



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, October 9, 2008

10:00 a.m. – Joint Appropriative and Non-Agricultural Pool Meeting

AT THE CHINO BASIN WATERMASTER OFFICES

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

Tuesday, October 21, 2008

9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

*6075 Kimball Ave. Bldg. A Board Room
Chino, CA 91710
(909) 993-1600*



CHINO BASIN WATERMASTER

Thursday, October 9, 2008

10:00 a.m. – Joint Appropriative & Non-Ag Pool Meeting

Tuesday, October 21, 2008

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING**

10:00 a.m. – October 9, 2008
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held September 11, 2008 *(Page 1)*

B. FINANCIAL REPORTS

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

II. BUSINESS ITEMS

A. GOVERNANCE

Determination of Satisfactory Completion on the Issue of Governance *(Page 25)*

B. WAIVER OF INTEREST CHARGES

Consider Request to Waive Interest Charges for Payment of Assessments *(Page 27)*

C. MOU OF WATER ACCOUNTING PROCEDURE

Review and Provide Staff Direction on Request for Signature *(Page 33)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 21 Hearing
2. Santa Ana River Water Right Final Decision
3. Sale of Overlying Non-Agricultural Pool Stored Water
4. Board Closed Session Report

B. ENGINEERING REPORT

- 1. Oral Progress Report on Engineering Activities, August – September 2008
- 2. Progress on Condition Subsequent No. 7

C. CEO/STAFF REPORT

- 1. Agricultural Well Meter Status Update
- 2. Legislative Update
- 3. Recharge Update
- 4. Thanksgiving & Christmas Meetings

IV. INFORMATION

- 1. Newspaper Articles (*Page 53*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

VIII. FUTURE MEETINGS

October 9, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
?October 21, 2008	?9:00 a.m.	Agricultural Pool Meeting @ IEUA
October 21, 2008	9:00 a.m.	Chino Basin Watermaster Hearing, San Bernardino
October 23, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 23, 2008	9:00 a.m.	Advisory Committee Meeting
October 23, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – October 21, 2008

At The Offices Of

**Inland Empire Utilities Agency
6075 Kimball Ave., Bldg. A, Board Room
Chino, CA 91710**

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held September 16, 2008 *(Page 7)*

B. FINANCIAL REPORTS

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

II. BUSINESS ITEMS

A. GOVERNANCE

Determination of Satisfactory Completion on the Issue of Governance *(Page*

B. WAIVER OF INTEREST CHARGES

Consider Request to Waive Interest Charges for Payment of Assessments *(Page*

C. TMDL STUDY

Consider Funding the Farming Portion of the Middle Santa Ana Watershed TMDL Study *(Page 45)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Final Decision
2. Sale of Overlying Non-Agricultural Pool Stored Water
3. Update on CDA Expansion

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, August – September 2008
2. Progress on Condition Subsequent No. 7

C. CEO/STAFF REPORT

1. Agricultural Well Meter Status Update
2. Legislative Update
3. Recharge Update
4. Thanksgiving & Christmas Meetings

IV. INFORMATION

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Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

VIII. FUTURE MEETINGS

October 9, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
?October 21, 2008	?9:00 a.m.	Agricultural Pool Meeting @ IEUA
October 21, 2008	9:00 a.m.	Chino Basin Watermaster Hearing, San Bernardino
October 23, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 23, 2008	9:00 a.m.	Advisory Committee Meeting
October 23, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – September 11, 2008



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
September 11, 2008

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on September 11, 2008 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Ken Jeske, Chair	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Umesh Shah	Jurupa Community Services District
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Anthony La	City of Upland
Rich Atwater	Inland Empire Utilities Agency
Mark Kinsey	Monte Vista Water District
Mike McGraw	Fontana Water Company
Dave Crosley	City of Chino
J. Arnold Rodriguez	Santa Ana River Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
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Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Mohamed El-Amamy	City of Ontario
David DeJesus	Three Valleys Municipal Water District
Rick Hansen	Three Valleys Municipal Water District
Patrick Sheilds	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Marv Shaw	Inland Empire Utilities Agency
Andrew Lazenby	Black & Veatch
Tammy Jones	Sunkist Counsel
Bob Lemons	RBF/Chino Hills Counsel

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:04 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held July 10, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through June 30, 2008 (*Page 15*)
4. Treasurer's Report of Financial Affairs for the Period June 1, 2008 through June 30, 2008
5. Budget vs. Actual July 2007 through June 2008
6. Cash Disbursements for the month of August 2008
7. Watermaster Visa Check Detail
8. Combining Schedule for the Period July 1, 2008 through July 31, 2008
9. Treasurer's Report of Financial Affairs for the Period July 1, 2008 through July 31, 2008
10. Budget vs. Actual July 2007 through July 2008

C. INTERVENTION

1. Consider Approval for Intervention into the Overlying (Non-Agricultural Pool) – City of Ontario (as an Overlying Non-Agricultural Party)

Item 1C was pulled for separate discussion.

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer – Fontana Water Company** ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet. Date of Application: May 16, 2008
2. **Consider Approval for Notice of Sale or Transfer – Cucamonga Valley Water District** is purchasing 2,500 acre-feet of water from Marygold Mutual Water Company. Date of Application: September 4, 2008
3. **Consider Approval for Notice of Sale or Transfer – The City of Ontario** (as an Overlying Non-Agricultural Party) is purchasing from Sunkist Growers, Inc. all of the amount of Sunkist's water in storage as of June 30, 2008. In addition, Sunkist's annual safe yield production rights in the amount of 1,851.402 acre-feet will be permanently transferred to the City of Ontario (as an Overlying Non-Agricultural Party). Date of Application: August 19, 2008

*Motion by Kinsey, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A, B, and D, as presented*

Item C was pulled for separate discussion and motion. Mr. Manning stated Watermaster received an application for an intervention from the City of Ontario pursuant to the arrangements agreed to in the Peace II Agreement, paragraph 4.4. Staff has reviewed the application and feels it is in compliance with intervention approved in the past. The City of Ontario will be considered a Non-Agricultural Pool member. Staff recommends this intervention be approved. A discussion regarding a member being in two different pools, permitted uses, and water use restrictions ensued. Mr. Jeske offered comment on the submitted intervention. A discussion regarding the intervention ensued. Mr. Manning noted there are two separate actions being taken on this, one being the actual intervention which will move through the Watermaster process this month and the second being the water transaction which will go through the Pool process this month and to the Advisory and Board next month.

*Motion by DeLoach, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Item C, as presented*

II. BUSINESS ITEMS**A. SEMI-ANNUAL STATUS REPORT**

Mr. Manning stated this report will be filed with the court. The Semi-Annual Status Report will give the court an update on basin activities over a six month period. This report used to be a quarterly report; however, the court requested that it be changed to a semi-annual report. Mr. Manning stated staff is looking at different ways to change the formatting of the report which will make it easier to read. Staff is seeking approval to receive and file this report. A discussion regarding the agricultural production meters ensued. Mr. DeLoach requested a staff report be given at a future meeting regarding meter information as an information item only.

*Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred
Moved to receive and file the Semi-Annual Status Report with the court, as presented*

B. BUDGET AMENDMENT

Mr. Manning stated this item is in conformance with the new policies adopted recently regarding budget amendments. This item pertains to the debt services paid to Inland Empire Utilities Agency which was previously budgeted for the Phase I aspect of the Recharge Master Plan project. Watermaster provides that money to IEUA and at the end of the year IEUA uses that money to pay our portion of the debt service. This year the amount was originally budgeted at \$360,000 which was the amount IEUA told Watermaster would be the amount necessary to cover the debt service; however, the invoice was received at \$560,000 noting a \$45,000 credit, which would then require a budget amendment of \$151,594 for approval. A discussion regarding this item ensued. Mr. Atwater stated this item originated in 2002 and was set up with a variable rate. IEUA staff estimated the payment is based on estimates of the variable interest rate which is currently at 1.5% and IEUA staff is estimating, a rate for the year, of 3% which is how the \$500,000+ number came to be. Mr. DeLoach asked Mr. Atwater if staff should plan on that same number for next year. Mr. Atwater stated we should all work together on this. A discussion regarding shifting monies from other accounts so that the bottom line of the budget would not be affected ensued. Mr. McGraw asked for clarification as to how this invoice would be paid. Ms. Rojo responded that this debt service payment will be charged to the appropriators based on their percent share of operating safe yield.

*Motion by McGraw, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to approve Budget Amendment, as presented*

C. INLAND EMPIRE UTILITIES AGENCY DRY YEAR YIELD REPORT BY IEUA STAFF

Mr. Atwater gave the Updated Water Demand & Supply Forecasts and Dry Year Yield Status presentation. Mr. Atwater reviewed the updated demand and supply forecasts through the year 2035 in detail along with the forecasted trends. Mr. Atwater reviewed the implications for groundwater replenishment options which included alternative options to construct new recharge facilities. The current and additional Chino Basin recharge capacities were reviewed for the basins, in-lieu, and ASR wells. The summary of initial and expanded DYY Program "puts" and "takes" per acre-foot was examined. Mr. Atwater reviewed the summary of program participants and facility requirements in detail along with reviewing the "condensed" project work plan and schedule. A discussion regarding Mr. Atwater's presentation ensued. Mr. Wildermuth offered comment on the schedule.

D. SALE OF OVERLYING NON-AGRICULTURAL POOL STORED WATER

Mr. Manning stated following the approval of the Peace Agreement and during the working on Peace II there has been an effort to try and resolve the issue of "stranded water" from the Overlying Non-Agricultural Pool. There are provisions within Peace II that were adopted to assist in freeing up that water. Watermaster supplied to the Appropriative Pool a memo drafted by Watermaster legal counsel that discussed three different options regarding this water. One of the options was to conduct an auction and since then the Appropriative Pool has met numerous times and discussed that option and has instructed Watermaster staff to look at the auction option as the primary way of disposing of this water. Based on that instruction, Counsel

Slater is here today to discuss the memo drafted by counsel to review the options on the sale of that water. Counsel Slater reviewed the memo dated September 3, 2008 regarding the auction prospect. Mr. DeLoach stated several meetings regarding this issue have taken place and he also commented on the auction process noting Cucamonga Valley Water District is in full support of this process. A lengthy discussion regarding this matter ensued. Counsel Slater stated counsel needs clear next steps. It was noted this item will be placed on an upcoming agenda after the sub-committee meets again.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Final Decision

Counsel Fife stated the Watermaster application was unanimously approved on September 2, 2008 which puts an end to the Watermaster participation in this process. The Orange County Water District and Western Municipal Water District's applications are still in the process of being reviewed and counsel will keep an eye on those. A draft of that permit should be forthcoming shortly. Counsel Fife noted there were some comments from GE and from a Native American party regarding water rights. GE submitted comments regarding the Ely Basins and Counsel Fife reviewed those comments. The Tongva American Indian person who claims to be the Tongva tribal litigator commented on our decision and was adamant that the decision was illegal and everything about the process was illegal and he stated a claim to the water rights in the Chino Basin. A great deal of correspondence has taken place between him and counsel, Watermaster staff, and the State Board staff over the last 30 days. This matter will be brought back as things progress with regard to this person and possible litigation.

2. LRP Funding Agreement

Counsel Fife stated this item begins on page 109 of the meeting packet as part of the agreement with MWD concerning the LRP Funding. There are commitments made to MWD about the expansion of the Dry Year Yield Program and those commitments must be fulfilled by September 1, 2009; a process will be gone through to accomplish completion by this date. On page 109 it states that by September 1, 2009 Watermaster needs to have approval of expansion of the DYY Program and Watermaster must waive losses on the MWD Storage Account; both for the original 100,000 acre-feet and this additional expansion. These are conditions which will allow us to hold onto the LRP money.

3. Report on the Issue of Governance

Counsel Fife stated this item came up due to a joint pleading filed by the City of Chino Hills, City of Chino, and Monte Vista Water District about the Special Referee issue and though Watermaster is not participating in that, one of the issues those parties raised was the issue of governance by way of a stipulation that Watermaster has signed. The allegation states that Watermaster has failed to fulfill its duties under that stipulation. In August, a Watermaster Board conference call took place and MVWD who was on that call asserted to the board that Watermaster and Watermaster staff had not adequately addressed the governance issue. Counsel and staff's understanding was that at the last Strategic Planning Conference in 2007 this issue of governance was covered and the parties participating at that time felt that the issue had been adequately covered and Watermaster had fulfilled its responsibilities under the stipulations that it entered into and that the matter could be tabled. Due to the issues in the pleadings with the court; because of the statements made to the Board, counsel felt this matter should be put under the Legal Counsel Report and to then make an inquiry of the Pools as to whether Watermaster has or has not fulfilled its responsibility. If Watermaster has not satisfactorily responded to this matter a process could be created in order to address this issue. Mr. Jeske offered comment regarding this matter. Mr. Manning stated staff needs some sort of statement that this committee concurred that the issue has been resolved or that it has not been resolved. After discussion, it was noted this item needs to be brought back as an action item in October with a detailed staff letter outlining events.

4. Status of Judge Selection

Counsel Fife stated the most recent information received from the court indicating the 170.6 motion filed by the City of Chino was granted. This means that Judge Plotkin will not be Watermaster's new judge. The court anticipates reassigning the matter next week. The hearing which was scheduled for September 26, 2008 has been continued to October 17, 2008 but the new judge will probably set their own date. Counsel Fife stated a list of potential judges was sent out to all legal departments in order to try and prevent another 170.6 being filed against the next new judge. Counsel is asking for feedback on the provided judge list of potentially acceptable judges. A discussion regarding this matter ensued.

5. MOU of Water Accounting Procedures in Chino Basin

Counsel Fife stated staff has received a proposed MOU from Metropolitan Water District concerning the accounting procedures regarding the Dry Year Yield account. It is being distributed to all the parties for review and comment. Counsel Fife reviewed page 131 in the meeting packet in detail and asked for the parties to review this and provide comment. This item will be brought back as an action item in October. Mr. DeLoach inquired as to whom to direct comments or questions to, and Mr. Atwater stated there is a DYY meeting on September 25, 2008 and comments and questions can be brought up at that meeting. A discussion regarding this item ensued.

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, July – August 2008

Mr. Wildermuth stated this item will be on the agenda monthly as an update on the engineering activities. Mr. Wildermuth stated he is currently working with Black & Veatch and the Dodson Group on the Dry Year Yield Expansion tasks. Mr. Wildermuth stated improvements to the actual groundwater model are being made. In the last two months The Recharge Master Plan project schedule has been implemented based on the outline which was sent to the court. There has been a lot of work being done in the MZ1 area for repairs and maintenance of equipment. For MZ3 we were successful in getting another AB303 grant to look at specific water quality issues and work has been done in that area. Mr. Wildermuth reviewed the list of tasks performed by Wildermuth staff in July and August. Preparation has begun on the State of the Basin Report. Condition Subsequent Report no. 7 is going to begin being worked on which is due at the end of 2008. Mr. Wildermuth stated Wildermuth Environmental no longer supports Data X and that has been replaced by D.A.V.E. which is called Hydro DAVE. Watermaster staff has now has Hydro DAVE installed on their systems and if any of the Watermaster parties want this software installed, arrangements can be made to do so.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the state is now running 73 days without a budget. There are several bills on the governor's desk waiting for signature. Mr. Manning highlighted some of the bills which are of interest to water parties.

2. Recharge Update

Mr. Manning stated the most current recharge update for July is available on the back table for your review.

3. MWD Groundwater Conjunctive Use Study

Mr. Manning stated Metropolitan Water District is working with groundwater agencies and managers throughout their area to develop guidelines and policies that can be submitted to the Board as part of the IRP process which is due next year. There have been two meetings held, one in July and one in August and the next to take place in September.

Watermaster staff has been working very close with them and progress is being made; however, it appears it is not going to be complete when MWD anticipated it.

- 4. Report on Anticipated Board Closed Session Items
Mr. Manning stated a closed session will take place at the upcoming Watermaster Board meeting.
- 5. Strategic Planning Conference Update
Mr. Manning stated the flyer for the upcoming conference is on the back table and staff is encouraging all parties to attend this important conference which will be focusing mainly on the development of the Recharge Mater Plan.

IV. INFORMATION

- 1. Chino Basin Recycled Water Groundwater Recharge Program Quarterly Monitoring Report for April Through June 2008
No comment was made regarding this item.
- 2. Newspaper Articles
No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

September 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 25, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
September 25, 2008	9:00 a.m.	Advisory Committee Meeting
September 25, 2008	11:00 a.m.	Watermaster Board Meeting
September 28-30, 2008		Strategic Planning Conference, Lake Arrowhead Resort

The Joint Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Jeske at 11:55 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – September 16, 2008



Draft Minutes
**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**
September 16, 2008

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on September 16, 2008 at 9:00 a.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Gene Koopman	Milk Producers Counsel
Rob Vanden Heuvel	Mild Producers Counsel
Jeff Pierson	Crops
Nathan deBoom	Dairy
Glen Durrington	Crops
Pete Hettinga	Dairy
John Huitsing	Dairy
Jennifer Novak	State of California Department of Justice for CIM
Nathan Mackamul	State of California/CIW

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Andy Malone	Wildermuth Environmental Inc.

Others Present

William A. Pennell	Reid & Hellyer
Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Eunice Ulloa	Chino Basin Water Conservation District
Ken Jeske	City of Ontario
Tammy Jones	Sunkist Counsel

Chair Feenstra called the Agricultural Pool meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held July 15, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through June 30, 2008
4. Treasurer's Report of Financial Affairs for the Period June 1, 2008 through June 30, 2008
5. Budget vs. Actual July 2007 through June 2008

6. Cash Disbursements for the month of August 2008
7. Watermaster Visa Check Detail
8. Combining Schedule for the Period July 1, 2008 through July 31, 2008
9. Treasurer's Report of Financial Affairs for the Period July 1, 2008 through July 31, 2008
10. Budget vs. Actual July 2007 through July 2008

C. INTERVENTION

1. Consider Approval for Intervention into the Overlying (Non-Agricultural Pool) – City of Ontario (as an Overlying Non-Agricultural Party)

Item C was pulled for discussion. Mr. Manning stated Watermaster received an application for an intervention from the City of Ontario pursuant to the arrangements agreed to in the Peace II Agreement, paragraph 4.4. Staff has reviewed the application and feels it is in compliance with interventions approved in the past. The City of Ontario realizes for this transaction they will be considered a Non-Agricultural Pool entity. Staff recommends this intervention be approved. A discussion regarding a party being in two different pools, permitted uses, and water use restrictions ensued. Mr. Jeske offered comment on the submitted intervention. A discussion regarding the intervention ensued. Mr. Manning noted there are two separate actions being taken on this, one being the actual intervention which will move through the Watermaster process this month and the second being the water transaction which will go through the Pool process this month and to the Advisory and Board next month. Mr. Durrington inquired about the Ag uses of this water and Mr. Jeske offered comment regarding the uses of this water. Chair Feenstra noted he had records from March and April, 2005 meetings pulled by Watermaster staff to support motions made regarding this intervention. A discussion regarding this matter ensued. Counsel Fife stated more information will be offered on this item at the Advisory and Board meeting later this month.

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer – Fontana Water Company** ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet. Date of Application: May 16, 2008
2. **Consider Approval for Notice of Sale or Transfer – Cucamonga Valley Water District** is purchasing 2,500 acre-feet of water from Marygold Mutual Water Company. Date of Application: September 4, 2008
3. **Consider Approval for Notice of Sale or Transfer – The City of Ontario** (as an Overlying Non-Agricultural Party) is purchasing from Sunkist Growers, Inc. all of the amount of Sunkist's water in storage as of June 30, 2008. In addition, Sunkist's annual safe yield production rights in the amount of 1,851.402 acre-feet will be permanently transferred to the City of Ontario (as an Overlying Non-Agricultural Party)
Date of Application: August 19, 2008

It was noted a change needed to be made in the minutes to reflect a clearer motion made at the July 15, 2008 Agricultural Pool under the Watermaster General Legal Counsel section – August 21, Hearing.

Motion by Durrington, second by Koopman, and by unanimous vote

Moved to approve Consent Calendar Items A through D with the change made to the minutes, as presented

II. BUSINESS ITEMS**A. SEMI-ANNUAL STATUS REPORT**

Mr. Manning stated this report will be filed with the court. The Semi-Annual Status Report will give the court an update on all the aspects of the basin over a six month period. This report used to be a quarterly report; however, the court requested that it be changed to a semi-annual report. Mr. Manning stated staff is looking at different ways to change the formatting on the report which will make it easier to read. Staff is seeking approval to receive and file this report.

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

Moved to receive and file the Semi-Annual Status Report with the court, as presented

B. BUDGET AMENDMENT

Ms. Rojo stated approximately six months ago Watermaster implemented some policies that came through the Watermaster process. This amendment is a result of Watermaster implementing its policy. This amendment is for debt service which is a pass through expense. The number is provided to us by IEUA which is then included in the budget and the debt service in passed to the Appropriators based on their percentage of operating safe yield. Usually budget amendments try to remain somewhat assessment neutral; however, this one will be billed out separately. In May, a tentative budget was brought through the Watermaster process. Watermaster staff used a number of \$560,000 in its original tentative budget for debt service for the Phase I debt. As a result of discussions with IEUA staff and due to the bonds being refinanced, the number staff was told to budget was \$360,000. The money is collected from Watermaster and it is held by IEUA until the end of the fiscal year when the actual costs come through based on the variable rate interest charged throughout the year. A discussion regarding these interest rates ensued.

Motion by, second by, and by unanimous vote

Moved to approve Budget Amendment, as presented

C. INLAND EMPIRE UTILITIES AGENCY DRY YEAR YIELD REPORT BY IEUA STAFF

Mr. Atwater gave the Updated Water Demand & Supply Forecasts and Dry Year Yield Status presentation. Mr. Atwater reviewed the updated demand and supply forecasts through the year 2035 in detail along with the forecasted trends. Mr. Atwater reviewed the implications for groundwater replenishment options which included alternative options to construct new recharge facilities. The current and additional Chino Basin recharge capacities were reviewed for the basins, in-lieu, and ASR wells. The summary of initial and expanded DYY Program "puts" and "takes" per acre-foot was examined. Mr. Atwater reviewed the summary of program participants and facility requirements in detail along with reviewing the "condensed" project work plan and schedule. A discussion regarding Mr. Atwater's presentation ensued.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Santa Ana River Water Right Final Decision**

Counsel Fife stated the Watermaster application was unanimously approved on September 2, 2008 which puts an end to the Watermaster participation in this process. The Orange County Water District and Western Municipal Water District's applications are still in the process of being reviewed and counsel will keep an eye on those. A draft of that permit should be forthcoming shortly. Counsel Fife noted there were some comments from GE and from a Native American party regarding water rights. GE submitted comments regarding the Ely Basins and Counsel Fife reviewed those comments. The Tongva American Indian person who claims to be the Tongva tribal litigator commented on our decision and was adamant that the decision was illegal and everything about the process was illegal and he stated a claim to the water rights in the Chino Basin. A great deal of correspondence has taken place between him and counsel, Watermaster staff, and the State Board staff over the last 30 days. This is a matter will be brought back as things progress with regard to this person and possible litigation.

2. LRP Funding Agreement

Counsel Fife stated this item begins on page 109 of the meeting packet as part of the agreement with MWD concerning the LRP Funding. There are commitments made to MWD about the expansion of the Dry Year Yield Program and those commitments must be fulfilled by September 1, 2009; a process will be gone through to accomplish completion by this date. On page 109 it states that by September 1, 2009 Watermaster needs to have approved the expansion of the DYY Program along with that Watermaster must waive all losses on the MWD Storage Account; both the original 100,000 and this expansion. These are conditions to allow us to hold onto the LRP money.

3. Report on the Issue of Governance

Counsel Fife stated this item came up due to a joint pleading filed by the City of Chino Hills, City of Chino, and Monte Vista Water District about the Special Referee issue and though Watermaster is not participating in that, one of the issues those parties raised was the issue of governance by way of a stipulation that Watermaster has signed. That stipulation states that Watermaster has failed to fulfill its duties under that stipulation. In August a Watermaster Board conference call took place and MVWD who was on that call asserted to the board that Watermaster and Watermaster staff had not adequately addressed the governance issue. Counsel and staff's understanding was that at the last Strategic Planning Conference in 2006 this issue of governance was covered and the parties participating at that time felt that the issue had been adequately covered and Watermaster had fulfilled its responsibilities under the stipulations that it entered into and that the matter could be tabled. Due to the issues rose in the pleadings with the court; because of the statements made to the Board, counsel felt this matter should be put under the Legal Counsel Report and to then make an inquiry of the Pools as to whether Watermaster has or has not fulfilled its responsibility. If Watermaster has not then a process should be created in order to address this issue or decide it has been fulfilled and the matter should be then tabled. Mr. Jeske offered comment regarding this matter. Mr. Manning stated staff needs some sort of statement that this committee concurred that the issue has been resolved or that it has not been resolved. After discussion, it was noted this item needs to be brought back as an action item in October with a detailed staff letter outlining events.

4. Status of Judge Selection

Counsel Fife stated the most recent information received from the court indicating the 170.6 motion filed by the City of Chino was granted. This means that Judge Plotkin will not be Watermaster's new judge. The court anticipates reassigning the matter next week. The hearing which was scheduled for September 26, 2008 has been continued to October 17, 2008 as a placeholder date; the new judge will set their own date. Counsel Fife stated a list of potential judges was sent out to all legal departments in order to try and prevent another 170.6 being filed against the next new judge. Counsel is asking for feedback on the provided judge list on a potential acceptable judge. A discussion regarding this matter ensued.

5. MOU of Water Accounting Procedures in Chino Basin

Counsel Fife stated staff has received a proposed MOU from Metropolitan Water District concerning the accounting procedures regarding the Dry Year Yield account. It is being distributed to all the parties for review and comment. Counsel Fife reviewed page 131 in the meeting packet in detail and asked for the parties to please review this and provide comment. This item will be brought back as an action item in October.

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, July – August 2008

Mr. Malone stated this item will be on the agenda monthly as an update on the engineering activities. Mr. Malone stated Wildermuth is currently working with Black & Veatch and the Dodson Group on the Dry Year Yield Expansion tasks. Mr. Malone stated improvements to

the actual groundwater model are being made. On the Recharge Master Plan in the last two months a project control plan has been implemented based on the outline which was sent to the court. There has been a lot of work being done in the MZ1 area such as repairs and maintenance of equipment. For MZ3, in working with the Inland Empire Utilities Agency, we were successful in getting another AB303 grant to look at specific water quality issues and work has been done in that area. Mr. Malone reviewed the list of tasks performed by Wildermuth staff in July and August. Preparation has begun on the State of the Basin Report. Condition Subsequent Report no. 7 is going to begin being worked on which is due at the end of 2008. Mr. Malone stated Wildermuth Environmental no longer supports Data X and that has been replaced by D.A.V.E. which is called Hydro DAVE. Watermaster staff has now had the Hydro DAVE output installed in their systems and if any of the Watermaster parties want this software installed, arrangements can be made to do so.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the state is now running 79 days without a budget; however, it does appear a draft budget has been submitted to the governor's office today. There are several bills on the governor's desk waiting for signature. Mr. Manning highlighted some of the bills which are of interest to water parties.

2. Recharge Update

Mr. Manning stated the most current recharge update for July is available on the back table for your review.

3. MWD Groundwater Conjunctive Use Study

Mr. Manning stated Metropolitan Water District is working with groundwater agencies and managers throughout their area to develop guidelines and policies that can be submitted to the Board as part of the IRP process which is due next year. There have been two meetings held, one in July and one in August and the next to take place in September. Watermaster staff has been working very close with them and progress is being made; however, it appears it is not going to be complete when MWD anticipated it.

4. Report on Anticipated Board Closed Session Items

Mr. Manning stated a closed session will take place at the upcoming Watermaster Board meeting.

5. Strategic Planning Conference Update

Mr. Manning stated the flyer for the upcoming conference is on the back table and staff is encouraging all parties to attend this important conference which will be focusing mainly on the development of the Recharge Mater Plan.

IV. INFORMATION

1. Chino Basin Recycled Water Groundwater Recharge Program Quarterly Monitoring Report for April Through June 2008

No comment was made regarding this item.

2. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

September 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 25, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
September 25, 2008	9:00 a.m.	Advisory Committee Meeting
September 25, 2008	11:00 a.m.	Watermaster Board Meeting
September 28-30, 2008		Strategic Planning Conference, Lake Arrowhead Resort

Chair Feenstra called the meeting into an executive session.

The Agricultural Pool meeting was dismissed by Chair Feenstra at 11:17 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 9, 2008
October 21, 2008
October 23, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

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

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

Fiscal Impact – Funds disbursed were included in the FY 2008-09 Watermaster Budget.

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of September 2008 were \$404,223.89. The most significant expenditures during the month were the Wildermuth Environmental Inc. in the amount of 162,632.29, Brownstein, Hyatt, Farber & Schreck in the amount of \$68,702.81, and Reid & Hellyer in the amount of \$13,455.19,

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
September 2008

	Type	Date	Num	Name	Amount
Sep 08	Bill Pmt -Check	9/2/2008	12611	APPLIED COMPUTER TECHNOLOGIES	-3,092.10
	Bill Pmt -Check	9/2/2008	12612	ARROWHEAD MOUNTAIN SPRING WATER	-41.17
	Bill Pmt -Check	9/2/2008	12613	BOWCOCK, ROBERT	-750.00
	Bill Pmt -Check	9/2/2008	12614	BOWMAN, JIM	-500.00
	Bill Pmt -Check	9/2/2008	12615	DCSE	-5,048.33
	Bill Pmt -Check	9/2/2008	12616	DIRECTV	-76.98
	Bill Pmt -Check	9/2/2008	12617	KONICA MINOLTA BUSINESS SOLUTIONS	-745.76
	Bill Pmt -Check	9/2/2008	12618	KUHN, BOB	-375.00
	Bill Pmt -Check	9/2/2008	12619	NIGRO NIGRO & WHITE, PC	-550.50
	Bill Pmt -Check	9/2/2008	12620	OFFICE DEPOT	-574.14
	Bill Pmt -Check	9/2/2008	12621	PARK PLACE COMPUTER SOLUTIONS, I...	-6,150.00
	Bill Pmt -Check	9/2/2008	12622	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,903.50
	Bill Pmt -Check	9/2/2008	12623	PURCHASE POWER	-39.99
	Bill Pmt -Check	9/2/2008	12624	STANDARD INSURANCE CO.	-575.76
	Bill Pmt -Check	9/2/2008	12625	STATE COMPENSATION INSURANCE FU...	-1,114.33
	Bill Pmt -Check	9/2/2008	12626	TLC STAFFING	-464.00
	Bill Pmt -Check	9/2/2008	12627	VANDEN HEUVEL, GEOFFREY	-250.00
	Bill Pmt -Check	9/2/2008	12628	W. C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
	Bill Pmt -Check	9/2/2008	12629	WILLIS, KENNETH	-1,000.00
	Bill Pmt -Check	9/2/2008	12630	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,734.20
	Bill Pmt -Check	9/2/2008	12631	CITISTREET	-2,595.66
	Bill Pmt -Check	9/2/2008	12632	CITISTREET	-1,300.00
	Bill Pmt -Check	9/2/2008	12633	JAMES JOHNSTON	-855.00
	General Journal	9/6/2008	08/09/04	PAYROLL	-7,300.97
	General Journal	9/6/2008	08/09/04	PAYROLL	-25,135.03
	Bill Pmt -Check	9/17/2008	12634	ACWA SERVICES CORPORATION	-222.91
	Bill Pmt -Check	9/17/2008	12635	AUTOMOBILE CLUB OF SOUTHERN CAL...	-47.00
	Bill Pmt -Check	9/17/2008	12636	BANC OF AMERICA LEASING	-4,117.72
	Bill Pmt -Check	9/17/2008	12637	BANK OF AMERICA	-2,334.31
	Bill Pmt -Check	9/17/2008	12638	BROWNSTEIN HYATT FARBER SCHRECK	-68,702.81
	Bill Pmt -Check	9/17/2008	12639	CAROLLO ENGINEERS	-4,860.00
	Bill Pmt -Check	9/17/2008	12640	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
	Bill Pmt -Check	9/17/2008	12641	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
	Bill Pmt -Check	9/17/2008	12642	HSBC BUSINESS SOLUTIONS	-534.79
	Bill Pmt -Check	9/17/2008	12643	INLAND EMPIRE UTILITIES AGENCY	-250.50
	Bill Pmt -Check	9/17/2008	12644	LAKE ARROWHEAD RESORT	-3,000.00
	Bill Pmt -Check	9/17/2008	12645	MCI	-1,169.95
	Bill Pmt -Check	9/17/2008	12646	OFFICE DEPOT	-737.33
	Bill Pmt -Check	9/17/2008	12647	PAYCHEX	-202.70
	Bill Pmt -Check	9/17/2008	12648	POWERS ELECTRIC PRODUCTS CO.	-9.11
	Bill Pmt -Check	9/17/2008	12649	PREMIERE GLOBAL SERVICES	-1,212.67
	Bill Pmt -Check	9/17/2008	12650	PRINTING RESOURCES	-42.88
	Bill Pmt -Check	9/17/2008	12651	PUMP CHECK	-190.00
	Bill Pmt -Check	9/17/2008	12652	REID & HELLYER	-13,455.19
	Bill Pmt -Check	9/17/2008	12653	RICOH BUSINESS SYSTEMS-Lease	-888.94
	Bill Pmt -Check	9/17/2008	12654	SAFEGUARD DENTAL & VISION	-57.68
	Bill Pmt -Check	9/17/2008	12655	SAFETY CLEAN JANITORIAL SERVICES	-678.20
	Bill Pmt -Check	9/17/2008	12656	STAULA, MARY L	-136.61
	Bill Pmt -Check	9/17/2008	12657	THE STANDARD INSURANCE COMPANY	-156.56
	Bill Pmt -Check	9/17/2008	12658	TLC STAFFING	-1,448.00
	Bill Pmt -Check	9/17/2008	12659	UNION 76	-299.65
	Bill Pmt -Check	9/17/2008	12660	UNITED PARCEL SERVICE	-592.32
	Bill Pmt -Check	9/17/2008	12661	USA-FACT INC	-362.40
	Bill Pmt -Check	9/17/2008	12662	VERIZON	-463.70
	Bill Pmt -Check	9/17/2008	12663	VERIZON WIRELESS	-539.87
	Bill Pmt -Check	9/17/2008	12664	VISION SERVICE PLAN	-78.24
	Bill Pmt -Check	9/17/2008	12665	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
	Bill Pmt -Check	9/17/2008	12666	WESTERN DENTAL SERVICES, INC.	-26.50
	Bill Pmt -Check	9/17/2008	12667	YUKON DISPOSAL SERVICE	-142.88
	General Journal	9/20/2008	08/09/07	PAYROLL	-7,781.60
	General Journal	9/20/2008	08/09/07	PAYROLL	-26,842.79
	Bill Pmt -Check	9/25/2008	12669	WILDERMUTH ENVIRONMENTAL INC	-162,632.29
	Bill Pmt -Check	9/25/2008	12670	CA-NV-AWWA	-500.00
	Bill Pmt -Check	9/25/2008	12671	CALPERS	-3,906.43
	Bill Pmt -Check	9/25/2008	12672	COMPUTER NETWORK	-161.63
	Bill Pmt -Check	9/25/2008	12673	ESRI	-1,061.65
	Bill Pmt -Check	9/25/2008	12674	INLAND EMPIRE UTILITIES AGENCY	-250.50
	Bill Pmt -Check	9/25/2008	12675	NORDBAK'S PROMOTIONAL PRODUCTS	-632.66

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
September 2008

Type	Date	Num	Name	Amount
Bill Pmt -Check	9/25/2008	12676	OFFICE DEPOT	-395.92
Bill Pmt -Check	9/25/2008	12677	PITNEY BOWES CREDIT CORPORATION	-39.64
Bill Pmt -Check	9/25/2008	12678	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	9/25/2008	12679	STANDARD INSURANCE CO.	-575.76
Bill Pmt -Check	9/25/2008	12680	STATE COMPENSATION INSURANCE FU...	-726.76
Bill Pmt -Check	9/25/2008	12681	TLC STAFFING	-480.00
Bill Pmt -Check	9/25/2008	12682	W.C. DISCOUNT MOBILE AUTO DETAILI...	-50.00
Bill Pmt -Check	9/25/2008	12683	WHEELER METER MAINTENANCE	-600.00
Bill Pmt -Check	9/25/2008	12684	INLAND EMPIRE UTILITIES AGENCY	-3,338.81
Bill Pmt -Check	9/25/2008	12685	LAKE ARROWHEAD RESORT	-11,040.01
Bill Pmt -Check	9/25/2008	12686	STATE OF CA - DEPT OF CONSUMER A...	-200.00
Sep 08				-404,223.89

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CHINO BASIN WATERMASTER
Check Detail
September 2008

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -C...	12637	9/17/2008	BANK OF AMERICA	1012 · Bank of America Gen'l Ckg	
Bill	4024...	8/31/2008		6909.1 · OBMP Meetings	-258.22
				6022 · Telephone	-58.16
				6191 · Conferences	-1,871.71
				6054 · Computer Software	-146.22
TOTAL					-2,334.31

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATE	POOL AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER OPERATIONS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues									
Administrative Assessments									\$7,841,054
Interest Revenue			1,798					1,798	174,368
Mutual Agency Project Revenue									148,410
Grant Income									0
Miscellaneous Income									0
Total Revenues	-	-	1,798	-	-	-	-	1,798	8,163,832
Administrative & Project Expenditures									
Watermaster Administration	117,275							117,275	619,960
Watermaster Board-Advisory Committee	10,015							10,015	61,201
Pool Administration			2,484	22,727	399			25,610	166,523
Optimum Basin Mgmt Administration		197,642						197,642	1,913,484
OBMP Project Costs		1,178,552		13,474				1,192,026	5,392,289
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	127,290	1,376,194	2,484	36,201	399			1,542,568	8,163,832
Net Administrative/OBMP Income	(127,290)	(1,376,194)							
Allocate Net Admin Income To Pools	127,290		97,107	27,683	2,501				
Allocate Net OBMP Income To Pools			1,049,866	299,292	27,036				
Agricultural Expense Transfer			363,175	(363,175)					
Total Expenses	1,512,632				29,936			1,542,568	8,163,832
Net Administrative Income	(1,510,834)				(29,936)			(1,540,770)	
Other Income/(Expense)									
Replenishment Water Assessments									0
MZ1 Supplemental Water Assessments									0
Water Purchases									0
Balance Adjustment									0
Groundwater Replenishment									0
Net Other Income									0
Net Transfers To/(From) Reserves			(1,510,834)		(29,936)			(1,540,770)	

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

DEPOSITORIES:		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	269,769
Zero Balance Account - Payroll		-
Local Agency Investment Fund - Sacramento		<u>4,490,455</u>
TOTAL CASH IN BANKS AND ON HAND		8/31/2008
TOTAL CASH IN BANKS AND ON HAND	\$	4,760,724
		5,735,251
	\$	<u>(974,527)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	\$	-
Assessments Receivable		37,894
Prepaid Expenses, Deposits & Other Current Assets		(847)
Accounts Payable		(36,597)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		-
Transfer to/(from) Reserves		<u>(974,977)</u>
	\$	<u>(974,527)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 7/31/2008	\$ 500	\$ 194,296	\$ -	\$ 5,540,455	\$ 5,735,251
Deposits	-	44,921	-	-	44,921
Transfers	-	980,855	69,145	(1,050,000)	-
Withdrawals/Checks	-	(950,303)	(69,145)	-	(1,019,448)
Balances as of 8/31/2008	\$ 500	\$ 269,769	\$ -	\$ 4,490,455	\$ 4,760,724
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 75,473	\$ -	\$ (1,050,000)	\$ (974,527)

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
8/4/2008	Withdrawal	L.A.I.F.	\$ (500,000)				
8/26/2008	Withdrawal	L.A.I.F.	\$ (550,000)				

TOTAL INVESTMENT TRANSACTIONS \$ (1,050,000)

* The earnings rate for L.A.I.F. is a daily variable rate; 3.11% was the effective yield rate at the Quarter ended June 30, 2008.

**INVESTMENT STATUS
August 31, 2008**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 4,490,455			
TOTAL INVESTMENTS	\$ <u>4,490,455</u>			

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

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

Respectfully submitted,



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

CHINO BASIN WATERMASTER
 Profit & Loss Budget vs. Actual
 July through August 2008

	<u>Jul - Aug 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	148,410	-148,410	0.0%
4110 · Admin Asmnts-Approp Pool	0	7,708,817	-7,708,817	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0	132,237	-132,237	0.0%
4700 · Non Operating Revenues	1,798	174,368	-172,570	1.03%
Total Income	<u>1,798</u>	<u>8,163,832</u>	<u>-8,162,034</u>	<u>0.02%</u>
Gross Profit	1,798	8,163,832	-8,162,034	0.02%
Expense				
6010 · Salary Costs	92,971	484,302	-391,331	19.2%
6020 · Office Building Expense	10,038	102,000	-91,962	9.84%
6030 · Office Supplies & Equip.	4,668	46,500	-41,832	10.04%
6040 · Postage & Printing Costs	12,191	87,380	-75,189	13.95%
6050 · Information Services	26,986	144,000	-117,014	18.74%
6060 · Contract Services	11,876	98,000	-86,125	12.12%
6080 · Insurance	15,706	17,730	-2,024	88.58%
6110 · Dues and Subscriptions	46	16,750	-16,704	0.28%
6140 · WM Admin Expenses	350	4,000	-3,650	8.76%
6150 · Field Supplies	633	2,500	-1,867	25.31%
6170 · Travel & Transportation	4,349	39,200	-34,851	11.1%
6190 · Conferences & Seminars	-380	26,500	-26,880	-1.44%
6200 · Advisory Comm - WM Board	2,012	19,181	-17,169	10.49%
6300 · Watermaster Board Expenses	8,003	42,020	-34,017	19.05%
8300 · Appr PI-WM & Pool Admin	2,484	24,008	-21,524	10.35%
8400 · Agri Pool-WM & Pool Admin	2,039	24,820	-22,781	8.21%
8467 · Ag Legal & Technical Services	20,688	98,000	-77,312	21.11%
8470 · Ag Meeting Attend -Special	0	12,000	-12,000	0.0%
8500 · Non-Ag PI-WM & Pool Admin	399	7,695	-7,296	5.19%
6500 · Education Funds Use Expens	209	375	-166	55.81%
9500 · Allocated G&A Expenditures	-62,368	-448,902	386,534	13.89%
	<u>152,901</u>	<u>848,059</u>	<u>-695,158</u>	<u>18.03%</u>
6900 · Optimum Basin Mgmt Plan	179,126	1,775,525	-1,596,399	10.09%
6950 · Mutual Agency Projects	0	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	18,516	137,959	-119,443	13.42%
	<u>197,642</u>	<u>1,923,484</u>	<u>-1,725,842</u>	<u>10.28%</u>
7101 · Production Monitoring	23,885	107,515	-83,630	22.22%
7102 · In-line Meter Installation	2,188	87,931	-85,743	2.49%
7103 · Grdwtr Quality Monitoring	27,938	210,458	-182,520	13.28%
7104 · Gdwtr Level Monitoring	43,606	342,538	-298,932	12.73%
7105 · Sur Wtr Qual Monitoring	255	46,717	-46,462	0.55%

CHINO BASIN WATERMASTER
 Profit & Loss Budget vs. Actual
 July through August 2008

	<u>Jul - Aug 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7107 · Ground Level Monitoring	39,437	651,468	-612,031	6.05%
7108 · Hydraulic Control Monitoring	90,107	743,476	-653,369	12.12%
7200 · PE2- Comp Recharge Pgm	208,440	1,115,883	-907,443	18.68%
7300 · PE3&5-Water Supply/Desalte	31,659	148,477	-116,818	21.32%
7400 · PE4- Mgmt Plan	17,587	217,371	-199,784	8.09%
7500 · PE6&7-CoopEfforts/SaltMgmt	10,933	216,307	-205,374	5.06%
7600 · PE8&9-StorageMgmt/Conj Use	140,246	76,909	63,337	182.35%
7690 · Recharge Improvement Debt Pymt	511,894	1,110,000	-598,106	46.12%
7700 · Inactive Well Protection Prgm	0	6,296	-6,296	0.0%
9502 · G&A Expenses Allocated-Projects	43,852	310,943	-267,091	14.1%
	<u>1,192,026</u>	<u>5,392,289</u>	<u>-4,200,263</u>	<u>22.11%</u>
Total Expense	<u>1,542,569</u>	<u>8,163,832</u>	<u>-6,621,263</u>	<u>18.9%</u>
Net Ordinary Income	-1,540,771		-1,540,771	100.0%
Other Income/Expense				
Other Expense				
9999 · To/(From) Reserves	-1,540,771			
Total Other Expense	<u>-1,540,771</u>			
Net Other Income	<u>1,540,771</u>			
Net Income				



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. GOVERNANCE





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 9, 2008
October 21, 2008
October 23, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Governance Committee

SUMMARY

A December 2005 Watermaster Board action directed staff to convene a Governance Committee to address certain issues by December 2007. Watermaster staff believed it had fulfilled its responsibilities pursuant to these directions. Staff seeks guidance as to whether further actions are required.

Recommendation: Watermaster staff recommends that the Pool Committees recommend to the Board that staff be directed either to take no further action on this item or to proceed to form a Governance Committee to address the issues described in the December 2005 Board motion.

In late 2005 the parties were engaged in negotiation of the Peace II measures and also faced the pending expiration of the appointment of the nine-member Board which had been reappointed for a five year term in 2000. While governance issues were not a part of the Peace II discussions, issues relating to membership on the Board were a part of the discussions and became relevant as Watermaster counsel sought approval from the Board to submit a Motion to reappoint the Board.

In December 2005 Watermaster sought approval from the various committees and from the Board to submit a pleading requesting reappointment of the Board for a further five-year term. As part of the discussions of this pleading, the parties reached an agreement whereby legal counsel would be directed to file a motion for reappointment so long as Watermaster would convene a Governance Committee by December 2007. The motion for approval at both the Advisory Committee and Board meetings of December 15, 2005 read as follows:

Moved to approve the recommendation of the reappointment of the nine member Watermaster Board contingent upon the formation of a Watermaster committee to review and make recommendations regarding possible changes in the Watermaster governance structure including the roles and functions of the Pools, Advisory Committee, and the Watermaster Board of Directors by no later than December 31, 2007, as presented.

The lengthy period before which this committee was to be formed was intended to allow the parties to complete the Peace II negotiations before moving on to the issue of governance. At the October 2, 2007 Strategic Planning Conference Follow-Up Meeting, the issue of governance was agendaized as a discussion topic. Peace II was nearly complete (the Peace II Measures were ultimately approved in December 2007), and the October conference was a fitting venue to begin the discussions about the governance issue and to initiate the formation of the required committee.

The discussion at the conference was facilitated by Watermaster General Counsel. No minutes of this discussion were kept, but it is the recollection of staff that the conference attendees agreed that the governance issue was no longer a pressing concern and that the issue could be tabled. In the year since, no party has complained that Watermaster failed to adequately address the Board's December 2005 direction.

However, in an August 11, 2008 pleading filed by the cities of Chino and Chino Hills and the Monte Vista Water District, these parties noted that, "Watermaster has not reported on its review and recommendations concerning its governing structure. It is [these parties'] understanding that Watermaster has not undertaken any steps to accomplish this review, including forming a separate committee as planned." (August 11, 2008 Pleading 9:24-27.) This was described by these parties as a, "failure to address this express condition of [Watermaster's] reappointment . . ." (August 11, 2008 Pleading 9:28.)

In response to this allegation, Watermaster raised the issue at the September committee and Board meetings. The Appropriative Pool requested that Watermaster prepare a staff report and request formal guidance from the parties as to whether the issue has been satisfactorily resolved or whether a Governance Committee should be formed.

Watermaster staff recommends that the Pool Committees recommend to the Board that staff be directed either to take no further action on this item or to proceed to form a Governance Committee to address the issues described in the December 2005 Board motion.



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. WAIVER OF INTEREST CHARGES





CHINO BASIN WATERMASTER

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

SHERI ROJO
Chief Financial Officer
Assistant General Manager

STAFF REPORT

DATE: October 9, 2008
October 21, 2008
October 23, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Consider request for waiver of interest charges
\$ 4,828.53 Arrowhead Mountain Spring Water
\$31,582.97 Monte Vista Water District

SUMMARY

Issue – Waiver of interest charges

Recommendation - The Watermaster CEO is recommending that the fees be waived

BACKGROUND:

Watermaster has been actively attempting to pursue in-house collection efforts from assessments that were invoiced to parties of the judgment. Watermaster's collection efforts involve first sending out an initial invoice to the parties. That invoice indicates a date the payment is due to Watermaster, and once that date has passed, staff mails out a second invoice. Once the second invoices have been sent out, staff follows up with phone calls to the delinquent parties. Should there still be outstanding receivables, staff faxes and/or places phone calls to the delinquent parties in an effort to resolve our collection efforts. In some cases, invoices are sent out certified/registered mail in addition to the routine phone calls. During the course of those collection efforts, interest charges were assessed to the delinquent accounts as allowed in the judgment. The actual amount of the assessments was received by Watermaster, but the interest charges have not been received by all of the delinquent payees. The Watermaster delinquent policy is stated in the judgment as follows:

Any delinquent assessment shall bear interest at 10% per annum (or such greater rate as shall equal the average cost of borrowed funds to the Watermaster) from the due date thereof. Such delinquent assessment and interest may be collected in a show-cause proceeding herein instituted by the Watermaster, in which case the Court may allow Watermaster its reasonable costs of collection, including attorney fees.

There have been seven instances of interest charges being assessed to Overlying Non-Agricultural members and Appropriators. In all cases, the entire amount of the assessment has been received by Watermaster and, in all cases except for two; the interest charges assessed were remitted to Watermaster.

Currently, Arrowhead Mountain Spring Water has past due finances charges in the amount of \$4,828.53 and Monte Vista Water District owes \$31,582.97 in interest for delinquent remittance of their assessment payment.

DISCUSSION:

Watermaster currently lacks a policy for writing off or forgiving interest charges once they are assessed, and currently, Arrowhead Mountain Spring Water has remitted a letter requesting that their finance charges be waived.

Watermaster staff is currently working on the development of several policies, including one that would provide more clarity on late fees. We expect that those policies will be ready for Watermaster review in early 2009.

The Watermaster CEO has spoken with both parties and has asked that they submit a letter requesting a waiver of late fees with an acknowledgement that they will comply with future payment schedules.



Integrated Resource Management, LLC

September 16, 2008

Kenneth R. Manning
Chief Executive Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

RE: Arrowhead Mountain Spring Water Past Due Finance Charges Invoice FC37, FC41
Waiver of Finance Charge Assessment

Dear Mr. Manning:

I am writing to you in my capacity as the representative of Arrowhead Mountain Spring Water. I am their local water resources consultant. In said capacity I am seeking your forgiveness of the above referenced invoices for finance charges.

Approximately eighteen months ago, Arrowhead Mountain Spring Water consolidated its finance department accounts payable operation and lost track of the unique/non-routine invoices from entities like Watermaster.

Arrowhead Mountain Spring Water deeply regrets missing its payment to Watermaster, and commits herein that it should not fall delinquent again. In order to make sure this does not happen again, can you please have your accounting department copy my office with duplicate invoices. As you are aware we facilitate groundwater production reporting for Arrowhead Mountain Spring Water.

Sincerely,

Mr. Robert W. Bowcock
Integrated Resource Management, LLC

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Mark N. Kinsey
GENERAL MANAGER

October 3, 2008

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

Re: Request for Waiver of Fees Assessed

Dear Ken:

This letter is a request for a waiver of fees assessed to Monte Vista Water District in the amount of \$31,982.57 reflected on your statement dated 7/24/2008 received by the District on 8/4/2008 (see attached copy).

A letter signed by Sheri Rojo, CFO/Assistant General Manager explaining Watermaster's provision under the Judgment to assess interest on any delinquent assessment dated 4/25/2008 was received by the District on 4/28/2008. The penalty and interest assessed was based upon the District original assessment invoice in the amount of \$1,808,368.92 dated 1/22/2008. Monte Vista Water District paid the assessment on 4/24/2008 with check no. 44137 which cleared our bank on 4/30/2008.

We apologize for the delay in forwarding this year's assessment payment and will make every effort possible to ensue that future payments are made in a timely manner going forward.

Respectfully,

Ray L. Harton,
Manager of Finance & Administration



10575 Central Avenue, Post Office Box 71 • Montclair, CA 91763 • (909) 624-0035 • FAX (909) 624-4725 • www.mvwd.org

Sandra S. Rose
PRESIDENT

Maynard B. Lenhart
VICE PRESIDENT

Tony Lopez
DIRECTOR

Philip L. Erwin
DIRECTOR

G. Michael Milhiser
DIRECTOR

CHINO BASIN WATERMASTER
 9641 San Bernardino Road
 Rancho Cucamonga, CA 91730

Statement

Date
7/24/2008

To:
MONTE VISTA WATER DISTRICT ATTN MARK KINSEY PO BOX 71 MONTCLAIR CA 91763-0071



		Amount Due	Amount Enc.		
		\$31,982.57			
Date	Transaction	Amount	Balance		
04/25/2008	INV #FC 40. Due 04/25/2008. Orig. Amount \$31,212.94. Finance Charge	31,212.94	31,212.94		
07/24/2008	INV #FC 42. Due 07/24/2008. Orig. Amount \$769.63. Finance Charge	769.63	31,982.57		
<p>Approved By: _____</p> <p>Date: _____</p> <p>GL Account Code: _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>					
CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
769.63	0.00	0.00	31,212.94	0.00	\$31,982.57



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

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

II. BUSINESS ITEMS

C. TMDL STUDY





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 21, 2008

TO: Agricultural Pool Members

SUBJECT: Funding of the farming portion of the Middle Santa Ana Watershed TMDL study.

RECOMMENDATION: None

Summary

The Santa Ana Regional Board is conducting a study of Total Maximum Daily Loads (TMDL's) within the middle reach of the Santa Ana River as mandated by federal law. Both Farming and Dairy are identified as potential contributors and need to be represented in the proceedings. Each operator is responsible for participation, individually or as a group. Dairy, through the involvement of the Milk Producers Council with funding from the Dairy Producer Environmental Foundation, is represented as a group. It has been suggested by a member of the Agricultural Pool that the AG Pool pay for the farming portion of the study from funds it has on hand. It is estimated that this would be about \$20,000.

Additional information will be available at the Ag Pool meeting on October 21st.

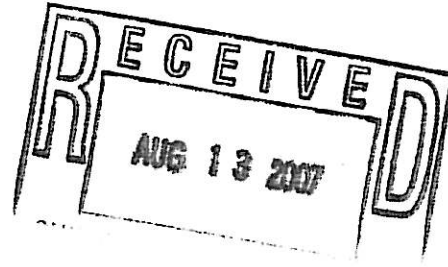
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Santa Ana Watershed Project Authority

August 11, 2008

Mr. Bob Feenstra
Chino Basin Watermaster Agricultural Pool
9641 San Bernardino Road
Rancho Cucamonga, CA 91730



Ron Sullivan
Commission
Chair

Dear Mr. Feenstra:

Celeste Cantú
General
Manager

On March 20, 2008, the Middle Santa Ana River Watershed Pathogen TMDL Task Force approved an updated budget for FY 2008-09. The updated budget defines projected costs for the initial implementation tasks required by the Santa Ana Regional Water Quality Control Board (RWQCB) Basin Plan Amendment for Pathogen TMDLs for the Middle Santa Ana River Watershed Pathogen TMDL. This work will be conducted under the Task Force, which is composed of the agencies listed below, and will be administered by the Santa Ana Watershed Project Authority (SAWPA).

Eastern
Municipal
Water
District

U.S. FOREST SERVICE	CITY OF CORONA
SAN BERNARDINO COUNTY FLOOD CONTROL	CITY OF NORCO
RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT	CITY OF RIVERSIDE
COUNTY OF RIVERSIDE	CITY OF CLAREMONT (SOON TO BE ADDED)
CHINO BASIN WATERMASTER AGRICULTURAL POOL	CITY OF POMONA (SOON TO BE ADDED)
MILK PRODUCERS COUNCIL	

Inland
Empire
Utilities
Agency

As a named party of the RWQCB Basin Plan for the Middle Santa Ana River Watershed Pathogen TMDL, participation in this joint effort will provide the following benefits to your agency:

Orange
County
Water
District

- significant cost savings through the consolidation of efforts and deliverables;
- a forum for the most cost effective and efficient strategy to address the TMDL mandate;
- increased knowledge through the sharing of expertise and technology; and
- a single unified voice to address the RWQCB.

San
Bernardino
Valley
Municipal
Water
District

An invoice for your agency's contribution for FY 2008-09 is attached, along with the approved budget. The budgeted amounts for all future years are subject to change as nutrient load allocations and cost data are updated. We appreciate your prompt payment of this invoice.

Western
Municipal
Water
District

On behalf of SAWPA, we wish to thank you for your support. If you have any questions or concerns regarding the task order, please feel free to discuss them with me at any time.

Sincerely,

Mark R. Norton, P.E.
Task Force Administrator

Enc. FY 2008-09 Invoice
 FY 2008-09 Budget



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Approved 2008-09 Budget: Middle Santa Ana River Pathogen TMDL Task Force

Summary: TMDL Task Force Implementation Schedule and Budget		
Summary Expenses	Fiscal Year	Revised 2008-09
TASK FORCE: Administration		\$ 50,000
Grant Preparation		\$ 20,000
TASK FORCE: TMDL Compliance Expert		\$ 50,000
TMDL Implementation: Task 3 - Watershed-wide Monitoring Program		\$ 125,000
TMDL Implementation: Tasks 4 & 5 - Source Evaluation / Management		\$ 35,000
Estimated Annual TMDL Implementation Budget		\$ 280,000
contingency: (estimated as 10% of Budget)		\$ 28,000
Total Estimated Annual TMDL Implementation Budget		\$ 308,000

Detailed: Named TMDL Party Pro Rata Budget Cost Shares	Fiscal Year	Revised 2008-09
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MSAR TMDL Task Force Participants Cost Shares:		
A. San Bernardino County MS4 Program		\$ 173,250
San Bernardino County		\$ 19,250
Ontario		\$ 19,250
Chino		\$ 19,250
Chino Hills		\$ 19,250
Rancho Cucamonga		\$ 19,250
Upland		\$ 19,250
Fontana		\$ 19,250
Montclair		\$ 19,250
Rialto		\$ 19,250
B. County of Riverside		\$ 19,250
C. City of Riverside		\$ 19,250
D. City of Corona		\$ 19,250
E. City of Norco		\$ 19,250
F. Agriculture		\$ 19,250
Chino Basin Watermaster Agricultural Pool		\$ 9,625
Milk Producers Council		\$ 9,625
G. Forest Service		\$ -
Subtotal:		\$ 269,500

Non-Participating Named TMDL Parties Cost Shares:		
A. City of Pomona		\$ 19,250
B. City of Claremont		\$ 19,250
Subtotal:		\$ 38,500

Total TMDL Pro Rata Cost:		\$ 308,000
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Description of Revised 2008-09 Task Force Budget

Annual Task Force Administration

1. Organize and facilitate TMDL TASK FORCE meetings,
2. Perform secretarial, clerical and administrative services, including providing meeting summaries to TMDL TASK FORCE members,
3. Manage TMDL TASK FORCE funds and prepare annual reports of TMDL TASK FORCE assets and expenditures,
4. Act as the contracting party, for the benefit of the TMDL TASK FORCE, for contracts with all consultants, contractors, vendors and other entities,
5. Seek funding grants to assist with achieving the work of the TMDL TASK FORCE and other goals and objectives of the TMDL TASK FORCE.
6. Coordinate with other agencies and organizations as necessary to facilitate TMDL TASK FORCE work.
7. Prepare quarterly and annual reports, as required by the TMDL Implementation Plan, and submit them as required by the TMDL Implementation Plan on behalf of the TMDL TASK FORCE.
8. Provide TMDL TASK FORCE members an opportunity to comment and approve any reports or other work product developed.
9. Coordinate and facilitate the addition of other DISCHARGERS to the TMDL TASK FORCE.

TMDL Compliance Expert

Task #1: Support stakeholders as a Regulatory Strategist and Compliance Expert .

Task #2: Develop approach for considering natural background loads when assessing TMDL compliance with bacteria targets

Task #3: Facilitate development of a practical regulatory definition for "maximum extent practicable" wrt reducing bacterial loads from controllable human sources.

Task #4: Coordinate with CDM to prepare the final reports for the USE and ASE studies.

TMDL Task 3 - Annual Watershed-wide Monitoring Program

Watershed-Wide Monitoring Program to assess compliance with REC-1 use water quality objectives for fecal coliform and evaluate numeric targets established for E. coli.

Constituents:

Field Analysis: Temperature, conductivity, pH, dissolved oxygen, and turbidity

Laboratory Water Quality Analysis: Fecal coliform, E. coli, and total suspended solids (TSS)

Sample sites (6): Icehouse Canyon Creek, Chino Creek at Central Avenue, Santa Ana River at Pedley Avenue, Santa Ana River at MWD Crossing, Prado Park Lake at Lake Outlet, Mill Creek at Chino-Corona Road

Dry Season (April 1 – October 31):

15 continuous weeks – July to October

5 continuous weeks – May to June (2008)

Wet Season (November 1 – March 31):

11 continuous weeks – December to February

4 samples from one storm event

TMDL Task 4 - Urban Source Evaluation / Management

Additional Characterization of Pathogen Indicator Pollution using available water quality data

Additional Bacteroides Analysis

Addition in-stream monitoring of Santa Ana River at Box Springs Canyon site

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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."

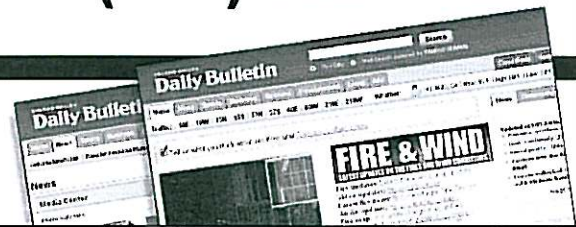
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Officials to drain Upland basin in order to save water

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.

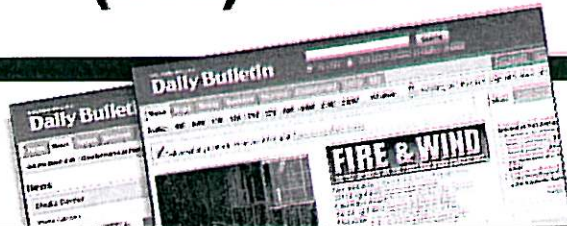
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"We are partnering with the water company, and the city to make sure this is a multi-use facility," said Blakeslee.

sandra.emerson@inlandnewspapers.com

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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.

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Chino dairies to comply with EPA permit requirements

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 Goyenche 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.

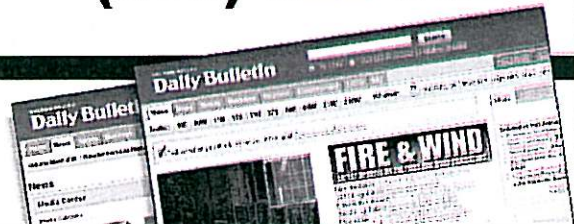
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