% | 2,107,219.55 | 3,462,219.55 |
| 06/30/2010 | 1,410,000 | 4.000% | 2,057,193.40 | 3,467,193.40 |
| 06/30/2011 | 1,470,000 | 4.000% | 2,001,102.48 | 3,471,102.48 |
| 06/30/2012 | 1,530,000 | 4.000% | 1,977,145.40 | 3,507,145.40 |
| 06/30/2013 | 1,590,000 | 4.000% | 1,877,274.26 | 3,467,274.26 |
| 06/30/2014 | 1,645,000 | 4.000% | 1,817,464.69 | 3,462,464.69 |
| 06/30/2015 | 1,715,000 | 4.000% | 1,752,009.84 | 3,467,009.84 |
| 06/30/2016 | 1,780,000 | 4.000% | 1,682,469.52 | 3,462,469.52 |
| 06/30/2017 | 1,855,000 | 4.000% | 1,639,801.41 | 3,494,801.41 |
| 06/30/2018 | 1,925,000 | 4.000% | 1,537,917.29 | 3,462,917.29 |
| 06/30/2019 | 2,010,000 | 4.000% | 1,461,301.94 | 3,471,301.94 |
| 06/30/2020 | 2,080,000 | 4.000% | 1,380,314.22 | 3,460,314.22 |
| 06/30/2021 | 2,165,000 | 4.000% | 1,296,405.04 | 3,461,405.04 |
| 06/30/2022 | 2,260,000 | 4.000% | 1,212,668.48 | 3,472,668.48 |
| 06/30/2023 | 2,345,000 | 4.000% | 1,142,561.13 | 3,487,561.13 |
| 06/30/2024 | 2,435,000 | 4.000% | 1,026,989.57 | 3,461,989.57 |
| 06/30/2025 | 2,535,000 | 4.000% | 929,292.90 | 3,464,292.90 |
| 06/30/2026 | 2,640,000 | 4.000% | 830,139.17 | 3,470,139.17 |
| 06/30/2027 | 2,745,000 | 4.000% | 725,106.29 | 3,470,106.29 |
| 06/30/2028 | 2,855,000 | 4.000% | 625,297.67 | 3,480,297.67 |
| 06/30/2029 | 2,970,000 | 4.000% | 499,470.22 | 3,469,470.22 |
| 06/30/2030 | 3,080,000 | 4.000% | 382,196.14 | 3,462,196.14 |
| 06/30/2031 | 3,200,000 | 4.000% | 259,631.74 | 3,459,631.74 |
| 06/30/2032 | 3,335,000 | 4.000% | 132,551.17 | 3,467,551.17 |
| | 54,085,000 | | 30,648,691.28 | 84,733,691.28 |



CHINO BASIN WATERMASTER

III. REPORTS / UPDATES

E. INLAND EMPIRE UTILITIES AGENCY

1. Phase II Chino Basin Recharge Improvements
2. Monthly Water Conservation Programs Report
3. Monthly Imported Water Deliveries Report
4. State and Federal Legislative Reports
5. Community Outreach/Public Relations Report



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

March 27, 2008

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

- Phase II Chino Basin Recharge Improvements (Tom Love)

Written Updates:

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

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Date: March 19, 2008

To: The Honorable Board of Directors

Through: Engineering, Operations and Biosolids Management Committee
(03/12/08)

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

Submitted by: Thomas A. Love
Executive Manager of Engineering

Neil W. Clifton
Manager of Engineering, Energy and Construction Management

Subject: Construction Contract Award for the Chino Basin Facilities Improvements Program, Phase II, Berm Hardening, Project No. TS07004.02

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award the construction contract for the Chino Basin Facilities Improvement Program, Phase II, Berm Hardening, Project No. TS07004.02, to Landmark Site Contractors for their low bid of \$1,459,620; and
2. Authorize the Chief Executive Officer/General Manager to execute the contract.

BACKGROUND

The Chino Basin Facilities Improvement Program, Phase II Project provides for additional sources of imported water and improvements to the existing recharge basin facilities. The Phase II Project is funded by a Grant with the California State Department of Water Resources (DWR), and jointly funded by Chino Basin Watermaster (CBWM) and the Inland Empire Utilities Agency. The Phase II improvements include a new turnout, CB-20, from Metropolitan Water District's (MWD) Rialto Feeder in Upland to deliver imported water into the Eighth Street Basins; modifications to MWD's temporary turnout, CB-14 in Rancho Cucamonga, to provide increased imported water flows to the Victoria and San Sevaine Basins; modifications to berms in various recharge basins to improve operations; and improvements to the Supervisory Control

And Data Acquisition (SCADA) system to improve monitoring and controlling of spreading basins from a central control system.

Three construction packages were prepared by Kennedy-Jenks Consultants to help expedite the design and construction of improvement plans. The first construction activity, Package A, allowed for the pre-purchase and installation of new valves on two turnouts on MWD's Rialto Feeder. Engineering and Construction Management accelerated the design and completed the valve installation on February 7, 2008, in order to meet MWD's scheduled feeder shut-down, which was from February 3 through February 10. The second construction activity, Package B, Berm Hardening, includes berm improvements to four (4) spreading basins, San Sevaine Basin, Hickory Basin, Declaz Basin, and 8th Street Basin. This package will fortify existing berms and construct basin outlets for the purpose of improving the performance and operation of the recharge facilities. The final construction activity, Package C, will complete the service connection piping, valves, structures and controls after the two new turnout valves on the Rialto Feeder, which was installed under Package A. Package C will also include SCADA system improvements at the Montclair Basin, Upland Basin, Lower Day Basin, Brooks Basin, Turner Basins, and San Sevaine Basin.

Agency staff advertised the Berm Hardening, Package B, for construction bids on January 31, 2008. The following ten (10) bids were received on February 28, 2008.

| <u>Bidder Name</u> | <u>Total Bid Amount</u> |
|--|-------------------------|
| Landmark Site Contractors | \$1,459,620 |
| Mike Bubalo Construction Co., Inc. | \$1,543,000 |
| Riverside Construction Co., Inc. | \$1,561,750 |
| M.M.C., Inc. | \$1,771,811 |
| Environmental Construction, Inc. | \$1,836,293 |
| Vance Corporation | \$1,868,750 |
| KEC Engineering | \$1,939,000 |
| McKenna Engineering | \$1,948,000 |
| Norstar Plumbing and Engineering, Inc. | \$2,018,000 |
| Reyes Construction, Inc. | \$2,090,000 |
| Engineer's Estimate | \$1,855,000 |

Landmark Site Contractors (California Class "A" License No. 729500) offered their low bid of \$1,459,652 and has received good references from previous clients.

The budget summary for the project is as follows:

| <u>Project Phase</u> | <u>Total</u> |
|-------------------------|--------------|
| Design | \$ 386,000 |
| Construction | \$1,459,620 |
| Construction Management | \$73,000 |
| Contingency | \$ 146,000 |

Total Projected Cost \$ 2,064,620

The Chino Basin Facilities Improvement Program, Phase II – Berm Hardening will be completed by October 15, 2008.

PRIOR BOARD ACTION

On November 21, 2007, the Board approved Amendment No. 3 to the Engineering Services Contract No. CRH06118 with Kennedy/Jenks Consultants for the not-to-exceed amount of \$190,000.

On August 15, 2007, the Board approved the payment to MWD of \$504,200 for review and inspection fees for improvements at turnouts CB-14 and CB-20, and for the purchase of a 24-inch diameter high performance butterfly valve.

On December 13, 2006, the Board approved Amendment No. 1 to the Engineering Services Contract No. CRH06118 with Kennedy/Jenks Consultants for the not-to-exceed amount of \$127,500.

On July 19, 2006, the Board approved the Engineering Consulting Services Contract No. CRH06118 with Kennedy/Jenks Consultants for the not-to-exceed amount of \$1,043,615.

On April 5, 2006, the Board approved the agreement regarding Recharge Facilities Improvements Matching Funds Cost Sharing between IEUA and Chino Basin Watermaster for \$5,250,000 local funding, equally paid by IEUA and Watermaster (IEUA share \$2,625,000).

On October 20, 2004, the Board of Directors held a public hearing and approved Resolution No. 2004-10-1 to accept the \$15,500,000 grant award by the Department of Water Resources. Resolution No. 2004-10-1 also authorized and directed the Chief Executive Officer to execute and sign the Department of Water Resources grant contract and to sign grant disbursement requests for State Funds.

IMPACT ON BUDGET

The total amended 2007/08 Fiscal Year project budget under Project No. TS07004.00 from the Recharge Water Fund is \$11,083,000. The construction cost for the Berm Hardening of \$1,855,000 is within the current project budget.

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SECTION D

CONTRACT AND RELEVANT DOCUMENTS

1.0 CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____, 20__, by and between _____, hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

WITNESSETH:

That for and in consideration of the promises and agreements hereinafter made and exchanged, the Agency and the Contractor agree as follows:

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR _____, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price \$ _____
 _____ Dollars
 and _____ Cents.

If this is not a lump sum bid and the contract price is dependent upon the quantities constructed, the Agency will pay and said Contractor shall receive, in full compensation for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.

5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Warranty Form, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.

6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency one hundred fifty (150) calendar days after award of the Contract. All work shall be completed before final payment is made.

7. Time is of the essence on this Contract.

8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of four thousand (\$4,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due the Contractor, liquidated damages in accordance with the Bidding and Contract Requirements, Section B - Instruction to Bidders, Part 8.0 "Liquidated Damages", for any violation of the General Conditions, Section D - Contractor's Responsibilities, Part 4, "Law and Regulations"; Bidding and Contract Requirements Contract Section D -Contract and Relevant Documents, Part 1.0, Paragraphs 9 through 11; General Conditions , Section D - Contractor's Responsibilities, Part 4.0, "Labor, Materials and Equipment"; General Conditions Section D - Contractor's Responsibilities, Part 12.0, "Safety and Protection" or General Conditions Section H - Legal Responsibilities, Part 9.0, "Disturbance of the Peace".

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.

10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more that Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates

as determined by the Director of the California Department of Industrial Relations for the work.

11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.

12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.

13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.

14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.

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

IN WITNESS WHEREOF, The Contractor and the Chief Executive Officer/General Manager of Inland Empire Utilities Agency*, thereunto duly authorized, have caused the names of said parties to be affixed hereto, each in triplicate, the day and year first above written.

Inland Empire Utilities Agency,*
San Bernardino County, California.

Contractor

By _____
Chief Executive Officer/General Manager

By _____
Title

*Municipal Water District

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Date: March 19, 2008

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(03/12/08)

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

Submitted by: Thomas A. Love
Executive Manager of Engineering

Neil W. Clifton
Manager of Engineering, Energy and Construction Management

Subject: Construction Contract Award for the Chino Basin Facilities Improvements Program, Phase II – Turnout Service Connections, SCADA Basin Improvements, and Turnout Relocation, Project No. TS07004.03

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award the construction contract for the Chino Basin Facilities Improvement Program, Phase II – Turnout Service Connections, SCADA Basin Improvements, and Turnout Relocation, Project No. TS07004.03, to Norstar Plumbing and Engineering, Inc. for their low bid of \$3,333,000; and
2. Authorize the Chief Executive Officer/General Manager to execute the contract.

BACKGROUND

The Chino Basin Facilities Improvement Program, Phase II project provides for additional sources of imported water and improvements to the existing recharge basin facilities. The Phase II project is funded by a Grant with the California State Department of Water Resources (DWR), and jointly funded by Chino Basin Watermaster (CBWM) and the Inland Empire Utilities Agency. The Phase II improvements include a new turnout, CB-20, from Metropolitan Water District's (MWD) Rialto Feeder in Upland to deliver imported water into the Eighth Street Basins; modifications to MWD's temporary turnout, CB-14 in Rancho Cucamonga, to provide increased imported water flows to the Victoria and San Sevaine Basins; modifications to berms in various recharge basins to improve operations; and improvements to the Supervisory Control

And Data Acquisition (SCADA) system to improve monitoring and controlling of spreading basins from a central control system.

Three construction packages were prepared by Kennedy-Jenks Consultants to help expedite the design and construction of improvement plans. The first construction activity, Package A, allowed for the pre-purchase and installation of new valves on two existing turnouts on MWD's Rialto Feeder. Engineering and Construction Management accelerated the design and completed the valve installation on February 7, 2008, in order to meet MWD's scheduled feeder shut-down, which was from February 3, through February 10. The second construction activity, Package B, Berm Hardening, includes berm improvements to four (4) spreading basins, San Sevaine Basin, Hickory Basin, Declez Basin, and 8th Street Basin. This package will be awarded to the lowest responsive Bidder on March 19, 2008. The final construction activity, Package C, will complete the service connection piping, valves, structures and controls after the two new turnout valves on the Rialto Feeder, which was installed under Package A. Package C will also include SCADA system improvements at the Montclair Basin, Upland Basin, Lower Day Basin, Brooks Basin, Turner Basins, and San Sevaine Basin.

Agency staff advertised Package C for construction bids on February 11, 2008. The following five (5) bids were received on March 11, 2008.

| <u>Bidder Name</u> | <u>Total Bid Amount</u> |
|--|-------------------------|
| Norstar Plumbing and Engineering, Inc. | \$3,333,000 |
| Mike Bubalo Construction Co., Inc. | \$3,395,000 |
| Albert W. Davies, Inc. | \$3,745,596 |
| Den Boer Engineering & Construction | \$3,886,000 |
| SCW Contracting Corporation | \$5,251,326 |
| Engineer's Estimate | \$4,318,430 |

Norstar Plumbing and Engineering, Inc. (California Class "A" License No. 633471) offered their low bid of \$3,333,000 and has received good references from previous clients.

The budget summary for the project is as follows:

| <u>Project Phase</u> | <u>Total</u> |
|-----------------------------|---------------------|
| Design | \$ 873,000 |
| Construction | \$3,333,000 |
| Construction Management | \$ 216,000 |
| Contingency | \$ 432,000 |
| Total Projected Cost | \$ 4,854,000 |

Construction is scheduled to be complete on December 31, 2008.

PRIOR BOARD ACTION

On November 21, 2007, the Board approved Amendment No. 3 to the Engineering Services Contract No. CRH06118 with Kennedy/Jenks Consultants for the not-to-exceed amount of \$190,000.

On August 15, 2007, the Board approved the payment to MWD of \$504,200 for review and inspection fees for improvements at turnouts CB-14 and CB-20, and for the purchase of a 24-inch diameter high performance butterfly valve.

On December 13, 2006, the Board approved Amendment No. 1 to the Engineering Services Contract No. CRH06118 with Kennedy/Jenks Consultants for the not-to-exceed amount of \$127,500.

On July 19, 2006, the Board approved the Engineering Consulting Services Contract No. CRH06118 with Kennedy/Jenks Consultants for the not-to-exceed amount of \$1,043,615.

On April 5, 2006, the Board approved the agreement regarding Recharge Facilities Improvements Matching Funds Cost Sharing between IEUA and Chino Basin Watermaster for \$5,250,000 local funding, equally paid by IEUA and Watermaster (IEUA share \$2,625,000).

On October 20, 2004, the Board of Directors held a public hearing and approved Resolution No. 2004-10-1 to accept the \$15,500,000 grant award by the Department of Water Resources. Resolution No. 2004-10-1 also authorized and directed the Chief Executive Officer to execute and sign the Department of Water Resources grant contract and to sign grant disbursement requests for State Funds.

IMPACT ON BUDGET

The total amended 2007/08 Fiscal Year project budget under Project No. TS07004.00 from the Recharge Water Fund is \$11,083,000. The construction cost for Package C of \$3,333,000 is within the current project budget.

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SECTION D

CONTRACT AND RELEVANT DOCUMENTS

1.0 CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____, 20__, by and between _____, hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

WITNESSETH:

That for and in consideration of the promises and agreements hereinafter made and exchanged, the Agency and the Contractor agree as follows:

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR Chino Basin Facilities Improvements Project, Phase II, Turnout Service Connection, Rialto Pipeline and Turnouts CB-14 and CB-20, and CB-14 Turnout Relocation in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.

2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.

3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price \$ _____
_____ Dollars
and _____ Cents.

If this is not a lump sum bid and the contract price is dependent upon the quantities constructed,

the Agency will pay and said Contractor shall receive, in full compensation for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.

5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Warranty Form, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.

6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Inland Empire Utility Agency (IEUA) 270 calendar days after award of the Contract. All work shall be completed before final payment is made.

7. Time is of the essence on this Contract.

8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of four thousand (\$4,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due the Contractor, liquidated damages in accordance with the Bidding and Contract Requirements, Section B - Instruction to Bidders, Part 8.0 "Liquidated Damages", for any violation of the General Conditions, Section D - Contractor's Responsibilities, Part 4, "Law and Regulations"; Bidding and Contract Requirements Contract Section D - Contract and Relevant Documents, Part 1.0, Paragraphs 9 through 11; General Conditions, Section D - Contractor's Responsibilities, Part 4.0, "Labor, Materials and Equipment"; General Conditions Section D - Contractor's Responsibilities, Part 12.0, "Safety and Protection" or General Conditions Section H - Legal Responsibilities, Part 9.0, "Disturbance of the Peace".

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or

referenced in the contract documents.

10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more than Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates as determined by the Director of the California Department of Industrial Relations for the work.

11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.

12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.

13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.

14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.

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

IN WITNESS WHEREOF, The Contractor and the Chief Executive Officer/General Manager of

Inland Empire Utilities Agency*, thereunto duly authorized, have caused the names of said parties to be affixed hereto, each in triplicate, the day and year first above written.

Inland Empire Utilities Agency,*
San Bernardino County, California.

Contractor

By _____
Chief Executive Officer/General Manager

By _____
Title

*Municipal Water District

Regional Conservation Programs Monthly Report – February 2008

MWD Activities

- **Media Campaign & Public Outreach** – MWD's media campaign will restart on March 24, 2008 and will run 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 focus on the same messaging and media material developed and delivered under the fall campaign.
- **Accelerated Public Sector Water Efficiency Partnership Demonstration Program** – This MWD 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. In addition, MWD has tripled the value of its current array of conservation rebates for cities, schools and other public agencies which, in most cases, covers 100% of the cost of the devices. IEUA has applied for the recycled water rebates as part of implementation of the Three Year Recycled Water Plan and is promoting the availability of the other rebates throughout its service area.
- **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. 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 and, upon program completion, cold water, energy and gas savings will be evaluated.
- **Region-wide Residential Program** – MWD has deferred action on vendor selection and contract award until March 11, 2008.
- **Enhanced Conservation Grant** – Project selections and grant awards will be announced by MWD in April 2008.
- **Imported Water Deliveries** – For the month of January 2008, full service water sales totaled 3,630.6 AF. This is about 750 less than full service deliveries in January 2007. Calendar Year 2008 Tier 1 deliveries through 1/31/08 total 3,630.6. The annual limit for Tier 1 purchases is 59,752.2 AF.

Landscape Programs

- **Phase III Landscape Audit Program** – The Chino Basin Water Conservation District began LEAP Phase III implementation on January 1st, 2008. The Conservation District has hired a Water Conservation Specialist (Laurence Budd) and is working with to finalize program design and implementation processes for the program. The Conservation District has finalized an agreement forms that provide the District permission to access participants' properties, information on previous water consumption, and future water use data. Meetings have been held with representatives of all area retail water providers outlining the program, and establishing roles and responsibilities for providing potential participant information, methods of Conservation District introduction and reporting future water usage data. Several agencies have provided potential participant information. Others are working to develop the list of potential participants. Draft participant audit reports have been developed and circulated for comment. Feedback has been very positive. As of this date one field audit has been completed.
- **Ontario Cares** – 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 100 inquiries and over 20 completed applications.
- **U.S. Bureau of Reclamation Water Efficiency Grant Application** - IEUA submitted an application for \$80,000 in grant funds to support the Water Wise Residential Landscape Retrofit Program. The application was submitted in partnership with the Rancho Santa Ana Botanic Garden, San Bernardino County Water Resources

Institute and Chino Basin Water Conservation District. It will support the development of an integrated rebate and educational program that will assist residents with the conversion of their yards to California Friendly water efficient landscaping. The decision on the grant is expected in May 2008.

- **Inland Empire Landscape Alliance** – The Alliance met on February 14th to review work completed to date and to receive presentations on the MWD drought allocation plan, Three Year Recycled Water Business Plan and a proposal for the initiation of a school fundraising program using native plant gardens. During February and March, Alliance staff is meeting with city staffs to review existing landscaping ordinances and identify recommendations for a regional the model landscape ordinance. The California Department of Water Resources will hold a workshop on its proposed model landscape ordinance on March 27 (9:00 a.m. at IEUA) by the California Department of Water Resources. A green building workshop featuring Cucamonga Valley Water District's Frontier Project will be held on March 19th from 7:30-9:30am. The next formal board meeting for the Alliance will be held on Thursday, April 10th from 3:00-4:00 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

- **(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 January 2008, no rebates were issued. To date, 444 commercial high efficiency clothes washer rebates have been issued since FY 00/01.
 - **Multi-Family High Efficiency Clothes Washers** – During the month of January 2008, no rebates were issued. To date, one multi-family high efficiency clothes washer rebate has been issued since FY 00/01.
 - **Cooling Tower Conductivity & pHControllers** – During the month of January 2008, one rebate were issued. To date, 22 cooling tower conductivity controller rebates have been issued since FY 00/01.
 - **Ultra-Low-Flush Toilets** – During the month of January 2008, no rebates were issued. To date, 1,894 ULFT rebates have been issued since FY 00/01.
 - **ULFT Flushometers** – During the month of January 2008, no rebates were issued. To date, 4 ULFT flushometer rebates have been issued since FY 00/01.
 - **High-Efficiency Toilets** – During the month of January 2008, 158 rebates were issued for high efficiency toilets (HET). To date, 1,050 high HET's have been installed within IEUA's service area since FY 00/01.
 - **Zero Water Urinals** – During the month of January 2008, rebates were issued for 107 waterless urinals. To date, 717 waterless urinals have been installed since FY 00/01.
 - **High-Efficiency Urinals** – During the month of January 2008, no rebates were issued. To date, 8 low-flow urinals have been installed since FY 00/01.
 - **Weather-Based Irrigation Controllers** – During the month of January 2008, no rebates were issued. To date, noWBIC rebates have been issued since FY 00/01.
 - **Rotating Nozzles for Pop-up Spray Heads** – During the month of January 2008, no rebates were issued. To date, 0 rotating nozzle rebates have been issued since FY 00/01.
 - **Synthetic Turf for commercial applications (CII Only)** – During the month of January 2008, one was rebate issued for a total of 925 square feet installed. To date, 32,525 Sq.Ft. of synthetic turf has been installed since FY 00/01.
 - **High Efficiency Nozzles for Large Rotary Sprinklers** – During the month of January 2008, no rebates were issued. To date, no high efficiency nozzle rebates have been issued since FY 00/01.
 - **Dry Vacuum Pumps** – During the month of January 2008, no rebates were issued. To date, there no pump rebates have been issued since FY 00/01.
 - **Steam Sterilizer Retrofits** – During the month of January 2008, no rebates were issued. To date, no steam sterilizer rebates have been issued since FY 00/01.
 - **Pre-Rinse Spray Head-(PRSH)** – During the month of January 2008, no rebates were issued. To date, 2 pre-rinse spray head rebates have been issued since FY 00/01.
 - **Water Broom** – During the month of January 2008, no rebates were issued. To date, 695 water broom rebates have been issued since FY 00/01.

- **X-Ray Recirculation Units** – During the month of January 2008, no rebates were issued. To date, 11 x-ray recirculation unit rebates have been issued since FY 00/01.

Residential Rebate Programs

- **ULFT and HET Rebate Program** – During the month of January, no ULFT rebates were issued. 195 rebates were processed during FY 06/07. Since the program's initiation in 2002, a total of 4,579 rebates have been issued.
- **High Efficiency Clothes Washer Rebate** – During the month of January, 199 washer rebates were issued. There were 1,320 washer rebates processed by IEUA in FY 06/07. A total of 8,810 rebates have been distributed since the program was initiated in 2002.
- **"SmarTimer of Inland Empire" Program** – During the month of January, no SmarTimer Irrigation Controller rebates were issued. There were 121 rebates were processed by IEUA in FY 06/07, with a total of 244 controllers installed. Since the introduction of the program in April 2006, 372 controllers have been installed to date.
- **Rotating Nozzles for Pop-up Spray Heads** – During the month of January, 3 customer rebates were issued for a total of 156 nozzles distributed. Since the program's inception through December 31, 2007, a total of 815 nozzles have been distributed.
- **Synthetic Turf Retrofit Rebate Program** – During the month of January, 9 synthetic turf rebates were processed. Since the introduction of the program in July 2007, 11 rebates have been distributed.

Other Conservation Retrofit Programs

- **Multi-Family ULFT Program** – The Multi-Family Direct Installation Program began ULFT retrofits in October, 2006. To date, 12,111 ULFTs have been installed.. During the month of January, 244 retrofits completed.
- **Water Conservation Program for the California Institution for Men and Associated Facilities** – The Chino Prison Project was completed in September 2007. Collectively, the installation of 3,101 ICON flush valve systems in the California Institution for Men (CIM), the Herman G. Stark, Youth Training School (YTS) and the California Institution for Women (CIW) will result in an estimated annual water savings of 590 acre-feet. Benefits to the region as a result of the water savings include reductions in electrical loads, groundwater pumping, and greenhouse gas emissions. While the prison facilities do not rely upon imported water from the Bay/Delta and rely solely on groundwater, through these conservation efforts, groundwater will be made available for municipal purposes through the Chino Basin Adjudication Agreement thus reducing the demand on imported water off the Bay/Delta. In addition, during the month of January 2008, Chino Prison also installed 20 waterless urinals with an estimated annual water savings of 0.45 acre-feet per year.

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. Irrigation system installations began in February and staff held onsite soil workshops for students at schools with cleared sites Valley View High School has completed the construction of the donated vegetable beds. On March 22, a special workshop will be held (IEUA at 9:00 a.m.) to kick off the 2008/2009 GIES applications. Presentations were provided to the Chino Unified School District and the Cucamonga School District honoring the schools selected for participation from these districts. Two garden dedication dates have been confirmed: Peppertree Elementary in Upland will hold a dedication ceremony on May 1st from 5:00-5:30 p.m. and Chaparral Elementary in Chino Hills will hold their dedication on May 19th from 5:00-5:30 p.m.
- **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.
- **New Native Garden Pilot Fundraising Program** – California State University Water Resources Institute is sponsoring a pilot school fundraising program that is based upon sale of native plant gardens. Two schools within IEUA's service area will participate in the spring pilot program. Plant sales will occur between march and April with delivery of the plant materials scheduled for late April. Enrollment in the fall fundraising program will begin in April and be completed by May 2008.

Outreach

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

CALENDAR

| | |
|----------------|--|
| March 19, 2008 | Landscape Alliance Breakfast featuring CVWD's Frontier Project Breakfast & Tour, 7:30 a.m.-9:30 a.m. |
| March 22, 2008 | Garden In Every School Workshop and Kick-Off for 2008/2008 Application Program |
| March 27, 2008 | DWR Workshop on Model Landscape Ordinance, IEUA at 9:00 a.m. |
| April 10, 2008 | Landscape Alliance Board Meeting, IEUA 3:00 p.m.-- 4:00 p.m. |
| May 1, 2008 | Peppertree Garden Dedication, Peppertree Elementary in Upland 5:00 p.m.--5:30 p.m. |
| May 29, 2008 | Chaparral Garden Dedication, Chaparral Elementary in Chino Hills 5:00 p.m.--5:30 p.m. |

Drought Watch Newsletter

INLAND EMPIRE UTILITIES AGENCY

The CSUSB Water Resources Institute Presents: Water Conservation and Native Habitat Garden Pilot Project

Susan Lien Longville
Director, Water Resources Institute

The CSUSB Water Resources Institute (WRI) at Cal State, San Bernardino is proud to present the Water Conservation and Native Habitat Garden spring pilot project. This innovative program involves children selling native plant "gardens" as a school fundraising project at the same time learning about California's need to reduce water usage in landscape irrigation and how drought tolerant plants conserve water and create habitat for native species. The pilot project will serve as the basis for further studies that explore the effectiveness of children in motivating behavioral changes of parents and other adults as suggested in a statewide survey conducted for the California Urban Water Conservation Council by CSUSB researchers at the Water Resources Institute and the Institute of Applied Research.

The pilot project involves just three water agencies and five schools and was designed to "test the method" before reaching out to a broader audience for the fall program. Four schools are located in the upper Santa Ana watershed. A total of 2,500 children will be eligible to participate in the pilot selling "gardens." Gardens consist of a biodegradable box of eight drought-tolerant plants shipped direct to a Southern California purchaser's home for spring planting by Overnight Express. Native Grow Nursery will be supplying the plants for the pilot project but the fall program is likely to involve additional nurseries.

Each of the four Gardens available are named for the habitat the plants create for native species such as Butterfly or Songbird. Gardens retail for \$25 with a rebate of over \$11 to the local school to support their own programs. An intern from the Water Resources Institute will present an entertaining educational program to the children participating in the pilot to learn about water conservation and the drought-tolerant plants that provide native habitat.

The WRI is securing prizes for the sales program such as theme park tickets, school parties and gift certificates. Program materials will also be available in Spanish as requested by teachers.

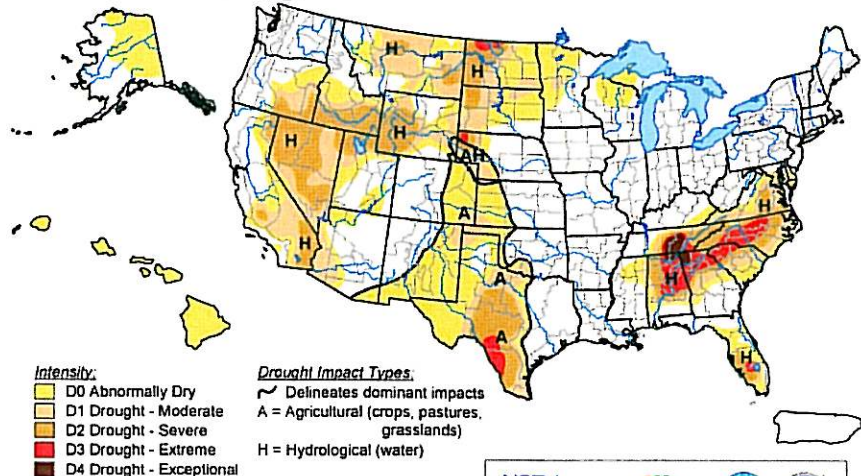
If you would like additional information about the Water Conservation and Native Habitat Gardens program, please contact the WRI Intern, Angelique Santiago at (909) 537-3688 or santa300@csusb.edu.



Water Conservation and Native Habitat Garden Program

U.S. Drought Monitor

March 11, 2008
Valid 6 a.m. EDT



Intensity:
 D0 Abnormally Dry
 D1 Drought - Moderate
 D2 Drought - Severe
 D3 Drought - Extreme
 D4 Drought - Exceptional

Drought Impact Types:
 ~ Delineates dominant impacts
 A = Agricultural (crops, pastures, grasslands)
 H = Hydrological (water)

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



Released Thursday, March 13, 2008

Author: Brian Fuchs, National Drought Mitigation Center

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

Channeling Mulholland

The Times launches an editorial series on water and water policy in California and around the world.

February 25, 2008

The early history of Los Angeles was defined by its struggle to get water wherever, and whenever, it could. William Mulholland and his colleagues did such a good job of securing water supplies during the early 20th century -- building the 223-mile-long, gravity-fed Los Angeles Aqueduct, which imports water from the Owens Valley; establishing the Metropolitan Water District, which brings in water from the Colorado River and Northern California -- that those of us living here today take for granted our lush gardens and year-round blooms. They appear a native bounty when they are, in fact, a work of man. We offer pious lip service to the notion that water is scarce when the weather is dry, only to forget our concerns at the fall of the first raindrop. Implicitly, we behave as if water will always be available and unlimited.

This must change. This page did not like the water bond that Gov. Arnold Schwarzenegger backed last year, but he is on to something when he insists that California needs to rethink its complicated and woefully overburdened water system. It has been said many times before, but it bears repeating: Our state's breathtaking natural beauty, envied easy-going lifestyle and booming economy -- the California dream chronicled and immortalized by our resident historian, Kevin Starr -- depend on an ambitiously conceived network of aqueducts, pumps, dams and pipes that will literally run dry if we don't invest heavily to change the way we use, capture, store and distribute water.

Figuring out what kind of investments are called for will not be easy. Dwindling freshwater supplies are a worldwide problem, not limited to dusty Western

states. In Atlanta, which gets more than 50 inches of rain in an average year (that's more than three times Los Angeles' typical rainfall), drought forced Gov. Sonny Perdue to declare a state of emergency in 2007 as water supplies sank to a frightening three-month supply. In the Upper Midwest, fear that dry Southern states will muster the political power to build pipelines to import water from the region has become "the third rail of Great Lakes politics," as one observer wrote. Worldwide, according to research cited recently by U.N. Secretary-General Ban Ki-moon, about 2.7 billion people live in countries where climate change and water-related crises create a high risk of violent conflict. Another 1.2 billion suffer high risk of political instability from water shortages. Ban has pledged to protect water resources as a part of his global anti-poverty efforts.

Studying water, even on a local scale, exposes a universe of dazzling complexity. Here in Southern California, our sources of imported water, including the Colorado River and the Sacramento-San Joaquin River Delta, are threatened. Deliveries from the delta, which provides water for 25 million Californians, could drop by as much as a third this year. Imports from the Owens Valley to Los Angeles are down too. A recent study suggested that there is a 50% chance that the Colorado River's vast Lake Powell and Lake Mead reservoirs will dry up by 2021. No one knows how future climate change might further affect imports. Many of our local aquifers, which could provide well water and storage capacity for "extra" water supplies, are polluted or overdrawn. Long-standing political battles pit North against South, older cities against new ones, farmers against urbanites and environmentalists against developers.

William Mulholland and his generation famously secured this region's water and gave Los Angeles a chance to be; the job of our generation is to accept without apology this city's right to continue, to make room for growth and to protect Mulholland's grand, if complicated,

legacy.

In the coming months, we will publish a series of editorials examining water and water policy in California, across the country and around the world. Channeling Mulholland, we hope to use these editorials to sketch an impressionistic blueprint for a perfect water system. We stray from Mulholland's vision, however, in our desire to imagine a plan that humbly acknowledges how limited a resource water truly is -- a plan that seeks to balance the needs of people, the economy and the environment in considering how best to use and preserve it.

We begin with a call for Southern California to turn its attention to its often ignored, and often neglected, local water supplies. During the 20th century, Los Angeles was built on imported water. But today, with imported supplies curtailed by environmental restrictions and threatened by climate change and natural disasters, we must rely more on the water we already have -- including water we conserve, water we recycle and water we recover. "Generally in Southern California, there's a sea-change recognition that if we're all waiting to get more water from Northern California, it isn't going to happen," says Richard Atwater, general manager of the Inland Empire Utilities Agency in Chino, which is considered a leader in efficiency efforts. "To maintain our great economy, we need to protect our sources here."

*For Complete Article Visit
www.latimes.com*

**"Our forefathers
secured water for
us; we must now
care for what they
made possible."**

*Los Angeles Times
2/25/08*

INLAND EMPIRE UTILITIES AGENCY



FEBRUARY 2008 RECYCLED WATER PROGRAM UPDATE

Highlights:

- Construction of New Recycled Water Facilities on Schedule.....Page 2
- Three New Recycled Water Customers Connected.....Page 3
- CBWCD Board approve funding for schools and parks.....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.

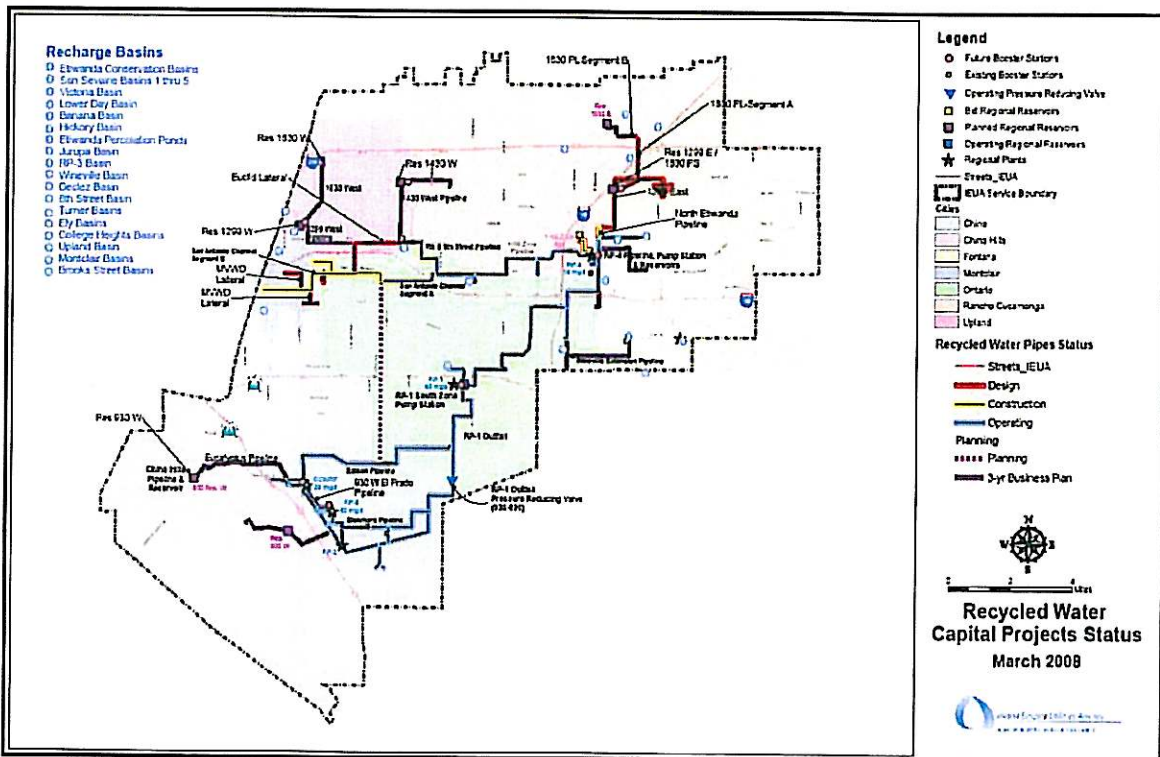
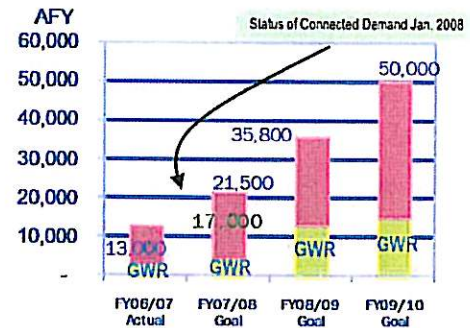


Figure 1.0

CAPITAL PROJECTS SUMMARY

PROJECTS IN DESIGN AND CONSTRUCTION

- **Euclid Recycled Water Lateral** - The project is in the design phase. Lee and Ro is investigating using the existing 22-inch line owned by the San Antonio Water Company to cross the Interstate 10 Freeway and to serve the City of Upland.
- **1630 East, Segment A Pipeline** - The project includes the construction of 36-inch pipeline from the 1630 E Pump Station to the Victoria and San Sevaine Basins. The project is in the design phase, and is being designed by RMC Consultants. Design is ten percent complete, and is expected to be completed by July 2008.
- **1299 East Regional Pipeline, 1299 E Reservoir and 1630 East Pump Station** - The project includes the construction of 36-inch pipeline from the north end of the North Etiwanda Pipeline to the 1299 E Reservoir and 1630 E Pump Station. These facilities are in the design phase, and are being designed by CVWD. The SRF Loan Application is currently underway. Design is ten percent complete, and is expected to be completed by July 2008.
- **MWWD Recycled Water Laterals** - This project will design numerous laterals from the San Antonio Channel Pipeline, Segment B to serve customers in the Cities of Ontario, Montclair and Monte Vista Water District area. Final design for the project has been completed. Construction is expected to be completed by June 2008.
- **RP-4 1158 Reservoirs, Pump Stations, and Pipeline** - The project provides for storage in the 1158 pressure zone, pump stations for the 1158 and 1299 pressure zones, and pipeline from RP-4 to the 1158 Reservoirs. The project is in the construction phase, and is 20 percent complete. Construction of the facilities is expected to be completed by June 2008. 1158 Pipeline Segment B is expected to be completed by July 2008.
- **San Antonio Channel Pipeline, Segment B** - The Regional Pipeline will serve the cities of Ontario, Montclair, Monte Vista Water District and Brooks Street Basins. The project is in the construction phase, and is 25 percent complete. Construction is expected to be completed by June 2008.
- **North Etiwanda Pipeline** - The project includes the construction of 42-inch pipeline on Etiwanda Avenue from Whittram Avenue to Arrow Route. The project is in the construction phase, and is 20 percent complete. Construction is expected to be completed 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, 1158 Pipeline, Segment A

Northeast Project Area: The 1299 E Reservoir Purchase and Sales Agreement and the Reimbursement Agreement between IEUA and CVWD for the design, construction and project management services are scheduled for IEUA and CVWD Board approval in April 2008.

Northwest Project Area: City of Upland is in the process of completing their recycled water master plan. Upon completion of the Master Plan, the design of the facilities in the Northwest Project Area will commence. MWH Americas, Inc. was selected as the engineering design firm for the Project Area. Final draft of the Satellite Plant Feasibility Study at the Red Hill Area was completed by RCE Consultants, Inc.

Southern Project Area: IEUA and the City of Chino Hills is in the process of completing a preliminary analysis for the Project Area. Upon completion, the design of the facilities will begin. Stantech was selected as the engineering design firm for the Southern Project Area.

Central Project Area: The first draft of the North Chino Master plan was completed by IEUA. Environmental report for the Wineville Avenue Extension Pipeline Project is expected to be completed by April.

CUSTOMER CONNECTIONS

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

Chad Farm and Petersma Farm are expected to be connected in March 2008. Staff is also working to connect Li Farm on Schaffer Avenue and Kelloggs Compost facility as early as April 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 | June | 30 |
| Frito-Lay | March | 15 |
| Kaiser Hospital Cooling Tower | April | 36 |
| Temple Inland | April | 1,100 |
| Bellevue Cemetery | July | 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 |

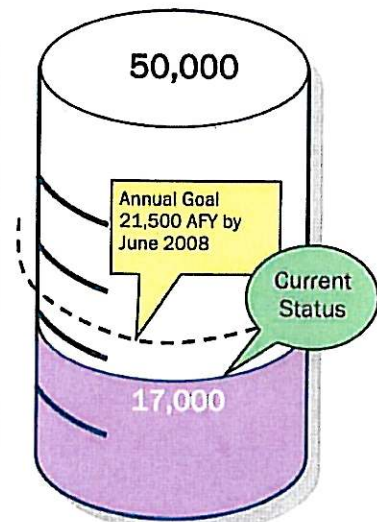


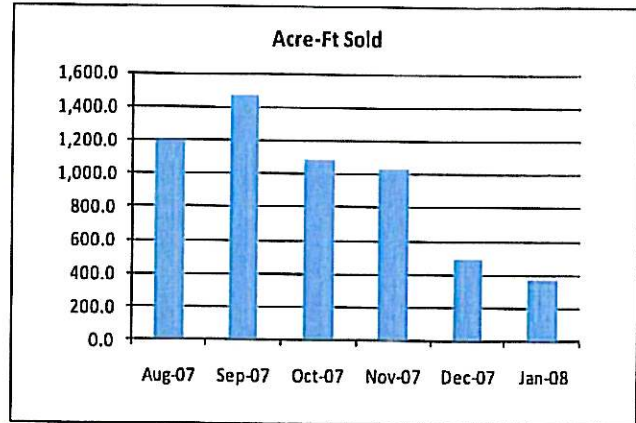
Figure 3.1

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 \$38,000,000 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).
- Final Public Sector Retrofit Agreement was received from MWD. The first package of retrofit site locations were submitted to MWD.
- Chino Basin Water Conservation District (CBWCD) board approved their participation and contribution in addition to MWD's retrofit subsidy. CBWCD would match MWD's contribution up to the actual cost of the retrofit for all schools and parks.

OPERATIONS AND PLANNING UPDATES

- A 36 hour recycled water shutdown of the 1270 pressure zone will initiate at 3:00 a.m. on Tuesday March 25, 2008. The shutdown will accommodate the tie-in of the new pump station at RP-4. A formal shutdown notification has been distributed to affected Member Agencies and Water Agencies.
- Since the beginning of February 2008, the RP-1 South Zone pump station has been supplying the majority of all recycled water to the 800 and 930 pressure zones, which is a more energy efficient mode of operation.

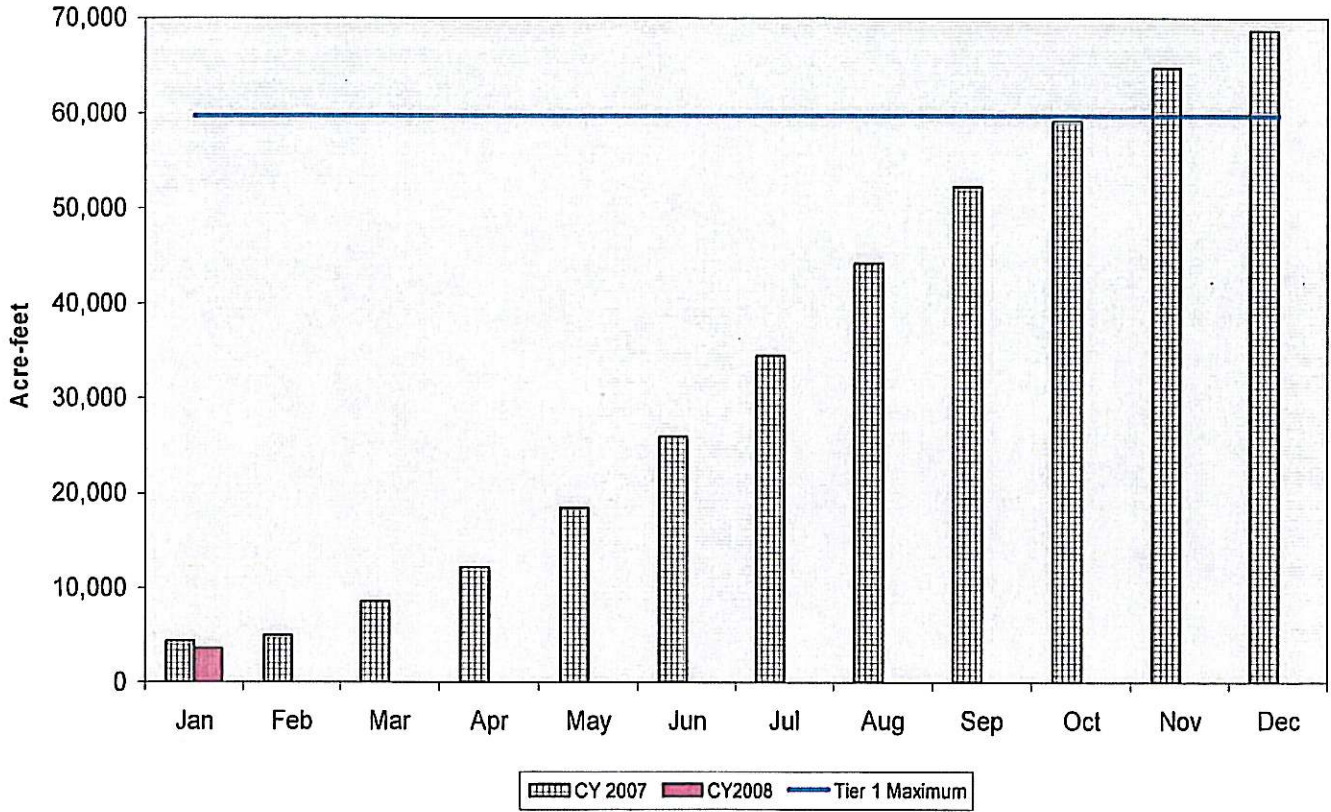


IEUA Headquarters

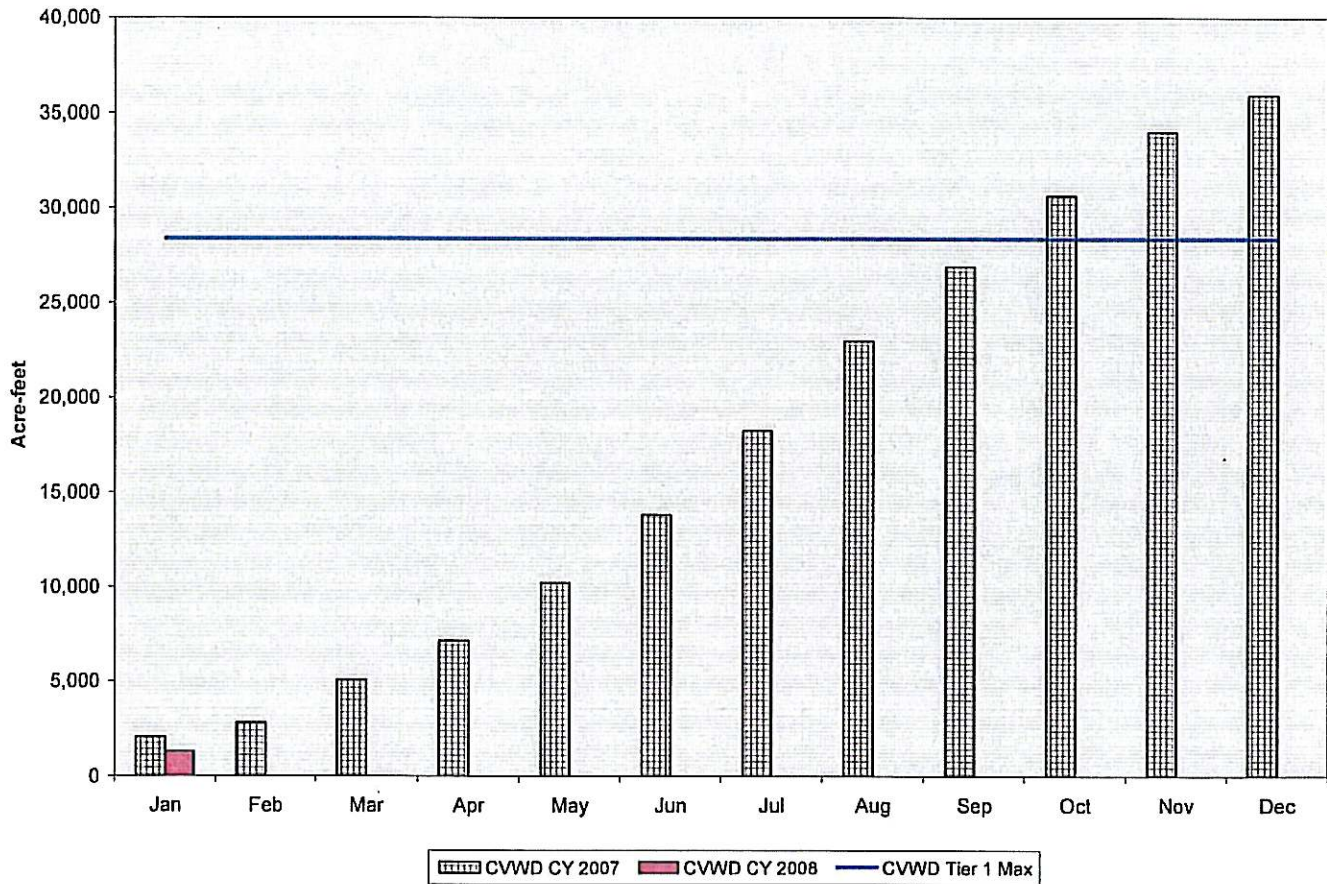
UPCOMING EVENTS

- Red Team Meeting (IEUA and Member Agency Implementation Team).....3:00 PM, March 18, 2008 at IEUA

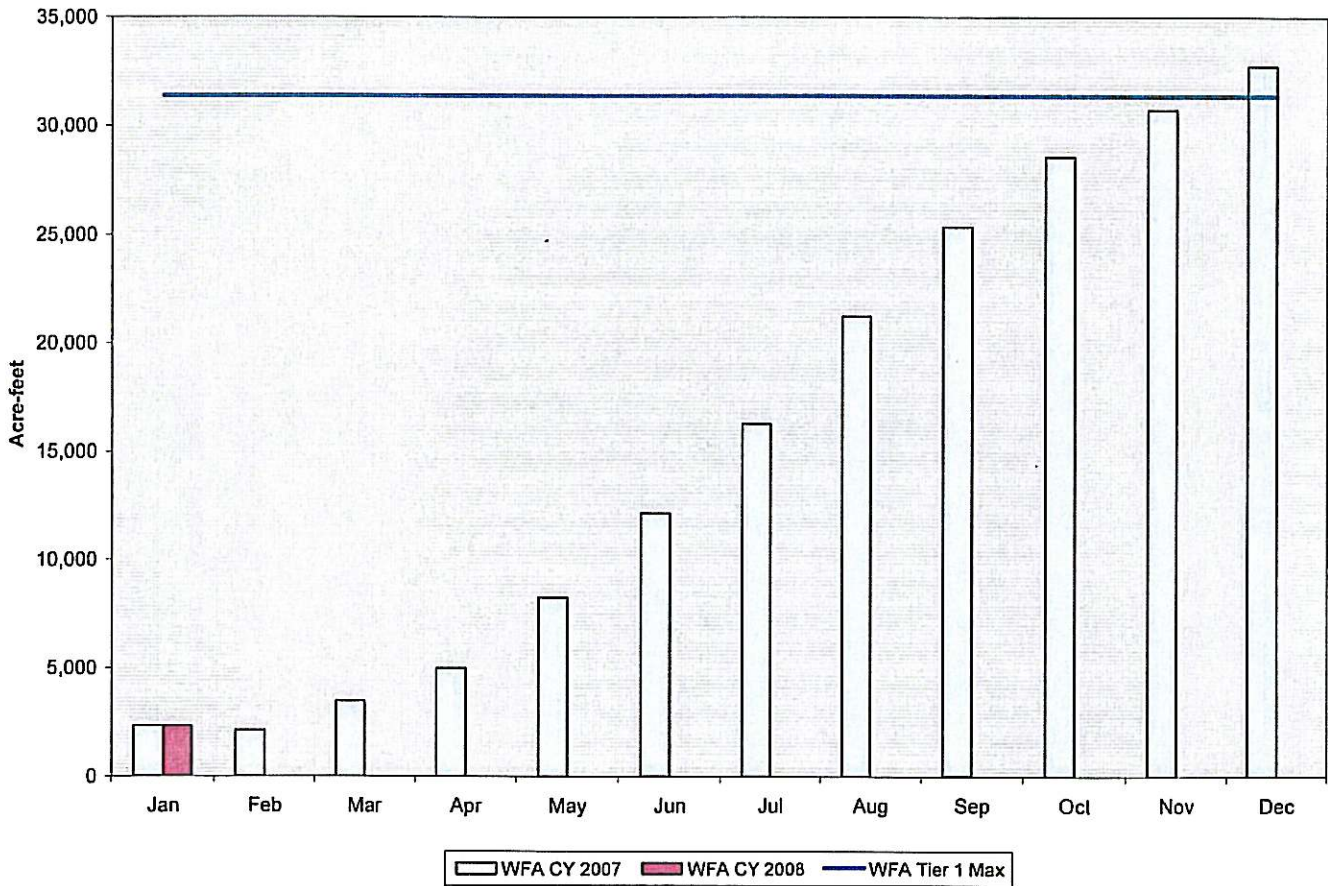
IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007 and Calendar Year 2008



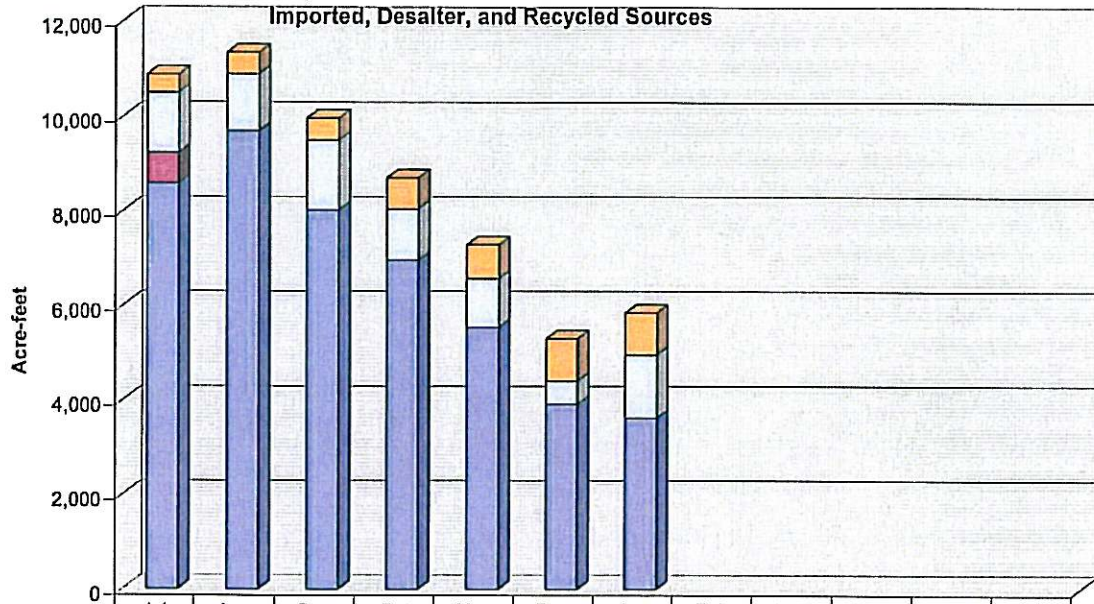
CUCAMONGA VALLEY WATER DISTRICT
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2008



WATER FACILITIES AUTHORITY
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2008

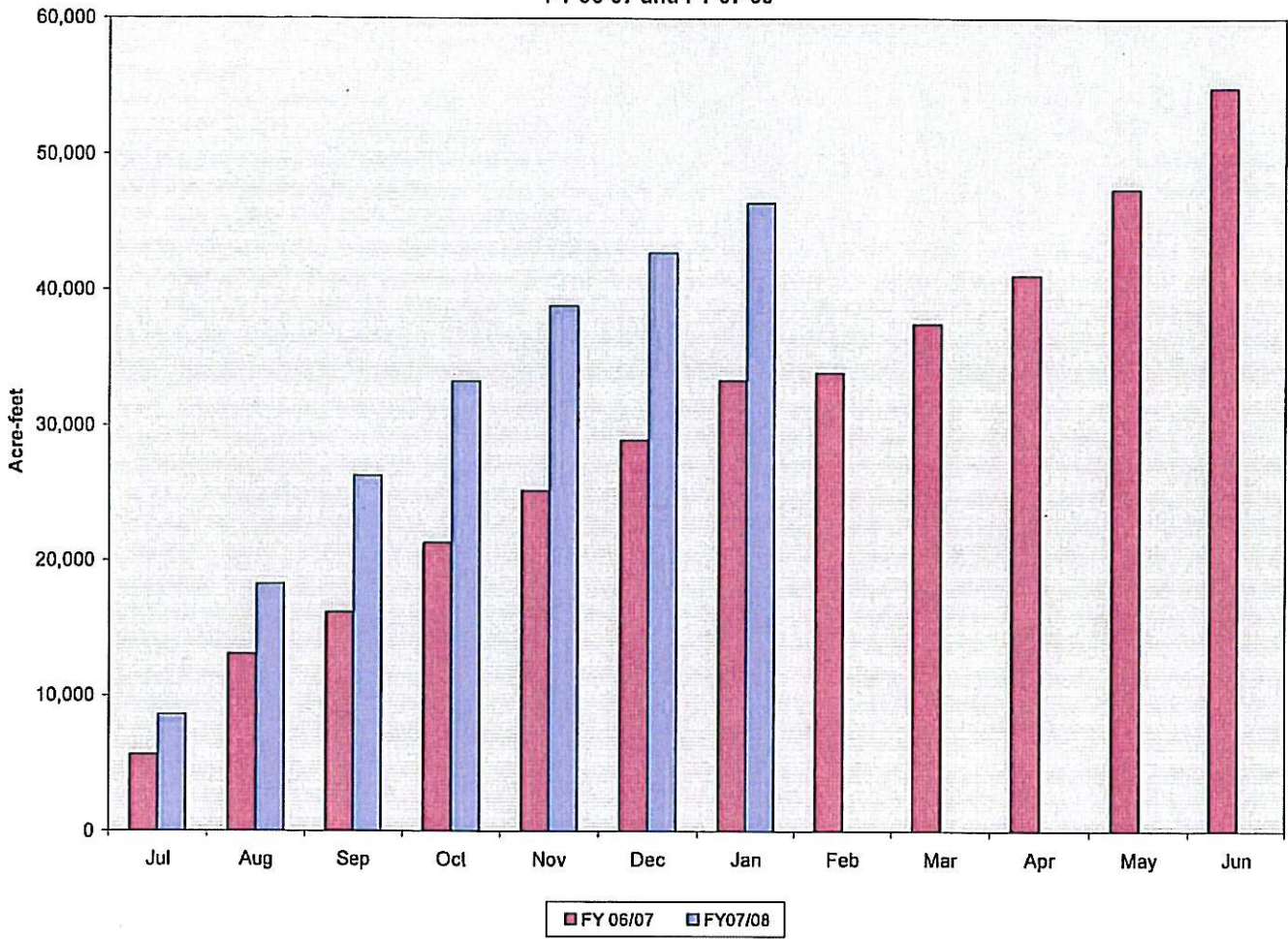


FY 07/08 Monthly Water Production From Within IEUA's Service Area
 Imported, Desalter, and Recycled Sources



| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|-----|-----|-----|-----|-----|
| ■ CDA - Desalter Water | 381.6 | 450.9 | 466.5 | 657.8 | 717.6 | 892.5 | 894.4 | | | | | |
| □ IEUA - Recycled Water | 1266.8 | 1199.3 | 1476.1 | 1084 | 1033.5 | 493 | 1331.3 | | | | | |
| □ MWD - Agricultural Cert | 13.7 | 14 | 8.1 | 3.2 | 2.4 | 0.3 | 0 | | | | | |
| ■ MWD - Conj. Use Cert. | 650 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| ■ MWD - Full Service Cert. | 8575.4 | 9689.9 | 8020.9 | 6963.2 | 5543 | 3922.8 | 3630.6 | | | | | |

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



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Date: March 19, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (03/12/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Martha Davis and Rich Atwater
IEUA

From: Letitia White and Alex Shockey

Date: March 3, 2008

Re: February Monthly Legislative Update

President's Budget Request

As required by law, on the first Monday in February, President Bush released his budget request blueprint to the Congress. Once again, the President basically froze domestic spending while boosting funding for military programs. Overall, the request is \$987.6 billion for the 12 annual discretionary (appropriations) spending bills, which fund everything from weapons procurement to scientific research and education programs. That is an increase of 4.9 percent over the current fiscal year, excluding emergency funding for military operations in Iraq and Afghanistan, veterans programs and other items. Most of the increase is for national security — the Pentagon and homeland security programs across the government — leaving an increase of less than 1 percent for domestic programs and agencies, which would divvy up \$393 billion under this plan. President Bush made clear that he will veto any appropriations bills that exceed the funding he requested in this fiscal 2009 budget proposal.

The president also requested \$70 billion in emergency funding for the wars in Iraq and Afghanistan and \$5.8 billion to help the Gulf Coast recover from the 2005 hurricanes. The Administration has deemed this to be "emergency" funding, exempt from caps on other discretionary spending. House and Senate leadership has suggested that they may hold off on completing the annual spending work until after the November election, when they hope a new president - - one more in line with their priorities - - will be in office. At that point they could fund the government with a continuing resolution (CR) that lasts into the term of the next president, which will begin Jan. 20, 2009.

Economic Stimulus Package

Also in February, the House and Senate passed and the President signed a bipartisan economic stimulus package intended to help boost the economy and avoid a recession. The passage of the stimulus bill was considered a victory for both chambers as well as both parties. The package (HR 5410) would cost the government an estimated \$151.7 billion in fiscal 2008, \$16.3 billion in 2009 and a total of \$124.5 billion between now and the end of fiscal 2018.

Package Details: Payments to Individuals

Innovative Federal Strategies LLC

Workers who earned at least \$3,000 in qualifying income during 2007, but paid little or no income tax, would qualify for checks of \$300 for individuals or \$600 for couples filing joint tax returns. Qualifying income includes wages, Social Security benefits and payments to disabled veterans or their survivors. The Senate expanded the definition in the House version of the bill, allowing an estimated 20 million senior citizens and 250,000 disabled veterans to qualify for checks. Workers and others who paid taxes last year on wages or investment income would receive checks of up to \$600 for individuals, \$1,200 for couples. Payments would phase out beginning with individuals with more than \$75,000 in adjusted gross income and couples with more than \$150,000. Childless individuals with incomes above \$87,000, or \$174,000 for couples, would get nothing. Anyone qualifying for a check would receive an additional \$300 for each dependent child under age 17. The package also includes the Senate's more restrictive language intended to prevent undocumented workers from receiving checks.

Business Tax Breaks

Companies could write off an additional 50 percent of new investment expenditures in 2008 for items subject under current law to depreciation over 20 years or less. The remaining value of the investments would be depreciated over the life of the item. Small businesses would be allowed to write off the entire cost of new investment expenditures up to \$250,000. That is almost twice the current Section 179 expensing limit and it would apply to companies with overall investments of less than \$800,000 in 2008.

Housing Provisions

The bill would boost the size of mortgage loans that the Federal Housing Administration (FHA) could insure and that Fannie Mae and Freddie Mac could purchase. The FHA loan limit would be temporarily increased through the end of this year from \$362,000 to \$729,750. Also for the rest of the year, Fannie and Freddie's conforming loan limits would be increased from \$417,000 to \$729,750.

Earmark Debate

As you know, most Members of Congress had their deadlines for fiscal year 2009 appropriations requests in February. That, combined with election year politicking, has spurred much debate on earmarks. As a result, the House Republican Conference is now requiring that their Members receive "certifications" from all entities requesting earmarked funds. So much of the banter on earmarks is negative but there are a few important facts to keep in mind in defense of earmarks.

Earmarks make up less than 1 percent of the more than \$900 billion in federal funds that are appropriated every year. Supporters of earmarks argue that if lawmakers don't direct the money to what they know to be worthy projects, faceless bureaucrats at the federal agencies will make those funding decisions. The Constitution gives the "power of the purse" to the Congress and not to the Administration.

Even if there are no earmarks, no money will be saved. The money will still be spent. It will be directed to projects chosen or "earmarked" by the agencies or the President.

We will keep you posted on this earmark debate as well as other comings and goings on Capitol Hill.



Date: March 19, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (03/12/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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MEMORANDUM

TO: Rich Atwater and Martha Davis
FROM: Jennifer West
DATE: February 27, 2008
RE: Sacramento Legislative Report

Bill List of New Introductions

Last week almost 1,500 bills were introduced in the Legislature, with the majority being introduced on Friday. We are still working on preparing a comprehensive summary of water, energy and climate change bills for your review. Attached is a summary of the major proposals and bills of interest.

Budget Update

This week the Legislative Analyst's Office (LAO) delivered its annual analysis of the Governor's proposed budget and related recommendations. Below is a summary of the major water-related recommendations from LAO:

\$188 million Water /Waste Water Enterprise Special District Property Tax Shift

The LAO is proposing that counties take additional responsibility for supervising low-level inmates released from prison. So that counties can pay for this, LAO is recommending that "the Legislature modify three revenue allocation formulas. Specifically, we recommend the Legislature provide counties \$495 million from: waste and water enterprise special district property taxes (\$188 million), city Proposition 172 sales taxes (\$178 million), and vehicle license fees (VLF) currently retained for administrative purposes by the DMV (\$130 million)." LAO also recommends that in the future the Legislature should authorize county boards of supervisors to determine whether these property taxes should remain with the districts or be reallocated to other local governments to support local priorities. This weekend the *Sacramento Bee* editorialized that this was a proposal that the Legislature should seriously consider.

Create New Broad Based Water Quality Fee

LAO recommends a new broad water quality fee be created to fund the SWRCB non-fee based water quality management programs and planning activities. LAO believes that a \$10 per year, per water utility hookup would generate \$19.6 million, the amount needed to backfill General Fund costs related to water quality.

Create Flood Protection Fee

LAO recommends enacting a fee to cover the Department of Water Resources flood management expenditures currently funded from the General Fund that benefits those whose properties exist in flood zones and/or receive protection from the state Central Valley flood control system. LAO believes this new fee would raise approximately \$40 million per year.

Delay Integrated Regional Water Management Program Funding

LAO recommends that the Proposition 84 funding to DWR for the IRWMP program not be appropriated in the 08-09 budget, as proposed by the Governor. Instead, LAO recommends that DWR first complete the program guidelines.

Now that mid year cuts have been made to the current year's spending plan, the Legislature has begun holding hearings on the 2008-09 budget. The most significant recommendation for IEUA is the shift in property tax, that appears to be a permanent inter-county shift, which may not be subject to the pay back provisions of Proposition 1A. IEUA has been working closely with SAWPA and ACWA on this issue.

**Summary New Introductions 2008
Inland Empire Utilities Agency
February 26, 2008**

| | |
|--|---|
| <p>AB 2046 (Jones) Groundwater supply</p> | <p>States that when conducting the water supply sufficiency assessment, as required under CEQA, project proponents shall exclude groundwater projected to be pumped that has not been determined by DPH or a local health officer to have been treated to the treatment standard applicable to the proposed use.</p> |
| <p>AB 2153 (Krekorian) Water supply new development</p> | <p>PCL sponsored bill. Currently a spot bill. As described in their newsletter, the measure would “ensure reliability and security establishing water efficiency targets for new development and developing a funding stream to increase efficiencies in existing housing. This bill would establish new water efficiency programs modeled on successful energy efficiency programs.”</p> |
| <p>AB 2175 (Laird Feuer) Water Conservation</p> | <p>Establishes a 3 MAF water conservation goal for the state by 2030. By 2012, DWR would be required to review and increase that water conservation target based on specified information. DWR would be required to establish interim urban and agricultural water conservation targets for each hydrologic region of the state.</p> |
| <p>AB 2219 (Parra) Water Sufficiency</p> | <p>Requires a city or county that is evaluating the sufficiency of water supplies for a project, to reduce the anticipated water demand for the project based on the water service provider’s voluntary water demand management measures. These include recycled water use, native plant use, rainwater capture and other specified measures. Sponsored by CBIA.</p> |
| <p>AB 2222 (Caballero) Groundwater Quality monitoring</p> | <p>Makes recommendations to extend and find additional funding for the existing SWRCB Groundwater Quality Monitoring Act of 2001. This program was funded by Prop. 50 but the funding is now gone. PCL is the sponsor.</p> |
| <p>AB 2270 (Laird) Recycled Water</p> | <p>Requires better state tracking of recycled water projections from UWMPs. Requires the state to update its recycled water goal every five years (now 1 MAF per year). IEUA is working closely with the author on this bill.</p> |
| <p>AB 2691 (Eng) Groundwater</p> | <p>Declares legislative intent to enact legislation to require DWR to regulate and manage groundwater in California.</p> |
| <p>AB 2720 (Levine) Water Use</p> | <p>Spot bill declaring legislative intent to establish statewide policies to increase water efficiency in the state.</p> |
| <p>AB 2723 (De La Torre) Recycled Water</p> | <p>States that the \$90 million in Prop. 84 for “sustainable communities” can be used for grants to cities and counties for dual plumbing for the delivery of recycled water for landscaping purposes to commercial, industrial, and</p> |

| | |
|--|--|
| | residential buildings constructed after Jan. 1, 2009. |
| AB 2882 (Wolk) Allocation-based water pricing | Authorizes a public entity to adopt allocation-based conservation water pricing meeting certain requirements. Sponsored by Irvine Ranch Water District. |
| AB 2913 (Salas) Delta Conservancy | Creates a Delta Conservancy to provide policy oversight, foster implementation of, and manage funds to implement a specific comprehensive delta sustainability program intended to restore and manage habitat in the Delta and Suisun Marsh. |
| AB 2970 (Eng) SWP: Climate change/CESA | Declares legislative intent to require DWR to take into account climate change and CESA in the State Water Project Delivery Reliability Report. |
| SB 1102 (Machado) Cal-Fed | Repeals the California Bay Delta Authority Act. |
| SB 1108 (Machado) Delta Conservancy | Creates a Delta Conservancy managed by the California Coastal Conservancy. This is his third time introducing this measure. |
| SB 1176 (Perata) Water Quality | Largely a reintroduction of SB 1002, which was vetoed last year. Makes numerous changes in the make up and structure of the RWQCB and SWRCB enforcement structure. |
| SB 1391 (Padilla) Water recycling | Spot bill |
| SB 1518 (Correa) Water meters multi-units | Would require every water purveyor who provides water service to any person residing in a multiunit residential structure for which a construction permit has been issued on or after January 1, 2012, to require the installation of meters or submeters on each individual rental unit as a condition of new water service to that property. Authorizes the owner or operator to charge tenants based on the actual volume of water delivered as measured by the water meter or submeter. The bill would authorize the owner or operator of a multiunit residential structure without water submeters to charge tenants separately for the costs of water service as determined by a prescribed allocation formula, subject to specified requirements. |
| SB 1520 (Kehoe) Non point source Pollution | Requires a nonpoint source management plan to include the adoption of an enforceable program for nonpoint source discharges with prescribed components that include the submission of a waste discharge report to the regional boards. |
| SB 1653 (Margett) Recycled water | Spot bill |
| SB 1670 (Kehoe) Carbon reduction Bond | Places a bond measure on the November 2008 ballot to enact the "energy Efficiency and Carbon Reduction State Building Trust Fund of 2008 to authorize \$2 billion in GO bonds for implementing programs to reduce the energy purchased by state owned and leased buildings. |

| | |
|---|---|
| SB 1672 (Steinberg) Climate Change Bond | <p>Enacts the “Renewable Energy, Climate Change, Career Technical Education and Clean Technology Job Creation Bond Act” for an unspecified ballot. Authorizes the issuance of \$3 billion in state GO bonds.</p> |
| SB 1760 (Perata) Climate Action Team | <p>Statutorily creates the Climate Action Team (CAT) from state agencies that would be responsible for coordinating the state’s overall climate policy. After 2010 and annually thereafter, the CAT would be required to prepare, adopt and present to the Legislature a strategic research, development, demonstration and plans to deploy funds to be expended by the state agencies represented on the CAT for the following fiscal year. CAT would also be responsible for preparing a climate change adaptation and protection plan for the management and of natural resources or investment in infrastructure including impacts on all the following: water, wildlife, wildlife functions, public health, safety, coastal resources, infrastructure, a process for integrating climate change impact information into the planning and decision making of state agencies as appropriate.</p> |
| SB 1761 (Perata) Water and energy Efficiency | <p>Requires DWR to comply with requirements of the California Renewable Portfolio Standard Program in procurement of electricity for the State Water Project and other state water operations overseen by DWR. Specifically states that DWR operations and water operations it oversees come under the purview of AB 32.</p> |

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Date: March 19, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (03/12/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February 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

Enclosure



Februar 27, 2008

To: Chino Basin/OBMP Coalition
From: Michael Boccadoro
President
RE: February Status Report

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

Although the shortest month of the year, February provided no lack of drama around the Capitol as leadership changes, competing water measures, a looming budgetary crisis and the deadline to introduce new legislation all contributed to a very busy month.

Additionally, the CPUC finally approved the standard tariffs for the purchase of renewable power, which stemmed from AB 1969 (2006) sponsored by IEUA. The program was lauded by the CPUC as a forward-looking program that will aid the state in procuring more clean energy.

Chino Basin / OBMP Coalition

Status Report – February 2008

ENERGY/REGULATORY

AB 1969 Implementation

After months of false-starts and a variety of procedural hurdles, the CPUC on February 14th approved the tariffs that implement AB 1969 (Yee).

Taking special notice during their meeting to address this issue, the CPUC specifically praised these new programs as forward-looking and innovative. "Although many customers that want to pursue onsite generation to offset onsite load may be better served through existing programs like the CSI, SGIP and net-metering, this program allows those entities with significant onsite renewable generating potential, in excess of what they can use onsite, to be compensated for that generation," said CPUC President Michael Peevey. "I believe this will be a particularly attractive option for those facilities that have access to a substantial biogas resource, like livestock operations and water and waste-water treatment facilities."

In addition to approving 250 MW of capacity specifically for water and wastewater agencies, the CPUC also created a "sister program" of 228 MW for all other customers to participate in, so long as their projects are renewable in nature.

In the week that followed, the utilities updated the draft tariffs they supplied in late 2007 to be consistent with CPUC resolution approved this month. Although these tariffs became effective immediately, customer groups, including IEUA, retain the opportunity to challenge the utilities on how they updated their tariffs. Based on a cursory review, it appears all the utilities have filed new tariffs that are fully consistent with the latest CPUC decision. However, customer groups are continuing to discuss the details included in these tariffs and will raise any interpretative issues, if appropriate, within the next weeks.

Although these two new programs have only been truly effective for a few weeks, the concept of "feed-in" tariffs has piqued the interest of a variety of groups in the energy world. A number of bills have already been introduced with the intent of expanding and amending these feed-in tariff concepts, and conversations related to remaining obstacles to participation have begun.

For example, under the current model for these feed-in tariff programs, if the customer-generator has utilized Self Generation Incentive Program (SGIP) or California Solar Initiative (CSI) funds to install the facility, they are not eligible for participation. However, DGI and IEUA have begun a number of discussions to address this current restriction, and

will be looking at potential avenues to expand CSI participation for customers and agencies wanting to pursue a feed-in tariff.

Another developing story related to the feed-in tariffs is the level of the market price referent, which to date has been largely utilized by the CPUC as a proxy for renewable power. Although the MPR, as updated earlier this year, does have a price "adder" that recognizes GHG reductions, many parties are interested in having the MPR appropriately value the varieties of environmental improvements associated with specific renewable energy sources.

It is likely that all these issues will be heavily debated in both the Legislature and at the CPUC through this next year, as the concept of expanding feed-in tariffs continues to gain steam.

2008-2009 STATE BUDGET

Legislative budget discussion are commencing in earnest this week on the 2008-09 state budget. Even after mid-year cuts and proposed accounting changes, the state is facing an estimated \$9-10 billion ongoing deficit. Potential impacts for water agencies are significant and growing as a result of the recent "alternative budget" proposed by the state Legislative Analyst.

LAO recommendations include:

Water Quality Fee

LAO proposes to establish new broad water quality fees to fund the SWRCB non-fee based water quality management programs and planning activities. The new fees are expected to generate about \$20 million annually.

Flood Protection Fees

LAO recommends creation of fees to cover Department of Water Resources flood management expenditures currently funded by the General Fund. LAO identified approximately \$40 million per year in additional fees.

Delay Integrated Regional Water Management Program Funding

LAO recommends that the Proposition 84 funding to DWR for the IRWMP program not be appropriated in the 2008-09 budget, as proposed by Governor Schwarzenegger. Instead, LAO recommends that DWR first complete the program guidelines and that implementing legislation be adopted prior to release of the funds.

\$188 Million Water/Wastewater Enterprise Special District Property Tax Shift

LAO is proposing that counties take additional responsibility of supervising low-level inmates released from prison. To help reimburse counties for this new responsibility, the LAO is recommending that \$188 million in local property taxes be shifted within counties from water and wastewater enterprise special districts. This shift would require a 2/3 vote of the Legislature.

WATER BOND UPDATE

U.S. Senator Diane Feinstein has stepped forward to help persuade lawmakers to reach a legislative compromise for the November 2008 ballot. Feinstein joined Governor Arnold Schwarzenegger recently in presiding over a private meeting with water leaders as well as Republican and Democratic lawmakers in a bid to restart stalled negotiations on a bond to upgrade California's water supply and delivery system.

Legislative water solutions have proved elusive due to partisan divide over dams. Talks collapsed last year and legislators from both parties had put the issue aside this year as they wrestle with the state budget crisis.

The renewed efforts for a legislative solution comes as the California Chamber of Commerce and other business groups are floating an initiative it intends to place on the November ballot to provide \$11.6 billion for water projects. Environmental groups and key Democratic lawmakers oppose the Chamber's effort which includes billions for dams and a limited authorization for delta conveyance projects. The groups have until late spring to collect enough signatures from voters to qualify the measure for the November ballot. Business leaders behind the measure were counting on Feinstein's endorsement to provide bipartisan political backing, but that critical support did not materialize.

The recent meeting reportedly led to no major breakthroughs and significant hurdles remain. But legislative leaders from both parties agreed to meet again in two weeks.

LEADERSHIP CHANGES

Voter rejection of Proposition 93, a measure that would have eased legislative term limits, touched off an immediate scramble for power in the Capitol. The Legislature's top two Democrats, Speaker Fabian Nuñez (D – Los Angeles) and Senate President Pro Tem Don Perata (D – Oakland), as well as Republican Senate Minority leader Dick Ackerman (R - Tustin) will be forced out of office this year. As expected, the leadership changes in the Senate were resolved quickly. Senator Darrel Steinberg (D – Sacramento) was chosen to replace Perata as President Pro Tem. Steinberg, known as a policy wonk, is expected to bring a kinder, gentler approach to the job. Senator Dave Cogdill (R - Modesto) was chosen to replace Ackerman. Cogdill is known as a staunch fiscal conservative and has shown great interest in securing bonds for major water investments, including dams and delta conveyance.

The battle in the Assembly, as expected, has proven to be more difficult with ten candidates vying for the top job. For Democrats, who control the Assembly, the fiercely contested battle is a geographic and ideological battle royal, packed with members of all stripes: Northern, Southern, man, woman, pro-labor, business-friendly, white, Asian-American, Latino and African-American. The Assembly Democrats had set March 11 for an initial vote to see if a successor can be chosen, but even as this report is being finalized it appears that Karen Bass (D-Los Angeles) is emerging with sufficient votes to carry the Democratic Caucus and a vote is likely to occur before the end of the month. Stay tuned as her bid and her leadership team emerge.

LEGISLATIVE UPDATE

The deadline to introduce new legislation for the 2008 session was Friday, February 22nd. True to form, hundreds of measures flooded across the desk over the last two days prior to the deadline. Combining the 2007-2008 legislative session, the Assembly introduced a total of 3044 measures, while the Senate contributed 1772 new pieces of legislation.

The following is a recap of the newly introduced measures related to renewable energy, feed-in tariffs and water/energy efficiency projects:

- CA AB 1807 **AUTHOR:** Fuentes [D]
 TITLE: Renewable Electric Generation Facilities
 INTRODUCED: 01/16/2008
 SUMMARY:
 Requires every electrical corporation to file with the Public Utilities Commission a standard feed-in tariff for the electricity generated by a renewable electric generation facility that is an eligible renewable energy resource and meets other size, deliverability, and interconnection requirements. Requires the electrical corporation to make the feed-in tariff available to any customer of the electrical corporation, on a first-come, first-served basis.
 Position: Watch
- CA AB 1920 **AUTHOR:** Huffman [D]
 TITLE: Renewable Energy Resources: Net Metering
 INTRODUCED: 02/08/2008
 SUMMARY:
 Expands the definition of an eligible customer-generator to include customers that generate electricity using an eligible renewable energy resource that meets requirements for solar and wind generation. Requires the ratemaking authority to adopt a net surplus electricity compensation rate to compensate a net surplus customer-generator. Requires a standard contract or tariff to eligible customer-generators.
 Position: Watch
- CA AB 2003 **AUTHOR:** Saldana [D]
 TITLE: Energy: Climate Protection and Energy Efficiency
 INTRODUCED: 02/15/2008
 SUMMARY:
 Enacts the Climate Protection and Energy Efficiency Bond Act of 2008. Authorizes the issuance and sale of bonds for such in state general obligation bonds for specified purposes, including expanding the development and use of solar, wind and geothermal energy, fuel cells, and other energy generating technologies that would assist the state in meeting the greenhouse gas emission targets desired.
- CA AB 2112 **AUTHOR:** Saldana [D]

- TITLE:** Energy Building Standards
INTRODUCED: 02/20/2008
SUMMARY:
 Relates to the State Energy Resources Conservation and Development Commission. Requires the commission to adopt building design and construction standards, and energy and water conservation standards to require new residential constructions and new nonresidential constructions to be zero net energy buildings.
Position: Watch
- CA AB 2153 **AUTHOR:** Krekorian [D]
TITLE: Energy: Energy and Water Conservation
INTRODUCED: 02/20/2008
SUMMARY:
 States the intent of the Legislature to enact legislation regarding energy and water efficiency and conservation in new developments.
Position: Watch
- CA AB 2180 **AUTHOR:** Lieu [D]
TITLE: Solar energy
INTRODUCED: 02/20/2008
SUMMARY:
 Requires that an approval or denial of an application for installation of solar energy equipment be in writing. Provides that an application shall be deemed approved unless it has been denied in writing within 45 days from the date of receipt of the application, unless the delay is the result of a reasonable request of additional information.
Position: Watch
- CA AB 2224 **AUTHOR:** De La Torre [D]
TITLE: Renewable Energy Sources
INTRODUCED: 02/20/2008
SUMMARY:
 Establishes the Public Utilities Commission. Imposes duties and responsibilities on the Public Utilities Commission with respect to the purchase of electricity. Requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the Renewables Portfolio Standard Program.
- CA AB 2404 **AUTHOR:** Salas [D]
TITLE: Energy efficiency: water efficiency programs
INTRODUCED: 02/21/2008
SUMMARY:
 Requires electrical corporations and gas corporations to consider water efficiency improvement programs, part of their cost-effective energy efficiency and conservation activities. Authorizes electrical corporations and gas corporations to partner with a water utility, or wholesale supplier of water to a water utility for purposes of carrying out water efficiency improvement programs.
Position: Watch
- CA AB 2466 **AUTHOR:** Laird [D]

TITLE: Government energy producers
INTRODUCED: 02/21/2008
SUMMARY:
 Authorizes a city, county, city and county, or joint powers agency, to receive a bill credit to a benefiting account for electricity supplied to the electric grid by an eligible renewable generating facility. Requires the Public Utilities Commission to adopt a rate tariff for the benefiting account.
Position: Watch

CA AB 2792 **AUTHOR:** Blakeslee [R]
TITLE: Electrical Restructuring: Renewable Energy Portfolio
INTRODUCED: 02/22/2008
SUMMARY:
 Makes technical, nonsubstantive changes to the Public Utilities Act.
Position: Watch

CA AB 2869 **AUTHOR:** De Leon [D]
TITLE: Public Utilities
INTRODUCED: 02/22/2008
SUMMARY:
 States the intent of the Legislature to enact legislation to authorize the Public Utilities Commission, in collaboration with the State Energy Resources Conservation and Development Commission, to assess opportunities to enhance air quality mitigation and improvement projects, particularly in extreme nonattainment air quality districts and air quality management districts.
Position: Watch

CA AB 2882 **AUTHOR:** Wolk [D]
TITLE: Allocated-base Conservation
INTRODUCED: 02/22/2008
SUMMARY:
 Authorizes a public entity to adopt allocation based conservation water pricing meeting certain requirements. Requires that revenues derived from allocation-based conservation water pricing not exceed the reasonable cost of water service, including conservation measure costs and overuse costs.

CA AB 2916 **AUTHOR:** Nunez [D]
TITLE: State Buildings: Energy Efficiency Measures
INTRODUCED: 02/22/2008
SUMMARY:
 Declares the Legislature's intent to require that all buildings owned or leased by the state meet the standards of the U.S. Green Building Council's Leadership in Energy and Environmental Design.
Position: Support_If

CA AB 2924 **AUTHOR:** Smyth [R]
TITLE: California Renewables Portfolio Standard
INTRODUCED: 02/22/2008
SUMMARY:
 Makes technical, nonsubstantive change to a the Public Utilities Act.

Position: Watch

CA SB 1460 **AUTHOR:** Wiggins [D]
TITLE: Solar energy: California Solar Initiative
INTRODUCED: 02/21/2008
SUMMARY:
 Makes technical, nonsubstantive changes to the state Solar Initiative that authorizes the Public Utilities Commission to delay implementation of time-variant pricing for ratepayers with a solar energy system, until the effective date of the rates established in the next general rate case of the state's 3 largest electrical corporations.
Position: Watch

CA SB 1485 **AUTHOR:** Kehoe [D]
TITLE: Solar Energy Initiative
INTRODUCED: 02/21/2008
SUMMARY:
 Relates to the Public Utilities Commission, the Solar Initiative, time-variant pricing for ratepayers with a solar energy system, and flat rate pricing. Makes technical, nonsubstantive changes to provisions.
Position: Watch

CA SB 1506 **AUTHOR:** Alquist [D]
TITLE: Energy: Self-Generation Incentive Program
INTRODUCED: 02/21/2008
SUMMARY:
 Declares legislative intent to direct the beneficiaries of grants received pursuant to the self-generation incentive program for distributed generation to install eligible technologies that are manufactured in the State by companies that maintain their principal place of business in the State.
Position: Watch

CA SB 1714 **AUTHOR:** Negrete McLeod [D]
TITLE: Renewable Electric Generation Facilities
INTRODUCED: 02/22/2008
SUMMARY:
 Requires every electrical corporation to file the standard tariff, meeting certain requirements, for the renewable energy output produced by a renewable electric generation facility. Requires the governing board of a local publicly owned electric utility that sells electricity at retail, to adopt and implement a tariff, meeting certain requirements, for excess electricity generated by a renewable electric generation facilities.
Position: Support_If

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Date: March 19, 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: February 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:mef

Enclosure

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Agricultural Resources

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

February 28, 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, February 2008

Highlights:

- House Water and Power Subcommittee Oversight Hearing on *“The Immediate Federal and State Role in Addressing Uncertain Water Deliveries for California and the Impacts on California Communities.”* IEUA Represented by Rich Atwater.
- *Administration Budget Submitted – BuRec Requests “Phase Out” Funding for Title XVI*
- *Administration Budget Recommends New Program – Water for America – Calls for National Water Assessment.*
- *Stimulus Passes – Discussion of Stimulus II and/or an Infrastructure Bill – Working to Position Title XVI for Supplemental Funding*
- *House Water and Power Subcommittee Oversight Hearing – Bipartisan Group of Members Announce Support for Enhanced Title XVI.*

- *Published Study – 50% Possibility Lake Mead Could Be Dry by 2021.*
- *House Natural Resources Committee – Views and Estimates Submitted*
- *ACWA DC Meeting.*
- *Drought Profile*
- *News and Notes*
- *IEUA Working Partners*

House Water and Power Subcommittee Oversight Hearing on “The Immediate Federal and State Role in Addressing Uncertain Water Deliveries for California and the Impacts on California Communities.” IEUA Testifies. In late January, the Napolitano Subcommittee held an oversight hearing on the recent developments the Delta – and the implications for water users asking four major questions regarding the recent Delta 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.* IEUA testified that the challenges in the Delta were anticipated and, with local recycling, groundwater storage and conservation programs, local capacity is being built. As a result, GM Atwater testified, overall risk to water supplies is reduced. Atwater and MWD’s Jeff Kightlinger were the two witnesses from Southern California. Other witnesses, from the San Joaquin Valley, largely complained about circumstances, but offered few solutions (Subcommittee members noticed the IEUA problem-solving approach versus the “complain” posture of others).

Administration Budget Submitted – BuRec Requests “Phase Out” Funding for Title XVI. On February 4, each Federal Department and each agency within departments released their proposed budget for FY 2009 and held briefings which I attended. The Bureau request for Title XVI, \$7 million. It’s considered a phase-out and programmatic shut-down proposal. The funding level for the current fiscal year water recycling program, as provided by Congress last year, is \$23 million. No funds were requested for IEUA’s water recycling project (notwithstanding current year funding).

Administration Budget Recommends New Program – Water for America – Calls for National Water Assessment. Without explanation, the Bush Administration recommended that Water 2025, the unauthorized BuRec program be eliminated and instead, a \$21 million new initiative – Water for America. The Interior Department proposed a National Water Assessment to be conducted by the Bureau of Reclamation and the USGS – to be completed by 2019 (this is not a typo). Remarkably, it is to be an 11-year study. This program has been greeted on Capitol Hill and among water users with disbelief. All are asking the relevance of an 11 year study to determine much of what is already known today – at a cost of more than \$20 million. Under this initiative, USGS would develop a new generation of stream sensors for more accurate stream flow readings.

Stimulus Passed. Possible Stimulus II Legislative Package, Infrastructure Package – Opportunity for Title XVI. Congress passed and the President signed an economic stimulus

package. When first considered, discussions Democrats advanced programs to be considered – and Title XVI was “on the list.” However, the House ended up passing a “clean bill” which was subsequently enacted. Now, there is discussion of a Stimulus II package OR an infrastructure bill – and Title XVI is being advanced for consideration SHOULD such a package be created. Title XVI is compelling because of the statutorily required match (the 20% or \$20 million cap requires a significant local/regional match which has the effect of enhancing economic stimulus). That means, every Federal dollar creates at least four times the economic activity (a strong argument for the program in these times and in these financial circumstances).

House Water and Power Subcommittee Oversight Hearing – Bipartisan Group of Members Announce Support for Enhanced Title XVI. The Napolitano subcommittee held a “Budget” hearing in late February in which Commissioner Johnson presented the Bureau of Reclamation’s proposed budget. Members on a bi-partisan basis challenged the Bureau’s priorities – and in particular, the failure to provide adequate funding for Title XVI. Of particular significance, Chairwoman Napolitano, Ranking Member McMorris-Rogers, and Reps. George Miller, Costa and Radanovich (a former member of the committee who participated in the hearing) discussed the underfunding of Title XVI and the need for all to work together to increase program funding. This was significant. There was a clear understanding, by urban and rural members, and members representing Northern, Southern, and Valley California that Title XVI is a benefit to ALL on a bi-partisan basis, regardless of region or location. That particular discussion was a public repudiation of the BuRec budget priorities – and perceived as such.

Published Study – 50% Possibility Lake Mead Could Be Dry by 2021. Throughout 2007, there were a series of reports and studies concluding that climate change would have a profound impact on water supplies throughout the Southwest. None got more attention than a study presented at the American Geophysical Union on February 13. This new study concluded that Lake Mead could be without water in less than 15 years. Put another way, on February 4, the Interior Department and Bureau of Reclamation proposed a national water survey to be completed by 2019. Less than two weeks later, a study was published concluding that Lake Mead “could” be dry (or seriously low) by 2021. The juxtaposition of the two made the Bureau look like they were seriously “out-of-touch” with contemporary water realities. This was not lost on the Committee members. It was not lost on water reps and others here in DC.

House Natural Resources Committee – Views and Estimates Submitted to House Budget Committee. Chairman Rahall submitted a 23-page letter to the House Budget Committee with various recommendations related to programs under the Committee’s jurisdiction. With regard to the Bureau of Reclamation, the Committee stated, in a discussion of “Contemporary Water Needs,”

The Committee is particularly interested in how the Bureau’s budget request reflects the *priorities* of the Bureau of Reclamation. The Bureau of Reclamation is the only Federal agency with exclusive responsibility for water supply in the Western United

States. Yet the agency's budget request and its resulting policy direction do not reflect a strong commitment to address the ongoing drought crisis or respond to the contemporary water needs in the West. Of the annual budget request and appropriation in the neighborhood of a billion dollars, only about \$7 million – less than one percent – is requested each year to help communities finance water recycling projects.

The Committee then called the Administration's Title XVI request "woefully inadequate" and then recommends that the Bureau's portion of the Water for America program be assigned to the Title XVI program.

Annual ACWA DC Meeting. Every year, ACWA hosts an annual meeting in Washington with water users from all over California. IEUA's Rich Atwater, Martha Davis and Director Santiago participated this year.

Drought Conditions. Drought conditions are persisting in Southern California and throughout the Rocky Mountain/Colorado River region. Overall, drought conditions have lessened in California, particularly in the Northern part of the State.

News and Notes. RAND/IEUA Report Released, DC Briefing. Rand released its report with IEUA and held a Congressional briefing in DC sponsored by the California Institute. *LA Times Editorial.* The outstanding LA Times editorial which showcased IEUA and the work being done in the Inland Empire was widely circulated to our delegation, the Administration and others. *Greening the Capitol – Possible Water Recycling Initiative.* During ACWA, Rich Atwater, Martha Davis and Director Santiago met with the Chief Administrative Office (CAO) of the House to discuss Speaker Pelosi's Greening the Capitol Initiative (presently being implemented) to discuss the addition of a water recycling component. *Letters of Support for IEUA Recycling.* Letters from local communities throughout the IEUA Service Area have been submitted on behalf of the IEUA funding request. *Perchlorate JPA Under Consideration.* Several entities immediately outside the IEUA service area are actively considering the creation of a special JPA to address perchlorate contamination issues. *House and Senate Preparing for Overall Budget Resolution.* The Congress is getting ready to consider an overall Budget for FY 2009. It could emerge in Committee and on the floor sometime in March, but more likely April or later.

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. WateReusé Association

- g. CALStart
- h. Orange County Water District (OCWD)
- i. Cucamonga Valley Water District (CVWD)
- j. Western Municipal Water District
- k. Chino Basin Watermaster

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Date: March 19, 2008

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (03/12/08)

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

- **March 13**, Tour of RP-5 solids and HQ for MWD
- **March 26**, Tour of RP-5 for Summit High School Students
- **March 27**, Tour of RP-5 for Bonita High School Students

Calendar of Upcoming Events

March 2008

- **March 6**, 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 District dinner at the Panda Inn, 6:00 p.m.
- **March 25**, IEUA hosted dinner at the WaterReuse conference Marriott Hotel, Newport Beach, 7:00 p.m.
- **March 25**, Water Agencies of the Inland Empire Sacramento Reception, Chops Restaurant, Sacramento, 5:00 p.m.
- **March 27**, Department of Water Resources Public Hearing, IEUA Board Room 8:00 a.m. to 4:00 p.m.

April 2008

- **April 3**, Tech and Policy, City of Upland, Tech at 3:30 p.m. Policy at 5:00 p.m.
- **April 19**, Earth Day at the Park, 10:00 a.m.
- **April 25 – 27**, IEUA/MWD Director Koopman's Agricultural Inspection Trip.

May 2008

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

June 2008

- **June 22**, IEUA Day at the Park 10:00 a.m.

July 2008

- **July 10**, IEUA's HQ Buildings 5th Birthday Celebration, IEUA HQ-A Lobby, 4:30 p.m.

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

- Eight page ad ran February 29, 2008.
- Two page educational ad ran February 27, 2008.

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 to run on our local city channels as well as IEUA's web site.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

Landscape Alliance Newsletter

INLAND EMPIRE LANDSCAPE ALLIANCE

February / March 2008

INLAND EMPIRE LANDSCAPE ALLIANCE WILL BENEFIT MITIGATION OF MOSQUITO BREEDING AND RIFA INFESTATION

*T. Steven Su, Ph.D., Min-Lee Cheng,
Ph.D. and Brian Reisinger
West Valley Mosquito and Vector Control
District
1295 E. Locust Street, Ontario, CA 91761*

Landscape efficiency not only helps conserve water consumption, but also has added benefits in mitigating mosquito breeding and red imported fire ant (RIFA) infestation, since both require water or high moisture for their survival.

The mosquito is our number one foe throughout human history. Worldwide, annually more than 70 million people contract diseases through mosquito bites. The disease pathogens transmitted by mosquitoes include viruses and parasites.



Of the 53 species of mosquitoes recorded in California, 22 of them have found their home in the West Valley area of the San Bernardino County. The most common species are the southern house mosquitoes (*Culex quinquefasciatus*), the western encephalitis mosquitoes (*Cx. tarsalis*) and the southern foul water banded mosquitoes (*Cx. stigmatosoma*). The recent invasion of West Nile virus (WNV) into North America has exemplified the tremendous impact of mosquito-borne diseases on the health and well being of humans, domestic animals and wild life. Since 1999, there have been 27,485 WNV clinical cases

reported, with 1,071 fatalities in the US. West Nile virus invaded into California in 2003, resulting in 2,378 clinical cases and 71 fatalities as of December 2007.

Rapid urbanization and demographic growth have substantially increased mosquito populations and mosquito-borne disease transmission. For example, the breeding of the southern house mosquito, the primary vector of West Nile virus in urban areas has been closely associated with standing nuisance water due to over-irrigation for landscape and other purposes. "Source reduction" is the most effective way to control mosquito breeding. The water-conserving landscape promoted by the Alliance would help to mitigate the mosquito problems in urban areas in addition to saving water.

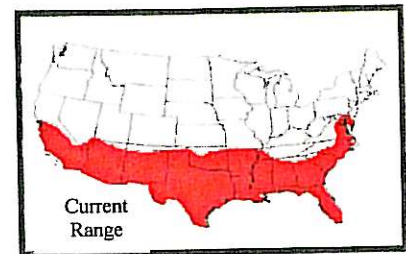
The Red Imported Fire Ant (RIFA), *Solenopsis invicta* are native to South America. They were accidentally introduced into the US in the 1930s through the seaport of Mobile, Alabama by cargo ships. They have since spread from Alabama to the coastal plain and piedmont of almost all of the southeastern states, as well as California in 1998. The reddish-brown color, aggressive swarming behavior and painful stings give this ant their name.

As a Class "A" agricultural pest, RIFA are very destructive and can cause catastrophic damage to agricultural, horticultural, residential and recreational industries. In addition, their painful stings can produce pustules that burn and itch, often lasting for more than two weeks.



The RIFA are extremely resilient and have adapted to heat, cold, and flooding,

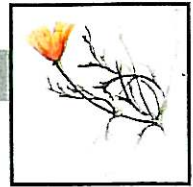
but they rely on constant moisture sources often associated with landscape irrigation in arid southern California. They build underground nests distinguished by the appearance of piles of loose soil with peripheral holes. RIFA



nests are often spotted in moist environments adjacent to sprinklers, leaky faucets, in-ground utility boxes and similar areas. An active colony can contain up to 300,000 workers. RIFA are still on the move with the aid of human activities, such as movement of nursery plants, soil, grass cuttings, bee boxes and large farm equipment. The typical landscape practice highlighted by turf grass and other high water demand plants in residential, industrial, commercial and recreational areas favors infestation by RIFA. At present, RIFA continues to expand its geographic distribution in the US.

In the West Valley area of the San Bernardino County, as of January 2008, approximately 80 RIFA infestations have been confirmed since its first discovery in Chino Hills in February 2006. Water efficient landscape advocated by the Alliance in the Inland Empire for the purpose of water conservation should help curb the expansion of RIFA while the goal for saving water is achieved.

For more information please contact
West Valley Mosquito and Vector
Control District (1295 E. Locust St.,
Ontario, CA 91761.
Tel. 909-635-0307, FAX 909-635-0405
website: www.wvmvcd.org



Getting Greener without Grass

Inland Valley Daily Bulletin
Sunday, February 17, 2008

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 lawn 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 whenever possible, as many of them already have.

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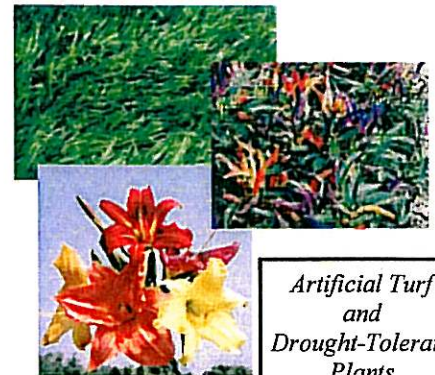
"Sixty percent of the Chino Basin water supply in the residential sector goes to outside irrigation," said Martha Davis, Executive Manager for Policy

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 cans 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.



Artificial Turf and Drought-Tolerant Plants

Upcoming Events

| | | | | |
|---|--|--|---|---|
|  | Wednesday, March 19 7:30 am - 9:30 am | CVWD's Frontier Project breakfast and tour | Robert De Loach, CEO/GM CVWD 10440 Ashford Street, Rancho Cucamonga CA 91729-0638 |  |
|  | Thursday, March 27 9:00 am | DWR Workshop on Model Landscape Ordinance | Inland Empire Utilities Agency Headquarters |  |
|  | Thursday, April 3 8:00 am - 10:00am | Debrief and reactions to Model Ordinance DWR hearing | Inland Empire Utilities Agency Headquarters Building B Anza conference room |  |
|  | Thursday, April 10 3:00 pm - 4:00pm | Landscape Alliance Board Meeting | Inland Empire Utilities Agency Headquarters |  |



CHINO BASIN WATERMASTER

IV. INFORMATION

1. New Water Bond Unveiled to Restart Legislative Negotiations



FOR IMMEDIATE RELEASE:

**Contact: Bethany Westfall
For Senator Machado
Phone: (916) 651-4005**

March 6, 2008

New Water Bond Unveiled to Restart Legislative Negotiations

SACRAMENTO, CA – Senator Michael Machado (D-Linden) announced today the introduction of a new bond proposal to jump start legislative talks over how to supply the California's long-term water needs, protect its clean drinking water and sustain the Sacramento-San Joaquin River Delta.

The bill, SB 6xx, combines provisions from previous bond legislation with new measures proposed by the Governor, who described his view of a comprehensive water solution in a letter sent last week to state Senators.

The \$6.8 billion bond also includes new provisions on water storage and Delta protection and other areas to be negotiated with Senate Republicans.

“Our new proposal is built on recognized water resource priorities but adds important new provisions outlined by the Administration and our Senate Republican colleagues on water storage and Delta protection,” Machado said. “We believe it’s a reasonable place to restart discussions on a legislatively approved water bond measure.”

“I look forward to continuing to work with Senator Machado on a new proposal that acknowledges widespread interests in funding for new water storage, both surface and groundwater, along with other sorely needed water funding,” Cogdill said. “We’re ready to roll up our sleeves and work across the aisle with the goal of passing a comprehensive bond.”

SB 6xx The Safe Drinking Water Act of 2008

Water supply reliability: \$2 billion

Grants and direct expenditures for water supply projects, consistent with integrated regional water management plan standards. Projects include:

- Agricultural and urban water use efficiency
- Recycling/reclamation/desalination
- Surface storage/groundwater/conjunctive use and re-operation
- Groundwater contamination prevention/clean-up

50% local agency cost-share requirement. Funding allocated regionally.

Delta Sustainability: \$2.4 billion

- \$1 billion for drinking water quality, water supply reliability for in-Delta and export users, flood protection, and safeguarding vital infrastructure.
- \$1.4 billion for Delta ecosystem restoration consistent with the Bay Delta Conservation Plan and the findings of the Blue Ribbon Task Force, other native fish and wildlife restoration projects.
- No funding for construction of water transfer/conveyance facility.

Clean Drinking Water and Pollution Clean-Up: \$1.085 billion

- \$1 billion for ecosystem restoration, resolving water supply conflicts and urban watershed management projects.
- \$85 million to protect delta ecosystem and state water supply from invasive species.

Clean Beaches, Groundwater Protection, and Water Quality: \$1.1 billion

- \$400 million for projects that would prevent or reduce the contamination of groundwater that is used as a source for drinking water.
- \$100 million for grants for small community wastewater treatment projects to protect water quality
- \$500 million for stormwater management, and water quality
- \$100 million to Ocean Protection Council to protect and improve water quality in areas of special biological significance

Water Recycling: \$250 million

Not less than \$100 million to restore water supply lost to groundwater contamination.

Competitive Water Storage:

- Funding for competitive grants for water storage projects that increase water supply reliability

20% Water Conservation by 2020:

- Funding and any needed statutory requirements to implement 20% water conservation statewide by 2020.

Protecting the Sacramento/San Joaquin Delta Floodplain:

- Funding and any needed statutory requirements for evaluation and protection of critical floodplains for Delta ecosystem and water exports.

Multi-agency Delta Disaster Planning:

- Funding and any needed statutory requirements for multi-agency Delta disaster planning and equipment.

Expedited Interim Delta Actions:

- Funding and any needed statutory requirements for interim delta actions to protect and restore delta habitat and ecosystem and to protect against water supply disruptions.

Delta Water Quality

- Funding and any needed statutory requirements to protect and improve delta water quality through actions by the State Water Resources Control Board.

Current Total: \$6.835 billion

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DIANNE FEINSTEIN
CALIFORNIA



COMMITTEE ON APPROPRIATIONS
COMMITTEE ON THE JUDICIARY
COMMITTEE ON RULES AND
ADMINISTRATION - CHAIRMAN
SELECT COMMITTEE ON INTELLIGENCE

United States Senate

WASHINGTON, DC 20510-0504

<http://feinstein.senate.gov>

March 5, 2008

The Honorable Don Perata
President Pro Tem
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Fabian Núñez
Speaker
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

Dear Senator Perata and Speaker Núñez:

I was dismayed to learn that Democratic leadership in the state legislature has refused to come to the table with the Governor and Republican leadership to find a legislative solution to the water crisis.

Ten days ago, we met in Sacramento to discuss ways to break the logjam. I left the meeting with high hopes, feeling that there was goodwill and general agreement to try to work out a bipartisan legislative proposal for a water bond.

Members and staff were to meet to try to resolve some of the most difficult issues. Then principals were to come together this Friday to determine if an agreement could be forged.

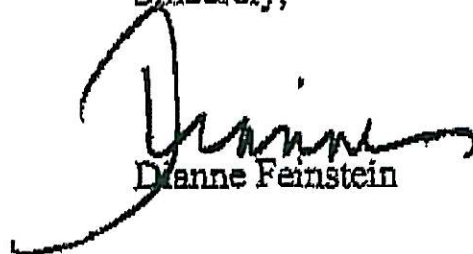
Now I understand that Democrats did not attend a meeting to try to work through differences, except for Lois Wolk, who said that she was not authorized to negotiate. This was after the meeting was postponed three times.

I am deeply disappointed. This is not in keeping with the spirit of our agreement to try to find a way forward.

28
There is no more important infrastructure issue in the State than the water crisis. We need a comprehensive solution - that protects the environment, provides for recycling, conservation, and groundwater recharge, includes conveyance, and provides for surface storage that benefits the public and will save water from the wet years to be used in the dry years.

I still hold out hope that all sides will return to the negotiating table. But time is running out for a legislative solution.

Sincerely,



Dianne Feinstein



CHINO BASIN WATERMASTER

IV. INFORMATION

2. Newspaper Articles



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.

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INLAND VALLEY

Daily Bulletin

SATURDAY | FEBRUARY 16, 2008

Higher water rates possible

Rate increases would apply to agencies exceeding their allocation

By Lauren McSherry
Staff Writer

A ruling by a federal judge that cut by two-thirds the amount of water flowing from the Sacramento-San Joaquin delta to Southern California — combined with a lingering drought — has set off a chain reaction which could result in higher water rates in parts of San Bernardino County.

Metropolitan Water District of Southern California, a regional water supplier based in Los Angeles, adopted a plan Tuesday which would penalize client water agencies exceeding their allocation, a cost that could be passed on to ratepayers.

One of Metropolitan's 26 clients is the Inland Empire Utilities Agency (IEUA), which relies on Metropolitan for roughly one-third of its water supply.

The agency serves 800,000 customers in seven cities — Chino, Chino Hills, Fontana, Montclair, Ontario, Rancho Cucamonga and Upland.

"The first thing to understand is they're

"The first thing to understand is they're going to apply very significant rate increases and penalties if we use water above what we're allocated."

WYATT TROXEL

Water board president

going to apply very significant rate increases and penalties if we use water above what we're allocated," said Wyatt Troxel, IEUA board president.

Troxel estimated water rates could increase 3-5 percent in the short-term and predicted that cities experiencing rapid population growth could be hit hardest.

Programs to provide recycled water to

municipalities should decrease the demand for imported water in the long-term, he said.

Montclair, Upland and Rancho Cucamonga have the greatest risk because Montclair and Upland are still in the process of implementing a recycled water program and Rancho Cucamonga is continuing to develop, he said.

Fontana Water Co., which will begin processing IEUA water this summer, does not expect its rates to be affected by the recently adopted plan, said Assistant General Manager Robert Young.

Fontana Water is a unit of San Gabriel Valley Water Co.

Penalties could be imposed as early as July, although it is unlikely that allocations will be exceeded so quickly following this winter's rains, said Jeff Kightlinger, Metropolitan's general manager.

In addition, Metropolitan will consider adopting a general rate increase in March, Kightlinger said.

lauren.mcsherry@sbsun.com
(909) 386-3875

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10. Body case sparks probe

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Rialto accepts deal with county over perchlorate

By Jason Pesick, Staff Writer
Article Created: 02/19/2008 10:24:53 PM PST

RIALTO - The City Council voted in closed session on Tuesday night to settle its lawsuits against San Bernardino County regarding perchlorate contaminating groundwater.

Under the terms of the agreement, which the council unanimously approved, the county would pay Rialto \$4million and clean up the western portion of the contamination.

That cleanup could costs tens of millions of dollars.

"They are really the only responsible party that has stepped forward," Councilman Ed Scott said.

The county's contamination is flowing from the county-owned Mid-Valley Sanitary Landfill in Rialto's north end.

The county Board of Supervisors still has to approve the deal.

Perchlorate, used to produce explosives, is flowing through local drinking water, but officials say it is not being served to residents.

The city filed a federal lawsuit against dozens of parties, including the county, that it suspects of contaminating the water.

The city has also filed a separate lawsuit against the county in state court.

Also during the closed session, the council voted to have one of its outside attorneys, Susan Trager, manage its perchlorate-related legal battle.

Former City Attorney Bob Owen had served in that role until the council fired him in January.

jason.pesick@sbsun.com

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Inland News

Riverside Utilities Board vote may further wastewater recycling plan



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10:00 PM PST on Thursday, February 14, 2008

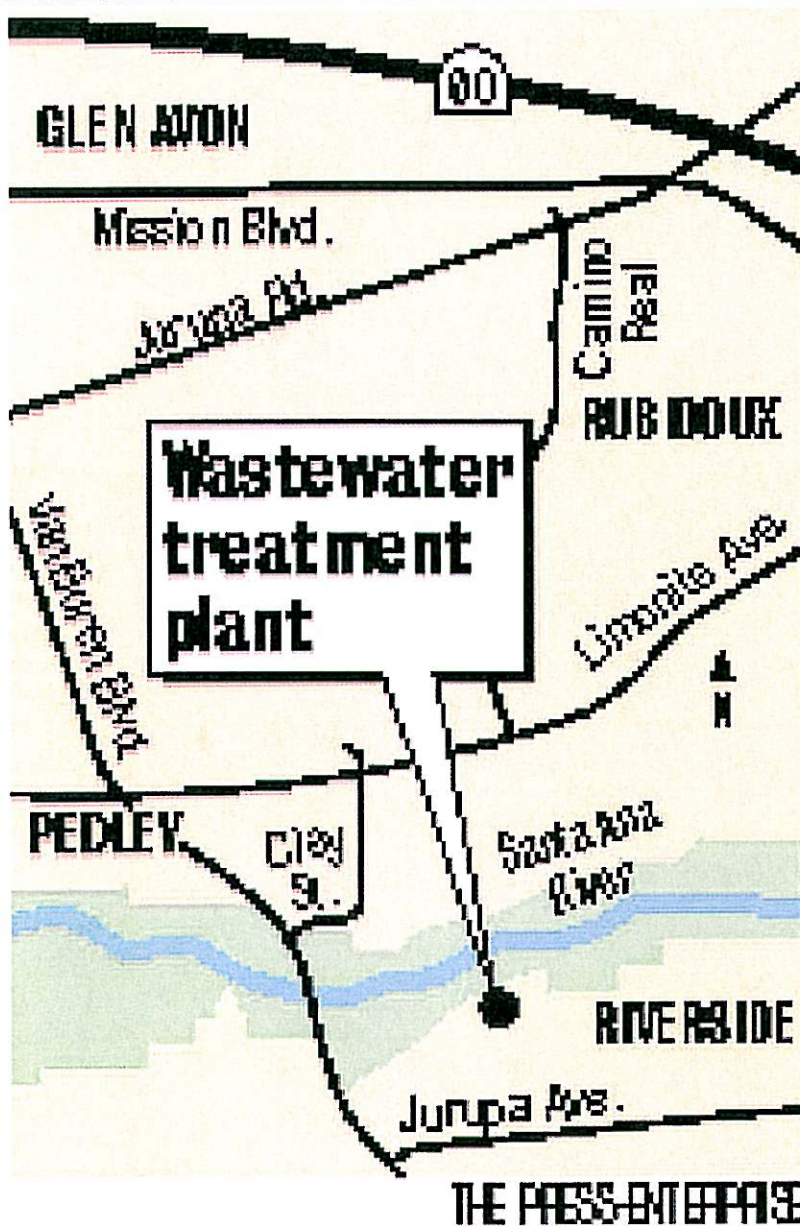
By JENNIFER BOWLES
The Press-Enterprise

With water supplies stretched thin because of drought, some Riverside officials want to turn to a more permanent and reliable supply: wastewater that runs from showers, sinks, washing machines and toilets.

Treating the wastewater of its residents and using it to irrigate parks, cemeteries, school grounds and other outdoor landscaping will allow Riverside to save its better-quality groundwater for drinking purposes, said Kevin Milligan, the city utility's assistant general manager for water.

"Recycled water is one of the few resources that we have that is really drought-proof, that doesn't rely on rainfall," Milligan said Thursday. "As long as we have people, we're going to have recycled water available."

Story continues below



The Riverside Public Utilities board is expected to vote today on whether to approve a concept for a long-range water recycling plan. If that happens, the City Council would then consider whether or not the concept should be further developed, Milligan said.

The project would cost \$60 million to \$100 million and require the installation of at least 10 miles of large pipelines from the city's wastewater treatment plant near Van Buren Boulevard and the Santa Ana River to areas where the cleaned water could be used.

The recycling project also hinges on a state permit that would allow the city to keep some of the treated wastewater it now puts into the Santa Ana River from its treatment plant near Van Buren Boulevard. The State Water Resources Control Board is expected to consider issuing a permit in May, said Kathie Smith, a board spokeswoman.

The city of Riverside would have to continue sending a certain amount of water into the river for downstream users, including Orange County, and to replenish the wetlands in the Hidden Valley Wildlife Area that are used by endangered birds, Milligan said.

An environmental group has agreed not to challenge the city's permit request if the city will monitor the wetlands and send more water if needed, said Ileene Anderson, an ecologist with the Center for Biological Diversity.

The city gets much of its water from an aquifer at the base of the San Bernardino Mountains known as Bunker Hill. But parts of the

basin, fed mainly by rain and snowmelt, are at their lowest point since 1965.

If the recycling project is put in place, utility officials hope to treat more than 13 billion gallons of water, or enough to make up one-third of the city's water portfolio by 2030.

The bulk of the project's financing is not yet determined, Milligan said. Utility officials hope it would qualify for state water bond funds, he said. Raising water rates has not been discussed, he said.

The city has tagged \$6 million from its Riverside Renaissance to finance several pipeline installations for the recycling project that could coincide with street rehabilitation projects along Van Buren Boulevard and Central Avenue, Milligan said.

The Renaissance is a five-year, \$1.8 billion program of public improvement projects, including libraries, senior-citizen centers, street improvements, new parks and upgrades to the city's aging water, electric, sewer and flood-control systems.

Reach Jennifer Bowles at 951-368-9548 or jbowles@PE.com. Check out her blog at www.pe.com/blogs/environment/

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Water accord awaits approval

Andrew Edwards, Staff Writer

Article Launched: 02/17/2008 07:26:19 PM PST

Local water agencies have entered into an agreement that would help them use Santa Ana River water if they get the state's permission to do so.

The agreement, signed on Feb. 6, includes the San Bernardino Valley Municipal and Western Municipal water districts, as well as the San Bernardino Valley Water Conservation District, which is responsible for recharging groundwater.

The outcome, officials said, could be a more stable water supply for the Inland Empire.

"Every drop we can save is a drop we don't have to import from somewhere else," San Bernardino Valley Municipal general manager Randy Van Gelder said.

The water providers have asked the state for the right to draw a large amount of water from the Santa Ana River. If granted, they would store water supplies on Conservation District property downstream from Seven Oaks Dam north of Redlands, which was completed nearly nine years ago to prevent flooding in Orange County along the Santa Ana River.

Conservation District general manager Marvin

Shaw said that if the water rights are granted, the providers could use water that would be diverted from the Santa Ana River into "spreading ponds" where the vital resource would percolate down into the underground basin.

"We look at it as a bank, if you will," Shaw said. "This shores up the water supply."

San Bernardino Valley Municipal and Western Municipal - which serves western Riverside County - both import State Water Project supplies.

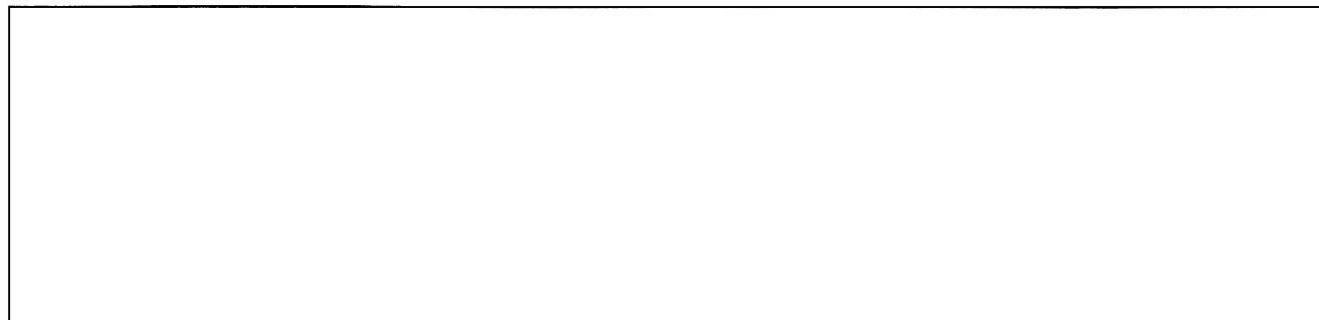
State water deliveries were significantly curtailed this winter following a federal court ruling that mandated a reduction in the amount of water pumped from the Sacramento-San Joaquin delta to protect the delta smelt.

Van Gelder and Western Municipal general manager John Rossi both said the water would likely flow south to the Pacific Ocean if not used by their districts.

Rossi offered that water providers' ability to augment their supplies with Santa Ana River water could keep local water rates stable over time. San Bernardino Valley Municipal and Western Municipal deal water to other agencies that pipe it to homes and businesses.

The districts have asked for the right to use as much as 200,000 acre-feet of Santa Ana River water per year. An acre-foot is about 326,000 gallons. Generally, an acre-foot is the amount of water that two families of four use during a year.

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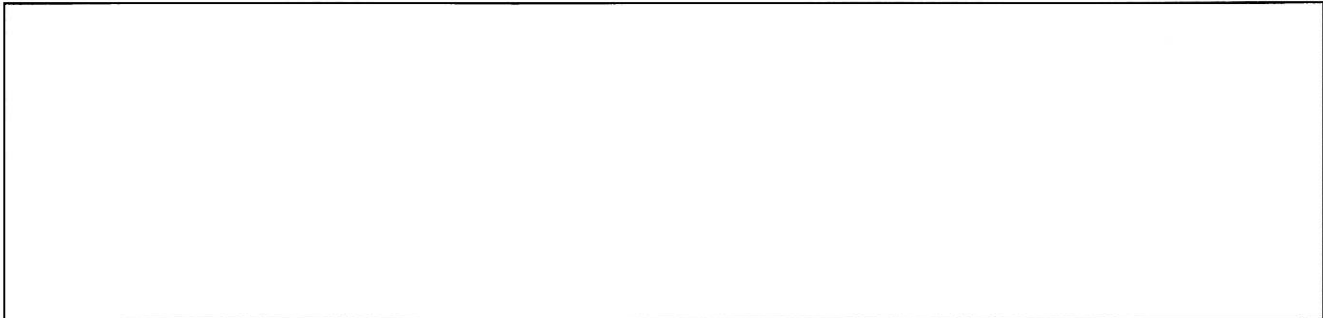


State Water Resources Control Board spokeswoman Kathie Smith said a decision on the water providers' applications for water rights could be made by the end of June.

A public hearing was held last May in Sacramento on the water agencies' request. At the time, some environmentalists expressed concern that diverting water from the Santa Ana River could be detrimental to plants and animals living along the riverbed.

The water providers responded in a legal filing at the close of the hearing that using Santa Ana River water would not cause significant harm to wildlife.

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<http://www.latimes.com/news/opinion/editorials/la-ed-water25feb25.0,1665172.story>
From the Los Angeles Times

Channeling Mulholland

The Times launches an editorial series on water and water policy in California and around the world.

February 25, 2008

The early history of Los Angeles was defined by its struggle to get water wherever, and whenever, it could. William Mulholland and his colleagues did such a good job of securing water supplies during the early 20th century -- building the 223-mile-long, gravity-fed Los Angeles Aqueduct, which imports water from the Owens Valley; establishing the Metropolitan Water District, which brings in water from the Colorado River and Northern California -- that those of us living here today take for granted our lush gardens and year-round blooms. They appear a native bounty when they are, in fact, a work of man. We offer pious lip service to the notion that water is scarce when the weather is dry, only to forget our concerns at the fall of the first raindrop. Implicitly, we behave as if water will always be available and unlimited.

This must change. This page did not like the water bond that Gov. Arnold Schwarzenegger backed last year, but he is on to something when he insists that California needs to rethink its complicated and woefully overburdened water system. It has been said many times before, but it bears repeating: Our state's breathtaking natural beauty, envied easygoing lifestyle and booming economy -- the California dream chronicled and immortalized by our resident historian, Kevin Starr -- depend on an ambitiously conceived network of aqueducts, pumps, dams and pipes that will literally run dry if we don't invest heavily to change the way we use, capture, store and distribute water.

Figuring out what kind of investments are called for will not be easy. Dwindling freshwater supplies are a worldwide problem, not limited to dusty Western states. In Atlanta, which gets more than 50 inches of rain in an average year (that's more than three times Los Angeles' typical rainfall), drought forced Gov. Sonny Perdue to declare a state of emergency in 2007 as water supplies sank to a frightening three-month supply. In the Upper Midwest, fear that dry Southern states will muster the political power to build pipelines to import water from the region has become "the third rail of Great Lakes politics," as one observer wrote. Worldwide, according to research cited recently by U.N. Secretary-General Ban Ki-moon, about 2.7 billion people live in countries where climate change and water-related crises create a high risk of violent conflict. Another 1.2 billion suffer high risk of political instability from water shortages. Ban has pledged to protect water resources as a part of his global anti-poverty efforts.

Studying water, even on a local scale, exposes a universe of dazzling complexity. Here in Southern California, our sources of imported water, including the Colorado River and the Sacramento-San Joaquin River Delta, are threatened. Deliveries from the delta, which provides water for 25 million Californians, could drop by as much as a third this year. Imports from the Owens Valley to Los Angeles are down too. A recent study suggested that there is a 50% chance that the Colorado River's vast Lake Powell and Lake Mead reservoirs will dry up by 2021. No one knows how future climate change might further affect imports. Many of our local aquifers, which could provide well water and storage capacity for "extra" water supplies, are polluted or overdrawn. Long-standing political battles pit North against South, older cities against new ones, farmers against urbanites and environmentalists against developers.

William Mulholland and his generation famously secured this region's water and gave Los Angeles a chance to be; the job of our generation is to accept without apology this city's right to continue, to make room for growth and to protect Mulholland's grand, if complicated, legacy.

In the coming months, we will publish a series of editorials examining water and water policy in California, across the country and around the world. Channeling Mulholland, we hope to use these editorials to sketch an impressionistic blueprint for a perfect water system. We stray from Mulholland's vision, however, in our desire to imagine a plan that humbly acknowledges how limited a resource water truly is -- a plan that seeks to balance the needs of people, the economy and the environment in considering how best to use and preserve it.

The water we have

We begin with a call for Southern California to turn its attention to its often ignored, and often neglected, local water supplies. During the 20th century, Los Angeles was built on imported water. But today, with imported supplies curtailed by environmental restrictions and threatened by climate change and natural disasters, we must rely more on the water we already have -- including water we conserve, water we recycle and water we recover. "Generally in Southern California, there's a sea-change recognition that if we're all waiting to get more water from Northern California, it isn't going to happen," says Richard Atwater, general manager of the Inland Empire Utilities Agency in Chino, which is considered a leader in efficiency efforts. "To maintain our great economy, we need to protect our sources here."

Atwater's agency employs a variety of strategies to develop its local supplies. First, it uses recycled, non-potable water -- "gray water" that might otherwise flow to the sea -- to irrigate its parks, golf courses and school grounds. Within three years, Atwater expects to cut 25% of the district's annual outdoor potable water use, enough to meet the household needs of 400,000 people. Second, the district gets much of its water from local aquifers. It must clean this water, but doing so is doubly valuable because it requires half as much energy as importing the water from the delta and also improves water quality downstream in Orange County.

The agency works with developers to build new homes that are water efficient, using a third as much water as homes built just 10 years ago. It has installed experimental porous surfaces in agency parking lots, which allow rainwater to enter the region's aquifers. Atwater plans to ramp up efforts to recycle wastewater for potable use, as Orange County has already done. (This process is sometimes disparagingly referred to as "toilet to tap." In fact, it produces water so pure that, untreated, it corrodes metal pipes.) Atwater has even copied a program in Las Vegas that pays homeowners \$1.50 per square foot to rip out their lawns and put in climate-friendly landscapes. "Lawns may be a luxury we can't afford," he says.

Atwater is not anti-growth. He expects the population of his district to increase 50% in the next 20 years, and he believes, thanks to efficiency efforts, that his region can do this without using "a drop more" of imported water. (In 2005, the Pacific Institute, an Oakland-based think tank,

estimated that the entire state could maintain economic growth and cut water use by 20% over approximately the same period.) Most important, Atwater doesn't discount the possibility that the district may have to make do with less water from the delta and the Colorado River in the future. That's a notion still considered heretical by many water users in this state, who are loath to signal willingness to give up any claim to water -- even when the water in question, like the diminishing flows of the Colorado, may not actually exist.

Here in Los Angeles, as Mayor Antonio Villaraigosa is fond of pointing out, we make do with the same amount of water today as we did 20 years ago, despite an influx of a million new residents. These savings are a result of efficiency measures such as the installation of low-flow toilets and shower heads, and a tiered pricing structure that discourages overuse. That's impressive -- and not nearly enough. We should do more to improve outdoor water use efficiency. We should follow Orange County's lead and begin recycling our wastewater for eventual potable use. We should recover storm water. We should clean our groundwater basins. We should nudge homeowners into ripping out their lawns. And we should admit, our Owens Valley supply notwithstanding, that our future cannot depend entirely on imported water.

The struggles to come

There will be many struggles over water in California -- over the Sacramento-San Joaquin River Delta, over the Colorado, over the Owens Valley -- in years to come. Cleaving to local sources won't prevent these battles and is hardly controversy free, but it could lower the stakes and (we dare to dream) help break the stalemate state policymakers face. No farmer should cry foul if Los Angeles recycles more of its water. No ancient grudges between Northern and Southern California should be revived.

Improving water efficiency is cost-effective. But it isn't sexy, especially viewed beside wonders like Mulholland's aqueduct or the Hoover Dam. As our governor understands, spending billions on monumental engineering projects has poetic appeal. It conjures the triumph of man over nature. Spending smaller sums on porous parking lot surfaces, filtration plants and programs to put drought-friendly plants and smart sprinkler systems in people's yards -- the workaday, street-level strategies required to develop local supplies -- seems janitorial in comparison.

We know now that we can't triumph over nature after all, yet we need not abandon the dreams of pioneers or the willingness to think big. Even as we dream, we must make the most of collective, modest solutions that, spread across millions, can reap staggering rewards. Our forefathers secured water for us; we must now care for what they made possible.

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On tap: Water quality

City to upgrade facility

By Lori Consalvo, Staff Writer

Article Created: 02/24/2008 05:48:14 PM PST

UPLAND - The mechanical parts of the San Antonio Canyon Water Treatment Plant are almost two decades old and, city officials say, in need of repair.

"The treatment plant was built about 18 years ago and we have not invested much money into it," said Anthony La, director of public works.

Now, the city is ready to improve the facility - which takes water that runs down the mountain, treats it and distributes it to Upland customers - so it can function at its highest level. The city plans to rehabilitate the treatment plant, bringing it up to date and back to full production mode.

The plant, which sits next to the San Antonio Dam on Mountain Lane, could treat about six million gallons of water a day if it were running at full capacity.

"With the old equipment now, we periodically have to shut down during rainy seasons for repairs because the parts are old. It won't produce the six million gallons per day capacity because it is not up to date," La said.

The project, which will cost about \$2 million in

improvements, will include conversions to generate chlorine; replacing pipes, valves, meters and electric devices; and a complete rehabilitation of the filtration tanks.

At tonight's City Council meeting, officials will vote on awarding a contract for the project. If it is approved, construction will begin in June or July. La said the goal is to complete the rehabilitation before next year's rainy season.

Money for improvements will come from the city's water fund - an accumulation of fees that have been collected for maintenance.

"Rates for water customers will not go up," La said.

Mayor John Pomierski said since the city has the money in a fund now, it is time to upgrade the facilities.

But more importantly, the improvements will increase water flow from the treatment plant, which in turn will help the city curb its reliance on other sources.

"Water, as we all know, is critical to our existence," Pomierski said. "(The treatment-plant improvements) are a part of Upland's effort to become less dependent on someone else's water."

The improved facility will bring Upland a step closer to becoming independent from outside sources like the Metropolitan Water District.

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News

DELTA CANAL ALIVE AGAIN?

LEGISLATIVE WHISPERS SUGGEST CONTROVERSIAL PLAN MIGHT RETURN

By **Hank Shaw**
February 26, 2008
Capitol Bureau Chief

SACRAMENTO - Gov. Arnold Schwarzenegger may issue an executive order jump-starting a controversial plan to build a canal around the Delta, sources familiar with the matter said Monday.

Doing so would bypass the Legislature, which is divided over whether such a canal should be built.

Schwarzenegger supports the idea of a new way to ship water from the Sacramento River to the giant pumps near Tracy that supply roughly 25 million Californians with their drinking water.

Schwarzenegger spokesman Bill Maile neither confirmed nor denied that an executive order is in the works.

Opponents, such as Sen. Michael Machado, D-Linden, say a canal around the Delta would divert the flow of fresh water away from the area of the estuary near Stockton, turning it into a fetid backwater.

"I don't think this is helpful at all," said Machado, who represents the part of the Delta that would be affected. "This executive order is a presumption of a direction without any determination that it is the right direction to go.

"It could be a disaster for San Joaquin County."

No argument from Dante Nomellini, a Stockton attorney who represents central Delta farmers.

Nomellini said Monday he's heard whisperings about an impending executive order.

"We'll have to see what it says," he said.

He calls the governor's entire Delta Vision process a "sham," saying that state officials have long known they wanted to build a canal.

South Delta farmer and engineer Alex Hildebrand also is closely following developments.

"They seem to want to get the thing financed and committed before analyzing the consequences," Hildebrand said. "If they're bull-headedly going to go ahead with the plan to build the canal, then we've lost."

Schwarzenegger's proposed state budget includes \$1.4 million to begin the environmental analysis needed to determine whether to build a peripheral canal.

His budget request would create eight positions with a goal of developing potential routes for a canal by 2009. A no-build option would be included.

Maile said that plan was written under the assumption that the governor and the Legislature come to a deal on how

to proceed with a peripheral canal.

If the governor issues the executive order, it would, among other things, direct eight existing employees to do the environmental analysis. The money to pay for it would come from the State Water Project.

The argument in support of the move is that the environmental review is so time-consuming and so complex that the state cannot afford to delay much longer.

"Nothing is more important to California and its economy than making sure that we have all the water we need now and far into the future," Schwarzenegger said during his weekly radio address Saturday. "There is no more time to waste. We have to plan and build for California's future right now ... because these projects take years to build."

But issuing an executive order over the peripheral canal could prove politically dicey, especially just days after the state's water warriors met behind closed doors to talk about a negotiated solution.

"What it tends to say is that the meeting was a ruse," Machado said. "He's basically declaring war."

Reporter Alex Breitler contributed to this report.

Contact Capitol Bureau Chief Hank Shaw at (916) 441-4078 or sacto@recordnet.com.

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Backers of water-storage projects lobby in D.C.

By Michael Doyle / Bee Washington Bureau
02/28/08 23:29:02

WASHINGTON — Supporters of two water-storage projects proposed in the central San Joaquin Valley are looking for help this week on Capitol Hill.

The Tule River Tribe wants to gather water in a new reservoir. Madera County officials want to collect water underground. Both require congressional help, and both face Bush administration skepticism.

The Porterville-based tribe's proposed reservoir would pool water from the Tule River flowing from the Sierra Nevada. Ultimately, the proposed reservoir could cost roughly \$150 million. For now, the tribe needs \$3 million for a feasibility study.

The proposed Madera County water bank — a \$90 million project — would percolate water into underground aquifers near Highway 99 and release it during dry years.

"It is part of our plan to stop the over-drafting of ground water in our district," Madera Irrigation District board president Carl Janzen told a Senate subcommittee Thursday.

The projects have different histories, but they face similar hurdles.

The Tule River Tribe originally lived along the Tule River in eastern Tulare County until the tribe was relocated in the 1870s to rocky land about 15 miles away. Extensive negotiations culminated in a tentative deal calling for construction of a reservoir along the river's south fork.

"It's taken too long," said Alec Garfield, a longtime leader on the Tule River Tribal Council, adding that for years "nobody would listen to us."

The Tule River water rights settlement still must be ratified by Congress. As part of the deal, Rep. Devin Nunes, R-Visalia, has introduced legislation authorizing \$3 million to study the feasibility of a new reservoir. This week, Garfield and other Tule River Tribe members lobbied House members to support the legislation.

"It's completely consensus based, and nobody got sued," stressed Tom Rodgers, a former Senate staffer now serving as the tribe's Washington lobbyist.

The tribe has paid Rodgers' firm between \$120,000 and \$160,000 annually for lobbying on casinos and other issues in recent years, public records show. This week, he was guiding tribal leaders to congressional offices, clarifying the legislative process along the way.

So far, the Bush administration opposes the Tule River feasibility study, with Bureau of Reclamation official Robert Quint last year calling it "premature" and potentially costly. On Thursday, Quint was voicing similar reservations about the Madera County water bank project.

The water bank could store up to 250,000 acre-feet of water. The water might be sold for farming or development, and could help farmers replace irrigation water lost because of efforts to restore the San Joaquin River nearby.

"It's to help not just us in the water district, but it's to help our whole county," Janzen told the sparsely attended hearing of the Senate water and power subcommittee.

The House already has approved a bill by Rep. George Radanovich, R-Mariposa, to authorize water bank construction. Quint, though, warned Thursday that the Madera water would cost \$420 per acre-foot, at least \$100 per acre-foot more than current rates.

Quint added that it was "premature" to authorize the Madera project, stressing that none of the 18 studies done to date meets federal standards for a formal feasibility study.

The Senate's intentions aren't yet clear on the Madera water bank bill, while the Tule River feasibility study faces what Rodgers called a "fraught" political environment during this presidential election year.

The reporter can be reached at mdoyle@mcclatchydc.com or (202) 383-0006.

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From the Los Angeles Times

Water board approves drought plan

Officials in southeastern L.A. County suggest that they might challenge the decision, saying it would penalize low-income residents.

By Deborah Schoch
Los Angeles Times Staff Writer

February 13, 2008

The Metropolitan Water District board Tuesday approved a much-disputed drought plan despite protests from officials in some southeastern Los Angeles County cities who complained that low-income residents would be penalized with higher rates.

Using a weighted voting system that is keyed to property valuation and not population, the 37-member board voted 176,523 to 14,265 to support the plan.

The cities of Los Angeles and San Diego and the Municipal Water District of Orange County were among those voting for the plan after a brief discussion.

"No" votes were cast by Long Beach and the Commerce-based Central Basin Municipal Water District, which serves 2 million people in cities along the Long Beach and San Gabriel River freeway corridors. They suggested that they might challenge the vote in court.

The cities of Commerce, Huntington Park, Norwalk and South Gate and four state legislators had asked for a 60-day delay so that local officials could study the plan's effect more closely.

Southeastern Los Angeles County cities could be hit with \$37.2 million in penalties within a 12-month period, Assemblyman Hector de la Torre (D-South Gate) -- chairman of the Assembly Rules Committee-- wrote in a letter Friday to MWD board Chairman Timothy Brick.

"The plan, while intending to conserve water during shortages, ultimately provides those who can afford to pay the steep penalties with as much water as they want, and places severe financial hardship on ratepayers who cannot afford the high price of water," De la Torre wrote.

South Gate Mayor W.H. DeWitt and Signal Hill Councilman Larry Forester spoke to the board Monday in favor of a 60-day postponement.

Los Angeles and San Diego officials have strongly backed the plan, and Los Angeles Mayor Antonio Villaraigosa described it Monday as "the most fair and equitable option I have seen for dealing with a possible water shortage." Orange County officials supported it after requesting a softening of the penalty rate structure.

MWD General Manager Jeff Kightlinger defended the decision not to delay the vote.

"We've sat and worked with folks for eight months," he said. "The plan does not treat anyone disproportionately. . . . It's time to move on and address the more important issues."

If current water shortages worsen, the plan would determine the amount of imported water that the MWD would deliver to its 26 member cities and districts serving 18 million people in six counties.

deborah.schoch@latimes.com

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Unity vs. toxic mess

Teamup eyed for cleanup

Jason Pesick, Staff Writer

Article Launched: 02/11/2008 10:34:31 PM PST

Concerns about underground perchlorate contamination in the region has sparked a move to form a multi-agency effort to lobby for federal dollars to clean up the toxic mess.

A proposed joint powers authority, or JPA, would include representatives from key cities dealing with the toxic chemicals percolating groundwater underneath.

The JPA would include Colton, Rialto and San Bernardino County, and at least two water agencies, West Valley Water District and Fontana Union Water Co.

"I think everybody has realized we have to use all approaches, and unity is strength," said Rialto Councilwoman Winnie Hanson, a member of the council's perchlorate subcommittee.

Representatives of the cities and water agencies say that, when they lobby Congress for money to treat the contamination and stop it from spreading, the response they've received is that the affected agencies need to make a united pitch.

"Every time we talk to them they ask us to come together as a region," said Rialto Councilman Joe

Baca Jr.

The structure of the authority would be similar to one used in the San Gabriel Valley to lobby for federal funds.

A water quality authority there created by the state received \$85 million in federal money and is expecting \$62million already approved by the House of Representatives, said Michael Whitehead, president of the private Fontana Water Co., which owns a large interest in Fontana Union.

Colton City Manager Daryl Parrish and Anthony "Butch" Araiza, general manager of West Valley, confirmed that their agencies have taken steps to form the JPA. Parrish mentioned that the "unified front" may go a long way toward getting federal funding to clean up the contamination.

A spokesperson for Josie Gonzales, the San Bernardino County supervisor who has been leading the county's discussions on the JPA, did not return phone calls seeking comment.

Rialto's efforts to convince the U.S. Environmental Protection Agency to declare part of the source area of the contamination a Superfund site and its federal lawsuit against dozens of suspected polluters will still move forward.

Perchlorate and some industrial cleaning solvents are flowing in the groundwater in the Rialto area. About two dozen wells are contaminated, but the source of all the

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contamination is not clear.

"Frankly, I think it's a welcome change."

The effort to form the JPA is a change in strategy for Rialto. Former City Attorney Bob Owen had criticized previous efforts to lobby for federal money because they divided the money equally among the agencies and cities affected by perchlorate even though, he said, Rialto has the bulk of the problem.

Rialto also said it didn't want taxpayers to pay for a cleanup because its lawsuit against dozens of suspected polluters would require the polluters to pay.

A 2006 document sponsored by Gonzales listed \$106million in funding needs.

A town-hall meeting on perchlorate held in the run-up to the November 2006 city elections turned into one of many shouting matches between Rialto on one side and the county and other water agencies on the other. Owen led an aggressive debate with Gonzales' chief of staff, Bob Page.

Now the bickering seems to have stopped, though details of the proposed authority haven't been worked out.

"What we need out of it may not be the same as what another party needs, so we need to make sure our own interests are included," Hanson said.

Whitehead said he's happy to have Rialto's support for the authority.

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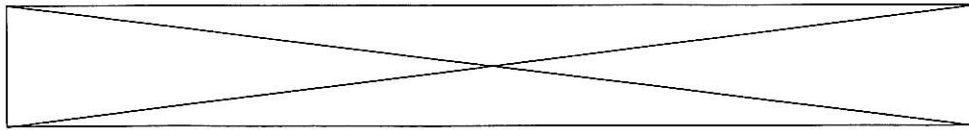
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Settings &

Yes, it rained a lot. But that doesn't mean we're out of the woods with regard to the state's water woes.

By Heather Cooley
February 10, 2008

In January, it rained a lot in Southern California. The usual street intersections flooded. Water tumbled down the Los Angeles River. And houses in areas ravaged by fires last fall seemed in danger of sliding off their hilltop perches.

It was chaotic, as always – but desperately needed. The wet weather came after the driest year on record in the L.A. Basin – less than 3.5 inches of rain. Coupled with below-average rainfall in 2006, lack of rain in 2007 had fed fears of a drought. Do last month's downpours mean we can stop worrying now?

There is no simple, single definition of drought. In any region, there are periods of below-normal precipitation. These dry periods become a drought when demand for water exceeds supply. In this sense, we may be in a permanent drought throughout the Western United States.

Wet and dry extremes are a natural part of California's climate. Since 1900, the state has experienced eight multiyear dry periods. Major droughts occurred in 1929-1934, 1976-77 and 1987-1992. Researchers have identified more extreme dry periods going back centuries.

So far, 2008 has been a wet year. At the end of January, rainfall in downtown Los Angeles totaled just over 12 inches, well above the seasonal average of 8 inches. The Sierra Nevada snowpack, the major source of fresh water for Southern California, is currently 18% above average for this time of year. And meteorologists forecast more rain and snow.

But we need a lot of rain to make up for last year's shortfall. Precipitation throughout California in 2007 was only 65% of normal. It was between 15% and 30% of normal in Southern California. The Sierra snowpack was a meager 25% of normal. While reservoirs in Southern California are relatively full, they supply only a small fraction of the region's water. Reservoirs in the rest of the state, by contrast, are low compared to the average for this time of year. And groundwater basins throughout California remain overlapped. Just as a single dry year does not necessarily constitute a drought, a single wet year may not end one.

But several new factors are making it harder for water managers and planners to say if we're in – or out – of a drought. One of the most important is climate change caused by global warming. In its most recent assessment, the Intergovernmental Panel on Climate Change, a scientific body that studies the effect of human activity on the climate, noted that droughts have become more common. It forecast that droughts will become more frequent and intense as atmospheric greenhouse gas concentrations continue to rise. And as temperatures warm, crops, lawns and swimming pools will likely require more water.

Mismanagement of our water supplies can also produce a drought. For instance, overuse of water from the Sacramento-San Joaquin River Delta has caused an ecological crisis there. The amount of water pumped out of the delta rose to record levels after 2000. As a result, the delta smelt, some salmon populations and other fish species are rapidly declining. In response, the courts have ordered the state to dramatically reduce the amount of water it pumps out of the delta, effectively creating a policy-induced drought throughout California.

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Fortunately, the recent spell of wet weather has allowed the state Department of Water Resources to increase the deliveries from the delta to farmers and cities in Southern California, the Bay Area and the Central Valley. Still, these amounts are way below the levels farmers and cities desire. And the state's continued population and economic growth, particularly in hotter inland areas, will put additional stress on its limited water resources.

The fact of the matter is that droughts will come and go. Managing our water system from drought to drought, however, does little to reduce our vulnerability to fluctuations in rainfall. California can do a lot more.

First, we must find new sources of water. We could build another dam, tap the next river over the mountain or pump another groundwater aquifer. But these sources have been over-tapped already. There are more innovative ways to increase water supplies.

Every year, billions of gallons of wastewater are dumped into our rivers and oceans. This water can be treated and reused for a variety of purposes. For instance, the Orange County Water District recently completed a recycling facility that produces 72,000 acre-feet a year of high-quality water. Similarly, the Irvine Ranch Water District currently meets nearly 20% of its water demand with recycled water.

Second, we must reduce our demand for water. New front-loading washing machines, for instance, use 40% less water than their older cousins, and new toilets use one-quarter of the water used by older models.

A commitment to developing alternative supplies and using our existing supplies more efficiently – rather than simply hoping for rain – will help ensure that we have sufficient resources to maintain a healthy environment, a prosperous agricultural sector and a vibrant economy for future generations.

Heather Cooley is a senior research associate at the Pacific Institute, a nonpartisan think-tank based in Oakland.



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OPINION »



A campaign's true colors
Jonah Goldberg: Obama can win blacks and he can win whites; he just can't win blacks *and* whites.

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 From the Los Angeles Times

Drought plan likely to pass despite strong objections

MWD measure clears a key committee and seems headed for adoption. Rains may put off its use this year.

By Deborah Schoch
 Los Angeles Times Staff Writer

February 12, 2008

A controversial Southern California drought plan that has divided area cities is expected to win approval today from the Metropolitan Water District board, with strong backing from Los Angeles and San Diego.

The allocation plan, a guide for divvying up water among 26 cities and districts during a severe shortage, won unanimous approval Monday from a key MWD panel. The full board will take up the plan at noon today, although recent rains may forestall its use this year.

An array of smaller southeastern Los Angeles County cities lambasted the plan, saying that it unfairly gives more water to large cities and growing inland communities while leaving lower-income urban residents with less water and expensive penalties for exceeding allotments. Some critics, including Long Beach, have hinted that they may challenge the plan in court.

"It's about money. It's going to cost our city additional funds and our water users additional funds," Long Beach Mayor Bob Foster said Monday. "We calculated the penalty as \$10 million to \$15 million a year. That for us would be a one-time rate increase of 22%, on top of any MWD rate increase."

The board received letters in recent days from Commerce, Huntington Park, Norwalk, Santa Fe Springs and South Gate, as well as from four state legislators, asking that the vote be delayed.

But the plan was passed by 13 board members representing Los Angeles, San Diego, Torrance, San Marino and other cities and the Municipal Water District of Orange County.

Supporters said it spreads the pain of a water shortage more equitably than the across-the-board cuts that MWD used during the droughts of the late 1970s and the early 1990s.

"This plan is the most fair and equitable option I have seen for dealing with a possible water shortage," Mayor Antonio Villaraigosa said in a statement.

"It protects ratepayers across the board and builds on Southern California's history of cooperation, while encouraging people to conserve water and save money."

Its approval is expected today because of the MWD's complex, weighted voting system based on property valuation. The system gives Los Angeles 37,539 votes, San Diego 36,606 and the Orange County district 33,589. All three have voiced support for the plan. Critics, mainly smaller cities, represent fewer than 15,000 votes together.

MWD is a public agency that imports water from the Colorado River and Northern California, selling it to member water agencies that serve 18 million people in six counties.

The eight-year drought in the Colorado River Basin, reduced Sierra Nevada snowpack and a judicial order limiting water deliveries from the north prompted the MWD to draw up the plan.

It would be the first drought plan adopted by the Metropolitan Water District since its 13 founding cities came together in 1928 to fund the building of the Colorado River Aqueduct that ignited Southern California development.

The state law creating the MWD gave "preferential rights" to its first member agencies, including Los Angeles, Pasadena, and Compton, since they financed the aqueduct.

Some cities said the plan ignores their preferential rights because it benefits newer cities. Older communities such as Long Beach will receive less water and be more likely to be charged higher rates, critics said. The new formula would aid cities heavily dependent on MWD water, such as San Diego.

It is also designed to protect cities that suffer an unexpected loss in local supplies. That helps Los Angeles, which gets roughly half its water from the Eastern Sierra through its own aqueduct. Record dry weather in 2007 sharply reduced aqueduct water, forcing the city to buy 70% of its water from MWD, and, in turn, squeezing supplies to other cities.

Opponents claim that the agency is moving hastily, and has not responded to requests for more analysis.

Several state legislators, including Assemblyman Hector de la Torre (D-South Gate) and Sens. Alan Lowenthal (D-Long Beach) and Gilbert Cedillo (D-Los Angeles), wrote to request a 60-day delay. But MWD staff and several board members said they wanted to have a plan in place well before it was needed.

"This is the right time to do this," said Los Angeles Deputy Mayor Nancy Sutley, who chairs the board committee that met Monday.

deborah.schoch@latimes.com

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County ends legal dispute

Board votes to clean up perchlorate, pay Rialto

Jason Pesick, Staff Writer

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Rialto and San Bernardino County's legal battles over contamination hundreds of feet underground appear to be over.

The Board of Supervisors voted in closed session Tuesday to approve the terms of the settlement with Rialto over chemicals, primarily perchlorate, contaminating the local water supply, said county spokesman David Wert. County lawyers will now write a final draft.

The Rialto City Council approved the settlement on Feb. 19.

Under the terms of the settlement, the county would pay Rialto \$4 million and clean up the western portion of the contamination.

"There's no disagreement on any of the terms," Wert said.

All that is needed is for the settlement document to be finalized. Then Rialto Mayor Grace Vargas and Board of Supervisors Chairman Paul Biane can sign it.

"That could happen by the end of the week," Wert said.

The contamination the county would be responsible for cleaning is flowing from county-owned land adjacent to the Mid-Valley Sanitary Landfill.

Rialto sued the county as part of a 2004 federal lawsuit against more than 40 parties Rialto claims is responsible for the contamination.

The city sued the county again in 2006 at the height of bickering between the two sides.

Perchlorate is flowing from not only the county's land but also other industrial land on Rialto's north end. It is cleaned out of the water before it is served to residents. In addition to the contamination the county will clean up, a longer plume is flowing to the east. Rialto, state and federal agencies are struggling to get corporations suspected of contaminating that area to clean it up.

In order to lobby federal officials for money and to put pressure on the Environmental Protection Agency to move forward in its efforts to get some of those parties to clean up the contamination, officials from a number of local water agencies went to Washington, D.C. last week.

It was the first trip to the nation's capital for the officials - from the county, Rialto, the West Valley Water District, Colton and Fontana Union Water Co. - since the parties began

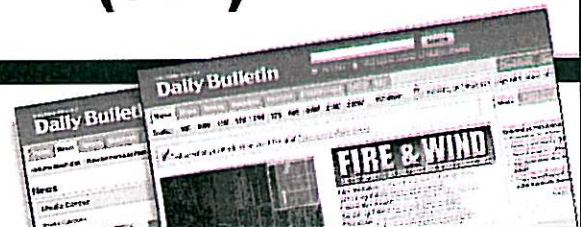
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working to form a joint-powers authority to lobby for federal money with a united front.

State Sen. Gloria Negrete McLeod, D-Montclair, and staff from the office of Assemblywoman Wilmer Amina Carter, D-Rialto, also attended.

"One of our requests back there was that the EPA immediately get involved and issue water orders against the responsible parties," Scott said.

The group met with Rep. Joe Baca, D-Rialto, as well as committee staff from Sen. Barbara Boxer and Sen. Dianne Feinstein's offices, said Anthony "Butch" Araiza, general manager of the West Valley Water District.

The group also met with other local members of Congress or their staff, and staff from the Department of Defense's research division.

The group also asked for \$10 million in cleanup money, Araiza said.

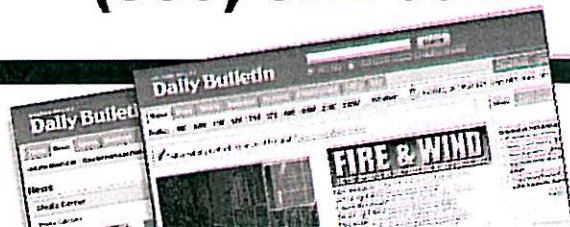
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