



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. CHINO CREEK WELL FIELD COSTS





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: May 15, 2008
May 20, 2008
May 22, 2008

TO: Committee Members
Watermaster Board

SUBJECT: Request to take active role in the litigation and remediation of VOC plume emanating from the Chino Airport

Fiscal Impact - Unknown at this time.

Summary

Watermaster has been working with Western MWD, the City of Ontario and the Jurupa Community Services District on plans to expand desalter production to 40,000 AF/year and at the same time achieve Hydraulic Control in the southern portion of the basin. Over that same period Watermaster and the CDA have been working with the County of San Bernardino on monitoring of the chino airport plume as well as developing potential remediation plans.

As a result of those efforts, two potential alignments of wells needed to achieve Hydraulic Control were proposed. The southerly alignment would capture a majority of the Chino Airport plume and achieve Hydraulic Control, but the impact on costs would be significant. The northerly alignment would capture 40% to 50% of the plume and the costs associated with the project are much less and the water quality impacts would be reduced.

Because the County is not in a position to consensually ensure the reimbursement of costs associated with the southerly alignment at this time, the desalter expansion group parties have decided to move ahead with the northerly alignment and seek reimbursement through litigation from the County for costs associated with the additional treatment necessary to deal with the VOC removal.

The letter sent to Watermaster by the three parties is requesting that Watermaster take a lead position in any litigation and assume responsibility for costs associated with VOC removal until settlement is reached with the County. Staff and legal counsel will provide additional information regarding current discussions with the parties and the County at the meetings scheduled in May.

Recommendation

Watermaster is requesting direction from the Pools, Advisory Committee, and the Board.



April 29, 2008

Ken Manning
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, Ca. 91730

Subject: CHINO AIRPORT VOC PLUME REMEDIATION

Dear Ken,

As you know, Western Municipal Water District, the City of Ontario and Jurupa Community Services District (Desalter Expansion Group) are quickly moving forward concerning the expansion of the Chino Desalter facilities consistent with Watermaster's Basin management objectives. Expansion of the desalter facilities is pivotal with respect to implementing these objectives, which are embodied in the suite of Peace II documents, and sanctioned by the Court and Regional Water Quality Control Board.


The Desalter Expansion Group and Chino Basin Desalter Authority (CDA) have participated in discussions with the County of San Bernardino and other related parties with respect to the County and/or Potentially Responsible Parties' (PRPs) financial participation in the expansion of the Chino Desalter facilities in connection with remediating the Chino Airport VOC legacy groundwater plume. Although there may be interest in a collaborative effort, it does not appear the County is in a position to make a timely decision relative to financial considerations and the placement of the Chino Desalter expansion wells and related facilities. In the absence of a commitment from the County to provide funding for expansion wells that could be beneficially located to help remediate the VOC plume, the Desalter Expansion Group is proceeding to locate new wells in a location to achieve hydraulic control of the basin, but not to specifically assist in the capture of the VOC plume. The failure of the County to act now forecloses options which undoubtedly will substantially increase remediation costs for the County/PRPs, including additional legal liability exposure depending on the future course of the plume and impact on the Chino Desalter facilities. This has been documented in previous correspondence from Ken Jeske, representing CDA.

In view of the foregoing, it is requested that Watermaster assume the lead role concerning the VOC plume remediation and concurrently or subsequently seek redress from the County and/or PRPs for the associated costs. Ultimately, this will enable comprehensive planning and location of the expansion facilities to reduce costs for the County/PRPs and CDA and, most importantly, addressing the VOC plume which has local, and potentially regional, environmental and water quality and supply impacts.

Thank you for your consideration of this request. Please contact the undersigned if you have any questions or desire additional information.

Sincerely,

Western Municipal Water District



John Rossi, General Manager

City of Ontario



Ken Jeske, Agency Director
Public Works/Community Services Agency

Jurupa Community Services District



Eldon Horst, General Manager

cc: Scott Burton, CDA Coordinator



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

- C. AGREEMENT WITH IEUA FOR REIMBURSEMENT FOR CEQA COSTS





CHINO BASIN WATERMASTER

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Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: May 15, 2008
May 20, 2008
May 22, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Reimbursement Agreement regarding CEQA analysis of Peace II Project Description

SUMMARY

Recommendation - The proposed Agreement provides that IEUA will act as lead agency for the CEQA review associated with the Peace Agreement II project description and Watermaster agrees to reimburse IEUA for the cost of this review. Staff recommends approval of the Agreement.

Fiscal Impact – The proposed scope of work that is the subject of the Agreement estimates the cost of the analysis at \$63,000. This amount is within the \$200,000 allocated in Watermaster's current proposed budget for this purpose.

Background

Article II of the Peace II Agreement identifies the Inland Empire Utilities Agency ("IEUA") as the appropriate agency to act as Lead Agency for the CEQA analysis regarding the Peace II Project Description attached to Watermaster Resolution 07-05 as Attachment "A" and attached to the Peace II Agreement itself as Exhibit "1."

IEUA has requested a proposed scope of work for such analysis from Tom Dodson & Associates. Mr. Dodson has provided a proposed scope of work and it is attached to the Agreement as Exhibit "A."

Reimbursement Agreement

The proposed Reimbursement Agreement identifies IEUA as the Lead Agency for CEQA review of the Project Description and commits Watermaster to reimburse IEUA for the costs of that analysis. The

Agreement specifies that Watermaster will only be responsible to reimburse IEUA for the actual amount of the invoices from Tom Dodson & Associates.

The proposed scope of work from Mr. Dodson estimates that the cost of the analysis will be approximately \$63,000. The Agreement specifies that if the cost goes over 20% of this amount, then Watermaster may revisit the terms of the Agreement.

Watermaster has currently proposed budgeting \$200,000 for this work. Given the possibility of comments on the CEQA documents, Watermaster believes this budgeted amount remains reasonable.

AGREEMENT BETWEEN CHINO BASIN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY REGARDING REIMBURSEMENT OF CEQA ANALYSIS COST

WHEREAS Chino Basin Watermaster (“Watermaster”) and Inland Empire Utilities Agency (“IEUA”) are co-permittees with regard to the recycled water permits for the Chino Basin and share the obligations with regard to the maximum benefit standards under the Regional Water Quality Control Board’s (“RWQCB”) Basin Plans Amendments. (RWQCB Orders 2003-0003 and 2005-0003 and Resolution 2004-0001.)

WHEREAS the Basin Plan Amendments require that Hydraulic Control be achieved in the Chino Basin.

WHEREAS the Peace II Agreement generally describes a process through which Hydraulic Control will be attained by implementing the program known as Basin Re-Operation.

WHEREAS as a component of the desalter expansion plans, the Chino Creek wellfield will be constructed which will aid in the achievement of Hydraulic Control.

WHEREAS the proposed project description regarding the design, permitting, construction and operation of the desalter expansion, securing Hydraulic Control through Basin Re-Operation is set forth in Attachment “A” to Watermaster Resolution 07-05 and attached as Exhibit “1” to the Peace II Agreement.

WHEREAS the Peace II Agreement section 2.2 acknowledges that IEUA has been properly designated as the Lead Agency for the purposes of completing the environmental assessment and review of the proposed project.

NOW THEREFORE IT IS AGREED THAT:

1 IEUA shall retain Tom Dodson & Associates to perform the environmental assessment and review under the California Environmental Quality Act (“CEQA”) as specified in the Peace II Agreement and as described in Tom Dodson & Associates’ proposed scope of work for such analysis dated May 4, 2008, which is attached to this Agreement as Exhibit “A.”

2. IEUA shall insure that Tom Dodson & Associates invoices IEUA separately for all work performed pursuant to the scope of work or for the above referenced analysis.

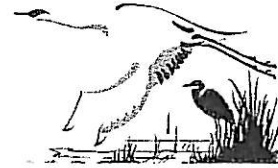
3. Upon submittal of such invoices to Watermaster, Watermaster shall reimburse IEUA for the actual cost of the CEQA analysis performed by Tom Dodson & Associates. Under this Agreement, Watermaster shall only be responsible to reimburse IEUA for the actual amounts of the Tom Dodson & Associates invoices.

4. If the costs of the CEQA analysis exceed the estimate in the scope of work attached hereto as Exhibit “A” by 20% (a not to exceed amount of \$75,600), Watermaster shall have the option of renegotiating or terminating this Agreement with 30 days notice to IEUA.

For CHINO BASIN WATERMASTER

For INLAND EMPIRE UTILITIES AGENCY

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tstonramp.com



May 4, 2008

Mr. Richard Atwater
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91710

Dear Rich:

I have been holding off sending a proposal to provide the environmental document for compliance with the Basin Reoperation/Peace II Program until the process clarified itself. After last week I believe we have a fairly firm understanding of the future process for complying with the California Environmental Quality Act (CEQA). The proposal that follows describes the approach I believe is needed to comply with CEQA for the next phase of the OBMP. Based on our discussions with the Watermaster and other stakeholders, I believe that this project should not be carried out under TDA's existing Inland Empire Utilities Agency (IEUA) general contract because the cost will utilize too much of the remaining dollars required to meet other IEUA environmental requirements. I suggest that we establish a separate contract for Board approval to be funded by the Watermaster, assuming that is acceptable to all parties.

My proposal follows.

Scope of Work

- Task 1: Utilizing the initial project description compiled for the 2007 Amendment to the Chino Basin OBMP, I will finalize a project description for approval by stakeholders.
- Task2: As we discussed at our last meeting, my approach to complying with CEQA for this action is to prepare a subsequent environmental impact report (SEIR) to the 2000 OBMP PEIR. After completing Task 1, it is my intent to initiate the process by preparing an Initial Study that will narrow the focus on the potentially significant adverse impacts. This will be done by comparing each of the environmental issues in the OBMP PEIR with current conditions. Where conditions have changed, for example new hydrology data or new air quality data, the issue would be examined in the SEIR. Where issues have not changed since the certification of the OBMP PEIR, for example cultural resources, these issues would not be carried forward to the PEIR for analysis, but disposed of in the Initial Study.

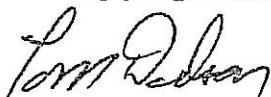
- Task 3:** Once the Initial Study is completed and accepted by the stakeholders, a Notice of Preparation (NOP) will be distributed for public review. During the NOP review period, the draft SEIR will be under preparation. Whatever the focus of the SEIR, the issues requiring analysis will be evaluated and characterized in the document. Any technical studies would be completed during this period and an internal review draft SEIR would be produced for review by the stakeholders.
- Task 4:** Once the Draft SEIR is finalized, we would then process the SEIR until a final document is ready to be certified by the IEUA Board. This would complete the CEQA review process.

I anticipate 6-8 months to complete the process, although it could be completed more rapidly if absolutely necessary. Six to eight months is a reasonable schedule.

For budget, I have estimated the costs for each task as follows, including all publishing of documents, but excluding any hydrology technical studies. The estimated fees are:

Task 1:	\$5,500
Task 2:	\$14,500
Task 3:	\$23,500, excludes any extraordinary technical studies
Task 4:	\$19,500
Total:	\$63,000

I can provide more detail if needed, but I believe the above cost estimate is appropriate for the type of environmental document, the number of meetings, the required number of copies of the document, and the completion and distribution of the Final EIR. Should you have any questions, please contact me. Otherwise, if you need me to attend a Board meeting to consider this proposal, please let me know. As always, thank you for allowing my firm to assist the Agency in implementing so many exciting programs.



Tom Dodson



CHINO BASIN WATERMASTER

III. REPORTS / UPDATES

D. INLAND EMPIRE UTILITIES AGENCY

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



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

May 22, 2008

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

- MWD Water Alert Presentation (Rich Atwater)
- Recycled Water 3-Year Budget Presentation (Rich Atwater)

Written Updates:

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

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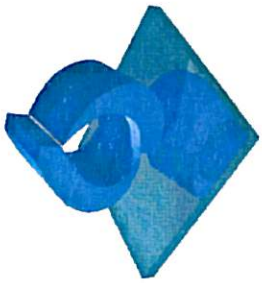
**Regional Recycled Water Program
Three Year Business Plan**

**Proposed FY 2008-09 Budget
&
Status Report**

Regional Committees

May 1, 2008



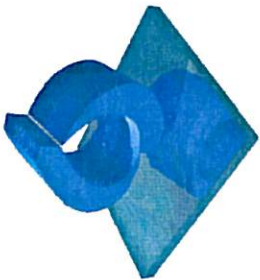


RW Program: Three Year Business Plan

- **Focus:** “Rapidly” and cost effectively increase the current amount of recycled water (RW) with a structured Business Plan (Plan). The Plan will have annual usage goals, metrics, and requirements for monthly progress reports. The Plan will be revised and updated annually.
- **Goals:** Connected Demand (direct and indirect) June 2010: **50,000 AFY**
- **Cost:** 3 Year Implementation including laterals and retrofit financing: **\$123 million (FY 07/08 – FY 09/10)**
- **Funding:** Combination of Grants, SRF Loans, Bond Funds (includes existing projects in construction at \$25 million)
 - **Grants** \$30 million
 - **SRF Loans** \$104 million
 - **Bond Funds** \$9 million
 - **MWD LRP Program** \$1 - 6 million (annually)
 - **Recycled Water Sales and MWD LRP Covers Debt Service and O&M Costs**

“No financial impact on the Regional Sewage Program”

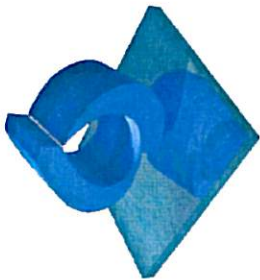




Projected Capital Expenditure

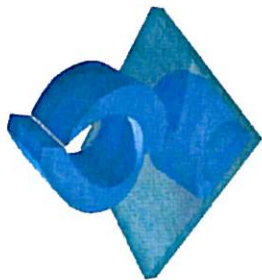
	Projected Costs	
	FY 07-08	FY 08-09
Existing Projects in Construction	\$15,400,000	\$13,600,000
Northeast Project Area	\$2,500,000	\$35,500,000
Northwest Project Area	\$400,000	\$1,700,000
Southern Project Area	\$50,000	\$1,800,000
Central Project Area	\$50,000	\$100,000
Local Laterals	\$0	\$1,600,000
Onsite Retrofits	\$100,000	\$1,000,000
Total	\$18,500,000	\$55,300,000





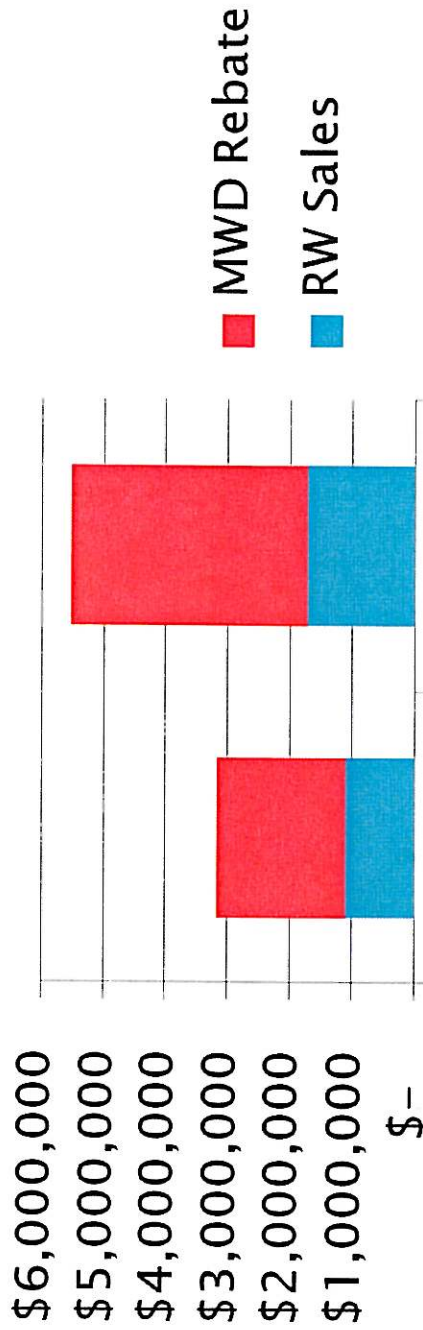
RW Program: Funding Source

	Projected Costs	
	FY 07-08	FY 08-09
Beginning RW Fund Reserve	\$10,400,000	\$25,600,000
Capital Expenditure	\$18,500,000	\$55,300,000
Operating Expense/Debt Service	\$6,100,000	\$8,700,000
Revenue Source		
Grants (DWR, SWRCB, USBR)	\$10,500,000	\$13,900,000
SWRCB SRF Loans	\$12,900,000	\$25,300,000
IEUA Revenue Bonds	\$9,900,000	
RW Revenue	\$3,300,000	\$5,000,000
Other Revenue	\$3,200,000	\$800,000
Total Revenue	\$39,800,000	\$45,000,000
RW Fund Balance	\$25,600,000	\$6,600,000



RW Program: RW Sales Projection

	RW Connected Goals (AFY)	Projected Connected Demand (AFY)	Estimated Sales (AFY)
FY 2007-08	21,500	19,200	15,000
FY 2008-09	35,800	34,000 to 36,000	24,000



FY 2007/08 FY 2008/09

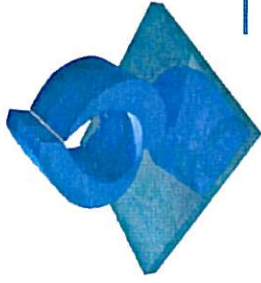
Finance Assumptions

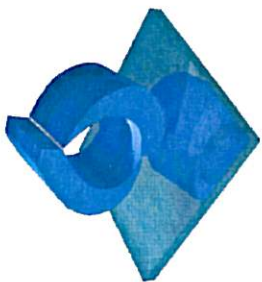
- ▶ **Regional Facilities Funded with Grants/SRF Loans**
 - No RC Fund contribution

- ▶ **Local Laterals financed by SRF Loans (2.5% over 20 years) and repaid directly by Retail Water Agency**

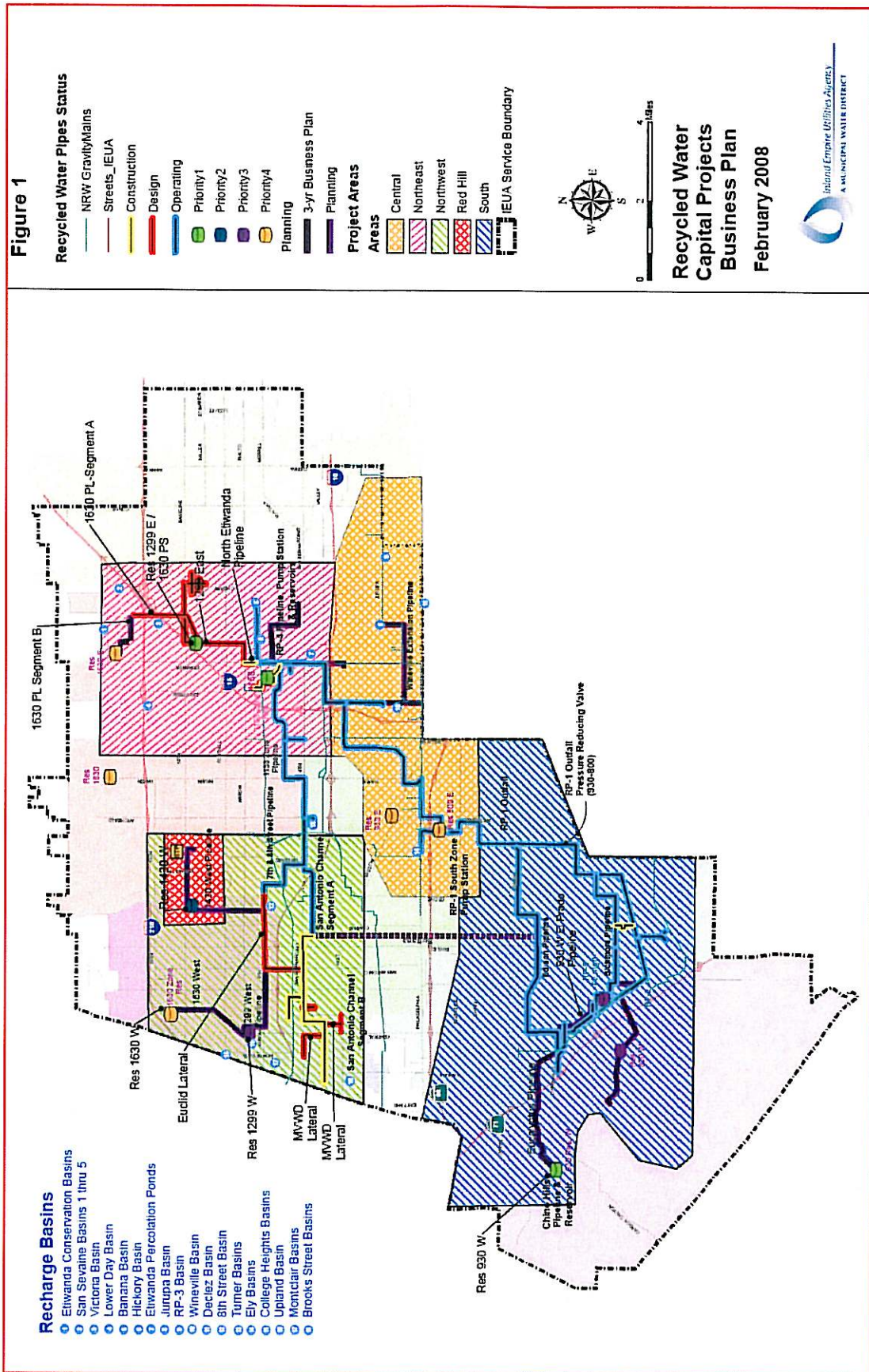
- ▶ **Public Agency On-site Retrofits:**
 - MWD Rebate of \$250 per Acre-Foot for 2 years use
 - CBWCD Rebate to match MWD Program for Parks and Schools
 - IEUA Financing (repaid within five years, interest free)

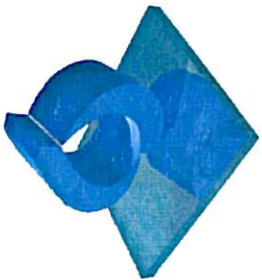
- ▶ **Privately Owned Facilities:**
 - IEUA Financed at IEUA's cost of funds (approximately 4.8%)
 - Term based on net savings and total use, max term five years.





RW Program: Three Year Business Plan

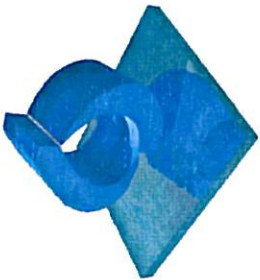




Status Update: Northeast Area

- ▶ Cucamonga Valley Water District
 - Purchase and Sale Agreement for 1299 E Reservoir
 - Reimbursement Agreement for design and construction management services for 1299 E Pipeline, 1299 E Reservoir modification and 1630 E Pump Station

	Design	Construction	RW Demand (AFY)
1299 E Pipeline	Jul 2008	Feb 2009	121
1299 E Reservoir	Jul 2008	Feb 2009	
1630 E Pump Station	Jul 2008	Feb 2009	
1630 E Segment A	Jul 2008	Mar 2009	10,000
Church Street Lateral	Dec 2008	Jun 2009	345

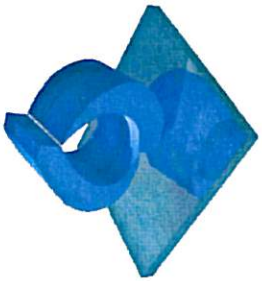


Status Update: Northwest Area

- ▶ **City of Upland**
 - Final draft of Upland Master Plan

	Design	Construction
1430 W Pipeline	Jun 2009	Feb 2010
1430 W Pump Station	Jun 2009	Feb 2010

- ▶ **Montclair/Monte Vista Water District**
 - Construction Completion of Monte Vista Laterals: June 2008
 - Construction Completion of Onsite Retrofits: Fall 2008
- ▶ **City of Ontario**
 - Working with Ontario Staff to:
 - Prepare SRF Loan Application for Ontario Phase II Laterals
 - Complete onsite retrofits for Public Facilities

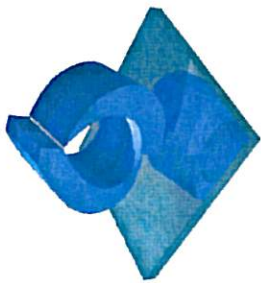


Status Update: Southern / Central Area

- ▶ **City of Chino Hills**
 - Finalizing scope of work for the 930 West Reservoir and Pipeline with Stantech and City of Chino Hills
 - Working with Member Agency and Chino Unified School District staff to provide assistance to the school district to complete onsite retrofits

	Design	Construction
930 W Reservoir and Pipeline	Jun 2009	Feb 2010

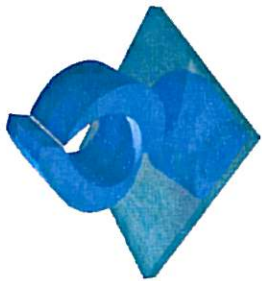
- ▶ **City of Chino**
 - Working with the City to complete the North Chino Masterplan
 - Working with Staff on connection to CIM Farm, ~2,000 AFY
- ▶ **Fontana**
 - Completing the CEQA for the Wineville Extension Project
 - Working with Fontana and CVWD for service to Heritage Park



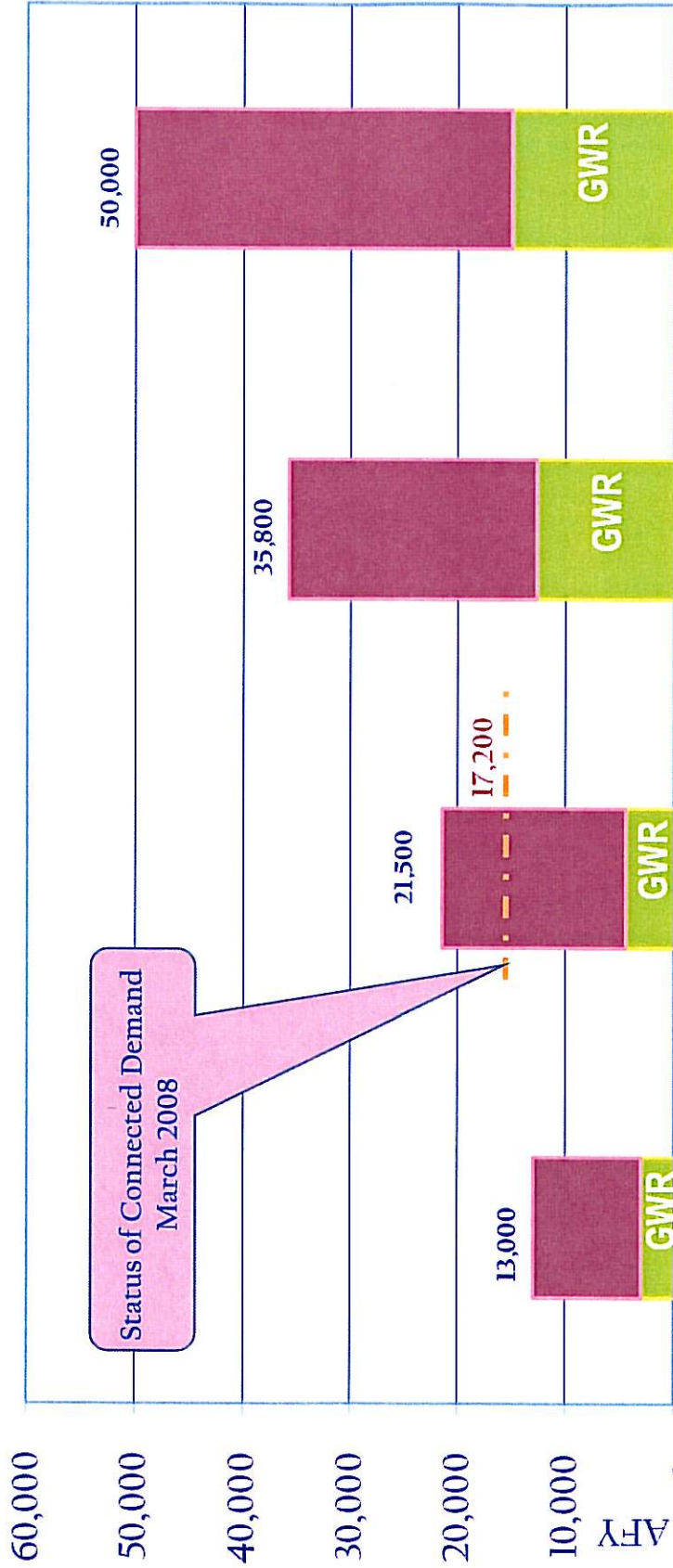
Status Update: Six Month Implementation Plan

	Projected Direct Use Connections (AFY)						
	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Chino	150		1,546	2,000			
Chino Hills	26		40				
Ontario	1,100	1,351	519	75	162	52	51
MVWD	59	40	126	50			
CVWD	69			111			
Total (AFY)	1,404	1,391	2,231	2,236	162	52	51

Total Six Month Projected Direct Sales Connected Demand: 7,500 AFY



Status Update: Recycled Water Connected Demand



FY 06-07 Actual FY 07-08 Goal FY 08-09 Goal FY 09-10 Goal



MAY 2008
RECYCLED WATER PROGRAM NEWSLETTER

Highlights:

- Construction of New Recycled Water Facilities on Schedule.....Page 2
- 59 AFY New Recycled Water Customers Connected.....Page 3
- Additional Proposition 13 funds availability.....Page 4
- Recycled Water Project Status Map.....Page 5

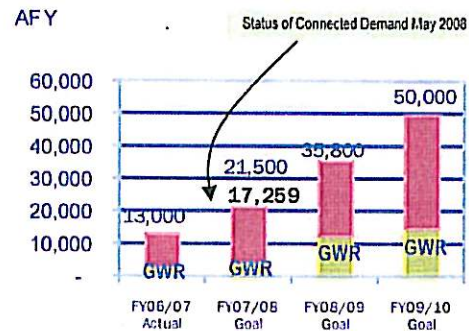
Program Description

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 currently being updated and will be completed by July 2008.

This Plan 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 April 2008 is shown in Page 5.



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 May 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.

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. Two sod farmers in the City of Chino have voiced their interest in converting their irrigation systems to recycled water. These two users combined could consume approximately 2000 AFY.

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 May 2008.

CAPITAL PROJECTS SUMMARY

PROJECTS IN DESIGN AND CONSTRUCTION

- **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 50 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 50 percent complete, and is expected to be completed by July 2008.
- **MVWD 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. 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 25 percent complete. Construction of the Tank 1 facilities is expected to be completed by July 2008 and Tank 2 facilities is expected to be completed by August 2008. 1158 Pipeline Segment B is expected to be completed by July 2008. Construction of the Pump Station is expected to be completed by August 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 80 percent complete. Construction is expected to be completed by July 2008.



1630 Segment A Pipeline Construction



San Antonio Channel Segment B Pipeline



San Antonio Channel Segment B Pipeline

- **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 70 percent complete. Construction is expected to be completed by June 2008.

CONSTRUCTION PROGRESS

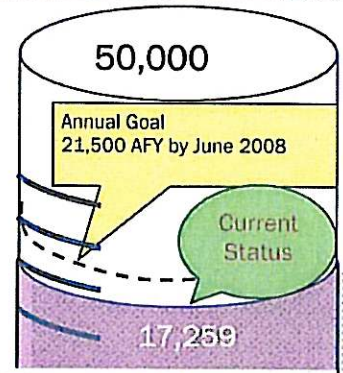
ID	Task Name	2008				
		May	June	July	Aug	Sept
1	1158 Reservoirs	[Progress bar from May to late July]				
2	1158 Segment B Pipeline	[Progress bar from May to mid-July]				
3	San Antonio Channel	[Progress bar from May to mid-July]				
4	North Etiwanda Pipeline	[Progress bar from May to mid-June]				
5	RP-4 Pump Station	[Progress bar from May to late July]				
6	Monte Vista Lateral	[Progress bar from May to mid-June]				

CUSTOMER CONNECTIONS

Below is a list of customers that were connected during the month of April 2008:

- Vellano Development in Chino Hills = 50 AFY
- Soquel Canyon Parkway = 5 AFY
- Ontario Reservoir = 3AFY
- Chino Preserve Development = 1AFY

**Total Connected
During April:
59 AF**



CUSTOMER CONNECTIONS—Targeted Customers for the next six months

Item	Name	IEUA Regional Facility	Purveyor	Est. On-line	Public	Private	AFY
1	Torrey Pines Park	Chino Hills Lateral	Chino Hills	Jun-08			4
2	Rincon Park	Chino Hills Lateral	Chino Hills	Jun-08			22
3	Site 1 B Irrigation	RP-4 West Ext	CVWD	Jun-08			12
4	Modular Office Supply	RP-4 West Ext	CVWD	Jun-08			11
5	Nong Shim Food Corp.	RP-4 West Ext	CVWD	Jun-08			8
6	Rockefeller Group	RP-4 West Ext	CVWD	Jun-08			7
7	Stone Haven	RP-4 West Ext	CVWD	Jun-08			6
8	Eddie Marine	RP-4 West Ext	CVWD	Jun-08			3
9	Mangini Development	RP-4 West Ext	CVWD	Jun-08			2
10	Aloft Hotel	RP-4 West Ext	CVWD	Jun-08			2
11	Norm Tessier Cabinets	RP-4 West Ext	CVWD	Jun-08			2
12	Starbucks Coffee	RP-4 West Ext	CVWD	Jun-08			1
13	Frito Lay, Inc.	RP-4 West Ext	CVWD	Jun-08			15
14	Temple Inland Paper	Wineville	Ontario	Jun-08			1,100
15	California Co-gen	Edison Ave	Chino	Jun-08			150
16	Saratoga Park	San Anton B	MVWD	Jun-08			37
17	Sunrise Park	San Anton B	MVWD	Jun-08			9
18	Chino Basin Water Cons. District	San Anton B	MVWD	Jun-08			13
				Jun-08 Total			1,404
19	CIM Farm (East of Cypress Channel)	Edison Ave	Chino	Jul-08			2,000
20	Vernon Middle School	San Anton B	MVWD	Jul-08			25
21	Buena Vista Elementary School	San Anton B	MVWD	Jul-08			1
22	Monte Vista Elementary School	San Anton B	MVWD	Jul-08			14
23	Memorial Grove Park	San Anton A	Ontario	Jul-08			6
24	Vineyard Park	San Anton A	Ontario	Jul-08			41
25	Ontario Center	RP-4 West Ext	Ontario	Jul-08			200
26	Li Farm/Schaffer	RP-1 Outfall	Ontario	Jul-08			1,000
27	Bernt Community School	San Anton A	Ontario	Jul-08			6
28	Corona Elementary School	San Anton A	Ontario	Jul-08			16
29	Del Norte Elementary School	San Anton A	Ontario	Jul-08			22
30	El Camino Elementary	San Anton A	Ontario	Jul-08			10
31	Euclid Median	San Anton A	Ontario	Jul-08			30
32	Munoz Park	San Anton A	Ontario	Jul-08			20
				Jul-08 Total			3,391
33	Bellevue Cemetery	San Anton B	Ontario	Aug-08			200
34	Golden Girls	San Anton B	MVWD	Aug-08			3
35	Kingsley Park	San Anton B	MVWD	Aug-08			20
36	Sunset Park	San Anton B	MVWD	Aug-08			23
37	Montclair High School	San Anton B	MVWD	Aug-08			51
38	John Galvin Park	San Anton A	Ontario	Aug-08			135
39	Lehigh Elementary School	San Anton B	MVWD	Aug-08			18
40	Kingsley Elementary School	San Anton B	MVWD	Aug-08			11
41	Vineyard Elementary	San Anton A	Ontario	Aug-08			20
42	Expanded CIM South	Edison Ave	Chino	Aug-08			1,000
43	Envision Plastics	Edison Ave	Chino	Aug-08			200
44	Wickman Elementary School	Existing	Chino Hills	Aug-08			10
45	Chino Hills High School	Existing	Chino Hills	Aug-08			30
46	San Bernardino County Airport	RP-Outfall	Chino	Aug-08			346
47	Chaffey High School	San Anton A	Ontario	Aug-08			164
48	Ontario Motor Speedway Park	San Anton A	Ontario	Aug-08			20
				Aug-08 Total			2,251
49	Alma Hoffman Park	San Anton B	MVWD	Sep-08			15
50	Montclair City Hall	San Anton B	MVWD	Sep-08			5
51	Montclair Towncenter HOA	San Anton B	MVWD	Sep-08			5
52	Our Lady of Lourdes	San Anton B	MVWD	Sep-08			10
53	Montclair Hospital Medical Center	San Anton B	MVWD	Sep-08			15
54	City of Rancho Cucamonga Pkwy/Median	RP-4 West Ext	CVWD	Sep-08			11
55	Fruit Growers Supply	Wineville	Ontario	Sep-08			25
56	Cintas I	RP-1 Outfall	Ontario	Sep-08			50
57	County of San Bernardino Pkwy/Median	RP-4 Outfall	CVWD	Sep-08			100
				Sep-08 Total			236
58	California Commerce Center	RP-4 West Ext	Ontario	Oct-08			142
59	Elderberry Elementary	San Anton A	Ontario	Oct-08			10
60	Vina Danks Jr. High School	San Anton A	Ontario	Oct-08			10
				Oct-08 Total			162
61	John Galvin Park	San Anton A	Ontario	Nov-08			52
				Nov-08 Total			52
62	James Galanis Park	San Anton A	Ontario	Dec-08			15
63	Kaiser Hospital Cooling Tower	RP-1 Outfall	Ontario	Dec-08			36
				Dec-08 Total			51
64	Niagara Water	RP-1 Outfall	Ontario	Mar-09			5
				Mar-09 Total			5
				Grand Total			7,552

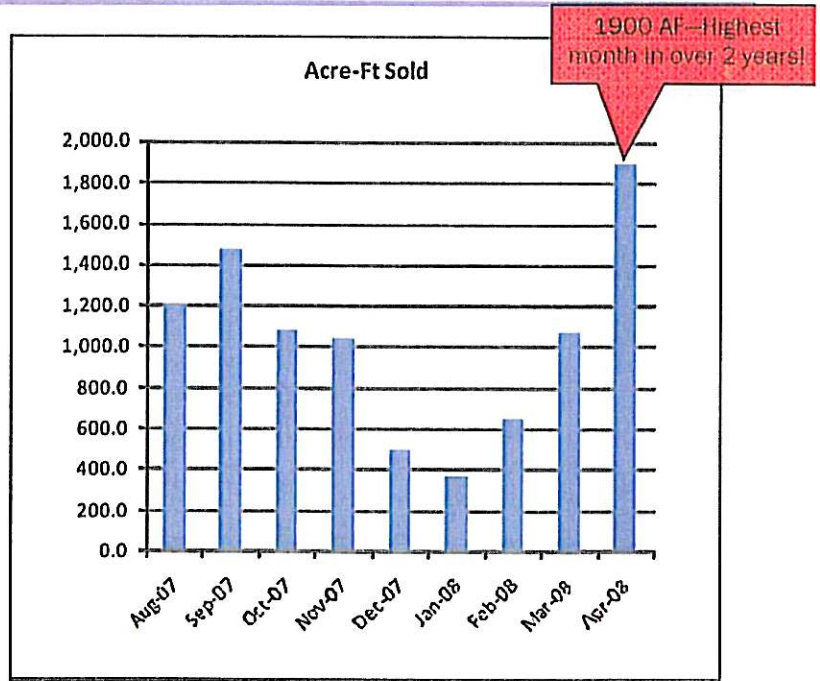
Financial Status Summary

FUNDING DEVELOPMENTS

3 Year Business Plan Funding:

- Congress authorized \$30 million to IEUA and CVWD in December 2007. A grant agreement and Work Plan is under review by USBR. Once complete, an invoice for the first payment will be submitted.
- The application for the SRF loan of \$38,000,000 for the North-east Project Area Projects has been submitted and is under review by the SWRCB. The second application for Monitoring Wells and Lysimeters is under preparation and will be submitted in late May.
- Continued to work with SAWPA to respond to SWRCB information requests for the \$4.9 million Proposition 50 grant that SAWPA and IEUA have applied for. Submitted first Progress Report on April 29, 2008.
- Continued discussions with MWD on Local Resources Program (LRP) Agreement. The first draft of the LRP agreement will be complete in May.
- Submitted draft Retrofit Financing Agreements to Monte Vista Water District and the City of Ontario.

Monthly Recycled Water Sales

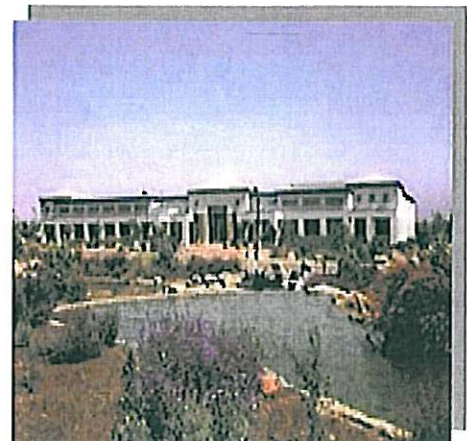


Other Funding News:

- The SWRCB indicated the potential availability of an additional \$10 million in Proposition 13 for 25% grants up to \$5 million. An additional \$40 million is available for grants on projects that do not receive Federal funding. These grants could be available to IEUA if our Federal Funding is dedicated to projects that do not receive these state grants.

OPERATIONS AND PLANNING UPDATES

- The shutdown of the RP-4 outfall pipeline to tie-in the 1299 pump station header to the RP-4 outfall was successfully completed on April 9, 2008.
- The Department of Public Health has set up an automated system to expedite the approval process for the supplemental Engineering Reports within 14 calendar days.

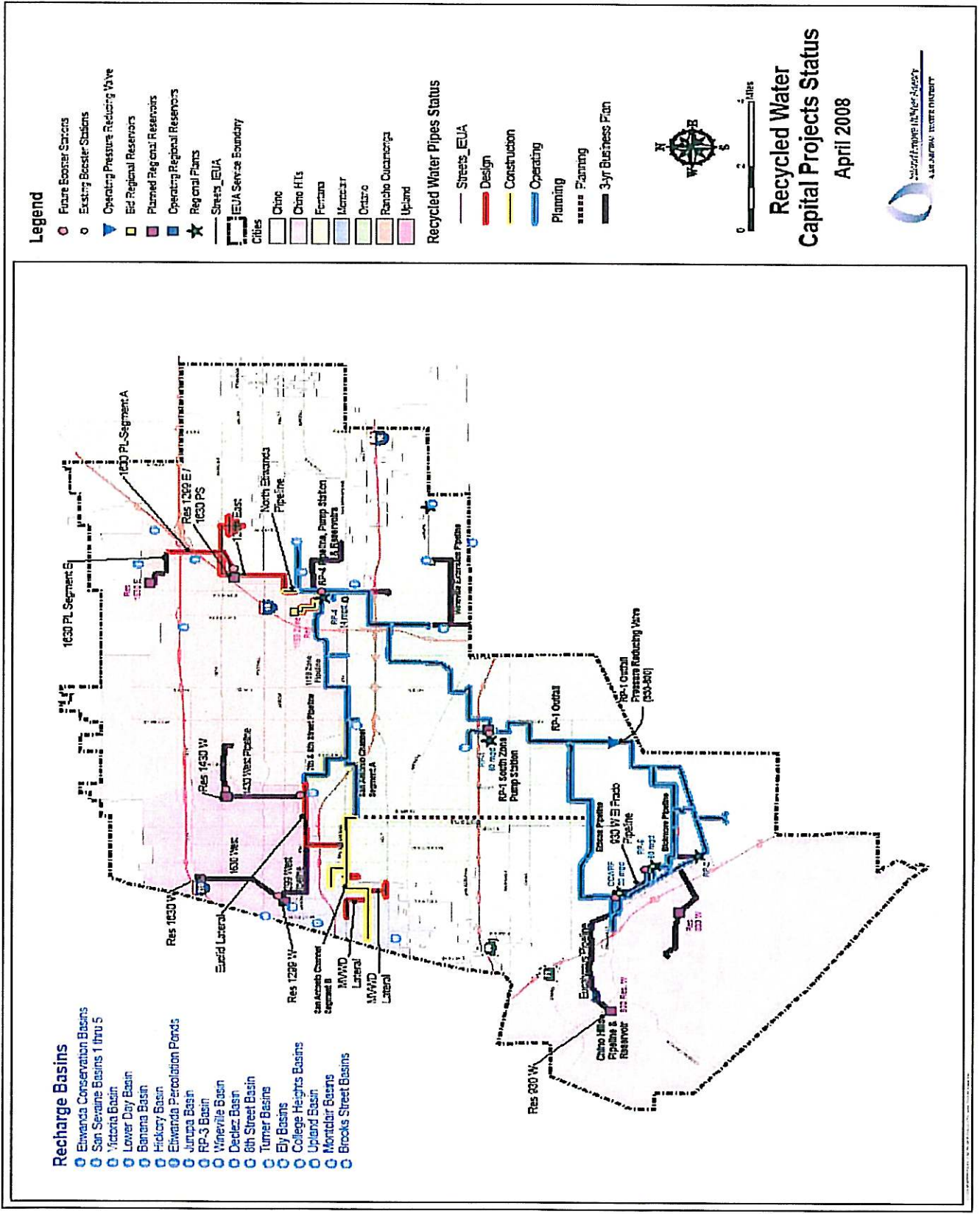


IEUA Headquarters

UPCOMING EVENTS

- Red Team Meeting (IEUA and Member Agency Implementation Team).....3:00 PM, May 20, 2008 at IEUA

RECYCLED WATER PROJECT STATUS MAP



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Regional Conservation Programs Monthly Report – April 2008

MWD Activities

- **Media Campaign & Public Outreach** – MWD's new media campaign began on April 14, 2008 and will run through May 14, 2008. The campaign will go dark from May 14 to June 7 due to May TV Sweeps. The Program will pick-up again on June 8th, and continue through June 29th. The campaign focuses on residential outdoor water use and seriousness of a water shortage. There will be ten TV ads and 60 radio spots.
- **Accelerated Public Sector Water Efficiency Partnership Demonstration Program** – Agencies and their customers who have direct access to the recycled water conveyance system have been identified and scheduled to begin site conversions in June 2008. MWD has approved those customers for funding and Chino Basin Water Conservation District has agreed to match MWD funding up to the cost of the conversion. In addition, the City of Ontario has received funding approval of \$2,963 in device incentives as well Chino Valley Unified School District for \$35,719. 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.
- **Water/Energy Partnership Update** –MWD will be working with its member agencies to identify those agencies interested in participating in the program. The Program is tentatively scheduled to begin July 1, 2008. This 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** – At its April 2008 Board meeting, MWD awarded a five-year contract to the Electric and Gas Industries Association (EGIA) to provide management and marketing services for Metropolitan's Region-wide Residential Water Conservation Program. The program is expected to begin July 1, 2008.
- **Imported Water Deliveries** – For the month of March 2008, full service water sales totaled 4,744.3 AF. This is about 1,123.8 greater than full service deliveries in March 2007. Calendar Year 2008 Tier 1 deliveries through 3/31/08 total 10,603.5. The annual limit for Tier 1 purchases is 59,752.2 AF.

Landscape Programs

- **Phase III Landscape Audit Program** – The landscape program has been ongoing since January 2008 with the program generating a lot of customer interest. Chino Basin Water Conservation District recently announced the departure of their program manager and has immediately begun the recruitment process to find his replacement. CBWCD will maintain the program's momentum by using other staff members who are certified to perform landscape audits.
- **Ontario Cares** – Program is ongoing and a status meeting will be scheduled in May to update funding partners of the progress and completed sites.
- **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** – A debriefing meeting about the California Department of Water Resources' public hearing regarding the draft State Model Water Efficient Landscape Ordinance was held on Thursday, April 3. Discussion focused on the implications the ordinance for cities and local agencies, the possibility of integrating the Water Efficient Ordinance with MS4 storm water permits and current re-evaluation of local plan-check processes. Ontario mentioned it is developing plant lists based on Bob Perry's work and the WOCOLS list. A discussion about AB 2219 (Parra) also sparked a lot of interest. Attendees requested that additional workshops be held to evaluate 1) how other agencies are currently implementing Water Efficient Landscape Ordinances at the city, county, and water agency levels, and 2) how other agencies are encouraging changes within existing landscapes. A Board meeting was held on Thursday, April 10th featuring presentations by Armine Chaparyan about the successful Ontario Cares Program with California Friendly® landscape installations and by Michael Chapko regarding the Chino Valley Unified School Districts' progressive energy and water use

efficiency initiative. The next formal board meeting for the Alliance will be held on Thursday, June 12th from 3:00-4:00 pm in IEUA's Board room.

- **California-Friendly[®] Landscape Classes (formerly PDA)** — All classes for FY 07-08 have been scheduled and are full. Any agency who wishes to hold more classes for this year may work with their member agency to schedule classes for a fee. Beginning in FY 08-09, the management of this program will be transferred to the External Affairs Group. Class request forms for FY 08-09 will be issued shortly.

Commercial/Industrial/Institutional Program

(CII SAVE-A-BUCK) – For fiscal year 07/08, there have been 1,078 rebates processed to date. From program inception (FY 00/01) to date, a total of 15,422 devices have been rebated, representing a lifetime savings of almost 20,000 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 April 2008, no rebates were issued. To date, 455 commercial high efficiency clothes washers have been installed since FY 00/01.
- **Multi-Family High Efficiency Clothes Washers** – During the month of April 2008, no rebates were issued. To date, one multi-family high efficiency clothes washer has been installed since FY 00/01.
- **Cooling Tower Conductivity & pH Controllers** – During the month of April 2008, no rebates were issued. To date, 24 cooling tower conductivity controllers have been installed since FY 00/01.
- **Ultra-Low-Flush Toilets** – During the month of April 2008, no rebates were issued. To date, 1,894 ULFTs have been installed since FY 00/01.
- **ULFT Flushometers** – During the month of April 2008, no rebates were issued. To date, 4 ULFT flush meters have been installed since FY 00/01.
- **High-Efficiency Toilets** – During the month of April 2008, one rebate was issued for 169 high efficiency toilets (HET). To date, 1,219 HET's have been installed within IEUA's service area since FY 00/01.
- **Zero Water Urinals** – During the month of April 2008, no rebates were issued. To date, 828 waterless urinals have been installed since FY 00/01.
- **High-Efficiency Urinals** – During the month of April 2008, no rebates were issued. To date, 8 HE urinals have been installed since FY 00/01.
- **Weather-Based Irrigation Controllers** – During the month of April 2008, no rebates were issued. To date, 7 controllers have been installed since FY 00/01.
- **Rotating Nozzles for Pop-up Spray Heads** – During the month of April 2008, no rebates were issued. To date, 97 rotating nozzles have been installed since FY 00/01.
- **Synthetic Turf for commercial applications (CII Only)** – During the month of April 2008, no rebates were issued. 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 April 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 April 2008, no rebates were issued. To date, no dry vacuum pump rebates have been issued since FY 00/01.
- **Steam Sterilizer Retrofits** – During the month of April 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 April 2008, no rebates were issued. To date, 2 pre-rinse spray heads have been installed since FY 00/01.
- **Water Broom** – During the month of April 2008, one rebate was issued for one broom. To date, 696 water brooms have been purchased since FY 00/01.
- **X-Ray Recirculation Units** – During the month of April 2008, no rebates were issued. To date, 11 x-ray recirculation units have been installed since FY 00/01.

Residential Rebate Programs

For fiscal year 07/08, there have been 1,422 rebates processed to date. From program inception (FY 02/03) to date, a total of 19,836 devices have been distributed, representing a lifetime savings of almost 2,070 AF. The following is a list of the most recent residential rebate activity within the IEUA service area:

- **ULFT and HET Rebate Program** – During the months of March and April, 42 ULFT and 28 HET rebates were issued. 195 rebates were processed during FY 06/07. Since the program's initiation in 2002, a total of 11,965 have been distributed. The ULFT portion of the rebate program ended March 31, 2008.
- **High Efficiency Clothes Washer Rebate** – During the months of March and April, 250 washer rebates were issued. There were 1,320 washer rebates processed by IEUA in FY 06/07. A total of 9,160 rebates have been distributed since the program was initiated in 2002.
- **"SmarTimer of Inland Empire" Program** – During the months of March and April, 5 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, 378 controllers have been installed to date.
- **Rotating Nozzles for Pop-up Sprav Heads** – During the months of March and April, 5 customer rebates were issued for a total of 133 nozzles distributed. Since the program's inception in 2006, a total of 1,041 nozzles have been distributed.
- **Synthetic Turf Retrofit Rebate Program** – During the months of March and April, 17 synthetic turf rebates were processed. Since the introduction of the program in July 2007, 36 rebates have been distributed.
- **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 37 applications and three completed retrofits.

Other Conservation Retrofit Programs

- **Multi-Family ULFT Program** – The Multi-Family Direct Installation Program began ULFT retrofits in October, 2006. To date, 12,898 ULFTs have been installed. During the month of March, 561 retrofits were completed.

School Education Programs

- **Garden in Every School** –The Gardens at Chaparral Elementary in Chino Hills and Pepper Tree Elementary in Upland have been completed. Their dedication ceremonies will be held on May 1 and May 19th (see calendar for details). Vegetable beds have been planted at Los Amigos Elementary in Rancho Cucamonga. Native plants and a pond-less water fall will be installed in May with a dedication ceremony featuring Superintendent Fischer on June 6th. Oak Park in Fontana is coordinating the construction of a trellis with Fontana Unified builders and continuing to raise funds for a pond-less waterfall, with planting to occur mid May. Irrigation has been installed at Our Lady of Lourdes in the city of Montclair and EJ Marshall in the city of Chino. Planting will occur late May with dedications to follow in June.
- **National Theatre for Children** – There are 29 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

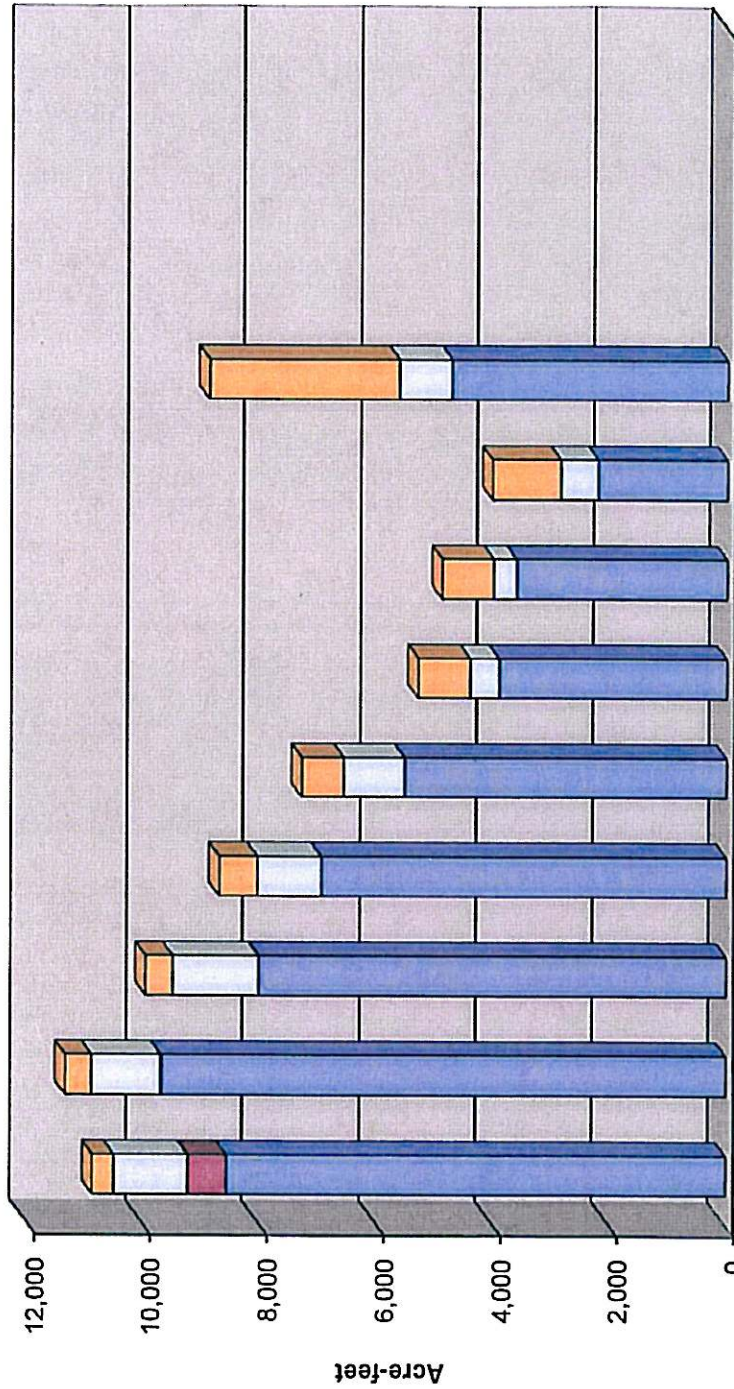
- **Water Education Water Awareness Committee (WEWAC)** – Ten edu-grants were awarded to local area educators totaling \$4,420. Upon completion of the projects, classroom presentations will be held in late spring.

CALENDAR

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.
June 6, 2008	Los Amigos Garden Dedication, Los Amigos Elementary in Rancho Cucamonga, 8:30 a.m. – 10:30 a.m.
June 12, 2008	Landscape Alliance Board Meeting, IEUA Board Room, 3:00 p.m. – 4:00 p.m.
June 13, 2008	Oak Park Garden Dedication, 14200 Live Oak Avenue, Fontana, 10:00 a.m. – 11:30 a.m.

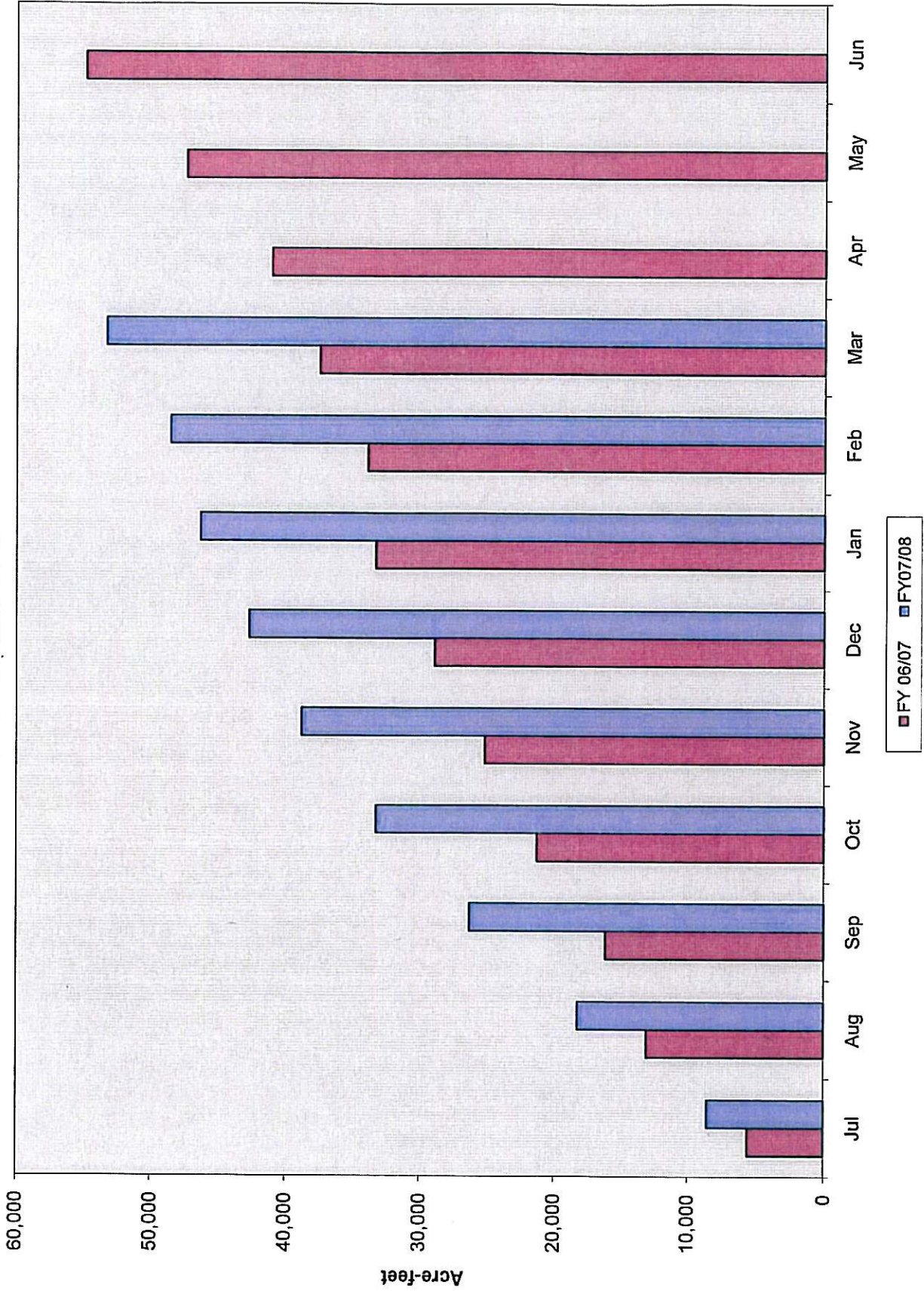
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FY 07/08 Monthly Water Production From Within IEUA's Service Area Imported, Desalter, and Recycled Sources

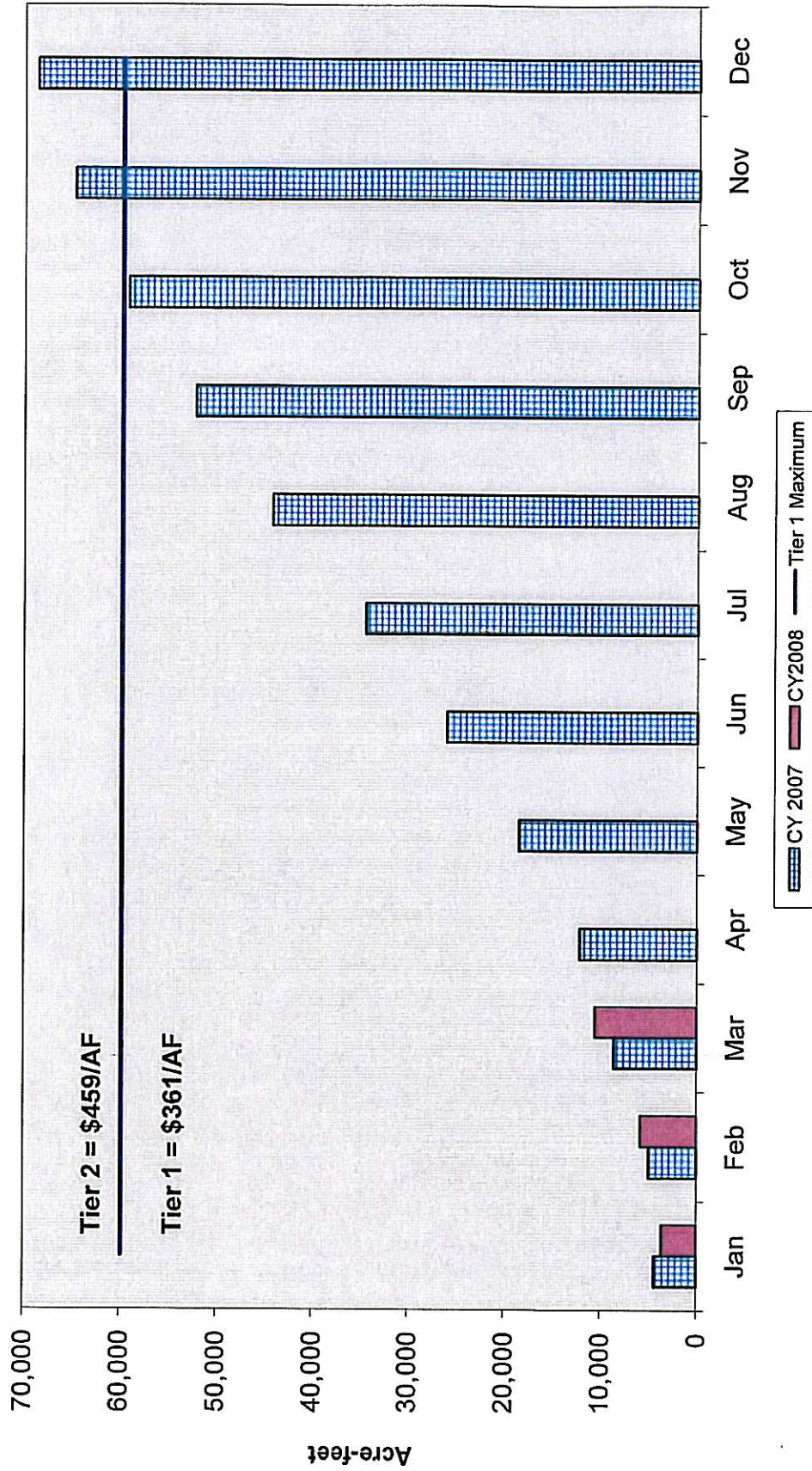


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
■ CDA - Desalter Water	381.6	450.9	466.5	657.8	717.6	892.5	894.4	1166	3246.5			
□ IEUA - Recycled Water	1266.8	1199.3	1476.3	1084	1038	493.4	383.8	645.9	901.7			
□ MWD - Agricultural Cert	13.7	14	8.1	3.2	2.4	0.3	0.2	0.1	0			
■ MWD - Conj. Use Cert.	650	0	0	0	0	0	0	0	0			
■ MWD - Full Service Cert.	8575.4	9689.9	8020.9	6963.2	5543	3922.8	3630.6	2228.6	4744.3			

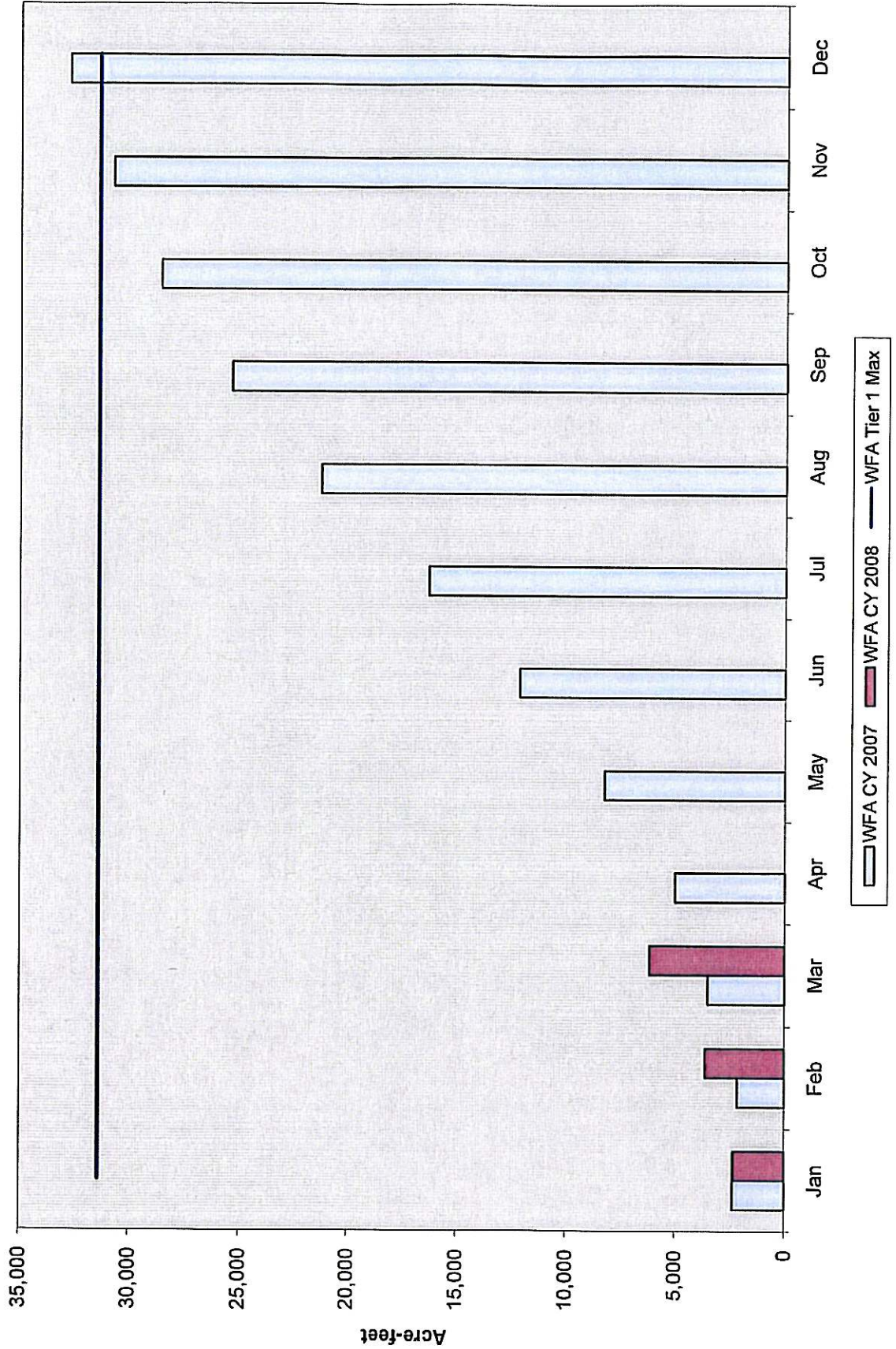
**Cumulative Monthly Full Service Imported Water Deliveries
 Within IEUA's Service Area
 FY 06-07 and FY 07-08**



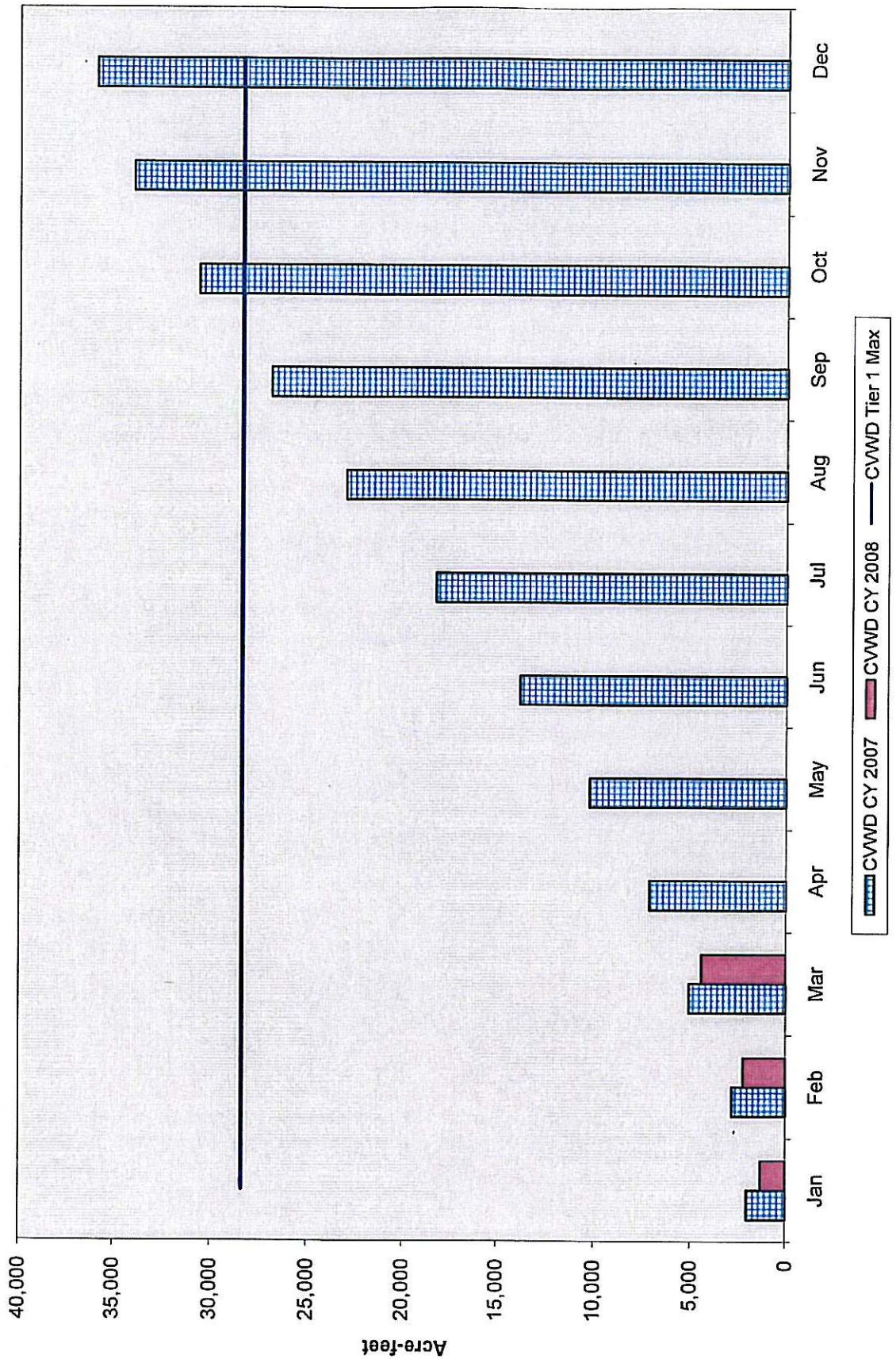
**IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007 and Calendar Year 2008**



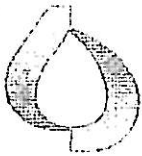
WATER FACILITIES AUTHORITY
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2008



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



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Inland Empire
UTILITIES AGENCY

Date: May 21, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (05/14/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: April 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

Enclosure

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Agricultural Resources

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

April 29, 2008

Legislative Report

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

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

SU: Legislative Report, April 2008

Highlights:

- *President Bush Nominates Kameran Onley to Serve As Assistant Secretary, Water and Science – Senate Holds Confirmation Hearing*
- *Title XVI Effort*
- *Stimulus/Infrastructure – Status*
- *Perchlorate*
- *Drought Conditions/Water Supply*
- *News and Notes*
- *IEUA Working Partners*

President Bush Nominates Kameran Onley to Serve as Assistant Secretary, Water and Science. In late March, the White House nominated Kameran Onley to serve as the Interior Department's Assistant Secretary for Water and Science. In late April, the Senate Energy Committee held a hearing on her confirmation. The nomination is expected to be approved by the Committee next month. She served as Deputy Assistant Secretary, Water and Science, since January 2006. Prior to that, she previously worked Council on Environmental Quality (CEQ) on

ocean issues and the Everglades. After the Committee reports the nomination, then it's placed on the calendar for consideration by the whole Senate.

Title XVI Support Effort. IEUA, along with numerous groups and entities throughout the West, are building a new effort to increase funding for Title XVI for FY 08, 09 and beyond. Those efforts are continuing. Discussions with various groups, members, committees and the leadership are continuing.

Stimulus/Infrastructure. On April 24, Chairwoman Napolitano wrote Speaker Pelosi declaring that the Bureau of Reclamation funding for Title XVI was "inadequate and severely lacking." The Chairwoman urged that, assuming a new stimulus bill was considered, a provision providing special funding for Title XVI be included. The Subcommittee also prepared an analysis for authorized recycling projects that were denied Administration funding requests. Meanwhile, on the Transportation Committee, the Water Subcommittee has, on a parallel track, initiated a process for "WRDA-II."

Perchlorate/TCE. The Senate Environment and Public Works Committee announced that, in early May, hearings will be held on perchlorate and TCE. Meanwhile, locally, the Joint Powers Agreement is still being considered by at least one local entity (Colton). Other signers are beginning to address its implementation. This is still in the formative stages.

Drought Conditions and Water Supplies. DWR announced, based on snow pack measurements, that it is the lowest in eight decades. This made national news. Meanwhile, according to the USDA and NOAA's Drought Monitor, drought conditions persist throughout California and throughout the Rocky Mountain/Colorado River region. Like a month ago, currently 16 or the 17 Western States have drought conditions, the State of Washington being the single State without an active drought condition (at the moment). Nevada and the Colorado River basin are in a condition labeled "severe." Overall, drought conditions have become more pervasive throughout California. The Colorado River remains in a "deficit" posture.

News and Notes. Sac Bee Supports Recycled Water. Circulated Bee editorial supporting recycled water all over DC – key members, subcommittees, chairs, etc. ***Appropriations Process – Informally Underway, Formally NOT.*** The House has not begun marking up annual funding bills – and may not for some time. Timing is unclear. ***Senate Passes Recycling Bills, Sends to House – House Acts.*** More than 60 Energy Committee bills, long bottled up (over spending and earmarking issues) were overwhelmingly passed by the Senate, sent to the House and passed by the House. The President is expected to sign these bills. Included are some of SAWPA member agency recycling bills, as well as a water recycling bill for Northern California. Western Governors Association (WGA). Talks with WGA took place this month – in an effort to garner support water recycling funding in stimulus or infrastructure legislation. ***National Academy of Sciences, New Report on Desal.*** NAS completed work on a report on Desalination. They conclude that desalination is becoming a more attractive option, but energy costs are still a significant barrier and more study is required. ***Climate Changes Principles Published in House.***

Three senior House Members on the Energy and Commerce Committee, Reps. Henry Waxman, Ed Markey and Jay Inslee published what they called was a set of "roadmap" principles in a four-page letter to guide the preparation of climate change legislation. *Climate Change Legislation to Senate Floor – Maybe*. The Lieberman-Warner bill may come to the Senate floor soon, but when is unclear. *Pelosi Reaches Out to GOP on Stimulus*. Building on the bi-partisan effort on stimulus, Speaker Pelosi write House GOP Minority Leader

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

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

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Inland Empire
UTILITIES AGENCY

Date: May 21, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (05/14/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: April 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: Richard Atwater and Martha Davis
FROM: Jennifer West
DATE: May 1, 2008
RE: Sacramento Legislative Report

Budget Update

As the press has reported, California is facing a major budget crisis that continues to worsen with the downturn in the economy. The Governor recently stated that when the May Revise is issued the deficit might be as high as \$20 billion. While budget conference committees have been meeting and holding informational hearings, very little has happened in terms of any serious budget cuts. This will change this month when the budget subcommittees will be forced to address the deficit in the May Revise. The Democratic leadership states that the widening deficit makes it impossible to cut the state out of its fiscal problems that instead, taxes needed to be raised. Republicans have been adamantly opposed to raising taxes.

Local Property Tax

Early in the year the LAO proposed that \$188 million in water/waste water property taxes be shifted permanently to counties to pay for an expanded parole function by the counties. They also recommended legislation that would prohibit water and waste water agencies from receiving any future property tax funds. ACWA and many other agencies, including IEUA opposed this proposal in committee, with our local legislators and budget committee members. Two weeks ago, the Senate Budget Subcommittee analysis of the LAO proposal stated that it was probably an unfunded mandate that would be unconstitutional. LAO, however, is recommending that the budget committees look at other uses for this \$188 million. I recommend that IEUA and the County of San Bernardino should work together on this as it continues to evolve in the Legislature.

Integrated Regional Water Management Funding

The Governor's budget includes more than \$400 million in Prop. 84 and Prop. 1E funds for the IRWMP. However, the LAO recommended that these funds not be appropriated until legislation has been passed to specify DWR guideline criteria for the program. The environmental community is generally supporting this position and will likely oppose the inclusion of funding in the budget unless it is

accompanied by legislation for IRWMP guidelines. There are two bills, almost identical, by Assemblyman Huffman (AB 1489 and AB 1654) that specify guideline criteria for the IRWMP and have almost no opposition. The concern with the legislation is that if it is signed into law it will not go into effect until January 1, 2009. By this time local agencies were hoping that DWR would be done or very close to finishing their IRWMP guidelines for Prop. 84. IEUA, SAWPA and its other member agencies should consider meeting with the environmental community and jointly developing a budget strategy on this issue.

AB 2270 Laird/ Feuer Water Softening

IEUA and WaterReuse are sponsoring this measure, which will give local agencies greater ability to control salinity discharges from residential water softeners. The coalition of supporters includes the California Farm Bureau, MWD, CASA, ACWA, Cities of Roseville, Dixon, to name a few. As expected, the bill has major opposition from the water softening manufacturers. While it is now on the Assembly Suspense file, it is expected to come off suspense and go for a vote on the Assembly Floor in late May.

Proposed IEUA Positions

May 1, 2008

SB 6XX (Machado) Water Bond – SUPPORT and seek amendment

Vehicle for possible November water bond measure. All provisions are under negotiations. Recommend that IEUA follow MWD's lead on conveyance provisions in the measure. The measure also contains \$250 million for recycled water, but \$100 million of those funds are set aside for areas where there is groundwater contamination. Recommend IEUA lead effort to delete this groundwater provision within the recycling section.

STATUS: Senate Natural Resources Committee (since this is a special session bill, it is not subject to regular session bill deadlines)

SB 344 (Machado) Bond Acquisition -- SUPPORT

Provides issuers of local government bonds the flexibility to buy back the bonds, restructure bond issues and offer re-formatted bonds at lower rates when the market is more favorable.

STATUS: Chaptered

SB 1391 (Padilla) Groundwater Recharge/Recycled Water – SUPPORT

Currently the bill reads:

"The state board shall prepare a plan, as soon as feasible, to assist California in achieving the water recycling goal set forth in Section 13577, consistent with state and federal water quality laws."

This bill is considered a placeholder for future groundwater recharge recycled water legislation, pending the outcome of the SWRCB's Water Recycling policy. The language allows the bill to continue to move forward in the legislative process and potentially be amended later to address issues not resolved by the Water Recycling policy.

In its previous form it would have removed restrictions to recharging groundwater basins with recycled water as long as the water met all public health standards. The bill directed the California Department of Public Health to set the standards, taking into account recommendations and existing salt management plans within the basin. DPH would ensure that the projects do not pose threats to public health. This version was unacceptable to the Environmental Quality Committee Chair and consultant and the environmental staff for the Senate Pro Tem.

STATUS: Senate Appropriations

**AB 2046 (Jones) Groundwater -- OPPOSE
(Amended, April 28, 2008)**

Would prevent the inclusion of groundwater supplies in a water supply assessment for a project unless the groundwater proposed to be used met all applicable state standards for the intended use. Also, prohibits the inclusion of groundwater in an UWMP unless it meets the applicable state standards on the date the plan is prepared. It was amended to take out the requirement that DPH or a local public health officer be the entity that certifies that the groundwater meet state standards. This was probably to reduce state costs for the bill. Now the bill is silent as to which entity must ensure that the identified groundwater meets state standards. ACWA has proposed amendments that have been rejected by the author.

STATUS: Assembly Appropriations

AB 2501 (Wolk) Climate and Water Supply – Support Climate section
Almost identical to AB 224 (Wolk), which was sponsored by IEUA last year. Also includes funding from SB 1XX (Perata), which is a measure currently on the Assembly Floor. This funding section may be stripped out of the bill in the Assembly Appropriations Committee and may pass as part of the budget process.

STATUS: Assembly Appropriations Suspense

AB 2219 (Parra) Water Conservation -- Support

Promotes greater use of voluntary water conservation measures in new homes and buildings by ensuring that a project's water demand is adjusted to reflect achieved water savings. Requires water agencies and local government when quantifying a proposed project's water demand to verify and credit a project for water savings achieved through the use of voluntary conservation measures. Developers would pay for this quantification.

STATUS: Assembly Floor

AB 2270 (Laird/Feuer) Water Softeners/Water Recycling – Sponsor

Allows local public agencies to more easily limit the use of self-generating water softeners in areas where a RWQCB has declared there is a salt loading problem within the sanitation system. WaterReuse and IEUA are sponsors and are meeting with legislators on the bill. The bill is strongly opposed by the water softening industry.

STATUS: Assembly Appropriations Suspense File

AB 2882 (Wolk) Allocation-based water pricing -- SUPPORT

Sponsored by IRWD, creates a voluntary allocation-based conservation water pricing. It is intended to encourage public water providers to voluntarily implement allocation-based water rate structures improving conservation among water users.

STATUS: Senate Natural Resources Committee

PROPOSED WETCAT STRATEGIES AND MEASURES

Strategy I: Water Recycling

Draft Measure 1: Require Water Recycling Plans at Wastewater Treatment Plants

Agency: State Water Resources Control Board

Energy production is a significant source of greenhouse gas emissions. Approximately 19% of electricity and 30% of natural gas (non-power plant) consumed in California are used to deliver, treat, and dispose of water. Long-distance water conveyance, such as that from Northern to Southern California, accounts for a significant portion of the energy used to provide water.

Water recycling reduces energy use by providing local water more efficiently than importing "new" water from nonlocal sources. This CAT measure proposes that NPDES permits be amended to require preparation and implementation of water recycling plans at wastewater treatment plants (WWTPs) in communities that rely on imported water supplies.

Modern treatment facilities are capable of producing wastewater that is suitable for recycling. The publication *Water Recycling 2030: Recommendations of California's Recycled Water Task Force* reports that approximately 10% of municipal wastewater in California is being recycled, but as much as 23% of the municipal wastewater flow could be recycled. This CAT measure will help achieve the 23% recycling goal by 2030. Finding suitable markets and funding treatment and distribution system costs are challenges to increasing the use of recycled water.

A substantial energy savings could be realized if recycled wastewater was used to replace potable water in appropriate applications such as irrigation. The amount of energy required to import or recycle water varies widely throughout the state. The California Energy Commission (CEC) has reported that water supply and conveyance of water from northern to southern California consumes an estimated 3.2± Megawatt hours per acre-foot (MWh/AF). In sharp contrast, the estimated cost to recycle wastewater is approximately 0.7± MWh/AF. As a result, the potential energy savings that could be realized through water recycling is estimated as 2.5 MWh/AF for southern California communities that import water.

Strategy II: Urban Water Reuse

Draft Measure 1: Urban Water Reuse

Agency: State Water Resources Control Board

Energy production is a significant source of greenhouse gas emissions. Approximately 19% of electricity and 30% of natural gas (non-power plant) consumed in California are used to deliver, treat, and dispose of water. Long-distance water conveyance, such as that from Northern to Southern California, accounts for a significant portion of the energy used to provide water.

This CAT measure proposes to evaluate the potential benefits of an urban water reuse strategy. Although urban water reuse may have the potential to achieve energy and emission reductions by reducing the use of new water, sufficient information is not available at this time to quantify the volume of water that could be captured and reused, or the energy savings that could be realized. This measure is being evaluated for future consideration.

Urban Water Reuse reduces energy consumption by capturing runoff, discharged water, and leaking water from urban sources, and reusing that water for local applications such as irrigation instead of "new" water that requires more energy to provide. This strategy capitalizes on passive stormwater treatment techniques, such as Low Impact Development (LID), to promote infiltration rather than the discharge of urban stormwater runoff. Water provided by these techniques could be captured or intercepted by urban water reuse projects.

Urban communities consume less water during the winter season when water is more readily available, but demand greater amounts of water in the summer when water is least available. However, water escapes from the urban environment all year. Much of this water originates as runoff from irrigation and sprinklers, but water also escapes from incidental home and lawn chores, leaking water lines and other activities. Although these types of sources are not particularly concentrated or of large volume, the relatively continuous flows that collect in storm drains, roadside ditches, or other low lying areas may represent reliable sources for local reuse.

Communities may be able to increase the efficiency and reliability of urban water reuse by designing facilities to capture water for reuse, such as underground storage beneath parks, small surface basins in drainages, or the creation of catch basins or sumps downhill of development. Depending on the source and application, reused water may be suitable for use without the need for additional treatment, or may be blended with recycled water to bolster local supplies.

Strategy III: End Use Water Conservation and Efficiency

Draft Strategy: Reduction of Greenhouse Gas Emissions through Water Use Efficiency

Agencies: Department of Water Resources, State Water Resources Control Board, California Energy Commission

The Governor has identified conservation as one of the key ways to provide water for Californians and protect and improve the Delta ecosystem. He has directed state agencies to develop and implement a more aggressive plan to help achieve a 20 percent reduction in per capita water use statewide by 2020. This directive builds upon the *California Water Plan Update 2005*, which identified water use efficiency as a "foundational action" for California water management.

To implement this goal, DWR is collaborating with the California Energy Commission, the California Public Utilities Commission and the State Water Resources Control Board to develop and implement various measures and strategies to increase water use efficiency and thereby reduce greenhouse gas emissions related to water use. To support this implementation, this conservation initiative will need to utilize the many Integrated Regional Water Management (IRWM) planning efforts throughout California. During 2008, the four-agency group will collaboratively prepare a statewide water use efficiency measure for consideration in the Public Review Draft of the California Water Plan Update 2009.

California will achieve 1.76 MAF of urban water savings by 2020 to meet the Governor's call for a 20 percent per capita reduction in statewide water use:

The California Public Utilities Commission 2005 Water Action Plan adopted the principle of efficient use of water and the objective of strengthening water conservation programs to a level comparable to those of energy utilities. It states that "The Commission will use existing tools to strengthen utility conservation programs, and will provide the necessary direction to do so by initiating formal proceedings where appropriate."

Measures for achieving the directed water conservation target include:

- Best Management Practices
- Appliance Efficiency Standards
- Landscape Water Conservation
- Irrigation Efficiency
- Analytical Tools

Total Annual water savings (including savings from code enforcement) of 1.76 MAF can be achieved through 2020. It is assumed that local agencies are implementing locally cost-effective water conservation measures.

Strategy IV: Energy Intensity of Water System

•Draft Measure 1: Implement cost effective energy efficiency measures in water system infrastructure projects

Agencies: Department of Water Resources, Water Resources Control Board, California Energy Commission, and California Public Utilities Commission.

To meet the needs of Californians, the state's water systems include natural and man-made facilities for the capture, storage, conveyance, treatment, distribution and re-use of water, requiring energy at nearly every step. Consistent with the recommendations of the *California Water Plan Update 2005* and 2005 Integrated Energy Policy Report, this measure seeks to reduce the magnitude¹ and intensity² of the California's water systems through the further implementation of energy efficiency measures (more efficient technologies, re-operation and or re-design) in infrastructure projects.

Setting a target of a 10 percent reduction from 2006 levels would yield a savings of 2,200 GWh and a reduction of 20 percent would yield a savings of 4,400 GWh per year. This reduction in electricity consumption would in turn reduce the GHG emission associated with this amount of electricity generation. An assessment of actual potential is needed to determine if such targets are reasonable.

•Draft Measure 2: Construct tools and protocols to evaluate, measure, and verify the energy impacts of water system and end use conservation and efficiency activities/programs

Agencies: California Public Utilities Commission, California Energy Commission, Department of Water Resources, and State Water Resources Control Board

To accurately assess the amount of potential Greenhouse Gas Emission reductions that are possible from implementing either water-related efficiency and conservation measures or developing low carbon intense water related renewable resources, various tools are needed to evaluate, measure and verify in more detail the amount of energy saved at various stages upstream and downstream of the conservation or efficiency activity or effort.

Use of these tools will assist in program implementation and evaluation of program effectiveness. These tools can assist water agencies and regional boards determine the most effective measures to implement as part of their water management strategies under existing requirements. These tools will be beneficial to ensuring the cost-effectiveness of projects and governmental accountability.

•Draft Measure 3: Conduct research and demonstration projects that explore ways to reduce the energy intensity of the water use cycle and better manage the energy demand of the water system.

Agency: California Energy Commission – PIER

Evaluate and conduct research to: deploy advanced emerging technologies in the water system to lower energy intensity; examine opportunities to shift loads off peak; integrate into the grid intermittent renewable generation from water systems; and better understand the interaction of water and energy within the state and identify new and innovative technologies and measures for mutually achieving energy and water efficiency savings.

¹ Total energy consumed by a particular segment of the water use cycle. Peak demand is usually measured in megawatts and annual consumption in kilowatt-hours or megawatt hours.

² Total energy consumed per unit of water to perform a water management-related action, such as desalting, conveyance, etc... This demand is usually measured in kilowatt-hours per million gallons.

Strategy V: Increase Renewable Energy Production

Draft Measure: Develop renewable projects that can be co-located with existing water system infrastructure

Agencies: Energy Commission and Public Utilities Commission

Consistent with the Energy Commission's *2007 Integrated Energy Policy Report* (IEPR) recommendation to "establish a more cohesive statewide approach for renewables development that identifies preferred renewable generation and transmission projects in a 'road map' for renewables", the purpose of this measure is to identify and implement specific projects that take advantage of the state's water system-related opportunities to generate renewable electricity. Renewables are sources of energy that are naturally replenished, thus diminishing the supply problems potentially encountered with finite resources (i.e., fossil fuels). Examples of energy existing within water systems (water and wastewater projects) include water moving through conduits, sunlight, wind, and gases emitted from decomposing organic wastes. Producing energy from these resources at water and wastewater facilities will reduce greenhouse gas (GHG) emissions by offsetting the need for the facilities to consume electricity derived from natural gas and coal, which constitutes nearly 60 percent, on average, of electricity supplied by California's electric grid.

This measure is motivated by multiple objectives. In addition to GHG reduction, projects will help achieve the following benefits:

- Better management of on-site electricity load at water system sites
- Mitigation of electricity price volatility
- Contribution to meeting the RPS
- Disposal of organic wastes contained in wastewater in an environmentally-preferred manner

Implementation will involve four strategies:

- 1) Regulatory framework: CPUC implementation of AB 1969 (Yee, 2006) feed-in tariffs provides MPR-based fixed price contracts for excess electricity,
- 2) Encouraging use of existing financial incentives
- 3) Assessing economic potential to better target future incentives
- 4) Researching technologies to lower costs and improve performance.

WET CAT TIMELINE

June 26 -- scoping plan released by vote of CARB

July-Sept -- CARB comment period on scoping;

Oct. 6 -- revised scoping plan released

Nov 20 --scoping plan considered for adoption (could stretch into December).



Inland Empire
UTILITIES AGENCY

Date: May 21, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (05/14/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: April Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

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Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Martha Davis and Rich Atwater
IEUA

From: Letitia White, Alex Shockey and Amanda King

Date: April 30, 2008

Re: April Monthly Legislative Update

Spring is in the air in Washington, DC and the tourists are out in force, enjoying the beautiful cherry blossoms and the captivating Washington landmarks. The House and Senate are also back in session after their "spring break" recess and have been working to hammer out deals on, among other things, the budget resolution, Iraq war supplemental appropriations bill and farm bill. They have also been pushing forward with hearings in both authorizing and appropriations committees.

Budget Resolution Conference Report

House Budget Chairman John Spratt and Senate Budget Chairman Kent Conrad have been working to negotiate a final budget blueprint. Prospects of a final conference package seemed dim only days ago, due to calls from the "Blue Dog Coalition", a group of fiscally conservative democratic members, to pay for - - or off-set - - the \$70 billion cost of a 2008 Alternative Minimum Tax (AMT) patch by including reconciliation instructions in the final version of the budget resolution. It appears now, however, that the Blue Dogs have reached a deal with Chairman Spratt and Chairman Conrad to allow a point of order against any provisions that would increase the deficit by as much as \$10 billion on the budget resolution in the Senate, making the resolution as compliant with the pay-as-you-go rules as possible.

While the AMT issue has been resolved, other outstanding issues remain, including a deal on the final discretionary spending number. The House-passed resolution called for \$1.014 trillion of discretionary funding for FY09 and the Senate-passed resolution set the discretionary limit at \$1.010 trillion.

If a final budget resolution does not come to fruition, it is likely that the Appropriations Committee will move forward with a "deeming resolution", which would establish the spending levels for the 12 annual appropriations bills. There is precedent for a deeming resolution; it has been done several times in the recent past when the Congress has not managed to pass a budget resolution conference report. The Budget Committees, however, are anxious to prove themselves by passing a budget resolution conference report this year and plan to continue negotiations to that end.

Innovative Federal Strategies LLC

Supplemental Appropriations Bill

The President sent up his \$108 billion request for fiscal year 2008 supplemental funds for the Iraq and Afghanistan wars in February 2007. The Pentagon has said that funding for the troops will run out in July so the House and Senate are now under significant pressure to move the supplemental appropriation bill quickly. Congressional leaders have been hashing out ways to include funding for their domestic priorities while not making some anti-war members of their Caucus take tough votes on funding for the war. Yet the President has made it clear that he will veto any legislation that is sent to him with anything over his war request, setting up a potential show-down with Congress.

The jury is still out on what majority leaders' plan is going to be in the final analysis for the supplemental but one option that they are considering is using the never-enacted FY08 Military Construction Appropriations bill as a vehicle for the supplemental bill. The bill would function as a "shell" that would avoid the usual committee process in both chambers and a formal House-Senate conference. In doing this, majority leaders would avoid giving the minority a shot at procedural motions on the bill during floor votes.

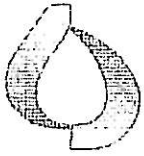
Then the supplemental spending measure would be offered as three separate amendments in the House: the first would strike and replace the contents of the underlying military construction bill with war funding, the second would contain Iraq policy language and the third would include funding for domestic spending. In addition to an anticipated \$180 billion in war funding to carry U.S. military operations through the first several months of 2009, House leaders are expected to add about \$12 billion for 13 extra weeks of unemployment benefits and funding to expand college tuition assistance to veterans. Additional domestic spending is also a possibility.

As you can imagine, there is much vocal opposition to this plan from the Republican minority members and the final outcome remains to be seen.

Farm bill

After much negotiating and four extensions of the current law, Senate Agriculture Chairman Tom Harkin and House Agriculture Chairman Collin Peterson announced yesterday that they have finalized a farm bill conference report that addresses the White House's demands for major changes in farm programs. A formal conference is expected almost immediately and the bill could be on the floor by the middle of next week. The last extension of the 2002 farm bill which passed last week expires this Friday; as a result, the House and Senate are expected to pass another one-week extension and ask President Bush to sign it.

As always, we will keep you posted on the new details as they emerge.



Inland Empire
UTILITIES AGENCY

Date: May 21, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (05/14/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: April Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

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April 30, 2008

To: Chino Basin/OBMP Coalition

From: Michael Boccadoro
President

RE: April Status Report

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

The California Legislature, while attempting to consider a variety of measures in policy committees throughout April, remained mired in debates over the upcoming 2008-09 state budget. Governor Schwarzenegger is expected to issue his "May Revise" budget recommendations to the state in the next two weeks. Early indications are that the budget deficit will be larger than anticipated in January, further exacerbating the current stalemate in the Legislature.

On the regulatory front, Climate Change issue continues to dominate the landscape. As the CPUC approved a \$600 million climate change institute for the utility sector, the WETCAT committee issued recommendations related to strategies to reduce GHG emissions from water and energy sectors.

Chino Basin / OBMP Coalition

Status Report – March 2008

ENERGY/REGULATORY

CPUC Approves \$600 Million in Rate Increases to Combat Global Warming

The CPUC has unanimously approved a climate change institute to be funded by electricity and natural gas customers. The \$600 million program will collect \$60 million per year from the 5 major investor-owned utilities in the state for a decade to support the California Institute for Climate Solution. The decision by the CPUC also requires non-ratepayer sources to match contributions through the energy surcharge. While the increase for any one customer will be minimal, the approval of this program represents another small incremental rate increase that the CPUC has been apt to approve over the last few years, culminating in significant rate impact on electricity and gas customers.

The move was heavily criticized by customer groups including the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN). Cited concerns were whether the program represented a duplication of efforts by other state agencies to comply with AB 32, the Global Warming Solutions Act, and whether it is legal for the CPUC to collect ratepayer funds to support a non-utility program.

WETCAT Issues Recommendations for AB 32

In light of the recognition that over 19% of all energy use in California is utilized to deliver, treat and dispose of water, a working group of water and energy policy makers and industry experts within the Department of Water Resources, the Water/Energy Technology Category (dubbed "WETCAT") has issued five strategies to the Air Resources Board to reduce greenhouse gas emissions from this sector:

1. Require water recycling plans at wastewater treatment plants
2. Support urban water reuse
3. Support end-user water efficiency
4. Address the energy intensity of the water system
 - Implement cost effective energy efficiency measures in water system infrastructure projects
 - Construct tools to evaluate and monitor energy impacts of water system and end use conservation and efficiency programs
 - Conduct research and demonstration projects to explore ways to reduce the energy intensity of the water use cycle
5. Increase renewable energy production

These strategies were provided to ARB as the staff drafts the initial scoping plan for the state to meet the 20% GHG reduction target to comply with AB 32. The draft is expected to be released in June, with adoption expected by Air Board in December.

2008-2009 STATE BUDGET

The month of April brought little progress to the budget negotiations beyond the posturing seen earlier by the two political parties. As both houses were fairly busy with policy committee hearings on other bills, there was little real discussion or progress achieved on the budget process. In truth, both sides are awaiting Governor Schwarzenegger's May Revise of his proposed budgets, due to be issued on May 14. All indications points to an even more dire situation than was originally outlined in January, as declining state revenues appear to be widening the structural deficit. Current estimates put the ongoing deficit at over \$14 billion and could possibly approach as much as \$20 billion.

Among the interesting side notes of this situation is that Senate President Pro Tem Don Perata (D-Oakland) is engaged in a recall effort of Republican Senator Jeff Denham (R-Merced). The election is schedule for June 5. Given the current make-up of the Senate, and the requirement of 2/3 supermajority to approve a budget, two Republican votes are necessary for budgetary approval. Should Perata prove successful in his attempt to oust Denham, and replace him with a Democrat, that would reduce the burden of approval to necessitate only one Republican.

WATER BOND UPDATE

While water bond negotiations are continuing, the likelihood of success is diminishing. Ongoing efforts are being led by Senators Mike Machado (D-Linden) and Dave Cogdill (R-Modesto), but little progress has been reported. The ongoing and rapidly expanding budget crisis further dampens the prospects of success.

emissions and green investments. Requires all land conservancies to report to the Legislature on past, current, and future activities to sequester greenhouse gas emissions. Requires an annual on the Global Warming Solutions Act. Includes the reduction of such gases in the Environmental Goals and Policy Project.

VOTES:

04/23/2007 Assembly Natural Resources Committee P 7-1
05/31/2007 Assembly Appropriations Committee P 12-5
06/04/2007 Assembly Floor P 58-16
07/10/2007 Senate Environmental Quality Committee P 5-2
08/30/2007 Senate Appropriations Committee P 10-7

Position: Watch

CA AB 578

AUTHOR: Blakeslee [R]
TITLE: Energy: Distributed Energy Generation: Study
INTRODUCED: 02/21/2007
LAST AMEND: 07/12/2007
DISPOSITION: Pending
LOCATION: Senate Appropriations Committee
SUMMARY:

Deletes the requirement the Energy Commission evaluate the costs and benefits of having an increased number of operational solar energy systems and part of the electrical system. Requires the Public Utilities Commission to study the impacts of distributed energy generation on the state's distribution and transmission grid. Assesses the impacts of the Solar Initiative Program. Deletes reporting requires on ratepayer subsidies for renewable and fossil fuel, ultraclean and low-emission distributed generation.

VOTES:

04/09/2007 Assembly Utilities and Commerce P 11-0
Committee
05/31/2007 Assembly Appropriations Committee P 17-0
06/05/2007 Assembly Floor P 79-0
07/03/2007 Senate Energy, Utilities and P 8-0
Communications Committee

Position: Watch

CA AB 1807

AUTHOR: Fuentes [D]
TITLE: Renewable Electric Generation Facilities: Tariffs
INTRODUCED: 01/16/2008
LAST AMEND: 03/28/2008
DISPOSITION: Pending
LOCATION: Assembly Utilities and Commerce Committee
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. Requires the commission to develop a base rate methodology.

Position: Watch

Community Empowerment Advisory Committee to ensure the goals of these provisions of existing law are met.

VOTES:

04/14/2008 Assembly Natural Resources Committee P 6-2
Position: Watch

CA AB 2916

AUTHOR: Nunez [D]
TITLE: State Buildings: Energy Efficiency Measures
INTRODUCED: 02/22/2008
LAST AMEND: 04/09/2008
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:

Requires 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.

VOTES:

04/15/2008 Assembly Business and Professions P 7-2
Committee
Position: Watch

CA SB 411

AUTHOR: Simltian [D]
TITLE: Energy: Renewable Energy Resources
INTRODUCED: 02/21/2007
LAST AMEND: 07/17/2007
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:

Requires a retail seller of electricity to increase its total procurement of eligible energy renewable resources so that at least 33% of its retail sales are procured from eligible renewable energy resources no later than specified date.

VOTES:

04/24/2007 Senate Energy, Utilities and P 5-3
Communications Committee
04/26/2007 Senate Environmental Quality Committee P 5-1
05/17/2007 Senate Floor P 21-15
07/02/2007 Assembly Utilities and Commerce P 8-3
Committee
07/09/2007 Assembly Natural Resources Committee P 5-3
Position: Watch

CA SB 463

AUTHOR: Negrete McLeod [D]
TITLE: Energy: Biogas Digester Customer-Generator
INTRODUCED: 02/21/2007
LAST AMEND: 05/01/2007
DISPOSITION: Pending
LOCATION: Assembly Utilities and Commerce Committee
SUMMARY:

Relates to existing law that provides if the electricity generated by the eligible biogas digester customer-generator exceeds the electricity supplied by an electrical corporation over a specified period, the customer-generator is a net electricity producer and the corporation retains any excess kilowatthours generated over the specified period.

Provides the customer-generator would not be owed compensation for excess kilowatthours unless there is an agreement. Imposes a limit on kilowatt hour price.

VOTES:

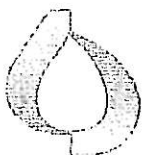
04/24/2007 Senate Energy, Utilities and
Communications Committee

P 8-0

05/17/2007 Senate Floor

P 38-0

Position: Support



Date: May 21, 2008

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/14/08)

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

- April 22, Tour of Park and RP-5 for Students from El Rancho Elementary School, Chino Valley Unified School District.

Calendar of Upcoming Events

May 2008

- May 1, 5th Annual Riverside County Water Symposium, Morongo Casino Resort & Spa 9:00 a.m. to 3:00 p.m.
- May 3 – 4, 2008 “Home Improvement Show” at the Ontario Convention Center 10:00 a.m. to 5:00 p.m.
- May 4 – 10, International Compost Awareness Week
- May 10, CVWD’s Water Awareness Day 11:00 a.m. to 2:00 p.m.

June 2008

- June 21, IEUA Day at the Park 10:00 a.m.

August 2008

- August 14, 2008, 2nd Annual San Bernardino County Water Conference, Ontario Convention Center

Public Outreach and Communications
May 21, 2008
Page 2

**OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER
CAMPAIGN**

Two-page Earth Day ad will run in the Daily Bulletin the end of April 30. May Conservation tip to run Sunday, May 4 Two-page Water Awareness ad to run the middle of May.

WATER CONSERVATION OUTREACH

IEUA's Public Service Announcement (PSA) is now on IEUA's website that will soon be linked to some of our member agencies.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles





Rialto officials want faster action on water

State hearing held at City Hall

Jason Pesick, Staff Writer

Article Launched: 04/25/2008 09:19:09 PM PDT

RIALTO - Local elected officials and activists want the U.S. Environmental Protection Agency and state agencies to pick up the pace in addressing local water contamination.

At a Thursday hearing of the state Assembly Committee on Environmental Safety and Toxic Materials at Rialto City Hall, they said perchlorate and other chemicals contaminating the drinking water supply has caused a "crisis."

"This is rocket fuel. It has no beneficial use in our drinking water," said Penny Newman, executive director of the Center for Community Action and Environmental Justice, at the hearing organized by Assemblywoman Wilmer Amina Carter, D-Rialto.

The informational hearing differed in tone from other meetings in Rialto to discuss the contamination. Often officials want to reassure residents that their water is safe to drink, but on Thursday night, local officials were looking for help.

"We are clearly in a crisis in this city," said Rialto City Councilman Ed Scott.

Newman and Scott were witnesses who spoke to the committee, chaired by Assemblyman Jared Huffman, D-San Rafael.

Kurt Berchtold, assistant executive officer of the Riverside-based Santa Ana Regional Water Quality Control Board, said this is the most complex and challenging case he's worked on in his 20+ years with the board.

The perchlorate is flowing from industrial sites in northern Rialto. Perchlorate interferes with the functioning of the thyroid gland. The chemical is removed from drinking water before it is served to consumers.

Locally, some wells have been shut down because they are not outfitted to treat perchlorate in the water.

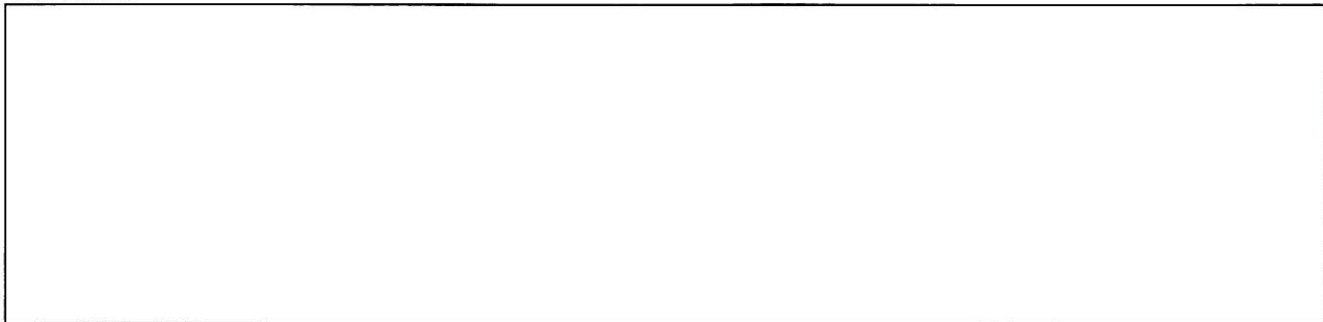
It is not known if local residents drank much perchlorate before it was discovered in 1997.

Scott and Newman called on the EPA, which could list the site as a Superfund site by the fall, to order the suspected polluters to provide clean water until the state and EPA come up with a permanent cleanup plan. Scott said the cost of treating contaminated water is a drain on the city.

Rialto has spent about \$25million trying to hold suspected polluters responsible for the contamination, he said.

Newman criticized what she called "foot

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dragging by all the agencies involved" and said the regional board moved more swiftly to combat perchlorate contamination in Redlands and the EPA more swiftly to address similar contamination in Santa Monica because they are wealthier, whiter communities.

Barry Groveman, a lawyer for the West Valley Water District, which provides water to about half the city, said when he represented Santa Monica he had to put pressure on the EPA to get the agency to order the suspected polluters to provide replacement water.

"I will tell you that we beat people in Washington to a pulp," he said.

Berchtold said the water board has moved more quickly in Rialto than in Redlands, a case involving Lockheed Martin Corp. Rialto has identified more than 40 parties its legal team says are responsible for the contamination.

Kathleen Salyer, a Superfund program manager based in San Francisco, said EPA rarely issues replacement water orders, and that it's best to use EPA resources to develop a cleanup strategy.

jason.pesick@

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April 21, 2008 09:00 AM Eastern Daylight Time 

Judge Rules Cadiz v. Metropolitan Water District Case to Be Heard by Jury; Trial Set for May 5, 2008 to Hold Metropolitan Accountable for "Breach of Fiduciary Duty" Claim

Trial to Explore Public Policy Issues Directly Related to Current Water Crisis

LOS ANGELES--([BUSINESS WIRE](#))--Cadiz Inc. (NASDAQ:CDZI) announced today that Los Angeles Superior Court Judge Jane Johnson issued favorable final rulings late Friday of last week on a number of pre-trial motions in the Company's case against the Metropolitan Water District of Southern California ("Metropolitan"). In the case, Cadiz is seeking to hold Metropolitan accountable for breaching its fiduciary obligations resulting from a long-term partnership between the two parties to develop a secure water supply for southern California. From 1998-2002, Cadiz and Metropolitan worked together as partners to develop the Cadiz Groundwater Storage and Dry-Year Supply Program ("Cadiz Program") through an extensive environmental and technical review that culminated in approval of the Cadiz Program by the Federal Government.

Upon making her ruling, Judge Johnson also set the trial date for May 5, 2008, pending the outcome of a mandatory settlement conference that is to be held on April 30, 2008. In her ruling on the most recent motions, Judge Johnson:

- Denied Metropolitan's motion to strike the request for a jury trial, so that a jury of Southern California citizens will now have the opportunity to review the facts in the case and evaluate Metropolitan's testimony in court;
- Denied Metropolitan's motions to exclude the testimony of an expert witness, who has valued Cadiz's damages at between \$397 - \$673 million.
- Denied Metropolitan's motion to exclude evidence of damages resulting from its failure to accept a right-of-way grant offered for the Cadiz Program and its failure to certify the Final Environmental Impact Report for the Cadiz Program.

Stephen Mick, Cadiz's attorney and partner at Akin Gump Strauss Hauer & Feld LLP, stated, "We are pleased that this matter is going to trial before a jury. We look forward to the opportunity to hold Metropolitan accountable for breaching its fiduciary obligations to Cadiz and for denying southern Californians a secure water supply at a time when consumers are being forced to pay more for less water."

Richard Stoddard, CEO of Cadiz Real Estate LLC, commented, "We are committed to helping California with its long-term water supply needs. California's economy cannot grow without stable water supplies, which is why state law now requires future development to have proven and secure supplies. As the state debates construction of controversial aboveground reservoir projects, the Cadiz Program could provide an immediate efficient, cost-effective, and environmentally sound alternative. Had the Cadiz Program been built in 2002 under the partnership with Metropolitan, it would be delivering much needed dry-year supplies now, during our current drought, and could also be utilized to help manage the current crisis on the Bay Delta."

Originally proposed in 1997, the Cadiz Program would have built and operated facilities in eastern San Bernardino County for aquifer storage of imported Colorado River water available during wet years, and for delivery of previously stored Colorado River water and indigenous groundwater for use within Metropolitan's Southern California service area during droughts, emergencies, and other periods of need.

In September 2001, following four years of environmental review, a Final Environmental Impact Statement ("FEIS") and Final Environmental Impact Report ("FEIR") were issued by the U.S. Bureau of Land Management and Metropolitan, in collaboration with the U.S. Geological Survey and the National Park Service.

The FEIS/FEIR included one of the most comprehensive groundwater monitoring and management plans ever proposed in California to ensure protection of critical resources in and surrounding the Cadiz Program area. On August 29, 2002, the U.S. Department of the Interior ("DOI") issued a Record of Decision ("ROD"), the final step in the federal environmental review process. The ROD included approval of the FEIS for the Cadiz Program and offered a right-of-way grant for the Project's conveyance pipeline and electrical transmission line.

However, in October 2002, Metropolitan's Board of Directors decided not to proceed with the Program, declined to accept the right-of-way grant authorized by the DOI, and declined to consider the FEIR, which was the final step in the California Environmental Quality Act ("CEQA") process. As a result, no other public agency or private party could move forward with implementation of the program.

In April 2003 Cadiz filed a claim against Metropolitan seeking compensatory damages for Metropolitan's failure to make these entitlements available to Cadiz. When settlement negotiations failed to produce a resolution, Cadiz filed the lawsuit against Metropolitan on November 17, 2005.

Founded in 1983, Cadiz Inc. is a publicly held land and water resource development firm. The Company owns more than 45,000 acres of land with substantial water resources in eastern San Bernardino County, California. Further information on the Company can be obtained by visiting our corporate web site at www.cadizinc.com.

This release contains forward-looking statements that are subject to significant risks and uncertainties, including statements related to the future operating and financial performance of the Company and the financing activities of the Company. Although the Company believes that the

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expectations reflected in our forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Factors that could cause actual results or events to differ materially from those reflected in the Company's forward-looking statements include the Company's ability to maximize value for Cadiz land and water resources, the Company's ability to obtain new financing as needed, and other factors and considerations detailed in the Company's Securities and Exchange Commission filings.

Contacts

Cadiz Inc.

Courtney Degener, Investor
Relations Manager
213-271-1600

or

Mercury Public Affairs

Laura Braden / Adam Mendelson
213-880-4636



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For Mrs. Boos Crime and Public Safety 4-28-08

Region facing water 'crisis'

Jennifer McLain, Staff Writer Article Created: 04/26/2008 08:36:11 PM PDT

With the simple twist of a knob, clean water spills from the tap.

At the end of the month, the bill comes, and if it's higher, it's not by much.

So what's to be worried about?

According to local water officials: more than most people know.

"It's kind of like gasoline," said Albert Robles, director on the Water Replenishment District of Southern California. "The public didn't notice when gas was \$2 a gallon, but at \$4 they are starting to see that there is a problem."

Even as cities and water agencies warn of impending crisis, asking for increased conservation and promising hikes in rates, the public remains apathetic, water officials say.

At the polls, few voters turn out. Water board meetings rarely attract an audience. And even when elected water officials are caught in scandals, such as Three Valleys Municipal Water Director Xavier Alvarez, who is on trial for lying about receiving the Medal of Honor and has been censured by the board, the public shows little interest in their water districts.

"Are we in a water crisis? You bet your life we are," said Edward Little, director at the West Basin Municipal Water District. "The public needs to understand that there are water problems and they need good people to represent them. But it's a very complicated business, and it is hard for people to understand it."

Droughts, contaminated groundwater, a reduced supply of imported water, environmental pressures

and a lack of money for infrastructure are a few of the obstacles facing water agency and governmental officials.

In February, Gov. Arnold Schwarzenegger called on the public to reduce water usage by 20 percent in 12 years by doing things like cutting back on watering their lawns, taking shorter showers and getting low-flush toilets.

But water officials contend these requests may soon become demands and that the public soon will see the crisis reflected in their bills.

"We're not talking about, 'Gosh, maybe we need to prevent a future crisis.' We are facing the crisis today," said Tim Quinn, executive director of the Association of California Water Agencies. "There is a disconnect with the public."

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That is largely because regional water agencies have spent billions in developing water storage, and those reserves are being drawn on today.

In five years, those supplies will be gone, he said.

"All of our sources are suffering challenges," said John Morris, a director on the Metropolitan Water District of Southern California who represents San Marino.

Rate hikes and mandatory conservation methods have already begun in some areas.

A 14 percent fee increase approved last month by the Metropolitan Water District of Southern California will impact almost many water agencies in the region.

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The increase, which will add about \$1.50 per month to the average bill, affects 18 million Southern Californian residents and will take effect in 2009.

Central Basin Municipal Water District predicts the average household water bill will increase as much as \$25 a year in the next three years.

In some cities, mandatory conservation efforts have already been implemented, and officials believe they will become more widespread.

This could include fines for too much outside water use or tiered rate systems that charge high-use consumers more.

Long Beach declared a water emergency last fall, and Azusa Light and Water imposed mandatory conservation methods on its consumers last November.

MWD is expected to discuss more serious conservation efforts at its board meeting next month.

"A number of directors have urged MWD to declare a higher state of emergency as we dip into our reserve water supply during this drought," said Anthony Fellow, a director at the Upper San Gabriel Valley Municipal who sits the MWD board of directors.

Heightened awareness by the governor and those who depend on imported water is largely due to a court ruling this past September that reduces pumping by 30 percent of the San Joaquin-Sacramento Delta to protect Delta smelt, an endangered species.

The supply could be further reduced if a judge finds that pumping the Delta also has an effect on salmon.

"What is happening today is that water supplies are being reduced by a fairly substantial amount at the stroke of a pen in the courtroom," Quinn said.

Fees and conservation

Patchwork of agencies

Local water agencies rely on a combination of imported water and local aquifers.

These agencies - which range from mutual companies that serve 300 customers to city-owned departments that supply water to 90,000 people - employ nearly 1,250 people. They were haphazardly formed at the turn of the century, when agricultural lands needed irrigation. The crops were eventually replaced by homes and businesses, all needing more and cleaner water.

"Like a lot of things in government, it is probably a situation where if they had to do it all over again, they would probably end up with a very different system," said William Rukeyser, spokesman for the state Water Resources Control Board. "But this is the reality that we have today, and we have to deal with it."

What resulted was an overlapping system of pipes, inconsistent rates, a disparity in service, disorganized oversight and unbalanced conservation efforts, said Assemblyman Mike Eng, D-El Monte.

"One agency in Baldwin Park could be encouraging conservation, but then you go across the street to the next city and you see someone wasting water," Eng said. "We need to have uniformity among water agencies."

The agencies serving customers in the San Gabriel Valley can be broken down into several categories: mutual, private, municipals and special districts.

Some cities, such as Downey, rely entirely on the city-run department of water to provide all of its residents with water. Other cities, such as Rosemead, have no water rights and depend on a variety of water companies to service their water.

But most cities, such as El Monte, rely on a combination of these water agencies for their supply.

"A lot of people just get their water and don't know or care where it comes from," said John Lopez, general manager of the Altadena-based Las Flores Water Company.

Some water officials realize that Southern Californians have heard this "water crisis" talk before.

The discovery of contaminated groundwater in the San Gabriel Valley, a lack of water storage facilities, conservation pushes and droughts are nothing new to the region.

But what makes this different compared to past threats, they say, are other mounting financial concerns - including health care, budget deficits and education - that the state is facing.

"This is worse than your kid not having an education," Eng said. "Try your kid not having drinking water."

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Los Angeles Times



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From the Los Angeles Times

Learning from our arid past

More droughts, less water — our future depends on adapting to scarcity.
By Brian Fagan

April 29, 2008

One of the downsides to global warming is drought. About 11 million people in northeast Africa alone were in serious danger of starvation in 2006 as a result of drought. The International Institute of Tropical Agriculture in Nigeria estimates that about 300 million people in sub-Saharan Africa — nearly a third of the population — will suffer from malnutrition because of intensifying drought by 2010. With continued warming and more droughts on the horizon, we need to learn how to better live with our natural world and its cycles.

Here in the Western United States, it's tree rings that tell us that cycles of wet and dry, warm and cool are the historical reality.

In California, the source is tree stumps in Sierra lake beds. Owens Lake once covered more than 115 square miles at the mouth of the Owens River. The mountain runoff that fed the lake varied dramatically in cycles of wet and dry years. In drier periods, trees grew in the still-moist soil of the receding lake. When the rains came, the trees drowned, leaving stumps as a chronicle of aridity: An epochal drought began before AD 910 and ended about 1100; a wetter century then ensued, when rainfall was higher than in modern times. A second drought started before 1210 and ended 140 years later.

As for the wider West, a grid of more than 600 tree-ring sequences from throughout the region, compiled by a team at the Lamont-Doherty Tree Ring Laboratory at Columbia University, puts today's droughts in perspective. The centuries between AD 900 and 1253 witnessed long dry spells. After 1300, an abrupt change to wetter conditions lasted for 600 years, then gave way to today's aridity. Some people refer to a "mega-drought epoch" 1,000 years ago, when cool, dry La Niña conditions persisted for decades over the eastern Pacific and the winter jet stream stayed well north of what is now California.

None of today's droughts approach the intensity and duration of the medieval ones. The six-year California drought that began in 1987 resulted in Sierra Nevada runoff that was only 65% of normal. During the great medieval droughts, inflow to Owens Lake is estimated to have been 45% to 50% lower than usual.

Why did the medieval droughts persist so long? Gradually accumulating climatic evidence from around the world is showing that the mega-drought epoch experienced significant warming on a global level, similar to recent conditions. During the 20th century, increased Northern Hemisphere temperatures and unusual warming of the western Pacific and Indian oceans contributed to drought formation over middle latitudes.

How did people survive? A thousand years ago, California's human population was tiny, a scattering of hunters, gatherers and fishermen who adapted effortlessly to long-term drought. They tapped rare permanent water supplies, changed their diet and moved to higher ground. Acorns were a staple; so were sea fish in places such as the Santa Barbara Channel. Survival in some of the toughest landscapes on Earth depended on cooperation, intelligence about water supplies, mobility and flexibility, knowledge of their environment and on taking advantage of all kinds of food resources when they became available. Nevertheless, prolonged aridity must have killed thousands of people in medieval times, from the American West to the Saharan Sahel.

Although today's droughts are minuscule compared with the dry spells of 1,000 years ago, the future is truly frightening. Sophisticated computer models by Britain's Hadley Center for Climate Prediction and Research predict a 3% to 18% increase in the amount of the Earth's surface that will be exposed to extreme drought by 2100; 40% of the world will suffer from severe drought, up from the current 18%; 50% will suffer from moderate drought. California and other Western states, at the very least, will suffer from severe drought. By 2025, an estimated 2.8 billion of us will live in arid areas like California.

Today, we harvest water on an industrial scale — from rainfall, from rivers and lakes and from rapidly shrinking water tables. Many of us in California live off what are, effectively, looted water supplies, brought by canal from Owens Lake or the Colorado River or drained from aquifers.

But at best we have accommodated ourselves to nature's fickle realities. Our greatest asset is not necessarily our technology but our opportunism and endless capacity to adapt to circumstances. We must learn from the history of the great droughts and begin to think of ourselves as partners with, rather than potential masters of, the changing natural world.



Brian Fagan is emeritus professor of anthropology at UC Santa Barbara and the author of "The Great Warming: Climate Change and the Rise and Fall of Civilizations."

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Delta canal measure put on hold

By **E.J. Schultz** - eschultz@fresnobee.com

Published 12:00 am PDT Wednesday, April 30, 2008

An Assembly committee on Tuesday shelved legislation to build a canal around the suffering Sacramento-San Joaquin River Delta, telling the bill's author to try again next year.

Two years in the making, Senate Bill 27 tackled a subject so politically charged that author Sen. Joe Simitian, D-Palo Alto, carefully avoided using the "P" word – Peripheral Canal – as he presented the bill as a way to shore up state water supplies without harming the environment.

But with environmentalists, farmers and Delta-area interests all opposed for different reasons, the legislation went the way of so many other water bills – to the shelf to wait for more studies.

"We don't know what will fix this yet ... so to leap to the conclusion that it is a conveyance facility and to focus attention on that I think truly is premature," said Assemblywoman Lois Wolk, D-Davis, chairwoman of the Assembly Water, Parks and Wildlife Committee.

"Conveyance" is the other word for canal. SB 27 would have created a new seven-member authority to contract for the design and construction of a new facility to move water from the Delta to pumps that send water to cities and farms.

The bill would have also asked voters to approve a \$4 billion bond to pay for environmental restoration of the Delta.

Voters rejected a so-called Peripheral Canal in 1982, but the idea has drawn renewed interest recently as groups take a closer look at the Delta's woes.

There are many troubling signs.

Declining fish populations have led to court-ordered pumping cutbacks. Elevated ocean levels, predicted as the climate warms, could cause floods. And the ever-present threat of a Delta earthquake has water users on edge.

"The Delta's going to hell in a handbasket," Simitian said. "There's a two out of three chance that the whole system will collapse sometime in the next 50 years."

Committee members agreed with the urgency but said it would be wise to wait for a much-anticipated Delta report. The Delta Vision Blue Ribbon Task Force, appointed by Gov. Arnold Schwarzenegger, is scheduled to release a "strategic plan" for the estuary in October.

Separately, the administration announced in February it would start environmental reviews on several options for improving Delta water flows.

Possibilities include pumping water around the Delta, both through and around it, or bolstering the existing system, which moves water only through the estuary.

Urging Simitian to wait for more findings, the Assembly committee did not vote on his bill.

He plans to scale it back to include only short-term fixes, and said he would tackle the canal again in a new bill next year.

But finding consensus will prove tough, no matter how much new information is available.

Farmers want assurances that they will still get access to enough Delta water and not be charged too much for it.

Environmentalists worry that a new canal could hurt water quality, harming fish. Delta-area residents, meanwhile, have long feared that a new canal is nothing more than a south-state water grab.

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MWD drought plan spurs district's lawsuit

By Mike Sprague, Staff Writer

Article Launched: 04/17/2008 10:53:39 PM PDT

SoCal Water



Read more about the politics, supply and demand and safety levels of water in Southern California. Visit On Tap: The Future of SoCal Water for more articles and

COMMERCE - One of Metropolitan Water District's own member agencies sued it Wednesday, challenging the constitutionality and other aspects of a drought plan approved in February.

Commerce-based Central Basin Municipal Water District, which has two appointees on the MWD board, alleges the plan raises taxes without a vote of the people and violates environmental laws.

The MWD document sets up a complex formula to allocate water and also imposes steep penalties on agencies that use more than their allotment of water.

Art Aguilar, general manager for Central Basin, said the drought plan is unfair to his district

which serves Whittier and other communities in the Southeast area of Los Angeles County.

"Although Metropolitan would like us to think of this as a 'conservation plan,' it is actually an economic plan that virtually robs from the poor to pay for the cost of new development in more affluent areas," Aguilar said.

Central Basin is one of 26 member agencies of MWD that buy water from the district and then re-sell it to private and public water utilities.

MWD General Manager Jeff Kightlinger called the drought plan legal and fair.

"(The plan) treats everyone equally whether they live in Beverly Hills, Riverside or San Diego. The plan is designed to ensure that it was as fair as possible at the retail level," he said.

Kightlinger said he understands that not everyone was pleased with the plan, but only two agencies - Central Basin and Long Beach - voted against it.

The 51-page lawsuit cites several legal problems with the MWD drought plan, created in the face of water shortages caused by lack of rain, a court ruling protecting the San Joaquin Delta smelt and less apportionments from the Colorado River.

Aguilar said the plan violates California Propositions 13 and 218 by increasing property taxes without an election in communities perceived to overuse water.

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Kightlinger said the plan hasn't gone into effect and MWD hasn't yet collected a dollar. In addition, many water districts have water rates at different levels for increasing consumption, he added.

"The reality is we wouldn't have the water to deliver."

Central Basin also contends that MWD violated state law because it never evaluated the plan's environmental effect.

MWD didn't need to do the study because plans like this are exempted under state law, Kightlinger said.

He said he is disappointed that Central Basin is suing his district.

"It was critical that we file this now, and not wait until the plan is enacted," Aguilar countered. "It is our goal to ensure there is enough time to go back to the drawing board and collectively produce a plan that is fair and effective."

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Metropolitan Water District board votes to help finance reservoir

10:00 PM PDT on Tuesday, April 8, 2008

By JENNIFER BOWLES
The Press-Enterprise

Board members of Southern California's largest urban water supplier on Tuesday approved spending \$28.7 million to help finance a federal reservoir near the Mexican border that will collect water from the Colorado River, which flows into Mexico above that country's entitlement.

In exchange for helping to pay for the \$172 million reservoir, Metropolitan Water District will get a larger share of water from the Colorado River through 2036. The water district serves 18 million customers in Southern California, including western Riverside County and southwestern San Bernardino County.

The Southern Nevada Water Authority is the chief financier of the reservoir being built by the U.S. Bureau of Reclamation. But an agency in Arizona is also helping to fund the project in exchange for more water.

Altogether, the reservoir will save up to 228 billion gallons of water per year. The partnership will help prevent or delay water shortages for the three states that rely heavily on the Colorado River, which is in the grips of an eight-year drought, said Jeff Kightlinger, the water district's general manager.

Known as Drop 2, the reservoir will be built in Imperial County near the All-American Canal. It will contain two cells, each holding 4,000 acre-feet of water, when it is completed in 2010. One acre-foot equals 326,000 gallons, enough to serve two families for one year.

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

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Pressure mounting

Officials push cleanup action in Rialto

Jason Pesick, Staff Writer

Article Created: 03/25/2008 11:32:34 PM PDT

RIALTO - Pressure is mounting on the U.S. Environmental Protection Agency to get tough with companies accused of contaminating the city's drinking water.

U.S. Sen. Dianne Feinstein, D-San Francisco, is calling on the EPA to take action against the parties it believes are responsible for the contamination, primarily the chemical perchlorate.

"We immediately need water orders to be issued," Rialto City Councilman Ed Scott said at a news conference at Rialto City Hall on Tuesday.

The city of Rialto, the West Valley Water District and members of the Riverside-based Center for Community Action and Environmental Justice held the news conference to criticize the EPA for taking too long to issue orders against the polluters.

Although Rialto has identified more than 40 suspected polluters, the three getting the most attention are Goodrich, Black & Decker's defunct Emhart entity and the Rialto-based fireworks company Pyro Spectaculars.

In a March 4 letter to EPA Administrator Stephen

Johnson, Feinstein wrote that the EPA should order polluters to provide the community with water until the underlying dispute is resolved. She also said she wants to meet with Johnson.

"It is critical that the EPA take a more aggressive role in addressing the problem now in order to ensure adequate clean water supplies and prevent further hardship to these communities," she wrote.

Perchlorate, which interferes with the thyroid gland, is flowing through the water supply along with chemicals used for industrial cleaning. Contaminated water is not being served to residents.

If the suspected polluters, many of which are defense contractors and fireworks companies, are forced to provide clean water to the communities, they will be more likely to move quickly toward an overall solution, said Barry Groveman, West Valley's attorney.

That's because they won't want to keep paying to provide clean water forever, he said.

Groveman represented the city of Santa Monica in 1999 after it discovered the gasoline ingredient methyl tertiary butyl ether in the water supply.

Within six months, the EPA issued orders compelling some of the parties responsible for the pollution to provide clean water, he said.

Perchlorate was discovered in Rialto in 1997.

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"They (the EPA) act quickly in upper-class white communities," said Penny Newman, executive director of the Center for Community Action, of cleanups elsewhere.

"In the city of Rialto, we're hard-working people and we're apparently not as important to them," Scott said.

In addition to the Santa Monica comparison, Newman mentioned a state cleanup of contamination in Redlands that was faster than Rialto's cleanup.

The contamination in Redlands was discovered in 1980, and the cleanup did not begin until 1998, said Kurt Berchtold, assistant executive officer of the Santa Ana Regional Water Quality Control Board.

"Our work in Rialto has moved more quickly than our work in Redlands did," he said, noting that the Rialto case is much more complicated and involves many more suspected polluters.

Compounding the city's case is that after years of holding the EPA at bay because of concerns its work would take too long and put a stigma on the city, the Rialto City Council only invited the agency to town in December.

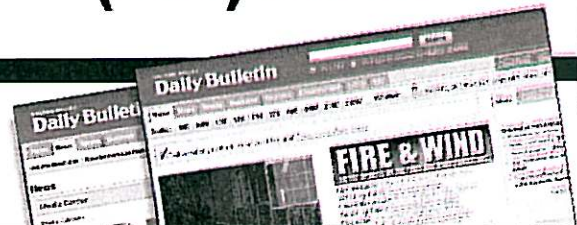
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Editorial: Governor's water plan a boost for conservation

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Gov. Arnold Schwarzenegger surprised many in 2006 by signing a bill to cap greenhouse gas emissions.

Now he seems interested in pursuing a similar cap on practices that waste water.

Schwarzenegger told legislators last month that, as part of a comprehensive water package, he wants a 20 percent reduction in per-person water use in urban areas by 2020. His Department of Water Resources is now formulating strategies to meet that target, and lawmakers could soon be debating bills to further the state's conservation efforts.

This renewed focus on conservation is encouraging on at least two fronts. By finding common ground on ways to improve water efficiency, state leaders could lay the groundwork for progress in other areas, such as improving water quality and conveyance in the Sacramento-San Joaquin Delta.

Conservation also makes financial sense. For many areas of California, it is the cheapest, most immediately available source of new water.

Consider these numbers: Each year, cities and suburbs use about 8.7 million acre-feet of water, or about 2.8 trillion gallons. Compared with agriculture, cities and counties consume just a fraction of the state's overall supply. But because urban areas are growing quickly and generally don't have seniority in water rights, many of them pay a steep price for their water. Thus they have a built-in incentive to make the most of every drop.

Over the last two decades, certain urban areas – particularly those outside of the Central Valley – have invested heavily in water efficiency. Those investments are a key reason why the state's population has grown with only modest investments in water storage.

Yet more could be done. According to Chapter 22 of the current California Water Plan Update, an extra 3 million acre-feet of water – one-third of the current urban usage – could be saved yearly with existing technologies. These include installing more efficient sprinklers and landscaping at city parks and highway medians; expanding metering of water and replacing an estimated 10 million antiquated toilets that were installed in homes and offices prior to 1992.

In this session, lawmakers have introduced varied legislation – including Assembly Bills 2175, 2882, 2153 and 2219 – to tighten conservation. All are works in progress and vary in

approach. AB 2175, for instance, would require water agencies to achieve a firm per-person target in reducing water consumption, but would give credit to those that have already invested in conservation. AB 2153 would require new developments to reduce their water consumption "footprint" by helping disadvantaged communities and farmers pay for improved efficiency.

While conservation isn't a panacea for all of the state's water challenges, it still retains untapped potential, as well as unseen environmental benefits. The less water that is pumped out of rivers and over mountains, the less energy the state must purchase from power plants, including those that burn dirty coal.

Water conservation goes hand in hand with California's overall effort to prepare for, and reduce the threat of, climate change. If state leaders can recognize that nexus, 2008 could be a year of real accomplishment on water.

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Los Angeles Times

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From the Los Angeles Times

CAPITOL JOURNAL

There's still no end in sight to California's water wars

George Skelton
Capitol Journal

April 3, 2008

SACRAMENTO — Fortunately, winter snowfall in the Sierra was average. So homes haven't flooded in the Central Valley. Neither is there a drought, at least caused by nature.

There is a court-caused drought, of sorts, because a federal judge is trying to protect a vanishing little fish, the smelt, from being sucked into and chomped up by giant water pumps in the Sacramento-San Joaquin Delta. Consequently, there's a 30% cut in deliveries of southbound water from Northern California.

But this is noticed primarily by San Joaquin Valley farmers.

So although it's fortunate that no swollen rivers have burst their banks or carwashes have been padlocked, it's also unfortunate in a way. Because public pressure is off politicians and water warriors to finally fix California's old, vulnerable plumbing system.

We're getting close to the 50th anniversary of the last time Sacramento achieved anything really significant regarding water development. In 1959, newly elected Gov. Pat Brown cajoled and coerced the Legislature -- and later the voters -- into enacting the then-controversial California Water Project.

That came only after killer floods had inundated Northern California four years earlier. It was the worst flooding in nearly a century. The main culprit was the Feather River, a major tributary of the Sacramento River. The Feather flooded Yuba City and Marysville, killing more than 20 people and floating houses toward San Francisco Bay, 130 miles southwest.

"We must build now and ask questions later," declared state water director Harvey Banks, an exhortation he used in his many speeches selling the water project. The fish-chomping Delta pumping plant later was named after Banks.

Brown formed a coalition of flood-frightened northerners, parched valley farmers and thirsty southerners to build the huge Oroville Dam on the Feather River. He also built the California Aqueduct to deliver water south.

But Brown ran out of money for a third vital piece of the plan: a peripheral canal to funnel Sacramento River water around the fragile, brackish Delta and directly into the southbound aqueduct. Since then, the Delta fishery has tanked -- not just the tiny smelt, but popular salmon and striped bass.

After Brown, Gov. Ronald Reagan also fell short of money and delayed building the canal. Gov. Jerry Brown persuaded the Legislature to reauthorize the big ditch, but an unlikely coalition of rich farmers and skittish environmentalists talked voters into repealing the legislation. Paradoxically, the farmers thought Brown had provided too many protections for the environment while the environmentalists believed he hadn't provided enough.

And that's pretty much where we are today -- except that when these facilities were built, California had 16 million people. Today there are 38 million.

We didn't know back then about global warming reducing the Sierra snowpack and melting it faster, threatening even worse droughts and floods and making water storage even more crucial. And the earthen levees of the Delta mixing bowl weren't crumbling as they are today.

But there still are the same water wars: north versus south. Environmentalists versus developers. Everybody versus farmers. Delta farmers versus valley farmers.

"This issue is more important to the long-term economic viability of California than any other issue, including budget reform," says Steve Merksamer, a political lawyer, former chief of staff to Gov. George Deukmejian and a key player in a recently aborted attempt to sponsor a water bond initiative for the November ballot. "Without water, people die. Forget growth. People will die.

"And the fact is, water is going to get extraordinarily expensive. People are complaining about gas. Wait until they start seeing their water bills. Everybody's talking about raising rates. . . . I'm not even talking about it, God forbid, there's a massive earthquake that craters the Delta."

Allan Zaremberg, president of the California Chamber of Commerce, who led the recent initiative effort, puts it simply: "The Delta is the heart of California's water-supply system. And if the Delta has a heart attack, we're not going to be able to deliver the water to the rest of the supply system."

The unsuccessful initiative attempt is the latest example of California's perpetual water gridlock. Frustrated with the Legislature's failure to strike a compromise, a coalition of business, agriculture, labor and water leaders drafted a \$11.7-billion bond measure. It would have paid for dams, underground storage, environmental and levee fixes, and established criteria for some version of a peripheral canal.

U.S. Sen. Dianne Feinstein (D-Calif.) flew to Sacramento at Gov. Arnold Schwarzenegger's invitation to help broker the deal, but the coalition began falling apart. The Westlands Water District, representing valley farmers, balked because the proposal didn't guarantee a Delta fix. The environmental lobby objected to the dams and a possible canal. Both told Feinstein the measure wouldn't pass. She backed off. And the coalition, lacking broad, bipartisan support, gave up trying to qualify a measure for November.

Feinstein fired off a letter to state Senate President Pro Tem Don Perata (D-Oakland) and Assembly Speaker Fabian Nuñez (D-Los Angeles) declaring that she 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."

Since then, there have been negotiations between Democratic Sen. Mike Machado, a water-savvy Stockton-area farmer, and the incoming Senate Republican leader, Dave Cogdill of Modesto. Both say they're making progress. But even so, the Assembly is showing little interest in water. And the Legislature seems mired in an awkward leadership transition. So it's looking like yet another year without progress.

"They could get it done," Feinstein told me, "if people would do what they're elected to do, which is to lead and solve problems, even if it's painful, and cut across special interests and do the right thing."

If history's any guide, they'll wait for the next deadly flood or drought.

george.skelton@latimes.com

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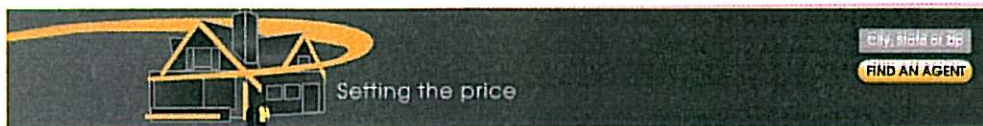
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From the Los Angeles Times

DUST-UP

California's big gulp

Last fall, solving the state's water crisis was a hot political issue. Now we've had a rainy winter, and some of that interest seems to have flagged. What does that say about the political climate regarding water reform? All week, California Department of Water Resources Director Lester Snow and Mindy McIntyre of the Planning and Conservation League debate state water policy.

April 7, 2008

Today, Snow and McIntyre begin their Dust-Up with a debate on the political urgency of ending the state's water crisis. Later in the week, they'll discuss population growth, water desalination and more.

Don't be fooled by the rain — we're in a water emergency

By Lester Snow

It is true that the political focus on water policy has waned temporarily due to the urgency of the budget crisis and the illusion of ample water supplies this year. Fortunately, Gov. Arnold Schwarzenegger has not wavered in his efforts to advance water infrastructure investment. Additionally, and despite the near-normal snow pack of this winter, many areas of the state will face shortages and ecosystem problems will continue. The underlying inadequacies of our water management system remain unaddressed.

As the governor and Sen. Dianne Feinstein (D-Calif.) have advocated, we must reinvest in water infrastructure to provide for reliable water supplies and a healthy ecosystem.

Much of the state's water supply is delivered through the Sacramento-San Joaquin River Delta. Last December, U.S. District Judge Oliver Wanger imposed pumping restrictions to protect the endangered delta smelt, a native fish. This means that even if water is available, it may not be delivered. As of March, the State Water Project was delivering only 35% of requested water to communities, farmers and businesses.

In addition to these cutbacks, and even though our mountain snow pack has been measured at near-normal levels this year, we're still making up for dry conditions in 2007. The state's most important water-supply reservoirs are well below normal levels. For example, Lake Oroville -- the principal storage reservoir for our State Water Project -- is at about 60% of what it should be for this time of year.

Regarding the snow pack, we need to be looking at the impact of climate change. Experts expect continuing climate change to reduce snow levels and cause more precipitation to fall as rain. And while our natural "reservoir" that is the winter snow pack is being reduced, changing patterns of precipitation will also increase the danger of flooding and the need to capture more rainwater in reservoirs.

In one way or another, all of this centers on the Delta, where we tap our rivers to meet the needs of most Californians. And the delta will not be able to provide reliable water supplies unless we start acting immediately to fix our problems.

Fortunately, Schwarzenegger has shown strong leadership in proposing solutions to our water problems. His Bay Delta Conservation Plan, for example, calls for a collaborative effort by water agencies, other federal and state agencies and environmental organizations to improve water storage, quality, conveyance and conservation to both protect our environment and reliably meet the demands of agriculture, cities, homes, businesses and industry.

The delta's ecosystem and water-delivery capability cannot be sustained without major changes. At this point, no amount of precipitation will dispel the urgency of fixing the state's water crisis. There are no silver bullets. We need to invest in water conservation, improved water quality, additional storage and alternate delta conveyance to save the delta and ensure a reliable water supply well into the future. Reforming water policy and reinvesting in California water infrastructure may not be easy, but it is essential to the state's future.

Lester Snow is director of the California Department of Water Resources.

Old solutions won't solve today's crisis

By Mindy McIntyre

There is widespread agreement that California's approach to managing water for human and environmental needs is broken. Cities and farms are finding that their water supplies are not as reliable as they thought. At the same time, several fish species are facing extinction. Many biologists conclude that one California fish species may be gone by next year.

If everyone agrees that California is on an unsustainable path, then why don't we link arms to support a solution? The answer is that California is just now coming to grips with the causes of these problems.

Until last year, most of the water establishment believed that they could keep pumping more water from the state's rivers and the Sacramento-San Joaquin River Delta (the largest estuary on the west coast of North and South America) to meet agricultural and urban demands. In obscure processes such as the Napa Agreement (a closed-door negotiation) and another bureaucracy known as the CalFed, they deluded themselves into thinking that there were no physical or environmental limits -- even as the signs of disaster were plain to see if one just took the time to look.

This view crashed with several related events. First was the near-total collapse of the delta ecosystem. This led to the second shoe falling when a

federal judge found that operations of the massive state and federal pumps that move water from the delta were a primary cause of the problem. The court ordered the pumping be cut back -- the first indication that there is a limit to the amount of water that can be exported from Northern to Southern California.

At the same time, studies of the Colorado River indicate that there is a significant possibility that the river in the near future may not be provide as much water to the Western states as it has for the last several decades. Research shows that despite the fact that we have built massive dams on the Colorado River, nature may not fill the lakes these dams create. Compounding all of this is the recognition that climate change is already affecting our Sierra snowpack and water supply.

The governor should be commended for his call for increased conservation. In addition, several other realities will have to be accepted for effective solutions to move forward.

The first is that California's rivers and streams are already over-allocated. Building new dams to allow more diversions from already water-short streams would perpetuate the problems we are seeing with endangered species and water quality, not lead to solutions.

Second, the condition of our economy requires that we look for new solutions that do not rely so heavily on public subsidies. Any bond presented to voters should serve multiple public benefits and address the needs of California today. We ought to steer clear of bonds that provide new subsidies for a select few based on assumptions and strategies from the past. While we move as quickly as possible to sort out the long-term solutions, the governor should approve the list of immediate actions that everyone agrees are ready to go.

Lastly, California needs to develop water solutions that support a healthy economy while restoring a healthy environment. We cannot rely on strategies from the past to solve the problems they created and address the water issues of the future. I'll write more on that tomorrow.

Mindy McIntyre is the Planning and Conservation League's water program manager.

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