



# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

**Thursday, May 22, 2007**

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

*(Lunch will be served)*

***AT THE CHINO BASIN WATERMASTER OFFICES***

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





# CHINO BASIN WATERMASTER

Thursday, May 22, 2008

9:00 a.m. – Advisory Committee Meeting

11:00 a.m. – Watermaster Board Meeting

(Lunch will be served)

## AGENDA PACKAGE



**CHINO BASIN WATERMASTER  
ADVISORY COMMITTEE MEETING**

9:00 a.m. – May 22, 2008  
At The Offices Of  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

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

**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held on April 24, 2008 *(Page 1)*

**B. FINANCIAL REPORTS**

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

**C. KCO, LLC ("KOLL") INTERVENTION**

1. Consider Approval of Application of Intervention by KCO, LLC ("Koll") to become a Member of the Overlying Non-Agricultural Pool *(Page 25)*

**D. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – The Cucamonga Valley Water District has an agreement with West Valley Water District, formerly known as West San Bernardino County Water District, whereby Cucamonga Valley Water District will purchase 500 acre-feet of West valley Water District's stored Chino Basin groundwater. Date of Application: March 13, 2008 *(Page 47)*
2. **Consider Approval for Notice of Sale or Transfer** – Sunkist Growers ("Transferor") hereby permanently transfers to KCO, LLC – "Koll" ("Transferee") the quantity of 22.000 acre-feet per year of corresponding Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment. Date of Application: March 4, 2008 *(Page 63)*

**II. BUSINESS ITEMS**

**A. WATERMASTER 2008-2009 BUDGET**

Discussion and Possible Action to Consider Approval for the Chino Basin Watermaster 2008-2009 Budget (*Page 69*)

**B. CHINO CREEK WELL FIELD COSTS**

Consider Approval to Request to Take Active Role in the Litigation and Remediation of VOC Plume Emanating from the Chino Airport (*Page 99*)

**C. AGREEMENT WITH IEUA FOR REIMBURSEMENT FOR CEQA COSTS**

Consider Approval for the Agreement with Inland Empire Utilities Agency for Reimbursement for CEQA Costs (*Page 103*)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. July 24, 2008 Hearing
2. Santa Ana River Permits

**B. ENGINEERING UPDATES**

1. Conditions Subsequent 5 and 6 Update
2. Changes in the Characteristics in the Santa Ana River Flow

**C. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. OIA Update

**D. INLAND EMPIRE UTILITIES AGENCY**

1. MWD Water Alert Presentation
2. Recycled Water 3-Year Budget Presentation (*Page 111*)
3. Recycled Water Newsletter (*Page 123*)
4. Monthly Water Conservation Programs Report (*Page 129*)
5. Monthly Imported Water Deliveries Report (*Page 133*)
6. State and Federal Legislative Report (*Page 139*)
7. Community Outreach/Public Relations Report (*Page 173*)

**E. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

**IV. INFORMATION**

1. Newspaper Articles (*Page 175*)

**V. COMMITTEE MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

May 22, 2008	9:00 a.m.	Advisory Committee Meeting
May 22, 2008	11:00 a.m.	Watermaster Board Meeting
May 29, 2008	10:00 a.m.	Recharge Master Plan Meeting
June 12, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
June 17, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 26, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 26, 2007	9:00 a.m.	Advisory Committee Meeting
June 26, 2007	11:00 a.m.	Watermaster Board Meeting

**Meeting Adjourn**

**CHINO BASIN WATERMASTER  
WATERMASTER BOARD MEETING**

11:00 a.m. – May 22, 2008

**At The Offices Of**

**Chino Basin Watermaster**

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

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

**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held on April 24, 2008 *(Page 7)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of April 2008 *(Page 13)*
2. Watermaster Visa Check Detail *(Page 17)*
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**II. BUSINESS ITEMS**

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- 1. July 24, 2008 Hearing
- 2. Santa Ana River Permits

**B. ENGINEERING UPDATES**

- 1. Conditions Subsequent 5 and 6 Update
- 2. Changes in the Characteristics in the Santa Ana River Flow

**C. CEO/STAFF REPORT**

- 1. Legislative Update
- 2. Recharge Update
- 3. OIA Update

**IV. INFORMATION**

- 1. Newspaper Articles (Page 175)

**V. BOARD MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

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June 26, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 26, 2007	9:00 a.m.	Advisory Committee Meeting
June 26, 2007	11:00 a.m.	Watermaster Board Meeting

**Meeting Adjourn**



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Advisory Committee Meeting – April 24, 2008



***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**  
*April 24, 2008*

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

**ADVISORY COMMITTEE MEMBERS PRESENT**

**Appropriative Pool**

Robert DeLoach, Chair	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Ron Craig	City of Chino Hills
Robert Young	Fontana Union Water Company
Mike McGraw	Fontana Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Anthony La	City of Upland
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Robert Tock	Jurupa Community Services District

**Non-Agricultural Pool**

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

Jeff Pierson	Ag Pool, Crops
Jennifer Novak	State of California – Department of Justice

**Watermaster Board Members Present**

Terry Catlin	Inland Empire Utilities Agency
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**Watermaster Staff Present**

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

**Watermaster Consultants Present**

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

**Others Present**

Dan Bott	Orange County Water District
Dave Penrice	ACM
Eunice Ulloa	Chino Basin Water Conservation District
Sandra Rose	Monte Vista Water District
Marty Zvirbulis	Cucamonga Valley Water District
Tom Crowley	Western Valley Water District
Steven G. Lee	Reid & Hellyer
Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Mike Sovich	Three Valleys Municipal Water District



Chair DeLoach called the Advisory Committee meeting to order at 9:08 a.m.

## **AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

### **I. CONSENT CALENDAR**

#### **A. MINUTES**

1. Minutes of the Advisory Committee Meeting held March 27, 2008
2. Minutes of the Watermaster Board/Advisory Committee Conference Call held March 31, 2008

#### **B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of March 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through February 29, 2008
4. Treasurer's Report of Financial Affairs for the Period February 1, 2008 through February 29, 2008
5. Budget vs. Actual July 2007 through January 2008

*Motion by Moorrees, second by Bowcock, and by unanimous vote*

***Moved to approve consent calendar items A and B as presented***

### **II. BUSINESS ITEMS**

#### **A. PROPOSED BUDGET TRANSFER REQUEST**

Mr. Manning stated this item was presented last month and at that Appropriative and Non-Agricultural Pool meeting staff was directed to hold the item over until a conversation could be held between members of the Appropriative Pool and the Agricultural Pool. That meeting did take place and no recommendation was received as a result of that meeting. A motion was made at the March Agricultural Pool which designated \$50,000 for the budget transfer. Since that meeting staff has reviewed the Agricultural Pool Legal and Technical invoices that have been submitted to Watermaster and have analyzed them going forward to the end of the year and staff believes \$35,000 is an appropriate amount to seek approval for a budget transfer at this time. Mr. Manning stated all Pools have agreed to the new projected amount.

*Motion by Pierson, second by Moorrees, and by unanimous vote*

***Moved to approve the budget transfer request in the amount of \$35,000 for the Agricultural Pool legal and technical expenses, as presented***

### **III. REPORTS/UPDATES**

#### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

##### **1. Hanson Aggregates**

Counsel Fife stated this item is regarding the discharge of silt into the Lower Day Basin. As a result, a complaint has been filed by Chino Basin Watermaster and served on Hanson Aggregates. A mediation session was held last week which did not produce a settlement. A case management conference took place on April 18, 2008 and at the conference the judge instructed the parties to move into the discovery process and scheduled another case conference for a few months out. Considering what happens between now and the case conference the judge will consider scheduling a trial date last this year or the beginning of next year. A discussion regarding this matter ensued.

2. May 1<sup>st</sup> 2008 Hearing and Associated Pleadings

Counsel Fife stated there was a draft Watermaster pleading which was sent out yesterday. There is a copy of that draft pleading on the back table. Counsel would like direction from the parties today as to the filing of that pleading in order to meet deadlines. Counsel Fife stated a copy of a proposed stipulation is being handed out right now that legal counsel and staff have been in discussions with Monte Vista Water District (MVWD) over the past few days. This draft stipulation attempts to settle the MVWD issues. Counsel and staff are willing to recommend this so the Advisory Committee and Watermaster Board for adoption. MVWD will need to advise on their position on the stipulation. Fife reviewed the Watermaster stipulation regarding resolving MVWD's issues. A discussion regarding this matter ensued. The Advisory Committee decided to take a 10 minute break to discuss the stipulation between Watermaster and Monte Vista Water District. After the conclusion of the break a motion was made to add this item to the agenda.

*Motion by Jeske, second by La, and by unanimous vote*

***Moved to add this item to the agenda, as presented***

A brief discussion regarding this item ensued.

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

***Moved to authorize the stipulation to be forwarded to the Watermaster Board and allow counsel and/or staff to make corrections that are not substantive in content, as presented***

**B. ENGINEERING UPDATES**

1. Hydraulic Control Monitoring Program Report  
No comment was made regarding this item.

2. Chino Creek Well Field, Test Well Site  
No comment was made regarding this item.

3. Conditions Subsequent No. 3, 5, and 6  
No comment was made regarding this item.

**C. FINANCIAL REPORT**

1. Financial Update  
Ms. Rojo stated a Budget Ad-Hoc Committee meeting was held recently and the participants included board members and pool members. The budget categories were reviewed and discussed for the next fiscal year. The scheduling of work, and who performs what tasks and the budgeted costs of the categories was reviewed in detail. It was noted that Watermaster appeared to be on task and that another meeting does not need to be scheduled. The Watermaster Budget Workshop has been scheduled for April 29, 2008 at 10:00 a.m.

**D. CEO/STAFF REPORT**

1. Legislative Update  
Mr. Manning stated he went to Sacramento yesterday and met with the GRA and the California Groundwater Collation. Mr. Manning was able to speak with several legislators regarding recycling bills and noted the discussions went very well.

2. Recharge Update  
No comment was made regarding this item.

## Added Comment:

Mr. Manning stated the most current documents regarding Peace II are now available on the back table for parties to add into the small three ring Watermaster binders. Watermaster is making extra copies of binders for the Agricultural Pool who stated they don't currently have updated copies. Mr. Manning noted the recharge spread sheet is available on the back table for review.

**E. INLAND EMPIRE UTILITIES AGENCY**

1. Santa Ana River Watermaster  
Mr. Atwater discussed recycled water and its usages in detail.
2. Monthly Water Conservation Programs Report  
No comment was made regarding this item.
3. Monthly Imported Water Deliveries Report  
No comment was made regarding this item.
4. State and Federal Legislative Report  
Ms. Davis commented on bill 802270, which is a bill that would give local agencies the authority to regulate water softeners. Ms. Davis discussed the bill in detail.
5. Community Outreach/Public Relations Report  
No comment was made regarding this item.
6. Recycled Water Program Newsletter – April 2008  
No comment was made regarding this item.

**F. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

No comment was made regarding this item.

**IV. INFORMATION**

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

**V. COMMITTEE MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

April 10, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
April 15, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 24, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
April 24, 2008	9:00 a.m.	Advisory Committee Meeting
April 24, 2008	11:00 a.m.	Watermaster Board Meeting
April 24, 2008	1:00 p.m.	Recharge Master Plan Meeting
April 29, 2008	10:00 a.m.	CBWM Budget Workshop
* May 15, 2008	10:00 a.m.	<b>Joint Appropriative &amp; Non-Agricultural Pool Meeting</b>
May 20, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 22, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
May 22, 2008	9:00 a.m.	Advisory Committee Meeting
May 22, 2008	11:00 a.m.	Watermaster Board Meeting

\* Note: App & Non-Ag Meeting has changed from May 8, 2008 to May 15, 2008

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

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

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# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Watermaster Board Meeting – April 24, 2008



*Draft Minutes*  
**CHINO BASIN WATERMASTER  
WATERMASTER BOARD MEETING**  
*April 24, 2008*

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

**WATERMASTER BOARD MEMBERS PRESENT**

Ken Willis, Chair	City of Upland
David DeJesus	Three Valleys Municipal Water District
John Rossi	Western Municipal Water District
Jim Bowman	City of Ontario
Kathy Tiegs	Cucamonga Valley Water District
Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

**Watermaster Staff Present**

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

**Watermaster Consultants Present**

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

**Others Present**

Dave Crosley	City of Chino Basin Watermaster
Eunice Ulloa	Chino Basin Water Conservation District
Robert Tock	Jurupa Community Services District
Jeff Pierson	Ag Pool – Crops
Sandra Rose	Monte Vista Water Company
Jennifer Novak	Ag Pool – State of California
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Dan Bott	Orange County Water District

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

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR****A. MINUTES**

1. Minutes of the Watermaster Board Meeting held March 27, 2008
2. Minutes of the Watermaster Board/Advisory Committee Conference Call held March 31, 2008

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of March 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through February 29, 2008
4. Treasurer's Report of Financial Affairs for the Period February 1, 2008 through February 29, 2008
5. Budget vs. Actual July 2007 through January 2008

*Motion by Bowman, second by Catlin, and by unanimous vote*

***Moved to approve consent calendar items A and B as presented***

**II. BUSINESS ITEMS****A. PROPOSED BUDGET TRANSFER REQUEST**

Mr. Manning stated this item was presented last month and that the Appropriative and Non-Agricultural Pool meeting staff was directed to hold the item over until a conversation could be held between members of the Appropriative Pool and the Agricultural Pool. That meeting did take place and no recommendation was received as a result of that meeting. A motion was made at the March Agricultural Pool which designated \$50,000 for the budget transfer. Since that meeting staff has reviewed the Agricultural Pool Legal and Technical invoices that have been submitted to Watermaster and have analyzed them going forward to the end of the year and staff believes \$35,000 is an appropriate amount to seek approval for a budget transfer at this time. Mr. Manning stated all Pools have agreed to the new projected amount.

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

***Moved to approve the budget transfer request in the amount of \$35,000 for the Agricultural Pool legal and technical expenses, as presented***

**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Hanson Aggregates**

Counsel Slater stated this item is regarding the discharge of silt into the Lower Day Basin. As a result, a complaint has been filed by Chino Basin Watermaster and served on Hanson Aggregates. A mediation session was held last week which did not produce a settlement. A case management conference took place on April 18, 2008 and at the conference the judge instructed the parties to move into the discovery process and scheduled another case conference for a few months out. Considering what happens between now and the case conference the judge will consider scheduling a trial date last this year or the beginning of next year. A discussion regarding this matter ensued and it was decided further discussion regarding this item will take place at the closed session scheduled at the end of the meeting.

**2. May 1<sup>st</sup> 2008 Hearing and Associated Pleadings**

Counsel Slater stated there is a court ordered hearing scheduled for May 1, 2008. That hearing was scheduled in the court's December 21, 2007 order of proving the Peace II measures. The purpose of the hearing is to verify the adequacy of Watermaster's filings. A report was prepared by the Special Referee with regard to those filings; who appears to be satisfied with the filings. The Special Referee did make an observation regarding a discrepancy in a table and suggested that Watermaster prepare a new and independent motion in order to have the conditions approved on May 1, 2008. The Special Referee made some comments with regard to the CEQA process. Watermaster has prepared a



draft pleading which has been circulated and counsel is receiving comments on that pleading. Counsel Slater reviewed the draft pleading. A discussion ensued with regard to this matter and it was decided line 6 through 8 of the pleading would be removed. Counsel Slater asked that the members make a motion to add this item to the agenda so that a motion can be made regarding this change.

*Motion by Vanden Heuvel, second by DeJesus, and by unanimous vote  
Moved to add this item to the agenda, as presented*

*Motion by Vanden Heuvel, second by DeJesus, and by unanimous vote  
Moved to remove lines 6 through 8 on the pleading, as presented*

Counsel Slater reviewed Monte Vista Water District's (MVWD) pleading that was filed regarding conditions subsequent 3 and 4. Counsel Slater stated counsel and staff have drafted a stipulation with regard to MVWD's pleading. Counsel Slater reviewed Watermaster's stipulation and a discussion ensued with regard to the situation. It was decided that Counsel Slater, Mr. Kidman, and Mr. Kinsey would be dismissed from the Watermaster Board meeting to discuss and come to a conclusion regarding the language of the stipulation. Counsel Slater commented on the motion made by the Advisory Committee's meeting this morning. Counsel Slater read the changes made to the stipulation which was agreed upon to by MVWD and their counsel.

*Motion by Vanden Heuvel, second by Willis, and by unanimous vote  
Moved to add this item to the agenda, as presented*

A lengthy discussion regarding this issue ensued.

*Motion by Vanden Heuvel, second by DeJesus, and by unanimous vote  
Moved to authorize the changes agreed to by Monte Vista Water District to the Watermaster stipulation regarding the MVWD pleading filed on conditions subsequent 3 and 4, as presented*

## **B. ENGINEERING UPDATES**

### **1. Hydraulic Control Monitoring Program Report**

Mr. Wildermuth stated one of the items budgeted in the Watermaster budget is for Hydraulic Control; last month there was a presentation on the current monitoring status. On April 15, 2008 the results were filed with the Regional Water Quality Control Board. Along with filing that report, a meeting took place to discuss reducing the scope of that monitoring. The Regional Board asked for a proposal to extend the time frame of filing that report so that it is not done every year but maybe every other year or even every few years. This will reduce to costs for this monitoring program.

### **2. Chino Creek Well Field, Test Well Site**

Mr. Wildermuth stated Watermaster staff has assisted the parties to establish where those well sites should be located. That effort has been completed in early April and there are some discussions about moving the well fields. Mr. Manning offered comment on the locations of the new test well fields and noted a 30 day extension has been placed on this project for parties to have more input.

### **3. Conditions Subsequent No. 5 and 6**

Mr. Wildermuth stated condition subsequent no. 5 is the preparation of a report that is submitted to the court that describes the Recharge Master Plan update. On March 28, 2008, the inaugural meeting of the group took place to develop a scope and content of that update. A strawman proposal was prepared and distributed to the parties for review. A meeting will be held today to discuss the Strawman proposal. Mr. Wildermuth stated conditions subsequent no. 6 deals with the definition of Hydraulic Control which is being

requested by the court to provide some clarity. This is a technical question and staff has had a few meetings with the Regional Board staff and a Strawman report needs to be prepared for them. A discussion regarding this matter ensued. Mr. Wildermuth stated he will come back at another meeting with a clearer graphical form to more clearly explain the process.

#### C. FINANCIAL REPORT

##### 1. Financial Update

Ms. Rojo stated a Budget Ad-Hoc Committee meeting was held recently and the participants included board members and pool members. The budget categories were reviewed and discussed for the next fiscal year. The scheduling of work, and who performs what tasks and the budgeted costs of the categories was reviewed in detail. It was noted that Watermaster appeared to be on task and that another meeting does not need to be scheduled. The Watermaster Budget Workshop has been scheduled for April 29, 2008 at 10:00 a.m. Mr. Vanden Heuvel offered comment on the recent Budget Ad-Hoc Committee meeting.

#### D. CEO/STAFF REPORT

##### 1. Legislative Update

Mr. Manning stated he went to Sacramento yesterday and met with the GRA and the California Groundwater Collation. Mr. Manning was able to speak with several legislators regarding recycling bills and noted the discussions went very well.

##### 2. Recharge Update

Mr. Manning noted the recharge spread sheet is available on the back table for review.

#### Added Comment:

Mr. Manning stated the most current add-ons regarding Peace II are now available on the back table and in your meeting folders to add into your small three ring Watermaster binder. Watermaster is making extra copies of full binders for the Agricultural Pool who stated they never received them. Mr. Manning stated there is a Recharge Master Plan meeting scheduled for today directly after lunch and noted the due date to submit this plan is July 1, 2008.

#### IV. INFORMATION

##### 1. Newspaper Articles

No comment was made regarding this item.

#### V. BOARD MEMBER COMMENTS

Mr. Hofer offered comment on the current prison system.

#### VI. OTHER BUSINESS

No comment was made regarding this item.

The regular Board meeting was dismissed at 12:15 p.m. to convene the Confidential Session

#### VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

No comment was made regarding this item.

#### VIII. FUTURE MEETINGS

April 10, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
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May 22, 2008	9:00 a.m.	Advisory Committee Meeting
May 22, 2008	11:00 a.m.	Watermaster Board Meeting

**\* Note:** App & Non-Ag Meeting has changed from May 8, 2008 to **May 15, 2008**

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

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

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# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

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





# CHINO BASIN WATERMASTER

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

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**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:** Cash Disbursement Report – April 2008

### SUMMARY

**Issue** – Record of cash disbursements for the month of April 2008.

**Recommendation** – Staff recommends the Cash Disbursements for April 2008 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2007-08 Watermaster Budget.

### BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

### DISCUSSION

Total cash disbursements during the month of April 2008 were \$397,014.53. The most significant expenditures during the month were Inland Empire Utilities Agency, in the amount of \$190,000.00, Brownstein, Hyatt, Farber & Schreck in the amount of \$66,398.80, and Ellison, Schneider & Harris, LLP in the amount of \$5,822.05.

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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**April 2008**

Type	Date	Num	Name	Amount
Apr 08				
General Journal	4/5/2008	080403	PAYROLL	-7,770.60
General Journal	4/5/2008	080403	PAYROLL	-24,870.78
Bill Pmt -Check	4/7/2008	12210	ACWA	-850.00
Bill Pmt -Check	4/7/2008	12211	APPLIED COMPUTER TECHNOLOGIES	-3,701.30
Bill Pmt -Check	4/7/2008	12212	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	4/7/2008	12213	BOWMAN, JIM	-125.00
Bill Pmt -Check	4/7/2008	12214	CAL CPA	-375.00
Bill Pmt -Check	4/7/2008	12215	COMPUTER NETWORK	-1,069.19
Bill Pmt -Check	4/7/2008	12216	DE BOOM, NATHAN	-250.00
Bill Pmt -Check	4/7/2008	12217	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	4/7/2008	12218	FEENSTRA, BOB	-875.00
Bill Pmt -Check	4/7/2008	12219	HETTINGA, PETER	-375.00
Bill Pmt -Check	4/7/2008	12220	HSBC BUSINESS SOLUTIONS	-320.37
Bill Pmt -Check	4/7/2008	12221	HUITSING, JOHN	-375.00
Bill Pmt -Check	4/7/2008	12222	INLAND EMPIRE UTILITIES AGENCY	-127.31
Bill Pmt -Check	4/7/2008	12223	JAMES JOHNSTON	-900.00
Bill Pmt -Check	4/7/2008	12224	KOOPMAN, GENE	-375.00
Bill Pmt -Check	4/7/2008	12225	PARK PLACE COMPUTER SOLUTIONS, INC.	-5,100.00
Bill Pmt -Check	4/7/2008	12226	PAYCHEX	-194.82
Bill Pmt -Check	4/7/2008	12227	PIERSON, JEFFREY	-1,000.00
Bill Pmt -Check	4/7/2008	12228	PRINTING RESOURCES	-203.07
Bill Pmt -Check	4/7/2008	12229	PUMP CHECK	-890.00
Bill Pmt -Check	4/7/2008	12230	PURCHASE POWER	-2,018.99
Bill Pmt -Check	4/7/2008	12231	SAFETY CLEAN JANITORIAL SERVICES	-590.00
Bill Pmt -Check	4/7/2008	12232	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	4/7/2008	12233	CITISTREET	-3,095.66
Bill Pmt -Check	4/7/2008	12234	VERIZON	-409.22
Bill Pmt -Check	4/7/2008	12235	W.C. DISCOUNT MOBILE AUTO DETAILING	-75.00
Bill Pmt -Check	4/7/2008	12236	WILLIS, KENNETH	-125.00
Bill Pmt -Check	4/7/2008	12237	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	4/7/2008	12238	CITISTREET	-3,095.66
Bill Pmt -Check	4/7/2008	12239	INLAND EMPIRE UTILITIES AGENCY	-190,000.00
Bill Pmt -Check	4/16/2008	12240	HOPPERS	-3,337.02
General Journal	4/19/2008	080405	PAYROLL	-7,774.94
General Journal	4/19/2008	080405	PAYROLL	-24,728.82
Bill Pmt -Check	4/21/2008	12241	HOPPERS	-3,337.02
Bill Pmt -Check	4/22/2008	12242	A & R TIRE	-220.37
Bill Pmt -Check	4/22/2008	12243	AMERICAN GROUND WATER TRUST	-250.00
Bill Pmt -Check	4/22/2008	12244	AWWA	-1,350.00
Bill Pmt -Check	4/22/2008	12245	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	4/22/2008	12246	BANK OF AMERICA	-2,958.76
Bill Pmt -Check	4/22/2008	12247	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	4/22/2008	12248	BOWMAN, JIM	-125.00
Bill Pmt -Check	4/22/2008	12249	BROWNSTEIN HYATT FARBER SCHRECK	-66,398.80
Bill Pmt -Check	4/22/2008	12250	COMPUTER NETWORK	-3,442.62
Bill Pmt -Check	4/22/2008	12251	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	4/22/2008	12252	ELLISON, SCHNEIDER & HARRIS, LLP	-5,822.05
Bill Pmt -Check	4/22/2008	12253	FEENSTRA, BOB	-125.00
Bill Pmt -Check	4/22/2008	12254	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	4/22/2008	12255	KIWANIS CLUB OF ONTARIO	-250.00
Bill Pmt -Check	4/22/2008	12256	KUHN, BOB	-125.00
Bill Pmt -Check	4/22/2008	12257	MAYER HOFFMAN MC CANN P.C.	-95.00
Bill Pmt -Check	4/22/2008	12258	MCI	-1,169.95
Bill Pmt -Check	4/22/2008	12259	OFFICE DEPOT	-545.64
Bill Pmt -Check	4/22/2008	12260	PIERSON, JEFFREY	-125.00
Bill Pmt -Check	4/22/2008	12261	PITNEY BOWES CREDIT CORPORATION	-38.60
Bill Pmt -Check	4/22/2008	12262	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	4/22/2008	12263	PREMIERE GLOBAL SERVICES	-145.67
Bill Pmt -Check	4/22/2008	12264	PUMP CHECK	-5,127.50
Bill Pmt -Check	4/22/2008	12265	REID & HELLYER	-5,900.43
Bill Pmt -Check	4/22/2008	12266	RICOH BUSINESS SYSTEMS-Maintenance	-49.00
Bill Pmt -Check	4/22/2008	12267	SAFEGUARD DENTAL & VISION	-13.85
Bill Pmt -Check	4/22/2008	12268	STANDARD INSURANCE CO.	-591.61
Bill Pmt -Check	4/22/2008	12269	STATE COMPENSATION INSURANCE FUND	-741.45
Bill Pmt -Check	4/22/2008	12270	UNION 76	-98.98
Bill Pmt -Check	4/22/2008	12271	UNITED PARCEL SERVICE	-433.18
Bill Pmt -Check	4/22/2008	12272	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	4/22/2008	12273	VERIZON WIRELESS	-430.62



CHINO BASIN WATERMASTER  
Cash Disbursement Detail Report  
April 2008

Type	Date	Num	Name	Amount
Bill Pmt -Check	4/22/2008	12274	W.C. DISCOUNT MOBILE AUTO DETAILING	-155.00
Bill Pmt -Check	4/22/2008	12275	WESTERN DENTAL SERVICES, INC.	-49.75
Bill Pmt -Check	4/22/2008	12276	WILLIS, KENNETH	-125.00
Bill Pmt -Check	4/22/2008	12277	RICOH BUSINESS SYSTEMS-Lease	-888.94
Bill Pmt -Check	4/24/2008	12278	PETTY CASH	-509.34
Bill Pmt -Check	4/30/2008	12279	CLASSIC BLINDS	-325.00
Apr 08				-397,014.53

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CHINO BASIN WATERMASTER  
Check Detail  
April 2008

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	12246	4/22/2008	BANK OF AMERICA	1012 · Bank of America Gen'l Ckg	
Bill	102442...	3/31/2008		6191 · Conferences	-2,319.66
				6031.7 · Other Office Supplies	-299.62
				6312 · Meeting Expenses	-139.15
				6141.3 · Admin Meetings	-80.22
				6212 · Meeting Expense	-120.11
TOTAL					-2,958.76

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

WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS		GRAND TOTALS	BUDGET 2007-2008
		POOL APPROPRIATIVE	AGRICULTURAL NON-AGRIC.	POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS		
Administrative Revenues								
Administrative Assessments		7,480,691		122,298			7,602,989	\$7,540,370
Interest Revenue		118,983	17,019	3,305			139,360	181,500
Mutual Agency Project Revenue	41,667						41,667	145,500
Grant Income								0
Miscellaneous Income								0
<b>Total Revenues</b>	<b>41,667</b>	<b>7,599,674</b>	<b>17,019</b>	<b>125,603</b>			<b>7,784,016</b>	<b>7,867,370</b>
Administrative & Project Expenditures								
Watermaster Administration	334,183						334,183	627,797
Watermaster Board-Advisory Committee	44,421						44,421	60,645
Pool Administration		15,375	104,987	5,107			125,469	127,333
Optimum Basin Mgmt Administration	2,040,868						2,040,868	1,857,337
OBMP Project Costs	3,342,032						3,342,032	5,183,883
Education Funds Use						375	375	375
Mutual Agency Project Costs	10,000						10,000	10,000
<b>Total Administrative/OBMP Expenses</b>	<b>5,392,900</b>	<b>15,375</b>	<b>104,987</b>	<b>5,107</b>		<b>375</b>	<b>5,897,348</b>	<b>7,867,370</b>
Net Administrative/OBMP Income	(378,604)							
Allocate Net Admin Income To Pools	378,604							
Allocate Net OBMP Income To Pools		288,828	82,338	7,438				
Agricultural Expense Transfer		4,082,329	1,163,774	105,130				
<b>Total Expenses</b>	<b>1,340,040</b>	<b>1,340,040</b>	<b>(1,340,040)</b>					
<b>Net Administrative Income</b>	<b>5,726,572</b>	<b>11,059</b>	<b>117,675</b>	<b>7,928</b>		<b>375</b>	<b>5,897,348</b>	<b>7,867,370</b>
	<b>1,873,102</b>	<b>5,960</b>				<b>(322)</b>	<b>1,886,668</b>	
Other Income/(Expense)								
Replenishment Water Assessments					3,402,393		3,402,393	0
MZ1 Supplemental Water Assessments								0
Water Purchases								0
MZ1 Imported Water Purchase								0
Groundwater Replenishment					(2,328,727)		(2,328,727)	0
<b>Net Other Income</b>					<b>1,073,666</b>		<b>1,073,666</b>	<b>0</b>
<b>Net Transfers To/(From) Reserves</b>		<b>1,873,102</b>	<b>5,960</b>	<b>7,928</b>	<b>1,073,666</b>	<b>(322)</b>	<b>2,960,334</b>	
Working Capital, July 1, 2007	4,222,862	475,604	156,528	294,397	158,251	1,655	5,309,297	
Working Capital, End Of Period	6,095,964	481,564	164,456	1,368,063	158,251	1,333	8,269,631	
<b>06/07 Assessable Production</b>	<b>130,826,204</b>	<b>37,295,410</b>	<b>3,369,080</b>				<b>171,490,694</b>	
<b>06/07 Production Percentages</b>	<b>76.288%</b>	<b>21.748%</b>	<b>1.965%</b>				<b>100.000%</b>	

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

<b>DEPOSITORIES:</b>		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	200,042
Zero Balance Account - Payroll		
Local Agency Investment Fund - Sacramento		<u>5,054,987</u>
<b>TOTAL CASH IN BANKS AND ON HAND</b>		<b>3/31/2008</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	<b>\$</b>	<b>5,255,529</b>
		<b>2/29/2008</b>
	<b>\$</b>	<b>(54,369)</b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable	\$	(38,644)
Assessments Receivable		468,199
Prepaid Expenses, Deposits & Other Current Assets		(120,186)
Accounts Payable		(17,520)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		6,721
Transfer to/(from) Reserves		<u>(352,939)</u>
<b>PERIOD INCREASE (DECREASE)</b>	<b>\$</b>	<b>(54,369)</b>

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
\$	500	\$ 904,411	\$ -	\$ 4,404,987	\$ 5,309,898
Deposits	-	349,013			349,013
Transfers	-	(714,348)	64,348	650,000	-
Withdrawals/Checks	-	(339,034)	(64,348)	-	(403,382)
Balances as of 2/29/2008	\$ 500	\$ 200,042	\$ -	\$ 5,054,987	\$ 5,255,529
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ (704,369)</b>	<b>\$ -</b>	<b>\$ 650,000</b>	<b>\$ (54,369)</b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

Balances as of 2/29/2008	\$	5,255,529
Deposits		349,013
Transfers		(403,382)
Withdrawals/Checks		(403,382)
Balances as of 3/31/2008	\$	5,255,529
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$</b>	<b>(54,369)</b>

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

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
3/10/2008	Deposit	L.A.I.F.	\$ 900,000				
3/28/2008	Withdrawal	L.A.I.F.	\$ (250,000)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ 650,000</b>	<b>-</b>			

\* The earnings rate for L.A.I.F. is a daily variable rate; 4.18% was the effective yield rate at the Quarter ended March 31, 2008.

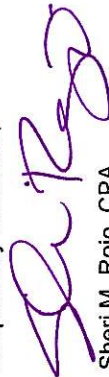
**INVESTMENT STATUS  
March 31, 2008**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 5,054,987			
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,054,987</b>			

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

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

Respectfully submitted,



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

CHINO BASIN WATERMASTER  
Budget vs. Actual  
July 2007 through March 2008

	<u>Jul '07 - Mar 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	41,667	145,500	-103,833	28.64%
4100 · Administrative Assessments				
4110 · Admin Asmnts-Approp Pool	7,480,691	7,423,878	56,813	100.77%
4120 · Admin Asmnts-Non-Agri Pool	122,298	116,492	5,806	104.98%
4700 · Non Operating Revenues	139,360	181,500	-42,140	76.78%
<b>Total Income</b>	<b>7,784,016</b>	<b>7,867,370</b>	<b>-83,354</b>	<b>98.94%</b>
<b>Gross Profit</b>	<b>7,784,016</b>	<b>7,867,370</b>	<b>-83,354</b>	<b>98.94%</b>
<b>Expense</b>				
6010 · Salary Costs	358,956	477,247	-118,291	75.21%
6020 · Office Building Expense	71,253	101,580	-30,327	70.15%
6030 · Office Supplies & Equip.	18,619	46,500	-27,881	40.04%
6040 · Postage & Printing Costs	64,644	83,000	-18,356	77.88%
6050 · Information Services	96,590	132,000	-35,410	73.17%
6060 · Contract Services	62,453	117,500	-55,047	53.15%
6080 · Insurance	4,160	18,210	-14,050	22.85%
6110 · Dues and Subscriptions	14,855	16,750	-1,895	88.69%
6140 · WM Admin Expenses	1,740	4,650	-2,910	37.42%
6150 · Field Supplies	116	2,500	-2,384	4.63%
6170 · Travel & Transportation	11,743	25,000	-13,257	46.97%
6190 · Conferences & Seminars	18,153	22,500	-4,347	80.68%
6200 · Advisory Comm - WM Board	13,724	18,931	-5,207	72.49%
6300 · Watermaster Board Expenses	30,698	41,714	-11,016	73.59%
8300 · Appr PI-WM & Pool Admin	15,375	24,001	-8,626	64.06%
8400 · Agri Pool-WM & Pool Admin	18,396	24,004	-5,608	76.64%
8467 · Ag Legal & Technical Services	75,531	95,000	-19,469	79.51%
8470 · Ag Meeting Attend -Special	11,059	12,000	-941	92.16%
8500 · Non-Ag PI-WM & Pool Admin	5,107	7,328	-2,221	69.69%
6500 · Education Funds Use Expens	375	375		100.0%
9500 · Allocated G&A Expenditures	-389,097	-419,640	30,543	92.72%
<b>Subtotal Administrative Expenses</b>	<b>504,448</b>	<b>851,150</b>	<b>-346,702</b>	<b>59.27%</b>
6900 · Optimum Basin Mgmt Plan	1,898,474	2,711,138	-812,664	70.03%
6950 · Mutual Agency Projects	10,000	10,000		100.0%
9501 · G&A Expenses Allocated-OBMP	142,394	141,199	1,195	100.85%
<b>Subtotal OBMP Expenses</b>	<b>2,050,868</b>	<b>2,862,337</b>	<b>-811,469</b>	<b>71.65%</b>
7101 · Production Monitoring	73,193	101,709	-28,516	71.96%
7102 · In-line Meter Installation	14,352	17,791	-3,439	80.67%
7103 · Grdwtr Quality Monitoring	87,125	117,104	-29,979	74.4%
7104 · Gdwtr Level Monitoring	140,987	182,667	-41,680	77.18%



	<u>Jul '07 - Mar 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7105 · Sur Wtr Qual Monitoring	6,849	15,553	-8,704	44.04%
7107 · Ground Level Monitoring	194,469	270,465	-75,996	71.9%
7108 · Hydraulic Control Monitoring	173,571	199,232	-25,661	87.12%
7109 · Recharge & Well Monitoring Prog	18,842	102,827	-83,985	18.32%
7200 · PE2- Comp Recharge Pgm	664,816	945,827	-281,011	70.29%
7300 · PE3&5-Water Supply/Desalte	77,205	159,509	-82,304	48.4%
7400 · PE4- Mgmt Plan	131,819	159,674	-27,855	82.56%
7500 · PE6&7-CoopEfforts/SaltMgmt	85,128	138,533	-53,405	61.45%
7600 · PE8&9-StorageMgmt/Conj Use	65,090	82,660	-17,570	78.74%
7690 · Recharge Improvement Debt Pymt	1,368,373	1,377,552	-9,179	99.33%
7700 · Inactive Well Protection Prgm	295	4,339	-4,044	6.8%
9502 · G&A Expenses Allocated-Projects	239,918	278,441	-38,523	86.17%
<b>Subtotal Implementation Project Expenses</b>	<b>3,342,032</b>	<b>4,153,883</b>	<b>-811,851</b>	<b>80.46%</b>
<b>Total Expense</b>	<b>5,897,347</b>	<b>7,867,370</b>	<b>-1,970,023</b>	<b>74.96%</b>
<b>Net Ordinary Income</b>	<b>1,886,669</b>		<b>1,886,669</b>	<b>100.0%</b>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4210 · Approp Pool-Replenishment	3,393,137			
4220 · Non-Ag Pool-Replenishment	9,256			
<b>Total Other Income</b>	<b>3,402,393</b>			
<b>Other Expense</b>				
5010 · Groundwater Replenishment	2,328,727			
9999 · To/(From) Reserves	2,960,335			
<b>Total Other Expense</b>	<b>5,289,062</b>			
<b>Net Other Income</b>	<b>-1,886,669</b>			
<b>Net Income</b>				



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### C. INTERVENTION

KCO, LLC (“KOLL”) Intervention



March 4, 2008

**VIA FEDERAL EXPRESS**

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

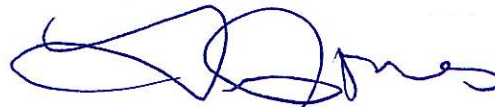
Re: Request to Intervene in *Chino Basin Municipal Water  
District v. City of Chino, et al.*, San Bernardino Superior Court  
Case No. RCV 51010 (Formerly Case No. 164327)

Dear Watermaster:

Our office represents KCO, LLC (“Koll”) and Sunkist Growers, Inc. (“Sunkist”). We are enclosing for your consideration Koll’s request to intervene in the above-referenced action as a member of the overlying non-agricultural pool.

Please feel free to call me if you have any questions or comments.

Very truly yours,



Tammy L. Jones  
WESTON, BENSHOOF,  
ROCHEFORT, RUBALCAVA & MacCUISH LLP

TLJ/ysr  
Enclosure

cc: Michael Fife, Esq.  
(w/encl.)

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The Koll Company  
4343 Von Karman Avenue  
Suite 150  
Newport Beach, CA 92660  
(949) 833-3030  
(949) 250-4344 Fax

February 22, 2008

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

Re: Request to Intervene in *Chino Basin Municipal Water  
District v. City of Chino, et al.*, San Bernardino Superior Court  
Case No. RCV 51010 (Formerly Case No. 164327)

Dear Watermaster:

KCO, LLC, a Delaware limited liability company ("Koll") hereby submits this request to intervene in the above-referenced action (the "Judgment") as a member of the overlying non-agricultural pool. Koll's request is based on the following facts:

A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin"), Sunkist Growers, Inc. ("Sunkist") was provided under the Judgment with 2,393 afy of adjudicated groundwater rights when the Judgment was first entered in 1989. The real property held by Sunkist at that time included the real property described in the next paragraph.

B. In 2006, Sunkist sold a portion (*i.e.*, 15 acres) of its real property (the "Koll Property") overlying the Basin to Koll. Under the terms of the purchase and sale agreement, Sunkist reserved all of its adjudicated water rights for use on the remaining portion of its real property overlying the Basin. The Judgment does not prohibit a party from selling a portion of its land to a third party. The Judgment also does not specify that a party who sells a portion of its land to a third party loses any of its adjudicated water rights.

C. Now, Sunkist wishes to transfer 22 afy of its adjudicated rights to Koll for use on the Koll Property. A copy of Sunkist's Application to Transfer Annual Production Right or Safe Yield is attached as Exhibit "A".

D. Because Koll is not a party to the Judgment, Koll must be permitted to intervene in the Judgment. While not filed, a draft Motion to Intervene is attached as Exhibit "B" and can be filed with the court if deemed necessary by the Watermaster.

E. Koll will use the groundwater extracted for the use authorized in the Judgment, namely Koll will use the water solely for industrial and commercial purposes on its overlying Koll Property. Accordingly, Koll should be deemed a member of the overlying non-agricultural pool.

F. The transfer from Sunkist to Koll does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

Based on the foregoing, Koll respectfully requests that the Watermaster approve its request to intervene in the Judgment and Sunkist's request to transfer 22 afy of overlying groundwater rights to Koll on the following terms and conditions:

1. The transfer will apply solely to the 22 afy of Sunkist's overlying rights transferred to Koll.
2. Koll will use any and all groundwater extracted solely for industrial and commercial purposes on the Koll Property.
3. Koll shall comply with all provisions of the Judgment.
4. The Judgment shall be binding on Koll's "respective heirs, executors, administrators, successors, assigns, lessees and licensees and upon the agents, employees and attorneys in fact of all such persons" as provided under Paragraph 63 of the Judgment.

Chino Basin Watermaster  
February 22, 2008  
Page 3

If you have any questions regarding the foregoing, please feel free to contact me.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "G.O. Yahr", with a long horizontal flourish extending to the right.

Gerald O. Yahr  
Managing Principal of Development  
KCO, LLC

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# EXHIBIT A

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**APPLICATION  
TO  
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD**

Effective March 2008, Sunkist Growers, Inc. ("Transferor") hereby transfers to KCO, LLC ("Transferee") the quantity of 22 acre-feet per year of corresponding Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "*CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.*" RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

- (1) Transferee shall exercise said right under the terms of the Judgment and the Peace Agreement. The first water produced in any year shall be that produced pursuant to carry-over rights defined in the Judgment. After production of its carry-over rights, if any, the next (or first if no carry-over rights) water produced by Transferee from the Chino Basin shall be that produced hereunder.
- (2) Transferee shall put all waters utilized pursuant to said Transfer to reasonable beneficial use.
- (3) Transferee shall pay all Watermaster assessments on account of the water production hereby Transferred.
- (4) Any Transferee not already a party must intervene and become a party to the Judgment.

**TO BE EXECUTED** by both Transferor and Transferee, and to be accompanied by a general description of the area where the Transferred water was to be Produced and use prior to the Transfer, and where it will be Produced and used after the Transfer. This general description can be in the form of a map.

**WATER QUALITY AND WATER LEVELS**

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

There will be no impact on water quality or water levels as this is a transfer or ownership and will not remove the water from the existing property.

**MATERIAL PHYSICAL INJURY**

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

If yes, what are the proposed mitigation measures, if any, that might reasonable be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ADDITIONAL INFORMATION ATTACHED** Yes [ ] No [ X ]

<p><i>John Ayers</i></p> <p>Transferor John Ayers Manufacturing Director Sunkist Growers, Inc.</p>	<p>Gerald O. Yahr</p> <p>Transferee Gerald O. Yahr Managing Principal of Development KCO, LLC</p>
--	---

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_

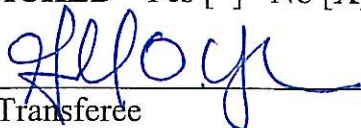
**MATERIAL PHYSICAL INJURY**

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

If yes, what are the proposed mitigation measures, if any, that might reasonable be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ADDITIONAL INFORMATION ATTACHED** Yes [ ] No [X]

_____	
Transferor	Transferee
Ted Leaman	Gerald O. Yahr
Vice President, Citrus Juice and Oil	Managing Principal of Development
Business Unit, Sunkist Growers, Inc.	KCO, LLC

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_

THE PROPERTY IS DESCRIBED AS FOLLOWS:

Real property in the City of Ontario, County of San Bernardino, State of California, described as follows:

PARCEL A:

LOTS 7, 8, 9, 10, 11, 12, 13 AND 14, BLOCK 1, STAR TRACT, IN THE CITY OF ONTARIO, AS PER PLAT RECORDED IN BOOK 16 OF MAPS, PAGE 98, RECORDS OF SAID COUNTY.

PARCEL B:

LOTS 11, 12, 13, 14, 15, 16 AND 17, BLOCK 2, STAR TRACT, IN THE CITY OF ONTARIO, AS PER PLAT RECORDED IN BOOK 16 OF MAPS, PAGE 98, RECORDS OF SAID COUNTY.

PARCEL C:

PARCELS 1 AND 2 OF PARCEL MAP NO. 8579, AS SHOWN BY MAP ON FILE IN BOOK 117, PAGES 42 THROUGH 44, INCLUSIVE, OF PARCEL MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA.

PARCEL D:

LOTS 6, 7, 8, 9, 10, 11, 12 AND 13 OF MC KIBBON'S SUBDIVISION, IN THE CITY OF ONTARIO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP THEREOF, RECORDED IN BOOK 18, PAGE 3 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 1049-202-01-0-000 (Affects : A portion of Parcel A), 1049-202-02-0-000 (Affects : A portion of Parcel A), 1049-202-03-0-000 (Affects : A portion of Parcel A), 1049-202-04-0-000 (Affects : A portion of Parcel A), 1049-202-05-0-000 (Affects : A portion of Parcel A), 1049-201-28-0-000 (Affects : A portion of Parcel B), 1049-211-05-0-000 (Affects : A portion of Parcel C), 1049-211-06-0-000 (Affects : A portion of Parcel C), 1049-202-16-0-000 (Affects : A portion of Parcel D), 1049-202-17-0-000 (Affects : A portion of Parcel D), 1049-202-18-0-000 (Affects : A portion of Parcel D), 1049-202-19-0-000 (Affects : A portion of Parcel D), 1049-202-20-0-000 (Affects : A portion of Parcel D)

# EXHIBIT B

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1 EDWARD J. CASEY (State Bar No. 119571)  
2 TAMMY L. JONES (State Bar No. 232693)  
3 **WESTON, BENSHOOF, ROCHEFORT,**  
4 **RUBALCAVA & MacCUISH LLP**  
5 333 South Hope Street  
6 Sixteenth Floor  
7 Los Angeles, California 90071  
8 Telephone: (213) 576-1000  
9 Facsimile: (213) 576-1100

6 Attorneys for Intervenor  
7 **KCO, LLC**

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **FOR THE COUNTY OF SAN BERNARDINO**

10  
11 CHINO BASIN MUNICIPAL WATER  
12 DISTRICT,

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.

Case No.: RCV 51010  
(Formerly Case No. 164327)

[Assigned for all Purposes to The  
Honorable J. Michael Gunn]

MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
MOTION FOR LEAVE TO INTERVENE

Date: Date  
Time: Time  
Dept.: R08

WESTON BENSHOOF ROCHEFORT RUBALCAVA MACCUISH LLP  
333 South Hope Street, Sixteenth Floor  
Los Angeles, California 90071

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 KCO, LLC, a Delaware limited liability company, files this Motion for Leave  
4 to Intervene as a party to the above-entitled action. On October 26, 1989, a judgment was  
5 entered that adjudicated water rights and imposed a physical solution for the Chino  
6 Groundwater Basin (“Chino Basin”). That physical solution involves allocating the amount  
7 of water each groundwater user can pump from the Chino Basin annually. Koll is not a party  
8 to the Court judgment; however, in 2006 Koll purchased real property overlying the Chino  
9 Basin from Sunkist Growers, Inc. (“Sunkist”), a party to the judgment. Because Koll seeks  
10 to use groundwater for industrial and commercial purposes, Koll and Sunkist entered into an  
11 agreement in 2007 by which Sunkist agrees to transfer a portion of its adjudicated  
12 groundwater rights to Koll. That agreement is conditioned on this Court granting Koll’s  
13 Motion to Intervene and on the Court-appointed Watermaster approving the transfer of  
14 Sunkist’s rights to Koll. Once intervention is allowed, the transfer from Sunkist to Koll falls  
15 squarely within the transfer provisions set forth in a “Peace Agreement” entered into  
16 between the parties to the Judgment in 2000.

17 Because the transfer does not involve any additional groundwater extractions  
18 than those already provided for under the Judgment, the transfer will not result in any  
19 material physical injury to any party to the Judgment. Further, the transfer will not expand,  
20 redetermine or otherwise affect any adjudicated water rights under the Judgment. For these  
21 reasons, in addition to the fact the requirements for intervention have been satisfied pursuant  
22 to both the California Code of Civil Procedure and the Judgment, this Motion should be  
23 granted.

24 **II. FACTUAL AND PROCEDURAL BACKGROUND**

25 **A. Terms of the Judgment**

26 As briefly mentioned above, in 2000 the parties entered into an agreement  
27 further modifying the terms of the original judgment (the “2000 Peace Agreement”). Both  
28 the original Court judgment and the 2000 Peace Agreement are referred collectively

1 throughout this Motion as the “Judgment”. The provisions of Judgment most relevant to this  
2 Motion are as follows:

- 3 • The Judgment developed a physical solution to address the fact that more water  
4 was being pumped out of the Chino Basin than was replaced naturally by  
5 rainfall and other means (a condition referred to as “overdraft”).
- 6 • In order to balance the need to alleviate the overdraft with the need to allow all  
7 water users dependent on the Chino Basin to pump sufficient groundwater, the  
8 Court divided the users into three “pools”: 1) an overlying agricultural pool; 2)  
9 an overlying non-agricultural pool; and 3) an appropriative pool.
- 10 • This Motion concerns the overlying non-agricultural pool. That pool is defined  
11 under the Judgment as those producers who produce water for industrial or  
12 commercial purposes on the producers’ overlying land.
- 13 • The Judgment gives each member of the three pools a quantified right to  
14 extract groundwater from the Chino Basin. Thus, as applied to the non-  
15 agricultural pool, any groundwater extractions by a member of that pool are  
16 limited to use on that member’s overlying land. Further, because the Judgment  
17 eliminated unexercised rights of all overlying landowners, those overlying  
18 landowners that are given an adjudicated right are limited to pump solely that  
19 groundwater as provided for under the Judgment.
- 20 • While the Judgment enjoins non-parties from extracting groundwater, the  
21 Judgment does provide for a process by which non-parties may intervene in the  
22 Judgment with Court approval.
- 23 • The Judgment does not prohibit a party from selling a portion of its land to a  
24 third party. The Judgment also does not specify that a party who sells a portion  
25 of its land to a third party loses any of its adjudicated water rights. Therefore,  
26 an adjudicated rights holder retains its full allotment of water rights for use on  
27 the remaining portion of its real property even if a portion of that property is  
28 sold to a third party.

- To administer the three pools, the Court appointed a “Watermaster.” The Watermaster is responsible to administer the general pattern of operations for each of the three pools, to develop a water management program for the Chino Basin and to approve water transfers between parties to the Judgment.
- The Judgment (as modified by the 2000 Peace Agreement) provides that members of the overlying non-agricultural pool may transfer rights within the pool upon Watermaster approval. The transfer of such rights; however, are limited to members of the pool and not to non-parties.

**B. Sunkist as a Member of the Overlying Non-Agricultural Pool, and Koll, as the Intervening Party.**

In 2006, Sunkist sold 15 acres of its property to Koll. The land sold by Sunkist to Koll was part of Sunkist’s land holdings at the time the original Judgment was entered. As a party to the Judgment, Sunkist is provided with 2393 afy of adjudicated groundwater rights. Under the terms of the purchase and sale agreement, however, Sunkist reserved all of its adjudicated water rights. Sunkist now wishes to transfer a portion of those rights to Koll. Accordingly, Sunkist and Koll have entered into a Water Rights Transfer Agreement (the “Transfer Agreement”) by which Sunkist will transfer 22 afy of water rights to Koll.

While Sunkist is a party to the Judgment, Koll is not a party. Accordingly, concurrently with this Motion, an application to transfer 22 afy of Sunkist’s rights to Koll has been filed with the Watermaster overseeing the Judgment. Upon the Court’s approval of this Motion, the Watermaster may approve the transfer of Sunkist’s rights to Koll in accordance with the terms of the Judgment.

The groundwater extracted by Koll will be for the same use (i.e., industrial or commercial) as that currently used by Sunkist. The groundwater will also be used on the property previously owned by Sunkist and sold to Koll in 2004. Thus, there will be no change or expansion in the existing use and as a result, there will be no unreasonable interference or material harm caused to any other party to the Judgment. In addition, there will be no overall change in the amount of groundwater currently extracted under the

1 Judgment.

2 **III. KOLL'S INTERVENTION IS AUTHORIZED BY THE CODE OF CIVIL**  
3 **PROCEDURE**

4 The Court is authorized pursuant to Code of Civil Procedure ("C.C.P.") section  
5 387 to approve Koll's intervention because Koll's application is timely and because the  
6 Transfer Agreement gives Koll a direct interest in the adjudication.

7 **A. C.C.P. Section 387 Establishes Permissive Intervention**

8 Pursuant to Code of Civil Procedure section 387, "permissive" intervention is  
9 established when certain elements are satisfied. That subsection provides, in part:

10 "Upon timely application, any person, who has an interest in the  
11 matter in litigation, or in the success of either of the parties, or an  
12 interest against both, may intervene in the action or proceeding."  
(Code of Civ. Proc. § 387 (a).)

13 Thus, under Section 387 (a), two elements must be satisfied by the applicant to establish a  
14 permissive intervention:

- 15 (1) the application for intervention must be timely; and  
16 (2) the applicant must have an interest in the litigation, an interest favoring  
17 success of either the plaintiff(s) or defendant(s), or an interest against  
18 both.<sup>1</sup>

19 **1. Koll's Motion to Intervene Is Timely Pursuant to Both the**  
20 **Judgment and Case Law.**

21 Under Paragraph 60 of the Judgment, a non-party may intervene as a party to  
22 the Judgment. In particular, Paragraph 60 provides:

23 "Any non-party assignee of the adjudicated appropriative rights  
24 of any appropriator, or any person newly proposing to produce  
25

26  
27 <sup>1</sup> Section 387 (b) provides for "intervention by right," where the Court is required to  
28 grant an application for intervention if certain elements are satisfied. Because in this case  
permissive intervention can be established, a thorough discussion of mandatory intervention  
is not included in this Motion but can be provided upon the Court's request.

1            water from Chino Basin, may become a party to this judgment  
2 upon filing a petition in intervention. Said intervention must be  
3 confirmed by order of this Court. Such intervenor shall  
4 thereafter be a party bound by this judgment and entitled to the  
5 rights and privileges accorded under the Physical Solution herein,  
6 through the pool to which the Court shall assign such  
7 intervenor.” (Judgment, Paragraph 60 at p. 32) (emphasis  
8 added).

9            The premise that an individual can intervene in an action even after a judgment  
10 has been entered is consistent with fundamental case law. Appellate courts have recognized  
11 that an application to intervene can be timely even if filed after a judgment has been entered.  
12 For example, in Mallick v. Superior Court of San Mateo County, 89 Cal. App. 3d 434  
13 (1979), the Court determined on writ review that the trial court improperly denied  
14 petitioner’s motions to intervene and to remove a class representative. (Id. at 438.) In  
15 Mallick, a transportation district had appealed separate judgments entered against it in  
16 identical suits, one brought by the petitioner, a class representative, and a second action  
17 brought by a county, also a class representative. (Id. at 436.) Petitioner reached a settlement  
18 of its suit with the district, conditioned on the county’s acceptance of the same settlement in  
19 the second lawsuit. When the county declined to accept the settlement, petitioner moved to  
20 intervene in the county’s action against the district and to remove the county as the class  
21 representative in that action. The Court of Appeal held that the trial court had jurisdiction to  
22 hear the petitioner’s motion, even though a judgment had already been entered in the  
23 county’s action. Regarding the timing of intervention under C.C.P. Section 387, the Mallick  
24 court held:

25            “Section 387 of the Code of Civil Procedure formerly limited  
26 intervention to a time before trial but this limitation was removed  
27 by the 1977 amendment to the section, which now reads, ‘Upon  
28 timely application’ rather than ‘At any time before trial.’ Thus  
intervention is possible, if otherwise appropriate, at any time,  
even after judgment.” (Mallick, supra, 89 Cal. App. 3d at 437)  
(Emphasis added).

1           Based on the foregoing, there is little dispute Koll's Motion is timely. Koll  
2 filed this Motion promptly upon Sunkist and Koll finalizing the Water Transfer Agreement.  
3 Thus, Koll has made a good faith effort to obtain court approval to intervene immediately  
4 upon acquiring a contingent interest in the subject matter of the Judgment.

5           **2. Koll has a Direct Interest in the Litigation.**

6           Koll's interest in the adjudication is based on its Transfer Agreement with  
7 Sunkist. Specifically, Koll seeks to extract groundwater from the Chino Basin, which is  
8 governed by the Judgment. In order to extract this groundwater, Koll must do so by an  
9 established water right that is provided under the Judgment. But, the Transfer Agreement  
10 may not be finalized until this Court approves this Motion and the Watermaster approves the  
11 transfer itself. Thus, Koll is prohibited from extracting groundwater unless it is decreed a  
12 party to the Judgment and bound by the terms of the Judgment as well as entitled to the  
13 rights and privileges afforded under the Judgment's physical solution.

14           In addition to being bound by the terms of the Judgment, no material harm will  
15 be caused to any party by virtue of Koll's intervention. The intervention in this case is  
16 limited solely to the transfer of 22 afy of Sunkist's adjudicated rights to Koll. Thus, there is  
17 no expansion of any rights already allocated under the Judgment and there is no increase in  
18 the amount of water as a whole that can be extracted from the Chino Basin. Last, the water  
19 will be used solely on that land previously held by Sunkist, a party to the Judgment.

20           **IV. CONCLUSION**

21           Koll's Motion for Leave to Intervene relates only to its status as an overlying  
22 landowner, its use of the water for industrial and commercial purposes and the transfer of 22  
23 afy from Sunkist to Koll as approved by the Watermaster in accordance with the Judgment.  
24 In addition, Koll is authorized by C.C.P. Section 387 (a) as well as by Paragraph 60 of the  
25 Judgment to intervene as a party to the Judgment.

26           ///

27           ///

28           ///

1 Koll's intervention will not expand, redetermine or otherwise affect any  
2 adjudicated water right under the Judgment. For all of the above reasons, Koll's Motion for  
3 Leave to Intervene as a party to the Judgment should be granted.

4 DATED: [DATE]

5 Respectfully submitted,

6 EDWARD J. CASEY  
7 TAMMY L. JONES  
8 **WESTON, BENSHOOF, ROCHEFORT,**  
9 **RUBALCAVA & MacCUISH LLP**

10 \_\_\_\_\_  
11 Tammy L. Jones  
12 Attorneys for Intervenor  
13 **THE KOLL COMPANY**





# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The Cucamonga Valley Water District has an agreement with West Valley Water District, formerly known as West San Bernardino County Water District, whereby Cucamonga Valley Water District will purchase 500 acre-feet of West valley Water District’s stored Chino Basin groundwater. Date of Application: March 13, 2008 (*Page 23*)

2. **Consider Approval for Notice of Sale or Transfer** – Sunkist Growers (“Transferor”) hereby permanently transfers to KCO, LLC – “Koll” (“Transferee”) the quantity of 22.000 acre-feet per year of corresponding Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment. Date of Application: March 4, 2008



***CHINO BASIN WATERMASTER***

**NOTICE**

**OF**

**APPLICATION(S)**

**RECEIVED FOR**

**WATER TRANSACTIONS – ACTIVITIES**

Date of Notice:

March 20, 2008

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: March 13, 2008

Date of this notice: March 20, 2008

Please take notice that the following Application has been received by Watermaster:

- A. Notice of Sale or Transfer – The Cucamonga Valley Water District (“CVWD”) has an agreement with West Valley Water District (“WVWD”), formerly known as West San Bernardino County Water District (“WSBCWD”), whereby CVWD will purchase 500 acre-feet of WVWD’s stored Chino Basin groundwater.

This *Application* will first be considered by each of the respective pool committees on the following dates:

Appropriative Pool: April 10, 2008

Non-Agricultural Pool: April 10, 2008

Agricultural Pool: April 15, 2008

This *Application* will be scheduled for consideration by the Advisory Committee *no earlier than thirty days from the date of this notice and a minimum of twenty-one calendar days* after the last pool committee reviews it.

After consideration by the Advisory Committee, the *Application* will be considered by the Board.

Unless the *Application* is amended, parties to the Judgment may file *Contests* to the *Application* with Watermaster *within seven calendar days* of when the last pool committee considers it. Any *Contest* must be in writing and state the basis of the *Contest*.

Watermaster address:

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

Tel: (909) 484-3888  
Fax: (909) 484-3890

# CHINO BASIN WATERMASTER

## NOTICE OF TRANSFER OF WATER

Notification Dated: March 20, 2008

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

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## CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

**KENNETH R. MANNING**  
**CHIEF EXECUTIVE OFFICER**

**DATE:** March 20, 2008  
**TO:** Watermaster Interested Parties  
**SUBJECT:** Summary and Analysis of Application for Water Transaction

### Summary -

There does not appear to be a potential material physical injury to a party or to the basin from the proposed transaction as presented.

### Issue -

- Notice of Sale or Transfer – The Cucamonga Valley Water District ("CVWD") has an agreement with West Valley Water District ("WVWD"), formerly known as West San Bernardino County Water District ("WSBCWD"), whereby CVWD will purchase 500 acre-feet of WVWD's stored Chino Basin groundwater.

### Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction as presented.

### Fiscal Impact –

- None
- Reduces assessments under the 85/15 rule
- Reduce desalter replenishment costs

### Background

The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

Where there is no material physical injury, Watermaster must approve the transaction. Where the request for Watermaster approval is submitted by a party to the Judgment, there is a rebuttable presumption that most of the transactions do not result in Material Physical Injury to a party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

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

- Notice of Sale or Transfer – The Cucamonga Valley Water District ("CVWD") has an agreement with West Valley Water District ("WVWD"), formerly known as West San Bernardino County Water District ("WSBCWD"), whereby CVWD will purchase 500 acre-feet of WVWD's stored Chino Basin groundwater.

Notice of the water transaction identified above was mailed on March 20, 2008 along with the materials submitted by the requestors.

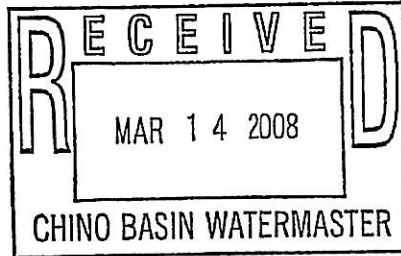
**DISCUSSION**

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.



10440 Ashford Street • Rancho Cucamonga, CA 91729-0638  
P.O. BOX 638 • (909) 987-2591 • Fax (909) 476-8032

Robert A. DeLoach  
General Manager  
Chief Executive Officer



March 13, 2008

Mr. Ken Manning  
Chief Executive Officer  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Mr. Manning:

The Cucamonga Valley Water District ("CVWD") has an agreement with West San Bernardino County Water District ("WSBCWD") whereby CVWD will purchase 500 acre feet of WSBCWD's stored Chino Basin groundwater. Please credit the 500 acre feet to CVWD's local storage account.

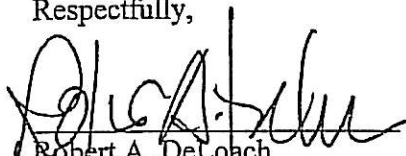
Enclosed please find:

- Form 3 – Application for Sale or Transfer of Right to Produce Water from Storage
- Form 4 – Application or Amendment to Application to Recapture Water in Storage
- Form 5 – Application to Transfer Annual Production Right or Safe Yield Map of CVWD's Chino Basin Wells

CVWD requests that this transfer be agendized for the next available Appropriative Pool meeting.

Should you have any questions, please contact me. Thank you.

Respectfully,



Robert A. DeLoach  
General Manager/CEO

Enclosures



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APPLICATION FOR  
SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE

TRANSFER FROM LOCAL STORAGE AGREEMENT # \_\_\_\_\_

West San Bernardino County Water District

Name of Party

March 7, 2008

Date Requested

\_\_\_\_\_ Date Approved

855 W. Baseline Road

Street Address

500 Acre-feet

Amount Requested

\_\_\_\_\_ Acre-feet

Amount Approved

Rialto

City

CA

State

92376

Zip Code

Telephone: (909) 875-1804

Facsimile: (909) 875-7284

Anthony W. Araiza

Applicant

**TRANSFER TO:**

Cucamonga Valley Water District

Name of Party

10440 Ashford Street

Street Address

**Attach Recapture Form 4**

Rancho Cucamonga

City

CA

State

91730

Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

Have any other transfers been approved by Watermaster  
between these parties covering the same fiscal year?

Yes [ ]

No [ X ]

**WATER QUALITY AND WATER LEVELS**

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

Static water levels vary from 434' to 575'. Of the wells routinely pumped, nitrate levels vary from a low of 3.7 ppm to a high of 45 ppm.

**MATERIAL PHYSICAL INJURY**

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

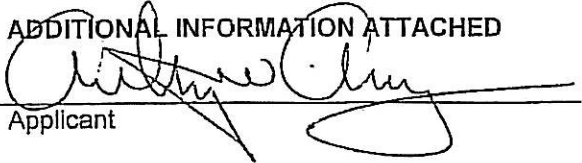
If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

N/A

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ADDITIONAL INFORMATION ATTACHED

Yes [ ] No [X]

  
Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_

**APPLICATION OR AMENDMENT TO APPLICATION  
TO  
RECAPTURE WATER IN STORAGE**

**APPLICANT**

<u>Cucamonga Valley Water District</u>			<u>March 7, 2008</u>	_____
Name of Party			Date Requested	Date Approved
<u>10440 Ashford Street</u>			<u>500</u> Acre-feet	_____ Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Rancho Cucamonga</u>	<u>CA</u>	<u>91730</u>	<u>Varies</u>	<u>July 1, 2007 – June 30, 2008</u>
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>(909) 987-2591</u>			Facsimile: <u>(909) 476-8032</u>	

**IS THIS AN AMENDMENT TO A PREVIOUSLY APPROVED APPLICATION? [ ] YES [ X ] NO**  
**IF YES, ATTACH APPLICATION TO BE AMENDED**

**IDENTITY OF PERSON THAT STORED THE WATER:** West San Bernardino County Water District

**PURPOSE OF RECAPTURE**

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain \_\_\_\_\_

**METHOD OF RECAPTURE (if by other than pumping) (e.g. exchange)**

N/A

**PLACE OF USE OF WATER TO BE RECAPTURED**

Within Cucamonga County Water District's service area (see attached map) Management Zone 2

**LOCATION OF RECAPTURE FACILITIES (IF DIFFERENT FROM REGULAR PRODUCTION FACILITIES).**

N/A

**WATER QUALITY AND WATER LEVELS**

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

Static water levels vary from 434' to 575. Of the wells routinely pumped, nitrate levels vary from a Low of 3.7 ppm to a high of 45 ppm.

**MATERIAL PHYSICAL INJURY**

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

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

N/A

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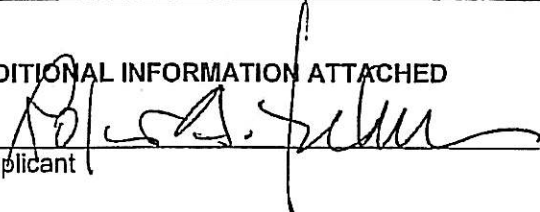
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**ADDITIONAL INFORMATION ATTACHED**

Yes [ ] No [ X ]

  
Applicant

**TO BE COMPLETED BY WATERMASTER**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_

APPLICATION  
TO  
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2007 - 2008

Commencing on July 1, 2007 and terminating on June 30, 2008, West San Bernardino County Water District ("Transferor") hereby transfers to Cucamonga Valley Water District ("Transferee") the quantity of 500 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

- (1) Transferee shall exercise said right on behalf of Transferor under the terms of the Judgment and the Peace Agreement and for the period described above. The first water produced in any year shall be that produced pursuant to carry-over rights defined in the Judgment. After production of its carry-over rights, if any, the next (or first if no carry-over rights) water produced by Transferee from the Chino Basin shall be that produced hereunder.
- (2) Transferee shall put all waters utilized pursuant to said Transfer to reasonable beneficial use.
- (3) Transferee shall pay all Watermaster assessments on account of the water production hereby Transferred.
- (4) Any Transferee not already a party must intervene and become a party to the Judgment.

**TO BE EXECUTED** by both Transferor and Transferee, and to be accompanied by a general description of the area where the Transferred water was to be Produced and used prior to the Transfer, and where it will be Produced and used after the Transfer. This general description can be in the form of a map.

**WATER QUALITY AND WATER LEVELS**

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

Static water levels vary from 434' to 575'. Of the wells routinely pumped, nitrate levels vary from a low of 3.7 ppm to a high of 45 ppm.

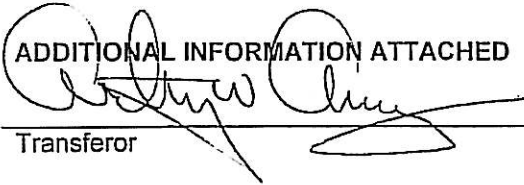
**MATERIAL PHYSICAL INJURY**

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

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

N/A

ADDITIONAL INFORMATION ATTACHED

  
Transferor

Yes [ ] No [X]

  
Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

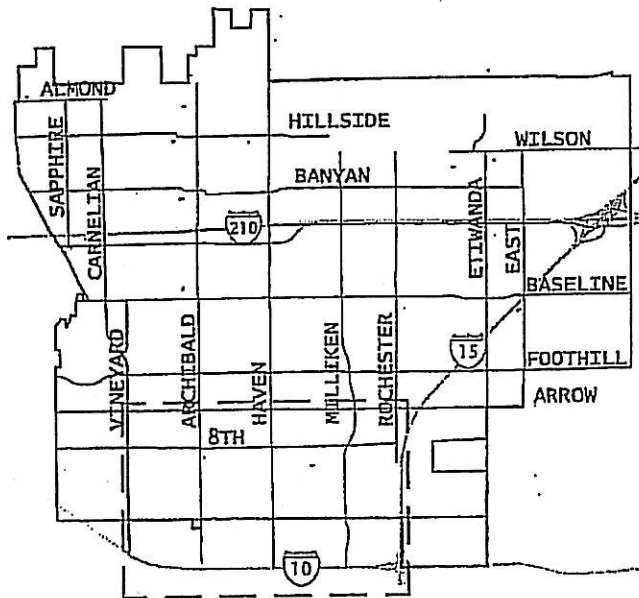
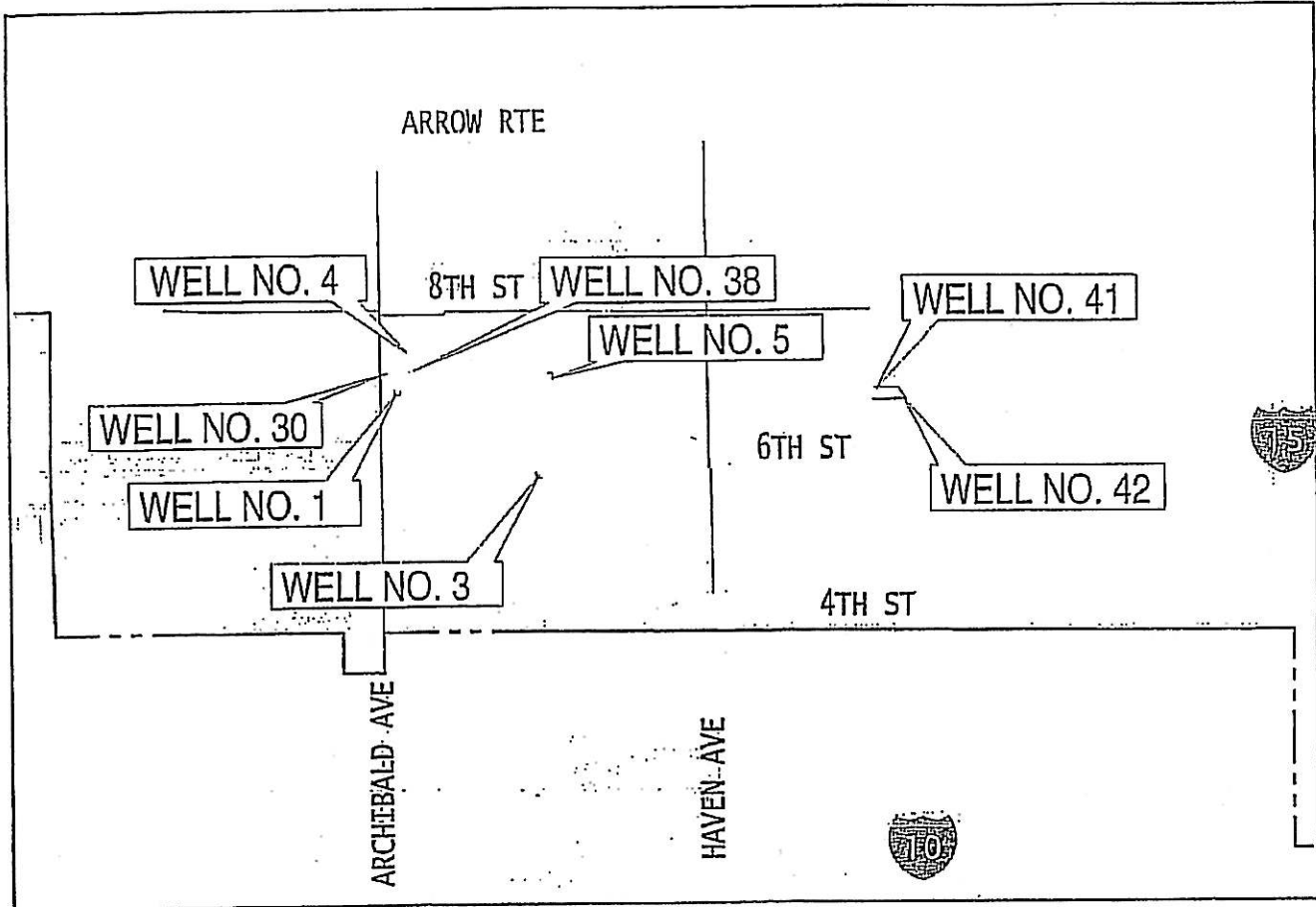
DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_



NOT TO SCALE

Cucamonga Valley  
Water District

CHINO BASIN WELLS



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***CHINO BASIN WATERMASTER***

**NOTICE**

**OF**

**APPLICATION(S)**

**RECEIVED FOR**

**WATER TRANSACTIONS – ACTIVITIES**

Date of Notice:

March 7, 2008

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

**NOTICE OF APPLICATION(S) RECEIVED**

Date of Application: **March 4, 2008**

Date of this notice: **March 7, 2008**

Please take notice that the following Application has been received by Watermaster:

- A. Notice of Sale or Transfer – Sunkist Growers, Inc. (“Transferor”) hereby permanently transfers to KCO, LLC – “KOLL” (“Transferee”) the quantity of 22.000 acre-feet per year of corresponding Safe Yield (Non Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment.

This *Application* will first be considered by each of the respective pool committees on the following dates:

Appropriative Pool: March 13, 2008

Non-Agricultural Pool: March 13, 2008

Agricultural Pool: March 18, 2008

This *Application* will be scheduled for consideration by the Advisory Committee *no earlier than thirty days from the date of this notice and a minimum of twenty-one calendar days* after the last pool committee reviews it.

After consideration by the Advisory Committee, the *Application* will be considered by the Board.

Unless the *Application is* amended, parties to the Judgment may file *Contests* to the *Application* with Watermaster *within seven calendar days* of when the last pool committee considers it. Any *Contest* must be in writing and state the basis of the *Contest*.

Watermaster address:

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

Tel: (909) 484-3888  
Fax: (909) 484-3890

# CHINO BASIN WATERMASTER

## NOTICE OF TRANSFER OF WATER

Notification Dated: March 7, 2008

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

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# CHINO BASIN WATERMASTER

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

---

**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 13, 2008  
March 18, 2008  
March 27, 2008

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** KCO, LLC ("Koll") request for Intervention and approval of Form 5 Application to Transfer Annual Production Right or Safe Yield.

### SUMMARY

**Issue** – On March 4, 2008, Watermaster received a Form 5 Application to Transfer Annual Production Right or Safe Yield from Sunkist Growers, Inc. as Transferor and KCO, LLC ("Koll") as Transferee in the amount of 22,000 AFY. Simultaneous with this Application, Watermaster received a request for intervention into the Overlying (Non-Agricultural) Pool from Koll. This Staff Report provides a summary and analysis of the proposed transfer and intervention.

**Recommendation** - Staff recommends approval of the Form 5 Application and the request for Intervention.

**Fiscal Impact** – No fiscal impact on the Watermaster Budget.

### DISCUSSION

#### Background

In the 1978 Judgment, Sunkist Growers, Inc. was adjudicated rights of 1,873.403 acre-feet within the Overlying (Non-Agricultural) Pool. In 2006, Sunkist Growers, Inc. sold a portion (i.e., 15 acres) of its real property to Koll. Under the terms of the purchase and sale agreement, Sunkist reserved all of its adjudicated water rights for use on the remaining portion of its real property overlying the Basin. Now, Sunkist wishes to transfer 22,000 AFY of its adjudicated rights to Koll for use on the Koll Property. Koll will use the groundwater extracted solely for industrial and commercial purposes on its overlying Koll Property.

According to the Judgment, a producer is assigned to the Non-Agricultural Pool if it is an overlying producer who produce water for industrial or commercial purposes. (Judgment para. 43(b). "Any party who changes the character of his use may, by subsequent order of the Court, be reassigned to the proper pool . . . . Any non-party producer or any person who may hereafter commence production of water from Chino Basin, and who may become a party to [the] physical solution by intervention, shall be assigned to the proper pool by the order of the Court authorizing such intervention." (Judgment para. 43.)

Under Exhibit G, paragraph 6, of the Judgment: "Rights herein decreed are appurtenant to that land and are only assignable with the land for overlying use thereon; provided however, . . . (b) the members of the Pool shall have the right to Transfer or lease their quantified production rights within the Pool or to Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000 for the term of the Peace Agreement." The Peace Agreement and Peace II Agreement thus modified the strict appurtenancy requirement to allow Transfers of the water rights under certain conditions.

Interventions are governed by paragraph 60 of the Judgment: "Any non-party assignee of the adjudicated appropriative rights of any appropriator, or any other person newly proposing to produce water from the Chino Basin, may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of [the] Court. Such intervenor shall thereafter be a party bound by [the] Judgment and entitled to the rights and privileges accorded under the Physical Solution . . . through the pool to which the Court shall assign such intervenor." The limitation at the beginning of paragraph 60 to assignees of appropriative rights does not appear to create a limitation in this instance since these water rights have a history of being assigned to non-parties who intervene into the Judgment. Regardless, this limitation appears to have been eliminated through the Peace Agreement amendment of Exhibit G, paragraph 6.

Watermaster's practice has been to accept interventions informally by way of a letter request and then process the request through the Pools, Advisory Committee and Board. This has been the procedure used for the most recent interventions.

### **Proposed Transfer**

Sunkist and Koll have submitted a Form 5 Application to Transfer Annual Production Right or Safe Yield. The Application indicates that the amount of water rights to be transferred is 22,000 acre-feet. The Application indicates that the transfer will be permanent in nature. According to Koll's request for intervention, the groundwater extracted will solely be used for industrial and commercial purposes on its overlying Koll Property.

The Application indicates that the Applicant is not aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the transfer. It also indicates that no water levels in the area are likely to be affected. Watermaster agrees that under the Transfer as proposed in the Application, there will be no change that will result in Material Physical Injury.

### **Intervention**

Koll has requested Intervention into the Non-Agricultural Pool for the purpose of accepting the Transfer of Sunkist's water rights. There is precedent for this kind of intervention—it is the same the manner in which CCG entered in to the Judgment and acquired its water rights from Kaiser Ventures.

### **Recommendation**

Watermaster staff finds that:

1. The Transfer is consistent with the Judgment;
2. The Transfer will not cause Material Physical Injury;
3. The proposed intervention is consistent with the Judgment.

On this basis, Watermaster staff recommends approval of the Form 5 Application and request for Intervention.



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### A. CHINO BASIN WATERMASTER 2008-2009 BUDGET







# 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 Members

**SUBJECT:** Proposed Fiscal Year 2008/2009 Budget

### SUMMARY

**Issue** – Annual Budget for Watermaster Administration and OBMP tasks during FY 2008/09.

**Recommendations** – Staff recommends the Committees and the Board consider approval/adoption of the Proposed FY 2008/09 Budget.

**Fiscal Impact** – The FY 2008/09 Proposed Budget expenses are \$8,388,747. The FY 2008/09 Budget, as proposed, anticipates a slight decrease in Administrative costs, a decrease in OBMP expenditures and an increase in OBMP project costs over the prior year "amended" budget.

### DISCUSSION

Each year, Watermaster staff conducts meetings internally and with consultants to discuss upcoming projects and anticipated work flow. As the budget is developed, the related budgeted costs are continually refined. The current version of the budget reflects the discussions with consultants and stakeholders over the last four months.

On April 2, 2008 Watermaster held an Ad-Hoc Budget Committee meeting with Board and Pool Members to discuss the categories of work that will be budgeted by Watermaster. This budget includes work related to regulatory and compliance requirements, as well as agreed upon tasks. Anticipated work flow and timing of work along with budgeted costs was discussed at the meeting as well. The committee acknowledged that Watermaster appears to be on task with the timing and budget of work flow and that no additional meetings were required this year.

On April 29, 2008 Watermaster hosted the annual Budget Workshop and discussed the draft budget in detail and in summary. The categories and accounts that were discussed in detail at the workshop included:

---

For the Administrative costs:

- The draft budget includes anticipated increases in staff salary costs based on March 2008 CPI of 3.6%.
- The draft budget includes staff salaries of \$967,369 for the approved 11 positions.
- The draft budget includes anticipated increases for Information Services which encompasses costs to maintain developed databases, develop additional databases and to maintain the Watermaster computer network & workstations. Also included in this category is the cost to transition our electronic file management system into a new software system.

For OBMP General costs: (See attached "Budget and Description of Engineering Tasks" for additional detail.)

- Increases in budgeted legal expenses to reflect expected annual costs.
- Annual Engineering Updates including quantification of New Yield and compliance with Condition Subsequent #7.
- Preparation of the Balance of Recharge and Discharge Report.
- Budgeting for CEQA as a result of approving Peace II.

Staff has compiled a draft budget for OBMP Implementation Project costs: (See attached "Budget and Description of Engineering Tasks" for additional detail.)

- In-Line Meter Installation/Maintenance includes budgeted funds to provide meters for newly identified wells or replacement meters and calibration & testing of existing meters.
- Groundwater level and groundwater quality monitoring to comply with the OBMP Implementation Plan, Basin Plan & Max Benefit commitments.
- Continued implementation of the recharge improvement project including recharge and well monitoring program – this budget includes \$450,000 for Recharge O&M expenses and \$1,350,000 for Recharge debt service.
- Development of a recharge master plan update pursuant to Condition Subsequent #5 – which will be budgeted over 2 years.
- Management of subsidence and related monitoring and analysis based upon recommendations from the MZ-1 technical committee.
- Continued implementation of the Hydraulic Control Monitoring Program and collection of water quality data from the Santa Ana River as mandated in the Basin Plan. However, staff will be working with the Regional Water Quality Control Board in an attempt to reduce the future scope of work in this category, thereby reducing future budgeted costs.

In summary, the FY 2008/09 Budget, as proposed, anticipates a slight overall increase in total costs. Final assessments will be refined when the assessment package is prepared this fall; assessments are dependent on prior year pumping which will affect the final assessment amounts.





# CHINO BASIN WATERMASTER

## DRAFT BUDGET

FY 2008/2009

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**CHINO BASIN WATERMASTER  
SUMMARY BUDGET 2008-2009**

**DRAFT**

	FY 06-07 June Actual	FY 07-08 December Actual	FY 07-08 Amended Budget	FY 08-09 Proposed Budget	Current vs. Proposed
<b>Ordinary Income</b>					
4000 Mutual Agency Revenue	\$142,150	\$41,667	\$145,500	\$148,410	\$2,910
4110 Appropriative Pool Assessments	7,800,290	5,201,052	7,423,878	7,934,028	510,150
4120 Non-Agricultural Pool Assessments	123,212	0	116,492	131,940	15,448
4730 Prorated Interest Income	256,310	100,716	181,500	174,368	-7,132
<b>Total Income</b>	<b>8,321,962</b>	<b>5,343,435</b>	<b>7,867,370</b>	<b>8,388,747</b>	<b>521,377</b>
<b>Administrative Expenses</b>					
6010 Salary Costs	584,437	244,692	477,247	489,309	12,062
6020 Office Building Expense	102,191	48,074	101,580	102,000	420
6030 Office Supplies & Equip.	41,685	15,813	51,150	50,500	-650
6040 Postage & Printing Costs	96,898	48,670	83,000	87,380	4,380
6050 Information Services	129,556	75,448	132,000	144,000	12,000
6060 WM Special Contract Services	126,521	39,608	117,500	98,000	-19,500
6080 Insurance Expense	15,338	4,160	18,210	17,730	-480
6110 Dues and Subscriptions	21,362	12,734	16,750	16,750	0
6150 Field Supplies & Equipment	1,214	116	2,500	2,500	0
6170 Vehicle Maintenance Costs	24,313	7,131	25,000	24,200	-800
6190 Conferences & Seminars	26,447	9,271	22,500	26,500	4,000
6200 Advisory Committee Expenses	15,451	9,107	18,931	19,620	689
6300 Watermaster Board Expenses	36,104	22,502	41,714	42,397	683
6500 Education Fund Expenditures	375	375	375	375	0
8300 Appropriative Pool Administration	21,947	8,909	24,001	24,440	439
8400 Agricultural Pool Administration	90,413	79,763	131,004	135,260	4,256
8500 Non-Agricultural Pool Administration	6,054	3,298	7,328	7,867	539
9400 Depreciation Expense	29,118	0	0	0	0
9500 Allocated G&A Expenditures	-423,257	-263,111	-419,640	-446,631	-26,991
<b>Total Administrative Expenses</b>	<b>946,167</b>	<b>366,560</b>	<b>851,150</b>	<b>842,197</b>	<b>-8,953</b>
<b>General OBMP Expenditures</b>					
6900 Optimum Basin Mgmt Program	2,212,978	1,605,294	2,711,138	1,987,041	-724,097
6950 Cooperative Efforts	10,000	0	10,000	10,000	0
9501 Allocated G&A Expenditures	160,405	105,449	141,199	135,454	-5,745
<b>Total General OBMP Expenditures</b>	<b>2,383,383</b>	<b>1,710,743</b>	<b>2,862,337</b>	<b>2,132,495</b>	<b>-729,842</b>

**CHINO BASIN WATERMASTER  
SUMMARY BUDGET 2008-2009**

	FY 06-07		FY 07-08		FY 07-08		FY 08-09		Current vs. Proposed
	June Actual	December Actual	Amended Budget	Proposed Budget	Proposed Budget	Proposed Budget			
<b>7000 OBMP Implementation Projects</b>									
7101 Production Monitoring	88,082	47,963	101,709	107,492			5,783		
7102 In-Line Meter Installation/Maintenance	30,561	6,628	17,791	87,853			70,062		
7103 Groundwater Quality Monitoring	173,673	42,950	117,104	215,580			98,476		
7104 Groundwater Level Monitoring	218,911	84,076	182,667	342,258			159,591		
7105 Recharge Basin Water Quality Monitoring	44,515	5,524	15,553	46,852			31,299		
7107 Ground Level Monitoring	136,769	101,282	270,466	651,524			381,058		
7108 Hydraulic Control Monitoring Program	350,397	88,725	199,232	743,503			544,271		
7109 Recharge & Well Monitoring Program	169,645	16,363	102,827	0			-102,827		
7200 OBMP Pgm Element 2 - Comp Recharge	1,486,754	421,883	945,826	1,131,086			185,260		
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	11,513	72,832	159,509	148,860			-10,649		
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	583,651	94,356	159,674	217,825			58,151		
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	298,846	68,180	138,533	216,560			78,027		
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	19,936	30,418	82,660	77,201			-5,459		
7700 Inactive Well Protection Program	0	0	4,339	6,284			1,945		
7690 Recharge Improvement Debt Payment	1,358,414	618,373	1,377,552	1,110,000			-267,552		
9502 Allocated G&A Expenditures	262,852	150,877	278,441	311,177			32,736		
<b>Total OBMP Implementation Projects</b>	<b>5,234,519</b>	<b>1,850,430</b>	<b>4,153,883</b>	<b>5,414,055</b>			<b>1,260,172</b>		
<b>Total Expenses</b>	<b>8,564,069</b>	<b>3,927,733</b>	<b>7,867,370</b>	<b>8,388,747</b>			<b>521,377</b>		
<b>Net Ordinary Income</b>	<b>-242,107</b>	<b>1,415,702</b>	<b>0</b>	<b>0</b>			<b>0</b>		
<b>Other Income</b>									
4210 Approp Pool-Replenishment	2,683,975	0	0	0			0		
4220 Non-Ag Pool-Replenishment	7,009	0	0	0			0		
4230 Groundwater Recharge Activity	0	0	0	0			0		
<b>Total Other Income</b>	<b>2,690,984</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>		
<b>Other Expense</b>									
5010 Groundwater Recharge	3,536,201	2,328,727	0	0			0		
<b>Total Other Expense</b>	<b>3,536,201</b>	<b>2,328,727</b>	<b>0</b>	<b>0</b>			<b>0</b>		
<b>Net Other Income</b>	<b>-845,217</b>	<b>-2,328,727</b>	<b>0</b>	<b>0</b>			<b>0</b>		
<b>9800 From / (To) Reserves</b>	<b>1,087,324</b>	<b>913,025</b>	<b>0</b>	<b>0</b>			<b>0</b>		
<b>Net Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			<b>\$0</b>		

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	FY 06-07 June Actual	FY 07-08 December Actual	FY 07-08 Amended Budget	FY 08-09 Proposed Budget	Current vs. Proposed
Ordinary Income					
Income					
4000 Cooperative Effort Contributions					
4010 Local Agency Subsidies - Other	\$142,150	\$41,667	\$145,500	\$148,410	\$2,910
<b>Total 4000 Mutual Agency Revenue</b>	<b>142,150</b>	<b>41,667</b>	<b>145,500</b>	<b>148,410</b>	<b>2,910</b>
4110 Appropriative Pool Assessments					
4111 Administrative Assessment	774,519	5,201,052	629,243	642,492	13,249
4111.2 OBMP Assessment	4,287,629	0	4,121,218	4,480,963	359,745
4112 Ag Pool Reallocation - Administrative	211,094	0	171,591	183,159	11,568
4113 Ag Pool Reallocation - OBMP	1,169,048	0	1,124,274	1,277,415	153,141
4115 Recharge Improvement Revenue	1,358,000	0	1,377,552	1,360,000	-27,552
<b>Total 4110 Appropriative Pool Assessments</b>	<b>7,800,290</b>	<b>5,201,052</b>	<b>7,423,878</b>	<b>7,934,028</b>	<b>510,150</b>
4120 Non-Agricultural Pool Assessments					
4123 Administrative Assessment	18,851	0	15,316	16,546	1,230
4124 OBMP Assessment	104,361	0	101,176	115,394	14,218
<b>Total 4120 Non-Agricultural Pool Assessments</b>	<b>123,212</b>	<b>0</b>	<b>116,492</b>	<b>131,940</b>	<b>15,448</b>
4730 Prorated Interest Income					
4731 Interest - Agricultural Pool	17,160	12,090	18,500	17,500	-1,000
4732 Interest - Appropriative Pool	230,994	86,117	158,000	152,000	-6,000
4733 Interest - Non-Agricultural Pool	8,068	2,469	5,000	4,800	-200
4739 Interest - Education Fund	88	40	0	68	68
<b>Total 4730 Prorated Interest Income</b>	<b>256,310</b>	<b>100,716</b>	<b>181,500</b>	<b>174,368</b>	<b>-7,132</b>
<b>Total Income</b>	<b>8,321,962</b>	<b>5,343,435</b>	<b>7,867,370</b>	<b>8,388,747</b>	<b>521,377</b>

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	FY 06-07 June Actual	FY 07-08 December Actual	FY 07-08 Amended Budget	FY 08-09 Proposed Budget	Current vs. Proposed
<b>Administrative Expenses</b>					
<b>6010 Salary Costs</b>					
6011 WM Staff Salaries & Payroll Burden	569,851	242,195	474,644	489,316	14,672
6012 Payroll Services	2,836	1,143	2,600	0	-2,600
6013 Human Resources Services	11,186	14,558	0	0	0
6017 Temporary Services	0	10,877	0	0	0
Subtotal Wages	583,873	268,773	477,244	489,316	12,072
6018 Fringe Benefits	564	-24,081	497,044	490,475	-6,569
60199 Payroll Burden Allocated	0	0	-497,041	-490,482	6,559
<b>Total 6010 Salary Costs</b>	584,437	244,692	477,247	489,309	12,062
<b>6020 Office Building Expense</b>					
6021 Office Lease	63,552	32,660	64,080	66,000	1,920
6022 Telephone	12,500	6,189	10,000	12,000	2,000
6024 Building Repairs & Janitorial	23,509	9,225	27,500	24,000	-3,500
6027 Other Expense	2,630	0	0	0	0
<b>Total 6020 Office Building Expense</b>	102,191	48,074	101,580	102,000	420
<b>6030 Office Supplies &amp; Equip.</b>					
6031 Office Supplies	30,302	14,636	46,500	46,500	0
6038 Other Office Equipment	3,193	0	0	0	0
6039 Office Expenses	5,245	0	0	0	0
6141 Meeting Expenses	2,945	1,177	4,650	4,000	-650
<b>Total 6030 Office Supplies &amp; Equip.</b>	41,685	15,813	51,150	50,500	-650
<b>6040 Postage &amp; Printing Costs</b>					
6042 Postage	16,980	8,463	15,000	15,000	0
6043 Copy Machine Lease & Maintenance	70,666	38,767	60,000	63,000	3,000
6044 Postage Meter Lease	1,914	1,440	2,000	2,880	880
6045 Outside Printing	7,338	0	6,000	6,500	500
<b>Total 6040 Postage &amp; Printing Costs</b>	96,898	48,670	83,000	87,380	4,380



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	FY 06-07 June Actual	FY 07-08 December Actual	FY 07-08 Amended Budget	FY 08-09 Proposed Budget	Current vs. Proposed
<b>6050 Information Services</b>					
6052 Consultants	84,890	42,060	72,500	89,000	16,500
6053 Internet Services	12,780	6,672	21,000	13,000	-8,000
6054 Computer Software	4,271	11,644	11,000	13,000	2,000
6055 Computer Hardware	27,615	15,072	27,500	29,000	1,500
<b>Total 6050 Information Services</b>	<b>129,556</b>	<b>75,448</b>	<b>132,000</b>	<b>144,000</b>	<b>12,000</b>
<b>6060 WM Special Contract Services</b>					
6061 Contract Services	65,073	17,289	51,500	40,000	-11,500
6062 Audit Services	6,850	7,204	6,000	8,000	2,000
6063 Public Relations Consultant	35,876	15,115	40,000	40,000	0
6067 General Counsel	18,722	0	20,000	10,000	-10,000
<b>Total 6060 WM Special Contract Services</b>	<b>126,521</b>	<b>39,608</b>	<b>117,500</b>	<b>98,000</b>	<b>-19,500</b>
<b>6080 Insurance Expense</b>					
6085 Business Insurance Package	15,108	4,000	18,000	17,500	-500
6086 Position Bond Insurance	230	160	210	230	20
<b>Total 6080 Insurance Expense</b>	<b>15,338</b>	<b>4,160</b>	<b>18,210</b>	<b>17,730</b>	<b>-480</b>
<b>6110 Dues and Subscriptions</b>					
6111 Membership Dues	19,082	12,271	16,000	16,000	0
6112 Subscriptions	2,280	463	750	750	0
<b>Total 6110 Dues and Subscriptions</b>	<b>21,362</b>	<b>12,734</b>	<b>16,750</b>	<b>16,750</b>	<b>0</b>
<b>6150 Field Supplies &amp; Equipment</b>					
6151 Small Tools & Equipment	415	0	1,500	1,500	0
6154 Uniforms	799	116	1,000	1,000	0
<b>Total 6150 Field Supplies &amp; Equipment</b>	<b>1,214</b>	<b>116</b>	<b>2,500</b>	<b>2,500</b>	<b>0</b>
<b>6170 Vehicle Maintenance Costs</b>					
6170 Travel & Transportation	5,320	0	4,000	4,000	0
6171 Vehicle Allowance	7,800	3,900	8,400	8,400	0
6173 Mileage Reimbursements	1,628	854	1,400	1,600	200
6174 Public Transportation	23	0	0	0	0
6175 Vehicle Fuel	2,129	727	3,200	3,200	0
6177 Vehicle Repairs & Maintenance	7,413	1,650	8,000	7,000	-1,000
<b>Total 6170 Travel &amp; Transportation</b>	<b>24,313</b>	<b>7,131</b>	<b>25,000</b>	<b>24,200</b>	<b>-800</b>

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<b>6190 Conferences &amp; Seminars</b>					
6191 Conferences & Seminars	24,001	9,271	20,000	20,000	0
6192 Training & Continuing Education	2,446	0	2,500	6,500	4,000
<b>Total 6190 Conferences &amp; Seminars</b>	<b>26,447</b>	<b>9,271</b>	<b>22,500</b>	<b>26,500</b>	<b>4,000</b>
<b>6200 Advisory Committee Expenses</b>					
6201 WM Staff Salaries	14,374	8,079	16,431	17,120	689
6212 Meeting Expense	1,077	1,028	2,500	2,500	0
<b>Total 6200 Advisory Committee Expenses</b>	<b>15,451</b>	<b>9,107</b>	<b>18,931</b>	<b>19,620</b>	<b>689</b>
<b>6300 Watermaster Board Expenses</b>					
6301 WM Staff Salaries	17,002	10,119	19,914	20,597	683
6311 Board Member Compensation	14,875	11,272	18,500	18,500	0
6312 Meeting Expense	4,227	1,111	3,000	3,000	0
6313 Board Members' Expenses	0	0	300	300	0
<b>Total 6300 WM Board Expenses</b>	<b>36,104</b>	<b>22,502</b>	<b>41,714</b>	<b>42,397</b>	<b>683</b>
<b>6500 Education Fund Expenditures</b>	375	375	375	375	0
<b>8300 Appropriate Pool Administration</b>					
8301 WM Staff Salaries	21,519	8,831	23,251	23,940	689
8312 Meeting Expenses	428	78	750	500	-250
<b>Total 8300 Appropriate Pool Administration</b>	<b>21,947</b>	<b>8,909</b>	<b>24,001</b>	<b>24,440</b>	<b>439</b>
<b>8400 Agricultural Pool Administration</b>					
8401 WM Staff	17,458	8,510	20,604	21,460	856
8411 Compensation	2,150	800	1,600	2,000	400
8412 Meeting Expenses	0	0	300	300	0
8456 IEUA RTS Meter Charge	1,562	764	1,500	1,500	0
8467 Ag-Pool Legal Service	57,416	61,730	80,000	80,000	0
8467.1 Frank B & Associates	977	0	15,000	18,000	3,000
8470 Ag Pool Meeting Special Compensation	10,850	7,959	12,000	12,000	0
<b>Total 8400 Agricultural Pool Admin</b>	<b>90,413</b>	<b>79,763</b>	<b>131,004</b>	<b>135,260</b>	<b>4,256</b>

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<b>8500 Non-Agricultural Pool Administration</b>					
8501 WM Staff	5,870	3,220	7,128	7,667	539
8512 Meeting Expense	184	78	200	200	0
<b>Total 8500 Non-Agricultural Pool Admin</b>	<b>6,054</b>	<b>3,298</b>	<b>7,328</b>	<b>7,867</b>	<b>539</b>
<b>9400 Depreciation Expense</b>	29,118	0	0	0	0
<b>9500 Allocated G&amp;A Expenditures</b>	-423,257	-263,111	-419,640	-446,631	-26,991
<b>Total Administrative Expenses</b>	<b>946,167</b>	<b>366,560</b>	<b>851,150</b>	<b>842,197</b>	<b>-8,953</b>

**General OBMP Expenses**

**6900 Optimum Basin Mgmt Program**

6901 OBMP - Staff	186,058	130,505	234,138	222,668	-11,470
6906 OBMP - Engineering	734,389	432,879	395,000	609,389	214,389
6906.4 OBMP - CEQA	0	0	452,000	200,000	-252,000
6906.7 OBMP - DataX	36,943	4,207	10,000	0	-10,000
6906.8 OBMP - Reports	43,499	177,600	140,000	109,984	-30,016
6907 OBMP - Legal					
6907.1 Ellison & Schneider	155,357	213,837	60,000	200,000	140,000
6907.2 Ludorff & Scalmanini	150,308	78,965	20,000	50,000	30,000
6907.3 WM Legal Counsel	611,564	558,489	350,000	575,000	225,000
6907.34 SAR Accord	283,692	0	0	0	0
6909 OBMP - Other Expense	11,168	8,812	1,050,000	20,000	-1,030,000
<b>Total 6900 OBMP</b>	<b>2,212,978</b>	<b>1,605,294</b>	<b>2,711,138</b>	<b>1,987,041</b>	<b>-724,097</b>

**Total 6950 Cooperative Efforts**

**9501 Allocated G&A Expenditures**

**Total General OBMP Expenses**

<b>Total 6950 Cooperative Efforts</b>	10,000	0	10,000	10,000	0
<b>9501 Allocated G&amp;A Expenditures</b>	160,405	105,449	141,199	135,454	-5,745
<b>Total General OBMP Expenses</b>	<b>2,383,383</b>	<b>1,710,743</b>	<b>2,862,337</b>	<b>2,132,495</b>	<b>-729,842</b>

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**7000 OBMP Implementation Projects**  
**7100 OBMP Pgm Element 1 - Comp Monitoring Program**

**7101 Production Monitoring**

7101.1 Production Monitoring - WM Staff	42,359	35,170	49,479	74,714	25,235
7101.3 Production Monitoring - Engineering Services	44,973	12,418	51,480	32,028	-19,452
7101.4 Production Monitoring - Computer Services	750	375	750	750	0
<b>Total 7101 Production Monitoring</b>	<b>88,082</b>	<b>47,963</b>	<b>101,709</b>	<b>107,492</b>	<b>5,783</b>

**7102 In-Line Meter Installation/Maintenance**

7102.1 In-Line Meter - WM Staff	2,856	1,064	2,541	27,153	24,612
7102.5 In-Line Meter - Maintenance & Repair	3,430	1,553	4,000	9,000	5,000
7102.7 In-Line Meter - In-Line Meters	3,075	1,266	5,000	8,000	3,000
7102.8 In-Line Meter - Calibration & Testing	21,200	2,745	6,250	43,700	37,450
<b>Total 7102 In-Line Meter Installation/Maintenance</b>	<b>30,561</b>	<b>6,628</b>	<b>17,791</b>	<b>87,853</b>	<b>70,062</b>

**7103 Groundwater Quality Monitoring**

7103.1 Grdwtr Quality - WM Staff	48,995	19,502	54,600	75,206	20,606
7103.3 Grdwtr Quality - Engineering Services	86,555	23,007	45,577	109,684	64,107
7103.5 Grdwtr Quality - Laboratory Services	37,370	0	14,177	28,440	14,263
7103.6 Grdwtr Quality - Supplies	3	66	2,000	1,500	-500
7103.7 Grdwtr Quality - Computer Services	750	375	750	750	0
<b>Total 7103 Groundwater Quality Monitoring</b>	<b>173,673</b>	<b>42,950</b>	<b>117,104</b>	<b>215,580</b>	<b>98,476</b>

**7104 Groundwater Level Monitoring**

7104.1 Grdwtr Level - WM Staff	73,308	39,778	87,137	98,046	10,909
7104.3 Grdwtr Level - Engineering Services	141,784	36,431	73,730	202,212	128,482
7104.4 Grdwtr Level - Contract Services	1,567	0	11,500	11,500	0
7104.6 Grdwtr Level - Supplies	1,930	2,572	2,500	2,500	0
7104.7 Grdwtr Level - Capital Equipment	322	5,295	7,800	28,000	20,200
<b>Total 7104 Groundwater Level Monitoring</b>	<b>218,911</b>	<b>84,076</b>	<b>182,667</b>	<b>342,258</b>	<b>159,591</b>

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<b>7105 Recharge Basin Water Quality Monitoring</b>					
7105.1 Recharge Basin Water Quality - WM Staff	4,515	5,524	11,053	42,852	31,799
7105.4 Recharge Basin Water Quality - Laboratory Services	40,000	0	3,500	3,500	0
7105.6 Recharge Basin Water Quality - Supplies	0	0	1,000	500	-500
<b>Total 7105 Recharge Basin Water Quality Monitoring</b>	<b>44,515</b>	<b>5,524</b>	<b>15,553</b>	<b>46,852</b>	<b>31,299</b>
<b>7107 Ground Level Monitoring</b>					
7107.1 Ground Level - WM Staff	2,270	0	3,173	2,814	-359
7107.2 Ground Level - Engineering Services	47,999	42,833	152,093	298,600	146,507
7107.3 Ground Level - Synthetic Aperture Radar	12,500	25,000	27,000	95,000	68,000
7107.5 Ground Level - Laboratory Services	0	0	1,100	10,000	8,900
7107.6 Ground Level - Contract Services	74,000	31,920	87,100	245,110	158,010
7107.7 Ground Level - Piezometer at Ayala Park	0	1,529	0	0	0
<b>Total 7107 Ground Level Monitoring</b>	<b>136,769</b>	<b>101,282</b>	<b>270,466</b>	<b>651,524</b>	<b>381,058</b>
<b>7108 Hydraulic Control Monitoring</b>					
7108.1 Hydraulic Control Monitoring - WM Staff	1,355	5,834	13,545	12,863	-682
7108.3 Hydraulic Control Monitoring - Engineering Services	253,219	45,379	115,787	427,426	311,639
7108.4 Hydraulic Control Monitoring - Laboratory Services	77,823	0	27,020	263,214	236,194
7108.9 Hydraulic Control Monitoring - Contract Services	18,000	37,512	42,880	40,000	-2,880
<b>Total 7108 Hydraulic Control Monitoring</b>	<b>350,397</b>	<b>88,725</b>	<b>199,232</b>	<b>743,503</b>	<b>544,271</b>
<b>7109 Recharge &amp; Well Monitoring</b>					
7109.3 Recharge & Well Monitoring - Engineering Services	86,707	16,363	26,177	0	-26,177
7109.4 Recharge & Well Monitoring - Laboratory Services	82,938	0	76,650	0	-76,650
<b>Total 7109 Recharge &amp; Well Monitoring</b>	<b>169,645</b>	<b>16,363</b>	<b>102,827</b>	<b>0</b>	<b>-102,827</b>

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	FY 06-07 June Actual	FY 07-08 December Actual	FY 07-08 Amended Budget	FY 08-09 Proposed Budget	Current vs. Proposed
<b>7200 OBMP Pgm Element 2 - Comp Recharge</b>					
7201 Comp Recharge - WM Staff	92,550	31,665	128,326	127,022	-1,304
7202 Comp Recharge - Engineering Services	48,196	4,063	14,340	8,100	-6,240
7202.1 Comp Recharge - Recharge Master Plan	0	0	7,660	265,464	257,804
7203 Comp Recharge - Contract Services	10,404	5,304	28,000	22,500	-5,500
7204 Comp Recharge - Supplies	2,464	0	5,000	18,000	13,000
7205 Comp Recharge - Other Expenses	83,453	0	0	0	0
7206 Comp Recharge - Basin Program O&M	1,233,010	380,000	760,000	690,000	-70,000
7207 Comp Recharge - Other	0	0	2,500	0	-2,500
7208 Hansen Aggregate Damages	16,677	851	0	0	0
<b>Total 7200 Comprehensive Recharge</b>	<b>1,486,754</b>	<b>421,883</b>	<b>945,826</b>	<b>1,131,086</b>	<b>185,260</b>
<b>7300 OBMP Pgm Element 3 &amp; 5 - Water Supply Plan - Desalter</b>					
7301 OBMP - WM Staff	11,513	7,181	23,909	23,348	-561
7303 OBMP - Engineering Services	0	65,651	135,600	125,512	-10,088
<b>Total 7300 OBMP Elements 3 &amp; 5 Water Supply Plan</b>	<b>11,513</b>	<b>72,832</b>	<b>159,509</b>	<b>148,860</b>	<b>-10,649</b>
<b>7400 OBMP Pgm Element 4 - Mgmt Zone Strategies</b>					
7401 OBMP - WM Staff	8,670	10,380	11,667	11,833	166
7402 OBMP - Engineering Services	240,829	83,710	147,457	158,892	11,435
7403 OBMP - Contract Services	27,335	0	0	47,000	47,000
7404 OBMP - Supplies	58	15	100	100	0
7405 OBMP - Other Expenses	306,759	251	450	0	-450
<b>Total 7400 OBMP Element 4 - Mgmt Zone Strategies</b>	<b>583,651</b>	<b>94,356</b>	<b>159,674</b>	<b>217,825</b>	<b>58,151</b>
<b>7500 OBMP Pgm Element 6 &amp; 7 - Coop Efforts/Salt Mgmt</b>					
7501 OBMP - WM Staff	974	13,834	3,783	1,664	-2,119
7502 OBMP - Engineering Services	201,628	54,346	99,750	194,896	95,146
7503 OBMP - Contract Services	76,868	0	0	20,000	20,000
7505 OBMP - Other Expenses	5,000	0	0	0	0
7506 OBMP - CO-OP Legal	14,376	0	35,000	0	-35,000
<b>Total 7500 OBMP Element 6 &amp; 7 - Coop Efforts/Salt Mgmt</b>	<b>298,846</b>	<b>68,180</b>	<b>138,533</b>	<b>216,560</b>	<b>78,027</b>

CHINO BASIN WATERMASTER

FY 2008/2009

DETAIL BUDGET

	FY 06-07 June Actual	FY 07-08 December Actual	FY 07-08 Amended Budget	FY 08-09 Proposed Budget	Current vs. Proposed
<b>7600 OBMP Pgm Element 8 &amp; 9 Storage Mgmt/Conj Use</b>					
7601 OBMP - WM Staff	15,610	12,291	9,660	9,733	73
7602 OBMP - Engineering Services	4,326	18,127	62,500	67,468	4,968
7603 OBMP - Contract Services	0	0	10,000	0	-10,000
7605 OBMP - Other Expenses	0	0	500	0	-500
<b>Total 7600 OBMP Element 8 &amp; 9 Storage Mgmt/Conj Use</b>	<b>19,936</b>	<b>30,418</b>	<b>82,660</b>	<b>77,201</b>	<b>-5,459</b>
<b>7700 Inactive Well Protection Program</b>					
7701 Inactive Well Protection Program - WM Staff	0	0	2,839	4,284	1,445
7703 Inactive Well Protection Program - Contract Services	0	0	1,500	2,000	500
<b>Total 7700 Inactive Well Protection Program</b>	<b>0</b>	<b>0</b>	<b>4,339</b>	<b>6,284</b>	<b>1,945</b>
<b>7690 Recharge Improvement Debt Payment</b>	<b>1,358,414</b>	<b>618,373</b>	<b>1,377,552</b>	<b>1,110,000</b>	<b>-267,552</b>
<b>9502 Allocated G&amp;A Expenditures</b>	<b>262,852</b>	<b>150,877</b>	<b>278,441</b>	<b>311,177</b>	<b>32,736</b>
<b>Total OBMP Implementation Projects</b>	<b>5,234,519</b>	<b>1,850,430</b>	<b>4,153,883</b>	<b>5,414,055</b>	<b>1,260,172</b>
<b>Total General OBMP &amp; Implementation Projects</b>	<b>7,617,902</b>	<b>3,561,173</b>	<b>7,016,220</b>	<b>7,546,550</b>	<b>530,330</b>
<b>Total Expenses</b>	<b>8,564,069</b>	<b>3,927,733</b>	<b>7,867,370</b>	<b>8,388,747</b>	<b>521,377</b>
<b>Net Ordinary Income</b>	<b>-242,107</b>	<b>1,415,702</b>	<b>0</b>	<b>0</b>	<b>0</b>

CHINO BASIN WATERMASTER

FY 2008/2009

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**DETAIL BUDGET**

	FY 06-07 June Actual	FY 07-08 December Actual	FY 07-08 Amended Budget	FY 08-09 Proposed Budget	Current vs. Proposed
<b>Other Income</b>					
<b>Water Replenishment Assessments</b>					
<b>4210 Approp Pool-Replenishment</b>					
4211 15% Gross Assessments	544,185	0	0	0	0
4212 85% Net Assessments	1,513,674	0	0	0	0
4213 100% Net Assessments	256,868	0	0	0	0
4214 Prior Year Adjustment	369,248	0	0	0	0
<b>Total 4210 Approp Pool-Replenishment</b>	<b>2,683,975</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4220 Non-Ag Pool-Replenishment</b>					
4223 Net Replenishment	7,009	0	0	0	0
<b>Total 4220 Non-Ag Pool-Replenishment</b>	<b>7,009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Other Income</b>	<b>2,690,984</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Expense</b>					
<b>5010 Groundwater Recharge</b>					
5011 Replenishment Water	3,292,980	2,230,822	0	0	0
5015 OC-59 Use Fees	30,715	0	0	0	0
5015.1 OC-59 Use Fees - Other	14,239	0	0	0	0
5017 IEUA Surcharges	198,267	97,905	0	0	0
<b>Total 5010 Groundwater Recharge</b>	<b>3,536,201</b>	<b>2,328,727</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Other Expense</b>	<b>3,536,201</b>	<b>2,328,727</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Other Income</b>	<b>-845,217</b>	<b>-2,328,727</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(To) / From Reserves</b>	<b>1,087,324</b>	<b>913,025</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



CHINO BASIN WATERMASTER  
2008-2009 BUDGET  
LINE ITEM JUSTIFICATION

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Budget Line Number	Comments
<b>ORDINARY INCOME/EXPENSE</b>	
<b>4000 COOPERATIVE EFFORT CONTRIBUTIONS</b>	
4010	Local Agency Subsidies - Other
<b>4110 APPROPRIATIVE POOL ASSESSMENTS</b>	
4111	Administrative Assessment
4111.2	OBMP Assessment
4112	Agricultural Pool Reallocation-Administrative Assessment
4113	Agricultural Pool Reallocation-OBMP Assessment
4115	Recharge Improvement Revenue
4117	P/Y Adjustments
<b>4120 NON-AGRICULTURAL POOL ASSESSMENTS</b>	
4123	Administrative Assessment
4124	OBMP Assessment
4127	P/Y Adjustments
<b>4730 PRORATED INTEREST INCOME</b>	
<b>6010 SALARY COSTS</b>	
6011	WM Staff Salaries & Payroll Burden
6012	Payroll Services
6018	Fringe Benefits
60199	Payroll Burden Allocated
<b>6020 OFFICE BUILDING EXPENSE</b>	
6021	Office Lease
6022	Telephone
6024	Building Repair & Maintenance
6027	Other Expense
<b>6030 OFFICE SUPPLIES &amp; EQUIPMENT</b>	
6031	Office Supplies
6038	Office Equipment
6039	Office Expense
6141	Meeting Expenses

This account represents funds which are to be received from Metropolitan Water District to offset our costs related to administering the Dry Year Yield Program.

Appropriative Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Appropriators on a per acre-foot basis levied based on the prior year's production.

Appropriative Pool Assessments equal the Pool's share of all Optimum Management costs levied to the Appropriators on a per acre-foot basis based on the prior year's production.

The Appropriative Pool and the Overlaying Agricultural Pool agreed that the unproduced portion of Ag Pool's annual share of safe yield (82,800 acre-feet) would be immediately reallocated to the Appropriative Pool members provided the Appropriative Pool would pay the Agricultural Pool's share of Administrative and Special Project expenses.

With separate assessments levied for General Administration and Optimum Basin Management Plan and Implementation Costs, the Agricultural Pool costs charged through the reallocation levy have been separated to differentiate between the revenues from the two levies.

This line item covers funds required to pay the budgeted debt service payment and the operating & maintenance expenses. Consists of adjustments related to prior years, if any.

Non-Agricultural Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Non-Agricultural Pool based on the prior year's production. Non-Agricultural Pool Assessments equal the Pool's share of all Optimum Basin Management costs levied to the Pool members based on the prior year's production. Consists of adjustments related to prior years, if any.

Interest is prorated between the Pools and the Education Fund using formula approved by the Advisory Committee and Pools several years ago.

Expenses related to administrative staff hours and costs not related to a particular project.

Expenses related to processing of bi-weekly payroll and preparation of quarterly and annual tax returns, including year end W-2 processing.

Benefits paid to employees such as medical, dental, vacation, sick leave & holidays.

Fringe benefits allocated to salary costs.

Lease for Watermaster office.

Telephone expense includes office telephone system, cellular phones for management & field staff along with conference call service.

This line item covers monthly housekeeping & maintenance requests to the office.

Expenses to this line include office building improvements.

Office supplies include: copy paper, stationary, envelopes, checks and other miscellaneous office supplies.

This Budget line covers the cost of office equipment not included in office supplies referenced in account 6031.

This line covers the costs of items not covered under any of the above #6030 lines including file management consulting fees.

Expenses charged to this line include administrative meeting expenses.

CHINO BASIN WATERMASTER  
2008-2009 BUDGET  
LINE ITEM JUSTIFICATION

**DRAFT**

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

CHINO BASIN WATERMASTER  
2008-2009 BUDGET  
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Budget Line Number	Comments
<b>5190 CONFERENCES &amp; SEMINARS</b>	
6191	Conferences & Seminars
6192	Training & Continuing Education
<b>5200 ADVISORY COMMITTEE</b>	
6201	WM Staff Salaries
6212	Meeting Expenses
<b>5300 WATERMASTER BOARD EXPENSES</b>	
6301	WM Staff Salaries
6311	Member Compensation
6312	Meeting Expenses
6313	Board Member's Expenses
<b>6500 EDUCATION FUND EXPENDITURES</b>	
<b>8300 APPROPRIATIVE POOL ADMINISTRATION AND SPECIAL PROJECTS</b>	
8301	WM Staff Salaries
8312	Meeting Expenses
<b>8400 AGRICULTURAL POOL ADMINISTRATION AND SPECIAL STUDIES</b>	
8401	WM Staff Salaries
8411	Compensation - AG Pool Members
8412	Meeting Expenses
8456	IEUA RTS Meter Charge
8457	Agri-Pool Legal Services
8457.1	Frank B & Associates
8470	Ag Pool Meeting Special Compensation
<b>8500 NON-AGRICULTURAL POOL ADMINISTRATION AND SPECIAL PROJECTS</b>	
8501	WM Staff Salaries
8512	Meeting Expense
9500	ALLOCATED G&A EXPENDITURES
<b>6900 OPTIMUM BASIN MANAGEMENT PROGRAM</b>	
6900	OPTIMUM BASIN MANAGEMENT PROGRAM - GENERAL ENGINEERING

Staff attends conferences for information, training, or making presentations regarding the Chino Basin Watermaster activities.

Attendance at training & continuing education for staff.

Salary and burden costs of WM staff in attending and preparing for Advisory Committee meetings.

Advisory Committee meetings are normally scheduled to cover the lunch hour so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, a luncheon or refreshments are served and those costs are reflected here.

Salary and burden costs of WM staff in preparing for and attending Watermaster Board Meetings.

Board Members are entitled to, but may waive, compensation for each day of service. Those who have not waived, receive \$125 per day served at various meetings including Board meetings, Committee meetings and other water agency meetings, including conference calls.

Board and Committee meetings may be scheduled to cover the lunch hour so that attendees are absent from their normal jobs the least amount of time possible. If this occurs, a luncheon or refreshments are served and those costs are reflected here.

Board Members are entitled to receive reimbursement for expenses incurred on behalf of Watermaster. Upon request, mileage is reimbursed to any Board Member using a personal vehicle on Watermaster business.

This account disburses funds from the educational account as directed.

**8300 APPROPRIATIVE POOL ADMINISTRATION AND SPECIAL PROJECTS**

Salary and burden costs of WM staff in attending and preparing for Pool Meetings, and any other Appropriative Pool administrative activity.

This item covers meeting expenses, including the cost of refreshments.

**8400 AGRICULTURAL POOL ADMINISTRATION AND SPECIAL STUDIES**

Salary and burden costs of WM staff in attending and preparing for Pool Meetings, and any other Agricultural Pool administrative activity.

AG Pool Members are reimbursed \$25 for each Pool, Committee or Board Meeting attended. AG Pool voted to increase reimbursement to \$125 per meeting with the extra \$100 to be paid out of AG Pool accumulated interest. This additional \$100 is shown under account #8470.

This item covers meeting expenses, including the cost of refreshments.

Inland Empire Utilities Agency implemented a 'readiness to serve' charge against Watermaster for future provision of service to the land in the Agricultural preserve.

The Agricultural Pool retains its own legal council to represent them in all Watermaster matters.

The Agricultural Pool has contracted with a water management consultant to assist them in following Watermaster activities important to the Agricultural Pool.

See account #8411 for details of this line item.

**8500 NON-AGRICULTURAL POOL ADMINISTRATION AND SPECIAL PROJECTS**

Salary and burden costs of WM staff in attending and preparing for Pool Meetings and any other Non-Agricultural Pool administrative activity.

This item covers meeting expenses, including the cost of refreshments.

Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.

**6900 OPTIMUM BASIN MANAGEMENT PROGRAM**

This work includes general engineering services requested by Watermaster to support implementation of the OBMP. The current budget request includes general, non-project specific as well as ad hoc requests for services and data requests promoting the ongoing efforts to implement the OBMP. Items include all aspects of preparing reports as required by the OBMP including the State of the Basin Report and the conditions subsequent pursuant to Judge Gunn's December 21, 2007 court order approving Peace II.

CHINO BASIN WATERMASTER  
2008-2009 BUDGET  
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Budget Line Number	Comments
6950	COOPERATIVE EFFORTS
9501	ALLOCATED G&A EXPENDITURES
7000	OPTIMUM BASIN MANAGEMENT PROGRAM IMPLEMENTATION PROJECTS
7101	PRODUCTION MONITORING
	On an ad hoc basis, Watermaster and other agencies agree to share the costs of various projects that will benefit both parties.
	Administrative Overhead is allocated to OBMP & Project jobs as a percentage of total Watermaster salaries.
	Watermaster staff collects and processes production information for the approximately 640 wells within the Basin, including approximately 200 Appropriator wells and approximately 440 private wells. Consultant staff reads the meters for the private wells, while the Appropriators report their meter readings to Watermaster. The data are inputted into a production database that is updated quarterly, and that is used at the end of the fiscal year to provide essential data for the Assessment Package. Computer services are for the subscription for parcel lot information (split 50/50 with 7103--Groundwater Quality Monitoring).
7102	IN-LINE METER INSTALLATION
	Approximately 340 in-line flow meters are now installed on the previously unmeasured private wells. Approximately 230 meters must be calibrated each year and other maintenance and repairs are required. Each calibration is expected to cost \$190. Ten meters are expected to be replaced this fiscal year, as these wells are expected to remain for at least another 12 months.
7103	GROUNDWATER QUALITY MONITORING
	Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater quality monitoring program. Previously, Watermaster annually collected water quality data from approximately 200 private wells and obtained other water quality data from other cooperators so that approximately one-third of the active wells were sampled every third year. Other cooperators include members of the appropriative and overlying non-agricultural pools, the Regional Water Quality Control Board, the Department of Toxic Substances Control, the United States Geological Survey, the Orange County Water District and others. The key well monitoring program has now been implemented. Approximately 110 wells are included within the water quality key well program, with approximately 55 wells being sampled and analyzed each year. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. The ad hoc Water Quality Committee oversees the surface water and groundwater quality programs to ensure that necessary data are collected to effectively manage the Basin.
	Required supplies for this line item include sampling equipment such as piping and valving.
	Computer services are for the subscription for parcel lot information (split 50/50 with 7101--Production Monitoring).
7104	GROUNDWATER LEVEL MONITORING PROJECT
	Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater-level monitoring program. Groundwater-level measurements are collected and compiled from about 600 wells. Of the 600 wells, about 80 wells are measured monthly, about 275 wells are measured semi-annually, about 50 wells are measured by transducers, about 200 wells are measured by municipal well owners, which are collected by Watermaster staff, and about 100 wells are measured by cooperators, which are collected by Watermaster staff. Cooperators include members of the appropriative and overlying non-ag pools, RWQCB, DTSC, USGS, OCWD, and others. All data are checked for reasonableness with regard to historical data at the well, converted from depth-to-water to groundwater-level elevation, and compiled into a centralized database. The majority of this effort is concentrated in the southern half of the basin to support Desalter/HCMP monitoring programs. These data are analyzed in time series charts and maps annually to support the annual HCMP report and the semi-annual State of the Basin Report.
	Contract services for this item include the construction of aluminum covers for transducers not otherwise enclosed in structures and ground-level surveys of well reference points.
	Required supplies for this line item include sounder replacement lines, rubber gloves, distilled water, and fittings for installing transducers.
	Capital equipment for this line item include transducers and transducer download cables.
7105	BASIN WATER QUALITY MONITORING
	Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the surface water quality monitoring program. Work in this line item includes measuring water quality at recharge and flood retention basins within the Chino Basin. This was typically done during the rainy season only; approximately 3-4 samplings per basin per year. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use.
	Required supplies for this line item include rubber gloves, sample bags, tools, and field lab equipment.

CHINO BASIN WATERMASTER  
2008-2009 BUDGET  
LINE ITEM JUSTIFICATION

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Budget Line Number	Comments
7107	<p><b>GROUND LEVEL MONITORING</b></p> <p>Pursuant to the OBMP &amp; Peace Agreement, Program Element 1 also includes the development and implementation of a ground-level monitoring and testing program. Watermaster is interested in determining how much, if any, subsidence has occurred in the Basin and in monitoring the effectiveness of the OBMP in minimizing it. Data will be collected from a network of ground elevation stations (surveys), from a multi-piezometer and from a dual borehole extensometer in the subsidence-prone area (mainly Management Zone 1). Satellite imagery (InSAR) also will be collected and analyzed for subsidence. A pilot ASR test at a well owned by the City of Chino Hills will be initiated. Watermaster is implementing these efforts as part of the MZ1 Subsidence Management Plan.</p> <p>A web page for real-time water level reading at the PA-7 Piezometer (Ayala Park) will be implemented, which is a requirement of the MZ-1 Long-Term Management Plan.</p> <p>A new Central MZ1 piezometer is also planned, as well as an extensive ground-level survey to determine reference points for several wells near the piezometer.</p> <p>As part of the Basin Plan, a monitoring plan to evaluate the state of hydraulic control in the southern end of the basin has been developed. Hydraulic control will be used to maximize the safe yield of the basin. Watermaster, OCWD and the Regional Board have developed a monitoring plan to assess the state of hydraulic control to provide information to Watermaster to manage future production and recharge. Samples are collected from seven stations along the SAR every-other-week for water quality analyses. Stream flow measurements are also collected from five stations along the SAR. Water discharge and quality data area collected from all POTWS and other non-tributary dischargers between the Riverside Narrows and below Prado dam. This monitoring activity is a requirement for the Chino Basin to receive TDS and Two new nested monitoring wells are also planned, that will be located near the OJA VOC plume and near the former IEUA Co-Composter Facility.</p> <p>Deleted from program and budget</p>
7108	<p><b>HYDRAULIC CONTROL MONITORING PROGRAM</b></p> <p>This line item includes the recharge master plan update required by Judge Gunn's December 21, 2008 order approving Peace II, GRCC participation, and recharge basin O&amp;M.</p> <p>The work in this line item includes engineering services for the technical review of non-Watermaster consultant work products for consistency with OBMP, Basin Plan and other Watermaster interests. Work in this line item also includes the design support for the proposed Chino Creek Desalter well field.</p>
7109	<p><b>RECHARGE AND WELL MONITORING PROGRAM</b></p> <p>Pursuant to the OBMP &amp; Peace Agreement, Watermaster has developed a long-term management plan for MZ1. Watermaster and the Court approved the MZ1 Subsidence Management Plan in 2007. Watermaster will be implementing the MZ1 Subsidence Management Plan in FY 2008-09 and in years thereafter, and adapting the plan as new data and understanding dictates. Data collected and analyzed will be presented and discussed at the MZ1 Technical Group meetings. New monitoring wells were installed in MZ-3 and monitored during FY 2005/06 and 2006/07. A technical memorandum will be completed this fiscal year and a revised monitoring program will be developed.</p> <p>In Management Zone 3, Watermaster will conduct a thorough ground water quality survey to locate contaminant plumes which might impact appropriator wells. Plans include quarterly sampling and analyses of two new "sentinel" wells to provide on-going monitoring of plume management.</p>
7200	<p><b>OBMP PROGRAM ELEMENT 2 - COMPREHENSIVE RECHARGE PROGRAM</b></p>
7300	<p><b>OBMP PROGRAM ELEMENTS 3 &amp; 5 - WATER SUPPLY PLAN - DESALTER</b></p>
7400	<p><b>OBMP PROGRAM ELEMENT 4 - MANAGEMENT ZONE MANAGEMENT STRATEGIES</b></p>
7500	<p><b>OBMP PROGRAM ELEMENTS 6 &amp; 7 - COOPERATIVE EFFORTS AND SALT MANAGEMENT</b></p> <p>Pursuant to the OBMP &amp; Peace Agreement, Watermaster will complete specific activities to improve water quality monitoring and analyze the effectiveness of the OBMP to accomplish its goals. The work in this line item includes coordinating the Water Quality committee activities, coordinating with RWQCB and DTSC on several groundwater plumes - including VOC plumes potentially emanating from the Ontario International Airport and the Chino Airport, and the Stingfellow perchlorate plume, which has now reached the Santa Ana River, the Basin Monitoring Task Force pursuant to Watermaster's Maximum Benefit obligation, and participating in the TMDL process for Santa Ana River, Chino and Mill Creeks.</p>
7600	<p><b>OBMP PROGRAM ELEMENTS 8 &amp; 9 - STORAGE MANAGEMENT AND CONJUNCTIVE USE PROGRAMS</b></p> <p>This line item includes Watermaster's effort to expand the existing DYY Program and to develop new groundwater storage programs.</p>
7700	<p><b>INACTIVE WELL PROTECTION PROGRAM</b></p> <p>Pursuant to the OBMP &amp; Peace Agreement, Watermaster has compiled a list of inactive wells that have not been properly abandoned. Watermaster equips inactive wells with devices that meet the requirement of well abandonment to protect the integrity of the groundwater. These devices also allow for access to the well for monitoring purposes, if necessary. This fiscal year, approximately five more inactive wells will be equipped with such devices.</p>
7800	<p><b>RECHARGE IMPROVEMENT DEBT PAYMENT</b></p> <p>Repayment of debt as agreed to in contract with Inland Empire Utilities Agency for improvement of recharge basins within the Chino Basin, to be paid by the Appropriators.</p>
9502	<p><b>ALLOCATED G&amp;A EXPENDITURES</b></p> <p>Administrative Overhead is allocated to OBMP &amp; Project jobs as a percentage of total Watermaster salaries.</p>

CHINO BASIN WATERMASTER  
2008-2009 BUDGET  
LINE ITEM JUSTIFICATION

DRAFT

Budget  
Line  
Number      Comments

**SUPPLEMENTAL & REPLENISHMENT WATER INCOME AND EXPENSES**

Water rights were assigned in the Judgment entered in 1978. It established the terms and conditions regarding replenishment water and how the assessments would be levied to cover the water for each pool. No amounts are budgeted in this category as Watermaster is unable to determine what the overproduction will be at year, if any. Replenishment water is a "pass-thru" expense meaning all amounts overproduced by an agency are billed to them at the rate Watermaster pays for the cost of the water.

Certain Appropriators under the Judgment have 15% of the cost of replenishment water required by their group and 85% of the cost is paid by the appropriator overproducing water in the prior year. Other Appropriators have the obligation to pay 100% of the costs of replacing any overproduced water.

Costs levied against the 15%/85% group for replacing water.

Costs levied against the 15%/85% group for replacing water.

Costs levied against those subject to 100% assessments for replacing water.

Non-Ag members (primarily industrial producers) are required to replace any water produced which exceeds their assigned water rights.

Costs levied against those subject to 100% assessments for replacing.

Costs of Replenishment or Supplemental Water.

This line covers the costs of purchasing replenishment water from MWD at \$233/AF.

This line covers the costs of purchasing water @ \$233/AF.

Vector control at Recharge Basins.

Connection Fees.

Inland Empire Utilities Agencies charges a fee for water delivered.

4210 App Pool Replenishment Assessments

4211 15% Gross Assessments

4212 85% Gross Assessments

4213 100% Net Assessments

4220 Non-Ag Pool Replenishment

4230 Net Replenishment Assessments

5010 GROUNDWATER RECHARGE

5011 Replenishment Water

5012.4 MZ1 Interim Imported Water Purchase

5014 Vector Control

5015 OC-59 Use Fees

5017 IEUA Surcharges

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

**DRAFT**

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

MEMO ONLY FISCAL YEAR 2007-2008 BUDGET TOTALS	MEMO ONLY		MEMO ONLY		MEMO ONLY		MEMO ONLY	
	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY
	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY
	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY	MEMO ONLY
<b>PRODUCTION BASIS</b>								
2005-06 Production & Exchanges in Acre-Feet	161,240,932	124,315,140	77.099%	33,899,960	21.024%	3,025,832	1.877%	
2006-07 Production & Exchanges in Acre-Feet	171,490,694	130,826,204	76.288%	37,295,410	21.748%	3,369,080	1.965%	
<b>BUDGET</b>								
Administration, Advisory Committee & Watermaster Board (1)	\$842,197	\$642,492		\$183,159		\$16,546		
OBMP & Implementation Projects(1)	6,196,550	\$4,727,202		183,159		\$1,347,612		\$121,736
General Admin & OBMP Assessments	7,038,747	642,492	4,727,202	183,159	1,347,612	16,546		121,736
<b>TOTAL BUDGET</b>	7,038,747	642,492	4,727,202	183,159	1,347,612	16,546		121,736
Less Budgeted Interest Income	(174,368)							(3,426)
Contributions from Outside Agencies	(148,410)							(2,916)
<b>CASH DEMAND</b>	6,715,969	642,492	4,480,963	183,159	1,277,415	16,546		115,394
<b>OPERATING RESERVE</b>								
Administrative	\$0	\$0		\$0		\$0		\$0
OBMP	0	0		\$0		\$0		\$0
<b>Less: Funds On Hand Utilized for Assessments</b>	0	0	0	0	0	0	0	0
<b>FUNDS REQUIRED TO BE ASSESSED</b>	\$6,715,969	\$642,492	\$4,480,963	\$183,159	\$1,277,415	\$16,546		\$115,394
Proposed Assessments								
General Administration Assessments		\$4.91	\$34.25	\$4.91	\$34.25	\$4.91		\$34.25
Minimum Assessments		\$5.00		\$5.00		\$5.00		\$5.00
<b>Prior Year Assessments (For Information Only)</b>		\$4.50	\$31.80	\$4.50	\$31.80	\$4.50		\$31.80

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

**Chino Basin Watermaster  
Budget and Description of Engineering Tasks  
Fiscal Year 2008/2009**

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<b>6906 – Optimum Basin Management Program: General Engineering</b>
<b>Tasks</b>
<ul style="list-style-type: none"> <li>• Pool, Advisory, Watermaster Meetings</li> <li>• Other General Meetings as Requested</li> <li>• Evaluation of Transfers, Assessment of Supplemental Water Recharge</li> <li>• Miscellaneous Data Requests</li> <li>• Miscellaneous CEO Requests</li> <li>• OBMP Strategic Planning Process</li> <li>• State of the Basin Report. This includes a scoping meeting with the special referee, preparing the following drafts: administrative, draft, and final.</li> <li>• Annual Engineering Updates               <ul style="list-style-type: none"> <li>• Quantification of New Yield, Condition Subsequent Number 7. This includes the following subtasks:                   <ul style="list-style-type: none"> <li>• Develop Definitions, Assumptions and Criteria</li> <li>• Storm Water Quantification</li> <li>• Calculate New Yield from Santa Ana River Due to Past Desalter Replenishment Practices and Reoperation through June 30, 2008</li> <li>• Revise Reoperation Schedule</li> <li>• Prepare Reports</li> </ul> </li> <li>• Prepare the Balance of Recharge and Discharge Report. This includes the following subtasks:                   <ul style="list-style-type: none"> <li>• Run 20-Year Groundwater Flow Simulation Based on Calibration Above and DYYF Expansion Data</li> <li>• Review Transfers Among the Parties (work done by Watermaster Staff with review by WEI, Watermaster staff time not included)</li> <li>• Prepare Reports (work done by Watermaster Staff with review by WEI, Watermaster staff time not included).</li> </ul> </li> </ul> </li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• Pool, Advisory, Watermaster Meetings</li> <li>• Other General Meetings as Requested</li> <li>• Evaluation of Transfers, Assessment of Supplemental Water Recharge</li> <li>• Miscellaneous Data Requests</li> <li>• Miscellaneous CEO Requests</li> <li>• OBMP Strategic Planning Process</li> <li>• State of the Basin Report</li> <li>• Annual Engineering Updates</li> <li>• Prepare the Balance of Recharge and Discharge Report</li> </ul>

<b>7101 – PEI: Groundwater Production Monitoring Program</b>
<b>Tasks</b>
<p><i>Purpose: [Basin Operation] Obtain groundwater production data for private wells. This task is performed jointly by Watermaster and WEI staff.</i></p> <ul style="list-style-type: none"> <li>• Quarterly Meter Reads. This task comprises obtaining quarterly meter reads from about 325 private wells.</li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• Quarterly Meter Reads</li> </ul>

<b>7103 – PEI: Groundwater Quality Monitoring Program</b>
<b>Tasks</b>
<p><i>Purpose: [Basin Plan and Max Benefit] Obtain groundwater quality information in and adjacent to Chino Basin. These data are required for the triennial ambient water quality update mandated by the Basin Plan and for the</i></p>



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*Hydraulic Control Monitoring Program – a maximum benefit requirement in the Basin Plan. The data are also used for the Biannual State of the Basin report and estimating influent water quality to desalter wells.*

- Obtain Groundwater Quality Data Routinely from about 200 Wells from All Appropriators and Cooperators in and Adjacent to Chino Basin. This represents about 20,000 records in Watermaster's database. Subtasks include:
  - phone calls and meetings with water quality staff
  - uploading hardcopy, spreadsheet, and laboratory electronic data deliverables to Watermaster's database.
- Collect and Analyze Groundwater Quality Samples from About 60 Private Wells. Subtasks include:
  - annual re-evaluation of the key well program due to abandoned and destroyed wells
  - scheduling the field work and coordinating with the analytical laboratory
  - performing the field work
  - uploading field and laboratory data to Watermaster's database.
  - The field work follows the standard operating procedures (SOPs) and the Quality Assurance Project Plan (QAPP) defined in the 2004 HCMP Work Plan.
- Characterize Groundwater Quality Conditions and Trends. Subtasks include:
  - create time-history plots of key water quality constituents, e.g., TDS and nitrate-nitrogen.
  - Create maps showing the spatial distribution of water quality constituents.

**Milestones**

- Obtain Groundwater Quality Data Routinely from All Appropriators and Cooperators in and Adjacent to Chino Basin
- Collect and Analyze Groundwater Quality Samples from About 60 Private Wells
- Characterize Groundwater Quality Conditions and Trends

**7104 – PEI: Groundwater Level Monitoring Program**

**Tasks**

*Purpose: [Basin Plan and Max Benefit] Obtain groundwater level information in and adjacent to Chino Basin. These data are required for the triennial ambient water quality update mandated by the Basin Plan and for the Hydraulic Control Monitoring Program – a maximum benefit requirement in the Basin Plan. The data are also used for the Biannual State of the Basin report and for the Chino Basin Groundwater Model.*

- Obtain Groundwater Level Data Routinely about 200 Wells from All Appropriators and Cooperators in and Adjacent to Chino Basin. This represents about 3800 records in Watermaster's database. Subtasks include:
  - phone calls and meetings with staff and uploading hardcopy, spreadsheet and electronic data to Watermaster's database.
- Collect and Analyze Groundwater Level Measurements from About 600 Wells. Subtasks include:
  - annual re-evaluation of the key well program due to abandoned and destroyed wells
  - scheduling the field work
  - performing the field work; and uploading manual water level measurements to Watermaster's database
  - download, QC, and upload of transducer data
  - The field work follows the SOPs and the QAPP defined in the 2004 HCMP Work Plan.

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<ul style="list-style-type: none"> <li>• Characterize Groundwater Level Conditions and Trends. Subtasks include:                             <ul style="list-style-type: none"> <li>• create time-history plots of groundwater elevations</li> <li>• create maps showing groundwater elevation contours</li> </ul> </li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• Obtain Groundwater Level Data Routinely from All Appropriators and Cooperators in and Adjacent to Chino Basin</li> <li>• Collect and Analyze Groundwater Level Measurements from About 600 Wells</li> <li>• Characterize Groundwater Level Conditions and Trends</li> </ul>

<b>7107 – PEI: Ground Level Monitoring Program</b>
<b>Tasks</b>
<p><i>Purposes: 1) To verify the protective nature of the current MZ-I Plan with regard to permanent land subsidence and ground fissuring in the Managed Area.</i></p> <p><i>2) To develop a pumping and recharge plan to minimize the risk of future land subsidence and ground fissuring across all of MZ-I.</i></p> <ul style="list-style-type: none"> <li>• Setup and Maintenance of Monitoring Network. Subtasks include:                             <ul style="list-style-type: none"> <li>• Well recon and installation of 10 transducers in central and southeastern MZ-I</li> <li>• Equipment maintenance at the Ayala Park Extensometer and across entire monitoring network</li> <li>• Perform test of low-cost extensometer at Ayala Park that could be applied in the future to other areas of MZI or other management zones</li> </ul> </li> <li>• Aquifer System Monitoring and Testing. Subtasks include:                             <ul style="list-style-type: none"> <li>• Collection and organization of groundwater-level and groundwater-production data from wells in MZI monitoring network</li> <li>• Conduct one controlled pumping test in the Managed Area</li> <li>• Assess feasibility and develop scope for pumping test east of Riley Barrier</li> <li>• Evaluate feasibility of ASR at Well CH-1B</li> </ul> </li> <li>• Ground Level Surveys. Subtasks include:                             <ul style="list-style-type: none"> <li>• Conduct Fall 2008 ground-level survey and EDMs (horizontal monitoring) across existing network</li> <li>• Conduct Spring 2009 survey (EDMs only)</li> <li>• Replace destroyed benchmarks</li> </ul> </li> <li>• Ground Level Surveys - Outside Pro</li> <li>• InSAR – multiple interferograms across entire Chino Basin for 2008-09</li> <li>• InSAR - Outside Pro</li> <li>• Conduct ASR Pilot Test at CH-1B (contingent task)</li> <li>• Expand ground-level survey network across central MZI (contingent task)</li> <li>• Water Supply Planning (contingent task)</li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• Update of MZI database with aquifer system data and ground-level data. Data will be used to (1) assess the protective nature of the current MZI Plan and (2) support the development of future pumping and recharge plan(s) in MZI to minimize the risk of future land subsidence and ground fissuring across all of MZ-I</li> <li>• Evaluation of the possibility of using aquifer injection as a tool to manage water levels and subsidence within the Managed Area</li> <li>• Evaluation of proposed pumping plans of the parties that pump from the Managed Area</li> </ul>

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**7108 – PEI: Hydraulic Control Monitoring Program**

**Tasks**

*Purpose: [Basin Plan and Max Benefit] Obtain surface water discharge and water quality data from the Santa Ana River and its tributaries and groundwater quality and level information in and adjacent to Chino Basin. These data are required by the Basin Plan (the surface water stations and frequencies are specified in Table 5-8a) and for the Hydraulic Control Monitoring Program – a maximum benefit requirement in the Basin Plan. The data are also used for the Biannual State of the Basin report and for the Chino Basin Groundwater Model.*

- Measure Discharge at Specified Surface Water Stations in the Santa Ana River and Tributaries. Discharge measurements are made at 14 stations every other week (364 discharge measurements). Subtasks include:
  - scheduling the field work
  - performing the field work
  - QA/QC'ing the discharge calculations
  - uploading the discharge data to Watermaster's database.
  - The field work follows the SOPs and the QAPP defined in the 2004 HCMP Work Plan.
- Collect Grab Surface Water Quality Samples at Specified Surface Water Stations in the Santa Ana River and Tributaries. Samples are collected at 14 stations every other week. Samples are also collected from three POTWs. Data from IEUA's POTW discharges are obtained from IEUA. Subtasks include:
  - scheduling the field work and coordinating with the analytical laboratory
  - performing the field work
  - uploading field and laboratory data to Watermaster's database.
- Monitor HCMP, NAWQA, and SARWC Wells. The 2 NAWQA and 2 SARWC wells are sampled monthly. The 21 HCMP wells are sampled quarterly (132 total samples) Subtasks include:
  - scheduling the field work and coordinating with the analytical laboratory
  - performing the field work
  - uploading field and laboratory data to Watermaster's database.
- Interpretation of HCMP Data and Data Analyses/Comparison with Metrics. All data generated in the HCMP, as well as the GWQMP and the GWLMP will be analyzed and used to demonstrate the degree of hydraulic control obtained by basin re-operation and desalter production.
- 2008 Aerial Photograph. Watermaster will purchase a compressed, digital 2008 Aerial Photograph of the Chino Basin Area in support of the HCMP.
- HCMP Monitoring Well Master Plan and Grant Applications. Watermaster and IEUA will develop a master plan of new monitoring wells that will be required to demonstrate hydraulic control in Chino Basin as part of the Maximum Benefit requirement. Approximately two nests of wells are proposed per year. The agencies will endeavor to seek grant funding whenever possible.
- Reports—Compose four quarterly data reports and one annual HCMP report (draft and final).
- Meetings

**Milestones**

- Measure Discharge at Specified Stations in the Santa Ana River and Tributaries as Mandated by the Basin Plan
- Collect Grab Surface Water Quality Samples at Specified Stations in the Santa Ana River and

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- Tributaries as Mandated by the Basin Plan
- HCMP Monitoring Well Master Plan and Grant Applications
- Monitor HCMP, NAWQA, and SARWC Wells
- 2008 Aerial Photograph of the Chino Basin Area in support of the HCMP
- Reports
- Meetings

<b>7202 – PE2: Recharge Master Plan (Conducted over a Two-Year Period) (FY 08/09 and FY 09/10)</b>	
<b>Tasks</b>	
<p><i>Purpose: December 21, 2007 Court Order, Condition Subsequent No. 5: “By July 1, 2008, Watermaster shall submit to the Court a detail outline of the scope and content of its first Recharge Master Plan Update, and shall report its progress by January 1, 2009 and July 1, 2009. December 21, 2007 Court Order, Condition Subsequent No. 8: “By July 1, 2010, Watermaster shall submit to the Court for approval an updated Recharge Master Plan. The updated Recharge Master Plan shall include all the elements listed in the <u>Special Referee’s Final Report and Recommendations</u>.</i></p>	
<ul style="list-style-type: none"> <li>• Finalize Work Plan</li> <li>• Kickoff Meeting with Recharge Partners</li> <li>• Finalize Replenishment and Recharge Goals, and Describe Impediments to Goals</li> <li>• Estimate Baseline (2008) and Future Stormwater Recharge</li> <li>• Develop Design Criteria for Spreading Basins and ASR Wells</li> <li>• Develop Unit Cost and Financial Information</li> <li>• Identify Potential Spreading, ASR and Other Related Facility Sites</li> <li>• Develop Environmental and other Site Constraints</li> <li>• Describe Recharge Operations at Each Site</li> <li>• Develop Reconnaissance-Level Designs and Operating Plans</li> <li>• Develop Cost Opinions</li> <li>• Develop Alternative Recharge Project Mixes</li> <li>• Integrate Operational Plans and Describe Performance and Level of Robustness</li> <li>• Describe Implementation Barriers, Process and Schedule</li> <li>• Prepare Final Cost Opinions</li> <li>• Prepare Draft Recharge Master Plan Report</li> <li>• Present Draft Report in Watermaster Process, Boards of CBWCD, IEUA, TVMWD and WMWD, &amp; County</li> <li>• Conduct CEQA</li> <li>• Finalize Recharge Master Plan Report</li> <li>• Adopt Recharge Master Plan</li> </ul>	
<b>Milestones</b>	
<ul style="list-style-type: none"> <li>• Finalize Work Plan</li> <li>• Prepare Task 1 Design Criteria Memorandum</li> <li>• Prepare Task 2 Spreading Basin Memorandum</li> <li>• Prepare Task 3 ASR Well Memorandum</li> <li>• Prepare Cost Opinions</li> <li>• Conduct Two Workshops to Present Concepts and to Respond to Questions</li> </ul>	

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- Prepare Draft Recharge Master Plan Report
- Present Draft Report in Watermaster Process, Boards of CBWCD, IEUA, TVMWD and WMWD, & County
- Conduct CEQA
- Court Approval
- Finalize Recharge Master Plan Report
- Adopt Recharge Master Plan

<b>7303 – PE3/5: Water Supply Plan for Desalter</b>
<b>Tasks</b>
<p><i>Purpose: [Basin Plan and Max Benefit] Plan, site, drill, and construct wells for the Chino Creek Desalter Well Field. This well field is required for hydraulic control in the southwest portion of Chino Basin – hydraulic control is a necessary condition for maximum benefit in the Basin Plan.</i></p> <ul style="list-style-type: none"> <li>• Chino Creek Desalter Well Field. Subtasks include:                             <ul style="list-style-type: none"> <li>• Coordination with CDA, other agencies, and consultant for desalter well field development.</li> <li>• Conceptual Siting.</li> <li>• Test Well Siting.</li> <li>• Review of lithologic geophysical logs and assist in well design.</li> </ul> </li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• Chino Creek Desalter Well Field</li> </ul>

<b>7402 – PE4: Management Zone Strategies</b>
<b>Tasks</b>
<p><i>Purposes: 1) To verify the protective nature of the current MZ-1 Plan with regard to permanent land subsidence and ground fissuring in the Managed Area.</i></p> <p><i>2) To develop a pumping and recharge plan to minimize the risk of future land subsidence and ground fissuring across all of MZ-1.</i></p> <p><i>3) To assess groundwater quality conditions in Management Zone 3. MZ-3 monitoring program has been on-going for three years. The monitoring program will be completed this fiscal year with the completion of the final report.</i></p> <ul style="list-style-type: none"> <li>• PE4/MZ-1: Task 6. Data Analyses and Reports. Subtasks include:                             <ul style="list-style-type: none"> <li>• Analysis of production, piezometric, extensometer, ground-level survey, horizontal strain, InSAR, and seismic data</li> <li>• Preparation of MZI Annual Report</li> <li>• Update of MZI Plan</li> <li>• Ground-surface monitoring characterization and scoping study</li> </ul> </li> <li>• PE4/MZ-1: Task 7. Meetings</li> <li>• PE4/MZ-3: Task 1. Project Administration and Public Outreach. Subtasks include:                             <ul style="list-style-type: none"> <li>• preparation of Quarterly Reports to DWR</li> </ul> </li> </ul>

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<ul style="list-style-type: none"> <li>• administering the grant</li> <li>• coordinating with IEUA</li> <li>• PE4/MZ-3: Task 7. Technical Memorandum. The report will include four quarters of monitoring data (collected in FY 2007/08) and is due December 31, 2008.</li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• PE4/MZ-1: MZI Annual Report, Update of MZI Plan, Ground-Surface Monitoring Characterization and Scoping Study, Grant application(s) for future MZI efforts</li> <li>• PE4/MZ-1: Scope for FY 2009-10 efforts in MZI</li> <li>• PE4/MZ-3: Task 1. Project Administration and Public Outreach</li> <li>• PE4/MZ-3: Task 7. Technical Memorandum</li> </ul>

<b>7502 – PE6/7: Cooperative Efforts/Salt Management</b>
<b>Tasks</b>
<p><i>Purpose: These tasks address special water quality issues that impact Chino Basin.</i></p> <ul style="list-style-type: none"> <li>• Water Quality Committee Meetings. This task assumes four, quarterly meetings with the WQC.</li> <li>• As Needed Investigations (e.g., perchlorate isotopes). This task is for special water quality studies, for example, a perchlorate isotope source study of Hole Lake, and/or a study of low detection limit perchlorate in the Santa Ana River and potential impacts to Chino Basin due to increased desalter and JCSD pumping.</li> <li>• Ontario International Airport VOC Plume. Subtasks include:             <ul style="list-style-type: none"> <li>• coordination and negotiation with OIA PRPs</li> <li>• oversight of monitoring well drilling, construction, and testing</li> </ul> </li> <li>• Chino Airport VOC Plume. Subtasks include:             <ul style="list-style-type: none"> <li>• coordination and negotiation with Chino Airport PRP.</li> </ul> </li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• Water Quality Committee Meetings</li> <li>• As Needed Investigations (e.g., perchlorate isotopes)</li> <li>• Ontario International Airport VOC Plume</li> <li>• Chino Airport VOC Plume</li> </ul>

<b>7602 – PE8/9: Storage Management &amp; Conjunctive Use</b>
<b>Tasks</b>
<ul style="list-style-type: none"> <li>• General Consulting</li> <li>• SDCWA and CLWA Program</li> <li>• Metropolitan</li> </ul>
<b>Milestones</b>
<ul style="list-style-type: none"> <li>• General Consulting</li> <li>• SDCWA and CLWA Program</li> <li>• Metropolitan</li> </ul>



# 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



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John Rossi, General Manager

City of Ontario



---

Ken Jeske, Agency Director  
Public Works/Community Services Agency

Jurupa Community Services District



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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

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

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**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.

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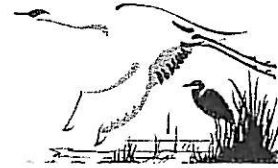
For CHINO BASIN WATERMASTER

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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.

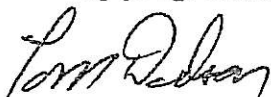
- Task 3:** Once the Initial Study is completed and accepted by the stakeholders, a Notice of Preparation (NOP) will be distributed for public review. During the NOP review period, the draft SEIR will be under preparation. Whatever the focus of the SEIR, the issues requiring analysis will be evaluated 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:

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

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**

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**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

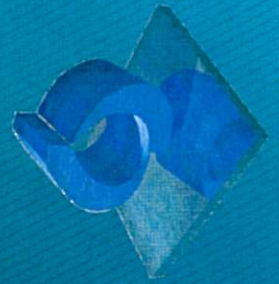
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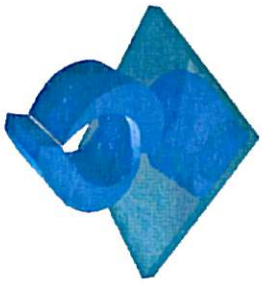
**Regional Recycled Water Program  
Three Year Business Plan**

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

**Regional Committees**

**May 1, 2008**





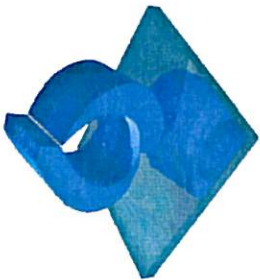
## RW Program: Three Year Business Plan

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- **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”*





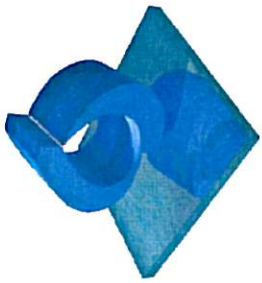
## Projected Capital Expenditure

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	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
<b>Total</b>	<b>\$18,500,000</b>	<b>\$55,300,000</b>

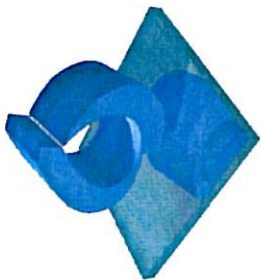






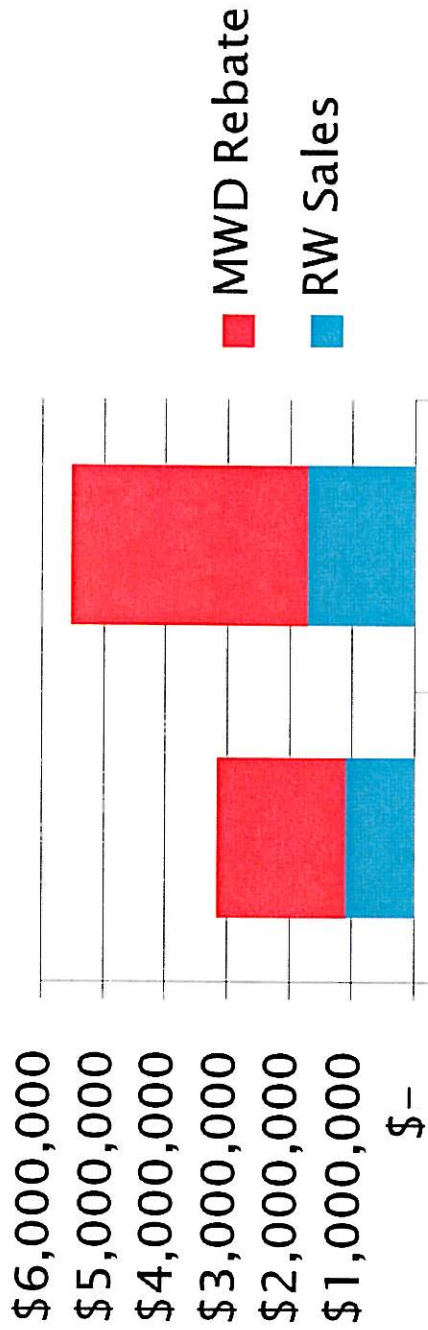
## RW Program: Funding Source

	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
<b>Total Revenue</b>	<b>\$39,800,000</b>	<b>\$45,000,000</b>
<b>RW Fund Balance</b>	<b>\$25,600,000</b>	<b>\$6,600,000</b>



# 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



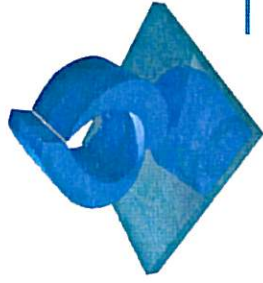
FY 2007/08 FY 2008/09



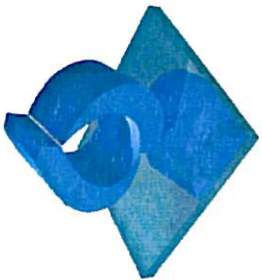
## Finance Assumptions

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- ▶ **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.





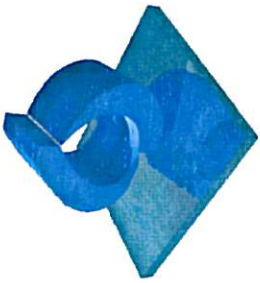


## Status Update: Northeast Area

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- ▶ 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



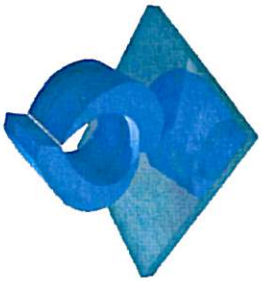
## Status Update: Northwest Area

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- ▶ **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



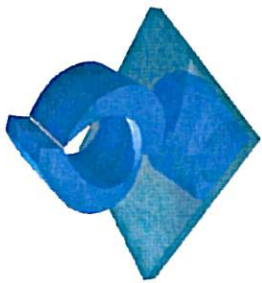
## Status Update: Southern / Central Area

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- ▶ **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



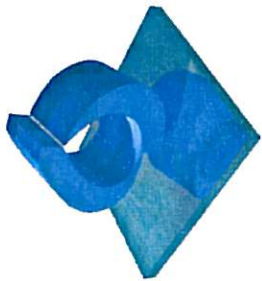
## Status Update: Six Month Implementation Plan

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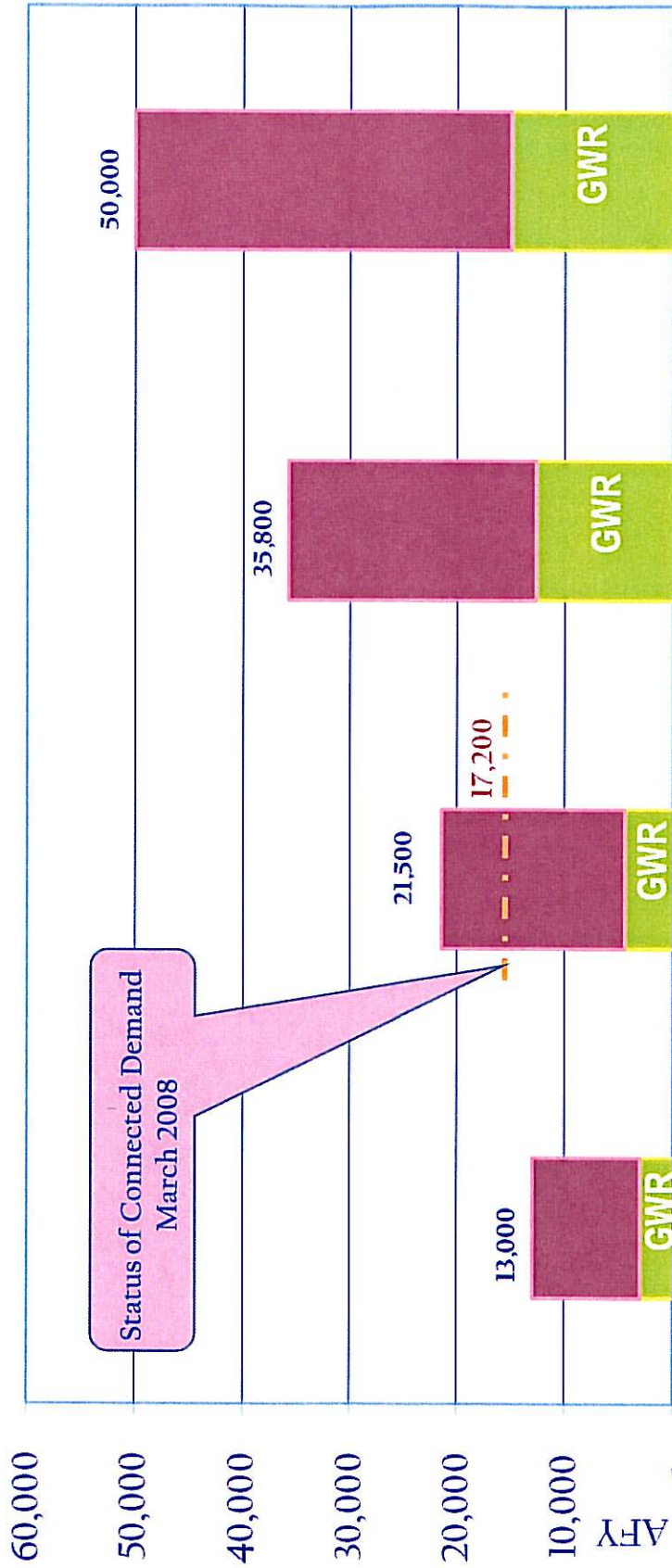
		Projected Direct Use Connections (AFY)						
		Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Chino	150			1,546	2,000			
Chino Hills	26			40				
Ontario	1,100	1,351	519	75	162	52	51	
MVWD	59	40	126	50				
CVWD	69			111				
<b>Total (AFY)</b>	<b>1,404</b>	<b>1,391</b>	<b>2,231</b>	<b>2,236</b>	<b>162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

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

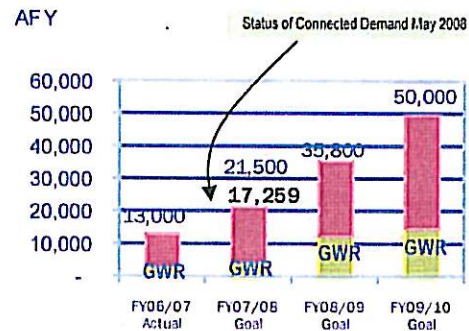
## Program Description

### 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.

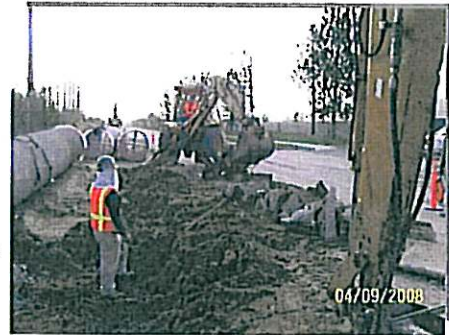
**Southern Project Area:** IEUA and the City of Chino Hills is in the process of completing a preliminary analysis for the Project Area. Upon completion, the design of the facilities will begin. Stantech was selected as the engineering design firm for the Southern Project Area. Two sod farmers in the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

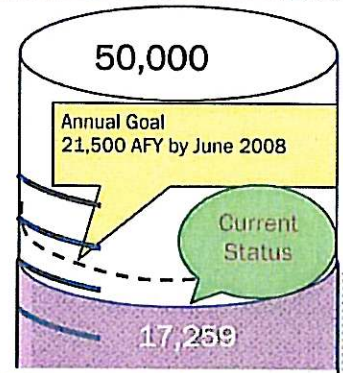
ID	Task Name	2008				
		May	June	July	Aug	Sept
1	1158 Reservoirs	[Progress bar from May to late August]				
2	1158 Segment B Pipeline	[Progress bar from May to mid-July]				
3	San Antonio Channel	[Progress bar from May to mid-July]				
4	North Etiwanda Pipeline	[Progress bar from May to mid-June]				
5	RP-4 Pump Station	[Progress bar from May to mid-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
				<b>Jun-08 Total</b>			<b>1,404</b>
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
				<b>Jul-08 Total</b>			<b>3,391</b>
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
				<b>Aug-08 Total</b>			<b>2,251</b>
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
				<b>Sep-08 Total</b>			<b>236</b>
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
				<b>Oct-08 Total</b>			<b>162</b>
61	John Galvin Park	San Anton A	Ontario	Nov-08			52
				<b>Nov-08 Total</b>			<b>52</b>
62	James Galanis Park	San Anton A	Ontario	Dec-08			15
63	Kaiser Hospital Cooling Tower	RP-1 Outfall	Ontario	Dec-08			36
				<b>Dec-08 Total</b>			<b>51</b>
64	Niagara Water	RP-1 Outfall	Ontario	Mar-09			5
				<b>Mar-09 Total</b>			<b>5</b>
				<b>Grand Total</b>			<b>7,552</b>

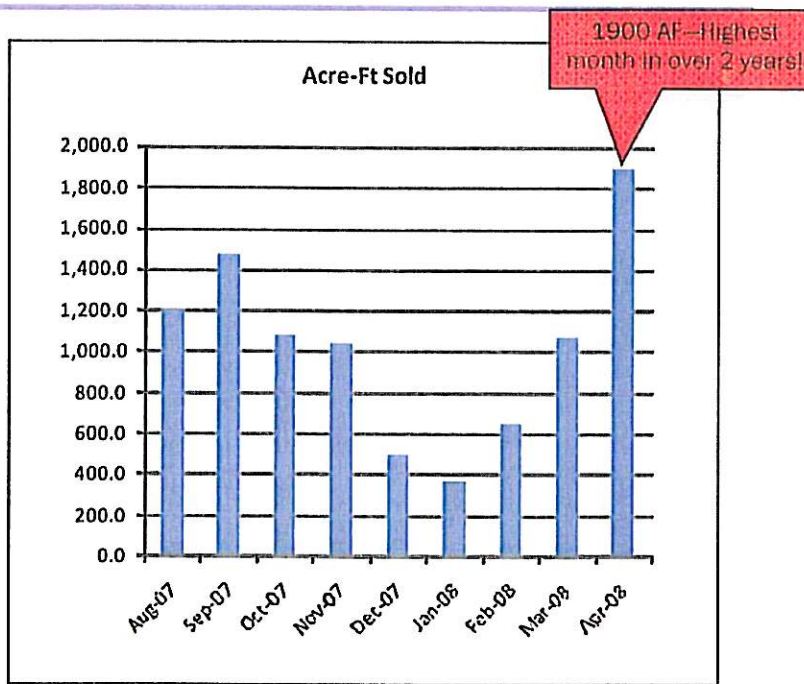
# Financial Status Summary

## 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

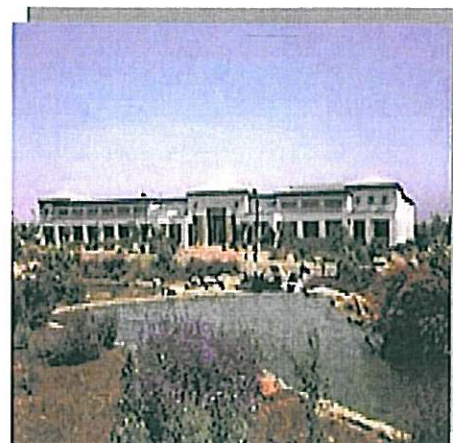


### Other Funding News:

- 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



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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 8<sup>th</sup>, and continue through June 29<sup>th</sup>. 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 10<sup>th</sup> 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 12<sup>th</sup> from 3:00-4:00 pm in IEUA's Board room.

- **California-Friendly<sup>®</sup> 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 Spray 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 19<sup>th</sup> (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**

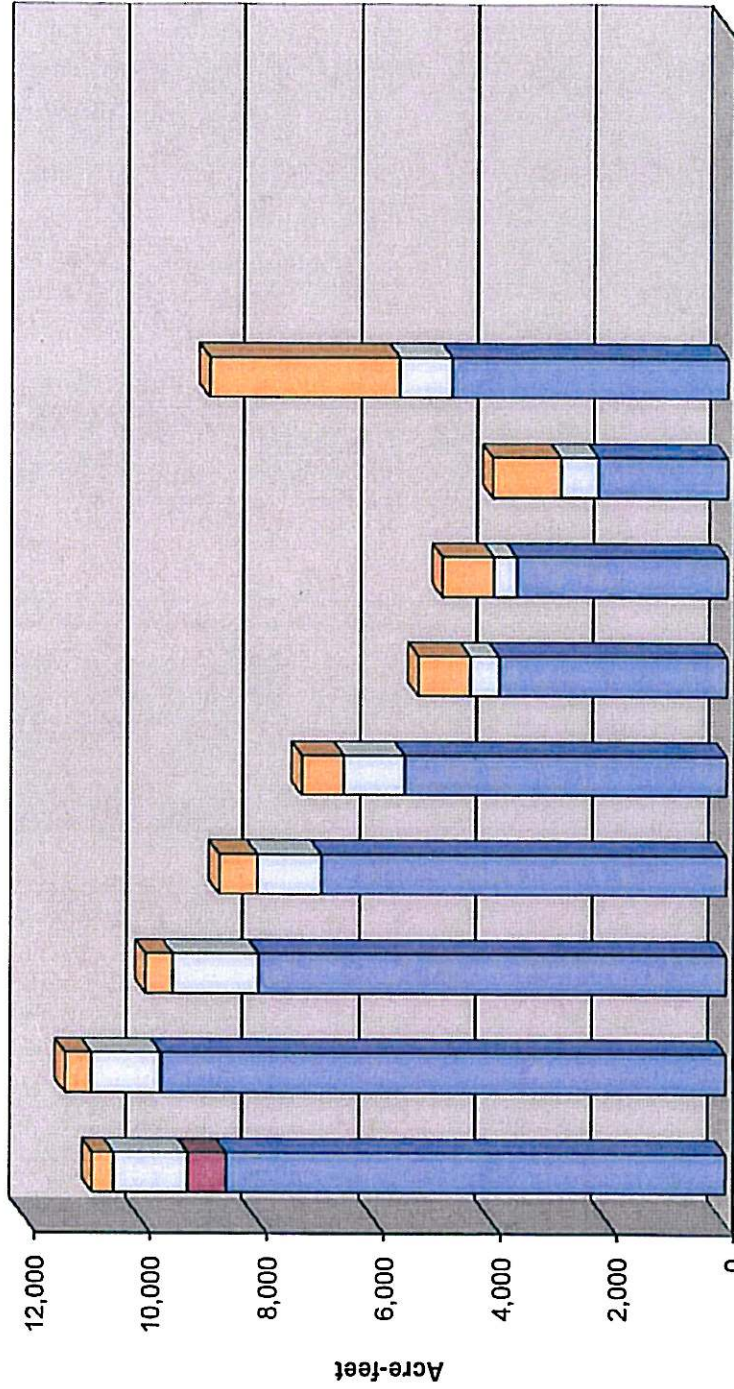
- **Water Education Water Awareness Committee (WEWAC)** – Ten edu-grants were awarded to local area educators totaling \$4,420. Upon completion of the projects, classroom presentations will be held in late spring.

### **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.

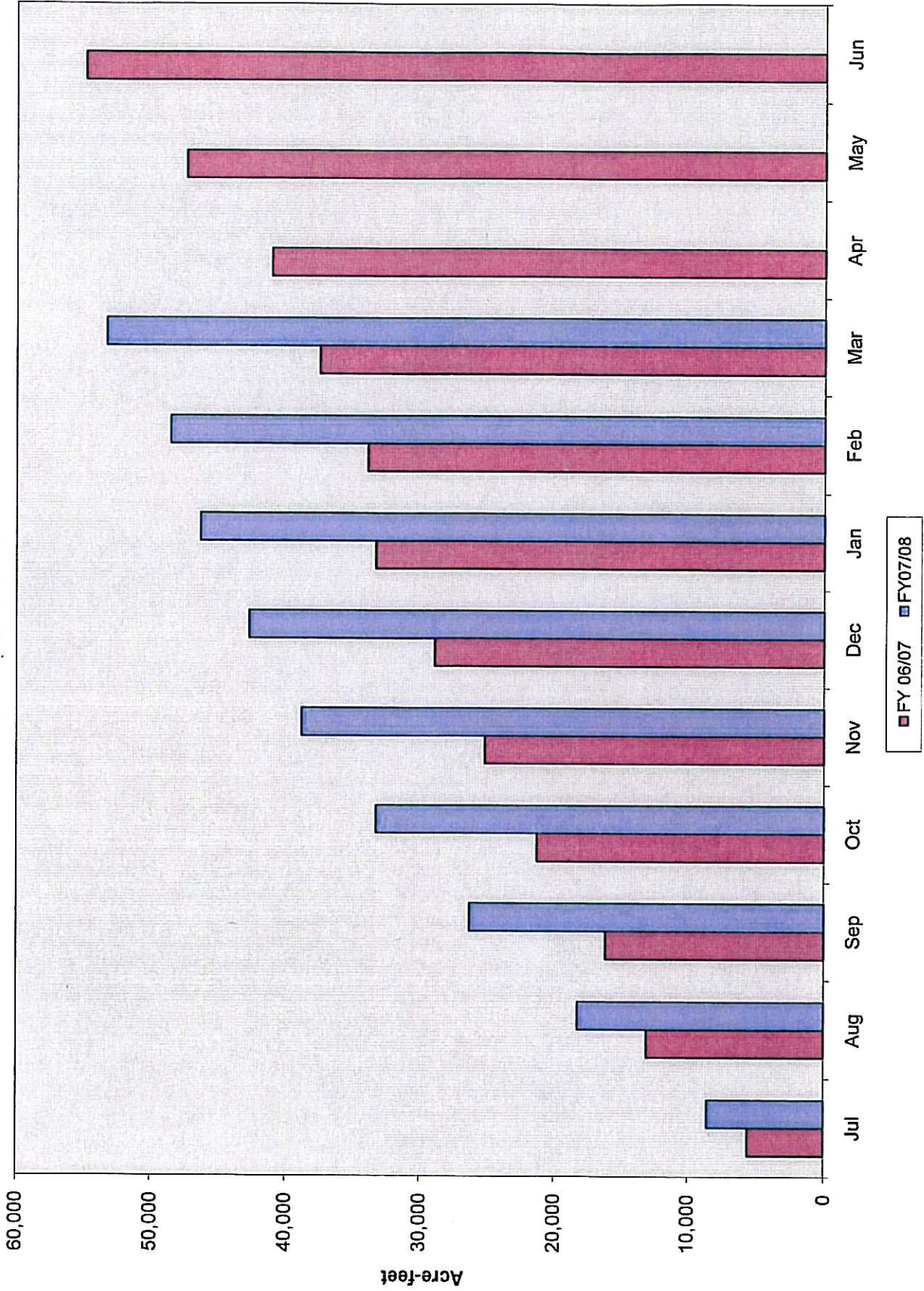
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**FY 07/08 Monthly Water Production From Within IEUA's Service Area Imported, Desalter, and Recycled Sources**

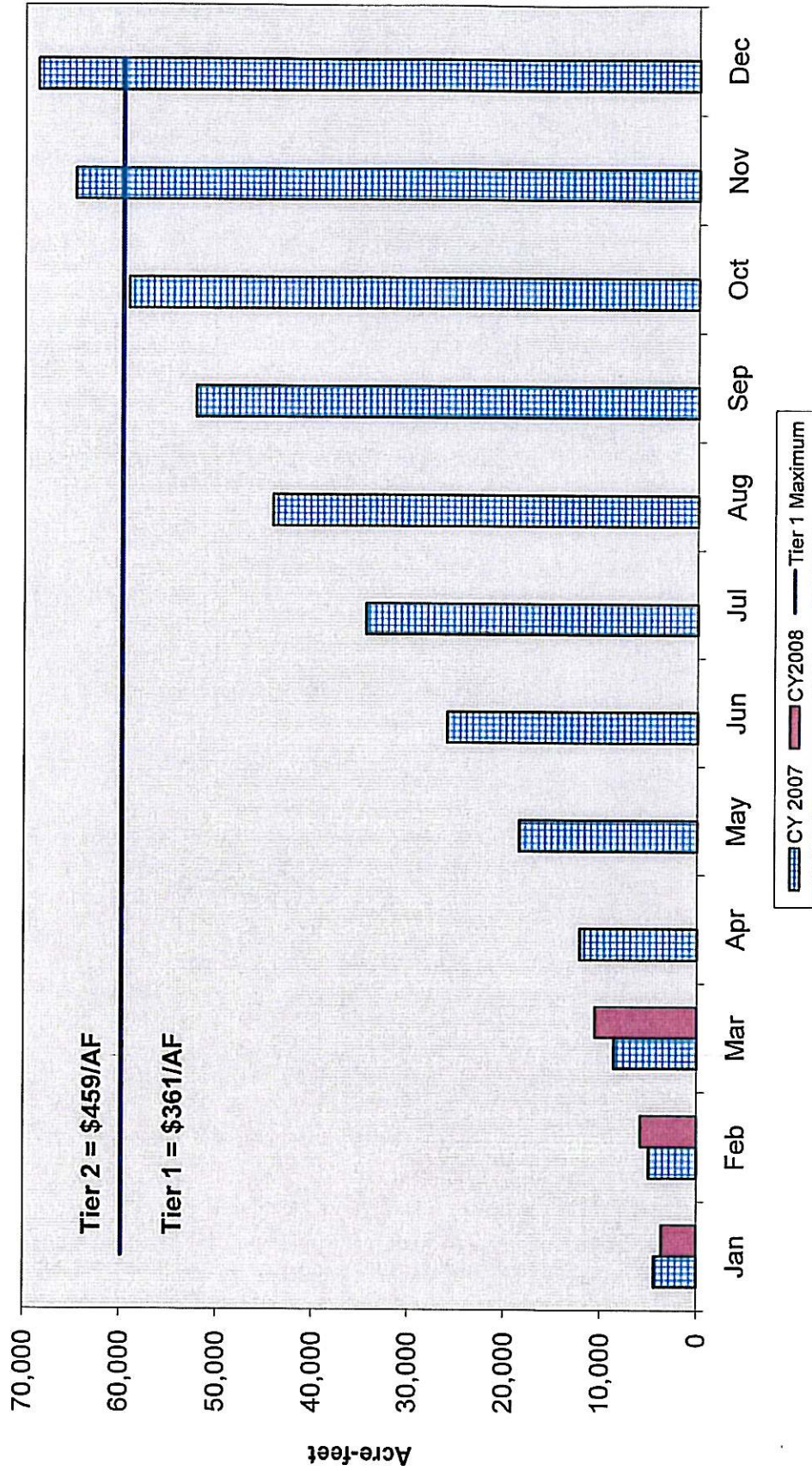


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CDA - Desalter Water	381.6	450.9	466.5	657.8	717.6	892.5	894.4	1166	3246.5			
IEUA - Recycled Water	1266.8	1199.3	1476.3	1084	1038	493.4	383.8	645.9	901.7			
MWD - Agricultural Cert	13.7	14	8.1	3.2	2.4	0.3	0.2	0.1	0			
MWD - Conj. Use Cert.	650	0	0	0	0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

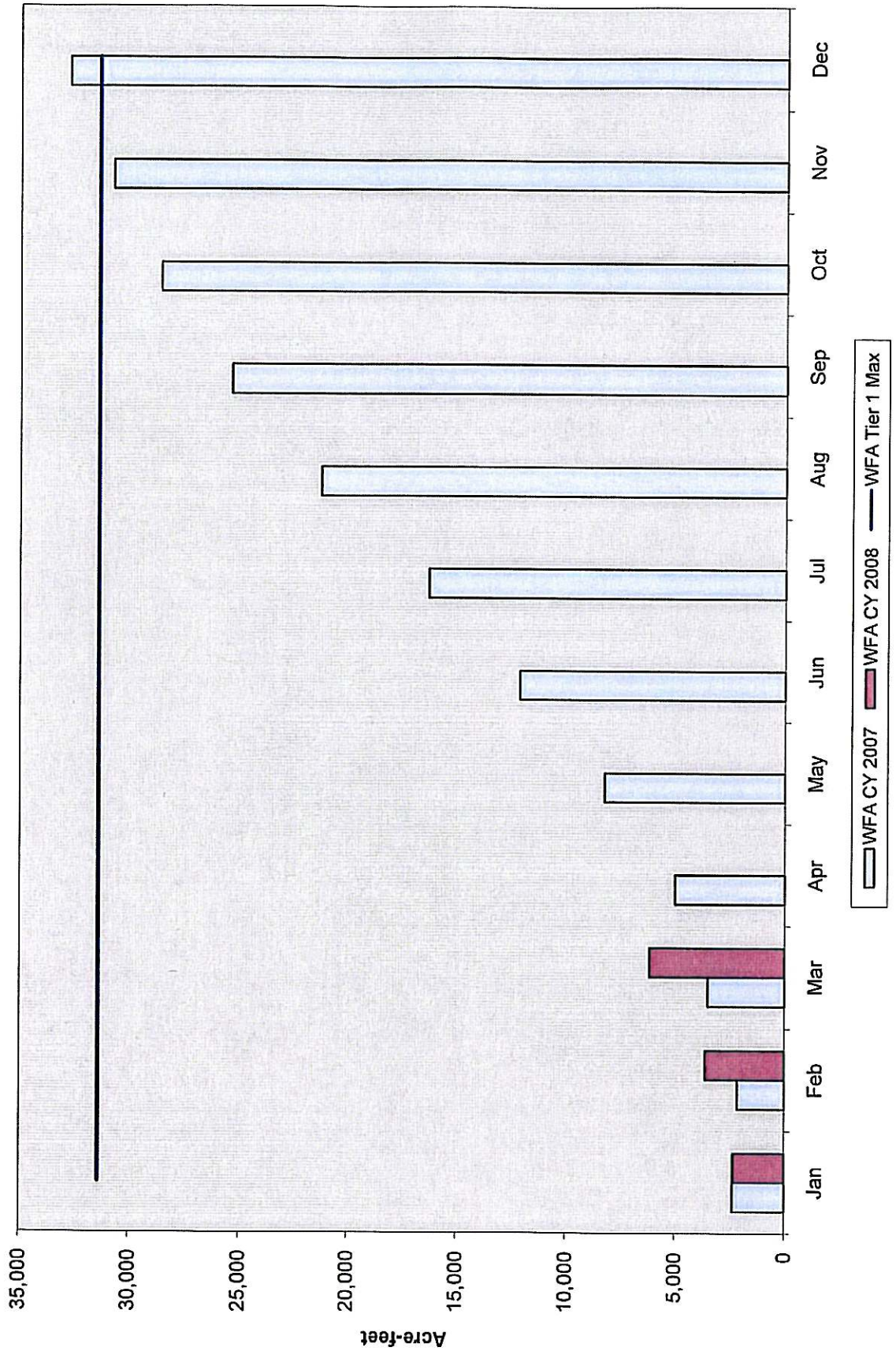
**Cumulative Monthly Full Service Imported Water Deliveries  
 Within IEUA's Service Area  
 FY 06-07 and FY 07-08**



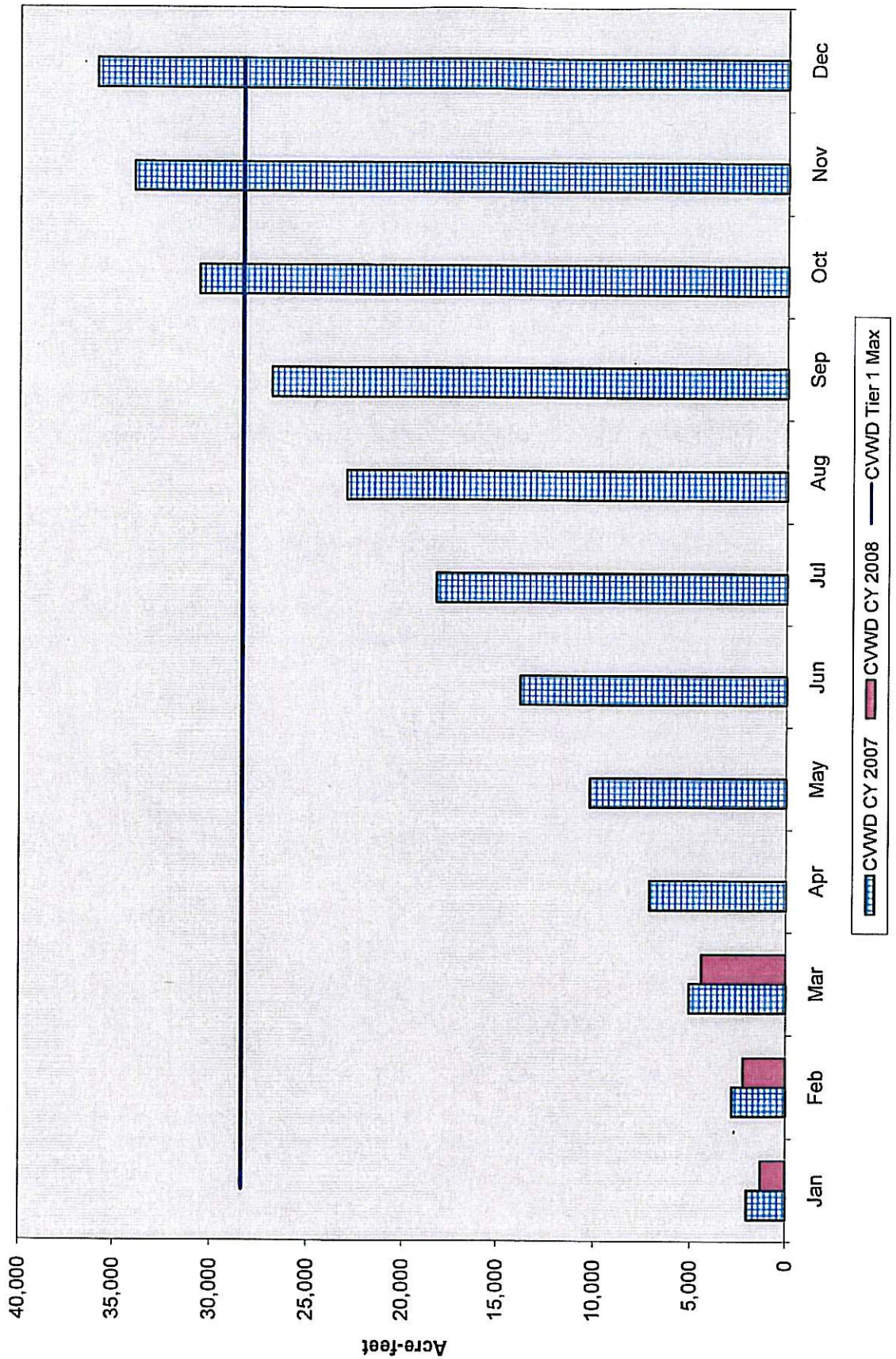
**IEUA  
Cumulative Monthly Full Service Imported Water Deliveries  
Calendar Year 2007 and Calendar Year 2008**



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

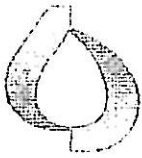


**CUCAMONGA VALLEY WATER DISTRICT**  
**Cumulative Monthly Full Service Imported Water Deliveries**  
**Calendar Year 2008**





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Inland Empire  
UTILITIES AGENCY

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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

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**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*

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[agresources@erols.com](mailto:agresources@erols.com)

April 29, 2008

## Legislative Report

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**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

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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

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### 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 magnitude<sup>1</sup> and intensity<sup>2</sup> 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.

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<sup>1</sup> 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.

<sup>2</sup> 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.

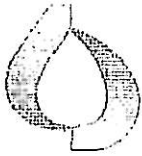
## WET CAT TIMELINE

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

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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

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure

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# *Innovative Federal Strategies* LLC

Comprehensive Government Relations

## MEMORANDUM

**To:** Martha Davis and Rich Atwater  
IEUA

**From:** Letitia White, 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

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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

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure



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April 30, 2008

**To:** Chino Basin/OBMP Coalition

**From:** Michael Boccadoro  
President

**RE:** April Status Report

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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:**

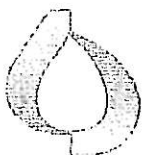
04/24/2007 Senate Energy, Utilities and  
Communications Committee

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

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### **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, 5<sup>th</sup> 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, 2<sup>nd</sup> 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.

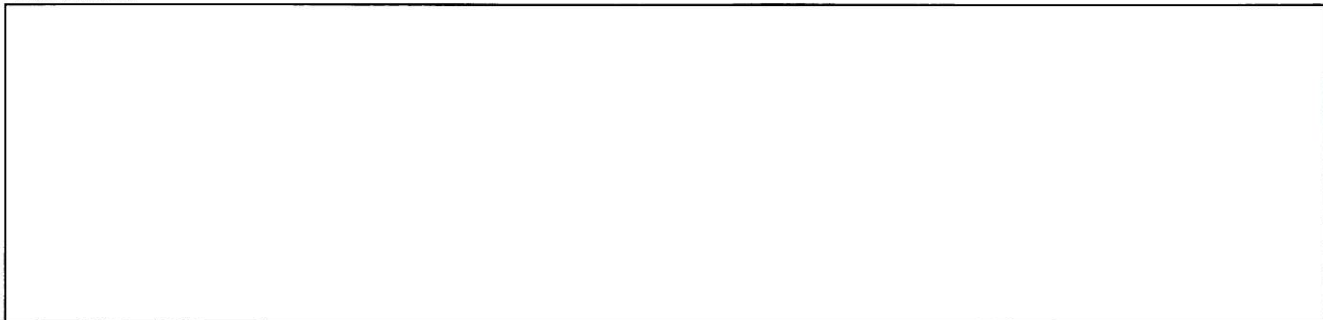
It is not known if local residents drank much perchlorate before it was discovered in 1997.

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.

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## 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](http://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.

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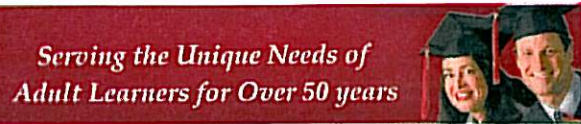


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## Region facing water 'crisis'

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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 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](mailto: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

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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."

[mike.sprague@sgvn.com](mailto:mike.sprague@sgvn.com)

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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](mailto:jbowles@PE.com). Or check out her blog at [www.pe.com/blogs/environment](http://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.

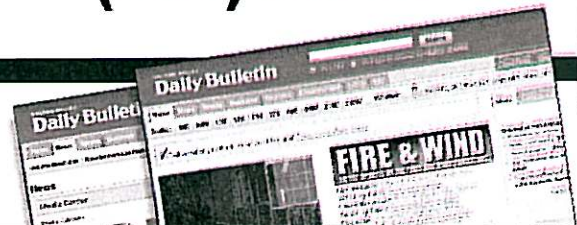
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## Editorial: Governor's water plan a boost for conservation

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**Published 12:00 am PDT Thursday, April 3, 2008**

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 Zaremborg, 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.

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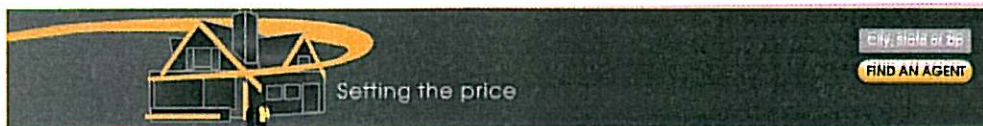
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From the Los Angeles Times

## 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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