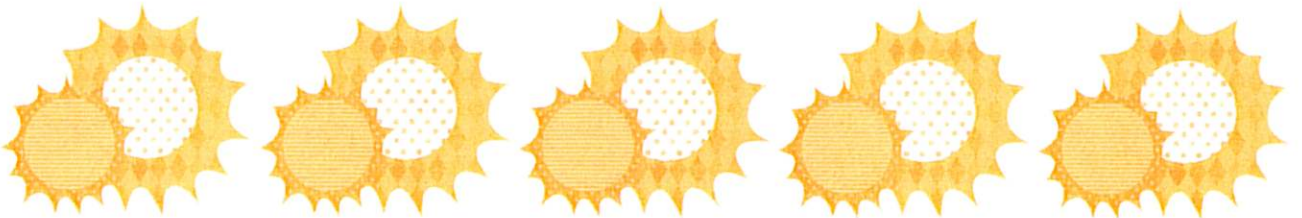


CHINO BASIN WATERMASTER

III. REPORTS/UPDATES

- A. WATERMASTER GENERAL
LEGAL COUNSEL REPORT
 - 1. SWRCP Permit





Linda S. Adams
Secretary for
Environmental Protection

State Water Resources Control Board

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



Arnold Schwarzenegger
Governor

July 2, 2008

To: Enclosed Interested Parties List

DRAFT DECISION CONDITIONALLY APPROVING WATER RIGHT APPLICATION 31369 – CHINO BASIN WATERMASTER, SANTA ANA RIVER, SAN BERNARDINO AND RIVERSIDE COUNTIES

The enclosed draft decision regarding water right Application 31369 by the Chino Basin Watermaster is tentatively scheduled for consideration by the State Water Resources Control Board (State Water Board or Board) at its meeting on September 2, 2008. The State Water Board will notify you of the location and time of this meeting approximately ten days prior to the meeting.

All interested persons and parties to the proceeding will have the opportunity to comment on the proposed order at the State Water Board meeting. All presentations should be limited to five (5) minutes. Comments should be limited to the general acceptability of the order or possible technical corrections. Parties may not introduce evidence at the State Water Board meeting.

Parties must submit in writing comments or changes to the proposed order they wish the State Water Board to consider at the meeting. All written comments must be received by the Board by **5 p.m. on Friday, July 25, 2008**.

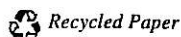
Written comments are to be addressed and submitted to:

Jeanine Townsend
Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

You may also submit your comments to Ms. Townsend by fax at (916) 341-5620, by email at commentletters@waterboards.ca.gov, or by hand delivery to the following address:

Jeanine Townsend, Clerk to the Board
Executive Office
State Water Resources Control Board
Cal/EPA Headquarters
1001 "I" Street, 24th Floor
Sacramento, CA 95814-2828

California Environmental Protection Agency



July 2, 2008

Couriers delivering comments must check in with lobby security and have them contact the Executive Office on the 24th floor at 916-341-5600.

Please include in the subject line, "COMMENT LETTER – 09/02/08 BOARD MEETING: CHINO BASIN WATERMASTER DECISION." Any faxed or emailed items must be followed by a mailed or delivered hard copy with an original signature.

If you have any questions regarding this notice, please contact Matthew Bullock, Staff Counsel, at (916) 341-5164 or Jane Farwell, Environmental Scientist, at (916) 341-5349.

Sincerely,

ORIGINAL SIGNED BY

Charles L. Lindsay, Chief
Hearings Unit

Enclosures: Mailing List
Draft Decision

**City of Riverside
Interested Parties Mailing List**

Note: Interested Parties who have agreed to accept electronic service will receive the enclosed documents through electronic mail.

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DRAFT

July 1, 2008

STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD

DECISION XXX

In the Matter of Application 31369

Chino Basin Watermaster
Applicant

California Department of Fish and Game
Cucamonga County Water District
East Valley Water District
United States Forest Service
Protestants

Center for Biological Diversity
Santa Ana Mainstem Local Sponsors
Southern California Edison
City of Chino
Interested Parties

SOURCES: Deer Creek, Day Creek, Etiwanda Creek, San Sevaine Creek, Chino Creek,
San Antonio Creek and Cucamonga Creek, all tributaries to the Santa Ana River

COUNTIES: San Bernardino and Riverside

DECISION CONDITIONALLY APPROVING APPLICATION 31369

BY THE BOARD:

INTRODUCTION

This decision of the State Water Resources Control Board (State Water Board or Board) conditionally approves water right Application 31369 of the Chino Basin Watermaster (Watermaster) to appropriate water by diversion to the groundwater basin within the boundaries of the areas administered by Watermaster, in San Bernardino and Riverside counties.

The State Water Board finds as follows:

1.0 BACKGROUND

1.1 Although the Santa Ana River is fully appropriated, the State Water Board provided that the Chino Basin Watermaster may file an application to appropriate water.

In Order WR 98-08, adopting the Declaration of Fully Appropriated Streams, the State Water Board declared the Santa Ana River to be fully appropriated from January 1 through December 31 of each year. Order WR 98-08 prohibited the filing of any application for the appropriation of water from the river. Subsequently, six petitions were filed asking the State Water Board to amend the prohibition in WR 98-08. One such petition was filed by Watermaster. Upon receipt of evidence supporting the revision of the prohibition for the Santa Ana River, the State Water Board adopted Order WRO-2002-0006, amending Order WR 98-08 to allow the processing of the applications and petitions specifically identified in Order WRO-2002-2006, including the application by Watermaster.

1.2 Application 31369 seeks to appropriate stormwater runoff.

As filed on November 4, 2002 by Watermaster, Application 31369 seeks to divert 97,000 acre-feet per annum (afa) of water from Deer Creek, Day Creek, Etiwanda Creek, San Sevaine Creek, Chino Creek, San Antonio Creek and Cucamonga Creek, all of which are tributaries to the Santa Ana River.¹ The stated purpose of use is underground storage for the purposes of industrial, irrigation, stock watering, and municipal uses, using 68,500 afa of stormwater runoff, and 28,500 afa of recycled water. The place of use is within the area overlying the Chino Groundwater Basin as shown on the map dated October 12, 2007, signed on October 15, 2007, and on file with the State Water Board.

Application 31369 proposes to utilize an existing system of channels, diversion structures and percolation basins (basins) designed to capture storm flows, recycled water flows, and water imported into the Chino Basin. Groundwater recharge using stormwater is the highest priority use for these basins, but when stormwater is not available, these basins are used to recharge groundwater with imported State Water Project water and recycled water. (SWRCB-1, Application 031369, 11/14/06 correspondence.)

¹ The application was publicly noticed on January 31, 2003.

2.0 HEARING ISSUES

On February 1, 2007, the State Water Board issued a Notice of Hearing.² The hearing concerned five applications. This decision addresses only Application 31369 by Watermaster. The Notice specified six issues:

1. Is there water available for appropriation by each of the applicants? If so, when is water available and under what circumstances?
2. Will approval of any of the applications or the petition result in any significant adverse impacts to water quality, the environment or public trust resources? If so, what adverse impact or impacts would result from the project or projects? Can these impacts be avoided or mitigated to a level of non-significance? If so, how? What conditions, if any, should the State Water Board adopt to avoid or mitigate any potential adverse impacts on fish, wildlife, or other public trust resources that would otherwise occur as a result of approval of the applications and petition?
3. Is each of the proposed projects in the public interest? If so, what conditions, if any, should the State Water Board adopt in any permits that may be issued on the pending applications, or in any order that may be issued on the wastewater change petition, to best serve the public interest?
4. Will any of the proposed appropriations by the applicants and/or the proposed change in treated wastewater discharge by the petitioner cause injury to the prior rights of other legal users of water?
5. What should be the relative priority of right assigned to any permits that may be issued on the pending applications?
6. What effect, if any, will the projects have on groundwater and/or movement of any contaminated groundwater plumes? Can the effects be mitigated? If so, how?

² The Notice was revised on March 1, 2007 with modifications to the date of the pre-hearing conference, the name of the Hearing Officer, and the correction of some typographical errors in the original Hearing Notice.

3.0 WATERMASTER WITHDREW ITS REQUEST TO APPROPRIATE RECYCLED WATER

During State Water Board hearing proceedings, Watermaster withdrew that portion of Application 31369 concerning 28,500 afa of recycled water. According to Watermaster, the actual program as implemented does not involve any issues that invoke the State Water Board's jurisdiction.³ Further, Watermaster stated that control over the water is maintained at all times, and to the extent that recycled water is placed in the channels, those channels are used only as a means of conveyance. Accordingly, Application 31369 is amended to state: "total combined amount taken by direct diversion and storage during any one year will be 68,500 acre-feet." (May 2, 2007 Reporter's Transcript [R.T.], p. 168.)

4.0 ALL PROTESTS TO THE APPLICATION WERE RESOLVED PRIOR TO HEARING

Four protests were filed against Application 31369. California Department of Fish and Game (CDFG), Cucamonga County Water District (CCWD), and East Valley Water District (EVWD) filed protests alleging adverse impacts to public trust resources, injury to pre-1914 rights, and injury to prior rights, respectively. These three protests were resolved by settlement agreement or stipulation prior to the beginning of the hearing. A fourth protest, by the U.S. Forest Service (USFS), was withdrawn by letter dated April 4, 2005, from Joshua S. Rider, staff attorney, for the USFS. Accordingly, the State Water Board finds that all protests to application 31369 were withdrawn or conditionally resolved prior to the hearing.

5.0 NON-APPLICANT PARTIES STIPULATED OUT OF THE PROCEEDING

In a water right proceeding, the parties include the applicant, persons who filed unresolved protests, and any other persons who are designated as parties in accordance with the procedures set forth in the notice of hearing. (Cal. Code Regs., tit. 23, § 648.1, subd. (b).) Persons presenting non-evidentiary policy statements are not parties. (*Id.*, § 648.1, subd. (d).)

³ Recycled wastewater discharged to a stream is water that may be appropriated. (*Crane v. Stevinson* (1936) 5 Cal.2d 387 [54 P.2d 1101]; *Haun v. DeVours* (1950) 97 Cal.App.2d 841 [218 P.2d 996].) Although Watermaster's proposal to use recycled water for groundwater recharge may not require an appropriative water right, it may still require State Water Board approval. Section 1211 of the Water Code requires approval of a wastewater change petition before changing the point of discharge, place of use or purpose of use of treated wastewater, unless the change will not result in any decrease in flows in any portion of a watercourse. The record does not reflect whether Watermaster made changes in the recycled water project that would require State Water Board approval under section 1211.

The parties in this matter include Watermaster, and the following non-applicant parties: United States Forest Service, the Santa Ana Mainstem Local Sponsors, Southern California Edison, East Valley Water District, the City of Chino, and the Center for Biological Diversity (Center).⁴

By letter dated April 17, 2007, Watermaster submitted stipulations from the non-applicant parties that they would neither present evidence concerning Application 31369, nor cross-examine witnesses presented in support of Application 31369.

6.0 STORMWATER IS AVAILABLE FOR APPROPRIATION TO GROUNDWATER RECHARGE UNDER APPLICATION 31369

When considering whether to approve an application to appropriate water, the State Water Board must determine whether unappropriated water is available to supply the project described in an application. (Wat. Code, § 1375, subd. (d).) Unappropriated water includes water that has not been either previously appropriated or diverted for riparian use. (Wat. Code, §§ 1201, 1202.)

In determining the amount of water available for appropriation, the State Water Board shall take into account, whenever it is in the public interest, the amounts of water needed to remain in the source for protection of beneficial uses. Beneficial uses include, but are not limited to, instream uses, recreation and the preservation of fish and wildlife habitat. (Wat. Code, § 1243.)

⁴ The State Water Board's hearing procedures do not require the filing of a protest as a prerequisite to participating in a hearing. Nonetheless, during the pre-hearing conference on April 6, 2007, the participants requested an opportunity to brief the issue as to what extent the Center should be allowed to participate as a party. According to the Center's Notice of Intent to Appear, the Center intended to present a case-in-chief on the impacts of the applications on public trust resources. Certain applicants objected to the Center's presentation of evidence on the grounds that the Center had not protested their applications. The hearing participants were given the opportunity to brief the issue of whether the Center could participate in the hearing. San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County (collectively, Muni/Western), Orange County Water District (OCWD), and the Center submitted timely briefs. In its brief, Muni/Western contended the allowance of a late appearance at a hearing by a person who did not file a protest results in unfair surprise to the hearing participants. OCWD joined with Muni/Western's request to limit the Center's participation to its protest against the wastewater change petition submitted by the City of Riverside.

In his April 20, 2007, ruling, citing the Administrative Procedure Act, the State Water Board's regulations, and hearing procedures, the Hearing Officer stated that it is within the State Water Board's discretion to allow an interested party who has not submitted a protest to participate in an adjudicative proceeding as a party. The Hearing Officer further noted that the Center has an extensive history of advocacy and legal involvement in the Santa Ana River watershed, and its public trust and environmental interests in this proceeding are unique and not represented by other parties. The Hearing Officer concluded that the Center, having complied with the procedural requirements for participating in the hearing, would be allowed to participate fully.

Watermaster contends that unappropriated water is available to supply the project described in Application 31369. Watermaster seeks to divert 68,500 afa of stormwater runoff to underground storage for the purposes of industrial, irrigation, stock watering, and municipal uses. The proposed season of diversion is January 1 to December 31. "Watermaster believes that the amount of 68,500 acre-feet per year, when combined with the 15,000 acre-feet per year of Permit 19895 and the 27,000 acre-feet per year of Permit 20753, for a total of 110,500 acre-feet per year, will be sufficient to allow Watermaster to continue its project as planned." (Chino 7-1.)

Under its project, Watermaster diverts storm flows from four primary drainage systems in the Chino Basin, which it identifies as Chino Creek, Cucamonga Creek, Day Creek, and San Sevaine Creek. All are tributary to the Santa Ana River. The Chino Creek System includes San Antonio Creek, the Day Creek System includes Deer Creek, and the San Sevaine Creek system includes Etiwanda Creek. (Chino 1-1, p. 2.) Chino Creek and Cucamonga Creek discharge directly into Prado Reservoir, and Day Creek and San Sevaine Creek discharge into the Santa Ana River just upstream from Prado Reservoir. Ken Manning, witness for Watermaster, testified that these four creek systems are almost entirely concrete-lined as they pass through the Chino Basin, with the exception of small portions near their confluence with the Santa Ana River. (*Ibid.*) In general, unappropriated water is only present in the channels of these four creek systems during or immediately following storm events or when snowmelt is present. (*Ibid.*) Mr. Manning stated that most of the time the creeks are dry except when they are used to transport imported water or recycled water. (*Ibid.*)

Watermaster's witness, Mark Wildermuth, testified that San Sevaine Creek channel and its tributaries as well as Day Creek receive some intermittent urban dry weather flow, in addition to the intermittent storm flow. Downstream of Watermaster's proposed points of diversion, wastewater treatment plants discharge treated wastewater (recycled water) to Cucamonga Creek, and to Chino Creek. (May 3, 2007 R.T., p. 108.)

Watermaster diverts water from the four creek systems to multiple flow-through and off-channel recharge basins in the Chino Basin. (May 2, 2007 R.T., pp. 137-140.) Although Watermaster seeks to divert 68,500 acre-feet (af) each year under Application 31369, Messrs. Manning and Wildermuth testified that water will not always be available. (*Id.*, p. 142; May 3, 2007 R.T., p. 108.) The actual amount of water available for diversion and recharge will vary greatly in any given year. (May 3, 2007 R.T., p. 12; Chino 2-1, pp. 6-7.) Tony Bomkamp, Watermaster's

witness, stated that Southern California experiences few storm events, roughly 10-15 days of rainfall each year, allowing Watermaster to divert stormwater during just a few days out of the year. (Chino 4-1, p. 7.) Watermaster asserts that in order to achieve its planning goals, it must divert as much stormwater as possible, up to the full diversion amount, into its facilities. (May 3, 2007 R.T., p. 12; Chino 2-1, pp. 6-7.) During a small storm event, all stormwater may be diverted from the stream channel. (Chino 4-1, p. 7.)

Mr. Wildermuth used a Waste Load Allocation Model (WLAM) in order to assess the impact of diversions and recharge under Application 31369. The WLAM estimated the total discharge potentially available for diversion, the recharge capacity for existing and proposed recharge facilities, and the downstream impacts in the Santa Ana River and its tributaries. Inputs to the model included (1) the reservoir operating rules for the Seven Oaks and Prado dams, (2) 50 years of precipitation data and contemporaneous gauged stream discharge data for the period 1950 through 1999, (3) projected 2010 estimates of recycled water discharge to the Santa Ana River, and (4) 1993 land use conditions.⁵

Mr. Wildermuth compared a "no project" or baseline condition to the "with project" condition. For the baseline case, he assumed that only the stormwater detention and conservation facilities that existed prior to the construction of the Chino Basin Facilities Improvement Program⁶ would be in place. For the "with project" condition he assumed that all the recharge improvements that are included in Watermaster's Application 31369 were constructed and operated at their maximum rates of diversion and recharge. (Chino 2-1, pp. 2-5.)

Mr. Wildermuth testified that the WLAM, using conditions experienced during water years 1950-1999, predicted the amount of water available in the future for appropriation by Watermaster in the Chino basin would vary from about 7,000 afa to about 160,000 afa, with an average amount of water available for appropriation of roughly 40,000 afa. The volume of water that Watermaster could recharge, however, would be 18,400 afa, on average, and would vary between about 6 afa and 43,000 afa. Mr. Wildermuth testified that the full 110,500 acre-feet that Watermaster seeks to divert into its facilities would only be available in five out of the 50 years analyzed under 1993 land use conditions. Under 2007 land use conditions,

⁵ By using 1993 land use conditions, the runoff estimates from the valley floor area will be slightly underestimated, making the runoff projections conservatively low. (Chino 2-1, p.6)

⁶ Described in Watermaster's Application 31369.

Mr. Wildermuth estimated that more water would be available than under the 1993 land use conditions. (May 3, 2007 R.T., pp. 5-7, 9-10; Chino 2-1, p. 6.) The average recharge amount of 18,400 af of stormwater per year is based on an annual average of 46,300 af available for diversion. According to the WLAM, the average annual amount of stormwater recharge that is projected to occur with Watermaster's full project under Application 31369 is about 12,700 afa higher than under baseline conditions. Because the diversion systems are not 100 percent efficient, the WLAM also predicted that on average, about 27,900 afa of stormwater discharge would bypass the recharge facilities and discharge into the Santa Ana River under the "with project" case. (Chino 2-1, pp. 6-7.) Having considered the foregoing, the State Water Board concludes that stormwater runoff is available for appropriation to groundwater recharge for beneficial use under Application 31369. The permit issued pursuant to this decision will be subject to all prior rights to the use of water.

7.0 THE PROPOSED PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE MOVEMENT OF CONTAMINATED GROUNDWATER PLUMES IN THE CHINO BASIN

Under Application 31369, Watermaster seeks to divert 68,500 afa of stormwater runoff from seven creeks, all of which are tributary to the Santa Ana River. Watermaster proposes to utilize an existing system of channels, diversion structures and basins designed to capture storm flows and recycled water flows in the Chino Basin. (Chino 1-1, p. 2; Chino 1-4.)

The Chino Basin is considered to be a single underground reservoir from geologic and legal perspectives. (Chino 2-7, p. 2-6.) Its surface area is approximately 240 square miles, and the groundwater currently in storage is estimated to be between 5 million to 6 million acre-feet. (SWRCB-12, Supplemental Information; May 4, 2007 R.T., p. 76.) In general, groundwater flow mimics surface drainage patterns; from the high mountainous areas in the north and east portions of the basin to lower elevation areas near the Santa Ana River within the Prado Flood Control Basin. (Chino 2-3, p 2-6, Fig 2-3.)

Watermaster has identified nine groundwater contaminant plumes within the Chino Basin that might be affected by the proposed project. (Chino 2-1, p 12 and Fig 14; Chino 2-3, p. 3-15, Fig 3-21; May 4, 2007 R.T., pp. 70-71.) Following is a brief description of each plume:

Chino Airport: A plume of volatile organic compounds (VOC's) extends approximately 14,200 feet south/southwest from the airport. This plume is being investigated, and a draft remediation plan is expected by the end of 2007. (Chino 2-1, pp. 12-13, Chino 2-3, p. 3-15.)

California Institute for Men: A plume of VOC's extends approximately 5,800 feet from north to south. This plume has been characterized and is currently being remediated. (Chino 2-1, p. 13; Chino 2-3, pp. 3-15 & 3-16.)

General Electric Flatiron Facility: Total dissolved chromium and VOC's have been identified in groundwater. The plume extends approximately 9,000 feet south/southwest from the site. This plume has been characterized and is currently being remediated. (Chino 2-1, pp 13-14; Chino 2-3, p. 3-16.)

General Electric Test Cell Facility: A plume of VOC's extends approximately 10,300 feet southwest of the site. This plume has been characterized, and a remediation plan is expected to be completed by the end of 2007. (Chino 2-1, pp. 13-14; Chino 2-3, p. 3-16.)

Kaiser Steel Fontana Site: A plume of degraded groundwater has been identified under the facility. The plume extends approximately 17,500 feet from northeast to southwest. The major contaminants are inorganic dissolved solids and low molecular weight organic compounds. This plume has been characterized and is currently being remediated. (Chino 2-1, p. 15; Chino 2-3, p. 3-17.)

Milliken Sanitary Landfill: The landfill has released VOC's and inorganic compounds to groundwater. The plume extends approximately 2,100 feet south of the site. This plume has been characterized; however, no active remediation plan has been developed. (Chino 2-1, pp. 15-16; Chino 2-3, pp. 3-17 & 3-18.) This site is the subject of Santa Ana Regional Water Quality Control Board (Santa Ana Water Board) Order No. 81-003. (Chino Closing Brief, Exhibit B, p. 2; May 4, 2007 R.T., p. 78.)

Upland Sanitary Landfill: Groundwater beneath the landfill has been contaminated with VOC's and inorganic compounds. The plume is defined by only three on-site monitoring wells; therefore, the exact extent of the plume is unknown. Remediation of the plume is ongoing at the site. (Chino 2-1, pp. 16-17; Chino 2-3, pp. 3-18 to 3-19.)

Unnamed VOC Plume – South of the Ontario Airport: A VOC plume exists south of the Ontario Airport that is approximately 17,700 feet wide and 20,450 feet long. A group of potential responsible parties is currently investigating the plume, and it is anticipated to be fully characterized by the end of 2009. (Chino 2-1, p. 17; Chino 2-3, p. 3-19.)

Stringfellow National Priorities List Site: The Stringfellow site was operated as a hazardous waste disposal facility from 1956 until 1972. A groundwater plume, which contains various VOC's, perchlorate and heavy metals such as cadmium, nickel, chromium, and manganese extends approximately 22,500 feet in a southwesterly direction from the original disposal area. Contamination at the Stringfellow site has been addressed by cleanup remedies described in four United States Environmental Protection Agency Records of Decision. Additional characterization is ongoing, and additional remediation work may be required. (Chino 2-1, pp. 17-18; Chino 2-3, p. 3-19.)

These contaminant plumes are moving from their source areas in response to regional groundwater flow, which is driven by groundwater recharge and discharge. (Chino 2-1, p. 18.) In order to predict the future movement of the groundwater plumes, Watermaster analyzed the effect of groundwater recharge from the proposed project on the movement of the groundwater plumes in the Chino Basin by modeling a baseline and a dry-year yield scenario. (Chino 2-1, p. 18, Figs 14 & 15, Chino 2-3, pp. 7-1, 7-3, 7-4; May 4, 2007 R.T., p. 71.) The baseline scenario is based on a modified version of the water supply plan from Watermaster's Implementation Plan in the Optimum Basin Management Plan (OBMP). (Chino 2-3, p. 7-3.) The baseline scenario covers the period of 2004 to 2028 and assumes groundwater recharge ranging between 50,000 afa and 100,000 afa. (May 4, 2007 R.T., p. 72.)

The dry-year scenario is described in the OBMP Chino Basin Dry-Year Yield Program Modeling Report. (Chino 2-3, pp. 7-1 to 7-4.) The dry-year yield scenario represents the recharge of 100,000 af of water in 25,000 afa increments, followed some time later by three years of 33,000 af of extraction per year. The cycle is then repeated. (May 4, 2007 R.T., p. 74.) In the dry-year yield scenario it was assumed that the total stormwater recharge anticipated with Watermaster's Application 31369, about 18,000 afa, as well as Watermaster's replenishment-related recharge, would occur throughout the 25-year planning period. (Chino 2-1, p. 18.)

Groundwater modeling was conducted for both the "no groundwater storage" program (baseline scenario) and the "with groundwater storage" program (dry-year yield scenario). Results of the modeling showed that the plume locations are virtually identical for both scenarios and indicated that the change in direction and speed of movement of these plumes caused by the increase recharge is insignificant. (Chino 2-1, p. 18; May 4, 2007 R.T., pp. 72 and 74.) Although some spreading basins are located in the vicinity of contaminated groundwater plumes, the plumes follow the natural groundwater gradient regardless of influence of the spreading basins. This is because the addition of 68,500 afa (as proposed in the Application) of water into the basin, which has an estimated capacity of 8 million acre-feet, has minimal effect on the regional groundwater flow direction.

Pursuant to Program Element Six of the OBMP, Watermaster is working closely with the Santa Ana Water Board and potential responsible parties to address the plumes of contamination in the Chino Basin. (May 4, 2007 R.T., pp. 77-78.) The remediation of each plume in the Basin is the subject of remediation efforts under additional state and federal supervision. (Chino 7-1, Exhibit B.)

The following mitigation measure is listed in Watermaster's OBMP Program Environmental Impact Report Volume (Chino 3-3, p. 4-165):

When recharge of water is proposed within the vicinity of an existing or known contaminated groundwater plume, modeling and/or additional studies will be conducted to determine whether recharge of the recycled water will increase the local hydraulic gradient and cause more rapid spread of the existing plume. If existing domestic water production wells will be impacted by the plume a minimum of one year earlier than under pre-existing conditions, or if significant quantities of additional groundwater (more than 5,000 acre-feet) will become contaminated within a five year period due to the recharge of the water, an alternate location for recharge will be selected to avoid not only the loss of the recharged water due to contamination, but also additional high quality groundwater due to more rapid expansion of the contaminated plume.

Because modeling does not always successfully predict anticipated outcomes, a permit condition to implement this measure will be included in any permit issued by the State Water Board (condition 9 at the end of this decision). Having considered the foregoing, the State Water Board finds that the proposed project will not have a significant effect on the movement of contaminated groundwater plumes in the Chino Basin.

8.0 APPROVAL OF APPLICATION 31369 WILL NOT HAVE A SIGNIFICANT ADVERSE IMPACT ON PUBLIC TRUST RESOURCES. THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT UNDER THE CALIFORNIA ENVIRONMENTAL PROTECTION ACT (CEQA)

8.1 Approval of Application 31369 will not have a significant adverse Impact on public trust resources.

The Santa Ana Water Board has divided the Santa Ana River into six reaches. Reach 3, from the Riverside Narrows to Prado Dam, would be affected by the diversions proposed under Application 31369. Watermaster presented testimony by experts in the areas of fisheries biology and wetland studies to demonstrate the lack of impacts on the public trust resources by the proposed project.

Mr. Tony Bomkamp performed a water budget analysis that calculated the amount of water required by riparian species within Reach 3 and the Prado Wetlands. The analysis compared that amount to the amount of water actually available in these areas. (May 3, 2007 R.T., pp. 122-124.) The analysis focused on the water needs of the willow because the water needs of this species are larger than any other relevant species in the area. (*Id.*, pp. 145-146.) The analysis also focused on the needs of the Least Bell's Vireo within this riparian habitat because the vireo is an umbrella species having similar habitat requirements to all other avian species of special concern in the study area. (*Id.*, p. 145.) Mr. Bomkamp testified that in the area of Reach 3 above the Prado Wetlands, after accounting for riparian habitat usage (12,000 afa) and evaporation from the water surface (17,000 afa), the average annual amount of water discharging into Prado Basin is 200,000 acre-feet. That is 18 times more water than is required by the riparian habitat. (*Id.*, p.124.) Consequently, Mr. Bomkamp testified, Watermaster's proposed project will have no impact on the Least Bell's Vireo or any other special status avian species. (*Id.*, p. 126.)

The Santa Ana sucker (*Catostomus santaannae*) is another species of special concern in the Santa Ana River. Dr. Jeffrey Beehler, Senior Environmental Project Manager with the Santa Ana Watershed Project Authority, testified regarding the effects of project operations on the sucker. These fish are limited in Reach 3, not by availability of water, but by the lack of suitable

habitat in the form of gravel or cobble needed for spawning. The concrete lining of the creek channels limits the scour necessary to produce cobble. (May 3, 2007 R.T., p. 157.) In addition, Mr. Beehler testified that the Santa Ana sucker is not known to exist in the project area, thus the fish would not be killed in the diversion facilities. (*Id.*, p. 154.)

On March 26, 2003, CDFG filed a protest against Application 31369.⁷ CDFG was concerned that the proposed projects may result in direct and cumulative adverse impacts to the resources of the Santa Ana River Basin by reducing instream flows needed to maintain riparian habitat and species within the drainage. CDFG was also concerned that the cumulative diversion rate within the Santa Ana River Basin may reduce riparian and wetland habitat areas within the watershed.

On March 20, 2007 CDFG entered into a settlement agreement with Watermaster (Chino 1-17) and on March 26, 2007, CDFG notified the State Water Board it was withdrawing its protest against Application 31369. Further, CDFG did not oppose the State Water Board's issuance of a permit to Watermaster for the diversion of water under Application 31369.

According to the March 20 Settlement Agreement, the parties do not anticipate an impact on fish, wildlife or other instream beneficial uses as a result of Watermaster's requested appropriation described in Application 31369. Watermaster agreed to continue the existing monthly monitoring and reporting. Also, the parties will meet annually for the first 5 years after a permit is issued to confirm no impacts have resulted. If negative impacts result from the appropriation, provisions are included in the agreement for resolution of those impacts. (CBWM 1-01, pp 8-9; Chino 1-17.) Conditions 10 and 11, set forth at the end of this decision, implement the terms of the settlement agreement.

⁷ CDFG's protest was also filed against applications 31370, 31317 and 31372. The protest against these applications will be addressed in separate decisions by the State Water Board.

Having considered the foregoing recitals, the State Water Board finds that approving Application 31369 will not cause any significant adverse impacts to public trust resources.

8.2 The proposed project will not have a significant adverse effect on the environment under CEQA.

Watermaster is CEQA lead agency for the proposed project. The project, as proposed under Application 31369, will use existing catch basins in the Chino Basin Watermaster service area. The basins were originally constructed for the purpose of flood control by the Chino Basin Water Conservation District and the San Bernardino County Flood Control District. Currently, in addition to flood control, Watermaster uses the catch basins for groundwater recharge using recycled water, imported water, and stormwater runoff which is the subject of this application.

Watermaster's Recharge Master Plan includes some of the basins named in Application 31369. Watermaster considers these basins to be second tier projects to the OBMP per section 15152 of the CEQA Guidelines.⁸ Therefore, the basins fall within the scope of the Programmatic Environmental Impact Report (PEIR) for the OBMP, which was certified by the Inland Empire Utilities Agency on July 13, 2000. In addition, a project level analysis for these basins was completed in September 2001 through an Initial Study for the Implementation of Stormwater and Imported Water Recharge at 20 Recharge Basins in Chino Basin (Recharge Basin IS). A Notice of Determination dated October 9, 2001 found the implementation of the project would not cause any significant adverse impacts to the environment and the proposed project fell within the scope of the OBMP PEIR, and a de minimis finding was adopted.

The basins were constructed over a number of years, some prior to 1972. Table 1 describes the CEQA documentation completed for each basin, if relevant.

In his testimony, Tom Dodson, President of Tom Dodson and Associates, an environmental consulting firm in San Bernardino, California, stated the CEQA analysis completed for the basins that is part of Application 31369 is adequate. Mr. Dodson made supplemental investigations of the facts contained in the CEQA documents. Based on these investigations,

⁸ Cal. Code Regs., tit. 14, § 15152. All references in this Decision to the provisions of Title 14 of the California Code of Regulations constituting the Guidelines for Implementation of the California Environmental Quality Act, *id.* § 15000 et seq., are referred to as sections of the "CEQA Guidelines."

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he is of the opinion that the findings made in the OBMP PEIR and the Recharge Basin IS can serve as a basis for a decision by the State Water Board with respect to Application 31369. (Chino 3-1.)

As a responsible agency under CEQA, the State Water Board presumes that the environmental documentation prepared by the lead agency is adequate for purposes of CEQA unless a legal proceeding determines that the environmental documentation is inadequate or a subsequent environmental document is required. (CEQA Guidelines, § 15231.) The State Water Board has reviewed the CEQA documents prepared by the lead agency. These documents do not identify any significant adverse environmental impacts.

Table 1

Basin Name	Construction Date	CEQA Documentation in Addition to Watermaster's OBMP Tiered Analysis
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San Antonio Creek System

College Heights (East and West)	1958, 1932	none
Upland Basin	unknown	Recharge Basin IS
Montclair Nos. 1-4	1954	Recharge Basin IS
Brooks	1977	1977 Mitigated Negative Declaration and Recharge Basin IS

West Cucamonga Creek System

7 th Street	1967	Recharge Basin IS
8 th Street	1938	Recharge Basin IS
Ely Basin	1950	Recharge Basin IS
Grove Street	2001	Statutory Exemption

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Table 1 (continued)

Basin Name	Construction Date	CEQA Documentation in Addition to Watermaster's OBMP Tiered Analysis
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Cucamonga Creek System

Turner No. 1	1976	Turner Basin #1 Expansion Project Notice of Determination filed in May 2001 by the Chino Water Conservation District
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Deer Creek System

Turner No. 2, 3, 4	1971	Recharge Basin IS
Turner No. 5, 8, 9	1971	none

Day Creek System

Lower Day Nos. 1-3	1912, 1975, 1976	Recharge Basin IS
Etiwanda Percolation Ponds	1960s	1994 San Sevaine Creek Water Project Initial Study and Mitigated Negative Declaration (San Sevaine) and Recharge Basin IS
Wineville	1945	Recharge Basin IS
Riverside	1971	None

Etiwanda Creek System

Etiwanda Debris Basin	1954, 1960	San Sevaine and Recharge Basin IS
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Table 1 (continued)

Basin Name	Construction Date	CEQA Documentation in Addition to Watermaster's OBMP Tiered Analysis
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Declez Channel System

RP-3 site	unknown	<i>Initial Study for the Implementation of Storm Water and Imported Water Recharge at Proposed RP-3 Recharge Basins, and negative declaration</i>
Declez Basin	1985	Recharge Basin IS

San Sevaine Creek System

San Sevaine Nos. 1-5	1960s	San Sevaine and Recharge Basin IS
Rich Basin	1971	San Sevaine
Victoria Basin	1975	San Sevaine and Recharge Basin IS
Banana Basin	1944	Recharge Basin IS
Hickory Basin	1970/2001	San Sevaine and Recharge Basin IS
Jurupa Basin	1976	San Sevaine and Recharge Basin IS

9.0 COORDINATION OF PERMITS TO APPROPRIATE WATER WITH EXISTING JUDGMENTS AND AGREEMENTS FOR THE USE OF SANTA ANA RIVER WATER

On May 2, 2007 the State Water Board commenced a hearing to consider five applications to appropriate water from the Santa Ana River. The applicants are:

- Watermaster (Application 31369)
- San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County (Applications 31165 and 31370)
- Orange County Water District (Application 31174)
- City of Riverside (Application 31372)

Rights to the use of the water in the Santa Ana River, including the potential rights of the applicants in this proceeding, are the subject of several judgments, settlement agreements, and memoranda. (Stipulation of Applicants, dated April 5, 2007.⁹) Among these is the April 17, 1969, judgment in *Orange County Water District v. City of Chino, et al.* (Super. Ct. Orange County, 1969, No. 117628.) Among other matters, the judgment divides the river into various stream reaches and provides that upper watershed parties are obligated to ensure that certain average minimum flows reach the lower watershed. (Applicants' Joint. Ex. 1-1.) In addition, the judgment provides that so long as certain average minimum flows reach the lower basin, the upper basin water users have the right to divert, pump, extract, conserve and use all surface and ground water originating in the upper basin without interference from lower basin claimants. (Applicants' Joint Ex. 2-2.)

Likewise pertinent is *Western Municipal Water District of Riverside County et al. v. East San Bernardino County Water District* (Super. Ct. Riverside County, 1969, No. 78426.) This judgment was also entered on April 17, 1969. This judgment allocates the water in the upper stream reach for the San Bernardino Basin, Colton Basin and Riverside Basin areas, excepting the Chino Basin, consistent with the Orange County judgment. The relative priority of Watermaster to divert water from the Chino Basin is derived from the rights recognized in the Inland Empire Utilities Agency under the Orange County judgment and the November 16, 1999, Memorandum of Understanding to Affirm and Preserve Existing Rights in the Santa Ana River Watershed. (¶ 13 and ¶ 3(a), Stipulation of Applicants, dated April 5, 2007.)

Normally, under California appropriative water law, the application filed first in time has a higher priority than an application filed at a later date. (Wat. Code, §§ 1450, 1455, 1610; *Pasadena v. Alhambra* (1949) 33 Cal. 2d 908, 929 [207 P.2d 17].) However, taken together, these judgments, settlement agreements, and memoranda may alter the relative priority of the permits that may be issued for the applications pending on the Santa Ana River.

Additionally, exceptions to the rule of "first in time, first in right" can be based on Article X, section 2 of the California Constitution, area of origin protections, and other public policies. (See, e.g., Wat. Code, §§ 10500 et seq., 11460; see also Archibald, Governor's Commission to

⁹ The stipulation was presented to the hearing officer on April 5, 2007. On April 10, 2007, no party having objected to the stipulation, the hearing officer accepted the stipulation as the basis for resolving key hearing issues 4 and 5 concerning the priorities of the applications relative to other legal users of water and among the pending applications. (RT, Vol.1, 2:21-24; see also 4.0 Hearing Issues, p. 5, *ante*.)

Review California Water Rights, *Allocating Use of Surface Water: The Priority System and its Alternatives* (Appropriative Rights Staff Memorandum No. 2, July 1977) pp. 5-6.) The State Water Board is also required to subject permit approvals to such terms and conditions as in its judgment will best develop, conserve, and utilize in the public interest the water sought to be appropriated. (Wat. Code, § 1253.) The numerous judgments, settlement agreements and memoranda for the Santa Ana River aimed at managing the diversion and use of water in the river among many competing claims present a situation that may justify modifying the usual priority of competing applications for the appropriation of water.

The apportionment of flows among various stream reaches on the Santa Ana River, and the right to develop water within the framework of the various judgments, agreements and memoranda may warrant adjustment of the relative priorities of such permits as may be issued for the applications pending on the Santa Ana River. The stipulation, however, does not address with specificity the relative priority of three of the five pending applications (Applications 31369, 31372 and 31174) among themselves or relative to the other three applications. The State Water Board will apply the usual order of priority, except where the pending applicants have agreed to a different order of priority or when a hearing record clearly supports modified priorities.¹⁰

The current record does not clearly reveal any agreement to adjust the priorities of the other applications. Thus, the State Water Board will not attempt to adjust the relative priorities of the other pending applications. Condition 6 of the order, *post*, however, does subject this application to "...existing rights determined by the judgment in *Chino Basin Municipal Water District v. City of Chino* (Super. Ct. San Bernardino County, 1978 No. 164327), and the stipulated judgment in *Orange County Water District v. City of Chino* (Super. Ct. Orange County, 1969, No. 117628) insofar as said rights are maintained."

¹⁰ The significance of the City of Redlands, et al., reported right to divert up to 88 cubic feet per second (cfs) in the stipulation is unclear unless the stipulation was to resolve issues other than those presented to the State Water Board in this proceeding. (Stipulation of Applicants dated April 5, 2007, ¶ 15) The State Water Board does not expressly or implicitly recognize the validity of the 88 cfs diversion if it was initiated after 1914 and is not in compliance with the Water Code section 1200, et seq.

10.0 CONCLUSIONS

Pursuant to Water Code section 1253, the State Water Board may allow the appropriation for beneficial purposes of unappropriated water under such terms and conditions as in its judgment will best develop, conserve, and utilize in the public interest the water sought to be appropriated. The stormwater recharge project described in Application 31369 is one component of Watermaster's Recharge Master Plan. (Chino 1-1, pp. 6-7.) The Recharge Master Plan implements Program Element Two of Watermaster's OBMP. Water appropriated under Application 31369 will recharge the Chino Basin for municipal, industrial, irrigation, and stock watering uses for the 800,000 people who live in the area. (May 3, 2007 R.T., pp. 21-22.)

On September 30, 2004, the State Water Board approved the most recent set of amendments to the Water Quality Control Plan for the Santa Ana Region. A central feature of these amendments is the inclusion of Maximum Benefit objectives. These objectives permit an increase in the level of salts in groundwater in order to permit the use of imported and recycled water to recharge the groundwater basin. (Santa Ana Regional Water Quality Control Board Resolution R8-2004-0001, Table 5-8a, pp. 55-58.) In exchange for the ability to utilize the Maximum Benefit objectives, the parties in the Chino Basin committed to implement a number of water quality measures, one of which is the stormwater recharge project that is the subject of Application 31369. (Chino Closing Brief, pp. 4, 12-18.)

The proposed project will not have a significant adverse effect on: (1) the movement of contaminated groundwater plumes in the Chino Basin; (2) public trust resources; or (3) the environment. Accordingly, the State Water Board finds the proposed appropriation of water to be in the public interest. The State Water Board finds and concludes that the 68,500 afa increment of stormwater runoff to be diverted to underground storage pursuant to Application 31369 is available for appropriation and that a permit should be issued.

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July 1, 2008

ORDER

IT IS HEREBY ORDERED THAT Application 31369 be approved and a permit issued subject to prior rights and subject to standard permit terms 6, 10, 11, 12, 13, 14, 15, 30, and the following additional terms and conditions.

1. The Permittee is authorized to divert and use water from Deer Creek, Day Creek, Etiwanda Creek, San Sevaine Creek, Chino Creek, San Antonio Creek and Cucamonga Creek. All of these creeks are tributary to the Santa Ana River within the counties of San Bernardino and Riverside.
2. Permittee is authorized to divert water from the points of diversion identified within Table 2, attached to this decision.
3. Permittee is authorized to use the water for municipal, industrial, irrigation, and stock watering within the area overlying the Chino Basin Groundwater Basin as shown on the map dated October 12, 2007, signed on October 15, 2007, and on file with the State Water Board.
4. The water appropriated shall be limited to the quantity that can be beneficially used and shall not exceed 68,500 acre-feet per annum to be collected to underground storage at a maximum rate of 115,570 cubic feet per second from the 29 points of diversion listed on Table 2 from January 1 to December 31 of each year.
5. The application of water to beneficial use shall be prosecuted with reasonable diligence and be completed by December 31, 2057.
6. Rights under this permit are, and shall be, specifically subject to existing rights determined by the judgment in *Chino Basin Municipal Water District v. City of Chino* (Super. Ct. San Bernardino County 1978 No. 164327), and the stipulated judgment in *Orange County Water District v. City of Chino* (Super. Ct. Orange County, 1969, No. 117628) insofar as said rights are maintained. The State Water Board acknowledges the existence of the judgments, but makes no findings as to the content of the judgments and, therefore, will not enforce the

conditions of the judgments as a condition of this permit. Enforceable terms defining the scope of the permit are listed independently in the permit and may not be included in the judgments.

7. Permittee shall consult with the Division of Water Rights and, within one year from the date of this permit, submit to the State Water Board its Urban Water Management Plan as prepared and adopted in conformance with section 10610, et seq., of the California Water Code, supplemented by any additional information that may be required by the Board. All cost-effective demand management measures identified in the Urban Water Management Plan and any supplements thereto shall be implemented in accordance with the schedule for implementation the Urban Water Management Plan.
8. Prior to diversion of water under this permit, Permittee shall (1) install devices to measure the quantities of water placed into underground storage and (2) install devices and provide documentation of the method to be used to determine the quantity of water recovered from underground storage and placed to beneficial use. All measuring devices and the method of determining the quantity of water recovered from underground storage shall be approved by the State Water Board prior to diversion of water under this permit. All measuring devices shall be properly maintained.
9. Permittee shall monitor all known contaminated groundwater plumes that may be affected by the diversion of water to recharge groundwater under this permit to determine whether the recharged water will increase the local hydraulic gradient and cause more rapid spread of the existing plumes. Permittee shall report annually the results of its monitoring to the Santa Ana Water Board and to the State Water Board. If existing domestic water production wells will be impacted by the plume a minimum of one year earlier than under pre-existing conditions, or if significant quantities of additional groundwater (more than 5,000 acre-feet) will become contaminated within a five-year period due to recharge pursuant to the permit, Watermaster shall petition the State Water Board for an alternate location for recharge.
10. Permittee shall conduct its existing monthly monitoring and report the results of such monitoring annually to the California Department of Fish and Game (CDFG) and the State Water Board in a form approved by the CDFG and the State Water Board. At a minimum, reporting shall indicate average monthly flow data that indicates amount of flow in each tributary before and after diversions and the amount of flow entering the Santa Ana River at

each tributary. Within 90 days of the issuance of this permit, Permittee shall submit the monitoring plan for approval by the Chief of the Division of Water Rights (Division Chief). The Permittee shall post and maintain the annual monitoring reports on its website. The reports shall remain posted for at least five years. This provision shall bind any transferees and assignees of the approval granted under this order.

- 11. Permittee shall meet at least once annually with the CDFG for five years following the issuance of this permit to confirm that no impacts on fish, wildlife or other instream beneficial uses have occurred as the result of the appropriation of water. In the event that Permittee or CDFG determines that the appropriation of water has caused adverse impacts on fish, wildlife or other instream beneficial uses, Permittee shall meet with the CDFG to develop measures to avoid or mitigate the adverse impacts.

In the event of an impasse between Permittee and CDFG as to either: (1) the impact of the appropriation of water on fish, wildlife or other instream beneficial uses; or (2) measures to avoid or mitigate the adverse impacts, the following shall occur:

- (a) Permittee shall issue a letter to the CDFG stating that an impasse has occurred. Alternatively, CDFG may issue a letter to Permittee stating that an impasse has occurred; and
- (b) Within sixty days after the issuance of a letter of impasse, Permittee shall notify the State Water Board of the impasse.

The State Water Board will initiate a review of the impasse and may initiate a proceeding to resolve the impasse under the Board's continuing authority.

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July 1, 2008

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a decision duly and regularly adopted at a meeting of the State Water Resources Control Board held on _____, 2008.

AYE:

NO:

ABSENT:

ABSTAIN:

DRAFT
Jeanine Townsend
Clerk to the Board

Attachment

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July 1, 2008

TABLE 2 TO DECISION (Insert decision number)

Application 31369

Locations of Points of Diversion (POD)

By California Coordinate System of 1983, Zone 6	40-acre subdivision of public land survey or projection thereof	Section	Township	Range	Base and Meridian
POD #1: College Heights North 1,861,321 and East 6,653,870 ft.	NW¼ of NW¼	11	01S	08W	SB
POD #2: Montclair 1 North 1,855,856 and East 6,652,040 ft.	NE¼ of NE¼	15	01S	08W	SB
POD #3: Montclair 2 North 1,854,846 and East 6,651,928 ft.	NE¼ of NE¼	15	01S	08W	SB
POD #4: Montclair 3 North 1,853,335 and East 6,651,424 ft.	NW¼ of SE¼	15	01S	08W	SB
POD #5: Montclair 3 North 1,853,571 and East 6,651,675 ft.	SW¼ of NE¼	15	01S	08W	SB
POD #6: Montclair 4 North 1,852,355 and East 6,651,331 ft.	NW¼ of SE¼	15	01S	08W	SB
POD #7: Brooks North 1,845,097 and East 6,647,790 ft.	NW¼ of NW¼	27	01S	08W	SB
POD #8: 8 th Street North 1,856,072 and East 6,673,019 ft.	NE¼ of NE¼	17	01S	07W	SB
POD #9: 7 th Street North 1,854,979 and East 6,673,030 ft.	NE¼ of NE¼	17	01S	07W	SB
POD #10: Ely Basin North 1,835,570 and East 6,676,983 ft.	SW¼ of SE¼	33	01S	07W	SB
POD #11: Turner No. 1 North 1,850,673 and East 6,682,542 ft.	NW¼ of NE¼	22	01S	07W	SB

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July 1, 2008

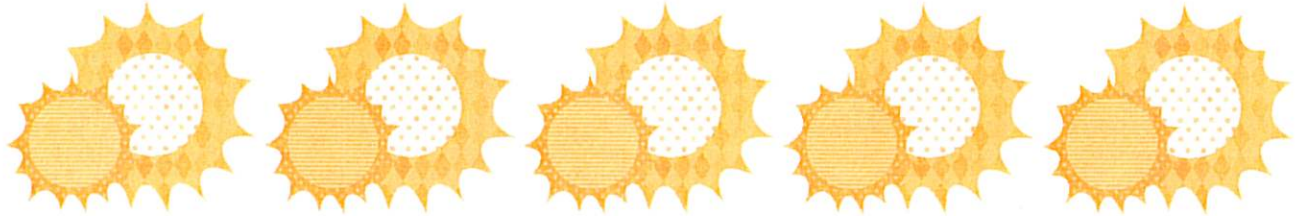
By California Coordinate System of 1983 in Zone 6	40-acre subdivision of public land survey or projection thereof	Section	Township	Range	Base and Meridian
POD # 12: Turner No. 2,3,4 North 1,850,134 and East 6,684,634 ft.	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	22	01S	07W	SB
POD #13: Turner No. 5,8,9 North 1,850,180 and East 6,686,169 ft.	NE $\frac{1}{4}$ of NW $\frac{1}{4}$	23	01S	07W	SB
POD #14: Lower Day North 1,871,850 and East 6,700,373 ft.	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	31	01N	06W	SB
POD #15: Etiwanda Spreading Grounds North 1,880,750 and East 6,708,936 ft.	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	21	01N	06W	SB
POD #16: Wineville North 1,838,841 and East 6,700,369 ft.	SE $\frac{1}{4}$ of NE $\frac{1}{4}$	31	01N	06W	SB
POD #17: Riverside North 1,837,568 and East 6,699,250 ft.	SE $\frac{1}{4}$ of NE $\frac{1}{4}$	31	01N	06W	SB
POD #18: Etiwanda D.B. North 1,877,535 and East 6,709,726 ft.	SW $\frac{1}{4}$ of SE $\frac{1}{4}$	21	01N	06W	SB
POD #19: San Sevaine No 1 North 1,877,471 and East 6,715,443 ft.	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	27	01N	06W	SB
POD #20: San Sevaine No 2 North 1,876,824 and East 6,715,806 ft.	NE $\frac{1}{4}$ of NE $\frac{1}{4}$	27	01N	06W	SB
POD #21: San Sevaine No 3 North 1,880,432 and East 6,719,552 ft.	SW $\frac{1}{4}$ of NE $\frac{1}{4}$	23	01N	06W	SB
POD #22: San Sevaine No 3 North 1,876,134 and East 6,715,774 ft.	SE $\frac{1}{4}$ of NE $\frac{1}{4}$	27	01N	06W	SB
POD #23: San Sevaine No 4 North 1,875,499 and East 6,715,757 ft.	SE $\frac{1}{4}$ of NE $\frac{1}{4}$	27	01N	06W	SB
POD #24: San Sevaine No 5 North 1,874,878 and East 6,715,624 ft.	SE $\frac{1}{4}$ of NE $\frac{1}{4}$	27	01N	06W	SB

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July 1, 2008

By California Coordinate System of 1983 in Zone 6	40-acre subdivision of public land survey or projection thereof	Section	Township	Range	Base and Meridian
POD #25: Victoria Basin North 1,870,739 and East 6,711,701 ft.	SW$\frac{1}{4}$ of NW$\frac{1}{4}$	34	01N	06W	SB
POD #26: Hickory Basin North 1,857,072 and East 6,713,258 ft.	SE$\frac{1}{4}$ of SW$\frac{1}{4}$	10	01S	06W	SB
POD #27: Jurupa Basin North 1841430 and East 6,708,522 ft.	SW$\frac{1}{4}$ of SE$\frac{1}{4}$	28	01S	06W	SB
POD #28: Former RP3 Site North 1,838,205 and East 6,721,781 ft.	SE$\frac{1}{4}$ of NE$\frac{1}{4}$	35	01S	06W	SB
POD #29: Declez Basin North 1,834,901 and East 6,713,196 ft.	NE$\frac{1}{4}$ of NW$\frac{1}{4}$	3	02S	06W	SB

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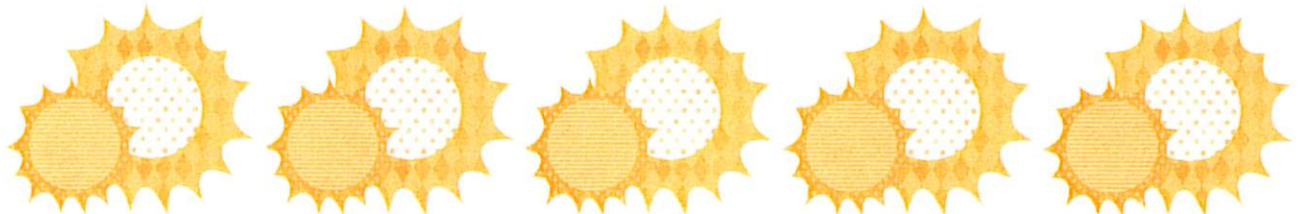


CHINO BASIN WATERMASTER

III. REPORTS / UPDATES

D. INLAND EMPIRE UTILITIES AGENCY

1. Status Report on Dry Year (CUP) Activities
2. Update on MWD Integrated Water Resources Plan
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

July 24, 2008

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

15-20 Minutes

Discussion Items:

- Status Report on Dry Year (CUP) Activities (Atwater)
- Update on MWD Integrated Water Resources Plan (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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Executive Summary

BACKGROUND

Reliability. Affordability. Water Quality. Diversity. Flexibility. Environmental & Institutional Constraints

These six objectives were the drivers behind the 1996 Integrated Resources Plan (IRP) developed by the Metropolitan Water District of Southern California (Metropolitan) in concert with its member agencies. The purpose of the IRP was to establish regional targets for the development of water resources including conservation, local supplies, State Water Project supplies, Colorado River Aqueduct supplies and water drawn from regional storage and purchased through water transfers.

THE 1996 IRP PROCESS

Metropolitan's Board of Directors set the direction and vision for the 1996 IRP. The IRP process was a collaborative effort drawing input from many groups including Metropolitan's Board, an IRP workgroup (comprised of Metropolitan staff, member agency and sub-agency managers, as well as groundwater basin managers), and representatives from the environmental, agricultural, business and civic communities. It was important that the IRP be a collaborative process because its viability was contingent on the success of local projects and local plans in achieving their individual target goals for resource management and development.

RESULTS OF THE 1996 IRP PROCESS

The outcome of the 1996 IRP was a "Preferred Resource Mix" which would ensure Metropolitan and its member agencies would meet their full service retail demands without interruption through 2020. Metropolitan's Board of Directors formally adopted the IRP in January 1996.

SCOPE OF THE IRP UPDATE

In November 2001 the Metropolitan Board of Directors adopted a workplan to update the 1996 IRP to focus on changed conditions, and extend the planning horizon in order to comply with new water planning legislation linking land use decisions to water supply availability. The IRP Update had three objectives:

1. To review the goals and achievements of the 1996 IRP
2. To identify changed conditions for water resource development
3. To update the resource targets through 2025

FINDINGS AND CONCLUSIONS

1. **Changed Conditions:** The most significant changed conditions are higher conservation savings and Member Agencies plans to increase local supply development. Together these changes cause projected Metropolitan demands in 2020 to

drop as much as 500,000 acre-feet in a dry year, compared to the 1996 IRP. Other major changed conditions include:

- a. Board-revised goals for the State Water Project
 - b. Board-revised goals for the Colorado River Aqueduct
 - c. More stringent water quality regulations
 - d. Evolving resource implementation risk
2. **Reliability:** The results of the IRP Update analysis demonstrate that the resource targets of the 1996 IRP, factored in with the changed conditions discussed in this report, provide for 100 percent reliability in 2020 and up to 2025.
3. **Buffer Supply:** Although current resource targets do not need to be modified, the IRP Update identified two new areas of concern: (1) increasingly stringent water quality regulation, and (2) resource implementation risk surrounding the development of planned projects.

The IRP Update recommends a supply buffer of up to 10 percent of regional demands to manage the two concerns and other uncertainties. The

planning buffer calls for Metropolitan to develop 500,000 acre-feet of supplies in addition to the resource targets by 2025. Development of the buffer will be equally split between local and imported sources. The supply buffer is consistent with Metropolitan's practice of developing supplies that are available at least 10 years in advance of need. As such, the buffer serves as a contingency measure to help ensure regional reliability and to mitigate against implementation risk. Partial or full implementation of the supply buffer is dependent on the progress in developing planned projects, and ongoing decisions by the Board of Directors.

4. **Updated Resource Targets:** With the recognition of changed conditions and the addition of the proposed buffer, the Region's resource targets have changed. Table ES-1 summarizes the proposed new targets for each major resource, including an added 500,000 acre-feet split between recycling, groundwater recovery and desalination, and Central Valley/State Water Project storage and transfers. Collectively, these updated resource targets provide the supply buffer of 500,000 acre-feet.

**Table ES-1
Updated Resource Targets (with Supply Buffer)**

	1996 IRP 2020	IRP Update 2020	Change	IRP Update 2025
Conservation	882,000	1,028,000	+145,600	1,107,000
• Recycling, • Groundwater Recovery • Desalination	500,000	750,000	+250,000 (buffer)	750,000
Colorado River Aqueduct *	1,200,000	1,250,000	+50,000	1,250,000
State Water Project	593,000	650,000	+57,000	650,000
Groundwater Conjunctive Use	300,000	300,000	0	300,000
CVP/SWP Storage and Transfer	300,000	550,000	+250,000 (buffer)	550,000
MWD Surface Storage **	620,000	620,000	0	620,000

*The 1,250,000 acre-feet supply from the Colorado River Aqueduct is a target for specific year types when needed. Metropolitan is not depending upon a full aqueduct in every year.

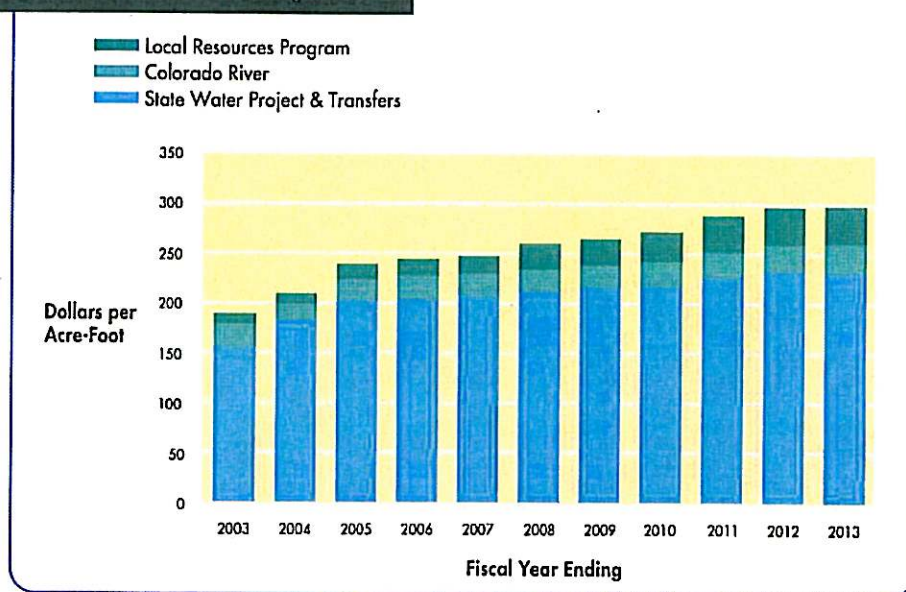
**Target for Surface Storage represents the total amount of water that can be extracted from storage.

FUNDING THE IRP

As additional imported supplies, local projects, conservation, storage and transfers are developed to meet the goals set forth in the IRP Update, associated costs are also expected to increase. In order to fund the projects and programs envisioned in this report, Metropolitan's

rates are forecast to increase between \$76 and \$100 per acre-foot between 2004 and 2013, depending on Metropolitan's water sales. This forecast is consistent with Metropolitan's *Long Range Finance Plan*. Figure ES-1 shows how each element contributes to the expected rate increases.

Figure ES-1 Estimated Rate Impact of IRP



In addition, Metropolitan will continue to invest in water distribution and treatment infrastructure. Changes in water rates and charges are necessary to support the investments, and operations and maintenance essential to meet Metropolitan's and its member agencies' reliability objectives. The rate projections shown in Figure ES-1 incorporate planned investments in infrastructure.

IMPLEMENTATION APPROACH

There is no single cornerstone for regional supply reliability. Because of this, the region has developed an integrated resource plan that depends on many sources of supply. Achieving the continued reliability forecasted by the IRP rests on the shoulders of member and local agencies, as well as Metropolitan. Through this IRP Update, Metropolitan, the member agencies, and numerous local agencies will be able to provide reliable water supplies through continued investment in the region's water supplies.

Metropolitan's implementation approach for achieving the goals of the IRP Update is summarized in each of the resource categories found in Section 3 of the main report. Many of the programs and resources are in place or have been developed by Metropolitan and the member agencies. Additional programs have been identified for future development. A summary of the programs Metropolitan has developed or are in development/identified for implementation are shown in Table ES-2. A comprehensive description of Metropolitan's implementation approach is contained in the *Report on Metropolitan's Water Supplies* issued on March 25, 2003. In order to ensure that the resource target implementation occurs, Metropolitan will complete an annual IRP Implementation Report and will revisit the IRP more comprehensively on a five-year IRP Update schedule. Both are described in the following section.

**Table ES-2
IRP Update Resource Status**

Target	Programs and Status
Conservation	Current - Conservation Credits Program - 1992 Plumbing Codes - Southern California Heritage Landscape Program* In Development or Identified - Innovative Conservation Program - Innovative Supply Program
Recycling GW Recovery Desalination	Current - LRP Program In Development or Identified - Additional LRP Requests for Proposals - Seawater Desalination Program

**Table ES-2
IRP Update Resource Status (continued)**

Target	Programs and Status
SWP	<p>Current</p> <ul style="list-style-type: none"> - SWP Deliveries - San Luis Carryover Storage (Monterey Agreement) - Environmental Water Account <p>In Development or Identified</p> <ul style="list-style-type: none"> - Sacramento Valley Water Management Agreement - CALFED Delta Improvement Program
CRA	<p>Current</p> <ul style="list-style-type: none"> - Base Apportionment - IID/MWD Conservation Program - Coachella and All American Canal Lining Programs (to SDWCA & San Luis Rey) - Hayfield Storage Program** - PVID Land Management Program <p>In Development or Identified</p> <ul style="list-style-type: none"> - Lower Coachella Storage Program - Chuckwalla Storage Program - Central Arizona Banking Program - QSA Programs & Interim Surplus Guidelines
In Region Dry-Year Surface Water Storage	<p>Current</p> <ul style="list-style-type: none"> - DVL, Mathews, Skinner - SWP Terminal Reservoirs (Monterey Agreement)
In Region Groundwater Conjunctive Use	<p>Current</p> <ul style="list-style-type: none"> - North Las Posas - Cyclic Storage - Replenishment Deliveries - Proposition 13 Programs (short-listed) <p>In Development or Identified</p> <ul style="list-style-type: none"> - Raymond Basin Conjunctive Use Program - Proposition 13 Programs (wait-listed) - Expanding existing programs - New groundwater storage programs
CVP/SWP Storage and Transfers Spot Transfers and Options	<p>Current</p> <ul style="list-style-type: none"> - Arvin Edison Program - Semitropic Program - San Bernardino Valley MWD Program - Kern Delta Program - Desert Water/Coachella Valley Advanced Storage - Spot Market transfers and options - Mojave Storage Demonstration Project - North Kern Storage Program (pilot) <p>In Development or Identified</p> <ul style="list-style-type: none"> - San Bernardino Valley MWD Conjunctive Use Program - Kern Water Banking Program - Other San Joaquin Valley Programs

*Program savings not currently quantified.

**Program has been implemented with approximately 72,000 acre-feet in storage and extraction facilities are under construction.

PLANNING CYCLE

Metropolitan leads, participates in, and produces a number of planning studies and reports on a regular basis. Table ES-3 shows the approximate timetables for the major processes and the type of requirement, legal or internal, which drive the process.

The IRP is the basis for Metropolitan's other planning and reporting documents. The 1996 IRP determined, through a comprehensive stakeholder process, what the guiding principles should be for building a long-term water resource plan, and the development targets under that

plan. The IRP Update Report not only contains refinements to the development targets, but also establishes two schedules for regular reporting and updating the IRP in the future. The first is an annual IRP Implementation Report that will provide regular reporting to the Board on the status and progress of resource implementation. The second is a regular five-year schedule for the future IRP Updates, coincident with Metropolitan's filing of the *Regional Urban Water Management Plan*, as prescribed by the California Water Code. Metropolitan's other planning processes build upon the resource development targets.

**Table ES-3
Metropolitan Planning and Reporting Cycles**

Report	Requirement/ Type	Year							
		1999	2000	2001	2002	2003	2004	2005	2006
<i>Regional Urban Water Management Plan</i>	State Law / Report		X					X	
<i>Annual Report to the California State Legislature on Achievements in Conservation, Recycling, and Groundwater Recharge (SB 60 Report)</i>	State Law / Report		X	X	X	X	X	X	X
<i>Report on Metropolitan's Water Supplies</i>	Internal Policy / Report				X	X	As Needed to Reflect Changes		
<i>IRP Implementation Report</i>	Internal Policy / Report			X	X		X	X	X
<i>IRP Update</i>	Internal Policy / Planning Process					X			X
<i>System Overview Study</i>	Internal Policy / Planning Process						X		
<i>Water Surplus and Drought Management Plan</i>	Internal Policy / Planning Process	X					X		
<i>Salinity Management Study*</i>	Internal Policy / Planning Process	X							
<i>Long-Range Financial Plan</i>	Internal Policy / Planning Process	X					X		

*Future Study release will be contingent upon completion of: (a) USBR Salinity Study of Lower Colorado
(b) Inland Feeder (c) Delta Improvement Program

Follow-up from June 24, 2008 IRP Board Workshop

Comment / Questions	Proposed Response
<ul style="list-style-type: none"> • Need to have a robust discussion about targets. • SWP/CRA transfers --separate or combine? • Local supply characterization is important. • Charts show conservation beyond just MWD (member agency activity also) 	<p>Information will be collected from Technical Workgroup and Stakeholder Forum processes and presented to IRP Steering Committee for direction.</p>
<ul style="list-style-type: none"> • What is the difference between local resources and in-region groundwater? 	<p>"Local resources" are owned and operated by MWD's member agency and local partners with MWD providing incentives for water produced. "In-region groundwater" are water storage accounts in groundwater basins to be extracted under MWD's call. MWD pays for capital facilities and O &M costs associated with storage and extraction of the water while member agencies pay the firm water service rate.</p>
<ul style="list-style-type: none"> • Why are conservation numbers in this presentation lower than previous presentations? 	<p>Water Use Efficiency numbers used in some prior presentations include both conservation and recycling.</p>
<ul style="list-style-type: none"> • Conservation savings—is 1.1 MAF of savings from today forward? 	<p>The conservation savings are from a 1980 demand base projected through 2025.</p>
<ul style="list-style-type: none"> • Cost build-up chart would be helpful 	<p>Cost information will be collected with resource potential from Technical Workgroup process and presented to IRP Steering Committee.</p>
<ul style="list-style-type: none"> • Need to include local agency contributions on local supply, square-up pie and bar charts. <ul style="list-style-type: none"> ○ Need a graphic on dry-year targets 	<p>Staff will investigate alternative way of presenting data.</p>
<ul style="list-style-type: none"> • Other considerations – Themes / Vision <ul style="list-style-type: none"> ○ Water conservation bank ○ Stormwater ○ Ocean desal development ○ Groundwater resources ○ LRP Focus 	<p>Information will be collected from Technical Workgroup and Stakeholder Forum processes and presented to IRP Steering Committee for direction.</p>

IRP Update Organization

Board Oversight (WP&S)

Technical Workgroups

Member Agency
MWD Staff
Consultants

IRP Steering Committee

Public Forums

Web-based access, member agency & other hosted forums, i.e. city councils, county boards

Stakeholder Forums

Member Agencies
Basin Managers
IRWMP's
Elected Officials
Planning Comm.
Regulatory Agencies
Environmental Groups
Community Groups
DWR
USBR

Board Oversight (WP&S)

Purpose / Goals

- Approve policy direction
- Approve planning approaches
- Approve resource strategy

IRP Steering Committee

Purpose / Goals

- **Recommend policy options**
- **Review planning approaches**
- **Review resource strategy**
- **Receive input from stakeholder forums, public forums, and technical groups**

Sep 2008 Stakeholder Forums

Purpose / Goals

- **Gain common understanding of conditions**
- **Explore ideas and approaches**
- **Solicit input**
- **Provide technical institutional and regulatory information for development of feasible resource strategies**

Technical Workgroups

Purpose / Goals

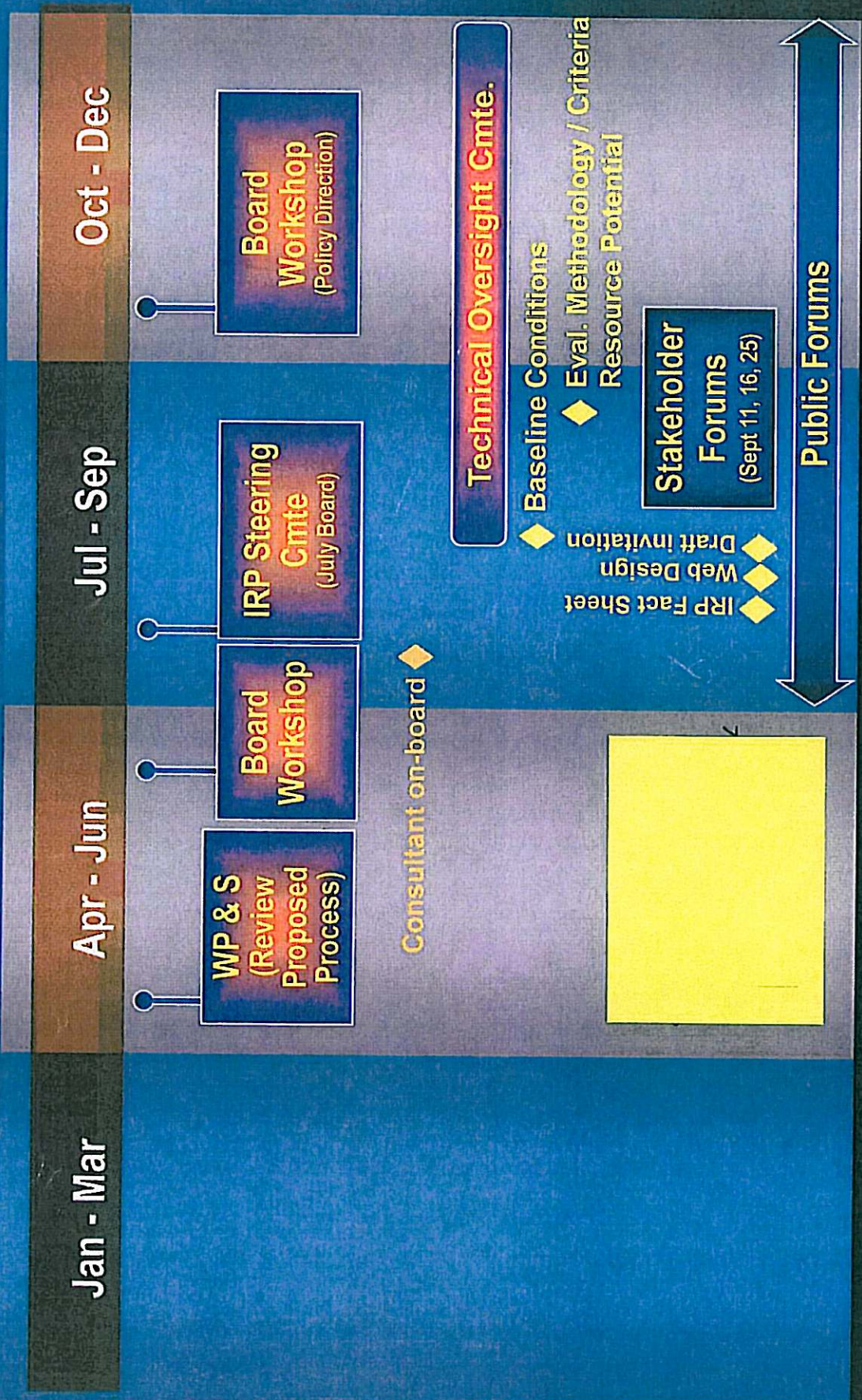
- Collaborate with member and local agencies on groundwater resources, local resource development, and regional supplies
- Develop technical approaches
- Collect, review, reconcile data
- Develop issue papers as needed

Public Forums

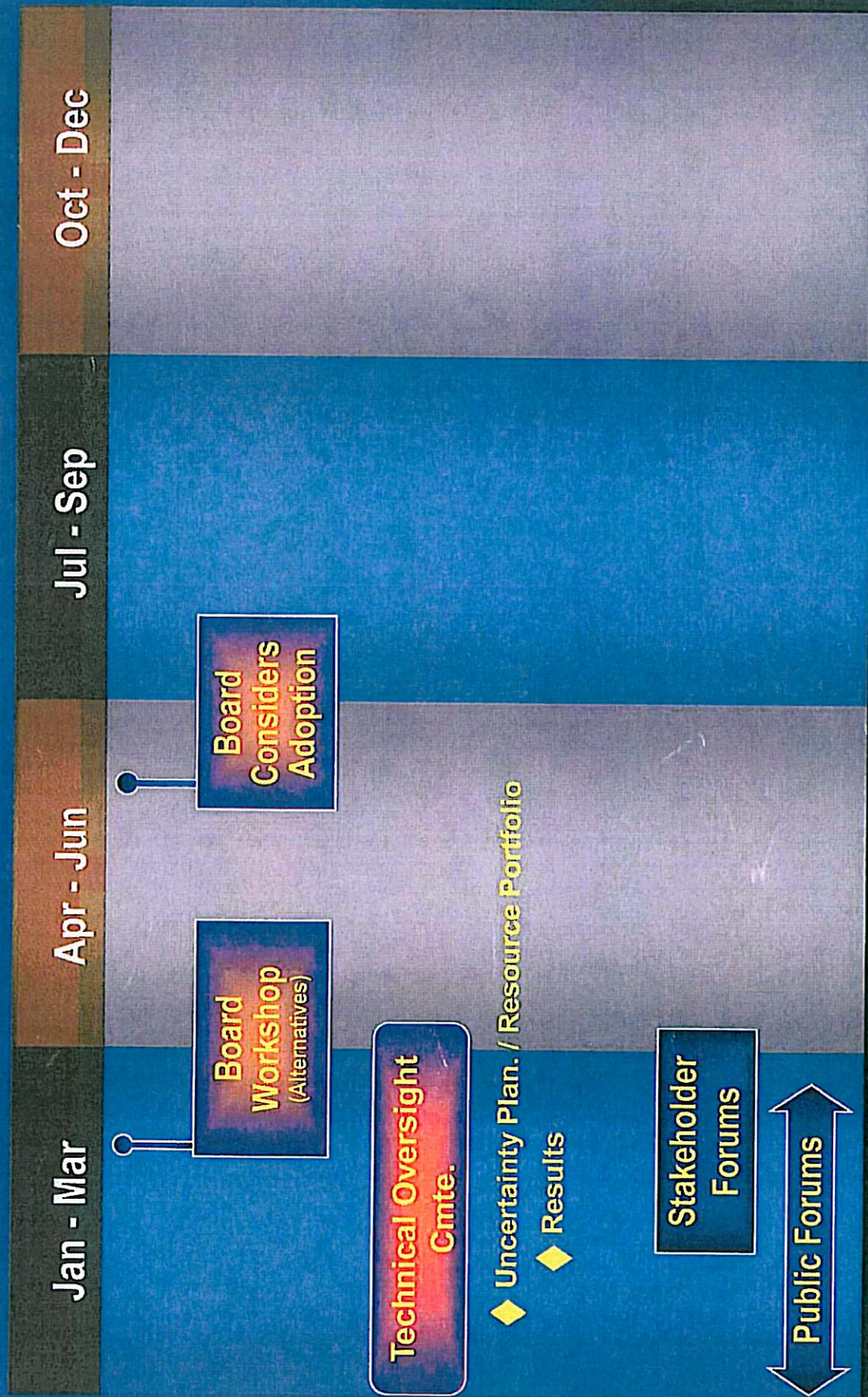
Purpose / Goals

- Additional outreach opportunities
- Solicit input

IRP Update Process Timeline - 2008



IRP Update Process Timeline - 2009



JUNE - JULY 2008

PHASE II CHINO BASIN FACILITIES IMPROVEMENT PROGRAM

Program Description

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

Phase II of the CBFIP is a Grant Funded Project with the California Department of Water Resources with matching funds from IEUA and CBWM. Phase II comprises the following recharge improvements:

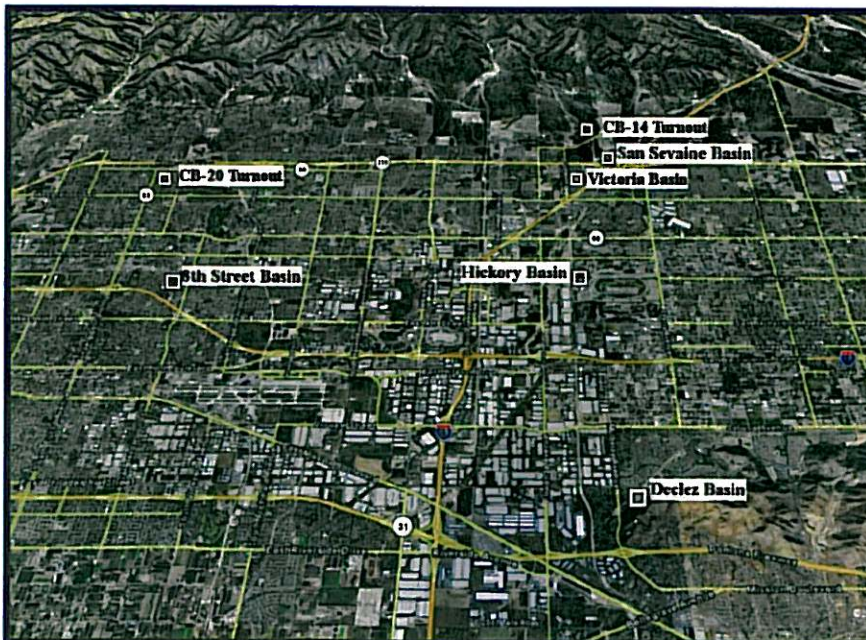
- Construction of new monitoring wells and lysimeters to monitor recycled water recharge operations
- Upgrading the capacity of MWD turnout CB-14 on the Rialto Feeder for imported recharge water
- Construction of a new turnout on the Rialto Feeder (CB-20) to provide imported water to 8th Street Basin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

Key Highlights:

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

Project Purpose:

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



Project Participants:

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

Project Team:

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

Phase 2A – Monitoring Wells and Lysimeters

The monitoring wells were installed at RP-3 Basin, Declez Basin, Eight Street Basin (2), and Brooks Basin (2), and Lysimeters were installed at RP-3 Basin, Declez Basin, Eight Street Basin, and Brooks Basin in anticipation of receiving recycled water for recharge operation.

- Phase 100% Complete
- Construction Completed

Phases 2B – Basin SCADA Improvements

The SCADA improvements within San Sevaine, Lower Day, Upland, Brooks, and Turner Basins include new communication towers and controls, automation of gate controls, installation of flow and level sensors, and various hardware and software upgrades to enhance operation and system security. A majority of the improvements will be done by Norstar Plumbing and Engineering while the hardware and software improvements will be done by IEUA staff.

- Phase 30% Complete
- Completion Date: December 31, 2008

Phase 2C – New MWD Turnout (CB-20) / 8th Street Basin Pipeline

This project includes a construction of a new turnout from the MWD’s Rialto Feeder and pipeline construction to increase imported recharge water to the 8th Street Basin. The installation of a high performance butterfly valve was installed by Mike Bubalo Construction and completed in April 2008 during MWD’s scheduled feeder shut-down. The remaining construction was awarded to Norstar Plumbing and Engineering. Norstar’s construction activity started on April 2008

- Phase 30% Complete
- Completion Date: December 31, 2008

Phase 2D – MWD Turnout Expansion at CB-14

The construction project is the expansion of an existing turnout on MWD’s CB-14 and surface pipeline improvements from CB-14. The installation of a high performance butterfly valve was completed by Mike Bubalo Construction on April 2008 during MWD’s scheduled pipeline shut-down. The remaining construction was awarded to Norstar Plumbing and Engineering. Norstar’s construction activities started on April 2008.

- Phase 30% Complete
- Completion Date: December 31, 2008

Phase 2E – Recharge Basin Berm Heightening, Hardening, and Outlet Improvements

The following basins that have shown significant washout of the berm’s spillways are San Sevaine, Hickory, Declez, and 8th Street Basin. These improvements will prevent berms from washing out during storm events by raising and hardening the berms and improving existing outlet structures. The Construction Contract was awarded to Landmark Site Contractor. Declez Basin Construction is in progress. To follow are Hickory and 8th Street Basin. The San Sevaine Basin is awaiting final environmental approval due to existing endangered habitats, the San Bernardino Kangaroo Rat and Coastal California Gnatcatcher.

- Phase 40% Complete
- Construction Completion Date: October 15, 2008

Phase 2F – Montclair Basin Inlet

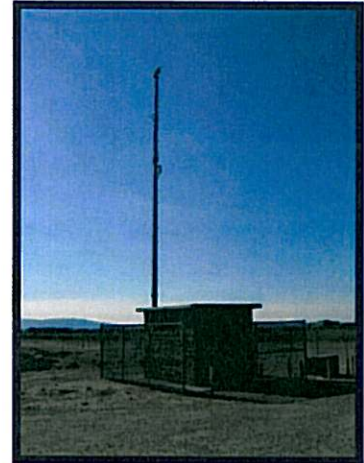
The design evaluation of constructing an inlet structure in the San Antonio Channel near Montclair Basin did not prove to provide immediate benefits. Current recharge operations and the above SCADA Improvements will provide the ability to increase recharge flow. This improvement will be deferred when the benefits are more cost effective. The available funds under this project was allocated into the other recharge improvements.

- Phase 100% Complete
- Design Evaluation completed

Phase 2G – Wet Basin Cleaning Development

Current cleaning practices necessitate dewatering and drying the basin so that earth moving equipment can enter the basin to remove accumulated silt. This practice reduces the quantity of water that can be recharged at that basin. Initial studies of wet basin cleaning technology concluded the technology to be that more costly than current methods. This phase was completed at the initial study. The remaining project funds was allocated into the other recharge improvements phases.

- Phase 100% Complete
- The initial study completed



Proposed Communication Tower



Valve installed at CB-14



Construction Concrete Spillway at Declez



Construction of Berm No. 1 at Declez

Project Financing

■ DWR Grant	\$5.2500 Million
■ IEUA Local Share	\$2.625 Million
■ CBWM Local Share	<u>\$2.625 Million</u>
■ Total Project	\$10.500 Million

Project Budget Summary

Project Activity	Budget*	Cost to Date	Projected	Total Project Cost
Phase 2A - Monitoring Wells and Lysimeters	\$ 1,615,980	\$ 1,615,980	\$ -	\$ 1,615,980
Phase 2B - Basin SCADA Improvements	\$ 1,467,900	\$ 71,156	\$ 1,396,744	\$ 1,467,900
Phase 2C - New MWD Turnout (CB-20)	\$ 2,813,390	\$ 994,034	\$ 1,722,663	\$ 2,716,697
Phase 2D - MWD Turnout Expansion	\$ 2,090,930	\$ 743,510	\$ 1,347,420	\$ 2,090,930
Phase 2E - Recharge Basin Berm Improvements	\$ 2,341,800	\$ 501,586	\$ 1,840,214	\$ 2,341,800
Phase 2F - Montclair Basin Inlet	\$ 120,000	\$ -	\$ -	\$ -
Phase 2G - Wet Basin Cleaning Development	\$ 50,000	\$ -	\$ -	\$ -
Total Phase II	\$ 10,500,000	\$ 3,926,266	\$ 6,307,041	\$ 10,233,307

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JULY 2008
RECYCLED WATER PROGRAM NEWSLETTER

Highlights:

- Construction of New Recycled Water Facilities on Schedule.....Page 2
- 178 AFY New Recycled Water Customers Connected May 2008.....Page 3
- Recycled Water Project Status Map.....Page 5

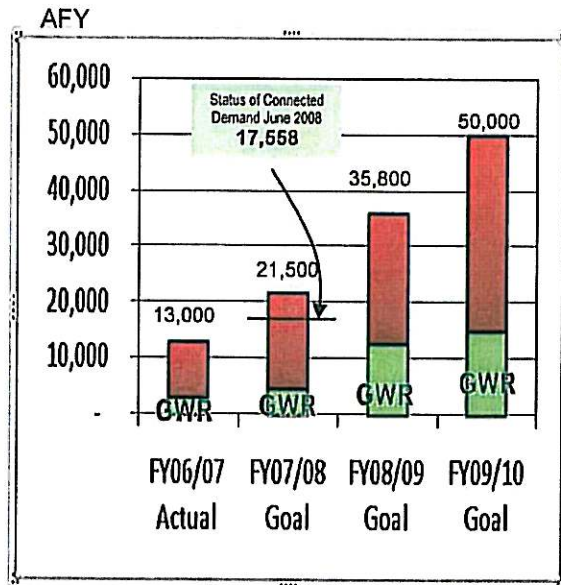
Program Description

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). Current project status is shown on Page 5.



PROJECTS IN PLANNING



San Antonio Channel Segment B Pipeline

Northeast Project Area: 100 percent plans for the 1630 Pipeline have been submitted to the SBFCO and Caltrans for review.

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. The final draft of the Master Plan is expected to be completed in July 2008.

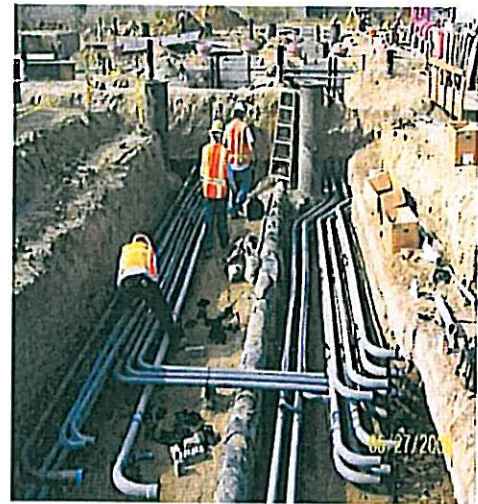
Southern Project Area: A design and construction management contract between Stantec and IEUA is scheduled to be presented to the Board for approval in July 2008. The contract will be to design the 930 pressure Zone Pipeline and Reservoir in the city of Chino Hills.

Central Project Area: The first draft of the North Chino Master plan was completed by IEUA. The environmental report for the Wineville Avenue Extension Pipeline Project has been completed.

CAPITAL PROJECTS SUMMARY

PROJECTS IN DESIGN AND CONSTRUCTION

- **1630 East Segment A Pipeline**- The project includes the construction of a 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 80 percent complete, and is expected to be completed by July 2008.
- **1299 East Regional Pipeline, 1299 East Reservoir and 1630 East Pump Station**- The project includes the construction of a 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. Design is 80 percent complete, and is expected to be completed by August 2008.
- **MWWD Recycled Water Laterals** - This project includes 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. The project is 90 percent complete, and construction is expected to be completed by July 2008.



RP4 1158 Zone Reservoirs, Pump Stations, and Pipeline

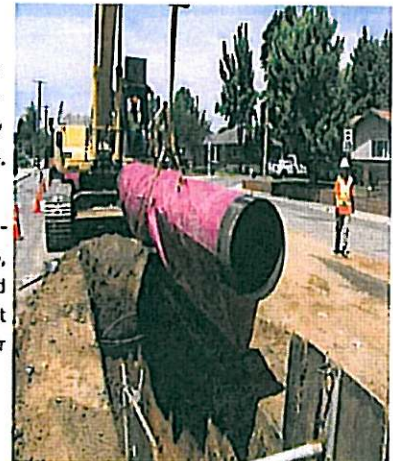
- **RP-4 1158 Reservoirs, Pump Stations, and Pipeline** - The project provides for storage in the 1158 pressure zone, pump stations for the 1158 and 1299 pressure zones, and pipeline from RP-4 to the 1158 Reservoirs. The project is in the construction phase, and is 90 percent complete. Construction of 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 late July 2008.

Construction of the Pump Station is expected to be completed by the end of August 2008. 1158 Pipeline Segment B is expected to be completed by July 2008. The project is currently 90 percent complete.



North Etiwanda Recycled Water Pipeline Segment B

- **San Antonio Channel Pipeline, Segment B** - The regional pipeline will serve the city of Ontario, Montclair and Monte Vista Water District and Brooks Street Basin. The construction of the project is about 90% complete. Startup is scheduled for early July 2008.



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 approximately 80 percent complete. Construction is expected to be completed by July 2008.

CONSTRUCTION PROGRESS

ID	Task Name	2008				
		June	July	Aug	Sept	Oct
1	1158 Reservoirs	[Progress bar spanning June, July, and August]				
2	1158 Segment B Pipeline	[Progress bar spanning June and July]				
3	San Antonio Channel	[Progress bar spanning June and July]				
4	North Etiwanda Pipeline	[Progress bar spanning June and July]				
5	RP-4 Pump Stations	[Progress bar spanning June, July, and August]				
6	Monte Vista Laterals	[Progress bar spanning June and July]				

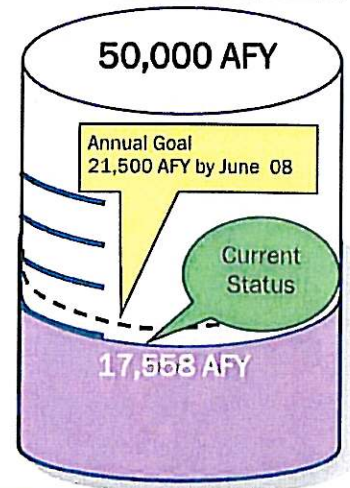
CUSTOMER CONNECTIONS

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

- Chino Standard Pacific = 3 AFY
- Chino Chandler Real Properties = 8 AFY
- Chino Hills CHP = 150 AFY
- Ontario Comstock Homes = 1 AFY
- Ontario HMC Architects = 12 AFY
- Ontario Plemonte 5-Story = 4 AFY

Total Connected
During May:
178 AFY

Due to customer duplications the total connected was incorrect. The duplications were inadvertently included in the total connected for the June Newsletter.



CUSTOMER CONNECTIONS—Targeted Customers for the next two months

Item	Name	IEUA Regional Facility	Purveyor	Est. On-line	Public	Private	AFY
1	Site 1 B Irrigation	RP-4 West Ext	CVWD	Aug-08			12
2	Modular Office Supply	RP-4 West Ext	CVWD	Aug-08			11
3	Nong Shim Food Corp.	RP-4 West Ext	CVWD	Aug-08			8
4	Rockefeller Group	RP-4 West Ext	CVWD	Aug-08			7
5	Stone Haven	RP-4 West Ext	CVWD	Aug-08			6
6	Eddie Marine	RP-4 West Ext	CVWD	Aug-08			3
7	Mangini Development	RP-4 West Ext	CVWD	Aug-08			2
8	Aloft Hotel	RP-4 West Ext	CVWD	Aug-08			2
9	Norm Tessier Cabinets	RP-4 West Ext	CVWD	Aug-08			2
10	Starbucks Coffee	RP-4 West Ext	CVWD	Aug-08			1
11	Frito Lay, Inc.	RP-4 West Ext	CVWD	Aug-08			15
12	Saratoga Park	San Anton B	MVWD	Aug-08			37
13	Sunrise Park	San Anton B	MVWD	Aug-08			9
14	Chino Basin Water Cons. District	San Anton B	MVWD	Aug-08			13
15	Vernon Middle School	San Anton B	MVWD	Aug-08			25
16	Buena Vista Elementary School	San Anton B	MVWD	Aug-08			1
17	Monte Vista Elementary School	San Anton B	MVWD	Aug-08			14
18	Memorial Grove Park	San Anton A	Ontario	Aug-08			6
19	Vineyard Park	San Anton A	Ontario	Aug-08			41
20	Ontario Center	RP-4 West Ext	Ontario	Aug-08			200
21	Bert Community School	San Anton A	Ontario	Aug-08			6
22	Corona Elementary School	San Anton A	Ontario	Aug-08			16
23	Del Norte Elementary School	San Anton A	Ontario	Aug-08			22
24	El Camino Elementary	San Anton A	Ontario	Aug-08			10
25	Euclid Median	San Anton A	Ontario	Aug-08			30
26	Munoz Park	San Anton A	Ontario	Aug-08			20
27	Golden Girls	San Anton B	MVWD	Aug-08			3
28	Kingsley Park	San Anton B	MVWD	Aug-08			20
29	Sunset Park	San Anton B	MVWD	Aug-08			23
30	Montclair High School	San Anton B	MVWD	Aug-08			51
31	John Galvin Park	San Anton A	Ontario	Aug-08			135
32	Lehigh Elementary School	San Anton B	MVWD	Aug-08			18
33	Kingsley Elementary School	San Anton B	MVWD	Aug-08			11
34	Vineyard Elementary	San Anton A	Ontario	Aug-08			20
35	Wickman Elementary School	Existing	Chino Hills	Aug-08			10
36	Chino Hills High School	Existing	Chino Hills	Aug-08			30
				Aug-08 Total			840
39	Chaffey High School	San Anton A	Ontario	Sep-08			164
40	Ontario Motor Speedway Park	San Anton A	Ontario	Sep-08			20
41	Alma Hoffman Park	San Anton B	MVWD	Sep-08			15
42	Montclair City Hall	San Anton B	MVWD	Sep-08			5
43	Montclair Towncenter HOA	San Anton B	MVWD	Sep-08			5
44	Our Lady of Lourdes	San Anton B	MVWD	Sep-08			10
45	Montclair Hospital Medical Center	San Anton B	MVWD	Sep-08			15
				Sep-08 Total			234

Financial Status Summary

FUNDING DEVELOPMENTS

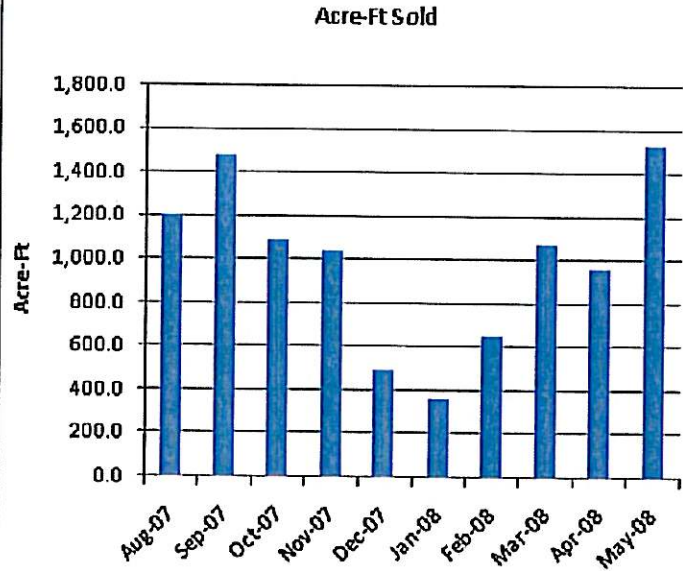
3 Year Business Plan Funding:

- Congress authorized \$30 million to IEUA and CVWD in December 2007. A grant agreement and Work Plan is complete, and the first payment of \$950,000 has been received. A second payment of \$5 million is expected by 12/31/2008. Of this IEUA expects to receive \$14 million over the next 3 years.
- The application for the SRF loan of \$38,000,000 for the Northeast Project Area Projects has been submitted and is under review by the SWRCB. The second application for Monitoring Wells and Lysimeters was submitted in late May.
- Continued working with SAWPA to invoice SWRCB information for the \$4.9 million Proposition 50 grant that SAWPA and IEUA have applied for.
- The LRP agreement is expected to be adopted by MWD Board in August 2008.
- Completed Retrofit Financing Agreement with Monte Vista Water District.

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.

Monthly Recycled Water Sales



Direct & Recharge:

- For the month of May, Recycled Water Sales totaled 1,526.9 AFY for direct use and ground water recharge combined. The total direct use sales was 1,157.9 AFY.
- It should be noted in the previous month, existing customers were inadvertently included in recycled water new customer sales figures for April 2008.

OPERATIONS AND PLANNING UPDATES

- Multiple coordination meetings have been held to ensure a smooth start-up of the 1299 pump station and 1158 reservoirs. Start-up of the facilities is expected to begin in Aug, 2008.

ARTICLES OF INTEREST

Water Use Habits Get a Splash of Fresh Ideas
Advances in Management Techniques and Understanding of Grasses Address Environmental Concerns

BY THE NUMBERS

762 billion
Gallons of water per year that golf courses consume.

That represents about 0.5 percent of the nation's annual water use.

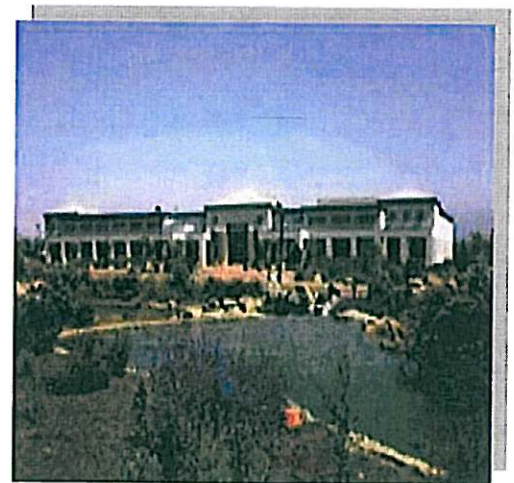
18 million
Gallons of water per year Congressional Country

Club uses on each of its two courses. Congressional does not use reclaimed water.

35
Percent of this year's PGA Tour courses that irrigate with reclaimed water

12
Percent of courses nationally that use reclaimed water

Sources: Golf Course Superintendents Association of America, Congressional Country Club, PGA Tour



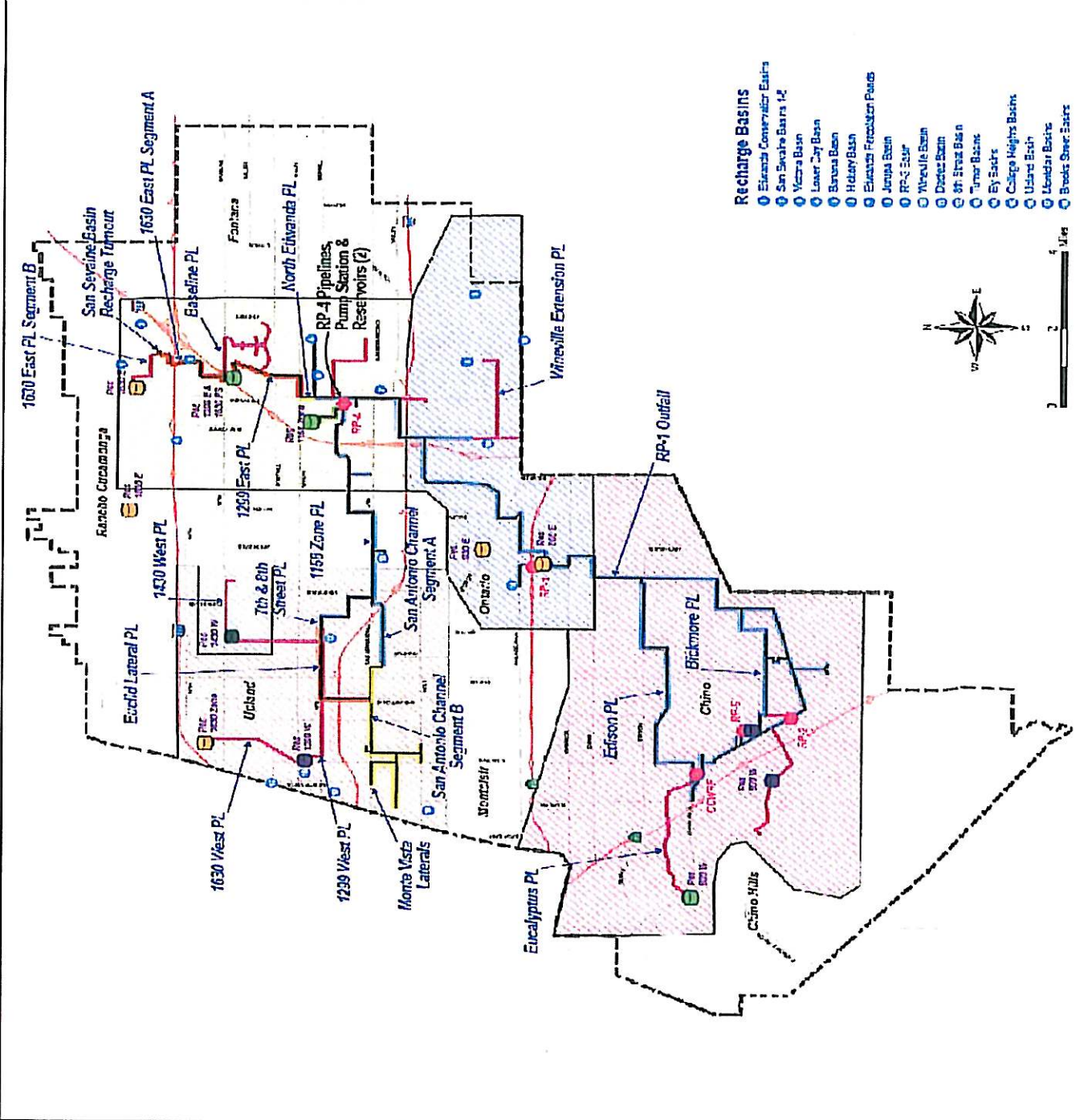
IEUA Headquarters

UPCOMING EVENTS

- Red Team Meeting (IEUA and Member Agency Implementation Team).....4:15 PM, August 7th, 2008 at CVWD
- Recycled Water Connection Dedication at Wilderness Park, City of Montclair.....9:30 AM, July 30, 2008

washingtonpost.com

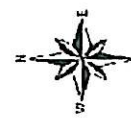
RECYCLED WATER PROJECT STATUS MAP



Recycled Water Capital Projects Business Plan
July 2008

- Recycled Water Pipes Status**
- Priority 1
 - Priority 2
 - ◐ Priority 3
 - Priority 4
- RW Business Plan Status**
- 3-year
 - Planning
- RW Construction Project Status**
- Bidding
 - Construction
 - Design
 - Operating
- IEUA Service Boundary**
- IEUA Service Boundary
- Project Areas**
- Central
 - Northeast
 - Northwest
 - Red Hill
 - South

- Recharge Basins**
- Elvada Converter Basins
 - San Serrano Basin 1 & 2
 - Victoria Basin
 - Lower Jay Basin
 - Serrano Basin
 - Helderly Basin
 - Elvada Converter Basins
 - Juniper Basin
 - RP-3 Basin
 - Wineville Basin
 - Dardas Basin
 - 3rd Street Basin
 - Turner Basins
 - Elvada
 - College Heights Basins
 - Uland Basin
 - Mendota Basins
 - Brooks Street Basins



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Regional Conservation Programs Monthly Report – June 2008

MWD Activities

- **Media Campaign & Public Outreach** – MWD’s current campaign “Cut, Cut, Cut” will run through June 30, 2008. Beginning the week of June 7th or 14th, MWD will be kicking off a new media campaign that sends the message that “California Is In A Drought”. This campaign will again cover publications and outreach in newspapers, magazines, TV, radio, etc, and will run through August 30, 2008.
- **MWD Public Sector Program** – In April, Chino Valley Unified School District received funding approval for \$35,719 to install waterless urinals and in May, received a second funding approval in the amount of \$35,748.51 to purchase waterbrooms for its schools. Cucamonga School District also received funding approval in May for \$10,547.13 to install weather based irrigation controllers at several school sites. This program offers 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 in partnership with Southern California Edison and member agencies on several pilot programs:
 - **Low Income Direct Multi-family Install HET Program-MWD/Central Basin MWD**
 - **Express Water Efficiency Program-MWD**
 - **Target chilled water HVAC and/or large landscape systems in SCE/MWD territory-SCE markets products, MWD rebates on pH controllers for cooling towers and WBICs**
 - **Water Leak Detection Program-BMP 3 System Leaks**
 - **Looking for three retail agencies to participate in pilot**
 - **Utilizing the IWA/AWWA methodology**
 - **Retail agency responsible for fixing leaks unless money left over in the pilot budget**
- **MWD Region-Wide Residential Program (SoCal Water Smart Program)** – The SoCal Water Smart Program (MWD region-wide residential program) will go live effective July 1, 2008. The website has been developed and will be available for link testing during the last week in June. A toll free number has been established for customers and will begin receiving calls after rebate databases have been received from member agencies. Processing of all residential rebates will now take approximately 8-12 weeks for customers to receive checks. The new vendor has developed a marketing strategy plan and will be implementing outreach, marketing materials, etc., in July 2008.
- **Imported Water Deliveries** – For the month of May 2008, full service water sales totaled 4,319.3 AF. This is about 2,011.5 AF less than full service deliveries in May 2007. Calendar Year 2008 Tier 1 deliveries through 5/31/08 total 20,893.5. The annual limit for Tier 1 purchases is 59,752.2 AF.

Landscape Programs

- **Phase III Landscape Audit Program** – Chino Basin Water Conservation District has been in the process of recruiting for a new Landscape Auditor/Program Manager. Landscape evaluations have been ongoing with other CBWCD certified staff performing scheduled audits. The program continues to gain momentum and outreach is continues.
- **Ontario Cares** – A status update meeting was held on May 13, 2008 to discuss the progress of the program and the new MWD contract with Dudek & Associates for assistance in the program. To date, four California-Friendly[®] Landscape site conversions have been completed. Three of those sites have been inspected and are in compliance and one of those sites did not meet compliance and is in the process of taking corrective measures. Seven more customers have signed on for the California-Friendly[®] Landscape site conversion and are pending, awaiting landscape site drawings. The next status update meeting is scheduled for Tuesday, July 22, 2008 and will also include a tour of the 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 received a high score but was declined due to lack of funding to cover all qualified applications

- **Inland Empire Landscape Alliance** –The Alliance Board met on June 12th and endorsed a schedule for the development of a regional model Water Efficient Landscape Ordinance by or before January 2009. A draft of the regional model ordinance will be distributed by July 10th and will be discussed with the Landscape Alliance Technical Committee on July 24th. The July 10th Alliance Board meeting will be held at IEUA from 3:00-4:00 pm in IEUA's Board Room. The Technical workgroup will meet on July 24th in the Anza Conference Room from 1:00-2:30 pm.
- **California-Friendly® Landscape Classes (formerly PDA)** — The administration of the California-Friendly® Landscape Classes has been shifted to the MWD External Affairs Department. New class request forms were issued and MWD staff requested those forms be returned as soon as possible so they can be assessed for scheduling. Due to budget cuts in this program, class requests may have to be scaled down and agencies may have to pay for additional classes ordinarily available under the program.

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 May 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 May 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 May 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 May 2008, no rebates were issued. To date, 1,894 ULFTs have been installed since FY 00/01.
- **ULFT Flushometers** – During the month of May 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 May 2008, two rebates were issued for 212 high efficiency toilets (HET). To date, 1,431 HET's have been installed within IEUA's service area since FY 00/01.
- **Zero Water Urinals** – During the month of May 2008, there were three rebates issued for 9 waterless urinals. To date, 837 waterless urinals have been installed since FY 00/01.
- **High-Efficiency Urinals** – During the month of May 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 May 2008, there was one rebate issued for one controller. To date, 8 controllers have been installed since FY 00/01.
- **Rotating Nozzles for Pop-up Spray Heads** – During the month of May 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 May 2008, no rebates were issued. To date, 32,525 sq.ft. of synthetic turf have been installed since FY 00/01.
- **High Efficiency Nozzles for Large Rotary Sprinklers** – During the month of May 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 May 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 May 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 May 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 May 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 May 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 1,560 rebates processed to date. From program inception (FY 02/03) to date, a total of 19,971 devices have been distributed, representing a lifetime savings of almost 2,163 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 month of May, 11 HET rebates were issued. 195 rebates were processed during FY 06/07. Since the program's initiation in 2002, a total of 11,976 have been distributed. The ULFT portion of the rebate program ended March 31, 2008.
- **High Efficiency Clothes Washer Rebate** – During the month of May, 100 washer rebates were issued. There were 1,320 washer rebates processed by IEUA in FY 06/07. A total of 9,260 rebates have been distributed since the program was initiated in 2002.
- **"SmarTimer of Inland Empire" Program** – During the month of May, 2 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, 380 controllers have been installed to date.
- **Rotating Nozzles for Pop-up Spray Heads** – During the month of May, 1 customer rebate was issued for a total of 22 nozzles distributed. Since the program's inception in 2006, a total of 1,063 nozzles have been distributed.
- **Synthetic Turf Retrofit Rebate Program** – During the month of May, 10 synthetic turf rebates were processed. Since the introduction of the program in July 2007, 46 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 150 inquiries, 75 applications and 19 completed retrofits.

Other Conservation Retrofit Programs

- **Multi-Family ULFT Program** – The Multi-Family Direct Installation Program began ULFT retrofits in October, 2006. To date, 13,775 ULFTs have been installed. During the month of May, 473 retrofits were completed. Effective June 1, 2008 and upon IEUA Board approval of a device substitution, only High Efficiency Toilets will be installed under this program.

School Education Programs

- **Garden in Every School** – All Gardens have been completed. Dedication ceremonies were held for Los Amigos and Oak Park Elementaries. The dedications at EJ Marshall Elementary in Chino and Our Lady of Lourdes in Montclair will be held in the fall. Program staff are currently meeting with prospective participants for the 2008-09 program. Grants will be awarded July 16th.
- **National Theatre for Children** – The FY 07-08 NTC program reached a reported 23,643 students, plus teachers, and parents by delivering a package of live theatre, student curriculum and teacher guides to 52 elementary schools. Schools in the service areas of the Cities of Chino, Chino Hills, Ontario, and Upland, and Cucamonga Valley Water District, Fontana Water Company, Monte Vista Water District received the program.
- **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

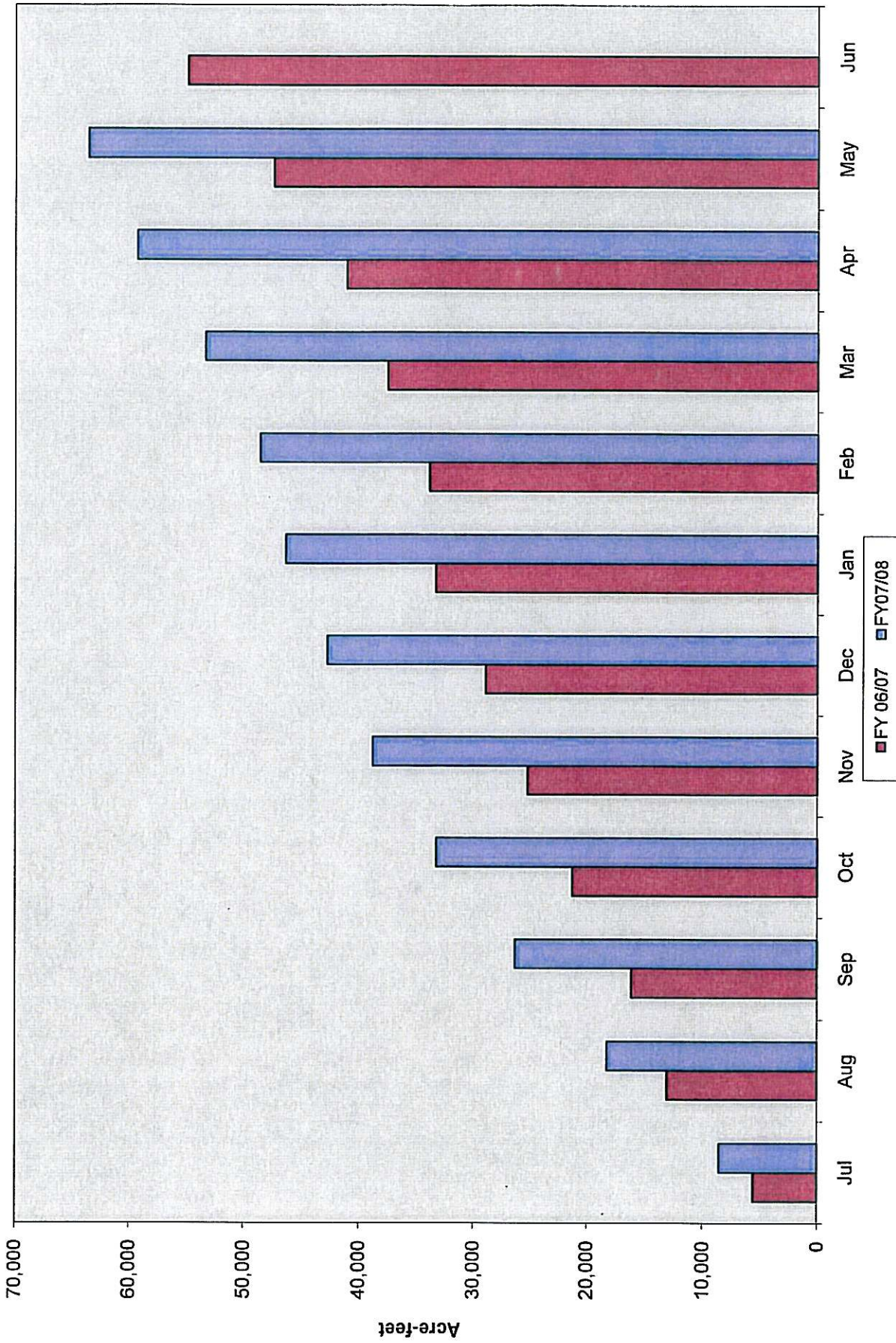
Water Education Water Awareness Committee (WEWAC) – The Video Awards Ceremony was held May 22 at the City of La Verne Council Chambers. The top 3 winning PSAs will be aired on cable channels such as MTV, NICK, TOON, or similar channels. Time will also be purchased by WEWAC to show the first place PSA at a local movie theater.

CALENDAR

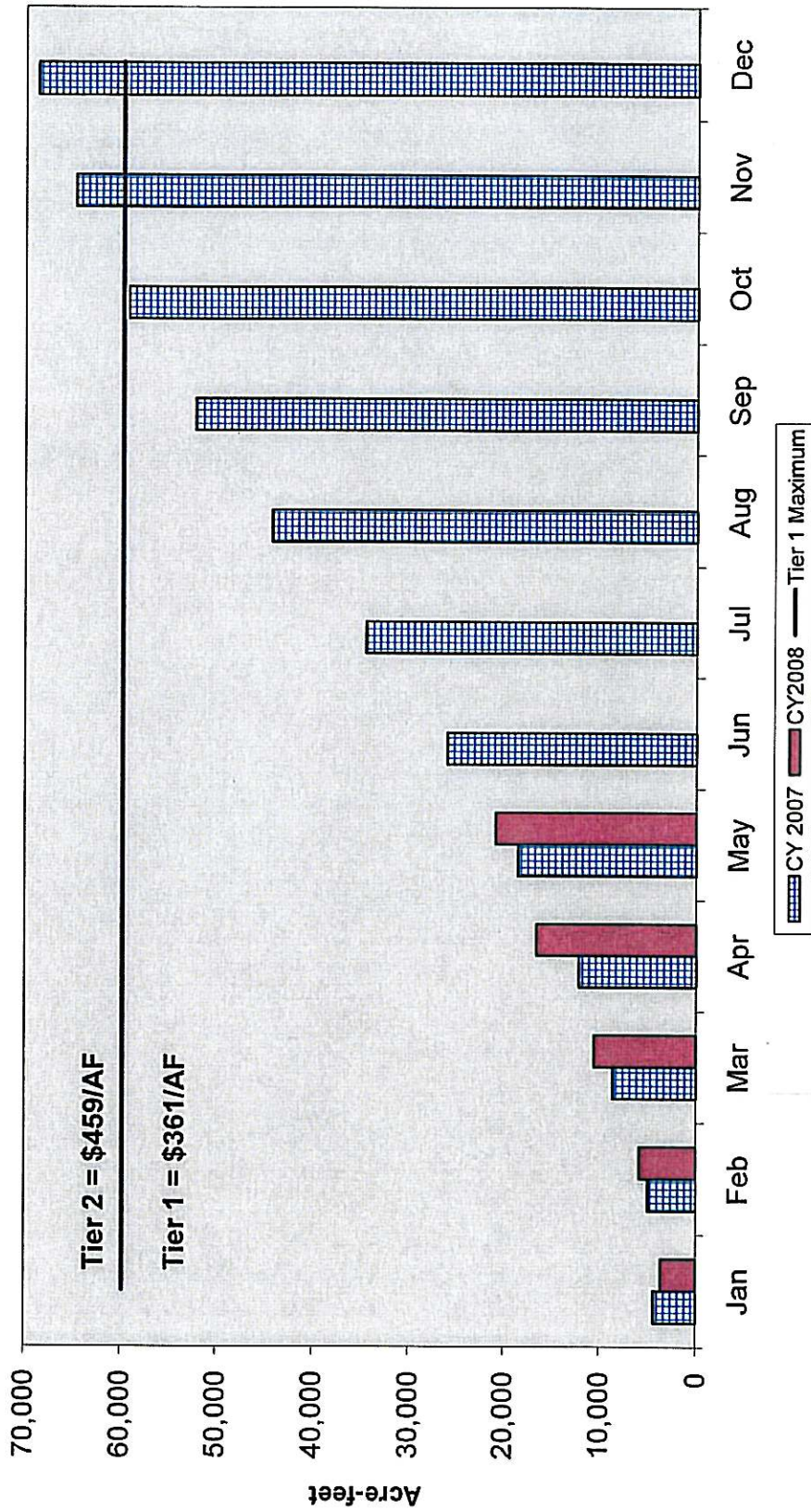
July 10, 2008	Landscape Alliance Board Meeting, IEUA Board Room 3:00p.m.-4:00p.m
July 24, 2008	Landscape Alliance Technical Meeting, Anza Conference Room 1:00p.m.-2:30p.m.

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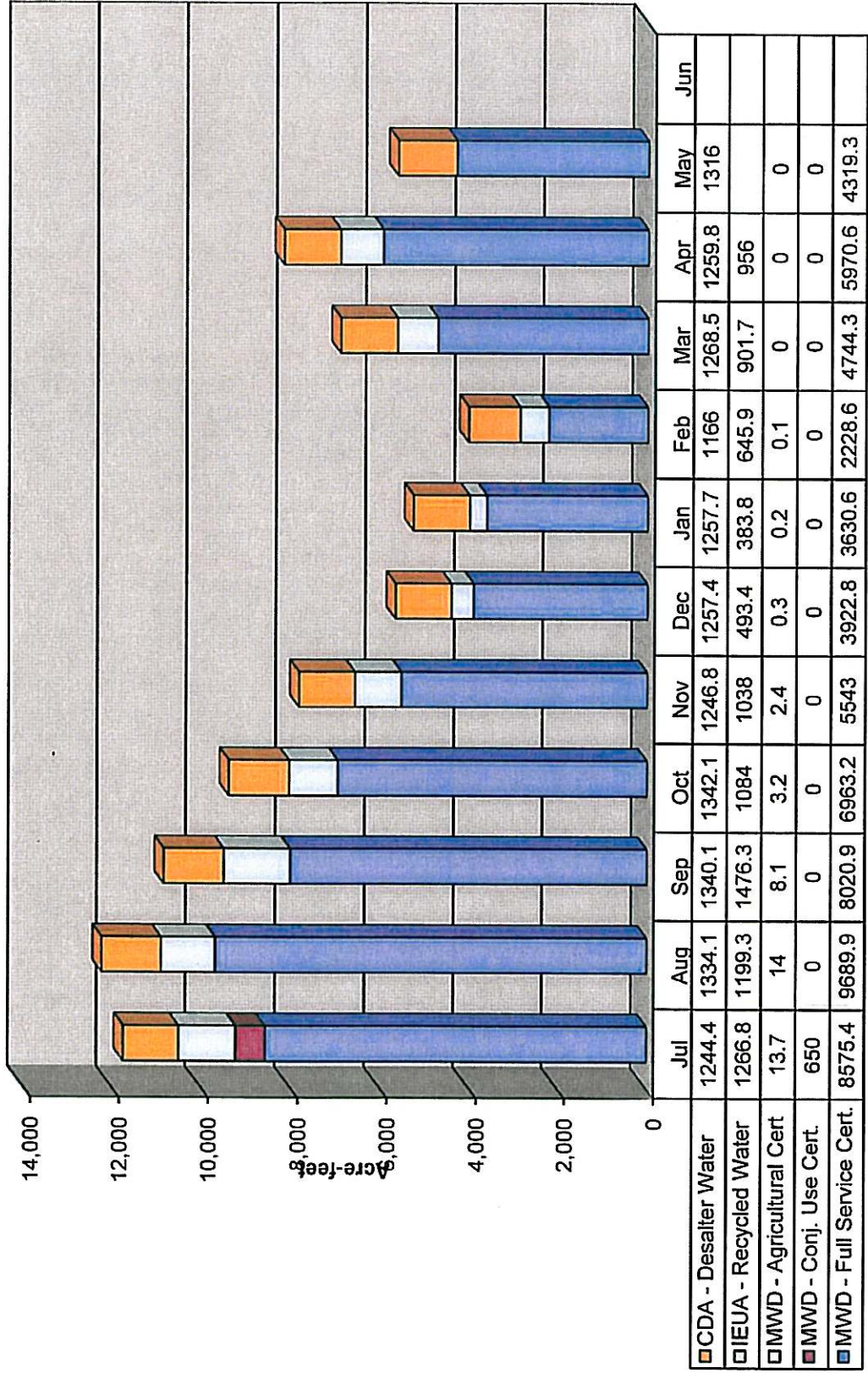
**Cumulative Monthly Full Service Imported Water Deliveries
Within IEUA's Service Area
FY 06-07 and FY 07-08**



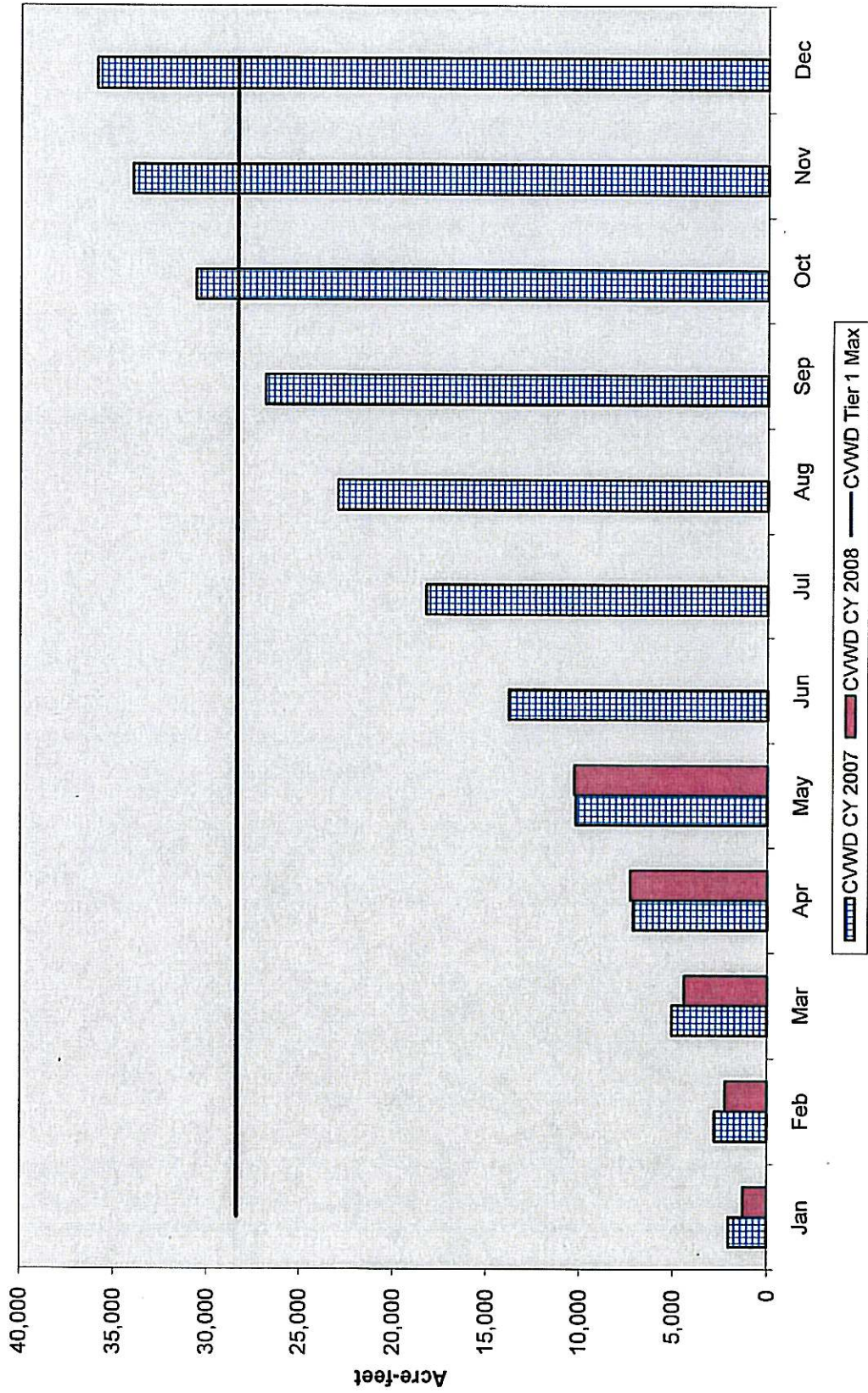
IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007 and Calendar Year 2008



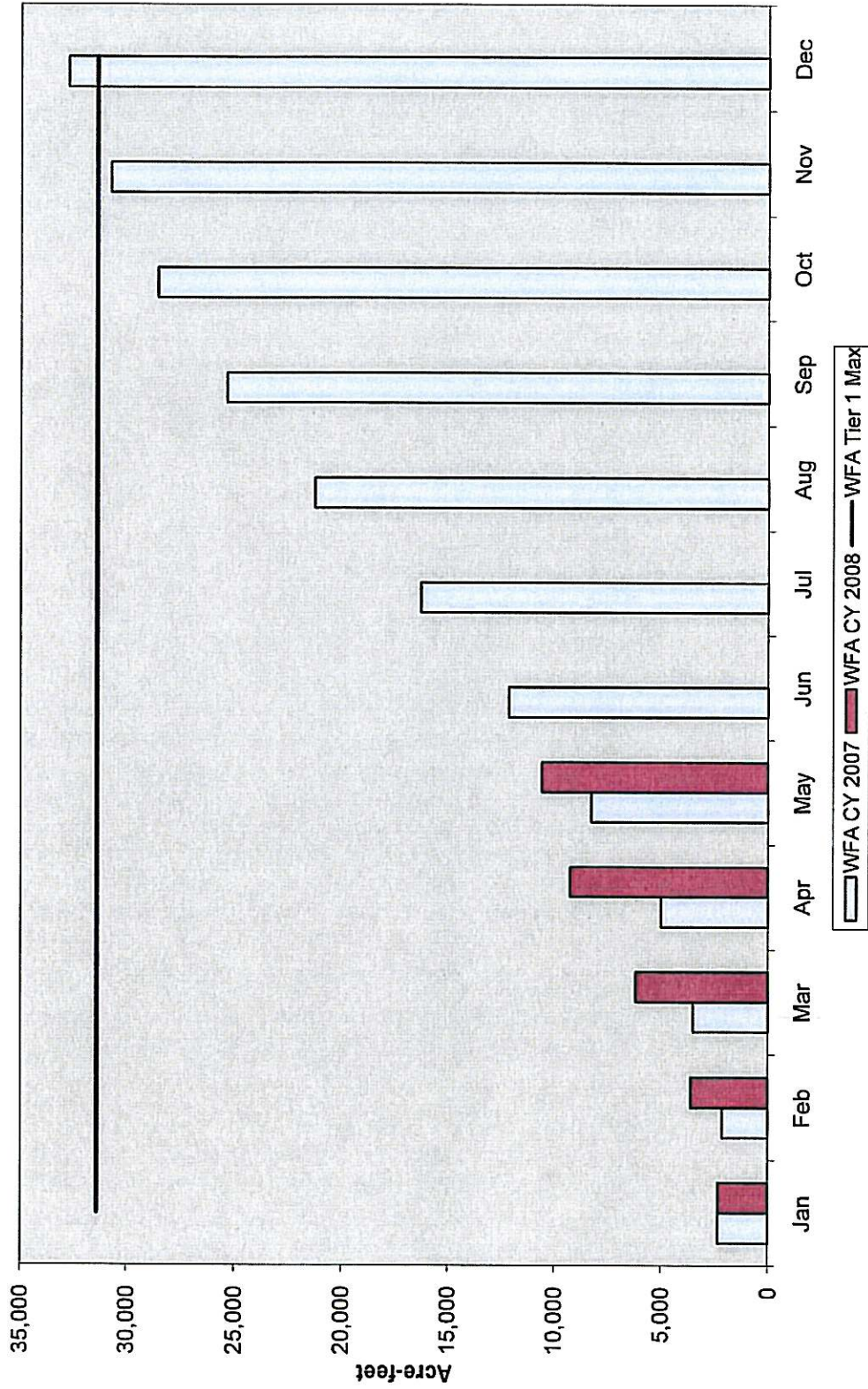
FY 07/08 Monthly Water Production From Within IEUA's Service Area Imported, Desalter, and Recycled Sources



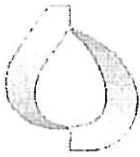
CUCAMONGA VALLEY WATER DISTRICT
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2008



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



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Inland Empire
UTILITIES AGENCY

Date: July 16, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (07/09/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: June Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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June 25, 2008

To: Chino Basin/OBMP Coalition

From: Michael Boccadoro
President

RE: June Status Report

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

Policy committee hearings picked up again in June as the Legislature faces a June 27 second-house policy hearing deadline. The Senate Natural Resources and Water Committee and the Assembly Water, Parks and Wildlife Committee each considered more than 30 water-related measures, including key water conservation and recycling legislation. Similarly, the Assembly and Senate Energy Committees considered dozens of bills relating to solar energy and renewable power. While significant actions in policy committees occurred the state failed to again meet the June 15 constitutional deadline for passing a budget. Both Democrats and Republicans have offered proposals with few specifics as the sides appear no closer together as the July 1 fiscal year approaches.

In San Francisco, the CPUC finally approved the protocol to allow dairy manure management programs to qualify for the PG&E Climate Smart Program.

Chino Basin / OBMP Coalition

Status Report – June 2008

ENERGY/REGULATORY

CPUC Approves Manure Management Projects for ClimateSmart

The PG&E ClimateSmart program is a voluntary enrollment program offered by the Northern California electricity and gas utility to allow ratepayers to offset their greenhouse gas footprint through investment in carbon reduction strategies. Launched in late 2007, the program collects voluntary surcharges from customers that elect to enroll, and invests that money in projects which have been certified by the California Climate Action Registry (CCAR). In the past, only forestry projects were eligible to receive funding through the program.

In June, the CPUC approved dairy manure management projects for participation in the program. This decision had been delayed a number of months, as customer groups objected to the onerous requirements the CPUC originally placed on manure management projects, including the requirement that absent ClimateSmart investment, the project would not be financially viable. The CPUC eventually relaxed this requirement, but still requires PG&E to take into consideration the economic additionality of the project.

Any eligible project in California may bid into the program for the sale of carbon reductions, and PG&E has a current request for proposal (RFP) available.

Schedule Set in Southern California Edison Rate Case

Earlier this year, Southern California Edison submitted its proposal to adjust rates for call customers as part of its "Phase II" filing. Every three years, Edison proposes to readjust all its rate requirements (Phase I), as well as the manner in which it collects those revenues from the various customers classes. In Phase I, Edison has requested that the CPUC increase their rate base by 12.1%. A decision on that level of increase is expected to be made by the end of 2008.

For their Phase II proposal, Edison has requested a decrease for large power customers (generally accounts greater than >500kW) by 3.6% and an increase in agricultural and water pumping rates by 2.4%.

The following table illustrates these proposed rate changes:

Customer Class	Current Rate	Proposed Rate	Total Change	Phase II Change
Residential	14.9¢	17.1¢	15.1%	3.0%
Small Light & Power	14.5¢	16.0¢	10.3%	-1.8%
Large Power	10.7¢	11.6¢	8.5%	-3.6%
Ag & WP Rates:	10.9¢	12.5¢	14.5%	2.4%
System Average	13.7¢	15.3¢	12.1%	0.0%

Parties will be submitting testimony on this proposal on October 17, 2008, with litigation expected to continue throughout early 2009. Any new rates stemming from this proceeding will likely take effect in Fall 2009.

2008-2009 STATE BUDGET

Despite a growing budget deficit of nearly \$17 billion, little was accomplished in June to forge a compromise and reach a budget accord. The Democratic leadership strongly hinted that new revenues, likely tax increases, would be needed to balance the budget, however they offered no specific proposals as to which taxes should be raised, or by how much. Due to the 2/3 requirement to approve any tax increases, at least some Republican support will be needed to achieve this, and to date the Republicans have been solidly opposed to any tax increases.

For their part, the Republican leadership offered a proposal to establish a mechanism for establishing a budget reserve in years of ample revenues to offset years when revenues may be lower than expected. Few analysts, however, believe that this proposal will be able to assist in spanning the current year's budget deficit. The Republican leadership did indicate a willingness to discuss fee increases, which may represent the first opening of a dialog on new revenues.

The constitutional deadline to approve a state budget was on June 15, a deadline the state has seldom met. The new fiscal year begins July 1.

Although the budget itself remains a major issue, the state's cash flow problems may be even more dire. Absent an approved budget, the ability of the state to borrow short-term dollars to meet day-to-day needs will be greatly compromised. The Treasurer's Office has indicated that the state may need to start borrowing as early as September to meet payment needs. In past years this need has usually not arisen until late October.

VOTES:

04/07/2008 Assembly Utilities and Commerce P 10-2
Committee
04/14/2008 Assembly Natural Resources Committee P 7-2
05/22/2008 Assembly Appropriations Committee P 12-5
05/29/2008 Assembly Floor P 46-27

CA AB 2466

AUTHOR: Laird [D]
TITLE: Local Government Energy Producers
LAST AMEND: 06/12/2008
DISPOSITION: Pending
LOCATION: Senate Second Reading File
SUMMARY:

Authorizes a local government to receive a bill credit to a designated benefiting account for electricity supplied to the electric grid by an eligible renewable generating facility. Requires the Public Utilities Commission to adopt a rate tariff for the benefiting account.

VOTES:

04/07/2008 Assembly Utilities and Commerce P 13-0
Committee
05/22/2008 Assembly Appropriations Committee P 17-0
05/28/2008 Assembly Floor P 78-0

Other Energy Legislation

CA AB 578

AUTHOR: Blakeslee [R]
TITLE: Energy: Distributed Energy Generation: Study
LAST AMEND: 07/12/2007
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 06/30/2008 10:00 am
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

CA AB 2112

AUTHOR: Saldana [D]
TITLE: Energy Building Standards
LAST AMEND: 05/23/2008
DISPOSITION: Pending
LOCATION: Senate Transportation and Housing Committee

SUMMARY:

Relates to the State Energy Resources Conservation and Development Commission. Requires the commission to adopt building design, construction, energy, and water conservation standards to require new residential constructions commenced on or after a specified date, or on a date by which the commission determines that the use of photovoltaic technology is cost effective, to be zero net energy buildings. Deletes an obsolete statutory reference.

VOTES:

04/14/2008 Assembly Natural Resources Committee P 5-3
05/22/2008 Assembly Appropriations Committee P 12-5
05/28/2008 Assembly Floor P 42-34

CA AB 2180

AUTHOR: Lieu [D]
TITLE: Solar Energy
LAST AMEND: 06/19/2008
DISPOSITION: Pending
COMMITTEE: Senate Judiciary Committee
HEARING: 06/24/2008 10:30 am
SUMMARY:

Requires that an approval or denial of an application for installation of solar energy equipment on real property be in writing. Provides that an application shall be deemed approved unless it has been denied in writing within 60 days from the date of receipt of the application, unless the delay is the result of a reasonable request of additional information. Provides these provisions apply only to an approving entity that is a homeowners' association and that is not a public entity.

VOTES:

04/16/2008 Assembly Housing and Community P 7-0
Development Committee
05/19/2008 Assembly Floor P 76-0
06/17/2008 Senate Transportation and Housing P 9-0
Committee

CA AB 2404

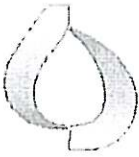
AUTHOR: Salas [D]
TITLE: Energy Efficiency: Water Efficiency Programs
LAST AMEND: 05/23/2008
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 06/30/2008 10:00 am
SUMMARY:

Specifies a date by which the Public Utilities Commission must report to the Legislature on the results of pilot programs wherein electrical and gas corporations develop partnerships with water agencies to undertake water conservation programs for the purpose of understanding the relationship between water savings and energy use reduction.

VOTES:

04/07/2008 Assembly Utilities and Commerce P 12-0
Committee
04/14/2008 Assembly Natural Resources Committee P 9-0
05/22/2008 Assembly Appropriations Committee P 17-0
05/28/2008 Assembly Floor P 77-1
06/17/2008 Senate Energy, Utilities and P 9-0
Communications Committee

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Inland Empire
UTILITIES AGENCY

Date: July 16, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (07/09/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: June Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West

DATE: June 25, 2008

RE: June Legislative Report

AB 2270 Received Bi-Partisan Support in the Senate

IEUA co- sponsored bill, AB 2270 (Laird/Feuer) passed out of both Senate policy committees this month and now heads to the Senate Appropriations Committee. Two Republican Senators voted for the measure including Senator Margett and Senator Cogdill, the Senate Republican leader. The measure would allow local agencies to better control salinity from self-regenerating water softeners. It would also require that the state's water recycling goal, currently at 1 million acre-feet a year, be updated every five years. Additionally, AB 2270 makes other minor statutory changes that will allow better tracking of statewide recycled water use.

The measure is also sponsored by WateReuse and supported by more than 70 organizations including cities, counties, agricultural groups, local tax payer organizations and environmental groups. It remains heavily opposed by the water softening industry and the California Retailers Association.

Budget Update

The Senate and Assembly budget subcommittees finished their work on June 5 and delivered their reports and recommendations to the Joint Budget Conference Committee. The Conference Committee is the entity that takes the final actions to craft the main budget bill and accompanying trailer bills in specific policy areas which is then delivered to the floors of the Senate and Assembly for final votes for passage to the Governor's desk. The Conference Committee has now taken care of all the "smaller" items. Remaining issues, including closing the huge budget gap and water bond appropriations, are now being decided by the leaders of each party in both houses and the Governor --- otherwise known as the "Big Five."

Integrated Regional Water Management Funding

Below is an overview of the IRWMP funding situation for this budget year:

- Governor's budget proposes \$350 million for IRWMP from Proposition 84 and Proposition 1E funds.
- Legislative Analysts Office (LAO) recommends denying all IRWMP funding until the legislature specifies how the funding should be used through "guideline" legislation.
- Assembly Budget Subcommittee approves \$150 million for IRWMP projects and requires the adoption of trailer bill language on IRWMP guidelines. (similar to AB 1654 and AB 1489)
- Senate allocates \$0.
- IRWMP funding is now before the Big Five.

Property Tax Shift Proposal

Below is the sequence of events in this year's budget process on the proposal to shift property tax revenues away from enterprise special districts.

- LAO proposes that the state use all property tax funding for enterprise special districts to fund a county-based parole realignment program.
- Both the Senate and Assembly budget subcommittees hear the issue many times, but do not take action on it.
- The item is NOT in Budget Conference Committee.
- LAO recommends that the state find another use for enterprise special district property tax funds.
- California corrections funding is a major issue before Big Five. Because California failed in a corrections lawsuit on prisoner medical care, a receivership was created by the Court to address the situation. The receiver for California, Clark Kelso, is stating that he has authority to take funding now from the General Fund and other sources, to provide constitutionally adequate medical care for prisoners. Kelso states that \$7 billion is needed for the long-term, but for fiscal year 2008-09, he would need approximately \$70 million.

IEUA Positions

June 25, 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

The bill now reads:

The California Water Plan Update 2005 in order to provide for the future, California must improve water use and management efficiencies, develop new technologies for water conservation and recycling, increase water storage and conveyance, reduce and eliminate groundwater overdraft and improve watershed management. The plan targets the development of 900,000 to 1.4 million-acre-feet annually of additional water supply by the year 2030 from recycled water. Water agencies must recycle about 500,000 acre-feet of wastewater annually. However, California is not on a path to achieve the 2030 target. Recycled water could free up potable water supplies to meet nearly 30 percent of the water demand associated with projected population growth in California. A statewide-recycled water policy is necessary to provide guidance to the nine Regional Water Quality Control Board (RWQCB) and public regarding the appropriate criteria to be used by State Water Resources Control Board (SWRCB) and RWQCB's on issuing permits for recycled water projects. The policy should describe permitting criteria that are intended to streamline the permitting of the vast majority of recycled water projects. By prescribing permitting criteria to the majority of recycled water projects the SWRCB can ensure maximum consistency in permitting of recycled water projects while reserving to the RWQCB sufficient authority and flexibility to address site-specific conditions. The SWRCB shall

adopt a statewide-recycled water policy by January 31, 2009 and make recommendations for any statutory changes necessary to implement said policy.

STATUS: Assembly Appropriations

SB 1404 (Lowenthal) Water Use Plant Labeling- Support

The measure would require, by 2010 that any wholesale distributor that sells plants in containers of five gallons or less to provide a label indicating the approximate water use of each plant for 6 climate zones. The measure is supported by MWD and opposed by the nursery industry.

Status: Assembly Agriculture 6/25

AB 1489 (Huffman) IRWMP Guidelines – Support

Establishes criteria for Prop. 84 guidelines for the Integrated Regional Water Management Program. Criteria include, public outreach, consideration of climate change and consideration of water quality concerns. According to DWR's IRWMP staff the bill's provisions are already being incorporated into their development of the IRWMP guidelines for Prop. 84. SAWPA is in support.

Status: Senate Appropriations

AB 224 (Wolk) Water/Climate Change – IEUA Sponsored

The bill would require DWR and the SWRCB and RWQCBs to consider climate change impacts in its publications and basin planning processes. It would also require climate change to be considered in the preparation of UWMPs.

Additionally, the bill would require DWR and SWRCB to study the GHG reductions if the use of recycled water was greatly increased in the state.

The measure was held in Senate Appropriations last year. It has recently been slightly amended and as a result is being reheard in Senate policy committee.

There is a possibility that this move may increase the chances for the bill's passage out of the Senate.

Status: Senate Appropriations.

AB 885 (Calderon) MWD Board –Oppose Unless Amended

Would authorize a member public agency to appoint one alternate representative for each additional representative that is appointed or selected pursuant to existing law. The alternate representative would be authorized to participate and vote in meetings in the absence of the representative for whom he or she is an alternate. The bill would provide that conflict of interest provisions apply to the alternate representative, as specified.

MWD is proposing an amendment that would allow for a proxy vote rather than an appointed alternate vote.

Status: Senate Floor

AB 2425 (Coto) Pharmaceuticals disposal –Support

Would require every pharmaceutical manufacturer that does business with the state to enter into a public-private partnership with DHS to advance public knowledge about pharmaceuticals in public drinking water supplies, as prescribed. The bill would require DHS to post links on its Internet Web site to other Web sites that have relevant educational information on the proper methods of handling and disposing of pharmaceuticals.

Status: Passed Senate Environmental Quality. Sent to Senate Health.

AB 2175 (Laird) Water Conservation- Watch and Support in Concept

Requires DWR to establish a statewide target to achieve a 20 percent reduction in urban per capita water use in California by 2020. By that date, under the bill, each urban water supplier would be required to reduce its per capita water use by 20 percent. It requires by 2009 for DWR to establish a statewide numeric water conservation target for agriculture of 500,000 acre-feet.

Status: Senate Natural Resources and Water. Hearing 6/24

**AB 2046 (Jones) Groundwater -- Oppose to Watch
(Amended, May 28, 2008)**

The author has worked with ACWA and all parties on amendments. The bill, as amended, requires UWMPs, where applicable, to identify:

The amount of contaminated groundwater for which treatment capacity, remediation, or other water management options may need to be developed or expanded for the groundwater to be part of the planned water supply, as well as the amount to meet regulatory standards, and the difference between the two groundwater amounts.

It does allow UWMPs to include contaminated groundwater that does not meet regulatory standards, but must be included as part of the planned supply, only if the plan includes secure treatment, remediation, or implementation of other water options. It also must include a "financial plan."

STATUS: Committee on Natural Resources. Hearing 6/25

AB 2501 (Wolk) Climate and Water Supply – Support to Watch

As amended this bill this bill eliminates the language that was similar to AB224 (Wolk) and strictly focuses on providing funds for climate and water supply to the Department of Water Resources for related projects, related to SB 1XX (Perata).

STATUS: Failed Passage.

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: Re-referred to Senate Committee on Natural Resources and Water

AB 2270 (Laird/Feuer) Water Softeners/Water Recycling – IEUA 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 region. The bill is strongly opposed by the water softening industry.

STATUS: Senate Appropriations

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.

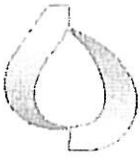
STATUS: Senate Floor

AB 2986(Leno) Waste Discharge Requirements- Oppose

This bill requires the State Water Resources Control Board to review, grade and monitor specified sewage collection systems and treatment plants, to make information regarding the systems and plants available to the public and to impose fees upon owners and operators of systems and plants to finance the implementation of the bill's provisions.

AB 2986 was drafted in response to a sewage spill in Marin County and represents a very broad and not particularly useful approach to convey information about the status of aging sewer systems throughout the state. The Regional boards would be required to annually give sewage collection system a letter (A, B, C, or F) reflecting the number of specified types of violations within each 100 mile section of the system and these grades would be posted on the internet. The bill would also require the imposition of fees on owners and operators of sewage treatment facilities and storm water systems to implement the program. The bill also requires the SWRCB to establish a methodology for measuring and reporting peaking factors.

STATUS: Senate Appropriations



Date: July 16, 2008
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (07/09/08)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: June Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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Comprehensive Government Relations

MEMORANDUM

To: Martha Davis and Rich Atwater
IEUA

From: Letitia White, Alex Shockey and Amanda King

Date: June 25, 2008

Re: June Monthly Legislative Update

Members of the House and Senate came back from Memorial Day recess recharged and ready to get as much work finished as possible in the weeks before the Independence Day recess. The Congress made significant progress on a number of fronts, the most important being fiscal year 2009 appropriations.

We are pleased to report that the Inland Empire Utilities Agency was very successful in the Energy and Water Appropriations bill. Thanks to the leadership of Congressman Dreier and the support of Congressmen Calvert and Baca, the Bureau of Reclamation account included \$5 million for IEUA's water recycling project. Also important to note, the Committee gave the Title XVI budget a boost of \$43 million over the President's paltry budget request.

Fiscal Year 2009 Appropriations Process

The House has taken action on ten of the twelve appropriations bills. By the July Fourth recess, the following seven bills should have passed out of their respective Subcommittees as well as the full Appropriations Committee: Homeland Security, Military Construction, Commerce-Justice-Science, Financial Services, Energy and Water, Labor-Health and Human Services and Agriculture Appropriations.

We expect the Interior-Environment, Transportation-HUD and Legislative Branch Appropriations to mark up in full Committee soon after the Congress returns from the break. Only the Foreign Operations and Defense Appropriations Subcommittees still must mark up their bills which is expected to happen on July 16. They are slated to come to the full Committee on July 23.

House Leadership announced on June 25th that it intends to bring the appropriations bills to the floor during the month of July. How many they are able to consider will depend on how many amendments are offered to each bill.

The Senate is also making progress on its versions on the fiscal year 2009 appropriations bills, having passed Homeland Security out of full Committee and Commerce-Justice-Science out of

Innovative Federal Strategies LLC

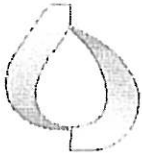
Subcommittee. It intends to mark up Labor-Health and Human Services this week. Senate Appropriations Committee Chairman Robert Byrd has stated his intention to move all of the appropriations bills through the Committee process by the end of July.

Supplemental Appropriations Bill

Funding for the Iraq and Afghanistan wars is coming down to the wire. The White House, House and Senate have finally agreed on a package which the House has passed and the Senate intends to take up after the recess. The package includes \$161.8 billion for the wars, a boost in education benefits for veterans (estimated to cost \$62.8 billion over 11 years) and a 13-week extension of unemployment insurance benefits (expected to cost \$8.2 billion over 11 years). The legislation would retain a requirement under current law that beneficiaries work at least 20 weeks to be eligible for benefits. The package also includes language to block implementation of six of seven White House-proposed regulations for Medicaid that were designed to curb fraud and abuse, and also provide \$2.65 billion for flood-ravaged communities in the Midwest and other disaster recovery.

House and Senate leaders have also expressed interest in drafting a second emergency supplemental package to include funding for other domestic priorities, including funding for law enforcement grants, low-income home energy assistance grants, aid to help Gulf communities recover from Hurricane Katrina and relief for other pending natural disasters. They hope to pass such a package as soon as possible after the recess. Whether or not they would have the votes necessary to override a likely Presidential veto is questionable.

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



Inland Empire
UTILITIES AGENCY

Date: July 16, 2008
To: The Honorable Board of Directors
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: July Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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Agricultural Resources

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(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

June 25, 2008

Legislative Report

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

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

SU: Legislative Report, June 2008

Highlights:

- *House Approps Approves Funding Bill – Water Recycling Upped to \$50 million*
- *House Approps, Title XVI – Appropriators Provide \$5 Million for IEUA for FY 2009*
- *The Title XVI Campaign Effort*
- *Stimulus/Infrastructure – Status*
- *Quagga Mussel Threat – Napolitano Holds Formal Hearing*
- *Drought Conditions/Water Supply*
- *News and Notes*
- *IEUA Working Partners*

House Appropriations Committee Reports Annual Energy and Water Funding Bill – Title XVI Upped to \$50 million. The House Appropriations Committee, following required action this month by the Budget Committee, began marking up its 12 annual funding bills. Among the first to be considered, the Energy and Water Development bill, which contains funding for the Bureau

of Reclamation – and the Title XVI program. As previously reported, IEUA and others – ACWA, MWD, SAWPA, WaterReuse and many others (including for the first time, water districts from Northern California) have worked all year to push up the program’s overall numbers. Remember, the Administration’s request for Title XVI was a paltry \$7 million. An IEUA “request” for \$5 million would be irrelevant unless Congress modified BuRec programmatic funding priorities and expanded – significantly enlarged – the Title XVI program. So, we operated with two priorities. First, expand the funds within the BuRec budget for this program AND second, advance IEUA’s project request on its merits. Both were accomplished.

This year, the House Appropriations Committee provided \$50 million for the Title XVI program making it one of the highest funding levels ever since enactment of the program in 1992. Rep. Grace Napolitano, Chair, Subcommittee on Water and Power, led the effort. Immediately after the 110th Congress began and was selected to chair the Water Subcommittee, she began by working with members throughout California and throughout the West who had projects – particularly unfunded projects. She drafted the water policy section of *Views and Estimates* – the Natural Resources Committee’s formal recommendations to the Budget Committee and then submitted similar recommendations to the Appropriators. She went to Chairman Obey (D-WI) and Subcommittee Chairman Visclosky (D-IN). And, significantly, the Chairwoman also went to the House leadership and enlisted their support as well. All in all, it made a difference.

Notwithstanding OMB, Interior Department and BuRec opposition to Title XVI (by ignoring the program and failing to ask for funds), the Energy and Water Appropriations Subcommittee “stated, in its Committee Report, *“Title XVI, Water Reclamation and Reuse Program: \$50 million, rejecting the President’s \$17 million cut and \$26 million above 2008, to construct facilities to develop and expand the use of recycled water to increase water supplies, preserving overdrawn river and groundwater supplies, protecting the environment, and improving the overall security and reliability of water supplies.”*

Throughout these months, Rep. Cathy McMorris Rogers, the ranking GOP member on the Water Subcommittee, worked with Napolitano every step of the way. This is, and has been a bi-partisan effort. Chairwoman Napolitano insists on it.

When the Governor declared a drought emergency recently, the Appropriators were immediately informed. Drought is pervasive throughout the Western States. The Governor’s declaration supported the Napolitano initiative.

House Approps, Title XVI – Appropriators Provide \$5 Million for IEUA. With a larger pot of available funds, IEUA received one of the largest single line item appropriations – \$5 Million. IEUA’s water recycling program (project) will provide 100,000 acre-feet of new water annually. There is, within the Appropriations Committee an unwritten “bang-for-the-buck” scale. By that factor – IEUA scored very well. Once again, bi-partisanship played a role. The IEUA water recycling project is actively supported by Rep. David Dreier, Rep. Grace Napolitano (in this instance, as a Member who represents a small portion of the IEUA service area), Rep.

Ken Calvert (now an appropriator), Rep. Joe Baca and Rep. Gary Miller.

By any measuring stick, developing 100,000 acre feet of new water annually makes this one of the largest single new sources of water for ALL of California. And, there is a growing awareness by many that the IEUA water development program is, in fact, one of the largest in the State.

Title XVI Campaign Effort. The working assumption – the Administration will oppose the \$50 million for Title XVI and, therefore, the \$5 million line item for IEUA. That is anticipated. Under Rich Atwater’s direction, a renewed effort, focused on the Senate (next step in the process), is on our immediate agenda. The working assumption that guides this effort – OMB, DOI and the Bureau of Reclamation will “oppose” this funding. The effort will be largely invisible. IEUA already met with both Napolitano and the House leadership to design specific “next steps” given current anticipated circumstances. An outreach to both Feinstein and Boxer’s offices is underway, as is outreach to Chairman Bingaman and Ranking Member Domenici on Senate Energy, other appropriators and the Senate Leadership. MWD, ACWA and WateReuse are all very active in this effort. The Senate is expected to take up the annual funding bill in July. The \$50 million for the program and \$5 million for IEUA represents significant progress – and may well signify the beginning of a policy-turnaround. However, this is the first step in what will be a lengthy process. Protecting this appropriation will be a challenge. Remember, this is being advanced without the Administration, Interior or BuRec’s support.

Stimulus/Infrastructure. Senator Harry Reid (D-NV), immediately prior to the July 4 recess publicly expressed interest in some kind of a “stimulus/infrastructure/supplemental” funding bill to both put people to work AND stimulate the economy, especially in construction. No details have emerged. No further word on a bill – and if prepared – whether or not it would include Title XVI funding. IEUA immediately asked that if such a bill is advanced, that it include funding for water recycling. This would be FY 08 and 09 funding and would be, if enacted, in addition to the funds in the pending Appropriations bill. As previously reported, there is no question that “election-year” politics will drive or block such a bill.

Quagga Museel Threat – Napolitano Holds Formal Hearing – Focus Moves To Solutions. In mid-May Water and Power Subcommittee Chairwoman Napolitano and Ranking Member Cathy McMorris-Rogers hosted a briefing on the Quagga Mussel Threat. As previously reported, so did the Senate. The issue generated significant attention. Chairwoman Napolitano held a hearing in June to further consider the issue and this time, look at real world examples of how water agencies (particularly in the Northeast) are coping with the challenge.

Drought Conditions and Water Supplies. According to the USDA and NOAA’s formal web-published Drought Monitor, drought conditions persist throughout Southern California and throughout the Colorado River region. The drought profile remained constant over the past several months – except that the single State not indicating drought – the State of Washington, moved into drought status. Drought is centered on Southern California and the Colorado River Basin. California had bad news from a month ago (in the Sierras) and little changed since. As

before, the Colorado River remains in a “deficit” posture. This month “all” of California is experiencing some level of drought, with “severe” drought being experienced in the San Joaquin Valley and into the LA basin.

News and Notes. Gas Prices Dominate DC Agenda. After gas hit \$4 at the pump, the news media focused on it, consumers screamed about it and Congress began reacting to it. The challenge is – solutions aren’t obvious. The drilling proposals involve a 10-15 year horizon before oil flows. With July 4th around the corner and “driving” vacation time in the offing, this problem fast becoming a major political issue. And, to make matter more complicated, the higher oil prices spike, the more this depresses the dollar internationally. Overall, a challenging formula. *Climate Change Legislation – Derailed in Senate.* Climate change legislation was pulled from the Senate floor early last month after near-filibuster was waged against it. It will all but certainly not be reconsidered this session. *Climate Change – More Reports.* Climate change reports are published almost routinely. There is a problem. The problem is real. Water in the Southwest is a problem. Drought will continue to be pervasive.

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

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



Date: July 16, 2008
To: The Honorable Board of Directors
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Sondra Elrod
Public Information Officer
Subject: Public Outreach and Communications

RECOMMENDATION

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

Calendar of Upcoming Events

July 2008

- **July 29**, SAWPA Board Meeting to be held at IEUA
- **July 30**, Recycled Water Connection Dedication at Chino Basin Water Conservation District, 9:30 a.m.

August 2008

- **August 14**, 2nd Annual San Bernardino County Water Conference, Ontario Convention Center
- **August 16**, Upland Green Day Expo

September 2008

- **September 19**, Chino Hills Day at the LA Fair

October 2008

- **October 25**, Regional Water Fair at Chino Basin Water Conservation District, 9:30 a.m. to 2:00 p.m.

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

IEUA Annual Report, June 29.

WATER CONSERVATION OUTREACH

IEUA's Conservation Partners are working on an ad campaign to "launch" this summer.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles





Weather: ONTARIO, CA | Now: 61°F | High: 87°F | Low: 60°F | 5-Day Forecast

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- 1. Daughter accidentally hits, kills father in driveway
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6. A low blow in Ontario
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8. Soldier returns from Iraq to nightmare at home
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Chino to revive dormant water well

Chino to revive dormant water well

Neil Nisperos, Staff Writer Article Launched: 06/10/2008 09:07:17 PM PDT

CHINO - In a time of statewide drought, the city is reactivating a dormant well to meet the demand for water.

The city plans to repair well No. 10, at the Phillips Reservoir, to provide 1,250 acre-feet of water per year, officials said.

An acre-foot of water is about 325,000 gallons - approximately the amount of water used by a family of four in a year.

If all goes without delay, the newly repaired well should begin operating in six to eight weeks, said Jose Alire, director of public works.

The water from well No. 10 contains nitrates which will be treated at the Benson Nitrate/Perchlorate Water Treatment Plant at the Benson Reservoir.

According to a city report on the well, "Growing water demands, dry weather conditions, and the Metropolitan Water District's call for reduction in the use of surface water supplies require the city to develop new groundwater sources or reactivate existing water quality-impaired groundwater facilities."

Work to reactivate the well has long been a part of a master plan, Alire said. The well reactivation comes just as officials have declared a statewide drought.

Gov. Arnold Schwarzenegger's June 4 drought declaration comes after two straight years of below-average rainfall, low snow melt runoff and court-ordered water transfer restrictions in the Sacramento-San Joaquin Delta region.

An executive order signed by Schwarzenegger last week directs the Department of Water

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Resources to help local water districts and agencies improve water efficiency and conservation, among other measures.

The Metropolitan Water District Board of Directors also ramped up calls for conservation by issuing a Water Supply Alert on Monday.

As part of a long-term plan to deal with future water needs, Chino is partnering with the Monte Vista Water District to build and operate a new water well that would inject water into the Chino Basin underground aquifer to keep it full for future needs.

The new aquifer storage and recovery well on the corner of Palo Verde Street and Benson Avenue will begin operating by this fall, said David Crosley, Chino water and environmental manager.

"We're not doing this because of the current drought conditions," Crosley said. "We're doing this as part of our master plan to be prepared for potential water supply shortage conditions."

That well, and other wells in the area run by the Monte Vista Water District, would refill the aquifer's supply capacity more quickly and store more water for future need.

When all four wells are in operation later this year, injection would increase storage capacity in the Chino Basin by about 15 percent, or would bring about 5,000 more acre-feet of water per year, officials said.

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 Two sought in theft of car from driveway
 Small quake shakes Rancho
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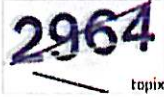
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Sacramento Bee

June 17, 2008

A 'peripheral' budget debate

The peripheral canal is always a hot topic in the Capitol.

The Schwarzenegger administration has said it has unilateral authority to build a such a canal (folks in the Capitol now call this "conveyance"), but the administration insists it has no plans to do so.

The potential water transportation system ostensibly has little to do with the state budget, but Michael Gardner at the [San Diego Union-Tribune](#) reports on how the water debate could seep into this year's budget talks.

Earlier this year, Assemblyman Sam Blakeslee, R-San Luis Obispo, requested an opinion from Legislative Counsel, which reported that indeed the Department of Water Resources "has the authority, without further legislative or voter approval, to build a conveyance facility, commonly referred to as the peripheral canal."

That has lawmakers trying to use the budget to reassert their authority, Gardner [reports](#):

Sen. Alan Lowenthal, D-Long Beach, said the Senate wants to make the point that "we're not out of the game." Lowenthal, who chairs a subcommittee, stripped \$1.4 million from the governor's request to fund eight positions to study conveyance options.

"Without us taking this specific action at this moment, the Legislature would have no role at all on this important subject," Lowenthal said.

... Assembly and Senate lawmakers want to make sure he doesn't get a chance to seize his authority. They know that Lester Snow, the governor's top water adviser, has long held that the state "has broad authority and discretion" to build a facility, as he told them in a letter last fall.

Budget subcommittees in the Assembly and Senate have taken different approaches, but each has the goal of using language in the 2008-2009 spending plan to ensure that the Legislature has a major say in the final program. The governor's team says it wants to continue negotiations on a system-wide fix.

That suits Lowenthal, who believes the governor should be free to move ahead on environmental studies - - but stop short of independently selecting a conveyance route.

Unless there is a breakthrough, the canal could move up alongside taxes and education as hot-button hang-ups if the budget stalemate drags through the summer, as expected.

With the constitutional deadline for a budget already past and no agreement in sight, another stumbling block is the last thing lawmakers and the governor need.

Posted by Shane Goldmacher on June 17, 2008 10:35 AM

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Sacramento Bee

June 17, 2008

Big 5 off to slow start

Gov. Arnold Schwarzenegger and legislative leaders gathered Tuesday afternoon for more than an hour in the governor's office to kick off the budget-negotiating season. But all sides acknowledged it would be a while before they're sharing schnapps.

Senate Republican leader Dave Cogdill said it's "just the beginning of the process." And Senate President Pro Tem Don Perata said all the elected officials "understand what the responsibility is."

"Everybody doesn't like something and some people don't like anything," Perata said. "We're going to do this the way you do a normal negotiation."

Members of the Senate and Assembly are far apart on how to solve the state's \$15.2 billion budget gap. Assembly Democrats proposed a plan to raise \$5.1 billion from future lottery proceeds and to close tax loopholes to generate \$6.4 billion in new revenues. But Senate Democrats rejected the lottery plan and say the state needs \$11.5 billion in unidentified new revenues.

Meanwhile, Republicans continue to insist the budget can be balanced without tax increases.

Posted by Judy Lin on June 17, 2008 4:30 PM

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Jurupa Aquatic center gets approval

Liset Marquez, Staff Writer

Article Launched: 06/10/2008 09:00:58 PM PDT
 MIRA LOMA - The Jurupa Community Services District has given its approval for the new Jurupa Aquatic Center, but not before adding several conditions that would ensure the facility conserves water.

This allows the county project to move on the next step of development. The Riverside County Board of Supervisors will handle the remaining approval process.

At its meeting Monday, the board approved letters of water availability - certificates saying a development will receive sufficient water supplies for the 9-acre aquatic center - by a 4-1 vote.

The opposing vote came from President R.M. "Cook" Barela.

Board member Betty Anderson added several conditions to her approval. Among her requests was that the facility's parking be covered using permeable pavers to prevent runoff. She also requested low-flow toilets and water efficient showers.

Anderson also asked that the proper piping be installed so that the facility, in the future, could

use recycled water on the landscape.

"I've made my conditions of approval. If the Board of Supervisors doesn't agree, then my approval is withdrawn," she said.

Tina English, assistant director of the Riverside County Economic Development Agency, said she would inform staff about the district's recommendations.

"It will all be tailored to the needs of this community and the school district," she said.

The state-of-the art, open-air aquatic center will include a competition pool, slide pool, flow rider (a simulated sheet wave for surfing), lazy river, aquatics building (to house showers and administrative offices), snack bar, bleacher seating, lawn area for picnics, lighting and parking.

The \$20 million facility is being paid for through Jurupa Valley Redevelopment Agency funds.

Anderson was concerned with how much it would cost residents to use the facility - something that has not yet been determined by the county.

"The people of Jurupa are paying \$20 million for this, I think we should get a discount," Anderson said.

The water park, which would be on the corner of Mission Boulevard and Camino Real, is expected to cost about \$1.6 million annually to operate.

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The county hasn't determined what the entrance fee will be.

The plan would be for the facility to be open on the weekends during May and September and then open every day from June to August, English said. It would be closed from October to April.

Anderson and fellow board member Jane Anderson expressed concern whether the facility would be available for Patriot High School athletic teams year-round.

English assured the board that the school could use the facility even when it was closed to the general public.

The aquatic center is expected to be completed by the summer of 2010.

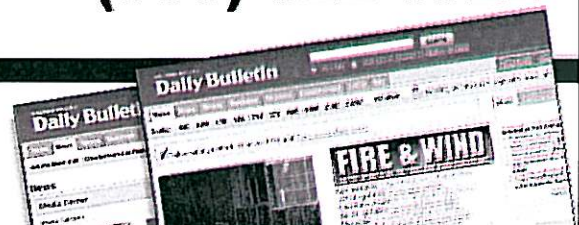
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More officials call for water conservation

Lauren McSherry, Staff Writer

Article Created: 06/12/2008 10:30:07 PM PDT

In the wake of the governor's drought emergency declaration, water agencies and city leaders from Chino to Fontana banded together Thursday to call for increased water conservation.

Their message? Save now before it's too late.

"If next winter is dry, then we have the possibility of very serious water rationing," said Richard Atwater, CEO and general manager of the Chino-based Inland Empire Utilities Agency.

As part of a "Water Supply Alert" issued this week, officials are urging residents to take several steps to cut back on landscape irrigation by only watering in the early morning, using a broom instead of a hose to clean sidewalks and giving automatic watering systems a tuneup by reducing the cycle to 5 minutes.

A number of factors led to the drought emergency - a judge's ruling that slashed the amount of water imported to Southern California from the Sacramento-San Joaquin Delta, the driest March and April since 1921, a below-normal snowpack in the Sierra Nevada and depleted Colorado River reservoirs such as Powell and Mead.

The governor's emergency declaration helps free up grant money for water agencies to expand their conservation programs and for residents and businesses to buy low-flush toilets, irrigation controllers and efficiency washing machines. The declaration also set aside \$3.5 billion for agencies to increase their water-storage capacity.

Starting this year, the Inland Empire Utilities Agency will draw on its stored water supply to minimize water being imported from the Sacramento Delta and the Colorado River, Atwater said.

But tapping storage supplies is no solution and could pose complications next year if the drought continues, he said.

Grants of up to \$2,000 are available to homeowners who replace their lawns with drought-tolerant landscaping, he said. Rebates are also available for business owners.

Water agencies are also looking to other water sources to make up for the deficit. Mark Kinsey of the Monte Vista Water District said seven new wells have been brought on line, a total of 20 million gallons of water each day.

But the drought poses serious concerns to small water districts, which must buy imported water from large providers, such as the Metropolitan Water District, which supplies half of Southern California's water.

Robert DeLoach of the Cucamonga Valley Water

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District, which serves Rancho Cucamonga and portions of Ontario, Upland and Fontana, said 50percent of the district's water is imported.

"And that's a problem," DeLoach said.

The district is weaning itself off imported water by increasing reservoir capacity and building wells.

Cities and school districts have been working to reduce water consumption. The Ontario-Montclair School District recently agreed to use recycled water on its playing fields, and many Chino parks are already using recycled water.

"These are extraordinary times," said Grace L. Chan, a resource manager with the MWD. "And therefore, we need to step-up conservation."

For more information on rebates, go to www.bewaterwise.com.

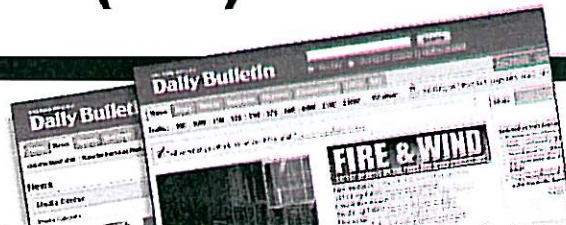
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Commentary

The Water Shortage Myth

David Zetland 07.15.08, 6:00 AM ET

California is perpetually portrayed as suffering from a shortage of water. Case in point: Gov. Arnold Schwarzenegger recently declared a statewide drought, telling citizens to prepare for rationing. But the state's problems are not a result of too little water.

The real problem is that the price of water in California, as in most of America, has virtually nothing to do with supply and demand. Although water is distributed by public and private monopolies that could easily charge high prices, municipalities and regulators set prices that are as low as possible. Underpriced water sends the wrong signal to the people using it: It tells them not to worry about how much they use.

Low prices lead to shortages. Water managers respond to them with calls for conservation. But this often fails. Residents in San Diego County, for example, were asked in June 2007 to cut their water use by 20 gallons a day. They used more. When voluntary conservation fails, water agencies impose mandatory rationing, which is unfair and inefficient because people who have historically been water misers are cut back by the same percentage as water hogs.

If water was priced to reflect scarcity, a decrease in supply would lead to an increase in price, and people would demand less. Consider another precious liquid: oil. Despite popular perception, there is no shortage of oil; supply does equal demand at the present price. It's just that supply meets demand at a higher price than it did a few years ago.

In a sensible water pricing system, everyone would be guaranteed a base quantity of water at a low price. Those who used more would face a steep price hike.

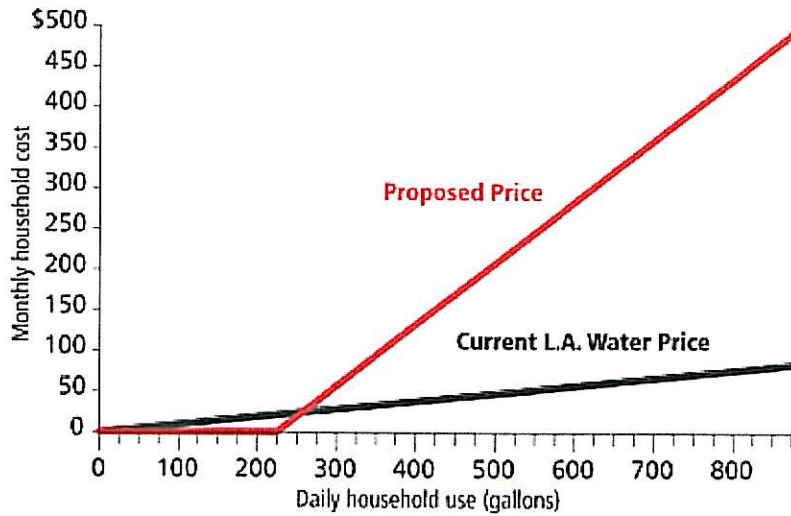
As it stands, Los Angeles households pay \$2.80 for the first 885 gallons they use per day. That's enough water to fill 18 bathtubs. The next 18 tubs cost \$3.40, which is only 20% more. Most L.A. households don't even see this price increase, since the average household of three uses just 350 gallons--about seven bathtubs--each day. For that water, the household pays only \$35 a month. If they use twice the amount, the bill merely doubles.

I propose a system where every person gets the first 75 gallons, or 1.5 bathtubs, per day for free but pays \$5.60 for each 75 gallons after that. Under my system, the monthly bill for the average household of three would come to \$95.

My system is designed to reduce demand rather than cover costs. Revenue paid by guzzlers would cover the costs of those who use only a small amount of water. Any leftover profits could be refunded to consumers or used to enhance the quality or quantity of the water supply.

The Price of H2O

Current prices merely cover costs. Instead prices should be aimed at reducing demand.



Source: Los Angeles Department of Water and Power.

We can solve America's water "shortage" in the same way that we would solve a shortage in any market. Increase prices until the quantity demanded falls to equal supply. This pricing system would ensure that everyone gets a basic allocation of cheap water while forcing guzzlers to pay a high price.

Want to use more water? Pay for it.

David Zetland is a visiting fellow at George Mason University's Mercatus Center. He writes about the economics of water on the blog aguanomics.com.



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Inland golf courses face challenges of water conservation

TO STORY

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10:59 PM PDT on Tuesday, July 8, 2008

By MIRJAM SWANSON
The Press-Enterprise

It might not be equivalent to screaming "fire" in a crowded theater, but mention "drought" and you'll surely give nightmares to many golf course operators.

On the heels of the state's driest spring in 88 years, Gov. Arnold Schwarzenegger said the magic word in May, declaring the first drought in California since 1991 and hoping the proclamation would shake his constituents into taking water conservation seriously.

John Martinez, director of golf operations at The SCGA Golf Course in Murrieta, is among those paying attention.

Story continues below



Frank Bellino / The Press-Enterprise

On the heels of the state's driest spring in 88 years, Inland golf courses are turning to solutions such as reclaimed water projects.

"The water situation is extremely serious," Martinez said by phone. "And I don't think most people really realize how serious it is."

Golfers in Northern California's Alameda and Contra Costa counties probably do. Courses in those communities faced 30-percent cuts in water usage when rationing went into effect in May.

No cutbacks have been mandated in Southern California, but that doesn't mean golf course operators such as Martinez aren't concerned about the state's decreasing water supply, what it could mean for their facilities and what they can do to make due if the situation deteriorates.

The more conscious, forward-thinking courses are going the reclaimed water route, or have done so already.

Eight years ago the SCGA course spent \$1.6 million to implement an irrigation system that uses exclusively recycled water, instead of potable groundwater. Martinez said the savings have paid off about 60 percent of the cost.

"Not too bad for a system designed to last 25 years," Martinez said. "It really makes sense for any golf course sitting on the sidelines thinking about it to do it now. In order for them to survive, they need to do whatever it takes to get reclaimed water."

A handful of courses in the Coachella Valley, such as Indian Wells' Toscana Country Club and Palm Desert's Desert Willow Golf Resort, also use mostly reclaimed water, as do an estimated 30 percent of California's courses.

They'll soon be joined by a few dozen more, thanks to the Coachella Valley Water District's Mid-Valley Pipeline Project, which is in the first of three phases.

The plan is designed to ease the valley's groundwater-overdraft condition by distributing a combination of reclaimed water and Colorado River canal water to 50 courses in Indio, Palm Desert, La Quinta and Rancho Mirage.

"We're pumping more groundwater from the aquifer than flows into it, and that's a problem," said Patti Reyes, the Coachella Valley Water District's assistant director of engineering. "And overdraft leads to other problems, like subsidence. So it's necessary that everybody do their part to conserve water."

Golf courses generally are good at doing just that, with computerized irrigation systems hooked up to high-tech, on-site weather stations that measure solar radiation, wind speed, humidity and the evapotranspiration rate.

There's also the fact that with golf courses using as much as 1,000 acre-feet (or 325 million gallons) of water, and spending as much as \$500,000 a year on it, no one is taking it for granted.

"We monitor our water constantly, on a daily basis," said Jason Taylor, general manager at Riverside's Jurupa Hills Country Club. "You can have the fancy computer system with drives and pumps, but you still have to go out and look at your facility every day, check all your sprinkler heads."

Even with the meticulous efforts now in place to conserve water, there's a range of ways to further reduce usage.

"Today's superintendent is a very effective irrigator," said Kevin Heaney, executive director of the SCGA. "They've been studying irrigation for a number of years and they're very good at what they do, but at the same time, we have to be better."

It helps to have drought-resistant turf, such as the Bermuda grass that's become so popular in Southern California. There's also the option of reducing turf altogether, limiting it to playable areas and converting the other acreage into native areas, much like the layout at Desert Willow. The architects who designed the city-owned courses were ahead of their time in deciding to incorporate indigenous plants in 1996.

There also are wetting agents, which work to distribute water to soil more uniformly, and growth regulators, which work to reduce the vertical growth of leaves while allowing them to spread horizontally.

In the every-drop-counts world of conservation, even cursory efforts like turning off running water features at Palm Desert's Classic Club are a help.

Some courses, including Martinez's SCGA Course, have decided not to over-seed in winter, a move that can reduce water usage by as much as 20 percent but can cost dearly in terms of patronage.

"These drought-tolerant grasses go dormant in winter and turn brown," said Martinez, who stopped over-seeding three years ago. "The brown grass still plays fine, but it's brown. And people want to see it green, so it's a matter of changing golfers' perception.

"It's hurt our business, but we're holding to our guns. Being The SCGA Course, we kind of have a status symbol, so we're trying to show everyone: If it's all right for us, it's all right for you."

California Alliance for Golf, a state-wide association of golf-industry personnel of all walks, formed two years ago to take a proactive approach to the situation. Another boost in the relationship between regulators and the industry could come from an ongoing study into a golf course's potential bio-filter qualities, or its ability to filter out pharmaceutical and personal care products that go through the water supply.

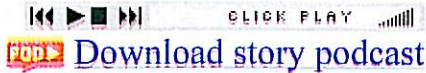
"It would be extremely important from a general PR standpoint," said Mike Huck, an independent consultant with a long history as a course superintendent. "This could make the environmental community look at golf courses a little differently: Instead of the great Satan, we could be the great savior, if we're able to actually purify water."

Reach Mirjam Swanson at mjswanson@PE.com

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Judge dismisses perchlorate actions at request of Colton, Rialto, San Bernardino County governments



10:00 PM PDT on Wednesday, June 18, 2008

By **MARY BENDER**
The Press-Enterprise

A federal judge signed an order dismissing legal actions pertaining to water contamination in the Rialto-Colton Groundwater Basin while local governments continue their efforts to broker a settlement with the alleged polluters.

U.S. District Court Judge Philip Gutierrez took the action on the request of the cities of Rialto and Colton, along with San Bernardino County, to dismiss without prejudice the lawsuits filed against dozens of companies and government agencies that may be responsible for tainting the underground water supply with the chemical perchlorate.

The judge signed the order on Friday in the court's Central District, which includes San Bernardino County. The "without prejudice" distinction allows the cities and county to refile their lawsuits within a year if they can't reach a settlement acceptable to all sides.

The plaintiffs asked Gutierrez for a dismissal so they could reduce their expenses on attorney's fees and court costs while they try to negotiate a solution in which they could recoup the costs of cleaning their contaminated water supply.

The perchlorate-tainted plume spreads in the groundwater basin at a rate of six feet per day, contaminating about 360 million gallons of Rialto's drinking water each month. Perchlorate prevents the thyroid gland from absorbing iodine, and is believed to affect fetuses.

It costs the city of Rialto \$500,000 each year to operate and maintain perchlorate-removal equipment on each of its water wells. The perchlorate pollution is believed to have occurred at a 160-acre industrial site in northern Rialto.

Reach Mary Bender at 909-806-3056 or mbender@PE.com

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Water company files plan to increase its rates 26 percent

Josh Dulaney, Staff Writer

Article Created: 06/30/2008 09:29:18 PM PDT

FONTANA - The Fontana Water Company is seeking a 26 percent overall increase on user rates for its 44,000 meters effective July 1, 2009.

The company plans to file a general rate case this week with the California Public Utilities Commission to cover increasing costs of operations and new projects, such as a \$35 million treatment plant in Lytle Creek and new headquarters in the city, said President Michael Whitehead.

"We've done our best to minimize this increase," Whitehead said. "The PUC will ultimately decide what the increase will be."

The company, a division of the privately owned San Gabriel Valley Water Company, is required by law to file a case every three years. Rates will vary among customers, depending on the type of meter they have and how much water they use, officials said.

Meanwhile, they're about to pay a little more for water every month, as third-year rate increases from the last general case filing kick in.

Starting July 1, the average cost customers will

pay goes from \$52.69 to \$54.01, according to officials.

The city fought past increases. It posts protest letters on its Web site for residents to download and mail to local representatives.

Councilwoman Janice Rutherford said Monday it was discouraging that the company proposes to spike charges to customers who, according to the city, are paying 1.85 times those of water users in nearby communities.

"If I were running a company that saw a 26 percent increase in expenses without changes to the output or the product, I would think the board of directors would call me on the carpet," Rutherford said. "The PUC doesn't seem to want to call the water company on the carpet."

Whitehead said neighboring communities enjoy public water facilities, which receive tax subsidies while passing on connection fees to developers.

A ruling in 2007 by an administrative law judge allowed the company to start passing connection fees on to developers, Whitehead said. Future costs to residents will be mitigated as development picks up again in the city, he said.

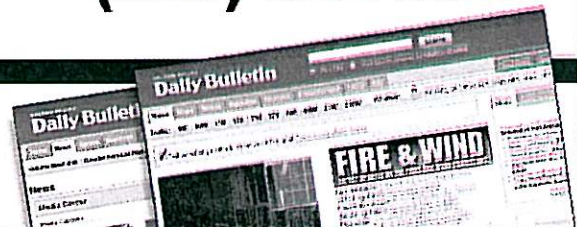
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July 2 08



Water board wants Alvarez to step down

Will Bigham, Staff Writer

Article Created: 06/18/2008 08:48:26 PM PDT

CLAREMONT - The Three Valleys Municipal water board approved a resolution Wednesday calling on board member Xavier Alvarez to resign.

The vote was 6-1, with Alvarez opposed, after several board members and speakers from the audience used harsh language to criticize Alvarez.

Alvarez has pleaded guilty to a federal charge connected with his false claim that he won the Medal of Honor. He never served in the military.

He also is being investigated by the Los Angeles County District Attorney's Office for the potentially criminal act of signing up his ex-wife for district-paid health benefits.

Despite the pressure to resign, Alvarez said he had no intention of leaving his seat.

Alvarez was censured by



the board in October after his alleged misuse of health benefits was exposed.

And it now appears that Alvarez will soon face a recall campaign in his south Pomona district.

At Wednesday's meeting, former Pomona Councilman Marco Robles announced that a seven-member committee had formed to recall Alvarez.

"The voters are fed up," Robles said. "They are not going to allow him to continue down this path without consequences."

Robles and Alvarez have long been political foes. Alvarez made several unsuccessful attempts to recall Robles from his City Council seat.

Robles said his history with Alvarez was not his motivation in seeking Alvarez's recall.

Since federal charges were filed against Alvarez in September, water board meetings have become more tense every month.

Initially, public criticism of Alvarez was expressed mostly by local veterans, many of whom have been coming to board meetings every month since the medal charges were announced.

But as the attention on Alvarez has grown, board members have become increasingly vocal in their criticism.

"I would like to ask you to just leave," said David

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De Jesus before Wednesday's vote.

He urged Alvarez to simply stand up and leave the dais, adding: "We'll take care of the paperwork."

Board member Joseph Ruzicka called Alvarez "a convicted liar."

Jim Frost, former Rancho Cucamonga mayor and a war veteran, called Alvarez "a liar, a thief and a fraud."

In a public statement shortly before Wednesday's vote, Alvarez called Robles corrupt and accused him of misusing public funds.

He also minimized the impact of a potential recall campaign.

"I'll be the last man standing," he said to Robles.

Alvarez accused board members of arriving at meetings intoxicated and seeking reimbursements for nondistrict events such as birthday parties.

But he reserved his harshest criticism for Brian Bowcock, the board member who initially pushed for the resolution calling on Alvarez to resign.

At the conclusion of his public remarks, Alvarez turned to Bowcock and said: "You are a disgrace to the human race."

During an interview after the meeting, Alvarez said he "couldn't care less" that his colleagues

had approved a resolution calling for his resignation.

He accused the board of bigotry and said "they're full of human waste."

He also said he isn't bothered by the critical comments from members of the public who speak during meetings.

"I'll just keep dealing with these people - dealing with these outside people," Alvarez said. "Little by little they're going to deteriorate."

Alvarez said he would produce documentation to support his claim that board members attended meetings intoxicated and had been reimbursed for attending nondistrict-related events.

Board President Bob Kuhn said Wednesday there is no truth to Alvarez's claims.

"He's already been convicted of lying about the Medal of Honor, and I assume he's lying on this one, too," Kuhn said.

Kuhn called Alvarez's behavior at Wednesday's meeting "ridiculous."

"I'm embarrassed for public officials everywhere, to be honest with you," Kuhn said. "It's not acceptable behavior anywhere for a public official."

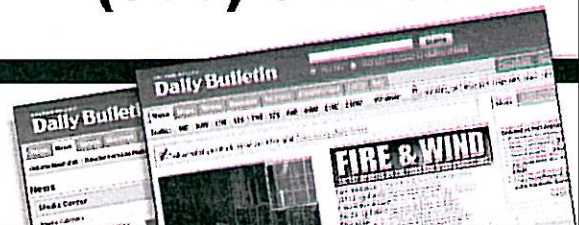
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County eyes garden for conservation

Sean Smith, Correspondent

Article Created: 07/07/2008 10:22:19 PM PDT

The county's new experimental garden is no Eden yet, but it's going to show residents and government how to save water and still have the natural beauty of plants.

The San Bernardino County Facilities Management Department unveiled the water-wise garden Monday morning to study plants native to California for water conservation.

It has been in the works since February.

Fifth District county Supervisor Josie Gonzales was on hand for the opening.

"We're going to share this research not only with county residents, but we're also encouraging commercial and industrial developments," Gonzales told a crowd of about 30 at the unveiling of the garden at Facilities Management headquarters on Lena Road in San Bernardino. The garden has grasses, flowers and other plants, which will be used to identify optimal plants and irrigation techniques to conserve water.

"We established this to know exactly how much we are watering and how much we need to water," said Marco Airo, deputy director of

facilities management. "Everyone uses too much water."



Plants are tested at the San Bernardino County Facilities Management Department to determine their drought resistance as part of the California Friendly Landscaping project on Monday. (Khai Le/Correspondent)

The garden replaces about 27,000 square feet of turf and is estimated to use fewer than 600,000 gallons of water a year - a savings of about 1 million gallons.

The garden is divided into five sections of grass surrounded by dirt pathways and a variety of plants and flowers.

"It's great that (the garden) already saves a million gallons per year," said Director of Facilities Management David Gibson. "It will be great when this leads to saving even more water beyond that."

Gibson also said the department plans to apply what it learns at other county properties.

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"Our next step would be to migrate plants and grasses out of here and replace plants at other county sites when it is appropriate," Gibson said.

Information and data from the garden project will be made available to the public on the county Web site, at www.sbcounty.gov.

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Water shortage in focus County conference to address drought

Lauren McSherry, Staff Writer

Article Created: 06/26/2008 08:50:28 PM PDT

Officials say they are bracing for a water shortage that could last years in California, and they are asking the public to weigh in on how to conserve water.

"It sure looks like we are in a drought or (are) moving into a severe drought," said Kirby Brill, general manager of Mojave Water District, one of the three major water suppliers in San Bernardino County. "What I think everyone is starting to realize is if we become more efficient in our use of water, we can stretch our supplies."

In light of the need to conserve water, the county will host its second regional water conference Aug. 14 at the Ontario Convention Center.

The public is invited to attend the conference and bring suggestions about managing the county's water resources.

Paul Biane, chairman of the Board of Supervisors, said the county expects to gain 1 million more residents in the next 20 years. The county must plan accordingly to prevent a lack of water from crippling economic growth, he said.

"We've got to get more efficient in how we go about using water," he said.

The county government owns or leases more office space than any business in the county and is taking measures to ensure that its buildings are water- and energy-efficient, Biane said.

The water shortage is also a concern to local developers, said Todd Tatum, president of the Building Industry Association, Baldy View Chapter.

"As we all know, California really rests on a perilous hydraulic system," he said, referring to how water is transported to Southern California by way of the California Aqueduct and the Colorado River. "At any time should one of those systems fail or go offline, all of us in California will be affected in a huge, huge way."

During the conference, panelists will discuss supply challenges and the impacts posed by rapid population and economic growth.

The conference will include lively round-table discussions and short presentations, organizers said. Written questions will be taken from the audience.

At \$125 each, however, tickets to the event are pricey.

The High Desert and San Bernardino Valley are "blessed" with underground basins where water can be stored, which puts San Bernardino County in a slightly better position than surrounding

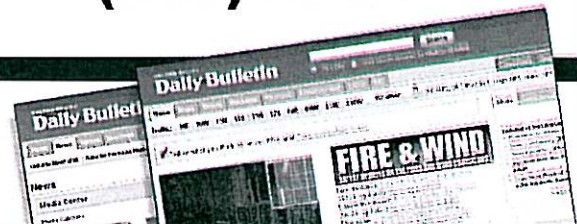
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counties, Brill said.

When agencies plan their water programs and policies, they are looking 50 years ahead to the amount water that will be available, he said.

"It's our challenge to look out there and anticipate all the demands for the community," he said.

More information is available at www.sbcwater.com.

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