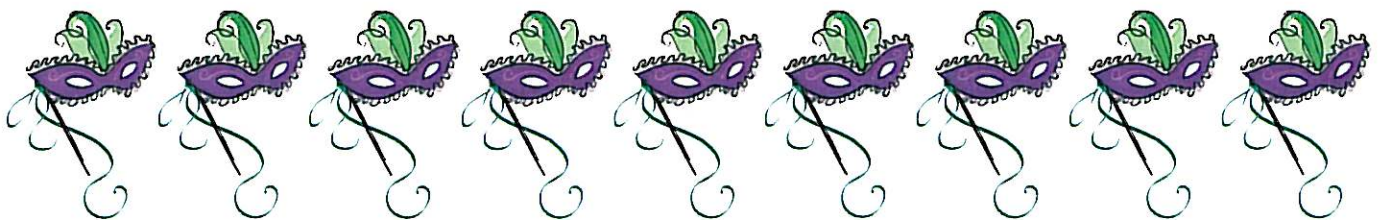


# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### C. MOU OF WATER ACCOUNTING PROCEDURE





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 9, 2008  
**TO:** Appropriate Pool Committee Members  
**SUBJECT:** MOU Regarding Accounting Procedures for the Dry Year Yield Storage Account

### SUMMARY

Metropolitan has requested execution of a Memorandum of Understanding to formalize accounting procedures regarding the Dry Year Yield storage account

Recommendation: None at this time. The MOU is presented for information only to receive feedback from the parties participating in this program.

In March 2003, Watermaster, along with Inland Empire Utilities Agency and Three Valleys Municipal Water District, signed the Dry Year Yield Funding Agreement with the Metropolitan Water District of Southern California. The Agreement generally described the parameters under which Metropolitan would be permitted to store water in the Chino Basin for extraction in dry years. To date Metropolitan has put water into its storage account, but it has not yet taken water out of the account. It is anticipated that this year will be the first year when water is taken from the account.

Metropolitan has proposed a Memorandum of Understanding to formalize the accounting procedures for water taken from the account, as well as water being put in the account in the future.

Execution of this MOU will require direction from the Board, and thus approval from the various Watermaster committees.

Watermaster staff has not completed its analysis of these procedures and continues to seek input from the affected Appropriate Pool members regarding whether these procedures alter the understanding of the parties concerning their participation in this program. This item is presented as an information item only.

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**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

August 26, 2008

Mr. Richard Atwater  
General Manager  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, CA 91709

Mr. Richard Hansen  
General Manager/Chief Engineer  
Three Valleys Municipal Water District  
1021 E. Miramar Avenue  
Claremont, CA 91711

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

Dear Messrs. Atwater, Hansen, and Manning:

Memorandum of Understanding of Water Accounting Procedures in Chino Basin

Enclosed are four originals of the Memorandum of Understanding of Water Accounting Procedures in Chino Basin (MOU). This MOU sets out the basic procedures for administering the groundwater storage program agreement in Chino Basin. This document does not change the provisions of the agreement in any way. Please execute the four originals of the MOU on behalf of your agency and return them to Mr. Matthew Hacker at The Metropolitan Water District of Southern California. Once all parties have executed the amendment, a complete set will be forwarded to your agency. Please direct any questions to Ms. Kathy Kunysz at (213) 217-6272 or to Mr. Matthew Hacker at (213) 217-6756.

Very truly yours,

Stephen N. Arakawa  
Manager, Water Resource Management

MH:tw

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Enclosures

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**MEMORANDUM OF UNDERSTANDING OF WATER ACCOUNTING PROCEDURES**  
**RELATING TO**  
**GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (DYY)**  
**IN CHINO BASIN,**  
**AS AMENDED**

**AMONG**

**METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**INLAND EMPIRE UTILITIES AGENCY**  
**THREE VALLEYS MUNICIPAL WATER DISTRICT**  
**CHINO BASIN WATERMASTER**

**SEPTEMBER 2008**

**MEMORANDUM OF UNDERSTANDING OF WATER ACCOUNTING PROCEDURES  
RELATING TO  
GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (DYY)  
IN CHINO BASIN,  
AS AMENDED**

**1. INTRODUCTION**

THIS MEMORANDUM OF UNDERSTANDING OF WATER ACCOUNTING PROCEDURES RELATING TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (DYY) IN CHINO BASIN, AS AMENDED dated as of September \_\_\_, 2008 sets out the basic procedures for administering the groundwater storage program in Chino Basin in conjunction with other water resource programs of the Metropolitan Water District of Southern California (Metropolitan) in the Chino Basin. This document does not change the provisions of any of these programs or associated agreements in any way. The purpose of this document is to provide a basis for common understanding and consistent administration of the groundwater storage program in light of multiple local resources programs in the Chino Basin that provide incentives for recovering poor quality water (e.g. desalters) and use of recycled water for recharge of the groundwater basin. The purpose of this Memorandum of Understanding is consistent with Section VI. of the Groundwater Storage Program Funding Agreement (Agreement) relating to the duties of the Operating Committee established therein to develop an Annual Operating Plan and to reconcile financial and water accounting matters for the groundwater storage program. This Memorandum of Understanding represents the agreement of the signatories as members of the Groundwater Storage Program Operating Committee to carry out administrative tasks in a consistent manner, and may be updated and amended by the Groundwater Storage Program Operating Committee by written mutual consent.

**2. GROUNDWATER STORAGE PROGRAM (DRY-YEAR-YIELD -DYY- PROGRAM)**

The Groundwater Storage Program (DYY) provides for the storage of up to 100,000 acre-feet (AF) of water at any point in time in a Metropolitan Storage Account in the Chino Basin pursuant to the Groundwater Storage Program Funding Agreement dated June 2003 and as subsequently amended. Signatories to this Agreement are Metropolitan, Inland Empire Utilities Agency (IEUA), Three Valleys Municipal Water District (TVMWD), and Chino Basin Watermaster. As of July 2008, the Operating Parties under this Agreement are for IEUA: City of Ontario, City of Upland, Cucamonga Valley Water District, Monte Vista Water District, City of Chino, City of Chino Hills and Jurupa Community Services District (through Ontario); and for TVMWD: City of Pomona. The Agreement provides for storage of up to 25,000 AF per year unless Chino Basin Watermaster allows for more, and extraction, at Metropolitan's call, of up to 33,000 AF per year not to exceed the amount of water in the Metropolitan Storage Account. The call may be for any twelve month period beginning on the first of day of the month following 15 days notice.

The Agreement requires the Operating Committee to prepare an Annual Operating Plan that estimates how storage or extraction will be accomplished during the course of the year. In practice, Metropolitan indicates the amount it would like to store (up to 25,000 AF per year unless more is approved by Chino Basin Watermaster) or extract (up to 33,000 AF per year, but not to exceed the account balance), and IEUA and TVMWD develop a projection indicating the anticipated monthly schedule by service connection for storage deliveries, or monthly schedule for shifting full service demands from the service connection to the wells. IEUA and TVMWD certify storage or extraction against the Annual Operating Plan and updating the plan for actual amounts as the year progresses. Certification of storage and extraction is reconciled following the end of the storage year or the end of the 12-month call period.

The Agreement provides that the DYY Facilities may be used for unrelated purposes by IEUA and TVMWD so long as excess operable capacity is maintained on a monthly basis for performance under the Agreement unless operable capacity on another basis is agreed to by the Operating Committee.

## **2.A. STORAGE TO THE METROPOLITAN STORAGE ACCOUNT**

2.A.1. Upon notice to IEUA and TVMWD, Metropolitan may deliver imported water for storage in the Metropolitan Storage Account in the Chino Basin. Water may be stored directly (spread or injected) or via in-lieu. In-lieu storage means that an Operating Party with groundwater rights foregoes production of a portion of its rights and directly uses the additional delivery of imported water to meet its retail demands. For each AF of unpumped groundwater right stored in-lieu, one AF of additional Metropolitan imported water delivery will be delivered at the service connections to replace the stored AF in meeting retail demands.

2.A.2. Certification of storage on a monthly basis (see Agreement section VI.B.4) by IEUA and TVMWD to both Metropolitan and Chino Basin Watermaster provides for:

- a) Credit adjustment on the Metropolitan invoice to either IEUA or TVMWD for the conjunctive use delivery (water is not billed until it is called for extraction --Stored Water Delivery) and associated accounting for the stored AF in Metropolitan's WINS accounting system, and
- b) Accounting for stored AF in Metropolitan's Storage Account by Chino Basin Watermaster.

Any subsequent adjustments to certifications for storage of water need to be copied to both Metropolitan and Chino Basin Watermaster to ensure consistent records of stored AF.

Metropolitan Administrative Code section 4507(f) allows for late certifications (and adjustments to prior certifications via re-certification) for a period of up to six months from the time the delivery was made. Reconciliation of in-lieu storage by Metropolitan within twelve months of such a delivery may also result in adjustments. Any such adjustments need to be reported to Metropolitan, IEUA or TVMWD, and the Chino Basin Watermaster to ensure consistency of records. These provisions apply to both storage and extraction from the Metropolitan Storage Account.



Additionally, Chino Basin Watermaster assesses losses to the Metropolitan Storage Account (see Agreement section VI.C.1) once each fiscal year in July. Each year, after July 1 but before September 30, the Operating Committee (Metropolitan, IEUA, TVMWD, and Chino Basin Watermaster) compares records for the balance of AF in the Metropolitan Storage Account and resolves any discrepancies.

2.A.3. Storage to the Metropolitan Storage Account shall exclude all of the following:

1. In-lieu against overproduction of groundwater rights. All storage is required to be new, wet-water storage. Storage cannot be reliant upon a replenishment obligation.
2. In-lieu against foregone rights to produce recharged recycled water. This means that accomplishment of storage through in-lieu means shall only be against Chino Basin native groundwater production rights that would have otherwise been produced and shall exclude recycled water that has been recharged.
3. In-lieu against rights for desalter production that is not pumped. This means that in-lieu storage to the Metropolitan Storage Account shall not be accomplished by reducing the groundwater pumping of the desalters.
4. In-lieu cannot exceed on-line, operational extraction capacity and cannot be against water that cannot be produced. This means that amounts of water certified as stored in-lieu during a month must have been able to be produced--there must be sufficient extraction capacity that is operable, and the water quality must be usable.
5. In-lieu storage cannot exceed the amount of firm water purchased by IEUA or TVMWD from Metropolitan for the month it is certified. This means that acre-foot for acre-foot, imported water was used to meet the demand for the groundwater that was not pumped and certified as stored in-lieu.
6. In-lieu against leased water rights. This means that in-lieu storage to the Metropolitan Storage Account shall not allow a Chino Basin Operating Party to lease groundwater production rights from another basin rights holder in order to underproduce the leased amount of water and certify that the leased water is stored in-lieu.

## **2B. EXTRACTION FROM THE METROPOLITAN STORAGE ACCOUNT**

2.B.1 Extraction from the Metropolitan Storage Account occurs when Metropolitan notifies IEUA and TVMWD that it is making a call for extraction of stored water (Stored Water Delivery) as provided in Agreement section VI.D.3.

Agreement Exhibit G provides that in a call year the following will occur:

- a) deliveries at the Metropolitan service connections will decrease by the call amount over the course of the 12 month call period as compared to the prior 12 months; and
- b) the call amount will be pumped from the Metropolitan Storage Account in Chino Basin over the 12 month call period; and
- c) groundwater pumping in the Chino Basin will increase by the call amount over the 12 month call period as compared to the prior 12 months.

Exhibit G also provides flexibility on each of these measures of +/-10%, and acknowledges that growth in local resources may reduce demand for imported Metropolitan full service water and therefore for the water stored in the Metropolitan Storage Account.

Measurement of these provisions in a call year is against a baseline of the prior twelve months preceding the call. When a call is made two or more years in sequence, the baseline shall be the twelve month period preceding the first call year with any warranted adjustments.

#### 2.B.2. Extraction Baseline

**For groundwater production, the following will be included in the baseline:**

- a) the prior twelve months of Chino Basin production of groundwater rights by participating IEUA and TVMWD agencies inclusive of in-lieu storage, and as adjusted by agreement of the Operating Committee; and
- b) the prior twelve months of Chino Basin production of recharged recycled water credits by participating IEUA and TVMWD agencies, as adjusted by agreement of the Operating Committee; and
- c) the prior twelve months of Chino Basin desalter production.

Production from the Metropolitan Storage Account will be measured as the number of AF certified as such by IEUA or TVMWD and that production that exceeds the sum of 'a', 'b' and 'c' above in the call year.

**For service connection deliveries the following will be included in the baseline:**

- a) the prior twelve months of full service deliveries to each IEUA and TVMWD at the service connections.

**The following will be excluded from the service connection deliveries baseline:**

- a) any direct or in-lieu deliveries certified for storage to the Metropolitan Storage Account;
- b) any direct or in-lieu replenishment deliveries; and

- c) any direct or in-lieu cyclic storage deliveries.

In setting the baselines, note that in-lieu deliveries are subject to reconciliation and any resulting adjustments that are completed up to twelve months following the in-lieu delivery.

### 2.B.3. Extraction Pumping

**Certified extraction from the Metropolitan Storage Account shall exclude the following:**

- a) desalter production;
- b) recycled water production;
- c) production from basins other than Chino Basin; and
- d) amounts that exceed: i) available operable extraction capacity and ii) the amount of water pumped in that month.

Metropolitan Administrative Code section 4507(f) allows for late certifications (and adjustments to prior certifications via re-certification) for a period of up to six months from the time the delivery was made. Reconciliation of amounts certified as extracted from the Metropolitan Storage Account is conducted within twelve months and may also result in adjustments. Any such adjustments need to be reported to Metropolitan, IEUA or TVMWD and the Chino Basin Watermaster to ensure consistency of records. These provisions apply to both storage and extraction from the Metropolitan Storage Account.

### 3. DATA COLLECTION PROCESS

- a) TVMWD will collect, track and certify storage and extraction for Pomona.
- b) IEUA is to receive its retail agencies' production data no later than six weeks after the last day of any given month to allow for efficient updates on compliance progress to Metropolitan. If data have not been received, IEUA staff will contact individual agencies and request the production data.
- c) IEUA tracks and submits (if necessary) performance for the DYY program
- d) Before submitting certifications to Metropolitan, IEUA staff will perform a "check and balance"
  - 1. Two working days prior to Metropolitan's certification deadline (the third working day of each month by 3:30 p.m.). IEUA is to receive any of four certifications:
    - Conjunctive Use Storage Account
    - Agricultural Credit (Chino Hills)

- Desalter Production
  - Recycled Water Production
2. IEUA staff will check each certification for 'double counting' of credits to ensure that each program is accounting for its own credits.
  3. IEUA will then submit the certifications in a form acceptable to Metropolitan.
- e) IEUA and TVMWD staff will review the monthly Metropolitan invoice to confirm that any submitted certifications are correctly documented.

AS MEMBERS OF THE OPERATING COMMITTEE FOR THE GROUNDWATER STORAGE PROGRAM IN CHINO BASIN WE HEREBY concur with this Memorandum of Understanding of Water Accounting Procedures Relating to Groundwater Storage Program Funding Agreement in Chino Basin and agree to implement the procedures stated herein and to jointly update and clarify this document as needed for the continued coordinated administration of the Metropolitan resource programs in the Chino Basin:

\_\_\_\_\_  
 Stephen N. Arakawa  
 Manager, Water Resource Management Group  
 Metropolitan Water District of Southern California

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Richard Atwater  
 General Manager  
 Inland Empire Utilities Agency

\_\_\_\_\_  
 Date

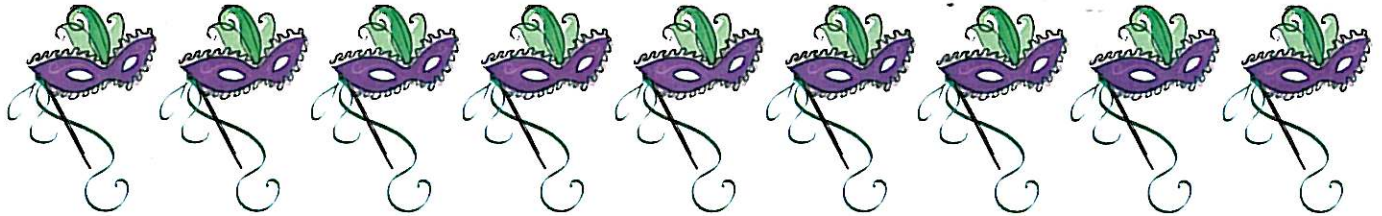
\_\_\_\_\_  
 Richard Hansen  
 General Manager  
 Three Valleys Municipal Water District

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Ken Manning  
 Executive Officer  
 Chino Basin Watermaster

\_\_\_\_\_  
 Date

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# CHINO BASIN WATERMASTER

## III. REPORTS / UPDATES

### D. INLAND EMPIRE UTILITIES AGENCY

1. Groundwater Recharge Update
2. MWD Water Supply (Drought) Allocation Plan
3. ACWA Drought Alert Flyer
4. Recycled Water Newsletter
5. Monthly Water Conservation Programs
6. Monthly Imported Water Deliveries
7. State and Federal Legislative Report
8. Community Outreach/Public Relations



**CHINO BASIN WATERMASTER**

**ADVISORY COMMITTEE**

**October 23, 2008**

**AGENDA**

**INTERAGENCY WATER MANAGERS' REPORT**

**Chino Basin Watermaster**

**9641 San Bernardino Road**

**Rancho Cucamonga, CA 91730**

**15-20 Minutes**

---

**Discussion Items:**

- Groundwater Recharge Update (Powerpoint) – Rich Atwater
- MWD Water Supply (Drought) Allocation Plan – Status Report – Rich Atwater

**Receive and File:**

- ACWA Drought Alert Flyer
- 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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# Groundwater Recharge Update

The Next 5 years

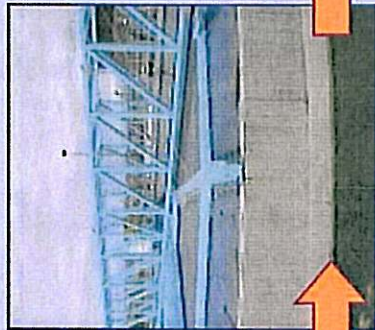
Andy Campbell

Groundwater Recharge Coordinator

October 2, 2008  
RED TEAM MEETING

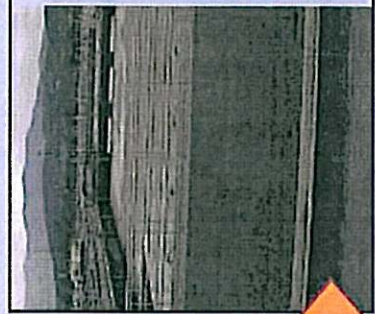
# IEUA RECYCLED WATER PRODUCTION

Primary



Industrial  
Pretreatment /  
Source Control

Secondary

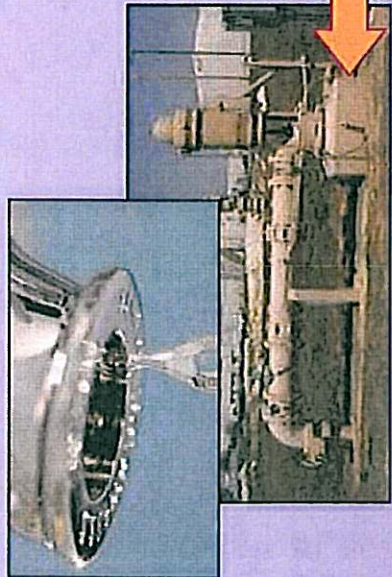


Tertiary

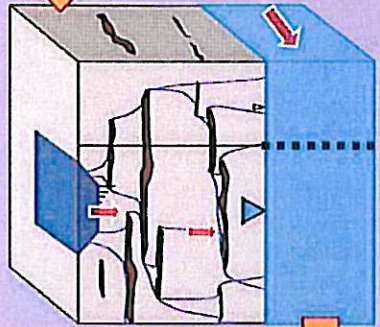


On-line Water Quality Monitoring  
& Laboratory Testing

Post-Production

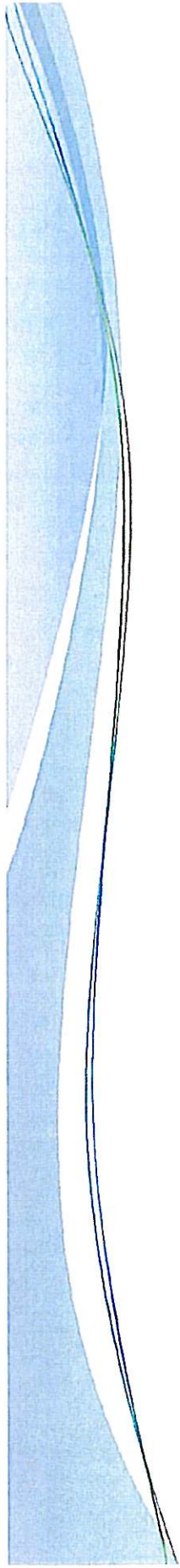


Groundwater  
Blend & Hold



Soil-Aquifer  
Treatment





# Recycled Water Workshop

- IEUA Hosted September 19, 2008
- Presenters
  - Andy Campbell & Nel Groenveld - IEUA
  - Jorg Drewes – Colorado School of Mines
  - Margret Nellor – Nellor Environmental Assoc.
  - Heather Collins – Calif. Dept Public Health
- Beneficial efforts and should allow IEUA to maximize recharge using recycled water without additional, more costly treatment methods.
- Presentations Available at IEUA FTP Site
  - <https://mail.ieua.org/links/7/>

# Fate and Transport of Organic Chemicals During Soil-Aquifer Treatment Of Recharge Water

Dr. Jörg E. Drewes – Colorado School of Mines

## Indicator Compounds - SAT

2 months travel time; dominantly anoxic conditions

Good Removal > 70%	Intermediate Removal 30 < x < 70%	Poor Removal < 30%
Acetaminophen	Sulfamethoxazole	Primidone
Caffeine	Dilantin	TCPP
DEET	Carbamazepine	TDCPP
Diclofenac	TCEP	
EDTA		
Erythromycin-H <sub>2</sub> O		
Estrone		
Gemfibrozil		
Hydrocodone		
Ibuprofen		
Iopromide		
Meprobamate		
Metoprolol		
Naproxen		
Propranolol		
Salicylic Acid		
Trimethoprim		

## Tools to Assess and Understand the Relative Risks of Indirect Potable Reuse Projects

Margret Nellor – Nellor Environmental Assoc

- 1) Identifies chemicals detected in recycled water
- 2) Assesses their toxicity and exposure at detected levels
- 3) Characterizes health risks and at what levels chemicals become a health concern and quantifies the exposure risks.

**Tolerable Daily Intake**

**Drinking Water Equivalence**

# Pharmaceutical Risk Perspective

Compound	Max conc reported (ng/L) in surface water	Predicted No Effect Concentration (PNEC) (ng/L)	Liters of water/day → ADI <sup>b</sup>
Acetaminophen	10,000	5,000,000	2380
Albuterol	15*	410,000	13,067
Ciprofloxacin	30	230,000	3,733
Codeine	1000	290,000	140
Digoxin	130*	1,000	38
Fluoxetine	12	420,000	16,912
Gemfibrozil	790	800,000	4,873
Ibuprofen	1000	16,000,000	7,700
Metformin	150	9,100,000	28,933
Oxytetracycline	340	4,400,000	6,176
Sulfamethoxazole	1900	19,000,000	4,789
Warfarin	0.5a	23,000	22,400

\*ND, % Reporting Limit

<sup>b</sup> Assume: average weight of 70 kg and max conc reported

Reference: B.W. Schwab et al./Regulatory Toxicology and Pharmacology 42 (2005) 296-312

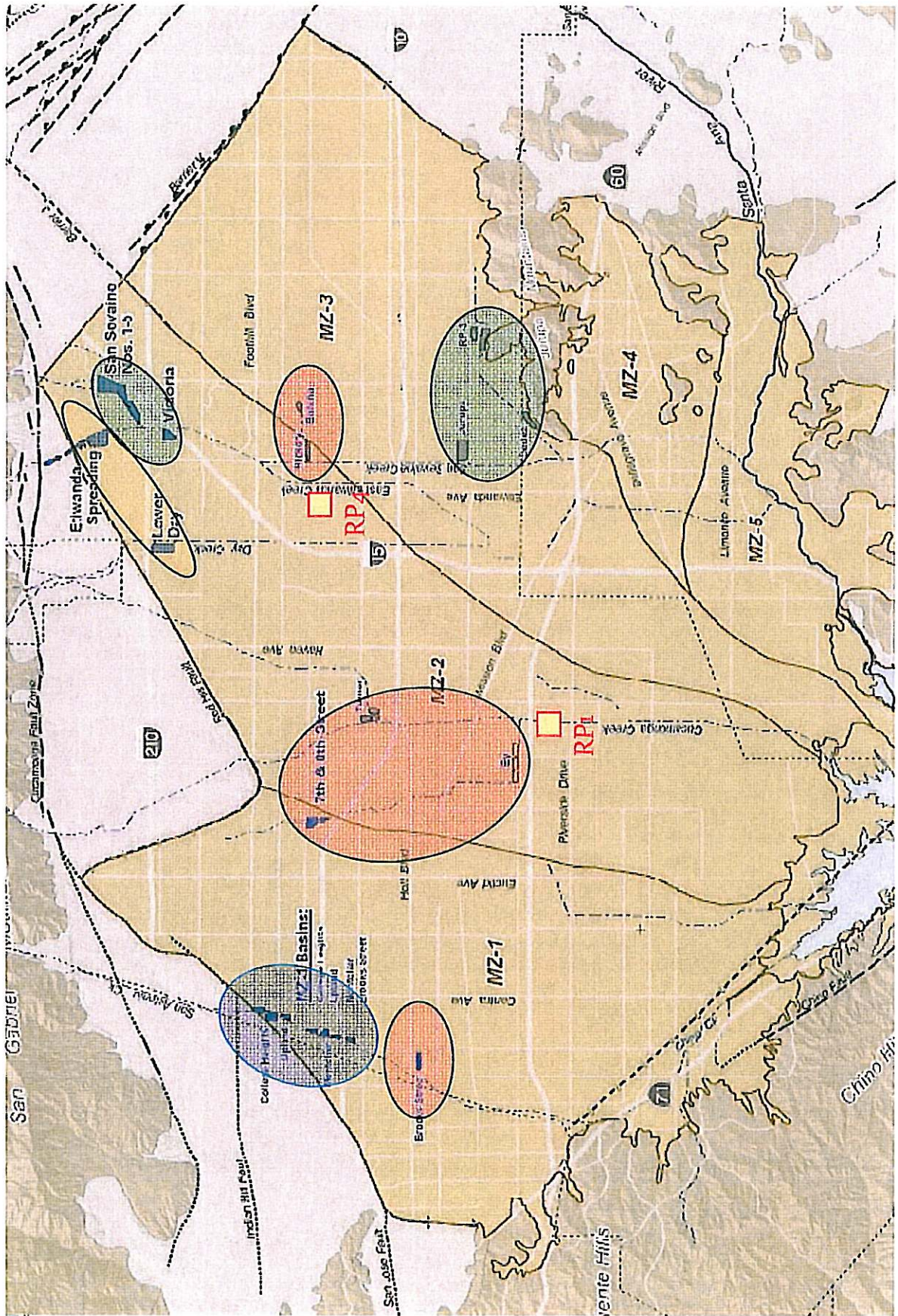
S. Snyder 2005 WRA Conference: Schwab Data

# Calif. Groundwater Recharge Regulations

Heather Collins – CDPH

- Process for Obtaining a Permit
- Source Control and Monitoring
- Soil-Aquifer Treatment
- Recycled Water Contribution
- Emerging Compounds of Concern
- Surrogate Monitoring (TOC, BDOC, others)
- Landmark works of Snyder, Drewes, and others

# RECHARGE BASINS



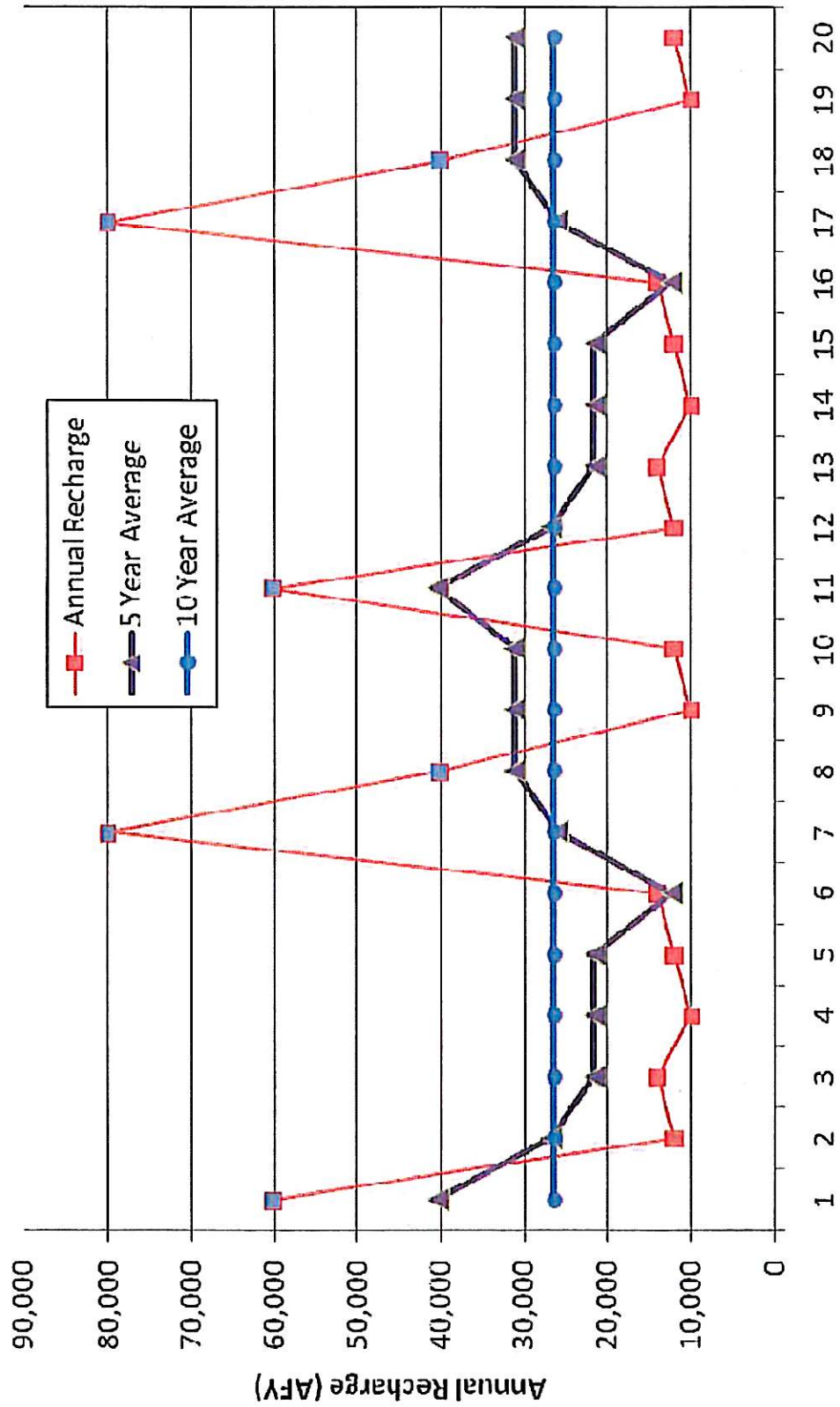




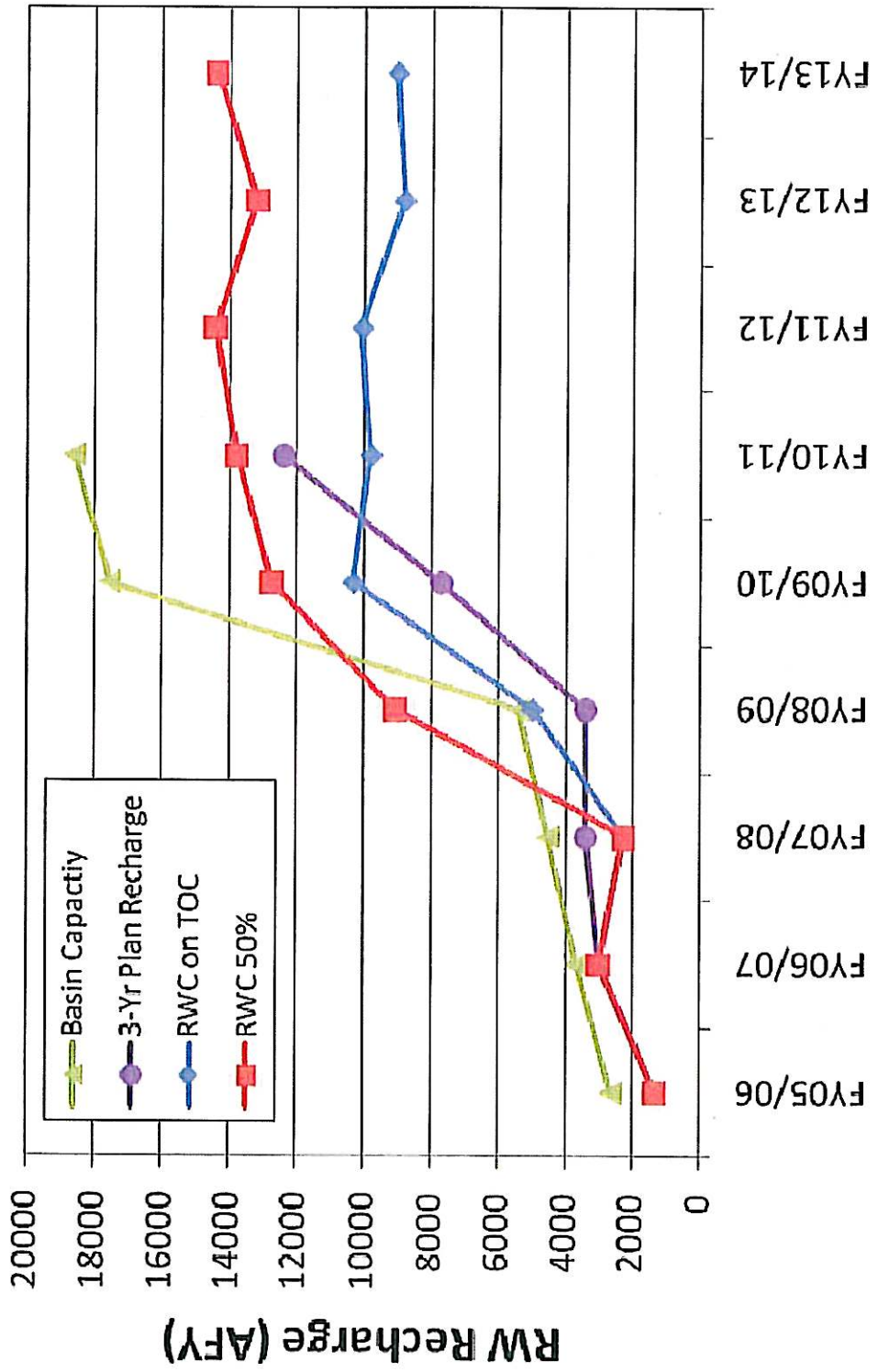
# Recharge Projections Assumptions

- **TWO SCENARIOS**
  - RWC Water Quality Dependant
  - RWC 50%
- **BASIN AVAILABILITY**
  - PRE 2007 – BANANA, HICKORY, TURNER, 8<sup>TH</sup> STREET
  - 2008 – BROOKS & RP3
  - 2009 – VICTORIA & SAN SEVAINE
  - 2010 – Declez
  - 2011 – Etiwanda Debris Basin
  - 2012 – Lower Day

# 10-Year vs. 5-Year Rolling Average



# Recycled Water Recharge Forecast

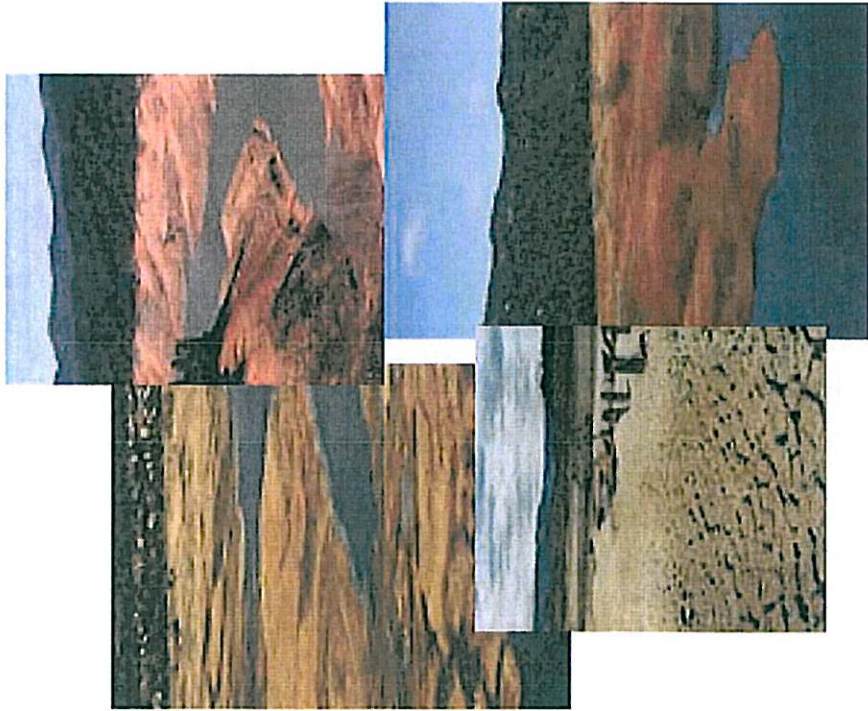


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# Draft IEUA Water Supply Allocation Plan

October 2008

# 2009 Water Supply Outlook



- Oroville Reservoir is at record low levels
- MWD's Diamond Valley Lake is at 400,000 AF and declining
- DWR projection of State Water Project supplies is projected to shrink from 54% to 50%

## MWD Water Supply Allocation

- MWD Adopted “Drought” Water Supply Allocation Methodology in February 2008
- MWD tracking water supply status on monthly basis
- Decision on whether to invoke allocation in January to April, 2009 timeframe
- Implement water supply allocation July 1, 2009
- Could occur sooner if water supply status deteriorates

## IEUA Water Allocation Plan Process

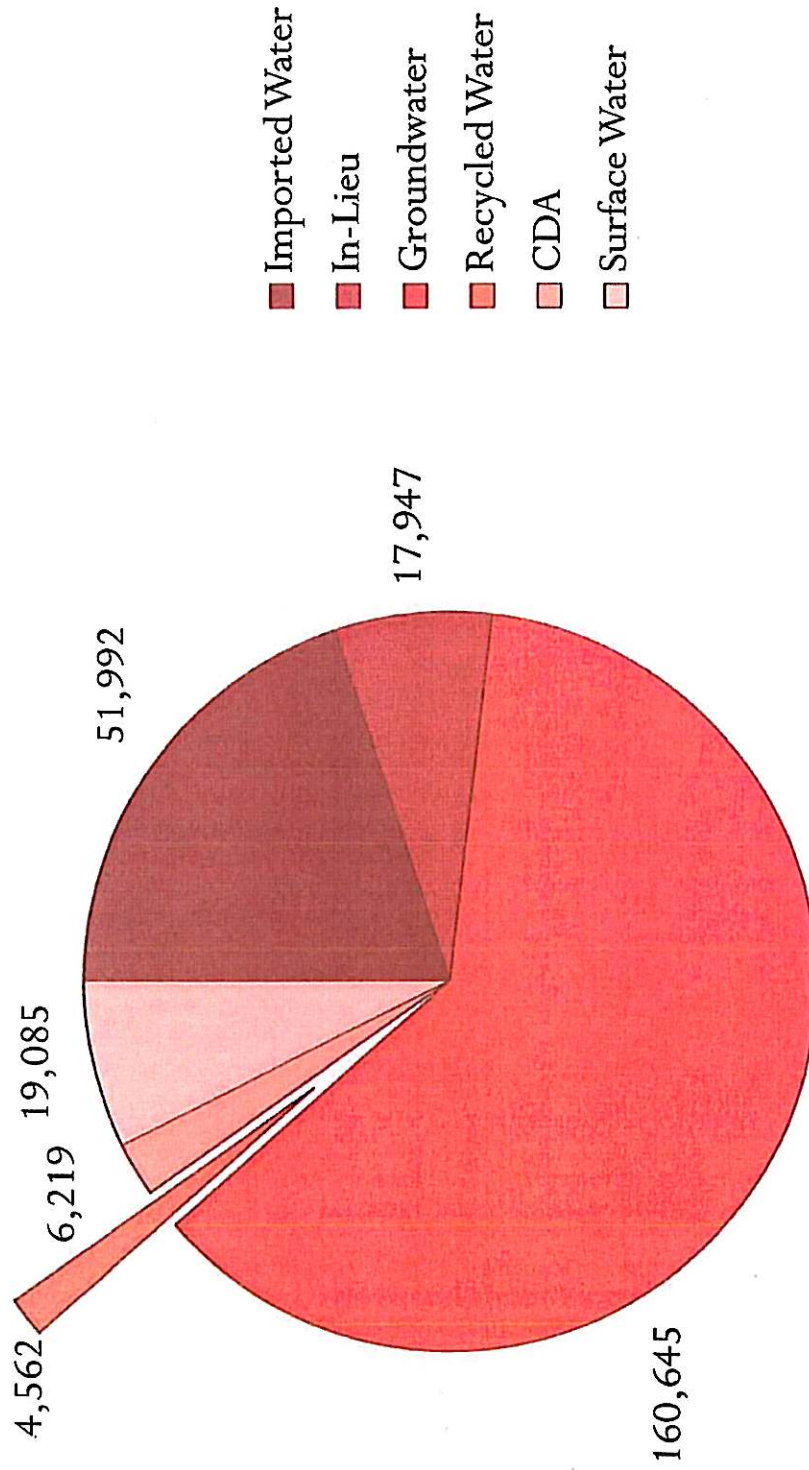
- MWD's Water Supply Allocation Plan Implementation Workshops since summer 2007
- IEUA Monthly Water Supply Strategy Interagency Meetings (and numerous individual meetings)
- Monthly Dry Year Yield (DYY) Meetings
- IEUA Board scheduled to adopt a Water Supply Allocation Plan by December / January



# IEUA Goals

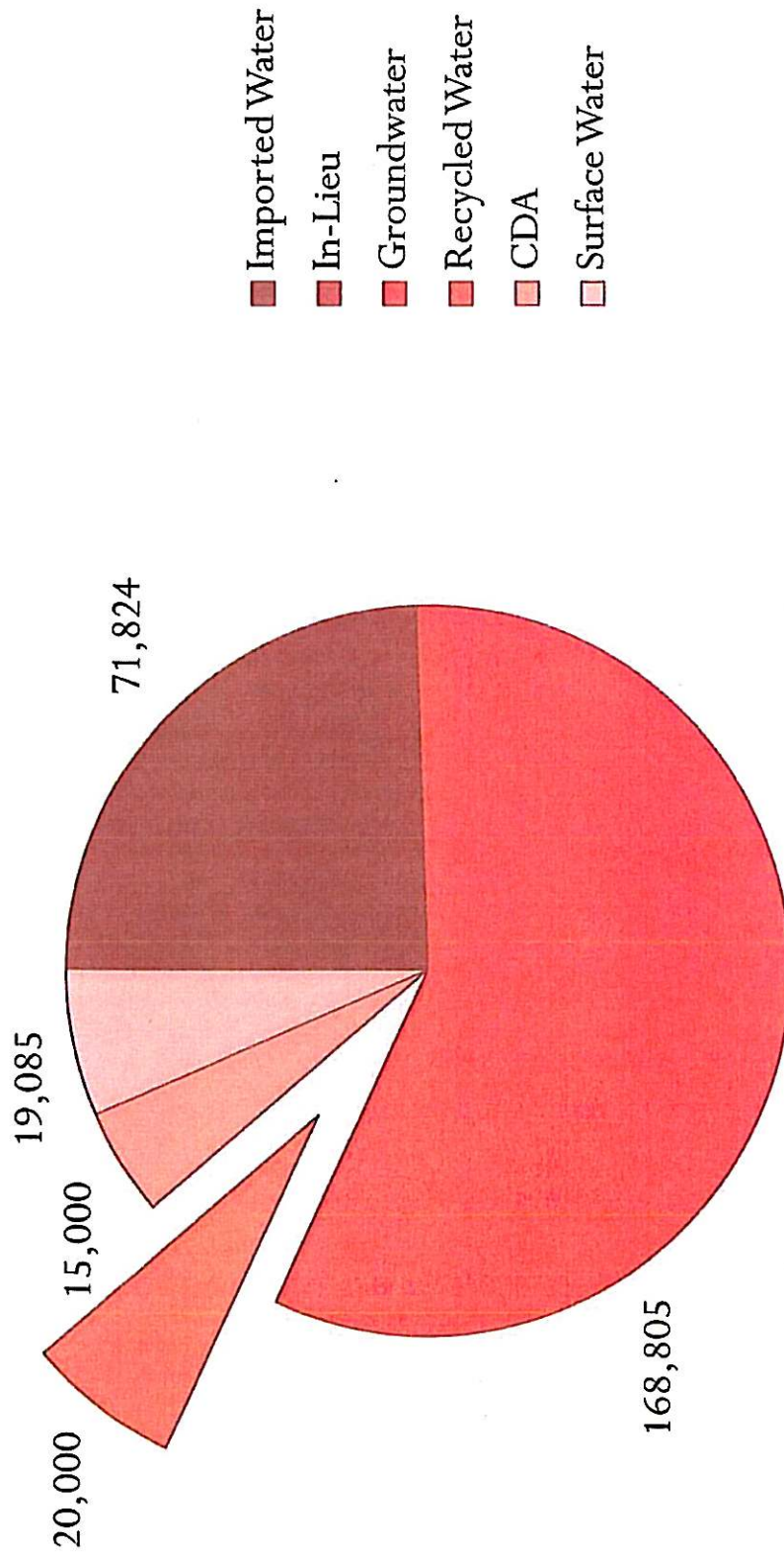
- Ensure equity & fairness throughout the service area
- Avoid payment of drought or DYY penalties to MWD
- Recognize IEUA/MWD investments in local supplies to “drought proof” IEUA service area
- Encourage additional local investments to further drought proof economy
  - Enhanced Conservation
  - Recycled Water – Connect parks, schools and other landscapes
  - Interconnections to promote flexibility (Azusa Pipeline)
  - Increased Desalter performance
  - Groundwater Recharge (recycled water and capture storm water when available)
- Coordinated IEUA service area communication strategy
- Implementation consistent with MWD drought and DYY policies and contracts

# IEUA 3-Year Average Water Use (2004-2006)



TOTAL = 255,000 AFY (without recycled water)

# MWD's 2009 Baseline Allocation



**TOTAL = 275,000 AFY (without recycled water)**

• Includes IEUA 3-Year Average, plus an annual 2.52% growth adjustment (2<sup>nd</sup> highest in region)

# Overview of MWD's 2009 Baseline Water Supply Allocation to IEUA

## 72,000 AF Imported Water Baseline Allocation Actual Tier 1 / 2 52,000 AF (2004-2006)

- **MWD Allocation Base Period: 2004-2006**, three year average total demand = 255,000 AF
- **MWD DYY Base Period:** preceding 12 months (May 2007-April 2008)
- **Service Area Growth Adjustment:** 2.52% per year increase (Department of Finance = total projected 2009 water demand of 275,000 AF
- **Local Supplies:** 185,000 AF in local water resources plus 18,000 AF of In Lieu totals 203,000 AF (*recycled water is Not included in this calculation*)
- **Imported Water Allocation:** the difference between total demand and local supplies

# MWD's Shortage Allocation for IEUA

Shortage Level	Shortage %	Wholesale Minimum	Total MWD Allocation
1	5%	66,440	66,735
2	10%	61,053	61,642
3	15%	55,666	57,877
4	20%	50,279	53,227
5	25%	44,892	48,577
6	30%	39,505	43,927
7	35%	34,118	39,277
8	40%	28,731	34,627
9	45%	23,344	29,977
10	50%	17,957	25,327

# MWD Penalties

Standard Penalty Rates			
Water Use	Base Water Rate	Penalty Rate	Total Rate
100% of Allocation	Tier 1	0	Tier 1
Between 100% and 115%	Tier 1	2 x Tier 2	Tier 1 + (2 x Tier 2)
Greater Than 115%	Tier 1	4 x Tier 2	Tier 1 + (4 x Tier 2)

Penalties will not be assessed until after the end of the 12 month allocation period

## IEUA's 3-Year Average Water Use Compared to IEUA's FY 07/08 Actual Water Use

Water Source	3-year Average (2004-2006) AF	FY 07/08 Actuals (preliminary data) AF
Imported (MWD)	52,000	69,000
Local Supplies		
Groundwater	160,000	135,000
Surface Water	19,000	19,000
Chino Desalters	6,000	15,000
Recycled*	--	8,000
In-Lieu	18,000	0
<b>SUB-TOTAL</b>	<b>203,000</b>	<b>190,000</b>
<b>TOTAL Imported and Local Supplies</b>	<b>255,000</b>	<b>246,000</b>

\* MWD does not include recycled water in the potable water demand baseline. Recycled water during 3 year base period was 4,500 AF.

**IEUA's FY 07/08 Actual Water Use  
Compared to MWD's FY 09/10 Projected Baseline (no shortage)**

<b>Water Source</b>	<b>Baseline 3-year Average (2004-2006) AF</b>	<b>FY 07/08 Actuals (preliminary data) AF</b>	<b>FY 09/10 Projection Baseline AF</b>
<b>Imported (MWD)</b>	52,000	69,000	72,000
3-Year Average (2004-06)			52,000
<b>Local Supplies</b>			20,000
Groundwater	160,000	135,000	160,000 +/-
Surface Water	19,000	19,000	19,000 +/-
Chino Desalters	6,000	15,000	15,000 ~
Recycled	--	8,000	20,000 ~
In-Lieu	18,000	--	--
<b>SUB-TOTAL</b>	<b>203,000</b>	<b>190,000</b>	<b>214,000</b>
<b>TOTAL Imported and Local Supplies</b>	<b>255,000</b>	<b>246,000</b>	<b>285,000</b>
<b>IEUA Projected Demand</b>		<b>246,000</b>	<b>246,000</b>
			<b>39,000</b>



MWD's FY 09/10 Projected Baseline (no shortage)  
 Compared to MWD's FY 09/10 Level 2 Shortage (10%)

Water Source	Baseline 3-year Average (2004-2006) AF	FY 07/08 Actuals (preliminary data) AF	FY 09/10 Projection Baseline AF	FY 09/10 Level 2 Shortage (10%) AF
Imported (MWD)	52,000	69,000	72,000	62,000
3-Year Average (2004-06)			52,000	52,000
Unallocated MWD Water			20,000	10,000
Local Supplies				
Groundwater	160,000	135,000	160,000	160,000 +/-
Surface Water	19,000	19,000	19,000	19,000 +/-
Chino Desalters	6,000	15,000	15,000	15,000 ~
Recycled	--	8,000	20,000	20,000 ~
In-Lieu	18,000	--	--	--
<b>SUB-TOTAL</b>	<b>203,000</b>	<b>190,000</b>	<b>214,000</b>	<b>214,000</b>
<b>TOTAL Imported and Local Supplies</b>	<b>255,000</b>	<b>246,000</b>	<b>285,000</b>	<b>275,000</b>
<b>IEUA Projected Demand</b>		<b>246,000</b>	<b>246,000</b>	<b>246,000</b>
			<b>39,000</b>	<b>29,000</b>

## Implications for IEUA's Water Supply

- Local Water Supply Development (recycled water, Chino desalters) has significantly enhanced water supply reliability
- Conservation – keeping demand at current levels or lower – is vital to future water supply reliability
- IEUA's service area is better prepared to withstand multi-year drought than the rest of MWD service area

## Core Questions

- How should MWD water supplies be allocated within the IEUA service area to the retail water agencies?
- How should penalty targets be allocated to retail agencies?
- How should new recycled water supplies be credited?
- How do we avoid penalties from MWD for both DYY and the Water Supply (drought) Allocation Plan?
- Can incentives be created to encourage additional local water supply development?

# Draft Principles

- *Overall Plan:*

The Water Supply Allocation Plan will be developed in cooperation with the member agencies and includes all aspects of drought planning – including steps to avoid rationing, drought response stages, allocation, methodology, pricing and communications strategy

- *Communication Strategy*

An ongoing, coordinated and regional public outreach program shall be developed that provides a clear and consistent message to the public regarding water supplies and specific conservation measures. The outreach program will also recognize and support member agency communication efforts that address specific retail level allocations

# Draft Principles

- *Drought Supply Enhancement*  
IEUA and its member agencies will work cooperatively to avoid and/or minimize rationing during droughts through supply enhancement such as the implementation of the Three Year Recycled Water Business Plan and voluntary demand reduction measures.
- *Drought Response Stages*  
The drought response stages will be consistent with MWD's Water Supply Allocation Plan and will include both supply enhancement and emergency demand reduction methods. The coordination and potential accounting issues with the DYY base year performance targets will need to be considered.

# Draft Principles

- *Allocation Methodology*

The allocation methodology should be equitable, easy to administer, contain financial and pricing signals and a communication strategy to ensure member agencies and the public are informed and understand the need to conserve.

In order to protect the economic health of the entire region, it is very important for the allocation methodology to avoid large, uneven retail impacts across the region.

A member agency that has developed local projects and instituted conservation measures should not be penalized in the computation of allocations

To help balance out the financial costs and risks associated with the development of local resources, the shortage allocation methodology should provide an incentive to those member agencies that can develop additional local supplies

Questions?

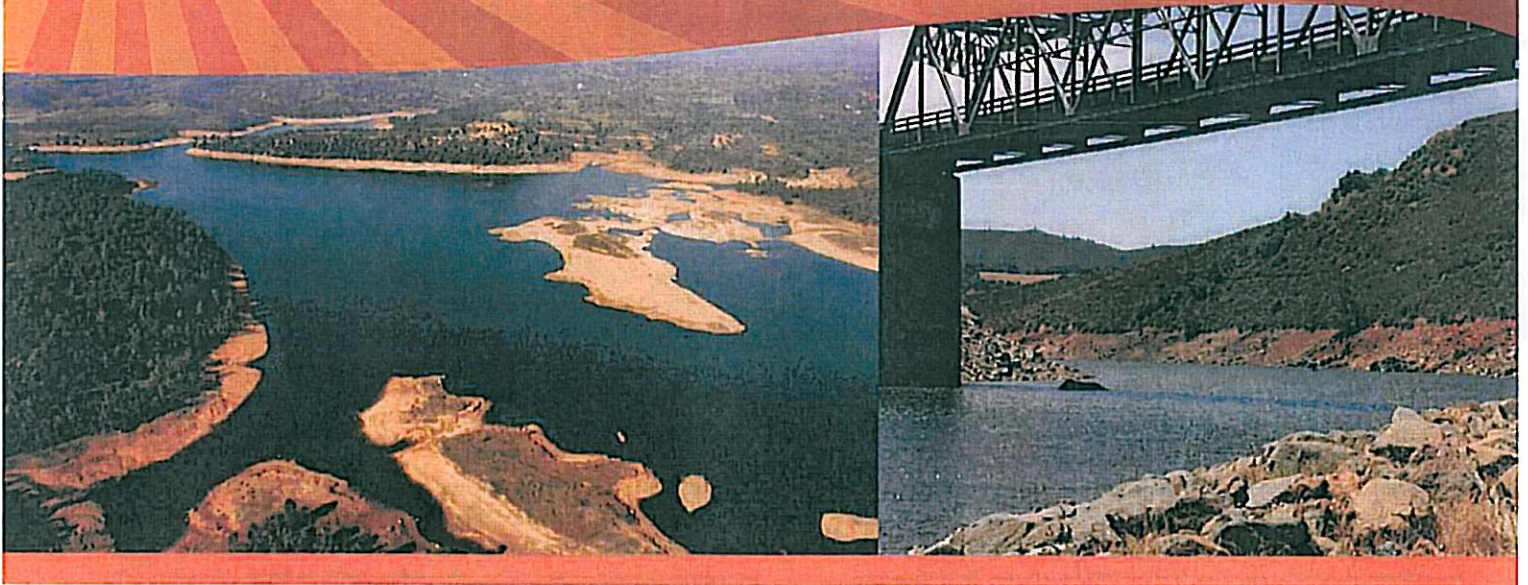
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# DEALING WITH DROUGHT

OCTOBER 2008

Challenges Abound as Dry Conditions, Low Reservoirs Take Hold



It's official. California is in a drought. A perfect storm of dry conditions, low reservoirs and court-ordered cuts in deliveries has put a squeeze on water supplies and triggered the first statewide drought declaration in 16 years.

This trifecta of challenges is compelling local water agencies to rely on conservation and dip into their water reserves to meet needs. A third dry year in 2009 could have severe consequences for the environment and the economy.

Back-to-back dry years and low reservoir levels have put California squarely in a statewide drought. State water officials say key reservoirs will dip to near record lows later this year, and many local water agencies are drawing down their reserves and urging customers to cut back on their water use.

Mandatory rationing is in place in some urban areas, and growers in some of California's most productive agricultural regions are seeing dramatic cuts in water deliveries. All told, the first statewide drought in 16 years is serving up an array of challenges for water agencies up and down the state.

Gov. Arnold Schwarzenegger declared an official drought June 4. He also declared a local drought emergency in nine Central Valley counties due to water shortages. The Department of Water Resources has established a Drought Water Bank to facilitate water transfers and help mitigate water shortages in a potential third dry year.

## 2008 Designated a 'Critically Dry' Year

Reservoirs levels statewide have dropped steadily through the end of the water year September 30. Lake Oroville, one of the

state's largest reservoirs and the mainstay of the State Water Project, is expected to drop to its lowest level in history later this fall.

### Here's a look at current conditions as of September 30:

- Lake Oroville – 32% of capacity
- San Luis Reservoir – 13% of capacity
- Folsom Lake – 31% of capacity
- Shasta Reservoir – 34% of capacity
- New Melones – 47% of capacity
- Don Pedro – 55% of capacity

The four-month period of March-April-May-June qualified as the driest on record. April-May-June was the sixth driest in 114 years of record keeping. Rainfall for the year is about at 75% of average.

The Department of Water Resources has designated 2008 as critically dry on both the Sacramento and San Joaquin river systems. 2007 was also dry, and the combined 2007-'08 period is the ninth-driest on record.

*Top left: Comanche Reservoir, a key reservoir for East Bay Municipal Utility District, is low after receiving just 50% of normal runoff this year.*

*Top right: Folsom Lake has dropped to 31% of capacity.*

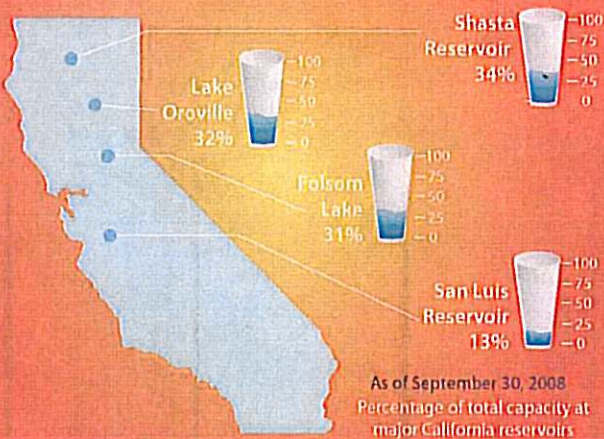
Association of California Water Agencies  
910 K Street, Suite 100 • Sacramento, CA 95814  
916.441.4545

[www.acwa.com](http://www.acwa.com)



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## CURRENT WATER CONDITIONS



### Drought Impacts on California Water Agencies

With California officially in a drought, local water agencies are dealing with challenges ranging from low runoff to court-ordered reductions in water deliveries to soaring energy costs. An informal survey conducted by ACWA shows that drought conditions are having an array of impacts on local water agencies.

#### Effects of the current drought include:

- Agricultural crops fallowed / abandoned / trees stumped
- Irrigation water shut off in some areas
- Reserves drawn down
- Increased groundwater pumping
- Less water for groundwater recharge
- Increased cost of water
- Increased algae blooms due to low water levels
- Limited pasture grass to feed cattle
- Loss of farm jobs, economic output in Central Valley

#### Actions taken by water districts in response to drought:

- Water supply alert / shortage / drought declared
- Voluntary and mandatory conservation
- Drought rates / surcharges / fines in effect
- Water rate increases due to shortage
- "Drought Busters" to enforce conservation efforts
- Drinking water at restaurants upon request only
- Alternate day only watering allowed; hours limited
- "Cash for Grass" programs implemented
- Leak detection efforts increased
- Conservation campaigns launched
- Construction meters read more regularly
- PSAs on radio urging conservation
- New development limited; water-efficient landscape required

### Looking Ahead

As water districts across the state continued to deplete supplies in fall 2008, many worried about the effects another dry year would have on operations. State water officials are expected to announce preliminary allocations for 2009 in later this year, and local water agencies are bracing for a grim forecast.

Customers of the State Water Project received just 35% of their requested supplies in 2008 due to dry conditions and court-ordered restrictions, while agricultural customers of the Central Valley Project south of the Delta received just 40% of their contracted supplies.

In a survey of ACWA members, 79% of respondents said another dry year would require a stepped up response in 2009. Many reported they would be taking more drastic measures in 2009 if the drought continued. What this means for California's water picture is that the economic and environmental losses the state has endured this year will be exacerbated by another dry year.

A third year of drought would have severe impacts on the state's agricultural economy, and consumers could see higher prices for produce such as lettuce, tomatoes and melons. Ongoing drought would also set the stage for a potentially explosive fire season next year as the forests and landscapes become even more dry and fire-friendly.

Dry conditions in 2009 and continued court-ordered restrictions on water deliveries would likely put more pressure on the state's groundwater resources. Growers and others who rely on underground water sources could see water levels drop further, resulting in higher pumping costs and raising concerns about long-term health of already stressed groundwater basins.

### ADDITIONAL RESOURCES FOR REPORTERS

The following people and Web sites can provide more information about water conditions and drought impacts:

- Elissa Lynn, Department of Water Resources, 916.574.2221
- Jennifer Persike, ACWA, 916.441.4545
- California Department of Water Resources, [www.water.ca.gov](http://www.water.ca.gov)
- U.S. Bureau of Reclamation, [www.usbr.gov/rpr/cv/](http://www.usbr.gov/rpr/cv/)

- Michelle Light, U.S. Bureau of Reclamation, 916.978.5100
- Mike Wade, California Farm Water Coalition, 916.391.5030
- Cooperative Snow Surveys, [www.sred.water.ca.gov/sms/](http://www.sred.water.ca.gov/sms/)

*Top: Lake Oroville, mainstay of the State Water Project, will drop to its lowest level in history later this year.*

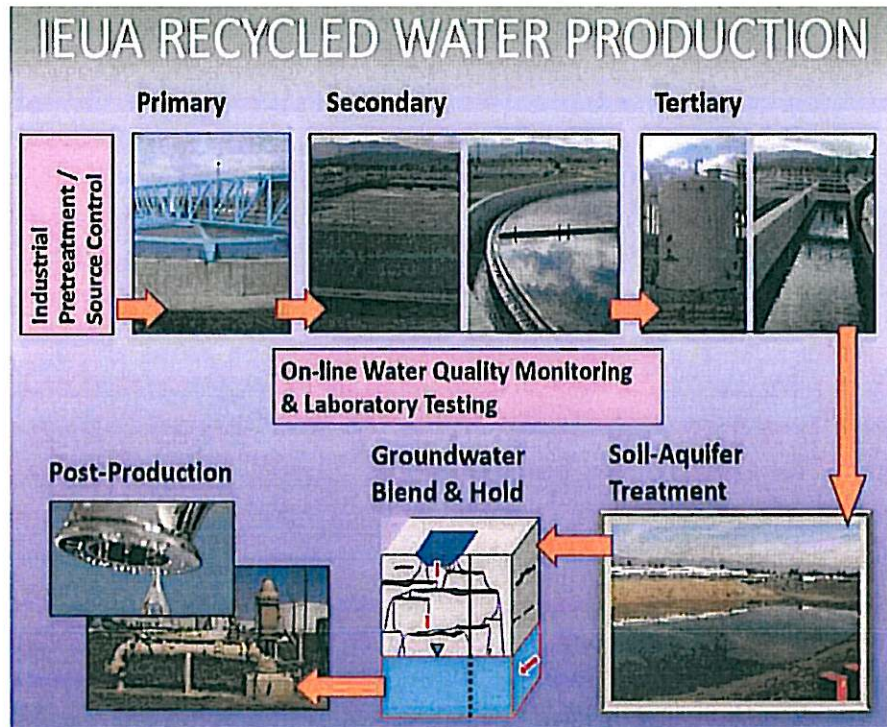


**Highlights:**

- IEUA Awarded \$1 M DWR Grant.....Page 2
- Construction of New Recycled Water Facilities on Schedule.....Page 3
- 2125 AFY New Recycled Water Customers Connected August 2008.....Page 4
- Recycled Water Project Status Map.....Page 5

**IEUA Recycled Water Groundwater Recharge Workshop**

On September 19, 2008, IEUA host a technical update workshop of its monitoring and research efforts in recycled water groundwater recharge. Andy Campbell and Nel Groenveld presented on IEUA's monitoring program and presented the results of monitoring for pharmaceuticals and personal care products (PPCPs). Results have been nondetect for most constituents and extremely low for a few compounds. Dr. Jörg Drewes of Colorado School of Mines presented on his research into the fate and transport of organic chemicals during soil-aquifer treatment (SAT) of recharge water, which shows significant removal by SAT of most PPCPs compounds and the ability to classify various compounds into groups of varying removal efficiency. His researched showed which compounds are most persistent in recharge systems, and should be used to focus monitoring efforts. Margaret Nellor of Nellor Environmental Associates next presented on her WaterReuse Foundation research into the Tools to Assess and Understand the Relative Risks of Indirect Potable Reuse Projects. This research 1) identifies chemicals detected in recycled water, 2) assesses their toxicity and exposure at detected levels, and 3) characterizes health risks and at what levels chemicals become a health concern and quantifies the exposure risks. The program concluded with a presentation by Heather Collins of California Department of Public Health on the update to California's groundwater recharge regulations. The research and annual update workshop are very beneficial to IEUA's recycled water groundwater recharge efforts and should ultimately allow IEUA to maximize recharge using recycled water without additional, more costly treatment methods.



**UPCOMING EVENTS**

- Landscape Alliance Board Meeting.....3:00pm, October 9th, 2008 at IEUA
- Red Team Meeting (IEUA and Member Agency Implementation).....4:15pm, November 6th, 2008 at CVWD
- Recycled Water Site Supervisor Training .....8:00am-12:00pm, December 11th 2008 at IEUA

# Program Description & Financial Status

## The 3 Year Business Plan

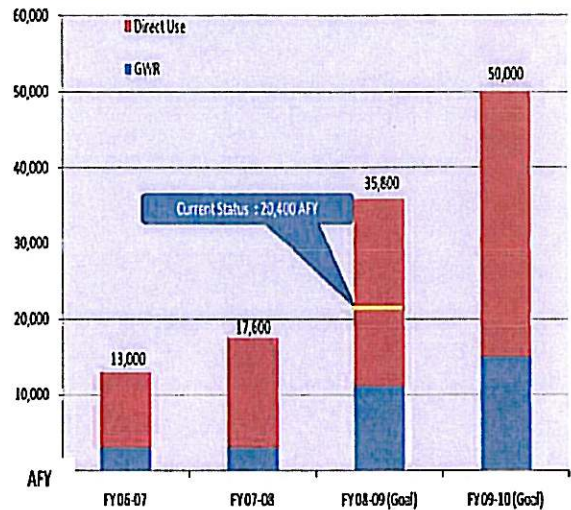
The Recycled Water Three Year Business Plan (Plan), adopted by the IEUA Board of Directors on December 20, 2007, is currently being updated.

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.

## FUNDING DEVELOPMENTS

Funding Status Update:

- SAWPA Prop. 50 \$4.9 Million Grant for RP-4 Projects
- USBR Title XVI Grant Funding
  - \$1 million - 2008
  - \$5 million - 2009
- Retrofit Financing Assistance
  - CBWCD
  - MWD
  - IEUA
  - DWR Urban Drought Assistance; \$1 million (draft approval)
- MWD Local Resources Program Agreement
  - MWD Board approved on August 19, 2008



## Monthly Recycled Water

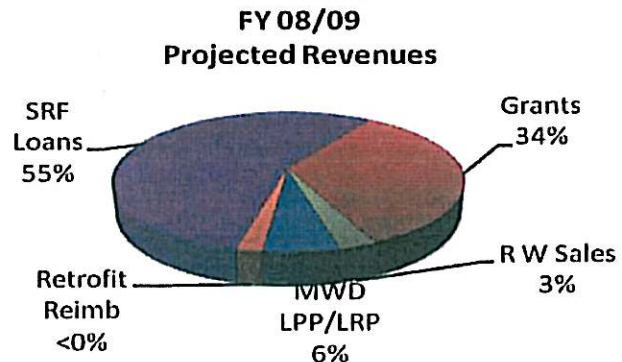
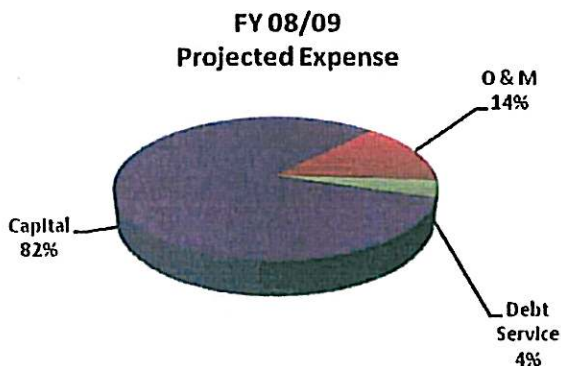
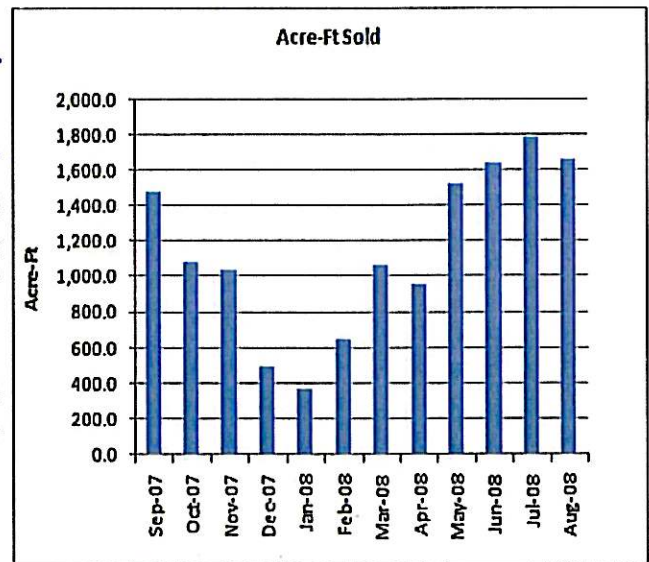
Direct & Recharge:

- For the month of August, Recycled Water Sales totaled 1,533 AFY for direct use and ground water recharge combined. The total direct use sales was 1,658 AFY.

## RECYCLED WATER PROGRAM BUDGET FY 08/09

The projected recycled water program cost for FY 2008/09 is \$41 to \$46 Million. Federal Funding (USBR) has been secured in the amount of \$950,000 for the first phase of the project; The Agency is pursuing \$9,000,000 in grants for the project. The Agency has been placed on the list for the DWR Drought Assistance Grant for recycled water retrofits in the amount of \$1 Million.

The Agency is also pursuing other grants from SWRCB in conjunction with the SRF Loans for the capital projects. The total revenue and sources of funds for the RW program is \$38 - \$47 M, which is consistent with the Business Plan to be a self funding program.



# 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. Final design is scheduled to be submitted to the State Water Resource Control Board (SWRCB) for review as part of the SRF Loan Process.
- **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. The design of these facilities are also scheduled for SWRCB submittal.
- **MW & Lysimeters at Victoria & San Sevaine Basins:** The project is in the final design stage.
- **Chino Basin Facilities Improvements Phase II – Berm Hardening** - The basin improvements consist of reconstructing existing berms with compacted earth or soil cement, constructing concrete spillways in select berms, installing rip rap, and installing new slide gates and reinforced concrete pipe in four berms throughout the Chino Basin. Construction is about 65% complete as of September 2008.
- **Ontario and MVWD Public schools Retrofit Project**—The retrofit project consists of disconnecting existing domestic water services and replacing with new recycled water connections at public schools within the Ontario and Monte Vista Water Districts. As of October 2008, a total of nine schools have had retrofit modifications completed.



San Antonio Channel Pipeline, Segment B

- **RP-4 1158 Reservoirs, Pump Stations, and Pipeline** - The project provides 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 95 percent complete. Construction of the reservoirs and the pump station is expected to be completed by October 2008. The 1158 Pipeline segment B is completed, and the restoration of the wetlands has begun. The pump station is still under construction and is 76% complete as of October 2008.



Chino Basin Facilities Improvements Phase II



Ontario and MVWD Public Schools Retrofit

- **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. All piping has been installed and tested. The start up phase for recycle water customer connections has begun and is expected to be complete by early October 2008.

- **North Etiwanda Pipeline**- The project includes the construction of 42-inch pipeline on Etiwanda Avenue from Whittram Avenue to Arrow Route. The pipeline has been completed as of the end of September 2008.

## CONSTRUCTION PROGRESS

ID	Task Name	2008				
		Sept	Oct	Nov	Dec	Jan
1	1158 Reservoirs / Pump Station	[Progress bar spanning Sept, Oct, and Nov]				
2	RP-4 Pump Stations	[Progress bar spanning Sept and Oct]				

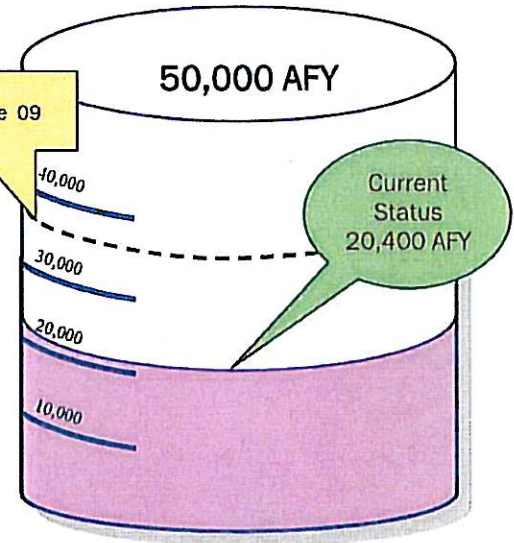
## CUSTOMER CONNECTIONS

**Recent Connections to date: (2,092 AFY)**

- Wickman Elementary, Chino Hills (10 AFY)
- CVWD Reservoir 1B (12 AFY)
- Brooks Recharge Basin, Montclair (5 AFY)
- Chad Farm (Suncal Property), Chino (1200 AFY)
- Fairfield Ontario Towne, LLC. (10 AFY)
- Fairfield Ontario Towne, LLC. (15 AFY)
- CIP Real Estate (6 AFY)
- 11907 6th Street Median (2AFY)

Annual Goal  
35,800 AFY by June 09

**Total Connected  
During August:  
2125 AFY**



**Near Term Connections: (784 AFY)**

- Ontario Montclair School District - 7 school sites (155 AFY)
- City of Montclair - six parks (151 AFY)
- City of Rancho Cucamonga - 11 medians (90 AFY)
- San Bernardino County Guasti Park, Ontario (50 AFY)
- Chaffey Joint Unified High School District - two schools (165 AFY)
- Bellevue Cemetery, Ontario (200 AFY)

## CUSTOMER CONNECTIONS—Projected Direct Use for 2008

	Projected Six Month Recycled Water Connections (AFY)						
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Total
Chino			150				150
Chino Hills			56				56
Ontario	914	236	2,138	2,620			5,908
MVWD	221		27				248
CVWD	70		29		24	190	313
<b>Total (AFY)</b>	<b>1,205</b>	<b>236</b>	<b>2,400</b>	<b>2,620</b>	<b>24</b>	<b>190</b>	<b>6,675</b>

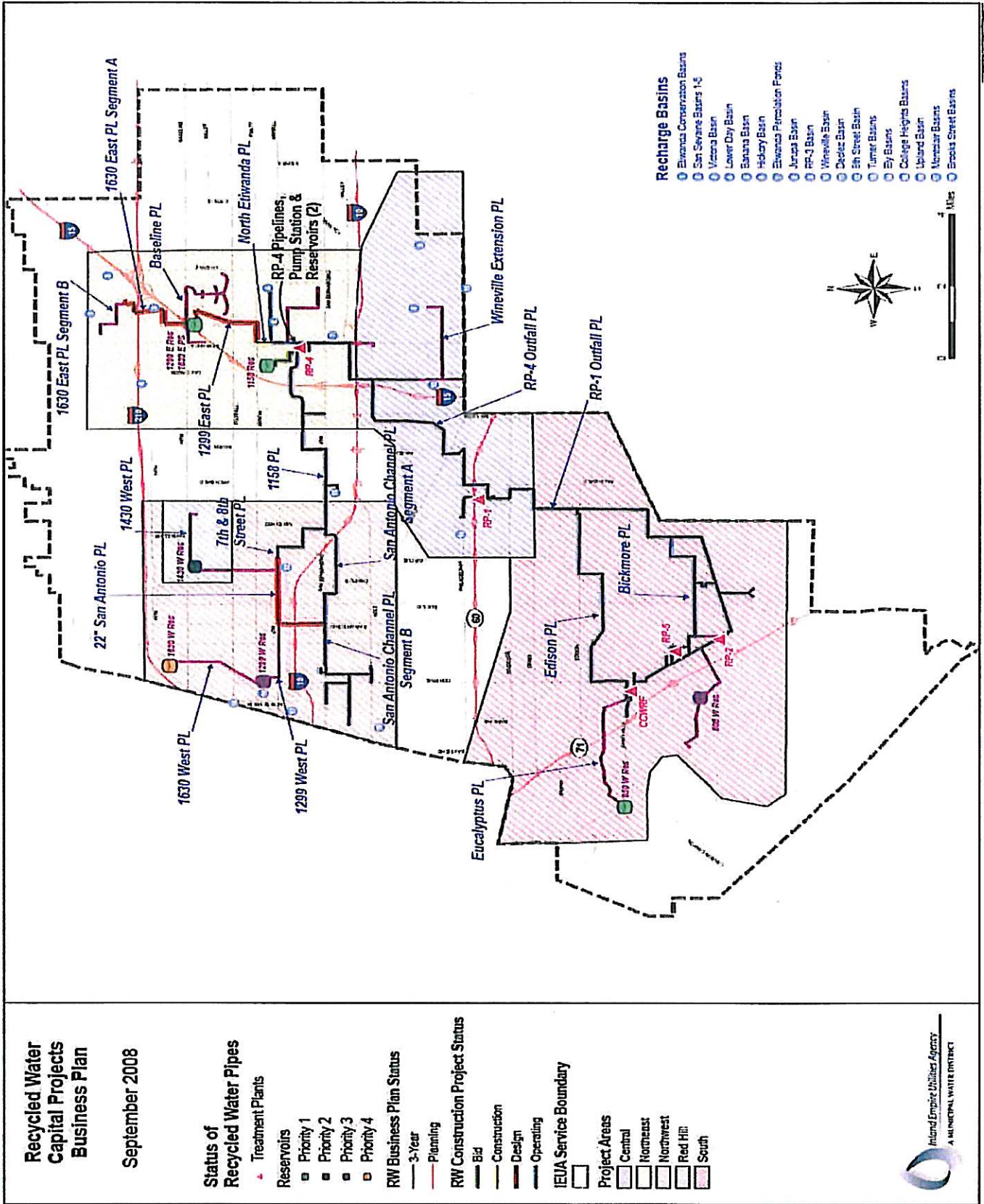
## PROJECTS IN PLANNING

- **Northeast Project Area:** The Projects are on schedule to deliver recycled water to Victoria and San Sevaine Recharge basins in Summer 2009.
- **Northwest Project Area:** City of Upland recycled water master plan was approved by the city council on September 22, 2008.
- **Southern Project Area:** The project will design the 930 pressure Zone Pipeline and Reservoir in the city of Chino Hills. The project is in the preliminary design stage.
- **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.



RP-4 1158 Reservoirs, Pump Stations, and Pipeline

# RECYCLED WATER PROJECT STATUS MAP




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**Regional Conservation Programs  
Monthly Report – September 2008**

**MWD Activities**

- **Drought Alert Status** – The State Water Project and MWD are continuing to draw down storage supplies. On September 18<sup>th</sup> MWD held the first of series of workshops for all member agencies to help prepare for possible implementation of the Drought Allocation Plan in 2009 and “work through” remaining implementation issues. On September 17<sup>th</sup> IEUA hosted a workshop for MWD and IEUA member agencies to discuss the Drought Allocation Plan and Dry Year Yield (DYY) Program and consider approaches to minimize the impacts to our service area should MWD activate both programs in the coming year. Our objectives are to maintain water supply reliability, avert or minimize penalties, continue operations within the Tier-1 rate category and coordinate public outreach during all stages of drought.
- **Precipitation Conditions:**
  - The six month period of March through August 2008 was the driest on record in the Northern Sierra Nevada Mountains (3.4” of rainfall was received or 24% of average).
  - Statewide precipitation for the six-month period February through July 2008 was 45% of average; the fourth driest of 114 years.
- **Reservoir Conditions:**
  - Statewide average reservoir levels are 75% of average for this date. Last year at this time they were at 85% of average.
  - By the end of this water year on Lake Oroville may fall to a new record low. The previous record low was set on September 8, 1977 at 882 TAF.

Current Reservoir Levels		Lake Oroville	
Shasta	34%		
Oroville	32%		
Folsom	31%		
Trinity	51%		
New Melones	47%		
Don Pedro	55%		
Exchequer	31%		
San Luis	13%		
Millerton	44%		
Pine Flat	34%		
Pyramid	3832%		
Castaic	38%		

- **Runoff Conditions:**
  - Statewide runoff for the end of this water year is forecast to be 57% of average.
  - The Sacramento and San Joaquin River systems, which represent the bulk of the state's reservoir inflow, will have two-year stream flow in the lowest 10% of historical range by the end of this water year.
  
- **IEUA Regional Drought Response** - In response to these conditions, IEUA in cooperation with its retail agencies and MWD are continuing to improve water conservation and develop local programs to increase Chino Basin water supplies.
  - **Dry Year Yield Program (DYY)** – This program requires a reduction of imported water use by 33,000 (31,000 acre-feet within IEUA's service area) in a 12-month period, starting in May 2008 and ending in April 2009. The DYY performance to date (August) has achieved 13,488 acre-feet which is 44% of the target reduction for the year. This puts the DYY participants well ahead of schedule.
  - **DYY Program Expansion** – This program is planned to expand the DYY Program from 100,000 AF to 150,000 AF of groundwater storage capacity and annual performance from 33,000 acre-feet/year to 50,000 acre-feet/year). Planned capital improvement projects have been determined, the California Environmental Quality Act (CEQA) project description has been completed and environmental review is underway and is scheduled to conclude in December.
  - **Recycled Water Program** – IEUA is currently implementing a 3-Year Recycled Water Business Plan that will increase recycled water connected capacity to 50,000 acre-feet by 2010. IEUA sells its recycled water to its retail agencies for \$66 an acre-foot. (For comparison, an acre-foot of imported water costs \$361.) For FY 07/08 approximately 11,000 acre-feet was sold for direct reuse (irrigation, landscaping, commercial, and industrial) and put into spreading basins to recharge the groundwater supplies.
  - **Chino Desalter Authority (CDA)** – The CDA currently operates and maintains two desalter facilities with a production capacity of 24,600 acre-feet. A 10,000 acre-foot expansion of these facilities is currently being negotiated and should be completed by 2010. For the month of August the CDA produced 2,412.2 acre-feet.

#### **Additional MWD Activities**

- **LRP Agreement for Regional Recycled Water Expansion Project** On August 19, 2008 the MWD Board approved a new Local Resources Program (LRP) Agreement with

Agency for the Regional Recycled Water Expansion Project. Updates will be provided in future reports.

- **Media Campaign & Public Outreach** – MWD is in the process of hiring a new Public Outreach firm who will begin work in September 2008. IEUA is continuing to work with MWD and with IEUA member agencies to coordinate water conservation and drought management public outreach campaigns.
- **MWD Region-Wide Public Sector Rebate Program to Promote Water Efficiency** – On August 21, 2007, MWD authorized \$15,000,000 for the Region-Wide Public Sector Program. Over the last six months since February 2008, public sector customers within the IEUA service area have received approximately \$843,404.79 in funding approvals through the Enhanced Device Incentives section of the Public Sector Program. Realized water savings from installed devices will net approximately 2,067 acre feet. Funding approvals were awarded to the City of Ontario, City of Fontana, Monte Vista Water District, and the following school districts: Cucamonga, Central, Etiwanda, Chaffey Union, Alta Loma and Chino Valley. To date, Chino Valley School District has received the largest award of \$544,830.14. Requested devices receiving these up-front incentives include urinals, weather-based irrigation controllers, centralized computer irrigation controllers, toilets, and water brooms.
- **MWD Region-Wide Residential Program (SoCal Water Smart Program)** – The Residential Rebate Program is in full swing and there are approximately 200 rebates from the IEUA service area pending payment in September. Upon payment to the customers, rebate activity will be sent to the member agency. IEUA staff continues to process the Water Wise Landscape rebate in-house and handle all customer related inquiries.
- **Imported Water Deliveries** – For the month of August 2008, full service water sales totaled 7,324.7 AF. This is about 1,250.7 AF (14%) less than full service deliveries in July 2007. The annual limit for Tier 1 purchases is 59,752.2 AF.

### **Landscape Conservation Programs**

- **Landscape Alliance** – In the August Landscape Alliance Board of Directors endorsed a work plan to complete a Regional Model Water Efficient Landscape Ordinance by December 2008. The Technical Committee, under the guidance of the Landscape Alliance, is drafting Water Efficient Landscape Model Ordinance to comply with the requirements of AB 1881 and the goals of the Landscape Alliance. A Water Site Awareness Tour of Best Management Practices in Chino, Rancho Cucamonga and Fontana will be scheduled this fall for elected officials, planning commissioners and staff. And, a Water Wise Landscape Recognition program with signage for residents installing water efficient landscapes will be initiated. A Breakfast in the Garden Workshop has resumed and a workshop was held at Chino Basin Water Conservation District on September 9<sup>th</sup>. Participants learned about the permitting requirements and new building legislation affecting gray water installations in San Bernardino County, rainwater

harvesting, and how to calculate the water budget of a landscape. The next Breakfast in the Garden Workshop will be held at the Rancho Santa Ana Botanic Garden on October 15<sup>th</sup> from 7:30-9:30 am and discuss care and maintenance techniques for California native plants.

- **Phase III Landscape Audit Program** – The Phase III Landscape Audit Program began in January 2008 and to date, CBWCD has completed 29 landscape audits with 5 sites currently scheduled for auditing. Juan Zamora recently joined the CBWCD staff as the new Landscape Evaluation and Audit Program (LEAP) Manager and looks forward to continuing the successful work already completed as the program continues to gain momentum throughout the IEUA service area. In addition, CBWCD is hosting multiple two professional series of California Friendly Landscape Training classes being sponsored by Metropolitan Water District in both English and Spanish during the month of August.
- **Ontario Cares** - To date, four California-Friendly<sup>®</sup> landscape sites have been completed through the CARES Program and currently, there are five sites under conversion. During the month of August, Armine Chaparyan, Sr. Program Manager for the CARES Program, resigned from her position with the City and was replaced by Scott Melendrez. Scott was thoroughly briefed on the program prior to Armine's departure and is currently in transition of assuming her responsibilities. The project status meeting and site tour that was originally scheduled in August but cancelled due to Armine's departure has now been rescheduled for September 24, 2008.
- **California-Friendly<sup>®</sup> Landscape Classes (formerly PDA)** — Scheduling of the California-Friendly<sup>®</sup> Landscape Classes for FY 08-09 are ongoing and agencies are awaiting confirmation of requested dates. This program is extremely popular with our retail agencies and although there were discussions at MWD of downsizing the program somewhat due to budget constraints, MWD has continued to honor all submitted requests by IEUA retail agencies.
- **DWR 2008 Fast Track Urban Drought Assistance Grant Program.** - DWR grant awards were announced in August with IEUA receiving a \$1,000,000 award for the Recycled Water On-site Irrigation System Retrofits Project. The other two IEUA grant proposals submitted for water wise landscapes and a region-wide water budget system were not selected for funding under this round. Statewide, the total amount of DWR grant funding allocated for this period is \$17,000,000. The primary criterion for funding the projects under this program was based on the percentage of local match.

<b>Project Title</b>	<b>Total Cost</b>	<b>IEUA Match</b>	<b>DWR Grant</b>	<b>% of Match</b>	<b>Author</b>
Recycled Water On-Site Irrigation System Retrofits	\$ 3,616,000	\$ 2,616,000	\$ 1,000,000	72%	Rocky Welborn
Water Wise Landscapes	\$ 1,182,324	\$ 792,324	\$ 335,000	67%	Elizabeth Hurst
Region-Wide Water Budget Development	\$ 733,580	\$ 429,080	\$ 304,500	58%	Lisa Perales

**Commercial/Industrial/Institutional Program**

**(CII SAVE-A-BUCK)** – For fiscal year 08/09, to date there have been 703 devices rebated. From program inception (FY 00/01) to date, a total of 8,917 devices have been rebated, representing a lifetime savings of almost 21,258 AF. The following table lists August 2008's rebate activity within the IEUA service area and provided through MWD's Save-A-Buck Program, only:

<i>Device Name</i>	<i># of Rebates Issued</i>	<i>Cumulative Total Installed Since FY 00/01</i>
High-Efficiency Clothes Washers	6	463
Multi-Family High-Efficiency Clothes Washers	0	1
Cooling Tower Conductivity & pH Controllers	0	24
Ultra-Low-Flush Toilets	0	1,894
ULFT Flushometers	0	4
High-Efficiency Toilets	3	2,424
Zero Water Urinals	16	1,042
High-Efficiency Urinals	0	8
Weather-Based Irrigation Controllers	0	9
Rotating Nozzles for Pop-Up Spray Heads	0	97
Synthetic Turf for Commercial Applications (CII only)	0	33525 sf
High-Efficiency Nozzles for Large Rotary Sprinklers	0	0
Dry Vacuum Pumps	0	0
Steam Sterilizer Retrofits	0	0
Pre-Rinse Spray Head (PRSH)	0	2
Water Broom	1	697
X-Ray Recirculation Units	0	11

**Other Conservation Retrofit Programs**

- **Multi-Family Direct Install Program** – The Multi-Family Direct Installation Program began ULFT retrofits in October, 2006 and switched to only using HET's as of July 1, 2008. The following table lists FY 08/09 rebate activity thru August 2008:

<i>Device Name</i>	<i># of Rebates Issued in August '08</i>	<i>Cumulative Total Installed Since FY 06/07</i>
Ultra Low-Flush Toilets	0	14,275

High-Efficiency Toilets	245	370
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**Residential Rebate Programs**

The Residential Rebate Program began in FY 02/03. On July 1, 2008, the program was transitioned over to an MWD region-wide vendor, SoCal WaterSmart. Several hundred rebates within the IEUA service area have been received during the months of July and August and are pending payment. The following is a list of residential rebate activity prepared by IEUA staff for FY 08/09 thru August 2008:

<i>Device Name</i>	<i># of Rebates Issued</i>	<i>Cumulative Total Installed Since FY 02/03</i>
Ultra Low-Flush and High Efficiency Toilets	5	11,994
High-Efficiency Clothes Washers	1	9,463
Weather-Based Irrigation Controllers	5	394
Rotating Nozzles for Pop-Up Spray Heads	1	1,093 (nozzles)
Synthetic Turf Retrofit	2	90
Water-Wise Residential Landscape Retrofit Program	13	33

**School Education Programs**

- o **Garden in Every School** – Garden designs, plant and part lists have been completed for the six schools participating in the 2008-09 Program. Designs have been sent to schools and maintenance districts for their review. Once designs have been approved program staff will coordinate site clearing and trenching dates with the schools and maintenance staff to begin construction of the gardens. On September 17<sup>th</sup> IEUA’s Board of Directors presented certificates of appreciation to participating agencies and partners in the Garden in Every School Program. A comprehensive review of the 26 gardens created under the program is underway and is scheduled to be completed by December.
  
- o **National Theatre for Children** –During the FY 07-08 school year, NTC reached 23,643 students, teachers and parents delivering a package of live theatre, student curriculum and teacher guides to 56 elementary schools throughout the IEUA service area. The full report for FY 07-08 details a compilation of teacher’s written responses to questions about IEUA’s water awareness program. The overall educational value was 6.23 (out of 1-7) and 96% of all respondents want IEUA to continue to offer this program to their schools. Scheduling for the FY 08-09 school year is ongoing with 56 performances already scheduled for the Fall in the service areas of Chino, Chino Hills, Ontario, Upland, Cucamonga Valley Water District, Fontana Water Company, and Monte Vista Water District.

- **New Native Garden Pilot Fundraising Program** California State University Water Resources Institute sponsored a pilot school fundraising program that is based upon sale of native plant gardens. An evaluation of the spring program was completed in July. Enrollment for fall fundraising program will begin in August 2008.

### **Emerging Issues**

**CUWCC BMP Revision Process** - Earlier this year the California Urban Water Conservation Council (CUWCC) Steering Committee set out to revise the CUWCC Memorandum of Understanding (MOU) and Best Management Practices (BMPs). IEUA along with its eight retail agencies are all signatories to the CUWCC MOU. The revisions are intended to update BMPs in light of advances in technologies and methodologies, better grouping the BMPs (foundational and performance), make reporting and tracking requirements more efficient, and make certain the BMPs will provide California with the best roadmap for water conservation over the next decade. Final adoption is tentatively scheduled for the December 10, 2008 CUWCC Plenary meeting. To assist member agencies in their efforts to comply with BMP's and all other water conservation requirements IEUA is conducting two workshops for member agencies' staff: the first is scheduled for September 23<sup>rd</sup> and will provide hands-on training for BMP reporting practices. The second workshop is scheduled for October 14, 2008 for all agencies to meet to consider how to best achieve compliance with new BMP requirements.

- **AB 2175 (Laird/Feuer): Water Conservation** - This bill was not passed by the legislature. It is anticipated that a revised version of the bill will be introduced in the next legislative session.
- **SAWPA Legislative Committee** - Following Governor Schwarzenegger's Executive Order to reduce California's water demand 20% by the year 2020, (DWR, SWRCB, and the State Legislature are all crafting statewide approaches to achieve the Governor's 20% reduction goal. In response to these multiple initiatives and recognizing the need to tailor solutions that match the needs of our region (higher temperatures and higher per capita water use) the SAWPA Legislative Committee will take several actions beginning with a workshop to be scheduled this fall.

### **Outreach**

- **Water Education Water Awareness Committee (WEWAC)** - The WEWAC committee has placed their garden in the Garden Center for the Los Angeles Fair at the Pomona Fairplex. A Project WET workshop will be held at IEUA on Thursday, October 2, 2008. The WEWAC website has been updated with this information, and Shelley Cirrito, CVWD, will have the California Regional Environmental Education Community (CREEC) Network website updated. Ms. Cirrito has also received approval for the Project Wet workshop hours to be placed toward educators required Continuing Education Units (CEU). The amount of units received by attending the workshop has yet

to be determined. All postcards announcing the Edu-Grant have been mailed out and each agency has received their grant applications. The PSA contest winners and honorable mentions have been added to the WEWAC website.

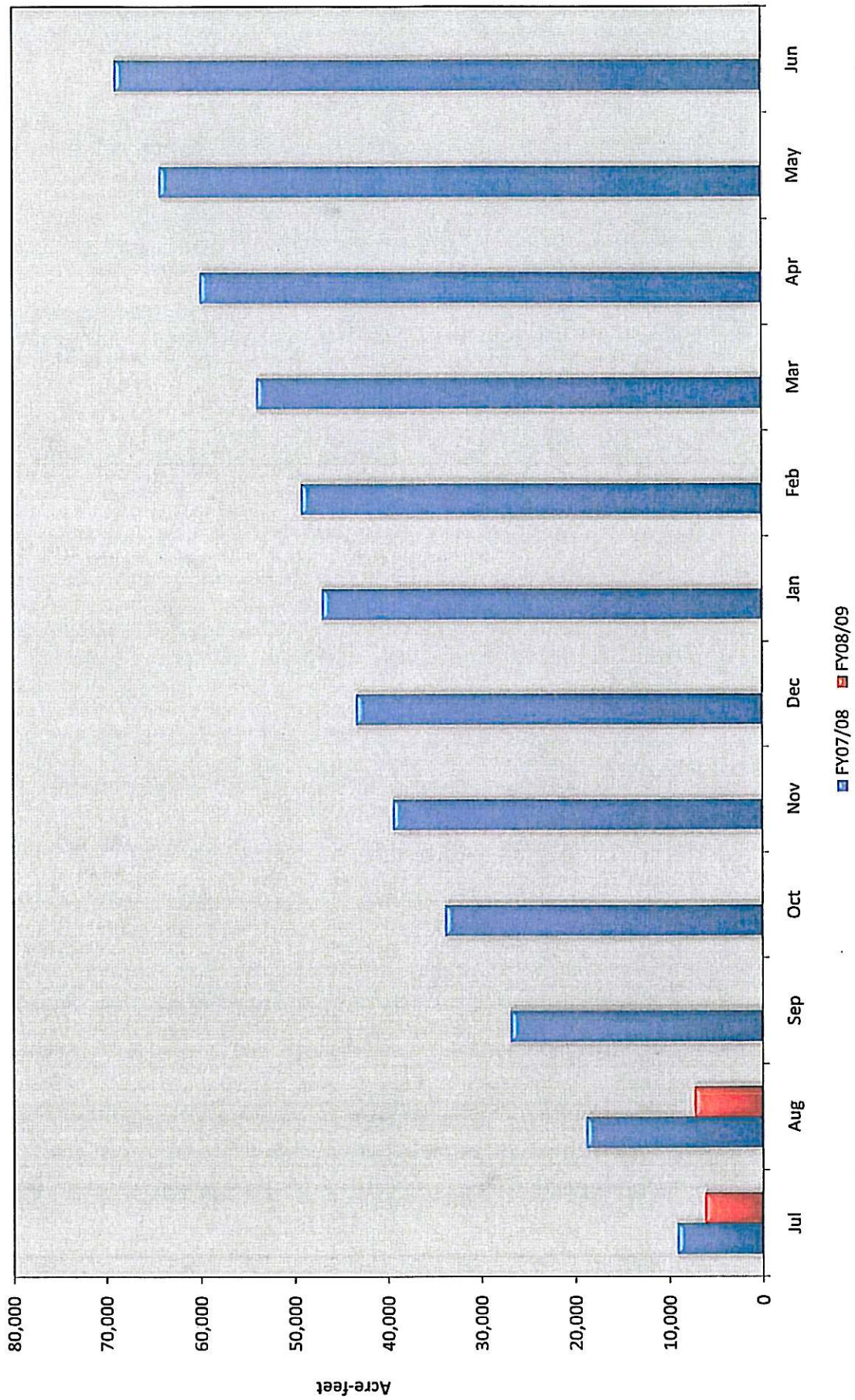
- o **Regional Landscape and Water Conservation Fair** - The Regional Landscape and Water Conservation Fair will take place at the Chino Basin Water Conservation District on Saturday, October 25 from 9:00 a.m. to 2:30 p.m. as part of the Conservation District's annual Plant Fair. The Fair layout is set up in "zones" with an outdoor zone, indoor zone, kid's zone and teacher zone where participants can receive information on devices such as SmartTimers and artificial turf. Water saving devices will also be given out at each zone. Raffles will be held throughout the day with prizes including rain sensors, SmarTimers, rotating nozzles, California Friendly Plants and a High-Efficiency Clothes Washer as the "Grand Prize".

### CALENDAR

September 9, 2008	Landscape Alliance Breakfast in the Garden @ CBWCD, 7:30 am – 9:30 am
September 10, 2009	CUWCC Plenary Meeting, Santa Rosa, 9:30 am – 3:00 pm
September 15, 2008	Water Softener Rebate Campaign Kickoff (Information & Details Forthcoming)
September 18, 2008	MWD WUE Conservation Coordinator Meeting, at MWD, 9:00 am – 2:00 pm
September 23, 2008	CUWCC BMP Reporting Workshop and BMP Revisions, Headquarters Bldg. A – 9:00 a.m. – 4:00p.m
September 25, 2008	Landscape Alliance Technical Meeting, Anza Conference Room 1:00 pm - 3:00 pm
October (date TBD)	Best Management Practices Planning Commissioner Tour in Chino
October 2, 2008	Project WET Workshop, Events Center, 8:00 a.m. – 3:00 p.m.
October 2, 2008	1 <sup>st</sup> Thursday Meeting/Prado Basin Planning Meeting, HQA Anza Conf., 10:00 am
October 8-10, 2008	WaterSmart Innovations Conference & Expo, Las Vegas, NV
October 9, 2008	Landscape Alliance Board Meeting, IEUA Board Room 3:00 pm - 4:00 pm
October 14, 2008	IEUA Monthly Workgroup Meeting & BMP Compliance Clinic, Anza Room, 9:00 a.m. – 4:00 p.m.
October 15, 2008	Breakfast In The Garden, 7:30 am – 9:30 am, Rancho Santa Ana Botanic Gardens
October 16, 2008	MWD WUE Conservation Coordinator Meeting, at MWD, 9:00 am – 2:00 pm
October 23, 2008	Landscape Alliance Technical Meeting, Anza Conference Room 1:00 pm - 3:00 pm
October 25, 2008	Landscape Water Conservation Festival, held at CBWCD, 9:00 am – 2:30 pm
November (date TBD)	Best Management Practices Planning Commissioner Tour in Chino
November 6, 2008	1 <sup>st</sup> Thursday Meeting, HQA Anza Conf., 10:00 am – Landscape Alliance Briefing
November 20, 2008	MWD WUE Conservation Coordinator Meeting, at MWD, 9:00 am – 2:00 pm
December 8-12, 2008	Governor's 20x2020 Team Meeting, 4 <sup>th</sup> Workshop, Location/Time TBD
December 11, 2008	Landscape Alliance Board Meeting, IEUA Board Room 3:00 pm - 4:00 pm
December 18, 2008	MWD WUE Conservation Coordinator Meeting, at MWD, 9:00 am – 2:00 pm

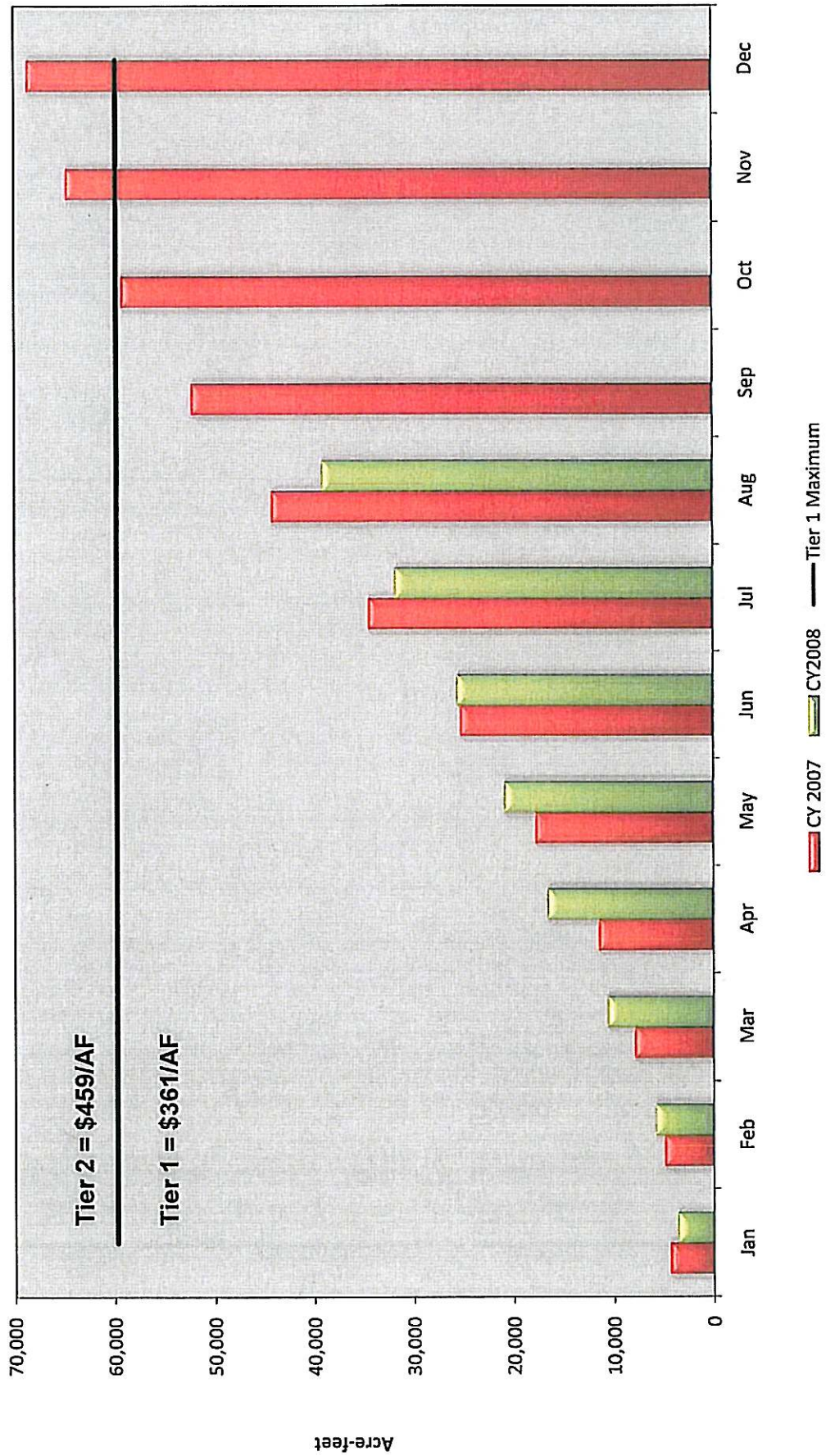


**Cumulative Monthly Full Service Imported Water Deliveries  
 Within IEUA's Service Area  
 FY 07-08 and FY 08-09**



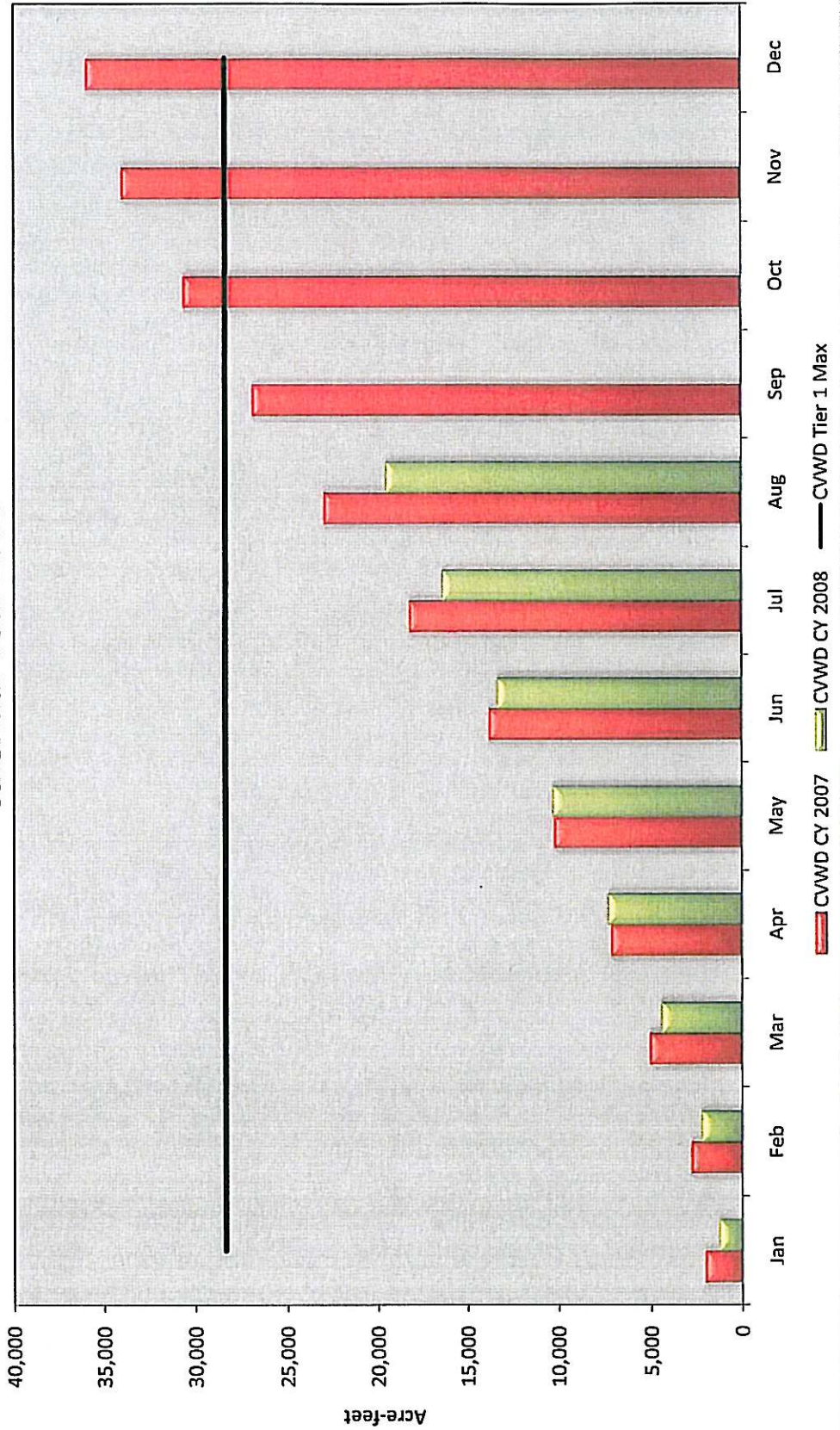
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**IEUA**  
**Cumulative Monthly Full Service Imported Water Deliveries**  
**Calendar Year 2007 and Calendar Year 2008**



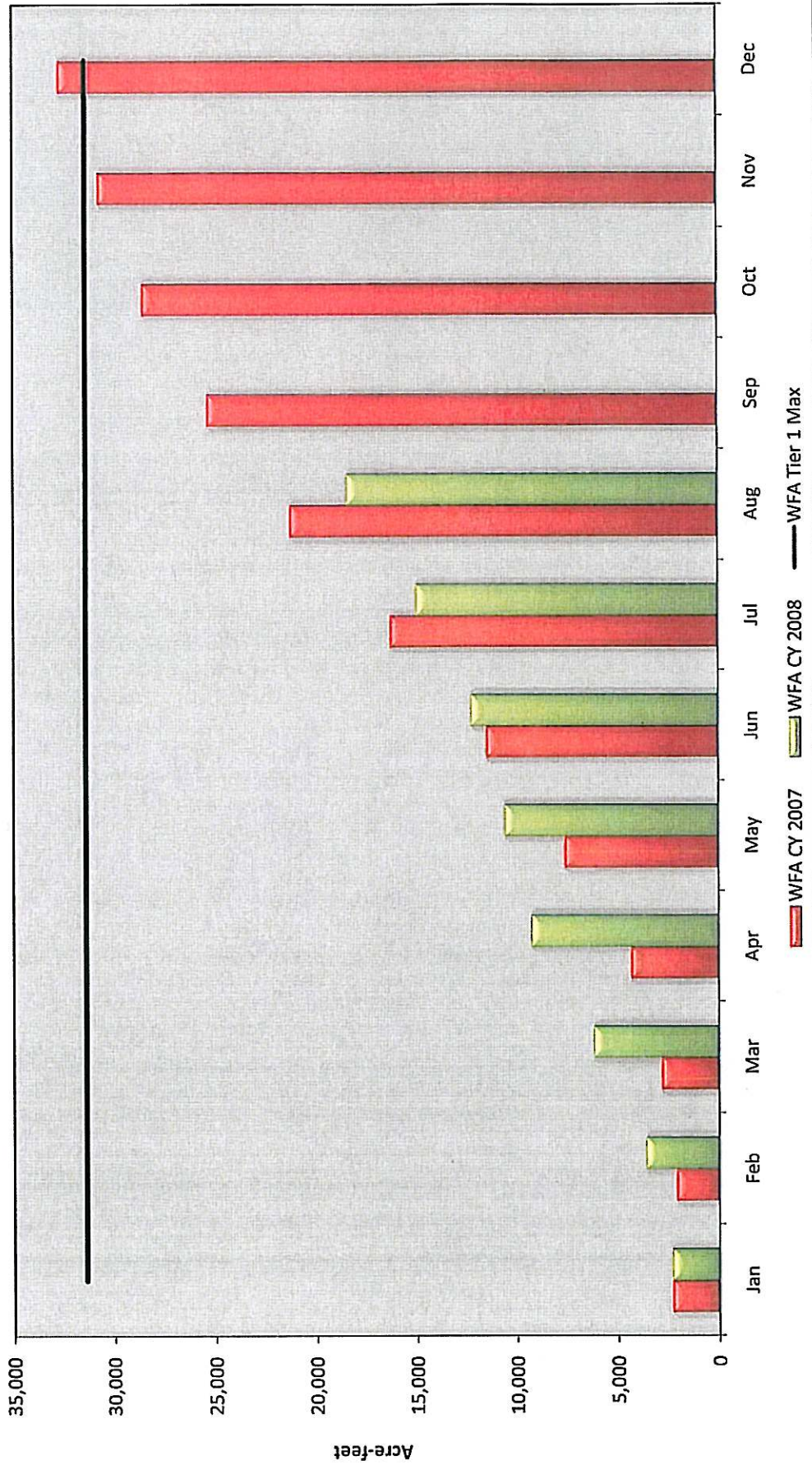
# CUCAMONGA VALLEY WATER DISTRICT

## Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2008



# WATER FACILITIES AUTHORITY

## Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2008





Inland Empire  
UTILITIES AGENCY

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Date: October 15, 2008  
To: The Honorable Board of Directors  
Through: Public, Legislative Affairs, and Water Resources Committee (10/08/08)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: September Legislative Report from Innovative Federal Strategies, LLC

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure

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# *Innovative Federal Strategies* LLC

Comprehensive Government Relations

## MEMORANDUM

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

**From:** Letitia White, Alex Shockey and Amanda King

**Date:** September 29, 2008

**Re:** September Monthly Legislative Update

The month of September has been an extremely busy one on Capitol Hill. After returning from nearly a month-long recess, in an effort to get Members back to their home districts to campaign for re-election, the House and Senate had to move some very significant and contentious legislation within a very short time frame.

### **Appropriations**

With the end of the fiscal year coming on September 30<sup>th</sup>, Congress had to quickly address the fact that not one fiscal year 2009 appropriations bill had been signed into law. To solve this problem, in the waning days of September the House and Senate passed a continuing resolution (CR) that will fund the federal government at fiscal year 2008 levels until March 6<sup>th</sup>. The President is expected to sign it today. This \$600 billion bill also includes the Defense, Homeland Security and Military Construction Appropriations bills which are the first fiscal year 2009 appropriations bills to pass off either chamber's floor. The package also provides \$22.9 billion for disaster relief, lets the off-shore drilling ban lapse and provides \$25 billion in loans for the auto industry to build new factories to produce more fuel efficient vehicles. The President is expected to quickly sign the legislation into law.

But what of the remaining fiscal year 2009 bills - - the domestic bills? There is much speculation about what House and Senate leadership plans to do now that the federal government will be funded through until March 6<sup>th</sup>. The President and Congressional Republicans had only wanted a CR to last until late November, which would force Congress to readdress the situation after the elections, but in the final analysis the Democrats were able to get their way and give themselves the additional flexibility of a March date. The latest intelligence says that should Senator Obama win the Presidential elections, the Congress will likely address the domestic appropriations bills with additional funding for democratic priorities either in a large omnibus package or in several smaller mini-bus packages which would likely include earmarks. Should Senator McCain win, a long term CR funding programs at current levels with no congressionally directed programs is far more likely.

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### **Economic Stimulus Package**

Last Friday, the House passed a \$61 billion economic stimulus package which includes a seven-week extension of unemployment benefits for all states and another 13 weeks for states with unemployment rates above 6 percent, which is expected to cost \$5.9 billion. The bill would also provide \$14.7 billion to temporarily help states cover Medicaid costs; \$2.6 billion to temporarily increase food stamp benefits; \$18.5 billion for transportation infrastructure; \$7.5 billion for water and sewer infrastructure; \$5.3 billion for flood control and water resources; \$3 billion for school construction; \$1 billion for public housing; and \$1.6 billion for energy development. The most important thing to note is that our lobbying on behalf of additional funds for the Title XVI program was successful; House leaders added \$126 million for Title XVI in the stimulus package.

Last week, Senate leaders put together their own stimulus package - - a \$56.2 billion bill that, among other things, includes a seven-week extension of unemployment insurance benefits; a temporary 10 percent increase in food stamp benefits; \$19.6 billion for states to address rising Medicaid costs; and \$925 million for a polar icebreaker. Another \$8 billion is included in the package for highway construction grants; \$2 billion for mass transit projects; \$400 million for airport improvement grants; and \$350 million for Amtrak.

However, since the Senate was unable to get enough votes to invoke cloture on their package, the fate of a stimulus package is in serious doubt. In the case that there is movement and the House and Senate hold a conference on their two bills, we have touched base with Senate staff to ensure that they know of our strong support for funding for Title XVI. Throughout the process of lobbying for Title XVI on the stimulus package, we have raised awareness of the importance of this program at very high levels. We will continue this information campaign to ensure that in fiscal year 2010, the program is properly funded.

### **Financial Sector Bailout Legislation**

House and Senate leaders and Members sitting on the Senate Banking and House Financial Services Committees worked through the weekend with the Administration to hash out details on a financial sector bail out plan. The legislation is expected to come before the House today and the Senate by Wednesday before the Congress adjourns for the year. The core of the bill is based on Treasury Secretary Henry Paulson's request for authority to purchase troubled assets from financial institutions so banks can resume lending and so the credit markets, now virtually frozen, can begin to operate more normally. If enacted, the rescue plan would be the most dramatic and extensive government intervention in the economy since the Great Depression.

But Democrats and Republicans - concerned about the potential taxpayer cost - have added several conditions and restrictions to protect taxpayers on the down side and give them a chance at some of the potential upside if the companies benefit from the plan.

### **Key provisions of the bill**

**Cost:** The \$700 billion would be disbursed in stages, with \$250 billion made available immediately for the Treasury's use. Authority to use the money would expire on December 31, 2009, unless Congress certifies a one-year extension.



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**Protecting taxpayers:** The ultimate cost to the taxpayer is not expected to be near the amount the Treasury invests in the program. That's because the government would buy assets that have underlying value. If the Treasury pays fair market value - which investors have had a hard time determining - taxpayers stand a chance to break even or even make a profit if those assets throw off income or appreciate in value by the time the government sells them. If it overpays for the assets, the government could be left with a net loss but would get something back on the open market for the assets when it eventually sells them. If it ends up with a net loss, however, the bill says the President must propose legislation to recoup money from the financial industry if the rescue plan results in net losses to taxpayers five years after the plan is enacted. In addition, Treasury would be allowed to take ownership stakes in participating companies.

**Stemming foreclosures:** The bill calls for the government, as an owner of a large number of mortgage securities, to exert influence on loan servicers to modify more troubled loans. In cases where the government buys troubled mortgage loans directly from banks, it can adjust them more easily.

**Limiting executive pay:** Curbs would be placed on the compensation of executives at companies that sell mortgage assets to Treasury. Among them, companies that participate will not be able to deduct the salary they pay to executives above \$500,000. They also will not be allowed to write new contracts that allow for "golden parachutes" for their top 5 executives if they are fired or the company goes belly up. But the executives' current contracts, which may include golden parachutes, would still stand.

**Overseeing the program:** The bill would establish two oversight boards. The Financial Stability Oversight Board would be charged with ensuring the policies implemented protect taxpayers and are in the economic interests of the United States. It will include the Federal Reserve chairman, the Securities and Exchange Commission chairman, the Federal Home Finance Agency director, the Housing and Urban Development secretary and the Treasury secretary. A congressional oversight panel would be charged with reviewing the state of financial markets, the regulatory system and the Treasury's use of its authority under the rescue plan. Sitting on the panel would be 5 outside experts appointed by House and Senate leaders.

**Insuring against losses:** The Treasury Department must establish an insurance program - with risk-based premiums paid by the industry - to guarantee companies' troubled assets, including mortgage-backed securities, purchased before March 14, 2008. The amount the Treasury would spend to cover losses minus company-paid premiums would come out of the \$700 billion the Treasury is allowed to use for the rescue plan.

### **Tax Extenders Legislation**

Despite overwhelming support in both the House and the Senate for the extension of numerous lapsing tax breaks for alternative energy, families and struggling businesses, the Congress has waited until the last possible moment to pass final legislation that everyone can agree upon.

House and Senate Leaders are at logger heads over whose version of the legislation should be the final package. The Senate is intent on the House using its version of the legislation which the President also supports but, in order to run out the clock and back the House up against a wall,

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the Senate has not sent over their bill. The House is insisting on adhering to pay/go for the tax extenders, despite passage of a \$64.6 billion AMT bill without offsets.

Since the House plans to adjourn today after the vote on the economic bailout bill, we hope that there will be quick resolution to the situation so that these important tax breaks are extended. House leaders have indicated that if no agreement is made they may be willing to come back in November after the elections to deal with this issue since it has such wide, bi-partisan support.



Inland Empire  
WATER AGENCY

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Date: October 15, 2008  
To: The Honorable Board of Directors  
Through: Public, Legislative Affairs, and Water Resources Committee (10/08/08)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: September Legislative Report from Dolphin Group

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure

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**September 24, 2008**

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

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

Nearly 100 days after the June 15<sup>th</sup> constitutional deadline, and nearly three months into the new fiscal year, a budget agreement was finally reached between Governor Schwarzenegger and legislative leaders. The Governor finally signed the budget on September 23, following a bizarre week of negotiations and veto threats to forge a final compromise.

The Governor will now quickly turn his attention to acting on the 875 measures that remain on his desk. The Governor has less than 2 weeks to sign or veto each of these measures to comply with the September 30 deadline.

On the regulatory front, the litigation of Southern California Edison's request to increase some water pumping rates by nearly 15% is set to begin hearings at CPUC in October.

Finally, activity at the California Air Resources Board (CARB) and other state agencies is picking up as regulators seek to finalize the Draft AB 32 (Green House Gas) Scoping Plan issued in July.

## Chino Basin / OBMP Coalition

### Status Report –September 2008

#### ENERGY/REGULATORY

##### *Edison Electricity Rate Case Set to Begin*

As part of its triennial General Rate Case (GRC), parties will soon be litigating SCE's request to change rates for all classes of customers. On September 16, the Division of Ratepayer Advocates (DRA), a branch of the California Public Utilities Commission, will reply to SCE's request. Following that filing, all other customer groups will weigh in on the proposal.

SCE's overall request is to increase rates by 12.1% to address distribution and service cost increases. That overall request is still pending at the CPUC. This phase of the case, referred to as "Phase II", addresses interclass allocation issues, where SCE proposed to increase some customer rates, while decreasing others. Phase II is a "zero-sum" allocation, where the total amount of revenues collected remains the same, as allocations are shifted amongst customer groups.

The following chart illustrates the proposed Phase II rate shift. Larger water pumping accounts with a demand of greater than 500 kW would see a 3.6% decrease in phase II, while smaller accounts are proposed to see a 2.4% increase. Overall, rates would still increase 8.5% if SCE is granted the full requested revenue increase by CPUC.

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 and Large Water Pumping (>500 kW)	10.7	11.6	8.5%	-3.6%
Ag & Water Pumping Rates (<500 kW)	10.9	12.5	14.5%	2.4%
System Average	13.7	15.3	12.1%	0.0%

The CPUC is expected to rule on this proposal by mid-2009, with new rates to take affect in the fall of 2009.

### **GHG Regulation-AB 32 Implementation**

The California Air Resources Board (CARB) is in the process of concluding the initial comment period on the draft AB 32 Scoping Plan released earlier this summer.

A number of individuals, organizations and other state agencies have offered comments on the plan and proposed changes to it. Under AB 32, the CPUC and CEC are tasked with providing information, analysis and recommendations to the California Air Resources Board on ways to reduce GHG emissions in the electricity and natural gas sectors.

Electricity accounts for 25 percent of California's GHG emissions, and natural gas, used at locations other than power plants, accounts for an additional 14 percent.

In a recently released joint CPUC/CEC proposed Final Opinion the two Commissions reaffirm their commitment to maximize energy efficiency and expand renewable energy development. The Final Opinion also recommends an approach for distributing GHG emission allocations and auctioning in a multi-sector cap-and-trade program. The proposed Final Opinion also recognizes the value of energy efficient combined heat and power (CHP) projects, and recommends that for large CHP projects, GHG emissions for either electricity consumed on-site and/or delivered to the electricity grid be included in a multi-sector cap-and-trade program.

The commissions will be taking public comment over the next several weeks before adopting the Final Opinion on October 16, 2008.

### **Western Climate Initiative**

The Western Climate Initiative also recently announced recommendations for the design of a regional market-based cap-and-trade program. The proposed design is an important element of a comprehensive regional effort by the governors and premiers of seven U.S. states, and four Canadian provinces to promote environmental responsibility by reducing GHGs 15 percent below 2005 levels by 2020.

### **2008-2009 STATE BUDGET**

Facing a \$15.2 billion shortfall, California set a record for a late budget, finally adopting a state spending plan 84 days into the new fiscal year. The final deal was the result of rather amazing developments in the final week, including a threatened veto of the budget by the Governor. No budget has even been vetoed in California history.

A final deal emerged the week of September 15<sup>th</sup>, with Republican and Democratic legislative leaders hammering out a deal over the previous weekend. The budget technically contained no new taxes, but did include an accelerated income tax withholding for 2009 that would raise short-term revenues, with those collections returned to taxpayers in 2010. It also included a "rainy day" fund sought by Republican leaders and Governor Schwarzenegger. Just prior to taking a vote on the budget, the Governor requested three specific items, including a strengthening of the "rainy day" fund provisions. The Legislature adopted two of

the Governor's requests, leaving the "rainy day" provision out. It was then approved by a 61-1 vote in the Assembly and a 29-11 vote in the Senate.

The following day, the Governor held a press conference where he stated he would veto the budget. Because the budget had already been approved by a 2/3 supermajority, the same amount required to override his veto, he further threatened to veto many of the 875 pieces of legislation that were still awaiting his signature.

The Governor and legislative leaders then forged a final compromise, adopting the stronger "rainy day" provisions originally sought, and dropping the accelerated tax withholding. To make up the revenue deficit, they doubled penalties on corporations that are late in paying taxes.

One aspect of the budget is perfectly clear in that this budget does nothing to address long-term structural budget problems in California. Early estimates for the 2009-10 budget, place the shortfall between \$6-8 billion. A number that could grow quickly if the state remains mired in a recession.





**LOCATION:** To Governor

**SUMMARY:**

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

CA SB 380

**AUTHOR:** Kehoe [D]

**TITLE:** Renewable Energy Resources

**DISPOSITION:** To Governor

**LOCATION:** Enrolled

**SUMMARY:**

Requires every electrical corporation to file with the Public Utilities Commission a standard tariff for electricity generated by an electric generation facility with a specified capacity that is located on property owned or under the control of a customer that meets specified requirements. Requires the electrical corporation to make this tariff available to those customers, until a statewide cumulative rated generating capacity from those facilities equals a specified amount of megawatts.



Inland Empire  
UTILITIES AGENCY

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Date: October 15, 2008  
To: The Honorable Board of Directors  
Through: Public, Legislative Affairs, and Water Resources Committee (10/08/08)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: September Legislative Report from Geyer and Associates

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### **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: September 23, 2008  
RE: Legislative Report

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### **85-Day Budget Impasse Ends**

Governor Schwarzenegger today signed the 2008-09 budget, concluding the longest budget stalemate in the state's history. The \$145 billion spending plan comes nearly a quarter of the way through its fiscal year. The Governor and Legislative leaders were not celebratory over ending the impasse because all parties recognize the budget fails to address the structural deficit and the nationwide economic situation may mean an ever greater budget battle next year.

On the bright side, the budget did not include Proposition 1A borrowing, or the scheme to take local agency and special district property tax revenues to fund a parole realignment proposal advocated by the Legislative Analyst Office (LAO) at the beginning of the year. ACWA led a major legislative effort to educate legislators on the impacts of the LAO proposal. IEUA and SAWPA talked to other local officials and their legislators throughout the budget year about the water supply benefits from the property tax revenues and how losing those funds would hurt the growing region.

### **Water Conservation**

In February, the Governor declared that he wanted to reduce water consumption by 20 percent per capita by 2020. Since then the Legislature and state agencies have been struggling to find the best way to implement this aggressive conservation goal.

### **AB 2175 (Laird/Feuer)**

In the Legislature AB 2175 (Laird/Feuer) was the vehicle to achieve this goal for both urban and agricultural water users. The final version of this measure included urban reduction targets based on ET zones and included provisions to require agricultural water users to implement BMPs. Recycled water use could be counted toward the conservation goal. In the end, this complicated measure failed in part because of the heavy opposition from agricultural and commercial water users. The sponsors of this measure, the Natural Resource Defense Council are expected to reintroduce the bill next year.

### **SWRCB Regulatory Program for Conservation?**

On October 1, the SWRCB will hold an informational hearing to discuss the potential development of a water conservation regulatory program for urban agencies. The goal would be to achieve a 20 percent reduction by 2020 for urban agencies. The hearing notice lays out a number of options for the SWRCB, including adopting regulations mandating compliance with performance-based water conservation standards, or with specific prescriptive water conservation management practices – similar to the CUWCC BMPs. SWRCB is also considering placing specific water conservation conditions in water right permits and licenses. Lastly, it is considering an approach that would limit its enforcement action to certain wasteful urban water suppliers.

### **20X2020 Team Effort**

Several state agencies have joined together to form an agency team (20 x 2020 Team) to direct the development of a new conservation program/strategy. Team members include DWR, SWRCB, CEC, DPH, and CPUC. At this point, the 20x2020 Team's efforts are only focused on urban agencies. This month the Team released two draft technical memos that establish a per capita baseline and regional conservation targets. These memos are undergoing agency review. The Team used the DWR hydrologic regions to establish baseline water use and the corresponding 20 percent reduction figure. IEUA is in the South Coast DWR hydrologic region. The region's draft urban water use value was set at 180 gallons per capita per day (GPCD) and its draft 2020 conservation target was set for 144 GPCD.

On October 14, IEUA will be participating in a SAWPA symposium on the various efforts to implement the Governor's water conservation goal.

### **Bill List Attached**

By the end of the month the Governor will have acted on the 800-plus measures that are now on his desk for consideration. Next week I will provide you an update on pending legislation in which IEUA has a position. IEUA sponsored bill, AB 2270 (Laird/Feuer) is one of the more controversial measures before the Governor. The water softening industry is heavily opposed and launched a PR campaign against the bill. However, AB 2270 enjoys broad support from agricultural interests, local government and water/waste water agencies.

**September 24, 2008**

**Water Special Session Measures**

**AB 7XX (Wolk) Water and Climate Change – SUPPORT/SPONSOR**

This measure is identical to AB 224, which was cosponsored by IEUA. It requires climate change consideration be included in all DWR, SWRCB and RWQCB planning documents and requires that agencies consider the impacts of climate change when preparing their UWMPs. AB 224 was held in Senate Appropriations in the last few weeks of August. Immediately after, AB 7XX was introduced in the water special session. The bill passed the Assembly on a party line vote in the last night of the regular session, but the clock ran out on the regular session before the bill could be heard in the Senate. While the bill is not officially dead, the fate of the water special session and future legislative water bond proposals is unclear. AB 7XX won't move until the legislative leaders decide to proceed with the water special session.

STATUS – Senate Water and Resources Committee

**AB 8XX (Huffman et. al.) Water Bond**

**Total Amount:** \$9.085 billion. Highlights Include:

- **\$1.5 Billion** for IRWMP funding
  
- **\$300 million** for the SWRCB for competitive grants and loans for storm water management and water quality projects.
  
- **\$500 million** for water and advanced treatment technology projects that include the following:
  1. Water recycling projects.
  2. Contaminant and salt removal projects.
  3. Dedicated distribution infrastructure for recycled water.
  4. Pilot projects for new salt and contaminant removal technology.
  5. Groundwater recharge infrastructure related to recycled water.
  6. Technical assistance and grant writing assistance for disadvantaged communities.

Status: Assembly Water Special Committee

**AB 9XX (Plescia) Water Bond**

Similar to AB 8XX, except that it includes continuously appropriated funding that can be used for surface storage facilities.

**SB 1XX (Perata) Prop. 84 Funding -- SUPPORT**

Appropriates \$807 million of unspent funds from Propositions 84 and Proposition 1E. This includes approximately \$100 million for IRWMP implementation statewide. It also includes IRWMP governance language that was included in AB 1489 (Huffman) and subsequently AB 1654 (Huffman). IEUA supported both measures.

Status: Governor's Desk

## **Regular Session Measures**

### **SB 1391 (Padilla) Recycled Water – SUPPORT**

States that the state board shall adopt a statewide recycled water policy by January 31, 2009, and make recommendations for any statutory changes necessary to implement that policy. If the statewide recycled water policy to be adopted requires the state board to prepare any additional documentation required under CEQA, the deadline to adopt the statewide recycled water policy does not apply.

Status: Governor's Desk

### **AB 885 (Calderon) MWD Board – Watch**

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.

Status: Governor's Desk

### **AB 2175 (Laird/Feuer) Water Conservation- Support (Amended August 22)**

The bill sets a statewide water conservation goal of 20 percent. Allows DWR to adjust the local district's conservation targets if there are significant changes to the districts CII customer base, such as new or expanded businesses and to avoid unreasonable impacts to the operations of a CII customer. Allows water districts, when calculating their water conservation targets, to either "lump" CII water use with residential water use, or "disaggregate" the numbers and treat them separately. Allows water districts to get credit towards the conservation goal for use of recycled water. Specific water reduction targets were removed for agriculture. Agriculture water suppliers are now directed to implement BMPs for water use efficiency. The measure was heavily opposed by the agricultural water interests and commercial and industrial interests, including oil companies. The authors decided not to bring the bill up on the Senate Floor for a vote when Senator Machado made clear he was against the bill and so were other moderate Democrats.

Status: Failed Passage in Senate

### **AB 2046 (Jones) Groundwater -- Oppose to Watch (Amended, July 1, 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." UWMPs can include contaminated groundwater that does not meet regulatory standards, but it can only be part of the planned supply if the plan includes secure treatment, remediation, or implementation of other water options. It also must include a "financial plan" for clean up of the contamination.  
Status: Governor's Desk

**AB 2270 (Laird/Feuer) Water Softeners/Water Recycling – IEUA Sponsor**  
Allows local public agencies to more easily limit the use of residential self-regenerating water softeners in areas where a RWQCB has declared there is a salt loading problem. The bill is strongly opposed by the water softening industry. The measure passed the Senate and Assembly on a bipartisan vote.  
Status: Governor's Desk

**AB 2882 (Wolk) Allocation-based water pricing -- SUPPORT**  
Sponsored by IRWD and SAWPA, creates a voluntary allocation-based conservation water pricing program. It is intended to encourage public water providers to voluntarily implement allocation-based water rate structures improving conservation among water users.  
Status: Governor's Desk

**AB 2986(Leno) Waste Discharge Requirements- Oppose to Neutral**  
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. CASA negotiated amendments to the measure and have now gone neutral on the bill.  
Status: Governor's Desk

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Date: October 15, 2008

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (10/08/08)

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

Submitted by: Sondra Elrod  
Public Information Officer

Subject: Public Outreach and Communications

---

### **RECOMMENDATION**

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

### **Calendar of Events**

#### **October 2008**

- **October 1**, South Coast Air Quality Management District 20<sup>th</sup> Annual Clean Air Awards Luncheon, Millennium Biltmore Hotel, 11:30 a.m.
- **October 18**, Chino Creek Clean-up (sponsored by IEUA and Inland Empire Resource Conservation District) 8:00 a.m. to noon.
- **October 22**, Leadership Breakfast, Event Room, 7:30 a.m.
- **October 25**, Regional Water Fair at Chino Basin Water Conservation District, 9:30 a.m. to 2:00 p.m.

#### **January 2009**

- **January 23 – 25**, MWD/IEUA State Water Project Trip

#### **February 2009**

- **February 25**, A Day at the Chino Creek Wetlands and Educational Park as part of National Wetlands Month, 3:30 p.m. to 5:30 p.m.

#### **March 2009**

- **March 16**, IEUA hosted Special District Dinner at the Panda Inn in Ontario, 6:00 p.m.

**April 2009**

- **April 22**, Earth Day at the Chino Creek Wetlands and Educational Park, 3:30 p.m. to 6:30 p.m.

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

The 5 tips on ways to help conserve water ad will appear in the Daily Bulletin on the first Sunday of each month. Automatic Water Softener Removal Rebate ad is running in the Daily Bulletin, Champion Newspapers, Los Angeles Times, Fontana Herald, El Chicano, and La Prensa during September and October.

**WATER CONSERVATION OUTREACH**

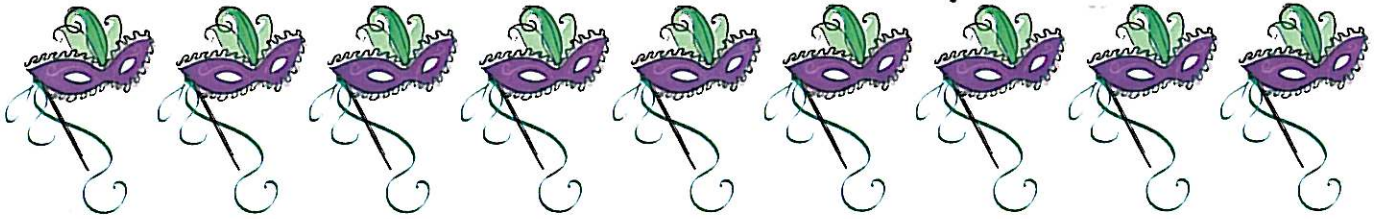
During August, September, and October IEUA Board Members made presentations at each of their City Council meetings on the Water Supply Alert. Presentations have also been made at many of the service clubs throughout our service area. On Monday, September 22, 2008, a media alert took place at Cucamonga Valley Water District to kick-off our Automatic Water Softener Removal Rebate.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

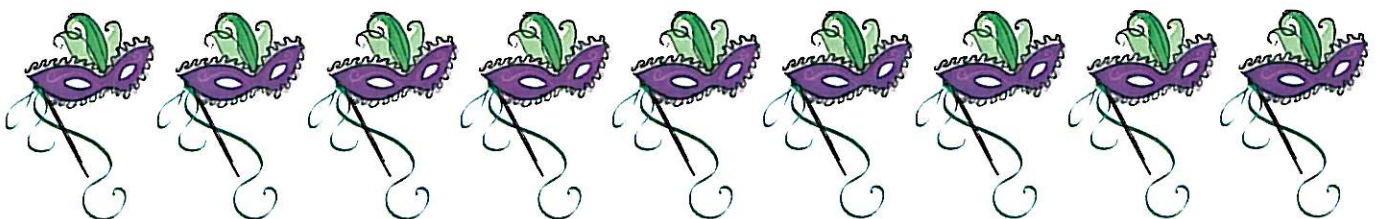
None.



# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Newspaper Articles





# Water authority mulls addition

## Chino Basin group might expand

Neil Nisperos, Staff Writer

Article Created: 09/15/2008 10:18:33 PM PDT  
Chino Basin Desalter Authority may need a new partner in its joint-powers authority to help fund an expansion of its infrastructure to clean salt from the region's major water supply.

Western Municipal Water District, which serves western Riverside County, has pipes in place that could be used for the expansion and would provide \$46 million of the \$120 million needed, officials said.

Some agency officials with the six-member authority have expressed concerns about Western Municipal joining. They cite concerns over the impact on their voting strength, future water supplies and operation costs, officials said.

But Ken Willis, chairman of the Chino Basin Watermaster, a court-ordered forum where agencies can voice concerns and come to agreements over water issues, said he supports Western's proposal.

"It's a long-range benefit, and it will make for better relations in the future," he said. "It fits the overall goal of the region."

Regional water officials are hopeful that a \$26 million federal grant to help fund the expansion of desalination efforts in the Chino Water Basin will pass the U.S. Senate next month.

The grant was approved last week by the Senate Energy Committee.

John Rossi, general manager of Western Municipal, expected membership proceedings to move forward within the next two months and did not expect any challenges from other agencies or stakeholders.

"The bottom line is, we're cleaning up the groundwater basin," Rossi said. "We're taking care of the basin and taking care of the next generation that is going to rely on it."

The Chino City Council is expected to vote on the matter tonight at its meeting.

Chino Basin Desalter Authority is responsible for cleaning and desalinizing Chino Basin water for Chino, Chino Hills, Ontario, Jurupa and Norco.

Since desalination efforts began 10 years ago, about 60 percent of infrastructure for the authority has been completed.

Officials expect the expansion to be completed around 2012 or 2013, said Richard Atwater, CEO of the Inland Empire Utilities Agency.

The Chino Valley Basin Desalter Authority produces 20 million to 25 million gallons of clean water daily. A completed project would produce

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about 35 million, Atwater said.

The cities and agencies that contract with the authority receive about 20 percent of their water from it, he said.

The Senate bill for the authority's expansion was sponsored by Sen. Dianne Feinstein, D-Calif.

Recent statewide water shortages and less reliable water supplies have spurred Western Municipal to look for a secondary supplemental source outside the Metropolitan Water District's Henry J. Mills Treatment Plant in Riverside, Rossi said.

Ken Manning, CEO of the Chino Watermaster, called the inclusion of Western Municipal as an authority member a "smart move" that would expedite the cleanup of the basin more quickly.

In the unlikely situation Western Municipal is denied membership in the authority, Manning said, the agency would probably build infrastructure for its own desalination operation out of the Chino Basin, though that possibility would be too "cumbersome and administratively difficult to handle."

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# Officials to drain Upland basin in order to save water

By Sandra Emerson, Staff Writer

Article Created: 09/17/2008 09:34:43 PM PDT

UPLAND - San Antonio Water Co. began draining water out of the Colonies Water Basin on Monday to boost the water supply.

The basin, south of 19th Street and east of Campus Avenue, has been plugged up due to an accumulation of silt and algae covering the bottom preventing water from percolating into an underground aquifer.

"There are well fields that benefit from the recharged water in the basin," said Charles Moorrees, general manager for the SAWC. "Without the water percolation the water level will start to drop and the contaminant level will increase."

The water is being pumped out of the east side of the basin through an 8-inch pipe into the Cucamonga Creek channel, where it will flow to the Turner basin at Archibald Avenue and Fourth Street.

Once the water is drained, geological technicians will take samples of the soil along the bottom of the basin to analyze how well it will be able to percolate water.

Depending on the results, up to 12 inches of soil and silt may be scraped away.

Debris following mountain fires and heavy rain have contributed to the buildup, said Councilman Tom Thomas.

Another issue the water company is facing is the illegal placement of bass discovered in the basin.

The Department of Fish and Game collected samples Tuesday to find out if the illegal fish contained pathogens deemed harmful to humans, said Moorrees.

The basin will be drained from its starting water level of 25 feet to about 5 feet by next week for the DFG to capture the fish and transfer them to a nearby lake.

The project is expected to be completed by Oct. 19 just in time for the rainy season.

"If we have another dry year we probably will have some water drought contingency programs where people are required to conserve water," said Moorrees. "As much water we can capture the better."

There are future plans to add vegetation and hiking trails to the basin, which has been used for flood control and groundwater recharge, according to Kevin Blakeslee, assistant director for the county Flood Control District's Department of Public Works.

That project will not begin until spring, he said.

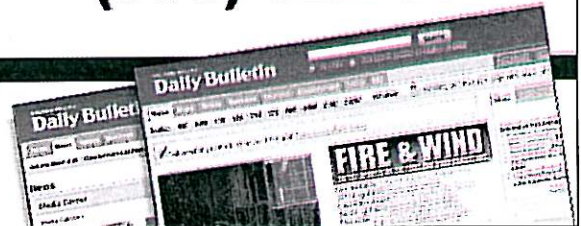
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"We are partnering with the water company, and the city to make sure this is a multi-use facility," said Blakeslee.

[sandra.emerson@inlandnewspapers.com](mailto:sandra.emerson@inlandnewspapers.com)

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**Special Section: ON TAP: Water in SoCal**

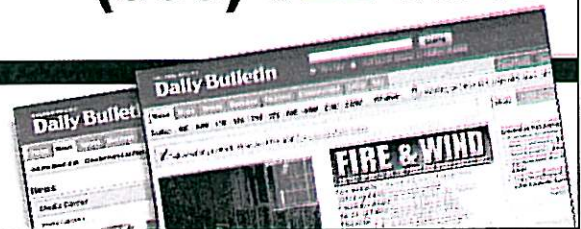
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## Utilities agree to let Riverside join Chino Basin Desalter Authority

### Desalter might gain a partner

By Neil Nisperos, Staff Writer

Article Created: 09/18/2008 09:11:12 PM PDT

Chino, Ontario and the Chino-based Inland Empire Utilities Agency agreed this week to allow a west Riverside County water agency to join the Chino Basin Desalter Authority, which removes pollutants from groundwater for regional use.

But it's not a done deal until the other members of the joint-powers authority weigh in on allowing the Western Municipal Water District to join. The desalter authority also includes Chino Hills, Norco, the Jurupa Community Services District and the Santa Ana River Water Co.

John Rossi, Western Municipal's general manager, said he was grateful for the support and was looking forward to support from all agencies in the next several months.

"The only one we're not sure of is Chino Hills, and we had a meeting with Chino Hills to look at some details, and we expect them to put it on their agenda in the next couple of weeks," Rossi said.

The desalter authority has a plant in Chino through which groundwater from 14 wells is

purified using reverse osmosis, a purification process that many commercial bottled water companies use.

The Chino plant produces 14 million gallons of drinking water per day, serving 35,000 families.

Concern from some agency officials has been voiced over the impact of Western joining the authority on voting power, future water supplies and cost, according to water officials.

Upland Councilman Ken Willis, a member of the court-appointed Watermaster board that oversees water in the Chino Basin, said he believed the structure of the deal provides protections to agency members from any concerns over voting power, operation cost and supplies.

"We're not going to allow anybody to lose anything that they already have," he said.

Supporters say inclusion of Western into the authority would mean faster water cleanup of the Chino Basin and more financial and material resources for the authority's expansion projects.

Western, if included in the authority, has pledged \$46million toward a \$120million project to expand the Chino desalter in the next five years.

The authority represents agencies controlling 15percent of the water in the Chino Basin, the large underground area that serves as the region's major water source. Expansion would

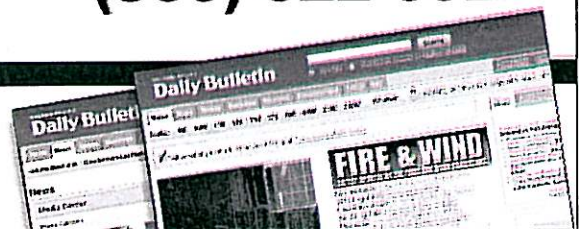
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make available 35 million gallons of water daily to the authority, up from the current yield of 25 million gallons.

Since desalination efforts began 10 years ago, about 60percent of infrastructure for the authority has been completed. Officials expect the expansion, which includes the drilling of four to six new wells, will be completed in 2012 or 2013, said Richard Atwater, CEO of the Inland Empire Utilities Agency.

Regional water officials are also hopeful that a \$26 million federal grant to help fund desalter authority expansion will pass the U.S. Senate next month.

[neil.nisperos@inlandnewspapers.com](mailto:neil.nisperos@inlandnewspapers.com)

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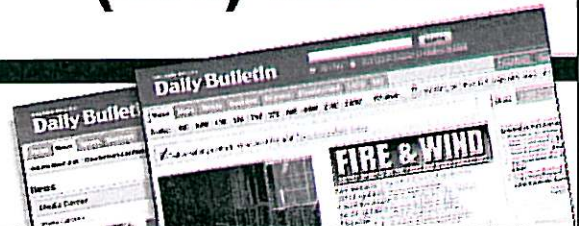
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# Chino dairies to comply with EPA permit requirements

Chino dairies  
Neil Nisperos, Staff Writer

Article Created: 09/30/2008 10:24:31 PM PDT

CHINO - In order to prevent cow waste from polluting major drinking water sources, the U.S. Environmental Protection Agency has ordered six Chino dairies to comply with permit requirements.

The EPA ordered Brothers Three Dairy, Quality Dairy, Jorritsma and Anema Dairy, Martin Vander Laan Dairy, TLC Sonlight Dairy No. 2 and Goyenette Dairy No. 2, to comply with the state Regional Water Quality Control Board permit that requires dairies to prevent runoff or discharge from their operations into the Santa Ana River.

The dairy permit is designed to protect streams, rivers and groundwater from discharge of manure waste and other pollutants.

"We expect these dairies to promptly correct their violations and improve their environmental performance, which we will oversee until satisfactorily resolved," said Alexis Strauss of the Water Division, EPA Region 9.

EPA and the Region Board's Santa Ana Region personnel inspected the Chino-area dairies in April. Among the violations discovered:

Failure to properly construct and maintain containment structures.

Failure to develop and/or implement proper engineered waste management plans.

Failure to conduct proper routine inspections of their facility.

Gary Stewart, a senior engineer with the state water quality agency, said further state inspections and phone calls after April have indicated the six dairies have begun steps toward compliance.

Santa Ana regional board inspectors have begun their annual inspections of the Inland region's 140 dairies. During the board's inspection, the inspectors will determine whether the six dairies are operating in compliance with permit regulations.

Fines, up to \$10,000 a day, for permit violations could be levied for repeat violations, Stewart said.

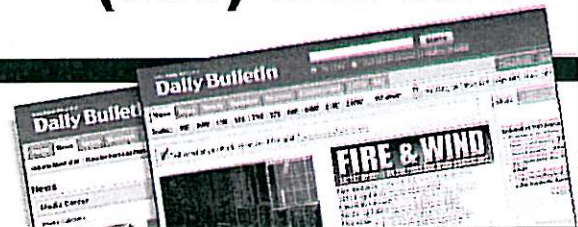
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