CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. CONTRACT WITH BLACK & VEATCH

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: **November 18, 2008**
November 20, 2008

TO: **Committee Members**
Board Members

SUBJECT: **Recharge Master Planning Contract with Black Veatch Corporation**

SUMMARY

Recommendation - Approve the contract with Black & Veatch to perform work as detailed in Task Order No. B&V_2008/09-001

Fiscal Impact - None

Background

As a part of its responsibility to develop an updated Recharge Master Plan (RMP) for the Court, Watermaster has constructed an outline, schedule, and budget delineating the elements that will be included in the report. The outline was submitted to the Court as Condition Subsequent #5. In the initial schedule for implementing all of the elements of the RMP, Watermaster had listed Wildermuth Environmental, Inc. as the entity that would perform many of the duties. This was done knowing that in many cases Watermaster would look for other parties to actually carry out the assignment. In some cases that decision was made prior to the development of the schedule, in others the decision was yet to be made.

Watermaster is proposing to have Black & Veatch perform tasks listed in Exhibit A of the Task Order (see attached). The budget to cover the work being proposed with Black & Veatch is being reassigned from Wildermuth Environmental, Inc. to Black & Veatch. There will be no fiscal impact as a result of this action.

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AGREEMENT

FOR

ENGINEERING SERVICES

THIS AGREEMENT (Agreement) is by and between Chino Basin Watermaster (Owner) and Black & Veatch Corporation (Engineer);

W I T N E S S E T H :

WHEREAS, Owner intends to develop a General Engineering Services Agreement (the Project);

WHEREAS, Owner requires certain engineering services in connection with the Project (the Services); and,

WHEREAS, Engineer is prepared to provide the Services.

NOW, THEREFORE, in consideration of the promises contained in this Agreement, Owner and Engineer agree as follows:

ARTICLE 1 - EFFECTIVE DATE

The effective date of this Agreement shall be November 20, 2008.

ARTICLE 2 - GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to the principles thereof relating to conflicts of law.

ARTICLE 3 - SERVICES TO BE PERFORMED BY ENGINEER

Engineer shall perform the Services described in Attachment A, Scope of Services. Engineer shall have no liability for defects in the Services attributable to Engineer's reliance upon or use of data, design criteria, drawings, specifications, or other information furnished by Owner or third parties retained by Owner.

ARTICLE 4 – COMPENSATION

4.1 Payment shall be due and payable upon receipt by Owner to Engineer in accordance with Attachment B, Compensation.

4.2 Method of Payment. Payments due Engineer under this Agreement shall be electronically transferred either by ACH, specifically in CCD+ or CTX format, or wire transfer to the bank account and in accordance with the bank instructions identified in Engineer's most recent invoice in immediately available funds no later than the payment due date. Invoice number and project name shall be referenced in the bank wire reference fields or the ACH addenda information. In the event that such electronic funds transfer methods are not available to Owner, then payments due Engineer under this Agreement shall be made by check and mailed to the PO Box identified in the remittance instructions on the Engineer's most recent invoice, and received by Engineer no later than the payment due date. The Remittance Advice document shall be mailed with the check to the PO Box.

4.3 In the event Owner disputes any invoice item, Owner shall give Engineer written notice of such disputed item within ten (10) days after receipt of such invoice and shall pay to Engineer the undisputed portion of the invoice according to the provisions hereof. If Owner fails to pay any invoiced amounts when due, interest will accrue on each unpaid amount at the rate of one and one-half percent (1 ½%) per month, or the maximum amount allowed by law, if less, from the date due until paid according to the provisions of this Agreement. Interest shall not be charged on any disputed invoice item finally resolved in Owner's favor. Payment of interest shall not excuse or cure any default or delay in payment of amounts due.

ARTICLE 5 - OWNER'S RESPONSIBILITIES

Owner shall at such times as may be required by Engineer for the successful and expeditious completion of the Services:

5.1 Obtain all permits and licenses required to be taken out in the name of Owner which are necessary for the performance of the Services;

5.2 Provide Engineer with all specifications necessary.for the completion of the Services;

5.3 Provide Engineer with soil data evidencing that the site is clean and free of above ground and underground obstructions, fissures, faults and other similarly hidden features which will interfere with the completion of the Services;

5.4 Advise Engineer of the existence and undertake the abatement and disposal of all hazardous materials, including, but not limited to, asbestos, polychlorinated biphenyls (PCBs) and radioactive material and other toxic substances, encountered by Engineer in the performance of the Services; and

5.5 Appoint an individual who shall be authorized to act on behalf of Owner, with whom Engineer may consult at all reasonable times, and whose instructions, requests, and decisions will be binding upon Owner as to all matters pertaining to this Agreement and the performance of the parties hereunder.

ARTICLE 6 - STANDARD OF CARE

Engineer shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily possessed and exercised by a professional engineer under similar circumstances. ***NO OTHER WARRANTY, EXPRESSED OR IMPLIED, IS INCLUDED IN THIS AGREEMENT OR IN ANY DRAWING, SPECIFICATION, REPORT, OR OPINION PRODUCED PURSUANT TO THIS AGREEMENT.***

ARTICLE 7 - LIABILITY AND INDEMNIFICATION

7.1 General. Having considered the potential liabilities that may exist during the performance of the Services, the benefits of the Project, and the Engineer's fee for the Services, and in consideration of the promises contained in this Agreement, Owner and Engineer agree to allocate and limit such liabilities in accordance with this Article. Indemnities against, releases from, and limitations on liability expressed in this Agreement shall apply even in the event of the breach of contract or warranty, tort (including negligence), strict liability or other basis of legal liability of the party indemnified or released, or of the party whose liability is limited. Such indemnities, releases, and limitations shall extend to the partners, licensors, subcontractors, vendors and related entities of such party, and all such parties' directors, officers, shareholders, employees, and agents.

7.2 Indemnification. Engineer agrees to defend, indemnify, and hold harmless the Owner, from and against legal liability for all claims, losses, damages, and expenses resulting from death or bodily injury to any person, damage or destruction to third-party property to the extent such claims, losses, damages,

or expenses are caused by its negligent acts, errors, or omissions. In the event such claims, losses, damages, or expenses are caused by the joint or concurrent negligence of Engineer and Owner, they shall be borne by each party in proportion to its own negligence.

7.3 Employee Claims. Engineer shall indemnify Owner against legal liability for damages arising out of claims by Engineer's employees. Owner shall indemnify Engineer against legal liability for damages arising out of claims by Owner's employees.

7.4 Consequential Damages. Notwithstanding any provision in this Agreement to the contrary, and to the fullest extent permitted by law, Engineer (including any of its related or affiliated companies) shall not be liable to Owner and Owner expressly waives all claims for loss of profits, revenue, use, opportunity, and goodwill; cost of substitute facilities, goods, and services; cost of capital; increased operating costs; and for any special, indirect, incidental, consequential, punitive, or exemplary damages resulting in any way from the performance or non-performance of the Services whether arising under breach of contract or warranty, tort (including negligence), indemnity, strict liability or other basis of legal liability.

7.5 Limitations of Liability. To the fullest extent permitted by law, Engineer's (including any of its related or affiliated companies) total liability to Owner for all claims, losses, damages, and expenses, whether arising under breach of contract or warranty, tort (including negligence), indemnity, strict liability or any other basis of legal liability, resulting in any way from the performance or non-performance of the Services shall not exceed twice the value of an individual Task Order authorized under this Agreement.

7.6 Survival. Upon completion of all Services, obligations, and duties provided for in this Agreement, or if this Agreement is terminated for any reason whatsoever, the terms and conditions of this Article shall survive.

ARTICLE 8 – INSURANCE

During the performance of the Services under this Agreement, Engineer shall maintain the following insurance:

(1) General Liability Insurance, with a combined single limit of $1,000,000 for each occurrence and in the aggregate.

(2) Automobile Liability Insurance, with a combined single limit of $1,000,000.

(3) Workers' Compensation Insurance in accordance with statutory requirements and Employers' Liability Insurance, with limits of $500,000 for each occurrence and in the aggregate.

(4) Professional Liability Insurance, with a limit of $1,000,000 per occurrence and in the aggregate.

Engineer shall, upon written request, furnish Owner certificates of insurance which shall include a provision that such insurance shall not be canceled without at least thirty days' written notice to Owner. If Owner purchases, or causes a contractor to purchase, a builders' risk or other property insurance policy for the Project, Owner shall require that Engineer be included as a named insured on such policy without liability for the payment of premiums.

Owner assumes sole responsibility and waives all rights and claims against Engineer for all loss of or damage to property owned by or in the custody of Owner and any items at the job site or in transit thereto (including, but not limited to, construction work in progress), however such loss or damage shall occur, including the fault or negligence of Engineer. Owner shall require its insurers to waive all rights of subrogation against Engineer for claims covered under any property insurance that Owner may carry.

Owner shall require all Project contractors under contract with Owner to include Owner and Engineer as additional insureds on their general, automobile, excess, and umbrella liability

insurance policies. Further, Owner shall obtain and maintain for the benefit of Engineer the same indemnities, waivers of subrogation rights and insurance benefits obtained for the protection of the Owner from any construction contractor and subcontractor working on the Project and shall obtain from that contractor and subcontractor insurance certificates evidencing the required coverages.

ARTICLE 9 - LIMITATIONS OF RESPONSIBILITY

Engineer shall not be responsible for: (1) construction means, methods, techniques, sequences, procedures, or safety precautions and programs in connection with the Project; (2) the failure of any contractor, subcontractor, vendor, or other Project participant, not under contract to Engineer, to fulfill contractual responsibilities to the Owner or to comply with federal, state, or local laws, regulations, and codes; or (3) procuring permits, certificates, and licenses required for any construction unless such responsibilities are specifically assigned to Engineer in Attachment A, Scope of Services.

ARTICLE 10 - OPINIONS OF COST AND SCHEDULE

Since Engineer has no control over the cost of labor, materials, or equipment furnished by others not under contract to Engineer, or over the resources provided by others not under contract to Engineer to meet Project schedules, Engineer's opinion of probable costs and of project schedules for construction shall be made on the basis of experience and qualifications as a professional engineer. Engineer does not guarantee that proposals, bids, or actual Project costs will not vary from Engineer's opinions of probable cost or that actual schedules will not vary from Engineer's projected schedules.

ARTICLE 11 - REUSE OF DOCUMENTS

All documents, including, but not limited to, drawings, specifications, and computer software prepared by Engineer pursuant to this Agreement are instruments of service in respect to the Project. They are not intended or represented to be suitable for reuse by Owner or others on extensions of the Project or on any other project. Any reuse without prior written verification or adaptation by Engineer for the specific purpose intended will be at Owner's sole risk and without liability or legal exposure to Engineer. Owner shall defend, indemnify, and hold harmless Engineer against all claims, losses, damages, injuries, and expenses, including attorneys' fees, arising out of or resulting from such reuse. Any verification or adaptation of documents will entitle Engineer to additional compensation at rates to be agreed upon by Owner and Engineer.

Any files delivered in electronic media may not work on systems and software different than those with which they were originally produced. Engineer makes no warranty as to the compatibility of these files with any other system or software. Because of the potential degradation of electronic medium over time, in the event of a conflict between the sealed original drawings/hard copies and the electronic files, the sealed drawings/hard copies will govern.

ARTICLE 12 - OWNERSHIP OF DOCUMENTS AND INTELLECTUAL PROPERTY

Project specific engineering documents, drawings, and specifications prepared by Engineer as part of the Services shall become the property of Owner when Engineer has been compensated for all Services rendered, provided, however, that Engineer shall have the unrestricted right to their use. Engineer shall, however, retain its rights in its standard drawing details, specifications, data bases, computer software, and other proprietary property. Rights to intellectual property developed, utilized, or modified in the performance of the Services shall remain the property of Engineer.

ARTICLE 13 - TERMINATION

This Agreement may be terminated by either party upon written notice in the event of substantial failure by the other party to perform in accordance with the terms of this Agreement. The nonperforming party shall have fifteen calendar days from the date of the termination notice to cure or to submit a plan for cure acceptable to the other party.

Owner may terminate or suspend performance of this Agreement for Owner's convenience upon written notice to Engineer. Engineer shall terminate or suspend performance of the Services on a schedule acceptable to Owner. If termination or suspension is for Owner's convenience, Owner shall pay Engineer for all the Services performed and termination or suspension expenses, including, but not limited to, demobilization, remobilization and cancellation charges. Upon restart, an equitable adjustment shall be made to Engineer's compensation.

ARTICLE 14 - DELAY IN PERFORMANCE

Except for Owner's payment obligation, neither Owner nor Engineer shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include, but are not limited to: unusually severe weather conditions; floods; earthquakes; fire; epidemics; war, riots, and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage; judicial restraint; and inability to procure permits, licenses, or authorizations from any local, state, or federal agency for any of the supplies, materials, accesses, or services required to be provided by either Owner or Engineer under this Agreement.

Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement. Engineer shall be entitled to an equitable adjustment in schedule and compensation in the event such circumstances occur.

ARTICLE 15 - PRE-EXISTING CONTAMINATION

Anything herein to the contrary notwithstanding, title to, ownership of, and legal responsibility and liability for any and all pre-existing contamination shall at all times remain with Owner. "Pre-existing contamination" is any hazardous or toxic substance, material, or condition present at the Project site or sites concerned which was not brought onto such site or sites by Engineer for the exclusive benefit of Engineer. Owner shall release, defend, indemnify, and hold Engineer harmless from and against any and all liability which may in any manner arise from or be in any way directly or indirectly caused by such pre-existing contamination except if, and then only to the extent, such liability is caused by Engineer's sole negligence or willful misconduct.

ARTICLE 16 - COMMUNICATIONS

Any communication required by this Agreement shall be made in writing to the address specified below:

Engineer: Black & Veatch Corporation
Attn: David G. Argo
15615 Alton Pkwy, Suite #300
Irvine, CA 92618

Owner: Chino Basin Watermaster
Attn: Ken Manning
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Nothing contained in this Article shall be construed to restrict the transmission of routine communications between representatives of Engineer and Owner.

ARTICLE 17 - WAIVER

A waiver by either Owner or Engineer of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

ARTICLE 18 - SEVERABILITY

The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this Agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Article shall not prevent this entire Agreement from being void should a provision which is of the essence of this Agreement be determined void.

ARTICLE 19 - INTEGRATION

This Agreement represents the entire and integrated agreement between Owner and Engineer. It supersedes all prior and contemporaneous communications, representations, and agreements, whether oral or written, relating to the subject matter of this Agreement. This Agreement may only be modified by a written amendment executed by both parties.

ARTICLE 20 - SUCCESSORS AND ASSIGNS

Owner and Engineer each binds itself and its directors, officers, partners, successors, executors, administrators, assigns, and legal representatives to the other party to this Agreement and to the directors, officers, partners, successors, executors, administrators, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

ARTICLE 21 - ASSIGNMENT

Neither Owner nor Engineer shall assign any rights or duties under this Agreement without the prior written consent of the other party, except that Engineer may do so to any of its related, affiliated, or successor entities upon written notice to Owner of same. Unless otherwise stated in the written consent to an assignment, no assignment will release or discharge the assignor from any obligation under this Agreement. Nothing contained in this Article shall prevent Engineer from employing independent consultants, associates, and subcontractors to assist in the performance of the Services.

ARTICLE 22 - THIRD PARTY RIGHTS

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Engineer.

IN WITNESS WHEREOF, Owner and Engineer have executed this Agreement effective as of the date first written above.

CHINO BASIN WATERMASTER OWNER	**BLACK & VEATCH CORPORATION** ENGINEER
By_____	By_____
Printed Name_____	Printed Name_____
Title_____	Title_____
Date_____	Date_____

ATTACHMENT A
SCOPE OF SERVICES

(Refer to all Task Orders implemented under this Agreement for Engineering Services)

ATTACHMENT B
COMPENSATION

(Refer to all Task Orders implemented under this Agreement for Engineering Services)

CHINO BASIN WATERMASTER

TASK ORDER NO. B&V_2008/09-001

CONSULTANT:	Black & Veatch Corporation 15615 Alton Pkwy, Suite #300 Irvine, CA 92618	**DATE:**	November 20, 2008
COST:	**$150,600**		
PAYMENT:	Monthly upon receipt and approval of invoices.		

BUDGET APPROVED: YES (X) NO ( )

THIS TASK ORDER is issued by Chino Basin Watermaster (hereafter "Watermaster") to Black & Veatch Corporation (hereafter "B&V" or "Consultant"), pursuant to *Agreement for Engineering Services*, dated November 20, 2008.

1. **PROJECT NAME OR DESCRIPTION**

Technical Services for the Recharge Master Plan Update

2. **SCOPE OF WORK (TASKS)**

The line item scope of work and labor and fee estimate is attached as Exhibit A. Wildermuth Environmental, Inc. (WEI), will serve as Program Manager of the Recharge Master Plan Update. B&V is serving as technical consultant to the Watermaster for assistance on specific tasks associated with development of the Recharge Master Plan Update as assigned in Exhibit A. WEI has designed the scope of work to conform to the requirements of the December 2007 Court Order, Condition Subsequent No. 6. The technical work associated with this Task Order will be executed and documented to meet the conditions required by the Court and will ultimately be combined with the work being conducted by WEI to provide the Watermaster with a complete Recharge Master Plan Update.

The line item scope of work in Exhibit A contains a series of tasks to be conducted by B&V that tie directly into the overall Recharge Master Plan Update scope of work. The complete Recharge Master Plan Update is scheduled for completion by June 2010. It is anticipated that that work associated with this Task Order shall be accomplished by June 30, 2008. Any work and/or budget remaining after June 30, 2008, shall be carried forward to a new FY 2009/10 Task Order.

3. DELIVERABLES

Consultant shall deliver, without prior approval or coordination, to Watermaster no later than the date or dates indicated, the following:

- Monthly cover letter to invoices summarizing budget status and a brief progress report on activities conducted during the billing period. B&V will present a progress report to the Watermaster Committees and Board, if requested by Watermaster CEO.
- Draft Section 6 by June 30, 2009, and Final Draft of Section 6 within five days of receiving final comments from Watermaster, CBWCD and IEUA.
- Documentation as requested by Watermaster to complete its progress report to the Court.

4. PERFORMANCE TIME FRAME

B&V shall begin work within five days of the date this Task Order is signed by the authorized officers and shall complete performance of such services by or before **June 30, 2009**.

5. WATERMASTER LIASION

Mr. Ben Pak will serve as liaison between Watermaster and B&V.

6. COMPENSATION

For all services rendered by Consultant pursuant to this Task Order, Consultant shall receive a total not-to-exceed sum of **$150,600** in accordance with the Schedule of Hourly Rates, attached hereto as Exhibit B, and shall be reimbursed for reasonable and necessary expenses incurred in the connection with the performance of services hereunder. Consultant shall notify Watermaster – in writing – of any change from the agreed upon scope of work. Consultant shall describe the circumstances that caused the change in scope or conditions, the revised scope of work, and the estimated cost to perform the revised scope of work. Consultant shall not perform the revised scope of work without written authorization from Watermaster. Absent authorization from Watermaster, invoices that cause the project total billing to exceed the original project upper limit will not be paid.

Payment of the fees and expenses incurred shall be made monthly upon receipt of timely and proper invoices from Consultant, as required by the above-mentioned Agreement. Each such invoice shall be provided to Watermaster by Consultant within 20 days after the end of the month in which the services were performed. Watermaster will review Consultant's invoices prior to authorizing payment.

As approved by,

CHINO BASIN WATERMASTER	**BLACK & VEATCH CORPORATION**
By: _____	**By:** _____
By: _____ **(Name Printed)**	**By:** _____ **(Name Printed)**
Title: _____	**Title:** _____
Date: _____	**Date:** _____

Exhibit A
Chino Basin Recharge Master Plan
Black & Veatch Labor and Fee Estimate

Task	Project Director	Project Manager	Engr. Manager	Project Engineer	Staff Engineer	CAD Tech	Clerical Staff	Total Hours	Total Labor	Total Expenses	Total Cost
Rate	250	175	140	125	110	100	90			8.75	
1.4 Coordination of Meetings (Attendance) (1)	6	40	40				16	102	15,540	1,460	17,000
2.0 Collect, Compile and Review Data and Reports		2	8	16	8			34	4,350	350	4,700
3.3 Compile Design Requirements for Wells, Conveyance, Storage and Treatment Facilities		4	8	16	8	16		52	6,300	500	6,800
7.1 Characterize Existing Supplemental Water Recharge Capacity											
7.1.1 Describe Regional Supplemental Water Recharge Facilities		4	8	12	16		8	48	5,800	500	6,300
7.1.2 Describe Local Supplemental Water Recharge Facilities		4	8	12	16		8	48	5,800	500	6,300
7.2 Describe the Need for New Supplemental Water Recharge Capacity		2	4	8	8			22	2,790	210	3,000
7.3 Identify New Supplemental Water Recharge Projects											
7.3.1 Describe Potential Regional Supplemental Recharge Projects	2	16	24	40	48	16	4	150	18,900	1,400	20,300
7.3.2 Describe Potential Local Supplemental Water Recharge Facilities	2	16	24	40	48	16	4	150	18,900	1,400	20,300
7.3.3 Identify and Recommend Potential Changes in Supplemental Water Management Pc	2	4	8	4	4		4	26	3,620	380	4,000
7.3.4 Estimate the Expected Increase in Supplemental Water Recharge for Each Potential	2	4	8	16	24		4	58	7,320	680	8,000
7.3.5 Prepare Cost Opinions for Each Alternative (Capital, O&M, Unit Cost)		8	16	24	48		4	100	12,280	920	13,200
7.3.6 Describe Implementation Barriers		4	8	4	8		4	28	3,560	340	3,900
7.3.7 Describe Policy Changes	2	2	4	2	4		4	18	2,460	240	2,700
7.4 Prepare Section 6 of Project Report											
7.4.1 Prepare Draft Section 6 of Project Report	2	8	16	32	64		32	154	18,060	1,440	19,500
7.4.2 Review Draft Section 6 with Stakeholders		4	4					8	1,260	140	1,400
7.4.3 Incorporate Comments and Finalize Draft Section 6		4	8	8	16		12	48	5,660	540	6,200
8.6 Rank Alternatives											
8.6.1 Prepare Matrix for the Alternatives and Ranking Criteria	2	4	4	8	4			22	3,200	200	3,400
8.6.2 Score Each Alternative and Rank		4	4					8	1,260	140	1,400
8.6.3 Conduct Workshop to Review Ranking and to Obtain Stakeholder Input		4	4					8	1,260	140	1,400
8.6.4 Finalize Matrix and Ranking		2	2					4	630	170	800
Total	20	140	210	242	324	48	104	1,088	138,950	11,650	$150,600

Notes:
(1) Assumes B&V attendance at 10 meetings; PD attends 2; PM attends all; EM attends all

BLACK & VEATCH CORPORATION

SCHEDULE OF HOURLY RATES

Personnel Classifications	2008/2009 Rate
Project Director/Vice President	$325
Project Manager 3	$250
Project Manager 2	$230
Project Manager 1	$180
Engineer 8	$210
Engineer 7	$180
Engineer 6	$170
Engineer 5	$160
Engineer 4	$135
Engineer 3	$115
Engineer 2	$110
Engineer 1	$95
Engineer 0	$90
CAD Manager*	$120
CAD Operator*	$110
Clerical*	$90

(1) Subconsultants will be billed at cost plus 10%.

(2) Other Direct Charges will be billed at cost. Allowable Other Direct Charges include the following:

Travel (transportation fares/tickets, vehicle rental & Fuel, lodging, meals, parking, tolls, IRS-approved mileage)

Delivery (courier, FEDEX/UPS/Express mail, US mail)

Major deliverable reproduction (photocopy, printing)

Field equipment and miscellaneous supplies

Temporary labor

(3) Overtime hours will be reimbursed at 125% of the regular hourly rate

*-non-exempt classifications only

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II. BUSINESS ITEMS

C. BUDGET TRANSFERS

1. Budget Transfer from OBMP & Water Quality Committee Expenses to Recharge Master Plan and Watermaster Legal Counsel ($413,750)

2. Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request $21,000

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: **November 18, 2008**
November 20, 2008

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Budget Transfer 08-11-01**

SUMMARY: Budget transfer from OBMP & Water Quality Committee expenses to Recharge Master Plan and Watermaster Legal Counsel ($413,750)

BACKGROUND

During the Watermaster budget process, the pools voted to reduce the Watermaster legal budget by 25% and to have staff conduct a budget review as the assessment package is finalized. The budget has been reviewed by staff and consultants and is able to reduce budgeted expenses in the OBMP and Water Quality categories to provide the funds necessary to cover increases in the Recharge Master Plan and Watermaster Legal Counsel categories.

DISCUSSION

In March, 2008 staff met with representatives from Brownstein Hyatt Farber & Schreck to review their 2008/2009 proposed budget. After several meetings and lengthy discussions, staff and counsel settled on a budget of $585,000 for the fiscal year 2008-2009. During the budget approval, staff was asked to reduce the legal budget by 25% and then come back and with a revised budget during the year, when there is a better understanding of where and how the legal funds will be spent.

Staff has met with legal counsel and believe that the original budget of $585,000 is still valid, along with budgeting an additional $190,000 to cover increases in originally budgeted estimates due to Judge Gunn leaving the bench, assisting in the negotiations to allow Western MWD to join the CDA, compliance with the court's November 13, 2008 ruling and management of the RWQCB process regarding the maintenance or potential loss of Maximum Benefit.

During the process of reviewing the budget mid-year, staff has worked with other consultants to reduce expenditures which will allow for funds to be shifted to cover the projected legal budget shortfall so that this increase in legal budget does not require increases in the amount of funds required to be assessments.

RECOMMENDATIONS

Approve attached budget transfer request 11-08-01.

CHINO BASIN WATERMASTER

BUDGET TRANSFERS

Fiscal Year 2008-2009

To: **All Parties** # T-08-11-01

From: Sheri Rojo Date: Nov, 2008

Describe reason for the transfer between budget categories here: To transfer funds to cover anticipated cost overages in accounts referenced below.

Budgetary account reduction

Line Item Description	*Account Number*	*Current Budget*	*Amount*
OBMP	6906	$ 919,373	$ (273,854)
Water Quality Committee	7502	$ 194,896	$ (139,896)

Budgetary account addition

Recharge Master Plan	7202	$ 273,564	$ 70,000
WM Legal Counsel	6907.3	$ 431,250	$ 343,750
			$ -

Should be zero

Transfer Procedure

1. Staff brings the transfer request to the Appropriate Pool for information purposes if the transfer is under $25,000. Transfers over $25,000 within the same budget category require Pools, Advisory Committee and Board approval. Transfers between budget categories, regardless of amount must be approved by the Pools, Advisory Committee and Board .

2. Once the form has been completed by the CFO, and approved by the board if required, the Chief Financial Officer will prepare and process the budget transfer in the accounting system.

3. A log will be maintained by the CFO detailing the transfer.

4. A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

Finance Use Only

Date Board Approved _____

Date Posted _____

Posted By _____

Approved by _____

Date approved _____

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Brownstein Hyatt Farber Schreck
2008 Proposed Budget

A.	General Counsel Duties	$150,000
	a. Meeting Attendance	
	b. Minutes	
	c. Routine contract review and filings with opinions	
B.	Court Coordination	$75,000
	a. Court Appearances	
	b. Draft pleadings	
	c. Review Reports	
	d. Consult with Court, Special Referee and Assistant	
C.	Peace II Process	$75,000
	a. Preparation and Court filings re Conditions Subsequent	
	b. Implementation Agreements	
	c. Environmental Review	
D.	Storage & Recovery	$50,000
	a. MWD Document Review	
	b. San Diego Document Review	
	c. Ancillary Agreements	
	d. Non-Agricultural Pool Water Auction / RFP	
E.	Recharge Master Plan	$50,000
	a. Work with Staff & Consultants on strategies	
	b. Mediation, Facilitation on Agreement Terms	
	c. Draft Implementation Documents	
F.	SWRCB Permits	$50,000
	a. Review and Potential Response to Order	
	b. Permit 19895 Response	
	c. c.DFG Settlement Issues	
G.	Regional Board Issues	$15,000
	a. Santa Ana River Cooperative Agreement	
	b. Basin Plan Amendment Compliance	
	c. Agency agreements	
	d. Meeting attendance	
	e. Document Review	

H. Water Quality $30,000
   a. Ontario Airport (Meeting attendance; settlement negotiation)
   b. Chino Airport (Meeting attendance; settlement negotiation)
   c. Misc. Issues
   d. This original budget estimate does not account for the recent agreement whereby Watermaster will take the lead in litigation against the County of San Bernardino regarding the Chino Airport plume. The details of this arrangement have yet to be finalized and will be separately budgeted.

I. Strategic Planning $20,000
   a. Involvement in the Agenda
   b. Participation

J. Interagency Cooperative agreements $15,000
   a. IEUA negotiations on contracts
   b. Three Valley's agreements

K. Personnel Issues $10,000
   a. CEO Contract development
   b. Personnel Committee

L. Desalter Negotiations $45,000
   a. a.Meeting Attendance
   b. b.Facilitation
   c. cDocumentation

Total as submitted March 2008 $585,000

M. Additional Issues

The prior budget was submitted prior to Judge Gunn leaving the bench. Events associated with this have and will require additional legal counsel attention. In addition, issues associated with the Desalter expansion and admission of Western MWD into the CDA will require additional attention. Compliance with the Court's November 13, 2008 ruling will require additional resources. Finally, it is anticipated that resistance to Western's admission into CDA will require additional time associated with managing the RWQCB process regarding the Maximum Benefit standards and potential loss thereof.

$190,000

OPTIONAL

N. Federal Issue Management (Retainer) $120,000*

* Could be shared among interested parties within the Chino Basin.

CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE:	**November 18, 2008** **November 20, 2008**
TO:	**Committee Members** **Board Members**
SUBJECT:	**Funding of the farming portion of the Middle Santa Ana Watershed TMDL Study**
COST:	**$21,000 – Budget Transfer Request**

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. As a result of the Agricultural Pool meeting held in October, 2008, a motion was passed requesting Watermaster to approve a budget transfer from its OBMP funds to fund this project in the amount of $21,000.

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BUDGET TRANSFERS

Fiscal Year 2008-2009

To: **All Parties** # T-08-11-02

From: Sheri Rojo Date: Nov, 2008

Describe reason for the transfer between budget categories here: To transfer funds to cover anticipated cost overages in accounts referenced below.

Budgetary account reduction

Line Item Description	*Account Number*	*Current Budget*	*Amount*
OBMP	6906	$ 919,373	$ (21,000)

Budgetary account addition

TMDL Study - SAR Watershed	6906.6	$ -	$ 21,000
			$ -

Should be zero

Transfer Procedure

1. Staff brings the transfer request to the Appropriate Pool for information purposes if the transfer is under $25,000. Transfers over $25,000 within the same budget category require Pools, Advisory Committee and Board approval. Transfers between budget categories, regardless of amount must be approved by the Pools, Advisory Committee and Board .

2. Once the form has been completed by the CFO, and approved by the board if required, the Chief Financial Officer will prepare and process the budget transfer in the accounting system.

3. A log will be maintained by the CFO detailing the transfer.

4. A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

Finance Use Only

Date Board Approved _____

Date Posted _____

Posted By _____

Approved by _____

Date approved _____

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MEMORANDUM

TO: Bob Feenstra, Chairman, Watermaster Ag Pool
Jeff Pierson, Vice Chairman, Watermaster Ag Pool

CC: Geoffrey Vanden Heuvel, Dairy Producer Environmental Foundation
Ken Manning, Chino Basin Watermaster

FR: Rob VandenHeuvel, Milk Producers Council

DA: Monday, October 20, 2008

RE: Item on this month's Ag Pool Agenda – TMDL Compliance Costs

Gentlemen,

In preparation for Wednesday's Ag Pool meeting, I thought it would be prudent to provide some background information on Item II (C) of the agenda, "To Consider Funding for the Farming Portion of the Middle Santa Ana Watershed TMDL Study."

As you recall, this issue originally came up last year. The costs of complying with these TMDL regulations apply to both dairy and non-dairy agricultural operators. Last year, it was estimated that approximately $40,000 would be needed for both dairy and non-dairy ag to comply. Those funds were paid by two groups – 50 percent was paid by the Dairy Producer Environmental Foundation (DPEF) on behalf of the dairy operators, and 50 percent was paid by the Chino Basin Watermaster Ag Pool on behalf of the non-dairy ag operators.

Milk Producers Council has taken an active role in overseeing the TMDL process and ensuring that both dairy and non-dairy agriculture are in full compliance. Our consultant – Pat Boldt – attends the meetings on our behalf and has done a tremendous job of keeping the costs to both the dairy and non-dairy ag operators as low as possible.

The authorization made by the Ag Pool last year was to pay up to $20,000 to cover the compliance costs on behalf of the non-dairy ag operators. Of that $20,000, approximately $17,300 was used, leaving a balance of about $2,700. For the upcoming year, compliance by both the dairy and non-dairy ag operators will total approximately $42,000 ($21,000 for each of the two groups).

Last month, the DPEF authorized an additional $20,000 to cover the compliance costs on behalf of the dairy operators for the upcoming year (since there was a balance left from last year's authorization, an additional $20,000 would be adequate to pay for the upcoming year's costs). **The request before the Ag Pool this month is to authorize an additional $20,000 to pay for the compliance costs on behalf of the non-dairy ag operators.**

A document outlining some basic Q&A has been attached to this memo. If you have any additional questions before the Ag Pool meeting on Wednesday, please call me on my cell at (909) 992-9529.

Rob

TMDL Compliance
In Preparation of Ag Pool Meeting
October 22, 2008

Q&A

Why does Agriculture have to participate in this TMDL monitoring program?
EPA requires States to develop "Total Maximum Daily Loads" for "impaired waters" that fail to meet water quality standards set by the State. The Middle Santa Ana River is considered "impaired water", subject to a Bacterial Indicator TMDL.

Under this regulation, agricultural interests (either on an individual basis or collectively as an industry) must:

1. Develop a watershed-wide monitoring program that will provide data necessary to review and update the Middle Santa Ana River Bacterial indicator TMDLs.
    a. A watershed-wide monitoring program has already been developed by a coalition of cities and counties – dairies and other agriculture have been added to this effort. Since we are part of a group, this year agriculture and dairy combined will contribute only 6-7% of the costs of this "watershed-wide monitoring".
    b. Going forward, agriculture will be able to comply with this EPA regulation by contributing our minor portion of the costs associated with this stakeholder group.
2. Develop a Bacterial Source Agricultural Source Evaluation Plan (AgSEP). This plan shall include steps needed to identify specific activities, operations, and processes in CAFO areas that contribute bacterial indicators to Middle Santa Ana River Watershed waterbodies with a schedule for completion of each of the steps identified.
    a. This AgSEP has been developed – last year $30,000 was collectively spent by the Dairy Producer Environmental Foundation (DPEF) and Chino Watermaster Ag Pool to develop this AgSEP. It was then approved by the RWQCB.
    b. The AgSEP outlines a one-year monitoring schedule specific to agriculture that will determine potential "ag-specific" bacterial threats to water quality in the Santa Ana River.

Who does this apply to?
This applies to all agricultural interests in the Chino Basin, both dairy and non-dairy ag. Last year, the Dairy Producer Environmental Foundation (DPEF) paid 50 percent of the costs ($20,000), and this year, the DPEF has committed to the same.

By acting on behalf of the ag operators in the area, the Ag Pool is complying with these regulations on the farmers' behalf. If the Ag Pool opted not to participate, the Regional Water Quality Control Board would then be obligated to demand compliance from each individual farmer.

It was the opinion of the DPEF and Ag Pool in 2007 that it would be substantially less-expensive to comply collectively and benefit from the TMDL infrastructure that has already been set in place. DPEF continues to believe that is the proper course of action, and the Ag Pool is considering their options this week.

How much does this cost in 2008?
As mentioned above, there are two things that need to be funded by the local ag industry.

1. Our 2008 portion of the "Middle Santa Ana River Pathogen TMDL Task Force" costs. This amounts to **$9,625 for 2008**. *(These annual payments to the Task Force will be a recurring annual cost going forward.)*
2. The costs of the one-time dairy-specific monitoring program that has been outlined by the AgSEP. Pat Boldt, on behalf of Milk Producers Council, has solicited bids for this monitoring project, and recommends Brown and Carter (the lowest bid) with a total cost of **$11,286.50**. *(This is a one-time cost.)*

Last year the Ag Pool authorized $20,000 to be available for TMDL compliance. Was that all used up?
No. Of that $20,000 approved by the Dairy Producer Environmental Foundation (DPEF),

- **$3,031.50** was paid to the "Middle Santa Ana River Pathogen TMDL Task Force" as our 2007/08 payment.
- **$13,480** was paid to develop the AgSEP, which was discussed above.
- **$775** was paid to Pat Boldt in an effort to secure grant funds to offset the monitoring costs that the industry is now being asked to pay.

So out of the $20,000 that was approved by DPEF, $17,286.50 was disbursed, leaving a balance of **$2,713.50** available under last year's authorization.

Pat Boldt pursued grant funds to help cover some of these costs we are now facing. Why were we not able to get those grants?
Pat submitted the application for the grant funds, but was denied without any explanation. She will be continuing to seek out grant opportunities that could partially or fully offset the ag industry's financial obligations to this TMDL monitoring effort.

So looking forward, what can we expect in the upcoming years?
In the future years, the agricultural industry's portion of the "Middle Santa Ana River Pathogen TMDL Task Force" costs should be expected. As you see above, our portion this year is $9,625. We are unable to estimate what next year's costs are, but we know whatever the costs, they will be spread out amongst the roughly 14 "stakeholders" in the task force (cities, counties, ag).

What about our neighbors in the San Jacinto region? Do they have similar issues?
Yes. The Western Riverside County Ag Coalition has been very active in addressing the TMDL compliance for agricultural interests in the San Jacinto region. Their compliance, however, is separate from the compliance required of Chino Basin dairies and other ag.

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II. BUSINESS ITEMS

D. DELINQUENT ASSESSMENT POLICY

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: **November 18, 2008**
November 20, 2008

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Delinquent Assessment Policy**

SUMMARY

BACKGROUND

The Watermaster is proposing Delinquent Assessment Procedures Policy that includes a process for dealing with parties that are late with payment. The Policy includes an interest payment consistent with provisions within the judgment as well as a late penalty to help encourage the prompt payment of assessments.

DISCUSSION

Most agencies have problems with late payments, but unlike retail agencies, Watermaster does not have the power to "shut off service" for non-payment. In fact, many of our retail agencies will not restore service until a flat fee is paid, which is often 10% or more of the average outstanding bill. This fee is assessed to cover the time and overhead to manage late payments, reduce the financial burden on other appropriators who have made timely payments, recoup attorney fees, and also serves as an incentive to promote timely payment. Staff is proposing a relatively nominal penalty fee to incentivize prompt payment similar to what our member agencies are already doing.

The Watermaster's authority to collect interest and fees 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.*

To help defer costs of collection including staff time and overhead, Staff proposes instituting a 2% penalty which would accrue beginning on the thirty-first (31st) day following the day the assessment is due, in addition to the 10% interest rate (or higher as noted above) per annum. Assessing a penalty, in addition to interest charges, is common practice and the amount of 2% is reasonable and consistent with other agencies.

It should also be noted that once interest charges are assessed to an agency, the Watermaster Staff would not have the authority to waive charges greater than $1,000. The write-off of any interest/penalty charges less than $1,000 must be approved by the Chief Executive Officer. The forgiveness of charges greater than $1,000 must go through the entire pool process, which can be very time consuming and costly. Assessing a penalty will encourage prompt payment and prevent the need to initiate this unnecessary process.

The proposed policy has been distributed among the Watermaster parties, the feedback thus far has been in supportive. The comments pertained to assessing the 2% penalty on a date other than the due date of the assessment. The suggestions have ranged from 15 to 30 days following the due date of the assessment. In an effort to accommodate the members who must seek board approval prior to paying the Watermaster assessment, staff feels that 30 days following the due date is reasonable and should allow all parties to have their payments remitted prior to being assessed a penalty.

RECOMMENDATION

Approve the proposed Watermaster Policy; ***Delinquent Assessment Policy & Procedures***

CHINO BASIN WATERMASTER
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KENNETH R. MANNING
Chief Executive Officer

DELINQUENT ASSESSMENT POLICY & PROCEDURES

Interest & Penalty

As authorized within the judgment, Watermaster shall levy delinquent assessments at an interest rate of 10% per annum (or such greater rate as shall equal the average cost of borrowed funds to the Watermaster) from the date the assessment is due.

Watermaster is authorized to add a delinquent assessment penalty equal to 2% of the assessment, starting on the 31st day following the day the assessment is due.

Collection

If the assessment goes unpaid, such assessment, assessment penalty and interest may be collected in a show-cause proceeding instituted by Watermaster, in which case the Court may allow Watermaster its reasonable costs of collection, including attorney fees.

Wavier of Fees

Watermaster Chief Executive Officer shall have authority to waive interest and penalty if the combined amount does not exceed $1,000 and makes a finding that the nonpayment was as the result of excusable neglect. If the combined interest and penalty exceed $1,000, the authority to forgive such charges is exclusively with the Watermaster Board after a recommendation has been given by the Advisory Committee.

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

E. CONDITION SUBSEQUENT NO. 7

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: **November 18, 2008**
November 20, 2008

TO: **Committee Members**
Watermaster Board Members

SUBJECT: **Condition Subsequent Number 7**

SUMMARY

Recommendation - Staff Recommends approval of recommendations described in the letter report from Wildermuth Environmental dated November 13, 2008, and transmittal of these recommendations to the Court in compliance with Condition Subsequent Number 7.

Background

In its December 21, 2008 Order, the Court conditioned its approval of the Peace II Measures on Watermaster compliance with nine conditions subsequent. Watermaster has complied with conditions one through six, and the Court approved this compliance at the hearing held on November 13, 2008.

Watermaster must comply with Condition Subsequent Number 7 by December 31, 2008. Condition Subsequent Number 7 reads:

By December 31, 2008, Watermaster shall prepare and submit to the Court for approval a revised schedule to replace the initial corrected schedule, which submittal shall include a reconciliation of new yield and storm water estimates for 2000/01 through 2006/07, and a discussion of how Watermaster will account for un-replenished overproduction for that period.

Watermaster initiated discussion of these items at the 2008 Strategic Planning Retreat, and followed this with an information item on the October Watermaster meeting agendas and a workshop held on November 12, 2008 at the Watermaster offices. At the November 12, 2008 workshop, Watermaster proposed a manner of responding to the Court's Order with recommendations. These recommendations have been detailed in a letter report prepared by Wildermuth Environmental ("WEI") dated November 13, 2008 and included in the agenda package.

Summary

As detailed in the WEI letter report, the issue of un-replenished overproduction has two components: under-replenishment from the Chino Basin desalters during the 2000/01 through 2006/07 period, and an overestimate of the anticipated New Yield from the Chino Basin Facilities Improvement Project.

On the first issue, the WEI letter report finds that the magnitude of the under-replenishment from the Chino Basin desalters for the relevant period is 29,070 acre-feet. The WEI letter report considers various options for how to account for this including taking the water from the court-approved re-operation account, taking the water from other storage accounts, or replenishing the water through wet water replenishment.

The WEI letter report recommends that the preferred alternative is to use water from the non-Western Municipal Water District reoperation account.

The proposed schedule that matches this recommendation is Table 3 in the WEI letter report.

On the second issue, the WEI letter report articulates the means of addressing an overestimate of New Yield from stormwater recharge and how Watermaster accounting shall comply with these procedures. According to this procedure, Watermaster will not account for any New Yield from stormwater recharge for the next five years.

Recommendation

Watermaster recommends approval of the recommendations described in the WEI letter report, and recommends that a description of these recommendations be transmitted to the Court by December 31, 2008 in compliance with the Court's December 21, 2008 Order.

WILDERMUTH™
ENVIRONMENTAL INC.

November 13, 2008

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

Subject: Response to Condition Subsequent Number 7

Dear Mr. Manning:

Pursuant to your request, Wildermuth Environmental, Inc. (WEI) reviewed the December 20, 2007 Special Referee's Report and the Honorable Judge Gunn's December 21, 2007 Court Order with regard to Condition Subsequent No. 7 (CS7). Specifically, you asked WEI to develop and recommend a response to CS7 for the Watermaster's consideration and use in the Watermaster's response to the Court. Our review and recommendations are summarized below.

Condition Subsequent No. 7

CS7 reads:

> By December 31, 2008, Watermaster shall prepare and submit to the Court for approval a revised schedule to replace the initial corrected schedule, which submittal shall include a reconciliation of new yield and storm water estimates for 2000/01 through 2006/07, and a discussion of how Watermaster will account for un-replenished overproduction for that period.

There are two issues posed by the CS7. The first issue relates to under-replenishment of the Chino Basin desalters during the 2000/01 through 2006/07 period. The following questions need to be answered to resolve this issue:

- What was the magnitude of said under-replenishment?
- How will the Watermaster fulfill the replenishment obligation?

The second issue relates to how Watermaster accounts for the new yield created by the operation of the recently constructed recharge improvements, referred to as the Chino Basin Facilities Improvement Program (CBFIP). To resolve this issue, the following questions need to be answered:

- What was the volume of storm water recharge over the 2000/01 through 2006/07 period?
- What part of this recharge is "new" and how will the Watermaster account for this new recharge?

Under-Replenishment of the Chino Desalters During the 2000/01 through 2006/07

The *Chino Basin Water Resources Management Study* (MW, 1993) and the subsequent early desalter engineering studies used groundwater flow models to evaluate groundwater basin response to desalter proposals and concluded that the inducement of new Santa Ana River inflow to the Chino Basin would occur from the then proposed Chino desalters. Subsequent investigations during the development of the Optimum Basin Management Program (OBMP) produced a similar result. One of the conditions necessary to generate new yield with the desalters is to assume that new yield will occur and to conduct replenishment operations with that assumption. At the time of the desalter startup, around 2000, WEI used Watermaster's *Rapid Assessment Model* (RAM) of the Chino Basin to determine how much new yield could be obtained from the Santa Ana River. (RAM is a steady state model that produces an equilibrium response to any prescribed groundwater management plan.) Through the application of RAM, it was determined that Watermaster should assume that about half of the desalter production would come from the River.

Our current models are, by contrast, very detailed transient models. The recent modeling work done for the Peace II process suggests a very different answer for the new yield associated with the desalters and the reoperation authorized by the Peace II Agreement. In analyzing future reoperation alternatives, it was determined that the induced Santa Ana River recharge lagged the dedication of groundwater storage to desalter replenishment by several years. Table 1 shows the Initial Corrected Schedule[1] referred to in CS7. The planning simulation for this schedule started in July 2006. This table contains the estimated new yield from the Santa Ana River and the time history of withdrawals from the reoperation accounts used to satisfy the desalter replenishment obligation. Note that new yield from the river appears to start in fiscal year 2011/12 and rises to about 5,000 acre-ft/yr by 2021/2022. The column titled "Residual Replenishment Obligation" is the desalter replenishment obligation that must be satisfied through either physical recharge, other sources provided for in the Peace II Agreement, water acquired from other storage accounts, or a combination of these sources. One of the take aways from Table 1 is that the induced Santa Ana River recharge originally projected to occur in the 2000/01 through 2006/07 period did not occur.

Table 2 shows desalter production during the 2000/01 through 2006/07 period, which totals to about 91,200 acre-ft. This production must be fully replenished. The table shows that 36,400 acre-ft of replenishment obligation was provided by the Desalter Account, that 25,700 acre-ft was provided by the CDA reoperation account, and that about 29,100 acre-ft was provided projected new Santa Ana River recharge. However, as mentioned above, the new modeling results strongly suggest that new Santa Ana River recharge did not occur; thus, there is an outstanding replenishment obligation of about 29,100 acre-ft.

There are four water sources that can be used to make up the outstanding replenishment obligation, including 1) physical (wet-water) recharge with supplemental water, 2) a debit from the non-Western Municipal Water District (WMWD) reoperation account[2], 3) other sources provided for in the Peace

[1] The term *Initial Corrected Schedule* refers to the specific schedule of desalter production, projected new yield, use of reoperation water for desalter replenishment, and other desalter replenishment that was requested by the Court during the Peace II process.

[2] It is likely that the WMWD will become a member of the CDA before the end of 2008. The WMWD reoperation account refers to the water in storage that is dedicated to desalter capacity that will be constructed by the WMWD

II Agreement, 4) water acquired from other storage accounts, or a combination of these sources. Physical recharge is the least desirable alternative because it will retard the projected buildup in new yield (as shown in Table 1), it works counter to hydraulic control, and it will come at a great cost. Figure 1 shows the time history of projected Santa Ana River recharge attributed to desalter production with reoperation and the estimated retardation of the projected buildup in new yield if the 29,100 acre-ft were replenished with physical recharge. A better approach is acquire the replenishment water either from the non-WMWD reoperation account, other sources provided for in the Peace II Agreement, other water from existing storage accounts if available, or a combination thereof. Table 3 presents a modified version of the Initial Corrected Schedule, extended back to fiscal 2000/01, that shows historical and projected desalter production, projected new yield, the time history of withdrawals from the Desalter Account, projected withdrawals from the reoperation accounts, and the historical and projected residual replenishment obligation. In this schedule, it was assumed that the Watermaster would debit the non-WMWD reoperation account in fiscal 2009/10; although it could be done this year as well. If the replenishment water was supplied from the non-WMWD reoperation account, the non-WMWD reoperation account would be depleted one year earlier than initially projected in Table 1.

Reconciliation of Storm Water Recharge for the 2000/01 through 2006/07 Period

In addition to the new yield created by new Santa Ana River recharge, the Peace Agreement provides for new yield created by new storm water recharge. New storm water recharge refers to the additional storm water recharge that results from the CBFIP and subsequent storm water recharge enhancements. New storm water recharge is equal to the total volume of storm water recharge minus the storm water recharge that would have occurred without the CBFIP and subsequent storm water recharge enhancements.

The CBFIP was mostly completed during fiscal 2004/05. The Inland Empire Utilities Agency (IEUA) managed CBFIP construction and currently operates the CBFIP facilities. These facilities are operated pursuant to an agreement between the Watermaster, the IEUA, the Chino Basin Water Conservation District, and the County of San Bernardino. The IEUA collects data and prepares storm water recharge estimates for each of the recharge basins in the Chino Basin. The IEUA reviews its calculations with the Groundwater Recharge Coordinating Committee and provides the final estimates to the Watermaster. Recently, we developed pre-CBFIP storm water recharge estimates for use in our groundwater modeling work for both the Peace II Agreement and, more recently, the material physical injury analysis of the Dry Year Yield Program Expansion. The WEI and IEUA estimates are provided in Table 4. The recharge facility locations are shown in Figure 2.

In contrast to the new yield developed by the desalters, the new recharge from recharge improvements varies significantly from year to year as a function of precipitation, storm water management practices, and the state of the recharge facilities. In 2003, Watermaster investigated two methods for computing new storm water recharge. The first method involves preparing estimates of the long-term average annual storm water recharge with and without the CBFIP and calculating the new yield as the difference. Modeling tools would be used to estimate recharge, and

and will be exclusively available to the WMWD. The non-WMWD reoperation account refers to the other water in the reoperation account.

the new yield estimate would be refined over time if historical observations demonstrated that the assumptions, data, and/or models needed to be refined. With this approach, the new yield estimate is more stable over time, providing certainty to the members of the Appropriative Pool. Moreover, the yield of the Chino Basin is based on recharge components, some of which are highly variable over time (stormwater recharge and the deep percolation of precipitation), yet the yield is a constant value. This occurs because the Chino Basin is a large storage reservoir that buffers the effects of wet and dry periods. The use of a long-term average annual estimate of new recharge is consistent with the notion of the safe yield of the Chino Basin and other basins that are managed to a safe yield.

The second method would be to estimate actual recharge annually, based on observed data, and what would have recharged had the CBFIP not been implemented. The difference would equal the new yield. With this approach, the new yield estimate would be highly variable over time.

In April 2003, Watermaster adopted the first approach. The procedures for implementing this approach are as follows:

1. The volume of recharge provided by the pre-CBFIP facilities was assumed to be 5,600 acre-ft/yr (baseline) per the Peace Agreement implementation plan.
2. Assumptions were made about the additional recharge that would result from the CBFIP.
3. It was assumed that the CBFIP would produce a long-term average new recharge of 12,000 acre-ft/yr.
4. This assumed long-term average recharge (12,000 acre-ft/yr) would be used for the first five years of new recharge facility operations.
5. Each year, the performance characteristics and actual additional recharge would be determined.
6. At the end of five years, a new long-term average estimate of new recharge would be computed, based on the actual performance characteristics of the facilities
7. Any credit or debit that results from the initial estimate of additional recharge being too low or high, respectively, would be spread evenly over the next five-year period.
8. Repeat items 5 through 7 every five years.

This process started in fiscal 2004/05; thus, the five-year period will end in June 2009. The Watermaster is charged with developing a new long-term average recharge estimate using the recharge monitoring and performance data collected by the IEUA. The Watermaster should be able to prepare this estimate by the end of August 2009 and will then be in a position to execute step 7 listed above. Table 5 and Figure 3 show how such a calculation will be performed. In this example, the initial long-term average of new recharge was assumed to be 12,000 acre-ft/yr through 2008/09. A new long-term average of new recharge of 6,000 acre-ft/yr is computed in the summer of 2009 and is used for the next five years. Note that this estimate of new storm water recharge means that the Watermaster overestimated new storm water recharge by 6,000 acre-ft/yr for the first five years, resulting a cumulative overestimate of 30,000 acre-ft through the end of 2008/09. This overestimate is debited from the new recharge estimates for the 2009/10 through 2013/14 period and, in this example, results in a new recharge credit of zero acre-ft/yr through 2013/14. And, the initial overestimate is completely debited from the appropriators.

Recommended Responses to CS7

In response to the questions posed by CS7 as they relate to the under-replenishment of the Chino Basin desalters during the 2000/01 to 2006/07 period, our recommended answers are as follows:

1. What was the magnitude of the desalter under replenishment during this period? The estimated under replenishment is 29,070 acre-ft as shown in Table 2 and is numerically equal to the projected new Santa Ana River recharge.
2. How will Watermaster fulfill the replenishment obligation? Our recommendation is that Watermaster use either water from the non-WMWD reoperation account, other water that it can acquire from sources provided for in the Peace II Agreement, water acquired from other storage accounts, or a combination of these sources. Physical recharge will retard full acquisition of hydraulic control and will lead to reduced Santa Ana River recharge of about 5,000 acre-ft through 2030. There are no hydrologic or economic advantages to replenishing with physical recharge, only disadvantages.

In response to the questions posed by CS7 as they relate to the reconciliation of the new storm water recharge, our recommended answers are as follows:

1. What was the storm water recharge over the 2000/01 through 2006/07 period? The volume of storm water recharged during this period is provided in Table 4. The period through 2003/04 represents the pre-CBFIP period, as does the first part of the fiscal 2004/05. Thereafter, the storm water recharge totals include new storm water recharge.
2. What part of this recharge is "new" and how will the Watermaster account for this new recharge? The Watermaster will use the process described above, specifically steps 6 and 7, to account for new recharge. Watermaster will perform its first reconciliation in fiscal 2009/10 pursuant to the new storm water recharge policy it adopted in April 2003.

Please call me if you have any questions or need further assistance.

Wildermuth Environmental, Inc.

Mark J. Wildermuth
Chairman

cc.
Sheri Rojo, Chino Basin Watermaster
Ben Pak, Chino Basin Watermaster
Scott Slater, Brownstein Hyatt Farber Schreck
Michael Fife, Brownstein Hyatt Farber Schreck

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Table 1
Initial Corrected Schedule

(acre-ft)

Fiscal Year	Desalter Pumping	New Yield	Re-Operation			Residual Replenishment Obligation
			Replenishment Allocation for Desalter III	Replenishment Allocation to CDA	Balance	
					400,000	0
2006 / 2007	26,350	0	0	26,350	373,650	0
2007 / 2008	26,350	0	0	26,350	347,300	0
2008 / 2009	26,356	0	0	26,356	320,944	0
2009 / 2010	26,356	0	0	26,356	294,588	0
2010 / 2011	28,965	0	0	28,965	265,622	0
2011 / 2012	31,574	75	0	31,500	234,123	0
2012 / 2013	34,182	442	5,000	28,740	200,383	0
2013 / 2014	36,791	962	10,000	25,829	164,554	0
2014 / 2015	39,320	1,629	10,000	4,554	150,000	23,137
2015 / 2016	39,320	2,255	10,000	0	140,000	27,065
2016 / 2017	39,320	2,771	10,000	0	130,000	26,549
2017 / 2018	39,320	3,275	10,000	0	120,000	26,045
2018 / 2019	39,320	3,767	10,000	0	110,000	25,553
2019 / 2020	39,320	4,283	10,000	0	100,000	25,037
2020 / 2021	39,320	4,764	10,000	0	90,000	24,556
2021 / 2022	39,320	5,198	10,000	0	80,000	24,122
2022 / 2023	39,320	5,570	10,000	0	70,000	23,750
2023 / 2024	39,320	5,854	10,000	0	60,000	23,466
2024 / 2025	39,320	5,959	10,000	0	50,000	23,361
2025 / 2026	39,320	5,834	10,000	0	40,000	23,486
2026 / 2027	39,320	5,698	10,000	0	30,000	23,622
2027 / 2028	39,320	5,546	10,000	0	20,000	23,774
2028 / 2029	39,320	5,479	10,000	0	10,000	23,841
2029 / 2030	39,320	5,594	10,000	0	0	23,726
Totals	866,045	74,953	175,000	225,000		391,091

1 -- Note that the new yield projection shown above relates only to the storage reduction caused by the use of the reoperation water listed in this schedule. There was over 60,000 acre-ft of additional storage reduction that occurred during 2000/01 and 2005/06 that is not reflected in the new yield schedule. In the near future, Watermaster will determine the additional new yield created by the Pre Peace II reductions in storage and will include a new schedule for yield.

Table 2
Desalter Production and Replenishment 2000/01 through 2006/07

(acre-ft)

Fiscal Year	Desalter Production	Desalter Replenishment		
		Initial Projection of SAR Recharge	Desalter (aka Kaiser) Account	Re-operation Account
2000/01	7,989	3,995	3,995	
2001/02	9,458	4,729	4,729	
2002/03	10,439	5,220	5,220	
2003/04	10,605	5,303	5,303	
2004/05	9,854	4,927	4,927	
2005/06	16,476	4,897	11,579	
2006/07	26,356	0	608	25,748
Totals	91,177	29,070	36,360	25,748

Table 3
Initial Corrected Schedule Updated to Show Desalter Replenishment Accounting and Santa Ana River Inflow From 2000/01 through 2029/30, Shortfall Deducted from Non-WMWD Reoperation Account

(acre-ft)

Fiscal Year	Desalter Pumping	New Yield[1]	Desalter Replenishment				Residual Replenishment Obligation
			Desalter (aka Kaiser) Account	Re-Operation			
				Replenishment Allocation for Desalter III	Replenishment Allocation to CDA	Balance	
2000 / 2001	7,989	0	3,995				3,995
2001 / 2002	9,458	0	4,729				4,729
2002 / 2003	10,439	0	5,220				5,220
2003 / 2004	10,605	0	5,303				5,303
2004 / 2005	9,854	0	4,927				4,927
2005 / 2006	16,476	0	11,579			400,000	4,897
2006 / 2007	26,356	0	608	0	25,748	374,252	0
2007 / 2008	26,356	0	0	0	26,356	347,896	0
2008 / 2009	26,356	0	0	0	55,426	292,470	-29,070
2009 / 2010	26,356	0	0	0	26,356	266,114	0
2010 / 2011	28,965	0	0	0	28,965	237,149	0
2011 / 2012	31,574	75	0	0	31,500	205,649	0
2012 / 2013	34,182	442	0	5,000	28,740	171,909	0
2013 / 2014	36,791	962	0	10,000	1,909	160,000	23,920
2014 / 2015	39,320	1,629	0	10,000	0	150,000	27,691
2015 / 2016	39,320	2,255	0	10,000	0	140,000	27,065
2016 / 2017	39,320	2,771	0	10,000	0	130,000	26,549
2017 / 2018	39,320	3,275	0	10,000	0	120,000	26,045
2018 / 2019	39,320	3,767	0	10,000	0	110,000	25,553
2019 / 2020	39,320	4,283	0	10,000	0	100,000	25,037
2020 / 2021	39,320	4,764	0	10,000	0	90,000	24,556
2021 / 2022	39,320	5,198	0	10,000	0	80,000	24,122
2022 / 2023	39,320	5,570	0	10,000	0	70,000	23,750
2023 / 2024	39,320	5,854	0	10,000	0	60,000	23,466
2024 / 2025	39,320	5,959	0	10,000	0	50,000	23,361
2025 / 2026	39,320	5,834	0	10,000	0	40,000	23,486
2026 / 2027	39,320	5,698	0	10,000	0	30,000	23,622
2027 / 2028	39,320	5,546	0	10,000	0	20,000	23,774
2028 / 2029	39,320	5,479	0	10,000	0	10,000	23,841
2029 / 2030	39,320	5,594	0	10,000	0	0	23,726
Totals	930,877	74,953	36,360	175,000	225,000		419,565

1 -- Note that the new yield projection shown above relates only to the storage reduction caused by the use of the reoperation water listed in this schedule. There was over 60,000 acre-ft of additional storage reduction that occurred during 2000/01 and 2005/06 that is not reflected in the new yield schedule. In the near future, Watermaster will determine the additional new yield created by the Pre Peace II reductions in storage and will include a new schedule for yield.

Table 4
Estimates of Historical Storm Water Recharge in the Chino Basin During the Peace Agreement Period
(acre-ft)

Channel/Recharge Basin	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
San Antonio Channel / CB-59								
College Heights East (MZ1)	0	0	0	0	0	0	1	171
College Heights West (MZ1)	0	0	0	0	0	108	0	1
Upland (MZ1)	572	94	910	397	989	214	195	312
Montclair 1, 2, 3, 4 (MZ1)	1,982	837	3,757	1,296	3,350	1,296	355	859
Brooks (MZ1)	794	133	1,276	563	1,776	524	205	475
West Cucamonga Channel								
15th Street (MZ1)	0	0	0	0	0	0	0	0
8th Street (MZ1)	0	0	0	0	240	918	398	959
7th Street (MZ1)	0	0	0	0	380	353	242	0
Ely 1 (MZ2)	605	446	575	587	2,010	1,409	631	1,603
Ely 2 (MZ2)	0	0	0	0	0	0	0	0
Ely 3 (MZ2)	0	0	0	0	0	122	0	0
Riverside Drive Drain								
Grove (MZ2)	0	0	0	0	0	133	166	326
Cucamonga/Deer Creek Ch / CB-11								
Turner 1& 2 (MZ2)	167	100	192	0	452	1,870	250	1,166
Turner 3 & 4 (MZ2)	0	0	0	0	976	705	156	376
Day Creek Channel / CB-15								
Lower Day (MZ2)	0	0	0	0	2,798	624	78	303
Wineville (MZ3)	0	0	0	0	0	0	0	0
Riverside (MZ3)	0	0	0	0	0	0	0	0
Etiwanda Channel / CB-14								
Etiwanda Debris Basin (MZ2)	0	0	0	0	0	20	0	10
Victoria (MZ2)	0	0	0	0	0	330	260	427
Conservation Ponds (MZ3)	0	0	0	0	0	0	0	0
San Sevaine Channel / CB-13								
San Sevaine #1 (MZ2)	190	250	1,364	512	768	2,072	244	749
San Sevaine #2 (MZ2)	0	0	68	11	0	0	0	0
San Sevaine #3 (MZ2)	66	70	461	157	0	0	0	0
San Sevaine #4 & 5 (MZ2)	0	0	168	38	2,062	0	0	0
San Sevaine Reach (MZ3)	0	0		0	0	0	0	0
Jurupa (MZ3)	0	0	0	0	0	0	0	0
West Fontana Channel / CB-18								
Hickory (MZ2)	37	105	551	224	298	438	536	949
Banana (MZ3)	390	184	366	188	425	300	226	278
Declez Channel								
RP3 Cell 1a (MZ3)	0	0	0	0	1,105	507	237	511
RP3 Cell 3b (MZ3)	0	0	0	0	0	260	565	0
DeClez (MZ3)	0	0	0	0	19	737	0	730
Total Recharge	4,803	2,218	9,688	3,973	17,648	12,940	4,745	10,205
Index Precipitation 1192 Cucamonga (inches)	16.58	7.96	21.6	11.67	33.87	3.15	5.66	14.71
Index Precipitation 2206 Fontana (inches)	12.39	4.52	17.3	7.67	27.6	12.09	4.52	12.35

Table 5
Example of New Storm Water Recharge Calculation

(acre-ft)

Fiscal Year Ending	Pre CBFIP Recharge	Estimated Total Recharge	Projected New Storm Water Recharge	Over Estimate of New Recharge	Cumulative Over (Under) Estimate of New Recharge
2005	5,600	17,600	12,000	6,000	6,000
2006	5,600	17,600	12,000	6,000	12,000
2007	5,600	17,600	12,000	6,000	18,000
2008	5,600	17,600	12,000	6,000	24,000
2009	5,600	17,600	12,000	6,000	30,000
2010	5,600	11,600	0	0	24,000
2011	5,600	11,600	0	0	18,000
2012	5,600	11,600	0	0	12,000
2013	5,600	11,600	0	0	6,000
2014	5,600	11,600	0	0	0
2015	5,600	11,600	6,000	0	0
2016	5,600	11,600	6,000	0	0
2017	5,600	11,600	6,000	0	0
2018	5,600	11,600	6,000	0	0
2019	5,600	11,600	6,000	0	0
2020	5,600	11,600	6,000	0	0
2021	5,600	11,600	6,000	0	0
2022	5,600	11,600	6,000	0	0
2023	5,600	11,600	6,000	0	0
2024	5,600	11,600	6,000	0	0
2025	5,600	11,600	6,000	0	0
2026	5,600	11,600	6,000	0	0
2027	5,600	11,600	6,000	0	0
2028	5,600	11,600	6,000	0	0
2029	5,600	11,600	6,000	0	0
2030	5,600	11,600	6,000	0	0
Totals	145,600	331,600	156,000	30,000	na

Estimated Total Recharge		331,600
Pre Improvement Recharge	-	145,600
Over Estimate of New Recharge	-	30,000
Assumed New Recharge	=	156,000

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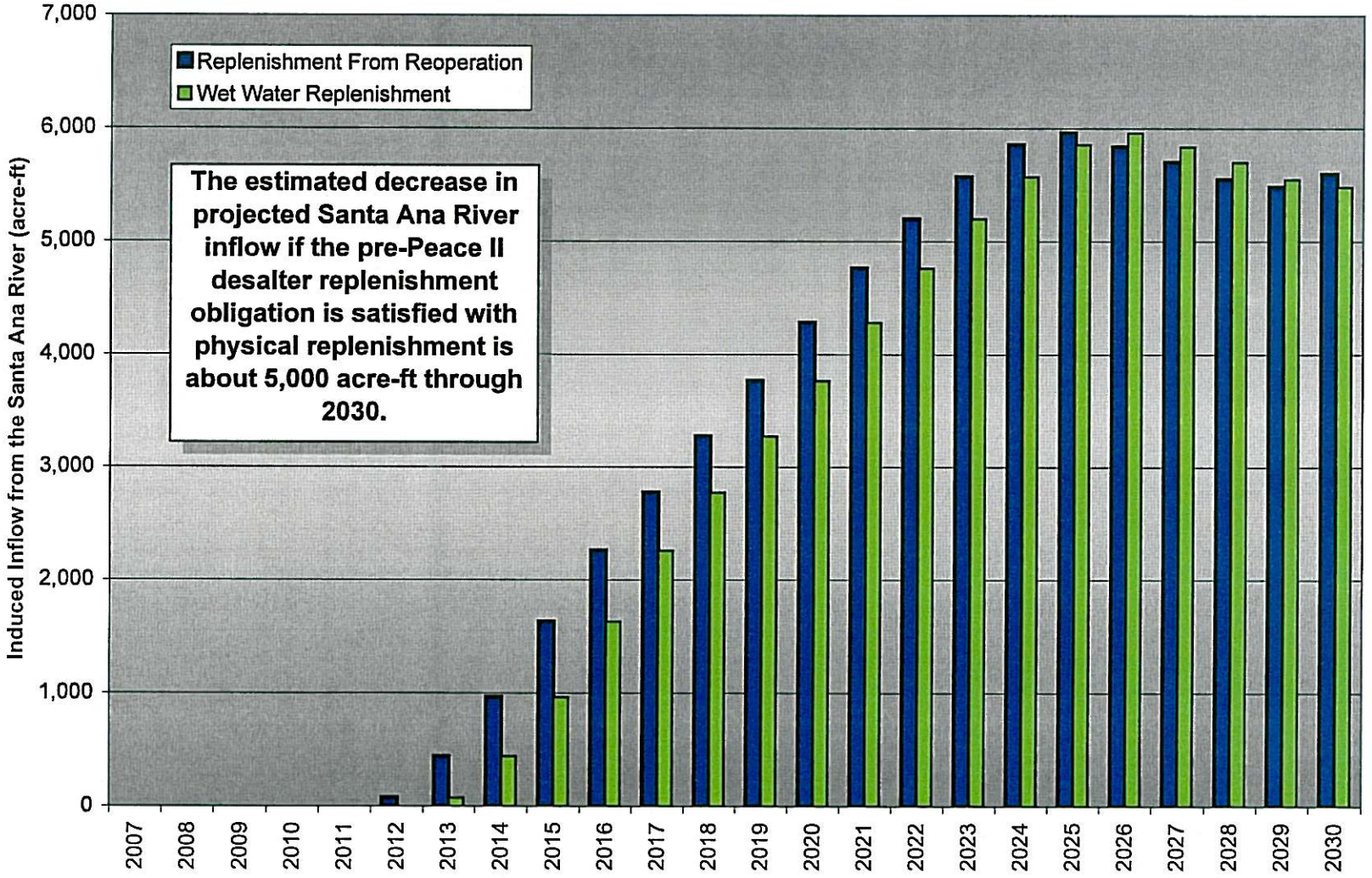
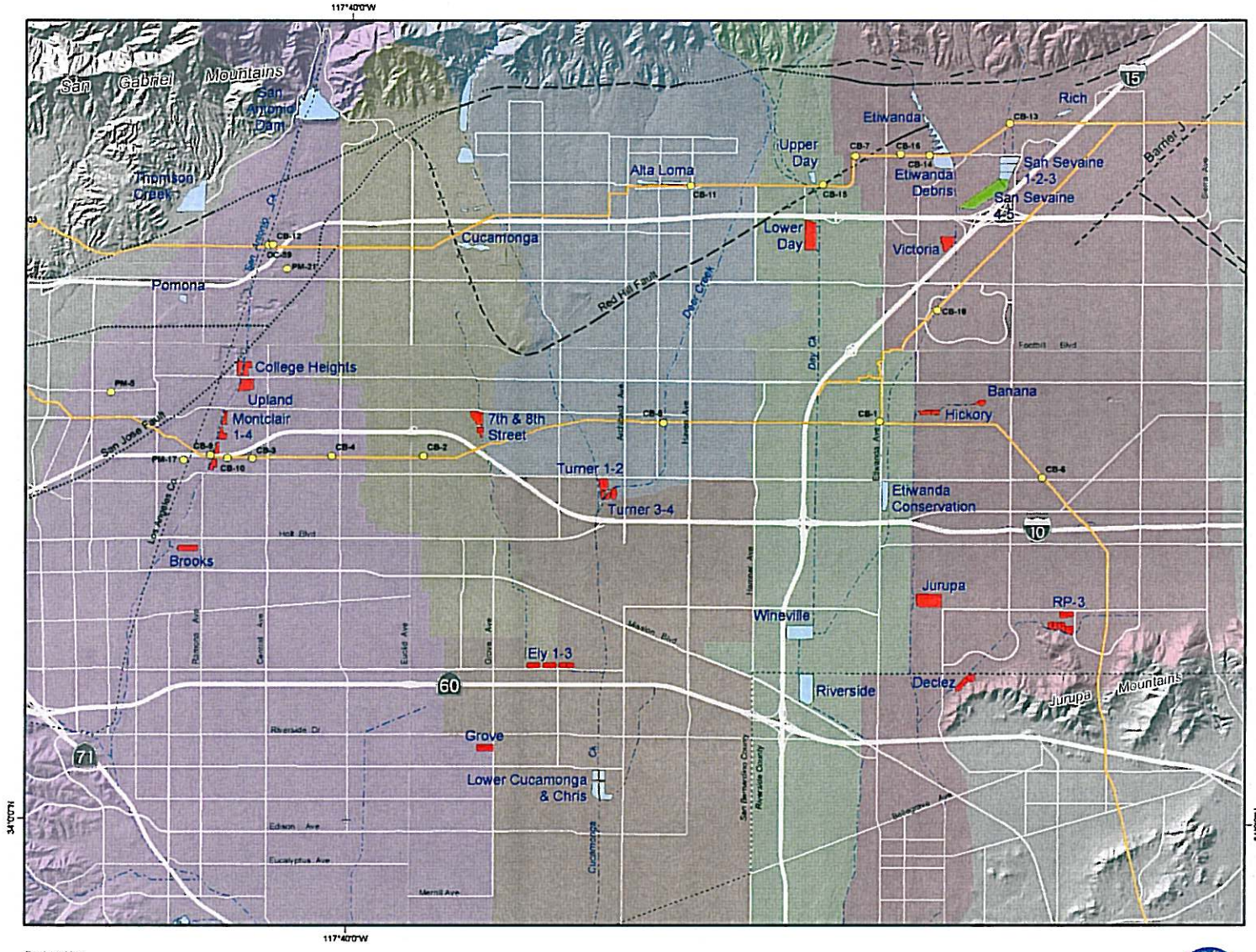
Figure 1
The Effect of Desalter Replenishment on Santa Ana River Inflow



Tables 1_ 2 and 3 for CS7 Report.xls -- Figure 1

WILDERMUTH ENVIRONMENTAL INC



Recharge Basins (Symbolized by Improvements)

- Chino Basin Facilities Improvement Project
- Improvement By Others
- No Improvements

Imported Water Facilities

- Service Connection/Turnout
- Imported Water Pipeline

Drainage Areas

- San Antonio Creek System
- West Cucamonga Creek System
- Cucamonga and Deer Creek Systems
- Lower Cucamonga Creek System
- Day Creek System
- San Sevaine and Etiwanda Creek Systems

Other Features

- Rivers, Creeks, and Flood Control Channels

Faults

- Location Certain
- Location Approximate
- Location Concealed
- Location Uncertain

Produced by:
WILDERMUTH ENVIRONMENTAL INC
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030
www.wildermuthenvironmental.com

Author: AEM
Date: 20081112
File: Figure_2.mxd

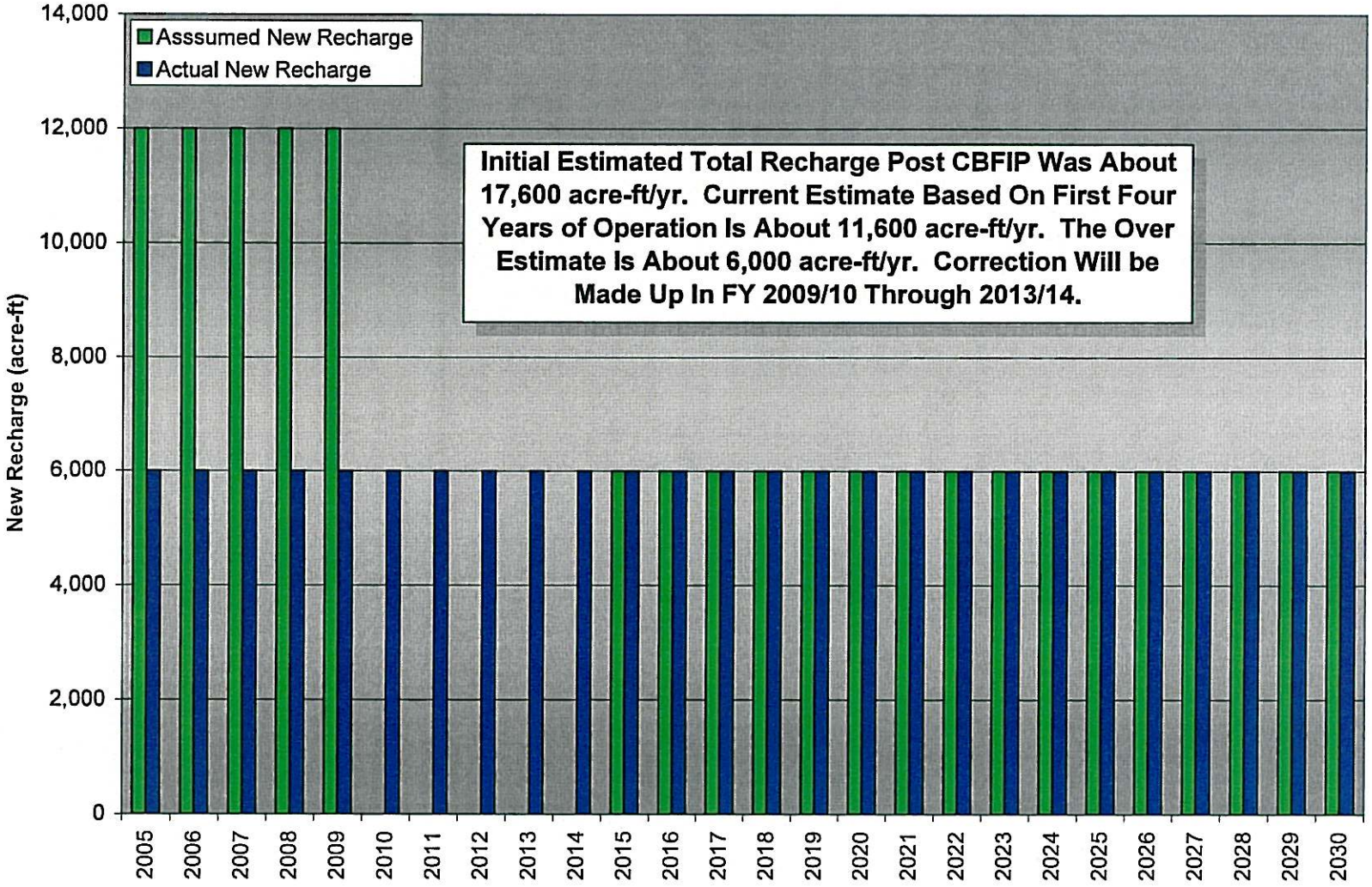
0 1 2 3 Miles
0 2 4 KM

Condition Subsequent 7 Report

Groundwater Recharge and Imported Water Facilities

Figure 2

Figure 3
Example Comparison of Projected and Actual New Recharge



S:\Clients\CBWM\OBMP_Implementation\Peace II Implementation\Condition Subsequent No 7\Report\Tables 4 and 5 and Figure 3.xls -- Figure 3

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

F. 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: **November 20, 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

405 North Indian Hill Boulevard
Claremont, CA 91711-4600

(909) 621-1266
(909) 621-1196 Fax

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Monte Vista

Dedicated to Quality, Service and Innovation

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

Water District

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. Lenhert, 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

Approved By:

Date:

GL Account Code:

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

III. REPORTS / UPDATES

D. INLAND EMPIRE UTILITIES AGENCY

1. MWD Water Supply Allocation Plan Update
2. Dry Year Yield/Dry Year Expansion Status Report
3. Phase II Recharge Capital Improvement Status Report
4. Quarterly Planning & Water Resources Report
5. Recycled Water Newsletter
6. Monthly Water Conservation Programs
7. Monthly Imported Water Deliveries
8. State and Federal Legislative Report
9. Community Outreach/Public Relations

CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

November 20, 2008

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

Discussion Items:

- MWD Water Supply Allocation Plan Update – Martha Davis
- Dry Year Yield/Dry Year Expansion Status Report – Martha Davis
- Phase II Recharge Capital Improvement Status Report – Tom Love

Receive and File:

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

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November 12, 2008

MWD Water Supply (Drought) Allocation Plan Update

- DWR announced initial supply for State Water Project contractors for 2009 is 15%
- MWD is applying for 300,000 AF from the DWR Drought Water Bank
- MWD Member Agency Workshop and Drought Implementation Issues:
  - Overuse penalties will be assessed after the 12 month period is complete. (Member agencies will have 3 months to pay)
  - MWD staff have asked for a 12 month operating plan for each of its member agencies
  - There were proposed revisions to the conservation hardening credit (no impact to IEUA)
  - Coordinated outreach strategies
  - MWD drought action will be on MWD's Board agenda every month with the expectation that action will be taken in April for a July implementation
- DRAFT IEUA Water Supply Allocation Implementation Plan – distributed November 13
- IEUA staff continuing to work with each retail agency individually and hosting monthly work group meetings

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November 12, 2008

Dry Year Yield/Dry Year Yield Expansion Status Report

Dry Year Yield

- 1st Year DYY Performance to Date
  - IEUA retail agencies have reduced imported water by 18,730 AF (60% of our obligation) through October 2008.
  - IEUA and TVMWD have pumped 18,075 AF (55% of our obligation) out of the 100,000 AF groundwater storage account through October 2008.
- Power, O&M and Treatment Credits Finalized
  - IEUA's weighted average credit = $144.17/AF
  - TVMWD's weighted average credit = $127.01/AF
- Proposed Amendment to Exhibit E
  - Exhibit E of the DYY Agreement deals with the rolled-in water to the DYY agreement—about 4,700 AF of trust storage water and 3,000 AF of water stored in 2003 before the DYY agreement was done. The rolled-in water is specified to be first in/first out, billed at untreated replenishment rate in effect at time of call ($258), and has no credits for power and O&M. However, the updated power, O&M and treatment credits made the replenishment water more expensive than the full service water with credits ($351-$144.17=206.83).
  - Amendment Key Points
    a) Specify the rolled-in water is not first out, but to be produced between Jan 1 and April 30, 2009 and billed at 2008 replenishment rate.
    b) After April 30, left over rolled-in water will be handled as full service with credits like the rest of the water.

Dry Year Yield Expansion

- Initial Study/CEQA
  - Tom Dodson & Associates submitted the Initial Study/CEQA document to the State Clearinghouse for approval and 30-day review period, on November 5.
  - On December 17, the CEQA (Mitigated Negative Declaration) will be presented to IEUA's Board of Directors.
- DYY Expansion Final Project Development Report
  - Black & Veatch is scheduled to complete the DYY Expansion Final Project Development Report on December 12. On December 17, the final report will be presented to the IEUA Board of Directors.

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IEUA & TVMWD

FY 2007-08 Monthly Retail Demand by Source of Supply & FY 2008-09 DRAFT DYY Operating Plan

FY 2007-08 Monthly Retail Demand by Source of Supply

IEUA	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Chino Groundwater	8,154.64	9,167.08	9,583.99	9,086.84	7,770.45	7,250.54	5,900.36	4,217.99	3,697.00	3,976.07	5,133.40	6,638.25	80,576.61
Imported Water (MWD)	6,991.40	8,422.34	10,214.54	10,810.64	8,955.65	7,611.24	6,037.94	4,173.19	3,886.44	2,408.26	4,904.69	5,789.91	80,206.22
Other Groundwater	2,191.84	2,252.56	2,244.74	2,080.98	1,840.06	1,563.02	1,442.36	744.04	797.80	593.01	1,033.39	1,188.05	17,971.85
Local Surface Water	284.08	248.24	529.51	495.16	426.23	376.69	354.74	353.77	428.75	1,103.90	1,230.82	1,068.52	6,900.40
Desalter Water (CDA)	1,930.70	1,895.90	2,024.90	2,114.10	2,133.20	2,171.50	1,979.20	1,972.20	1,763.70	1,941.70	2,061.50	1,925.20	23,913.80
Total	17,621.96	20,090.22	22,572.77	22,473.62	18,992.39	16,801.49	13,735.40	9,489.00	8,809.98	8,081.24	12,302.30	14,684.73	249,607.03

FY 2008-09 - DRAFT DYY Operating Plan

IEUA	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Chino Groundwater	8,012.97	7,637.62	4,343.75	4,264.72	917.83	985.19	-	-	-	-	-	-	26,162.09
Imported Water (MWD)	5,296.27	5,272.33	5,802.90	6,579.20	5,769.50	5,555.60	-	-	-	-	-	-	34,275.80
Other Groundwater	1,841.71	1,920.92	710.78	713.60	-	-	-	-	-	-	-	-	5,187.01
Local Surface Water	928.90	746.12	388.50	293.38	-	-	-	-	-	-	-	-	2,356.91
Desalter Water (CDA)	1,964.80	2,050.00	2,154.33	1,787.70	2,199.46	468.33	-	-	-	-	-	-	10,624.62
Total	16,079.85	15,577.00	11,245.93	11,850.90	6,687.33	6,540.79	-	-	-	-	-	-	118,644.56

Potable Water Demand Tracking

Potable Water Performance	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Change in Chino Groundwater	(141.66)	(1,529.46)	(5,240.24)	(4,822.12)	(6,852.62)	(6,265.35)							(24,851.45)
Change in Imported Water (MWD)	(1,695.14)	(3,150.01)	(4,411.64)	(4,231.44)	(3,186.15)	(2,055.64)							(18,730.01)
Change in Other Groundwater	(350.13)	(331.64)	(1,533.96)	(1,367.38)	(1,840.06)								(5,423.17)
Change in Local Surface Water	644.82	497.88	(141.01)	(201.78)	(426.23)								373.69
Change in Desalter Water (CDA)	34.10	154.10	129.43	(326.40)	66.26								57.49
Change in Potable Demand	(1,508.01)	(4,513.22)	(11,326.83)	(10,622.72)	(12,305.06)	(8,320.99)	-	-	-	-	-	-	(48,596.83)

Non-Potable Water Demand Tracking

Non-Potable Water Performance	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
FY 2007-08 Recycled Water	496.80	776.20	919.00	800.12	1,094.67	642.20	457.82	338.05	280.48	219.37	662.67	586.58	7,273.94
FY 2008-09 Recycled Water	914.95	1,026.94	1,233.58	1,198.71	1,301.67								5,675.86
Change in Non-Potable Demand	418.15	250.74	314.59	398.60	207.00	(642.20)	(457.82)	(338.05)	(280.48)	(219.37)	(662.67)	(586.58)	(1,598.08)

DRAFT CUP Certification Plan	5,359.33	6,081.84	5,845.99	4,324.06	3,630.07	3,174.79	2,307.08	1,429.88	285.00	285.00	201.00	-	32,924.00
Actual CUP Certification	3,995.77	4,547.77	4,532.32	3,000.00	2,000.00	-	-	-	-	-	-	-	18,075.86

DYY Obligation = 33,000 AF

DATA IS STILL INCOMPLETE FOR LOCAL WATER RESOURCES.

prepared by Ryan Shaw
12-Nov-08

Summary of O&M, Power and Treatment Credits for Chino DYY Program - November 2008

	(A)	(B)	(C)	(D) = (B) + (C)	(E)	(F) = (E) / (A) * 100%	(G)	(H) = (F) * (G)	(I) = (H) + (D)
Agency	Total DYY GW Pumping (AF)	Power Credit ($/AF)	O&M Credit ($/AF)	Total Power O&M Credit ($/AF)	Total GW Treated by Funded IX Facilities (AF) [1]	% of GW Pumping Treated by Funded IX Facilities	Treatment Credit ($/AF)	Weighted Treatment Credit ($/AF)	TOTAL CREDITS
Three Valleys MWD									
City of Pomona	2,000	$ 75.64	$ 18.45	$ 94.09	2,000	100%	$ 32.92	$ 32.92	$ 127.01
Three Valleys Weighted	2,000	$ 75.64	$ 18.45	$ 94.09	2,000	100%	$ 32.92	$ 32.92	$ 127.01
Inland Empire Utilities Agency									
Monte Vista Water District	3,963	$ 109.37	$ 12.54	$ 121.91	1,544	39%	$ 30.91	$ 12.04	$ 133.95
City of Chino	1,159	$ 109.37	$ 12.54	$ 121.91	1,159	100%	$ 30.91	$ 30.91	$ 152.82
City of Upland	3,001	$ 65.08	$ 14.24	$ 79.32	3,001	100%	$ 30.91	$ 30.91	$ 110.23
City of Chino Hills	1,448	$ 109.37	$ 12.54	$ 121.91	1,448	100%	$ 30.91	$ 30.91	$ 152.82
City of Ontario	8,076	$ 118.00	$ 25.90	$ 143.90	-	0%	$ 30.91	$ -	$ 143.90
Jurupa Community Services District	2,000	$ 65.05	$ 17.28	$ 82.34	2,000	100%	$ 30.91	$ 30.91	$ 113.25
Cucamonga Valley Water District	11,353	$ 141.70	$ 18.67	$ 160.37	-	0%	$ 30.91	$ -	$ 160.37
IEUA Weighted Average [2]	31,000	$ 116.31	$ 18.74	$ 135.05	9,152	30%	$ 30.91	$ 9.13	$ 144.17

[1] Total GW treated by funded IX Facilities is based upon Exhibit H as of April 23, 2008 and facilities complete as of May 1, 2008.

[2] Weighted average is equal to sum of credits multiplied by amount produced for each agency divided by total produced by all agencies (e.g. Σ(A)*(B) MVWD, (A)*(B) Chino.. / Σ(A))

IEUA

NOVEMBER 2008
PHASE II CHINO BASIN FACILITIES IMPROVEMENT PROGRAM

Program Description

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

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

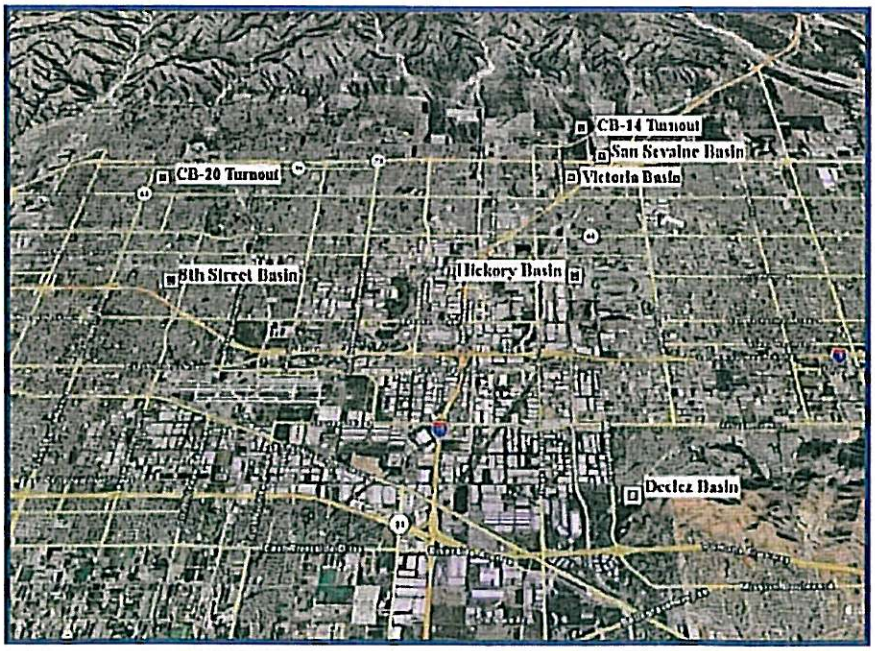
- Construction of new monitoring wells and lysimeters to monitor recycled water recharge operations
- Upgrading the capacity of MWD turnout CB-14 on the Rialto Feeder for imported recharge water
- Construction of a new turnout on the Rialto Feeder (CB-20) to provide imported water to 8th Street Basin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

Key Highlights:

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

Project Purpose:

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



Project Participants:

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

Project Team:

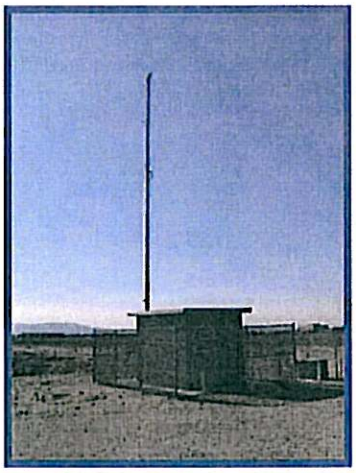
- *Design: Kennedy/Jenks Consultants, Wildermuth Environmental, Inc. Tetra Tech Inc.*
- *Project Management: IEUA*
- *Construction Management: IEUA*
- *Construction Inspection: Wildermuth Environmental, Inc.*

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

- Phase 100% Complete
- Construction Completed

Phases 2B – Basin SCADA Improvements
The SCADA improvements within San Sevaine, Lower Day, Upland, Brooks, and Turner Basins include new communication towers and controls, automation of gate controls, installation of flow and level sensors, and various hardware and software upgrades to enhance operation and system security. A majority of the improvements will be done by Norstar Plumbing and Engineering while the hardware and software improvements will be done by IEUA staff.The improvements within San Sevaine has been deferred until Spring , 2009 in order to fully complete all regulatory requirements with Army Corp and U.S. Fish & Wildlife.

- Phase 75% Complete
- Completion Date: December 31, 2008



Proposed Communication Tower

Phase 2C – New MWD Turnout (CB-20) / 8th Street Basin Pipeline
This project includes a construction of a new turnout from the MWD's Rialto Feeder and pipeline construction to increase imported recharge water to the 8th Street Basin. The installation of a high performance butterfly valve was installed by Mike Bubalo Construction and completed in April 2008 during MWD's scheduled feeder shut-down. The remaining construction was awarded to Norstar Plumbing and Engineering. Norstar's construction activity started on April 2008

- Phase 40% Complete
- Completion Date: February 28, 2008

Valve installed at CB-14

Phase 2D – MWD Turnout Expansion at CB-14
The construction project is the expansion of an existing turnout on MWD's CB-14 and surface pipeline improvements from CB-14. The installation of a high performance butterfly valve was completed by Mike Bubalo Construction on April 2008 during MWD's scheduled pipeline shut-down. The remaining construction was awarded to Norstar Plumbing and Engineering. Norstar's construction activities started on April 2008.

- Phase 50% Complete
- Completion Date: January 31, 2008

Phase 2E – Recharge Basin Berm Heightening, Hardening, and Outlet Improvements
The following basins that have shown significant washout of the berm's spillways are San Sevaine, Hickory, Declez, and 8th Street Basin. These improvements will prevent berms from washing out during storm events by raising and hardening the berms and improving existing outlet structures. The Construction Contract was awarded to Landmark Site Contractor. Declez Basin Construction is in progress. To follow are Hickory and 8th Street Basin. The San Sevaine Basin is awaiting final environmental approval due to existing endangered habitats, the San Bernardino Kangaroo Rat and Coastal California Gnatcatcher. The improvements within San Sevaine has been deferred until Spring , 2009 in order to fully complete all regulatory requirements with Army Corp and U.S. Fish & Wildlife.

- Phase 90% Complete
- Construction Completion Date: December 15, 2008

Construction Concrete Spillway at Declez

Phase 2F – Montclair Basin Inlet
The design evaluation of constructing an inlet structure in the San Antonio Channel near Montclair Basin did not prove to provide immediate benefits. Current recharge operations and the above SCADA Improvements will provide the ability to increase recharge flow. This improvement will be deferred when the benefits are more cost effective.

- Phase 100% Complete
- Design Evaluation completed

Construction of Berm No. 1 at Declez

Phase 2G – Wet Basin Cleaning Development
Current cleaning practices necessitate dewatering and drying the basin so that earth moving equipment can enter the basin to remove accumulated silt. This practice reduces the quantity of water that can be recharged at that basin. Initial studies of wet basin cleaning technology concluded the technology to be that more costly than current methods. This phase was completed at the initial study.

- Phase 100% Complete

Project Financing

DWR Grant	$5.2500 Million
IEUA Local Share	$2.625 Million
CBWM Local Share	$2.625 Million
Total Project	$10.500 Million

Project Budget Summary

Total Project Budget:	**$**	**10,500,000.00**
Actual Cost to date (11-04-2008):	**$**	**5,931,887.75**
Projected/Remaining Costs:		
TS07004.02 - Berm Hardening Project		
Pending Contracts (Construction/Consultant)	$	967,107.49
Change Orders/Projected Change Orders(10-24-08)	$	2,155.25
Projected Staff Time	$	50,000.00
TS07004.03 - Turnout/SCADA Project		
Pending Contracts (Construction/Consultant)	$	2,212,254.77
Change Orders/Projected Change Orders(10-24-08)	$	885,906.61
Projected Staff Time	$	50,000.00
Remaining in-house SCADA Improvements	$	180,300.00
Upland Agreement - Use of Storm Drain (Cost Share)	$	150,000.00
Total:	**$**	**4,497,724.12**
Remaining Budget:	**$**	**70,388.13**

U.S. Army Corps of Engineers (USACOE) Permitting Update

On November 7th IEUA staff and environmental consultant, Tom Dodson & Associates (TDA) met with USACOE representatives to discuss jurisdiction of groundwater recharge basins and permit requirements for basin operation and maintenance (O&M) activities. Permit requirements for related San Sevaine activities, such as the berm hardening project, were also discussed. The results of these informal discussions are summarized below. These are preliminary determinations based on informal discussions with USACOE staff. Final determinations will be provided upon completion of USACOE permitting processes.

Jurisdiction - The following basins would be considered jurisdictional by the USACOE: Banana Basin, Brooks Street Basin, Declez Basin, 8th Street Basin, Ely Basin, Hickory Basin, Jurupa Basin, Turner Basin 1&2, Upland Basin, Victoria Basin, Montclair Basins (1,2,3,&4), Grove Basin, Etiwanda Debris Basin, RP3 – Cell 2. The following basins would not be considered jurisdictional: College Heights Basin, Etiwanda Conservation Pond, Lower Day Basin, Turner Basins (3 & 4), RP3 (except Cell2).

Permitting – For O&M activities IEUA will submit an application for a Nation-wide Permit #32 for each jurisdictional basin. Our objective will be to obtain permits with a five year term, or through 2012. IEUA also understands that restoration of the existing San Sevaine berm and related activities will fall under a Nation-wide Permit #3 for "Maintenance." The environmental consultant, Tom Dodson & Associates has begun preparing the necessary applications for this project. Upon completion of these Nation-wide permit processes, IEUA will initiate an Individual Permit application process for O&M activities for jurisdictional basins.

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IEUA

PLANNING & WATER RESOURCES UPDATE
1ST QUARTER ACTIVITIES
OCTOBER 2008

Planning and Water Resources Activities

Highlights

- **California's Drought Deepens**

  Statewide runoff for 2008 was 41% of average, and water storage in many of the state's major reservoirs are below normal with Lake Oroville reaching record low elevation. In June 2008, Governor Schwarzenegger declared a statewide drought, which directed the state's agencies to take immediate action to address the serious drought conditions and water delivery reductions that exist in California. He also issued a Central Valley State of Emergency Proclamation for nine Central Valley counties (Sacramento, San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare and Kern) to address urgent water needs. In September, Governor Schwarzenegger announced the creation of the 2009 Drought Water Bank to encourage transfers of water to agencies that are at risk of experiencing shortages in the next year due to drought conditions from willing sellers.

- **Regional Drought Response**

  IEUA and its member agencies held a press conference in June to promote increased conservation in response to the drought. A coordinated water conservation message "Water Supply Alert" was developed and has been implemented through ads in local papers and local events. City of Chino Hills adopted a drought conservation ordinance in August. Monte Vista Water District issued a stage 1 drought alert in the fall. Many agencies reported seeing decreases in water demand over the summer, up to 10%. In partnership with retail agencies, IEUA has been working to increase local supplies through implementation of the 3-year Recycled Water Business Plan (20,400 acre-feet connected as of September) and increased Chino Basin Desalter production (26,800 acre-feet in FY 2007/08) as well as offering enhanced conservation rebates with MWD. IEUA was awarded $1 million from DWR's Urban Drought Assistance Grant program to provide additional incentives for recycled water connections. IEUA provided presentations to city councils, school boards and community organizations in August and September on the serious situation, what can be done to promote conservation, develop local water supplies, and prepare for the possibility of water rationing next summer. In August, San Bernardino held a water conference which emphasized the importance of water efficiency strategies and use of recycled water to help "drought-proof" the Inland Empire economy.

- **Water Supply Allocation Plans**

  MWD continued its development of a Water Supply Allocation Plan which will provide guidance for how water shortages will be allocated. MWD will adopt the final plan in December and will monitor water supply conditions to determine when the plan needs to be implemented with the expectation that this decision will be made in April and the plan going into effect July 1st, 2009. IEUA initiated development of a Water Supply Management Plan for its service area in September with the goal of adopting it in late December/early January. IEUA is holding a monthly Water Supply Strategy Meetings with its member agencies.

- **New Automatic Water Softener Rebate**
  IEUA kicked off its new rebate for a removal of automatic water softeners in September. The goal is remove residential use of automatic water softeners that add a salty waste into the sewer system and impact recycled and groundwater supplies. In addition, the rebate program is expected to help save water buy eliminating the need for water wasting recharge cycles.

- **Garden In Every School**
  In July, six outstanding candidates were selected to participate in the 2008-09 Garden in Every School Program: Glenmeade Elementary, Chino Hills; Anna Borba Elementary, Chino; The Ontario Center, Ontario; Jasper Elementary, Rancho Cucamonga; Perdew Elementary, Rancho Cucamonga; Grapeland Elementary, Rancho Cucamonga. Staff has been working closely with the principals, maintenance districts, teachers and parents at each site to select garden sites, landscape and irrigation designs, plant and parts lists, and installation timelines. Sites are being cleared and irrigation systems will be installed this winter.

- **Pilot Water-Wise Residential Landscape Rebate Program (Residential)**
  The Water Wise Residential Landscape Program has 50 completed landscapes and 67 projects under construction for a total of 148,170 square feet of turf removed for an estimated savings of 300 AF over the lifetime of the landscapes. MWD announced it would establish a regional turf removal rebate program based on this success and has received a DWR grant for $2 million. A Water Wise Landscape Recognition program with signage for residents installing water efficient landscapes will be initiated in November.

Metropolitan Water District of Southern California Activities

- **MWD Water Deliveries**
  To date for FY 07/08, full service water sales totaled 19,730.7 acre-feet. This directly reflects the Dry Year Yield program performance and regional conservation efforts. Calendar Year 2008 Tier 1 deliveries through September totaled 45,363.8 AF. The annual Tier 1 limit is 59,752.2 AF.

- **DYY Implementation**
  MWD called for the implementation of the DYY program starting May 1st. Reduction of direct imported water within IEUA's service area to date is 16,675 AF, about 54% of the DYY goal for IEUA agencies. The DYY Operating Committee meets monthly to review DYY performance and to address implementation issues.

- **DYY Expansion Program/Chino Desalter Local Resources Program**
  Consistent with the June 2007 MWD agreement, IEUA, Chino Basin Watermaster and retail agencies within the Chino Basin are working on an expansion of the DYY Program from 100,000 AF to 150,000 AF, which would increase participating retail agency performance obligations from 33,000 AF to 50,000 AF. MWD is providing $1.5 million to finance feasibility assessments including groundwater modeling and CEQA documentation. The proposed project descriptions have been completed and the CEQA documents will be completed in November, consistent with the requirement that IEUA complete the CEQA compliance by December 31, 2008. As part of the agreement MWD also approved Local Resources Program (LRP) funding for Chino Desalter Phase 2 improvements ($4.5 million for up to 18,000 AF at $250/AF). The Phase 2 expansion will be completed within the next five years and the development of a Phase 3 expansion plan for the Desalters and LRP application (to reach the 40 MGD production goal) is under discussion.

- **MWD 5 Year Water Supply Plan**

  MWD's goal is to develop 750,000 – 800,000 AF of new water supplies within five years from the following sources: conservation (200,000 AF), local water supplies (200,000 AF, primarily recycled water), water transfers (200,000 AF) and Bay Delta improvements (150,000 – 200,000 AF). To date, MWD has identified and secured approximately 455,000 AF of new water supplies, including a request for 300,000 AF from the state's Drought Water Bank.

- **MWD Integrated Water Resources Plan**

  MWD initiated an update of its Integrated Water Resources Plan (IRP) in June in response to the continuing uncertainty of the State Water Project deliveries, more stringent water quality regulations and evolving resource implementation risk. MWD held a series of workshops in late summer and expects to complete and adopt the updated IRP by June 2009.

- **MWD Region-Wide Public Sector Rebate Program to Promote Water Efficiency**

  Last year, MWD authorized $15,000,000 for a new Region-Wide Public Sector Program. Since the programs initiation in February 2008, public sector customers within the IEUA service area have received approximately $2,612,226.99 in funding approvals through the Enhanced Device Incentives section of the Public Sector Program. Realized water savings from installed devices will net approximately 5,702 acre feet over the life of the devices. IEUA participants include the cities of Chino Hills, Ontario, and Fontana, Monte Vista Water District, and the following school districts: Cucamonga, Central, Etiwanda, Chaffey Joint Union, Alta Loma and Chino Valley. To date, Chino Valley School District has received the largest award of $544,830.14. The popular program now has a backlog of pending applications and MWD is expected to approve additional funding in November.

- **MWD Region-Wide Residential Program (SoCal Water Smart Program)**

  MWD's transitioned the administration of its conservation rebate program to a vendor who will process rebates for its participating agencies. Called the SoCal Water Smart Program, to date the program has processed and paid 4,500 customer rebates. MWD and EGIA, program vendor, are currently redesigning the residential applications to make them easier to use.

- **MWD California-Friendly® Landscape Training Classes**

  Scheduling of the California-Friendly® Landscape Classes for FY 08-09 has been completed and instructors assigned for those classes. Cucamonga Valley Water District, Monte Vista Water District, City of Upland and Chino Basin Water Conservation District will hold workshops in both the Fall and Spring Seasons.

State Activities

- **20x2020 Water Conservation Initiatives**

  Governor Schwarzenegger issued a call for 20% reduction in per capita water use by 2020 in early spring. The Department of Water Resources has initiated a process to formulate strategies for the 20% by 2020 will be met. The State Water Resources Control Board also held a workshop to determine whether it should institute a regulatory program to achieve conservation. These discussions are expected to culminate in legislative proposals for the FY 2009/10 session. The Santa Ana Watershed Project Authority will hold a 20x2020 strategy development workshop in November.

- **California Urban Water Conservation Council "BMP" Revisions**

  The California Urban Water Conservation Council is working to update the water conservation Best Management Practices (BMP's) and bring them to the Council for approval in December, 2008. The

council recommendations include three options for BMP compliance to provide agencies with greater flexibility and also allow conservation credits for the use of recycled water that replaces potable water use. IEUA held several workshops in the fall with its retail agencies to review BMP reporting compliance as well as to provide additional input to the Council on the BMP revisions.

- **Continued Restrictions on State Water Project Pumping**

  The U.S District Court Judge Wanger issued a ruling in July that Central Valley Project operations will likely harm salmon and steelhead populations over the next eight months. While the court rejected the immediate actions requested by the plaintiffs, the decision underscored the need for additional proceedings to determine the measure that would be taken to avoid additional jeopardy the three fish species between now and March 2009 when the new biological opinion is expected to be issued. Salmon populations have declined precipitously this year, especially the fall-run Chinook salmon, which compelled federal regulations to close the 2008 fishing season, and invalidated a key part of a major federal water plan. The U.S. Fish and Wildlife Service also announced in July that it would consider a change in the listing category of the Delta smelt from "threatened" to "endangered." Pumping constraints resulting from the Federal Smelt Decision (also issued by Judge Wanger) has reduced by 35% the amount of northern California water that is available to southern California. The next court hearing is scheduled for December.

- **Bay Delta/State Water Project/CALFED**

  Progress on planning improvements to the Bay Delta is moving under three parallel processes. Governor Schwarzenegger created the Delta Vision Blue Ribbon Task Force (Executive Order S-17-06) to develop recommendations for a sustainable management program for the Sacramento-San Joaquin Bay Delta system. The final "Delta Vision" Plan was released in September and is expected to be finalized in October and then sent to a cabinet-level Delta Vision Committee that is charged with making recommendations to the governor and the Legislature. The Task Force called for making environmental protections and water supply co-equal goals and recommended a number of near term actions that will improve conditions in the Delta (see www.deltavison.org). This initiative is being implemented in parallel with the CALFED planning process which was restructured in spring 2007 to focus on implementation of the four core elements: water supply reliability, levee system integrity, water quality and ecosystems. A third initiative is the development of the Bay Delta Conservation Plan which is being led by the Department of Water Resources in coordination with the CALFED.

- **Public Policy Institute Report on Delta Options**

  The Pacific Policy Institute of California issued an evaluation of the conveyance options for the San Francisco Bay Delta, recognizing that fundamental changes are inevitable within the Delta ecosystem and the conditions can be improved for the fish. PPIC concluded that a peripheral canal to convey water around the Delta would be the most effective outcome.

- **State Water Resources Board Draft Water Recycling Policy/Proposed Statewide General Permit**

  The revised draft Water Recycling Policy was presented to the State Water Resources Control Board by the stakeholders group in September. The SWRCB is reviewing the recommended policy and is expected to release the draft for public review in November and to consider adoption of the policy at its January 2009 board meeting. SWRCB is not expected to release its draft General Permit to provide a uniform interpretation of state standards to ensure the safe, reliable use of recycled water for landscape irrigation uses until the draft Water Recycling Policy is adopted. The SWRCB must adopt the general permit by July 31, 2009.

- **Climate Change/AB 32 Implementation**

  The California Air Resources Board is released its draft strategic plan for the implementation of AB 32, The California Climate Change Act of 2006, in July and a revised version in October. The plan, scheduled to be approved in December, will specify the actions need to reduce the state's GHG emissions by 169 million metric tons over the next twelve years – a 30% reduction. The plan recommends the creation of a cap and trade program for 85% of the state's GHG emissions and to call for raising, from 20% to 30%, the amount of renewable energy that must be included in each utility's generation portfolio. IEUA has also participated in the California Wastewater Climate Change Group (CWCCG), a coalition of forty agencies, to develop an emissions reporting protocol and assist the California Climate Action Registry with the review of the Local Government Operations Protocol.

- **No EPA limit on Perchlorate In Near F/Rialto Perchlorate Study Funding Approved**

  The U.S. EPA announced that will not set a national drinking water limit for perchlorate. While the EPA recognizes perchlorate to be a toxic chemical, it has not determined whether regulating percholorate would meaningfully reduce the risk. The California-approved Maximum Contaminant Level (MCL) for perchlorate is 6 micrograms per liter.

- **Regulatory Compliance Developments** - IEUA is consulting with representatives of the U.S. Army Corps of Engineers (USACOE) and is preparing the work necessary to complete short-term and longer-term 404 permits for the construction, operation and maintenance of IEUA groundwater recharge facilities. One part of this work is to clarify with USACOE which IEUA groundwater recharge facilities are (and are not) jurisdictional waters of the U.S. based on current case law and other information. Staff is also working with representatives of the San Bernardino County Flood Control District (SBCFCD) to complete several SBCFCD Encroachment Permit processes, also relating to construction, operation and maintenance of groundwater recharge facilities. IEUA has also initiated a comprehensive review of its environmental compliance program for 404, 401 and 1600 permits.

Regional Planning Activities

- **Building Activity Report & Growth Forecast**

  As expected, the downturn in the state's economy has had a significant impact on building activity within IEUA's service. FY 07/08 total growth ended at 3,785 EDU's, 74% of the forecast for the year of 5,091. IEUA used a conservative estimate of 3,500 EDU's in the budget and building activity has surpassed this target, generating $15.5 million for the regional fund. The annual Ten-Year Growth Forecast was completed in September. FY 08/09's Ten-Year Growth Forecast shows just over 60,000 EDU's being added to the system. For the next 3-4 years the forecasts trend around 3,000 to 4,000 EDU's. The latter years of the Ten-Year Growth Forecast shows trends closer to what was seen in the early 2000's.

- **Chino Basin Groundwater Recharge Master Plan Update**

  Consistent with the Court approved Peace II Measures, the Chino Basin Watermaster will complete an update of the Chino Basin Recharge Master Plan by July 2010 that addresses the challenges attributable to projected changes in project demands, Basin Re-operation, declines in Safe Yield, and opportunities for new sources of recharge including improvements to existing facilities and development and/or enhancement of supplemental recharge (including recycled water, storm water, new wells and low impact development strategies). IEUA is participating in the Recharge Master Plan Stakeholder Group and will serve as the lead on the development of the water supply plans. IEUA has completed several technical memos evaluating water demand and supplies projections over the next five years. These projections will also be used as the basis for the DYY expansion modeling. In September, Chino Basin Watermaster held a conference to review the strategy for the development of the Groundwater Recharge Master Plan Update.

- **One Water One Watershed (OWOW) IRWMP Planning Process**
  The Santa Ana Watershed Project Authority is developing an update of its Integrated Regional Water Management Plan. The approach consists of 10 "pillars" – topics that are developed by teams of volunteers within the watershed to address integration of planning scenarios. The final draft OWOW plan is scheduled to be completed by December 2008 and a conference to review the plan will be held in January, 2009. SAWPA plans to call for projects in spring, 2009, which should also correspond with the release of the DWR IRWMP grant guidelines. IEUA is leading the "Climate Change" pillar.

- **Planning Model Updates**
  The Modeling Team met on a monthly basis reviewing & discussing the "runs" that were performed with each model (Optimization, Sewer, and Recycled Water) and their implications on IEUA's recycled water system and regional sewer system. During October, the Optimization Model is scheduled to be presented, by Carollo, at the WEFTEC conference in Chicago.

Water Conservation Activities

- **Inland Empire Landscape Alliance**
  Significant progress in drafting a regional Water Efficient Landscape Model Ordinance to comply with the requirements of AB 1881 and the goals of the Landscape Alliance has been made and the final draft ordinance will be presented to the Inland Empire Landscape Alliance Board in December. Preparation of the ordinance has included input from the staff of all local agencies, and landscape architects, is being coordinated with similar efforts throughout San Bernardino County. A Water Site Awareness Tour of Best Management Practices in Chino will take place on October 30th for elected officials, planning commissioners and key staff. The Breakfast in the Garden educational workshop series for local agency staff has resumed. The first workshop, held at Chino Basin Water Conservation District, featured presentations about the permitting requirements and new building legislation affecting gray water installations in San Bernardino County, rainwater harvesting, and how to calculate the water budget of a landscape. The second workshop was held at the Rancho Santa Ana Botanic Garden to discuss the care and maintenance of California native plants. A free monthly landscape workshop series geared towards residents will be led by Greenlee Nursery at IEUA beginning October 25th.

- **Ontario Cares Program**
  A project status meeting and site tour was held on September 24, 2008. Four California-Friendly® landscape site conversions have been completed, three are currently being converted, and three potential sites are pending approval. Two California-Friendly® training workshops are scheduled, one on October 14, 2008 for Ontario staff and the second on November 6, 2008 for city contractors. A contractor bidding template is being developed to evaluate California-Friendly® landscape site conversion costs more accurately.

- **Residential Rebate Programs**
  The Residential Rebate Program began in FY 02/03. On July 1, 2008, the program was transitioned to an MWD region-wide vendor, SoCal WaterSmart. The following is a list of residential rebate activity prepared by IEUA staff for FY 08/09 thru September 2008:

Device Name	*# of Rebates Issued*	*Cumulative Total Installed Since FY 02/03*
Ultra Low-Flush and High Efficiency Toilets	51	12,040
High-Efficiency Clothes Washers	179	9,641
Weather-Based Irrigation Controllers	6	395
Rotating Nozzles for Pop-Up Spray Heads	12	1,496 (nozzles)
Synthetic Turf Retrofit	18	12,530 sf
Water-Wise Residential Landscape Retrofit Program	29	61,305 sf

- **(CII SAVE-A-BUCK)** – For fiscal year 08/09, to date there have been 1,354 devices rebated. From program inception (FY 00/01) to date, a total of 9,568 devices have been rebated, representing a lifetime savings of almost 21,883 AF.

- **Multi-Family Direct Installation Program**

  The Multi-Family Direct Installation Program began in October, 2006 through a funding partnership with DWR, MWD and IEUA. To date, 15,043 toilet retrofits have been completed. During the first quarter of FY 2008-09, there have been 698 HET retrofits completed. Overall, 22,500 ultra-low flush and high-efficiency toilets are expected to be installed by the scheduled completion date of June 2009.

- **Phase III Landscape Audit Program**

  The Phase III Landscape Audit Program began in January 2008 with Chino Basin Water Conservation District. To date, a total of 69 audits have been completed with report findings and recommendations delivered to participants. The total potential water savings from these properties if recommendations are implemented is approximately 285 AF. There are nine future evaluations currently scheduled and 60 potential participants have requested evaluations.

- **National Theatre For Children**

  To date, 38 schools scheduled to host 81 performances. These performances are scheduled to be held in November 2008, February and May of 2009 with twelve remaining schools left to be scheduled under the contract. Participating schools are located in service areas of the Cities of Chino Hills, Ontario, and Upland, Cucamonga Valley Water District, Fontana Water Company, and Monte Vista Water District.

- **Water Fair**

  The Water Fair will be held at Chino Basin Water Conservation District in conjunction with their annual Open House/Plant Sale the last Saturday in October.

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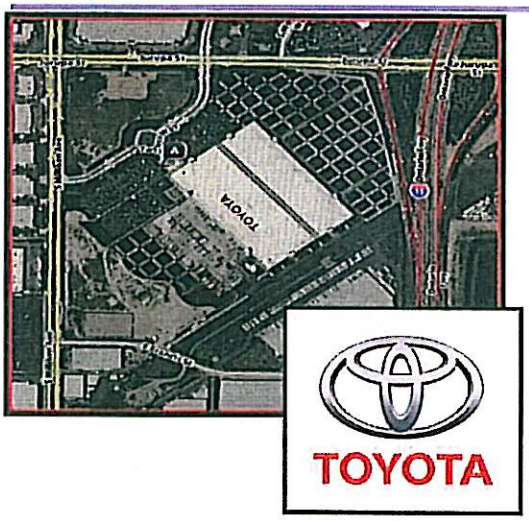
IEUA

NOVEMBER 2008
RECYCLED WATER PROGRAM NEWSLETTER

Highlights:

- IEUA pre-approved for $1 M DWR Grant.....Page 2
- Construction of New Recycled Water Facilities.....Page 3
- 130 AFY New Recycled Water Customers Connected.....Page 4
- Recycled Water Project Status Map.....Page 5

MEMBER AGENCY'S UPDATES



ONTARIO CONNECTS RECYCLED WATER TO TOYOTA FOR IRRIGATION NEEDS

Ontario, CA – Earlier this month, the City of Ontario activated connection of the Toyota
Parts Distribution Center to the recently completed first phase of Ontario's recycled water system expansion program. This program which consisted of approximately 1.5 miles of new recycled water pipeline. Although Toyota is not the first to utilize recycled water in Ontario, it is the largest industrial/ commercial user to date, with an estimated use of 120 acre feet of recycled water per year. That's over 39 million gallons of water or enough water to supply the water needs of 250 households for one year.

"Thanks to the City of Ontario, Toyota is closer to reaching our goal of better managing water consumption," said Jim Cooke, National Facilities Operations Manager for Toyota Motor Sales, USA, Inc. "Using recycled water conserves a precious natural resource and reduces our operating costs at the same time. It's better for the environment and good for our business practice."

- Press Release Ontario Oct. 21, 2008

OPERATIONS AND PLANNING UPDATES

Reliant is having a banner year (thru October) for recycled water consumption . In 2007 they took 288 million gallons (MG) and this year they have taken 360 MG so far. June 2008 had the highest ever monthly total at 87 MG for our biggest industrial customer.

UPCOMING EVENTS

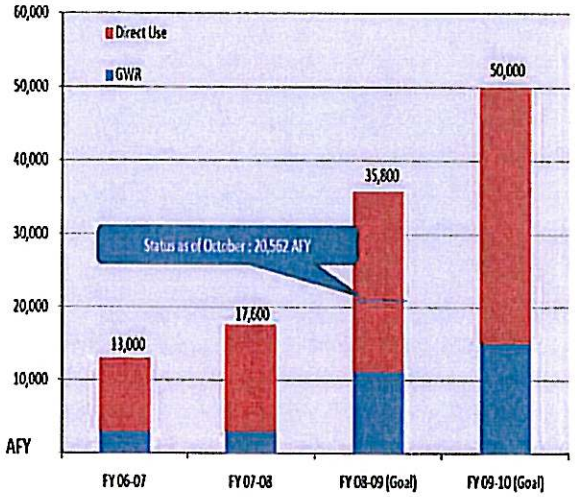
- Red Team Meeting (IEUA and Member Agency Implementation).....4:15pm, November 6th, 2008 at CVWD
- Greenlee Landscape Workshop.....9:00am-10:00am, November 15th, 2008 at IEUA
- Red Team Meeting (IEUA and Member Agency Implementation).....4:15pm, December 4th, 2008 at CVWD
- Greenlee Landscape Workshop.....9:00am-10:00am, December 6th, 2008 at IEUA
- Landscape Alliance Board Meeting.....3:00pm, December 10th, 2008 at IEUA
- Recycled Water Site Supervisor Training .....8:00am–12:00pm,December 11th 2008 at IEUA

Program Description & Financial Status

The 3 Year Business Plan

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

This Plan is an action oriented document to guide the expansion of the IEUA recycled water system. The Plan will focus on the most cost effective and rapid ways to increase the amount of recycled water available and used within IEUA's service area. The Plan is intended to focus on the 2007-2010 fiscal years and will be revised and updated on an annual basis. Metrics and an annual usage goal will be identified every year. Monthly progress reports will track these metrics and assess the progress toward the annual usage goal.



Monthly Recycled Water

FUNDING DEVELOPMENTS

Funding Status Update:

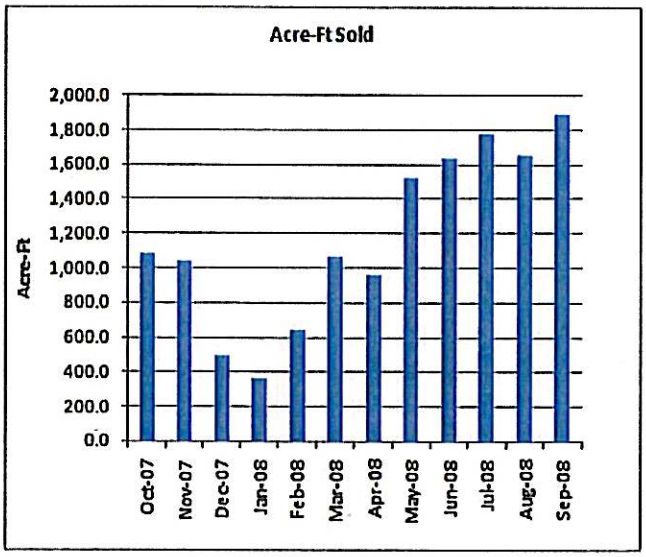
SAWPA Prop. 50 $4.9 Million Grant for RP-4 Projects
USBR Title XVI Grant Funding
- $1 million – 2008
- $5 million – 2009

Retrofit Financing Assistance
- CBWCD
- MWD
- IEUA
- DWR Urban Drought Assistance; $1 million (draft approval)

MWD Local Resources Program Agreement
- MWD Board approved on August 19, 2008

September Direct & Recharge:

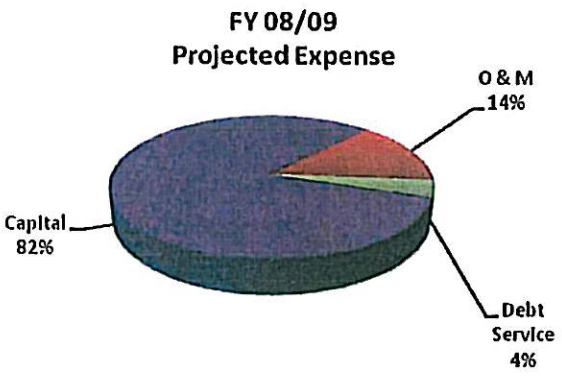
- Direct – 1690 AF
- Recharge – 206 AF
- Total—1896 AF

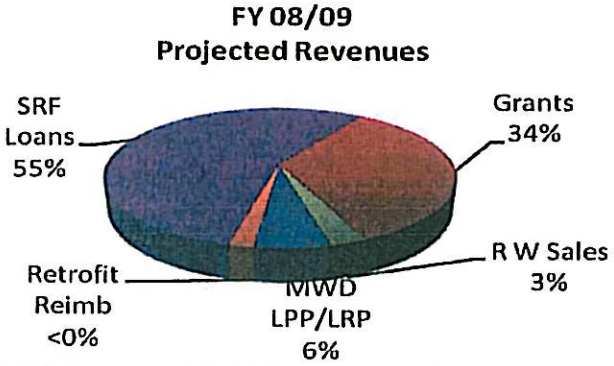


RECYCLED WATER PROGRAM BUDGET FY 08/09

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

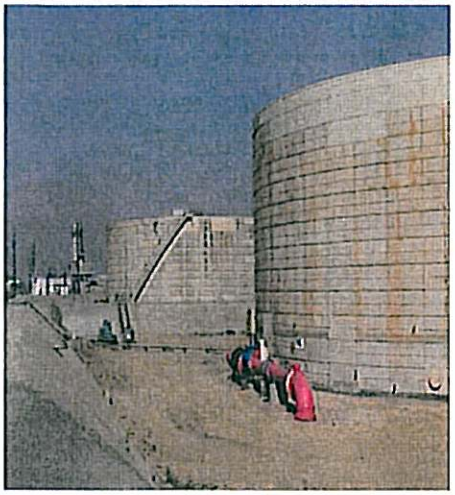
The Agency is also pursuing other grants from SWRCB in conjunction with the SRF Loans for the capital projects. The total revenue and sources of funds for the RW program is $38 - $47 M, which is consistent with the Business Plan to be a self funding program.





CAPITAL PROJECTS SUMMARY

PROJECTS IN DESIGN AND CONSTRUCTION



San Antonio Channel Pipeline, Segment B

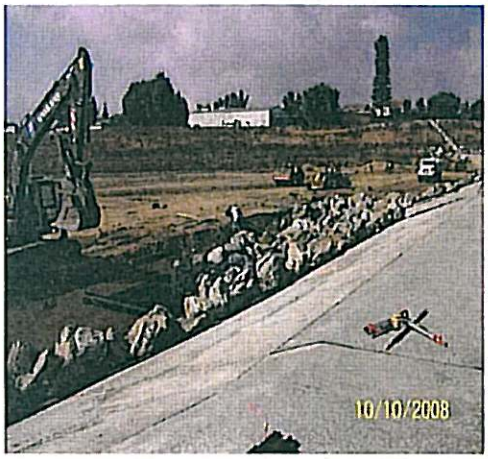
- **1630 East Segment A Pipeline**- The project includes the construction of a 36-inch pipeline from the 1630 E. Pump Station to the Victoria and San Sevaine Recharge Basins. The design has been completed and is going through permitting process and a funding application is undergoing review by the State Water Resources Control Board (SWRCB) as part of the State Revolving Fund (SRF) loan requirements.

- **1299 East Regional Pipeline, 1299 East Reservoir and 1630 East Pump Station**- The project includes the construction of a 36-inch pipeline from the north end of the North Etiwanda Pipeline to the 1299 E Reservoir and 1630 E Pump Station. The design has been completed on these facilities and are under permit review by various local and regional entities. The funding application is under review with the SWRCB as part of the SRF loan requirements.

- **MW & Lysimeters at Victoria & San Sevaine Basins:** The project is in the final design stage. The design has been completed on these facilities and are under permit review by various local and regional entities. The funding application is under review with the SWRCB as part of the SRF loan requirements.

- **Chino Basin Facilities Improvements Phase II – Berm Hardening** - The basin improvements consist of reconstructing existing berms with compacted earth or soil cement, constructing concrete spillways in select berms, installing rip rap, and installing new slide gates and reinforced concrete pipe in four berms throughout the Chino Basin. Construction of all concrete spillways and structures in each basin are complete and construction of soil cement berms are ongoing. Construction is about 90% complete as of October 2008.

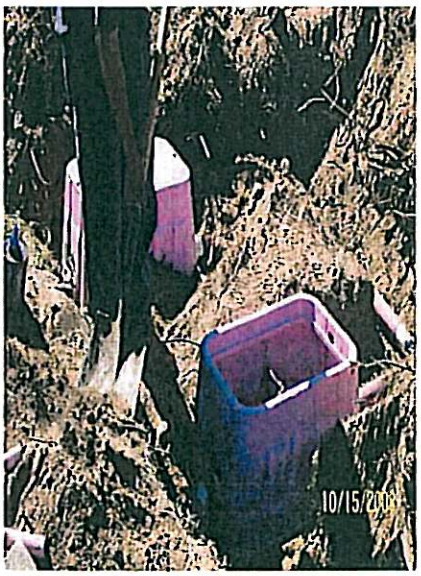
- **Ontario and MVWD Public schools Retrofit Project**– The retrofit project consists of disconnecting existing domestic water services and replacing with new recycled water connections at public schools within the Ontario and Monte Vista Water Districts. As of October 2008, a total of nine schools have had retrofit modifications completed.



Chino Basin Facilities Improvements Phase II

- **RP-4 1158 Reservoirs, Pump Stations, and Pipeline** - The project provides storage in the 1158 pressure zone, pump stations for the 1158 and 1299 pressure zones, and pipeline from RP-4 to the 1158 Reservoirs. The project is in the construction phase, and is 95 percent complete. Construction of the reservoirs and the pump station is expected to be completed by December 2008. The 1158 Pipeline segment B is completed, and the restoration of the wetlands has begun. The pump station is still under construction and is 76% complete as of October 2008.

- **San Antonio Channel Pipeline, Segment B** - The regional pipeline will serve the city of Ontario, Montclair and Monte Vista Water District and Brooks Street Basin. All piping has been installed and tested. The discharge and control station is being completed as well as the asphalt repair. The project is about 95% complete as of October 2008.



Ontario and MVWD Public Schools Retrofit

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

CONSTRUCTION PROGRESS

ID	Task Name	2008				
		Sept	Oct	Nov	Dec	Jan
1	1158 Reservoirs / Pump Station					
2	RP-4 Pump Stations					

CUSTOMER CONNECTIONS

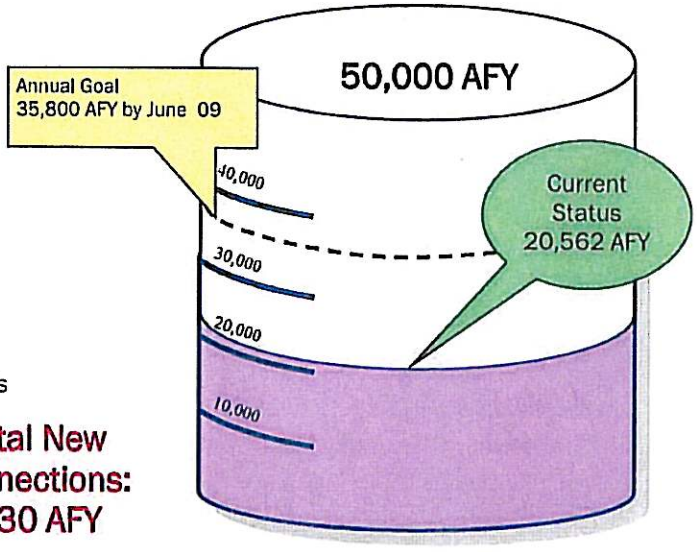
Recent Connections:

Fairfield Ontario Towne LLC (Ontario, 4 AFY)
CIP Real Estate (Ontario, 4 AFY)
6th St Medians (Two, Rancho Cucamonga, 4 AFY)
Toyota (Ontario, 120 AFY)
Total New Connected Demand: 130 AFY

Upcoming Connections:

Ontario Montclair School District – seven school sites
City of Montclair – six parks
City of Rancho Cucamonga – 9 medians
San Bernardino County Guasti Park, Ontario
Chaffey Joint Unified High School District – two schools
Bellevue Cemetery, Ontario
Kaiser Hospital Cooling Towers – Ontario
Chad Farms (Ontario, 5,000 AFY)
Li Farms (Ontario, 2,000 AFY)
Kellogg's (Ontario)

Total New Connections: 130 AFY

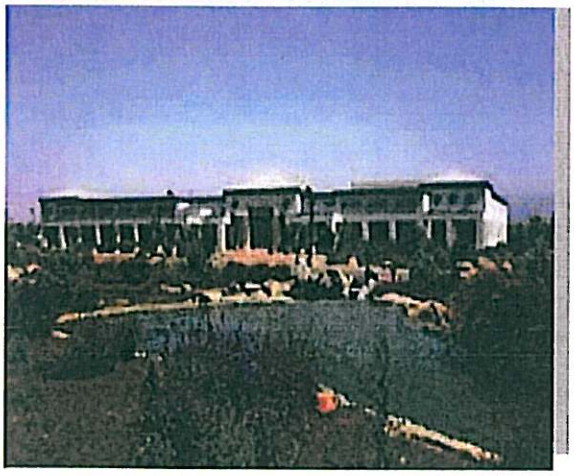


CUSTOMER CONNECTIONS—Projected Direct Use for 2008

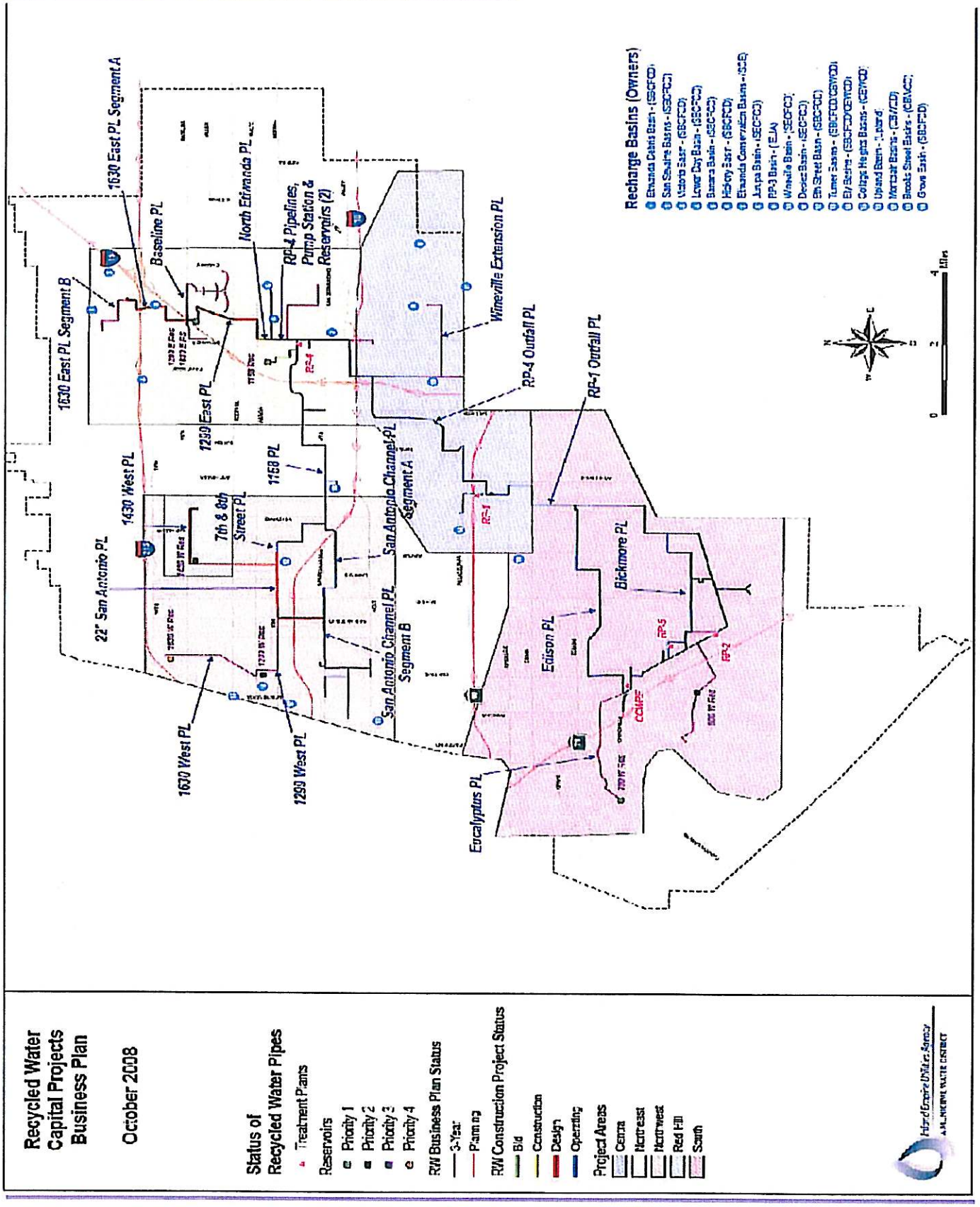
	Projected Direct Use Connections (AFY)					
	Nov-08	Dec-08	Jan-08	Feb-08	Mar-08	Total
Chino				150		150
Chino Hills		66				66
Ontario	589	1,000	727	571	429	3,316
MVWD				252	27	279
CVWD				55	29	84
Total (AFY)	896	1,999	571		429	3,895

PROJECTS IN PLANNING

- **Northeast Project Area:** The Projects are on schedule to deliver recycled water to Victoria and San Sevaine Recharge basins in November 2009.
- **Northwest Project Area:** IEUA has issued authorization to MWH, the consultant for the Northwest area projects, to proceed with the preliminary design efforts. A kick-off meeting was held at IEUA on October 23, 2008 for commencement of the design activities for the Northwest Area recycled water facilities in the city of Upland.
- **Southern Project Area:** The project will design the 930 pressure zone pipeline and reservoir in the city of Chino Hills. The preliminary design reports for these projects have been completed and are undergoing internal review.
- **Central Project Area:** The first draft of the North Chino Master plan was completed by IEUA. The environmental report for the Wineville Avenue Extension Pipeline Project has been completed.



RECYCLED WATER PROJECT STATUS MAP



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Regional Water Resources and Conservation Programs
Monthly Report – October 2008

Drought Alert Status

- **Drought Alert Status** – The State Water Project and MWD are continuing to draw down storage supplies. On September 18th MWD held the first of a member agency workshop series to help prepare for possible implementation of MWD's Water Supply Allocation Plan in 2009 and "work through" remaining implementation issues. On September 17th, IEUA hosted a workshop for IEUA retail agencies to discuss the Water Supply Allocation Plan and Dry Year Yield (DYY) Program and consider approaches to minimize the impacts to our service area should MWD in 2009. Objectives include maintaining water supply reliability, averting or minimizing penalties, continuing operations within the Tier-1 rate category and coordinating public outreach during all stages of drought. IEUA is developing a water supply allocation plan in coordination with the retail agencies and expects to bring the plan to the IEUA Board for approval in December/January.

- **Precipitation Conditions**:
  - The seven month period of March through September 2008 was the driest on record in the Northern Sierra Nevada Mountains. Only 3.5" of rainfall was received; merely 23% of average.
  - Statewide precipitation for the six-month period March through August 2008 was 31% of average; the driest of 114 years on record.

- **Reservoir Conditions**:
  - Statewide average reservoir levels are 73% of average for this date. Last year at this time they were at 85% of average.
  - Lake Oroville is at its lowest carryover storage (10/1 level) since the drought of 1977.

Current Reservoir Levels	
Shasta	30%
Oroville	31%
Folsom	28%
Trinity	46%
New Melones	45%
Don Pedro	52%
Exchequer	27%
San Luis	12%
Millerton	38%
Pine Flat	12%
Pyramid	95%
Castaic	82%

Lake Oroville

- **Runoff Conditions:**
  - Statewide runoff for this water year (October 1, 2007 thru September 30, 2008) is 57% of average. The Sacramento and San Joaquin River systems, which represent the bulk of the state's reservoir inflow, will have two-year stream flow in the lowest 10% of historical range by the end of this water year.

- **DWR Drought Workshop**
  - DWR held a workshop in Riverside on October 28 to summarize current water conditions and preparations for 2009.

- **DWR 2009 Drought Bank**
  - To help facilitate the exchange of water throughout the state, DWR has established a 2009 Drought Water Bank. DWR will purchase water from willing sellers primarily from water suppliers upstream of the Sacramento-San Joaquin Delta. This water will be transferred using State Water Project (SWP) or Central Valley Project (CVP) facilities to water suppliers. At this time it is unclear how much water Bank water MWD will be able to purchase and DWR's current studies indicate that there is a 50% chance that there will be capacity at the SWP's Banks Pumping Plant to convey Bank supplies. Other uncertainties include price, environmental permitting requirements and hydrology. Complete information is being provided to all IEUA member agencies as it becomes available.

- **IEUA Regional Drought Response** - In response to these conditions, IEUA, in cooperation with its retail agencies and MWD is developing a Water Supply Allocation Plan and continuing to improve water conservation and develop local programs to increase Chino Basin water supplies.

  - **Dry Year Yield Program (DYY)** – This program requires a reduction of imported water use by 33,000 (31,000 acre-feet within IEUA's service area) in a 12-month period, starting in May 2008 and ending in April 2009. The DYY performance to date (September) has achieved a 16,675 acre-feet reduction compared to last year, which is 54% of the target reduction for the year. This puts the DYY participants well ahead of schedule.

  - **DYY Program Expansion** – This program is planned to expand the DYY Program from 100,000 AF to 150,000 AF of groundwater storage capacity and annual performance from 33,000 acre-feet/year to 50,000 acre-feet/year). Planned capital improvement projects have been determined; the California Environmental Quality Act (CEQA) administrative draft is now being prepared. On December 17th the completed environmental document is scheduled to be presented to the IEUA Board of Directors Approximately 30% of the overall budget ($1.5 million) has been spent to date. Reflecting the current level of activity for this most of the remaining funding is scheduled to be spent by the end of calendar year.

- **Recycled Water Program** – IEUA is currently implementing a 3-Year Recycled Water Business Plan that will increase recycled water connected capacity to 50,000 acre-feet by 2010. The current status is 20,400 acre-feet/year of connected capacity. IEUA sells its recycled water to its retail agencies for $66 an acre-foot. (For comparison, an acre-foot of imported water costs $361.) For July and August of 2008, approximately 3,000 acre-feet were sold for direct reuse (irrigation, landscaping, commercial, and industrial) and 416 acre-feet were put into spreading basins to recharge the groundwater supplies.

- **Chino Desalter Authority (CDA)** – The CDA currently operates and maintains two desalter facilities with a production capacity of 24,600 acre-feet. A 10,000 acre-foot expansion of these facilities is currently being negotiated and should be completed by 2010. For the months of July, August and September the CDA produced 7,190 acre-feet (of which 4,064 acre-feet is IEUA retail agencies).

MWD Activities

- **Media Campaign & Public Outreach** –
  - An MWD Advertising Tracking Survey was conducted during summer 2008 and key findings indicated 68% of respondents had knowledge of Northern California being a water supply source with 60% recognizing the Sacramento-San Joaquin River Delta. 92% of respondents are aware of drought conditions and approximately 74% say they are taking steps to conserve. Most frequently cited steps are reducing outdoor watering (48%), day off from watering (10%), shorter showers (35%) and turning off the water while brushing teeth (14%).
  - MWD has hired a new PR firm to develop new campaigns with the current campaign through October 31, 2008. Between the months of November and December, the MWD campaign will go dark with the new campaign launch tentatively scheduled for Spring 2009.
  - IEUA is continuing to work with MWD and with IEUA member agencies to coordinate water conservation and drought management public outreach campaigns.

- **MWD Region-Wide Public Sector Rebate Program to Promote Water Efficiency** –
  - On August 21, 2007, MWD authorized $15,000,000 for the Region-Wide Public Sector Program. Over the last six months public sector customers within the IEUA service area have received approximately $2,612,226.99 in funding approvals through the Enhanced Device Incentives section of the Public Sector Program. Water savings from installed devices will net approximately 5,702 acre feet over the life of the devices.
  - Funding approvals have been awarded to the Cities of Chino Hills, Ontario, and Fontana, Monte Vista Water District, and the following school districts: Cucamonga, Central, Etiwanda, Chaffey Joint Union, Alta Loma and Chino Valley. To date, Chino Valley School District has received the largest award of $544,830.14. Requested devices receiving these up-front incentives include urinals, weather-based irrigation controllers, centralized computer irrigation controllers, toilets, and water brooms.

- To date, the program budget of $15 million has been expended and there is currently a backlog of pending applications waiting funding. MWD has prepared a Board Letter for the November 18, 2008 meeting requesting additional funding for the program. In the event the Board doesn't approve additional funding, pending applications for device incentives can apply for a lower incentive through the MWD-CII Save-A-Buck Program.

- **MWD Region-Wide Residential Program (SoCal Water Smart Program)** –
  - During the month of September, 4,500 customer rebates were paid Region-Wide. There were delays in paying rebates from July as a result of internal fund transfers at MWD.
    - MWD and EGIA, program vendor, are currently redesigning the residential applications and language for easier use. Development of marketing materials has been completed which includes a brochure, online application, and fact sheet in Spanish for landscape contractors and customers.
    - The two applications for indoor and outdoor devices have been printed in different colors to eliminate confusion between the two (indoor applications have been printed in blue and outdoor applications have been printed in green).
  - Landscape applications, point-of-sale displays, and banners are being delivered to supply stores such as Ewing, Home Depot, Lowes, etc. and vendor staff is visiting stores in-person to ensure that materials are displayed properly.
    The vendor is also developing a monthly newsletter for the program which will update retailers on program changes as they arise.
- **Imported Water Deliveries – For the month of September** 2008, full service water sales totaled 6,195.3 AF. This is about 3,186 AF (36%) less than full service deliveries in September 2007. For calendar year 2008, IEUA has purchased 45,363.8 acre-feet (76%) of its annual limit for Tier 1 purchases, which is 59,752.2 AF.

Landscape Conservation Programs

- **Landscape Alliance** - In October, the Landscape Alliance Board of Directors were updated on the coordination between the Landscape Alliance and San Bernardino County and the Water Softener Rebate Program. The Board endorsed staff's recommendation to increase bridge funding for the Water Wise Residential Landscape Retrofit program with MWD expected to approve a "Turf Reduction" Rebate program that will augment funding for the Landscape Retrofits. The Technical Committee, under the guidance of the Landscape Alliance, continues its work to develop language for a Water Efficient Landscape Model Ordinance to comply with the requirements of AB 1881 and the goals of the Landscape Alliance by December 2008. A Water Site Awareness Tour of Best Management Practices in Chino for elected officials, planning commissioners and staff will take place on October 30 from 9:30-12:30. A tour in Rancho Cucamonga is being arranged for January. Signs for the Water Wise Landscape Recognition program (recognizing residents that install water efficient landscapes) will be distributed in November. A Breakfast in the Garden Workshop was held at the Rancho Santa Anna Botanic Garden on October 15th. Participants learned about design, care, and maintenance considerations of native landscapes. The next Breakfast in the Garden

Workshop will be held on November 12th from 7:30-9:30 am and revolve around existing landscape related rebate opportunities available to residents, commercial, institutional and industrial sectors. A free workshop open to the public about Native Drought Tolerant Plants will be held on October 25th from 9:00-10:00 a.m.

- **Phase III Landscape Audit Program** – The Phase III Landscape Audit Program began in January 2008 and to date CBWCD has completed 73 landscape audits with a potential savings of 309 acre feet per year. There are currently 4 sites scheduled for evaluation and the program continues to grow in interest and momentum throughout the service area. During the month of August, CBWCD hosted a series of California Friendly Landscape Training classes in both English and Spanish, for landscaping professionals. The classes, who are sponsored by MWD, were well attended and generated a lot of interest in future classes. CBWCD will host the same two professional series in January 2009. Classes are provided on a first come, first served basis.

- **Ontario Cares** – A project status meeting and site tour was held on September 24, 2008. It was reported there have been four CA Friendly site conversions completed, three currently being converted and close to completion, and three potential project sites pending. Two CA friendly training workshops were scheduled, one on October 14, 2008 for Ontario staff and the second on November 6, 2008 for city contractors. It was determined by the project team that a contractor bidding template should be developed so that CA Friendly costs could be better analyzed and compared, competitively. Upon approval from U.S. Bureau of Reclamation, the consultant will develop the template. Next status meeting is scheduled for December 2008.

California-Friendly® Landscape Classes (formerly PDA) — Scheduling of the California-Friendly® Landscape Classes for FY 08-09 has been completed and instructors assigned to those classes. IEUA Member Agencies who have requested classes are Cucamonga Valley Water District, Monte Vista Water District, City of Upland and Chino Basin Water Conservation District. Each agency will be hosting workshops in both the Fall and Spring Season.

Commercial/Industrial/Institutional Program

(CII SAVE-A-BUCK) – For fiscal year 08/09, to date there have been 1,354 devices rebated. From program inception (FY 00/01) to date, a total of 9,568 devices have been rebated, representing a lifetime savings of almost 21,883 AF. The following table lists September 2008's rebate activity within the IEUA service area and provided through MWD's Save-A-Buck Program only:

Device Name	*# of Rebates Issued*	*Cumulative Total Installed Since FY 00/01*
High-Efficiency Clothes Washers	6	463
Multi-Family High-Efficiency Clothes Washers	2	3
Cooling Tower Conductivity & pH Controllers	2	26
Ultra-Low-Flush Toilets	0	1,894
ULFT Flushometers	0	4
High-Efficiency Toilets	554	2,975
Zero Water Urinals	55	1,081
High-Efficiency Urinals	0	8
Weather-Based Irrigation Controllers	0	9
Rotating Nozzles for Pop-Up Spray Heads	0	97
Synthetic Turf for Commercial Applications (CII only)	0	33,525 sf
High-Efficiency Nozzles for Large Rotary Sprinklers	0	0
Dry Vacuum Pumps	0	0
Steam Sterilizer Retrofits	0	0
Pre-Rinse Spray Head (PRSH)	30	32
Water Broom	3	699
X-Ray Recirculation Units	0	11

Other Conservation Retrofit Programs

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

Device Name	*# of Installations in Sept. '08*	*Cumulative Total Installed Since FY 06/07*
Ultra Low-Flush Toilets	0	14,275
High-Efficiency Toilets	391	760

Residential Rebate Programs

The Residential Rebate Program began in FY 02/03. On July 1, 2008, the program was transitioned over to an MWD region-wide vendor, SoCal WaterSmart. The following is a list of residential rebate activity prepared by IEUA staff for FY 08/09 thru September 2008:

Device Name	*# of Rebates Issued*	*Cumulative Total Installed Since FY 02/03*
Ultra Low-Flush and High Efficiency Toilets	51	12,040
High-Efficiency Clothes Washers	179	9,641
Weather-Based Irrigation Controllers	6	395
Rotating Nozzles for Pop-Up Spray Heads	12	1,496 (nozzles)
Synthetic Turf Retrofit	18	12,530 sf
Water-Wise Residential Landscape Retrofit Program	29	61,305 sf

School Education Programs

- **Garden in Every School** – Garden designs, plant and part lists have been completed for the six schools participating in the 2008-09 Program. Designs have been approved by the schools and maintenance districts. Program staff is coordinating site clearing and trenching dates with the schools and maintenance staff to begin construction of the gardens this fall, with a target of completing plantings by March. A comprehensive review of the 26 gardens created under the program is underway and is scheduled to be completed by February.

- **National Theatre for Children** –A final schedule has been completed for school performances that will run from November 2008 through February 2009. There are twenty-six schools scheduled, providing 56 performances in the service areas of Chino, Chino Hills, Ontario, Upland, Cucamonga Valley Water District, Fontana Water Company, and Monte Vista Water District.

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

Emerging Issues

- **MWD Water Use Efficiency (WUE) / Conservation Initiatives** In October, the MWD Board approved "business as usual" improvements and refinements to existing conservation programs. In November "Extraordinary Conservation Actions" including the Pilot Turf Replacement Program will be presented to the MWD Board. IEUA's is making its best efforts to ensure the proposed MWD program is consistent with IEUA's existing Water Wise Residential Landscape Program. In December, MWD staff will present a Model Conservation Ordinance. MWD staff is also recommending that, to be eligible for future MWD program funding opportunities, retail agencies may be required to have in place an adopted Conservation Ordinance that includes specific provisions: prohibit the waste of water, outdoor watering restrictions, reporting mechanisms and

penalties. IEUA staff is working with the retail agencies to determine whether existing conservation ordinances comply with MWD's proposed minimum requirements.

- **CUWCC BMP Revision Process** – IEUA hosted a half-day workshop for member agencies on October 14th. CUWCC Steering Committee Member, Matt Lyon made a presentation and facilitated a discussion to develop strategies and approaches to meet the new requirements. The BMP revision process is steadily moving forward with a tentative adoption vote on December 10, 2008. Twenty-two comment letters were received by the Council from signatories with key comments addressing the expeditious advancement of the BMP Revision process and adoption as well as defining methodology for calculation and compliance options in using GPCD. BMP revisions have been tailored with more flexibility and easier interpretation in meeting water reduction goals and targets, but there are still language and compliance issues that need to be completed. Resolution will most likely occur in spring 2009, after the revisions have been adopted.

- **20 X 2020 Plan Meeting** – Meetings are on-going. Discussion topics include a baseline and water conservation target, existing and new conservation opportunities, regional differences, recommendations for future programs and performance evaluation methodology. Public draft of the conservation plan is expected to be completed and presented in February/March 2009.

- **SWRCB-Development of an Urban Water Conservation Regulatory Program** - A workshop was held on October 1, 2008 with over 200 attendees to consider whether the Board should regulate water conservation. Testimony addressed concerns that approximately 25% of urban water suppliers who are required to submit Urban Water Management Plans do not. In addition, the CUWCC noted that MOU signatories that represent 50% of retailers are also not in compliance with BMP/MOU requirements. There are four potential actions that the SWRCB could take: 1) Amend water rights; 2) Approve or deny movement of water through an application process; 3) Formulate and adopt regulatory requirements; 4) Incorporate conservation requirements into Basin Plans. SWRCB indicated that they would defer action until recommendations are developed by the 20 X 2020 Agency Team expected in March/April 2009.

Outreach

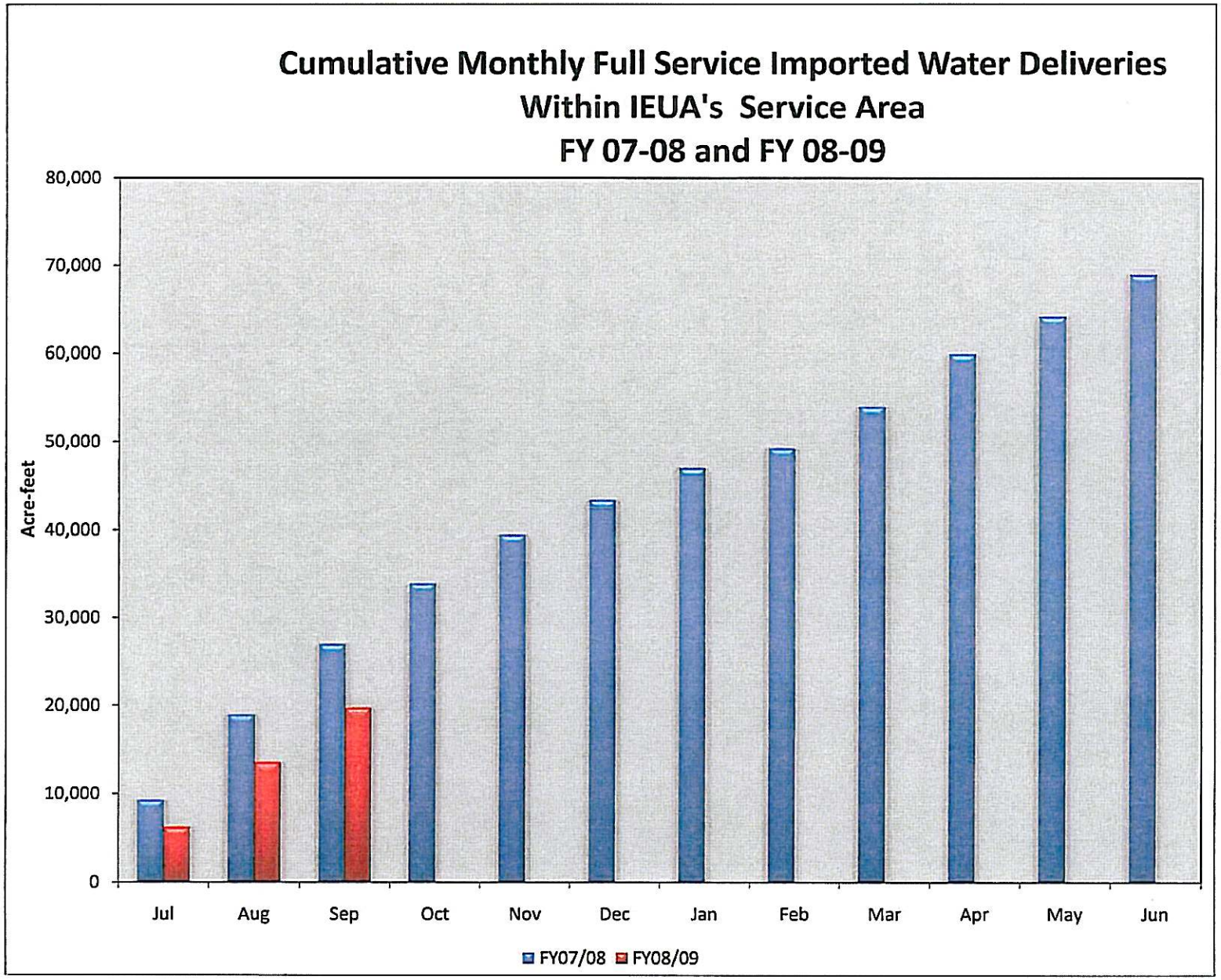
- **Water Education Water Awareness Committee (WEWAC)** – The WEWAC committee held a successful Project Wet workshop on October 2nd at IEUA. Many teachers were pleased with the information provided. All EduGrant applications have been distributed to IEUA's service area. Two application shave been turned in so far. The PSA contest participation form is being finalized and will be distributed in the next week.

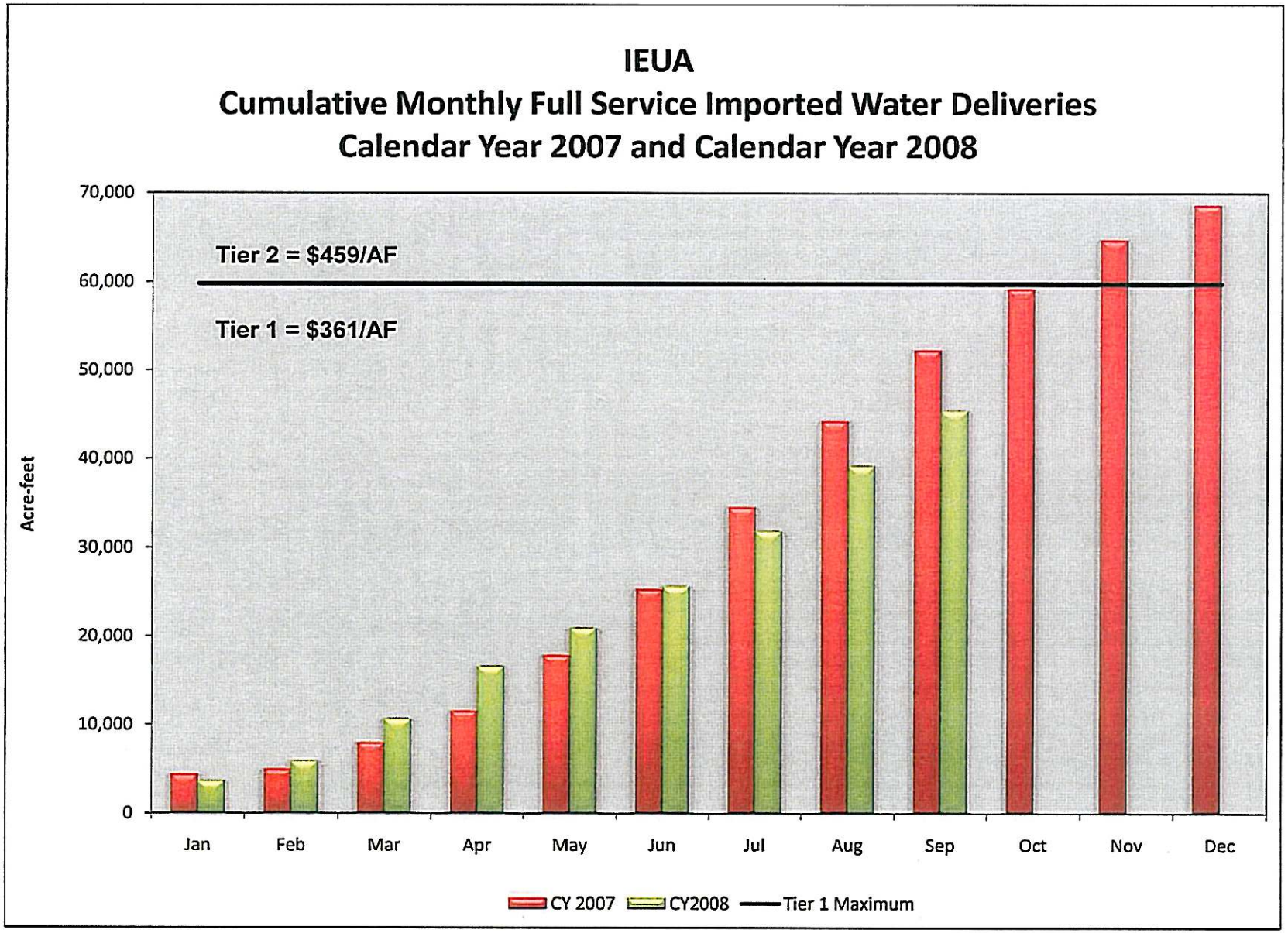
- **Regional Landscape and Water Conservation Fair** - The Regional Landscape and Water Conservation Fair was held at the Chino Basin Water Conservation District on Saturday, October 25 from 9:00 a.m. to 2:30 p.m. as part of the Conservation District's

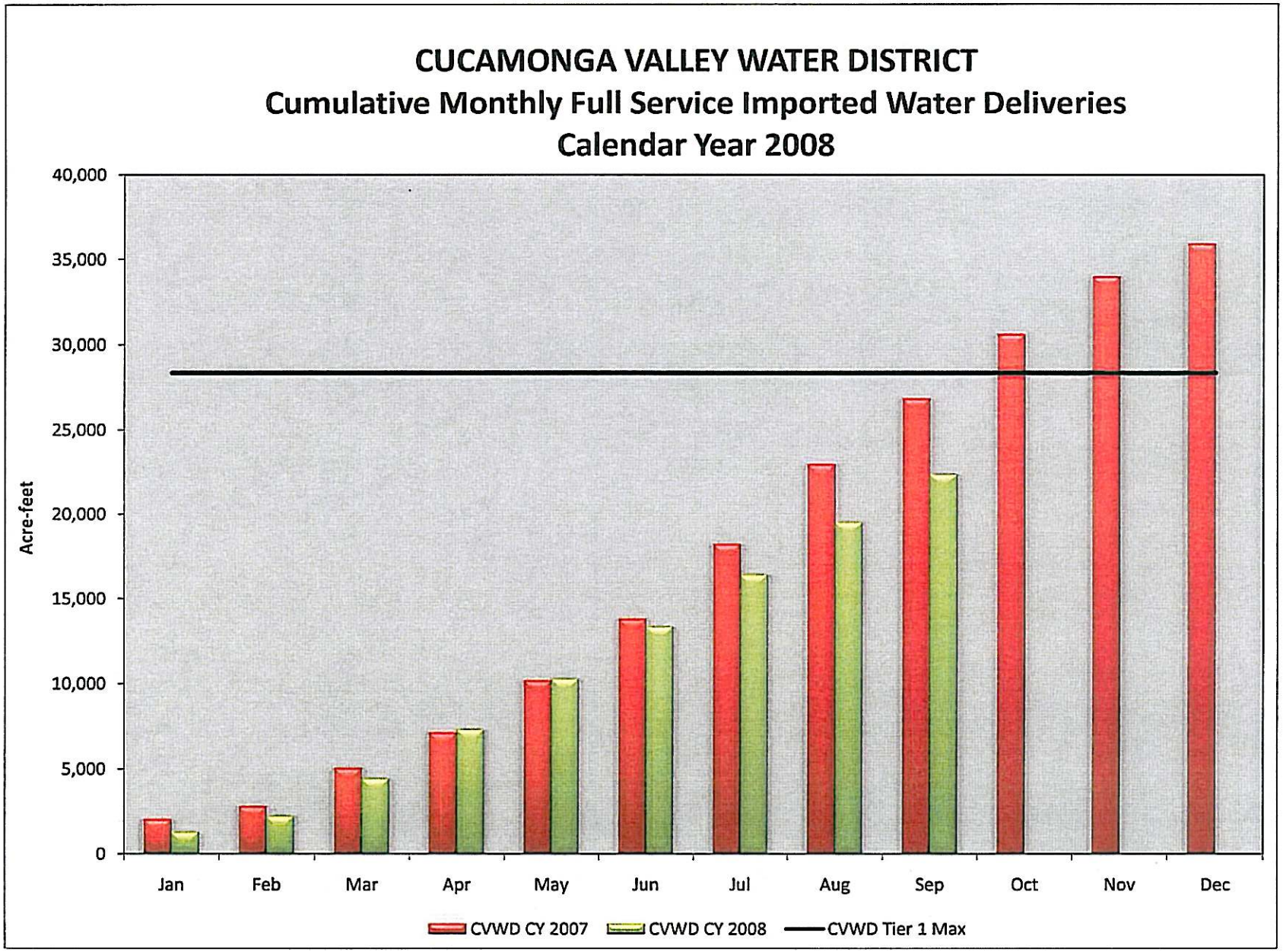
annual Plant Fair. The Fair layout focuses on "zones" (outdoor, kids, etc.) so that appropriate information about conservation targets user groups. Water saving devices will also be given out at each zone. Raffles will be held throughout the day with prizes including rain sensors, SmarTimers, rotating nozzles, California Friendly Plants and a High-Efficiency Clothes Washer as the "Grand Prize".

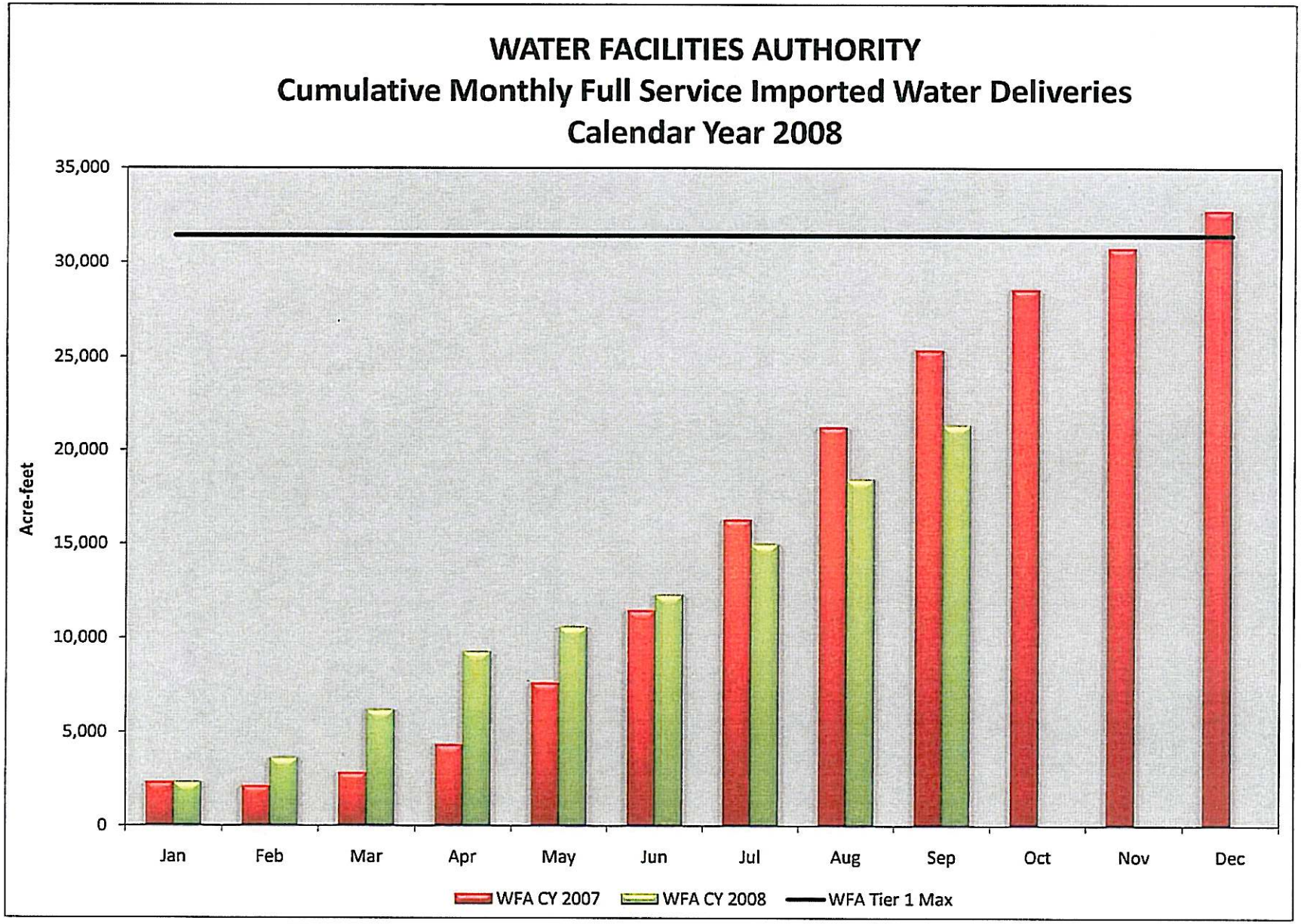
CALENDAR

October 2, 2008	Project WET Workshop, Events Center, 8:00 a.m. – 3:00 p.m.
October 2, 2008	1st Thursday Meeting/Prado Basin Planning Meeting, HQA Anza Conf., 10:00 am
October 8-10, 2008	WaterSmart Innovations Conference & Expo, Las Vegas, NV
October 9, 2008	Landscape Alliance Board Meeting, IEUA Board Room 3:00 pm - 4:00 pm
October 14, 2008	IEUA Monthly Workgroup Meeting & BMP Compliance Clinic, Anza Room, 9:00 a.m. – 4:00 p.m.
October 15, 2008	Breakfast In The Garden, 7:30 am – 9:30 am, Rancho Santa Ana Botanic Gardens
October 16, 2008	MWD WUE Conservation Coordinator Meeting, at MWD, 9:00 am – 2:00 pm
October 23, 2008	Landscape Alliance Technical Meeting, Anza Conference Room 1:00 pm - 3:00 pm
October 25, 2008	Landscape Water Conservation Festival, held at CBWCD, 9:00 am – 2:30 pm
October 30, 2008	Best Management Practices Planning Commissioner Tour in Chino, 9:30-12:30 pm
November 6, 2008	1st Thursday Meeting, HQA Anza Conf., 10:00 am – Landscape Alliance Briefing
November 12, 2008	Breakfast In The Garden, 7:30-9:30 am, TBD
November 15, 2008	Greenlee Nursery workshop on Efficient Irrigation Options (IEUA Event Center, 9:00-10:00 a.m.)
November 20, 2008	MWD WUE Conservation Coordinator Meeting, at MWD, 9:00 am – 2:00 pm
December 6, 2008	Greenlee Nursery workshop on Native Plant Design (IEUA Event Center, 9:00-10:00 a.m.)
December 8-12, 2008	Governor's 20x2020 Team Meeting, 4th Workshop, Location/Time TBD
December 11, 2008	Landscape Alliance Board Meeting, IEUA Board Room 3:00 pm - 4:00 pm
December 18, 2008	MWD WUE Conservation Coordinator Meeting, at MWD, 9:00 am – 2:00 pm


Cumulative Monthly Full Service Imported Water Deliveries
Within IEUA's Service Area
FY 07-08 and FY 08-09
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
Acre-feet
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
FY07/08
FY08/09


IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007 and Calendar Year 2008
Acre-feet
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
Tier 2 = $459/AF
Tier 1 = $361/AF
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
CY 2007
CY2008
Tier 1 Maximum


CUCAMONGA VALLEY WATER DISTRICT
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2008
Acre-feet
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
CVWD CY 2007
CVWD CY 2008
CVWD Tier 1 Max


WATER FACILITIES AUTHORITY
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2008
Acre-feet
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Jan
Feb
Mar
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May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
WFA CY 2007
WFA CY 2008
WFA Tier 1 Max

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Inland Empire

Date:	November 19, 2008
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(11/19/08)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	October Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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BILL GEYER
JENNIFER WEST

GEYER ASSOCIATES

CONSULTING AND ADVOCACY IN CALIFORNIA GOVERNMENT 1029 K ST., SUITE 33, SACRAMENTO, CA 95814, (916) 444-9346 FAX: (916) 444-7484, EMAIL: geyerw@pacbell.net

MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM : Jennifer West

DATE: October 29, 2008

RE: Legislative Report

Budget Special Session

After Tuesday's election, the Governor will call a budget special session to try to address a budget gap of what could be $10 billion. The state deficit has ballooned since the 07-08 budget was signed only three weeks ago. Reports say that the Governor warned education leaders that school funding could be cut by $2 billion to $4 billion. The Governor has also suggested that he might revive his proposal for a temporary sales-tax increase, which stalled when Republican lawmakers refused to support it.

Another blow to the state's budget situation came this week when a U.S. District Judge said he will proceed with a contempt-of-court hearing against the Schwarzenegger Administration for not providing money sought by the court-appointed receiver for prison health care. The state's receiver, Clark Kelso, says that he needs $250 million immediately from the state's treasury as a down payment and an addition $8 million to build several medical and mental facilities.

Special districts' property tax revenues are particularly vulnerable to potential state raids or borrowing through Proposition 1A. If Prop. 1A was triggered, the state could only borrow $1.3 billion from all cities, counties and special district in this fiscal year and would need to repay these funds before the state could borrow again.

Legislative Proposals for 2009

IEUA and WateReuse will be meeting with Cal-EPA, DWR and the SWRCB to discuss possible solutions to salinity problems caused by self-regenerating water softeners.

MWD is sponsoring legislation that will require retrofit to low flow showers and toilets when a house is sold. This is likely to be opposed by the California Retailers Association. MWD is also sponsoring legislation that will expand the authority of a measure that was signed into law, which authorized cities and counties to designate areas, from willing property owners, which could enter into contractual assessments to finance the installation of distributed generation renewable energy sources and energy efficiency improvements. MWD's bill will allow water districts to participate in this program.

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Inland Empire

Date:	November 19, 2008
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(11/19/08)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	October Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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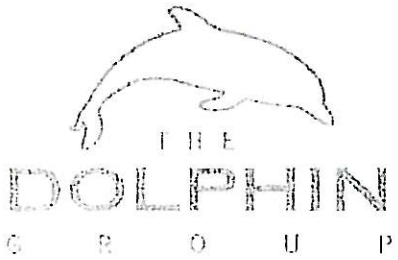

October 19, 2008

To: Chino Basin/OBMP Coalition

From: Michael Boccadoro
President

RE: October Status Report

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

October in Sacramento was preoccupied with two issues: the upcoming General Election on November 4, and the continuing drama of California's budget crisis. Democrats are hopeful that they can pick up seats in both the Assembly and Senate. Currently, two more Democratic Senators and six Assembly seats are needed to achieve a 2/3 supermajority in both houses. Republicans are currently in play in only one current Democratic assembly seat.

On the regulatory front, the CPUC has requested additional comments from parties on how to improve and expand the feed-in tariffs created in 2006 by AB 1969 (Yee), a measure sponsored by IEUA. The Air Resources Board also took one more step towards adopting a scoping plan to implement greenhouse gas reduction strategies.

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Chino Basin / OBMP Coalition

Status Report – October 2008

ENERGY/REGULATORY

CPUC Solicits Additional Comments on Feed-in Tariffs

In February of this year, the CPUC finally approved the feed-in tariff programs created by AB 1969 (Yee), a measure sponsored by IEUA. The feed-in tariffs (FIT) require utilities such as Southern California Edison to purchase all renewable power produced by customer with generation of less than 1.5 MW at a standard market rate.

In early October, the California Public Utilities Commission solicited additional comments to address how the FITs can be expanded and improved. The central theme of the ruling was to ask parties whether the 1.5 MW cap should be expanded, and to what levels. The CPUC action comes in the wake of a recent California Energy Commission (CEC) hearing where the development of feed-in tariffs as large as 20 MW was promoted.

Comments are due on November 7, and DGI has already begun to coordinate with IEUA staff and other interested customer groups to formulate a response. Tentatively, IEUA will support the expansion of the cap beyond 1.5 MW provided the following:

- A commensurate increase is made to the statewide cap of 500 MW to continue to incentivize a large number of projects
- The simplicity of the current standard contracts for 1.5 MW and less should not be endangered by adding additional provisions that would be necessary for larger projects. IEUA would propose a "tiered" approach to offer different standard contracts depending on the size of the project

The CPUC's action also offers an opportunity to revisit the eligibility of customers who have previously used California Solar Initiative (CSI) and Self-Generation Incentive Program (SGIP) funds to install the generation resource. Under current CPUC policy, these funds can only be used to participate in a net-metering scheme. The utilities have indicated support for removing this restriction from the FIT program, and IEUA and DGI will propose this formally to the CPUC in our response.

There is no indication yet as to how the CPUC may proceed after these comments are received, but it is very likely that they would issue a new scoping memo to set a schedule for the CPUC to formally consider the suggestions of the parties.

Final AB 32 Scoping Plan Released

After nearly two years of work, the staff of the California Air Resources Board (CARB) have released the fifth and final draft scoping plan to implement AB 32 (Nuñez), the Global Warming Solutions Act of 2006.

Key provisions of the Scoping Plan include:

- Raising the renewables portfolio standard (RPS) to 33%
- Development of a cap-and-trade program and the creation of a regional market system
- Expanding energy efficiency strategies
- Establishing targets for GHG reductions from the transportation sector
- Adoption of a low carbon fuel standard
- Proposed public goods charge on water use

CARB is conducting a public hearing on the revised plan November 21-22 and will be taking written comments until December 10th. A second hearing will be held on December 11-12 to consider the plan, which must be adopted by the CARB Board before January 1, 2009.

Six specific greenhouse gas emission reduction measures are proposed for the water sector. Three of the measures target reducing energy requirements associated with providing reliable water supplies and two measures target expanding renewable energy used to convey and treat that water. The final proposal is the public goods charge that could generate $100-500 million annually and be used to fund end-use water efficiency improvements, system-wide efficiency projects, water recycling and other actions that improve water and energy efficiency and reduce GHG emissions.

Table 22: Water Recommendation
(MMTCO$_2$E in 2020)

Measure No.	Measure Description	Reductions
W-1	Water Use Efficiency	1.4
W-2	Water Recycling	0.3
W-3	Water System Energy Efficiency	2.0
W-4	Reuse Urban Runoff	0.2
W-5	Increase Renewable Energy Production	0.9
W-6	Public Goods Charge	TBD
	Total	4.8[4]

STATE BUDGET WOES CONTINUE

Just two months after reaching a deal to resolve the $15.2 billion shortfall in the 2008-09 spending plan, state leaders are warning that the budget has already begun to unravel. While worldwide financial problems and a declining economy are contributing factors, most observers have noted that the last budget shortfall was largely "papered-over" and failed to truly address the structural deficit.

On October 27, Governor Schwarzenegger announced that he intended to call another special session to deal with the current year budget problems. He will formally call for the session on November 5, but legislators are not expected back in Sacramento until legislative leaders have discussed and worked out a deal.

Since the session would meet after the election, when a large number of legislators are either termed-out or perhaps having just lost an election, the hope is that the partisan gridlock that was felt at the Capitol this summer will be more subdued. Central to this "lame-duck" strategy is whether there is the ability to convince a small number of Republicans to support the sales tax increase that the Governor is proposing.

Although the Governor has not yet released the size of the problem, early projections peg the deficit between $7-10 billion for the current year, with perhaps an even larger shortfall for the impending 2009-2010 budget that the Governor is due to propose in January.

Complicating the matter further in out-budget years is the fact that Senator Dianne Feinstein and State Treasurer Bill Lockyer have recently announced opposition to the Governor's efforts to generate additional general fund revenues from the state lottery. The proposed lottery securitization is expected to be put to voters sometime early next year for approval, and if defeated would perpetuate an additional $5 billion shortfall.

STATE PRESIDENTIAL ELECTION

On November 4, California will hold its Presidential Election where voters will consider a variety of national, state and local candidates. While the Presidential race between Sen. Barack Obama and Sen. John McCain has dominated the headlines, Californians will also be asked to consider a variety of initiatives that will affect the State.

There are two energy related measures on the ballot next month. Proposition 7 would vastly accelerate the renewables portfolio standard, requiring utilities to procure 50% of all power from renewable sources by 2025. The current standard is 20% by 2017. The measure provides a price-floor for renewable energy, and is heavily geared towards supporting large-scale projects. It has been nicknamed "Big Solar."

The measure is heavily opposed by the utilities, as well as a number of environmental groups such as the Sierra Club and the Natural Resources Defense Council. The California Solar Energy Industries Association has also opposed the measure.

The other energy-related measure is Proposition 10, which authorizes $5 billion in bonds to provide rebates for the purchase of alternative-fuel vehicles, as well as funding for research and development for renewable energy. It has been dubbed "Big Wind."

Another initiative of note is Proposition 11, which would change the way state Assembly and Senate district boundaries are drawn. Currently, the lines are drawn by the legislators themselves, which critics argue has caused the vast majority of districts in California to be drawn solely to support the incumbent parties and the members within those districts. Proposition 11 would remove this power, and place it in the hands of a 14-member commission.

Finally, in addition to Proposition 10, voters will be considering 3 other general obligation (GO) bond proposal for high speed rail (Proposition 1A), children's hospitals (Proposition 3) and the veteran's home loan program (Proposition 12). Voter action on these items during the depressed state and national economies will provide some keen early insight to potential voter attitudes about a future water bond.

Voter turnout is expected to be extremely high.

Inland Empire

Date:	November 19, 2008
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(11/12/08)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	October Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

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Innovative Federal Strategies LLC
Comprehensive Government Relations

MEMORANDUM

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

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

Date: **October 29, 2008**

Re: **October Monthly Legislative Update**

As you know, the Congress has been in recess for most of the month of October. Prior to their adjournment, on October 1 and 3, the Senate and House respectively passed the Emergency Economic Stabilization Act of 2008, a bipartisan plan to rescue the nation's failing economy. This legislation expanded the range of options that federal agencies can use to intervene in the economy, including direct liquidity injections into our nation's banks but includes a number of critical taxpayer protections that were not included in the original financial rescue proposal which failed in the House on September 29. Notably:

- Taxpayers will receive an equity stake in companies participating, so they have a potential to profit when markets recover.
- Funding will be released in three installments, instead of a lump sum, to allow for additional Congressional review.
- An oversight board will ensure that the Treasury actions protect taxpayers.
- No 'golden parachutes' will be allowed – with executive compensation capped for companies participating.
- And the FDIC insurance cap will be raised to $250,000 per bank account.

With the exception of the Emergency Economic Stabilization Act, no legislative business has been accomplished this month on the floor in either chamber. While most Members of the House and Senate have been back in their home districts campaigning for re-election, some have remained in Washington, D.C. to participate in committee hearings. The hearings held have all been related to the current economic crisis that is reverberating around our Nation and the world. They are as follows:

House Financial Services Committee
The House Financial Services Committee held a hearing on October 24 to address the need for broad regulatory restructuring and reform for the financial markets, including financial institution oversight and regulation, systemic risk, and housing finance. The hearing focused on the extent to which an outdated and weak regulatory system contributed to the current market turmoil and whether adoption of a stronger and more robust financial regulatory system could contribute to a more rapid recovery in the financial markets and the economy.

Suite 800 • 525 Ninth Street, NW • Washington, DC 20004 • 202-347-5990 • Fax 202-347-5941

House Committee on Oversight and Government Reform
On Wednesday, October 22, the House Committee on Oversight and Government Reform held a hearing titled, "Credit Rating Agencies and the Financial Crisis" to examine the actions of the three largest credit rating agencies, Standard & Poor's, Moody's Corporation, and Fitch Ratings, leading up to the current financial crisis.

House Committee on Small Business
The House Committee on Small Business held a hearing on "Creating Opportunities for Small Businesses in an Economic Recovery" on Tuesday, October 28, 2008.

Senate Committee on Banking, Housing and Urban Affairs
The Senate Committee on Banking, Housing and Urban Affairs has held two hearings in October: "Turmoil in the U.S. Credit Markets: The Genesis of the Current Economic Crisis" on October 16 and "Turmoil in the U.S. Credit Markets: Examining Recent Regulatory Responses" on October 23.

While still hot in the news, the November 4 elections seem to be taking a back seat to the economic crisis in the hearts of the American people. What November brings legislatively, however, will largely be a result of what happens in the Presidential contest. At this point, both the House and Senate are tentatively scheduled for a "lame duck" session starting November 17th. Under discussion for this November session are another economic stimulus package and, potentially, some further work on the fiscal year 2009 domestic appropriations bills.

The stimulus package now has some measure of support from the White House. While the scope of the package is still up in the air, we have been working to insure that funding is included for important water infrastructure programs like yours. There is some speculation that Speaker Pelosi and Senate Majority Leader may hold hostage the Columbian Free Trade Agreement, legislation important to President Bush, to ensure that the stimulus package or any endgame to FY2009 appropriations done in November is to their liking. As always, we will keep you posted.

Inland Empire

Date:	November 19, 2008
To:	The Honorable Board of Directors
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Martha Davis Executive Manager of Policy Development
Subject:	October Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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

October 28, 2008

Legislative Report

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

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

SU: **Legislative Report, October 2008**

Highlights:

- *Congress Departs, National Elections Pending*
- *Financial Crisis Overwhelms National/Congressional Agenda, Dwarfs Others Issues*
- *Stimulus II – House Version of Bill Contains Major Boost in Title XVI Funding*
- *Lame Duck Session – Maybe*
- *Drought Conditions/Water Supply*
- *News and Notes*
- *IEUA Working Partners*

Congress Departs, National Elections Pending. Congress finally adjourned and all headed back to States and Districts for the national elections. A Continuing Resolution (CR) is in place to fund the Federal Government until early March.

Financial Crisis Overwhelms National/Congressional Agenda – Dwarfs Other Issues.

The Wall Street-Main Street financial and credit crisis hit like a political tsunami. It overwhelms everything and dwarfs the entire political agenda. It is expected that there is "more to come."

Stimulus II – Major Boost in Title XVI Funding. As previously reported, the House passed a Stimulus II bill. A Senate version of the bill, without funding for Title XVI, was nevertheless blocked prior to adjournment. Since adjournment, The Federal Reserve Chief, Ben Bernanke, endorsed a stimulus bill. Lead House Republicans endorsed it. The Administration has given a series of mixed signals ranging from "maybe" to "don't-think-so." The White House position remains unclear, though it's now presumed that they will oppose. It contains $300 million for the Bureau of Reclamation and expressly designates $126 million Title XVI. The fate of this bill remains uncertain. This is a major programmatic development when compared to the Administration's budget request last February – a paltry $7.5 million.

Lame Duck Session. Almost every day, reports indicate that a post-election session will be held – or not. The Senate wants a session. They need a session to move a package of more than 100 Senate Energy Committee bills (IEUA desalter legislation – Rep. Gary Miller and Sen. Feinstein). Senate action, if it happens, will require House concurrence. If Stimulus legislation is be passed, a post-election session will be required. If the Administration remains opposed, it is believed that Stimulus II would be among the first bills considered and passed in the next Congress.

Drought Conditions and Water Supplies. Over the past three months – *west-wide* – drought conditions have diminished. Regionally (17 states), the intensity of drought, where it does exist, has lessened. The exception – California. California is experiencing drought conditions – statewide. D2 or "Severe" conditions extend from the Oregon border, down through the Sacramento and San Joaquin Valleys, and into and through the Inland Empire.

News and Notes. EPA Publishes Climate Change Strategy to Help Manage Water Supplies. In early October, EPA announced a new Climate Change Strategy. Among other things, water recycling was promoted. ***National Academy of Sciences – New Report on Stormwater.*** NAS is recommending that "permits be based on watershed boundaries, and the program focus on the impact of increased water volume rather than chemical pollutants." ***Reclamation Publishes Final Report on Managing for Excellence.*** According to the Bureau, "*The Managing for Excellence* Initiative identified and addressed specific 21st century challenges Reclamation must meet to fulfill its mission to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public." ***Drought Slams Lake Shasta – Lowest Levels Since 1992.*** Lake levels at Shasta now equal the drought levels of 1992 – and are approaching record low levels since ion 1977. ***State Water Projections Called Grim.*** DWR projects were called "grim" in headlines at the close of October.

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

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

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Inland Empire

Date:	November 19, 2008
To:	The Honorable Board of Directors
Through:	Public, Legislative Affairs, and Water Resources Committee *(11/12/08)*
From:	Richard W. Atwater Chief Executive Officer/General Manager
Submitted by:	Sondra Elrod Public Information Officer
Subject:	Public Outreach and Communications

RECOMMENDATION

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

Calendar of Events

November 2008

- **November 6** IEUA hosted blood drive from 9:00 a.m. to 2:00 p.m.

December 2008

- **December 24** IEUA hosted Holiday Luncheon at Los Serranos Country Club from 11:00 a.m. to 2:00 p.m.

January 2009

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

February 2009

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

March 2009

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

April 2009

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

OUTREACH/EDUCATIONAL INLAND VALLEY DAILY BULLETIN NEWSPAPER CAMPAIGN

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

WATER CONSERVATION OUTREACH

The 3rd annual Landscape and Water Conservation Fair held Saturday, October 25 at the Chino Basin Water Conservation District was a huge success. There were well over 1200 people in attendance. Many were from the cities of Rancho Cucamonga, Ontario, Montclair, Upland and Pomona. We had visitors from as far away as Costa Mesa and Lytle Creek.

AGENCY TOURS

During the past month we have provided tours of the LEED building to Cal Poly Students and Students studying to be LEED certified.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles

WESTERN MUNICIPAL WATER DISTRICT

News Release

For Release: Immediate

Contact: Tedi Jackson, Public Affairs Manager
951.789-5055; 951.809.5942 mobile
tjackson@wmwd.com

Western Municipal Water District to award Jurupa Unified School District with a rebate for water use efficiency

RIVERSIDE CA, October 29, 2008 - Western Municipal Water District will be awarding a rebate to Jurupa Unified School District for irrigation retrofits at 26 school sites. As part of Metropolitan Water District of Southern California's Public Sector Program, the school district will receive a rebate in the amount of $249,437.50. The Public Sector Program offers rebates to public agencies who take action to conserve water.

"We are very pleased to support our public sector customers, such as Jurupa Unified School District, who have made extraordinary changes to their school sites in order to conserve our water resources and reduce our dependence on imported water" stated Don Galleano, Western Board Member. "Using water more efficiently is critical to sustaining our water supplies for the future. It's our hope that other businesses in the public arena see the initiative of the school district and follow their example."

The retrofit of the 26 school sites included the installation of 82 computerized central irrigation controllers. Over the next 10 years, it's estimated that this project alone will save over 86 million gallons of water, equivalent to 130 Olympic-size swimming pools.

Western's 527-square mile district is currently one of the highest grant funded areas for Metropolitan's Accelerated Public Sector Program.

Western Municipal Water District provides water supply, wastewater disposal and water resource management to the public in a safe, reliable, environmentally sensitive and financially responsible manner.

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Ontario works to extend water recycling

Liset Marquez, Staff Writer

Article Created: 11/10/2008 02:37:09 AM PST

ONTARIO - With the statewide drought, the city is moving forward with the expansion of its recycled-water program.

The $20 million, four-phase project would connect some of the schools, parks and businesses in the city to recycled- water pipelines, said Ken Jenske, the city's director of public works and community services.

The program adds pipelines to transfer recycled water for landscaping.

"It's so important to solidify water rights. Recycled water is very viable and reliable," he said.

In October, the city completed the first phase of the expansion when it connected the Toyota Parts Distribution Center.

Toyota is the largest industrial or commercial user - with an estimated take of 120 acre-feet of water per year - to have recycled-water pipelines in the city.

That's more than 39 million gallons of water - enough for 250 households for one year, Jenske said.

The program now has 1.5 miles of new recycled-water pipes in the city.

The city began using recycled water about 20 years ago, Jenske said. It began recycling water with the help of several grants.

This year, with the completion of the first phase, the city has spent about $1 million, part of $4.5 million spent in the past two years, he said.

Richard Atwater, general manager for the Inland Empire Utilities Agency, applauded the city.

He said it "has done an outstanding job" and is a leader in Southern California.

Ontario's commitment to including recycled-water pipelines in future developments also sets it apart from other cities, he said.

The city requires development to have landscaping managed by one system that uses recycled water.

The New Model Colony is required to connect to the IEUA's recycled-water system, Jenske said.

"We all need to be much more efficient with water," Atwater said. "We don't need to be using valuable drinking water to irrigate a park."

Over the next several years, the city will continue to expand its recycled-water system, Jenske said.

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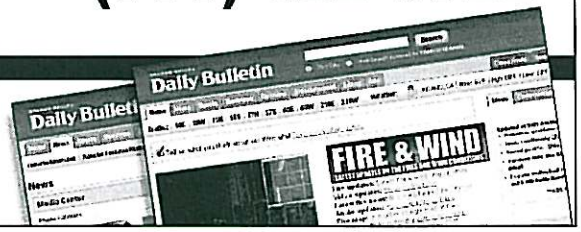

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Cucamonga Valley Water District endorses saving paper and water

Wendy Leung, Staff Writer

Article Created: 10/20/2008 09:57:34 PM PDT

RANCHO CUCAMONGA - Saving time and energy was on most motorists' minds when they took their cars to the car wash Monday. But the Cucamonga Valley Water District wants its customers to know they can save paper and water, too.

The water district is starting a coupon program to encourage residents to pay their bills online and reduce paper waste. Customers who sign up for one of two online billing options will receive a coupon for $5 to $15 off at Los Osos Car Wash, ProntoWash Auto Spa, Deer Creek Car Wash and Rancho Car Wash and Detail.

Water district officials have a soft spot for car washes because most facilities save 25 percent more water than washing at home. Most car washes also recycle their water runoff.

"When you wash at home, a lot of the soap goes right into the ocean," said Randall Reed, CVWD board member. "Most people who wash at home use about 7 gallons of water per minute."

At ProntoWash, at Victoria Gardens, turning a dusty car squeaky clean takes just 1 pint - or a quarter of a gallon - of water. The car wash uses a spray of filtered water and Teflon wax that separates the dirt from the vehicle easily.

"It picks up the dirt as opposed to spreading the dirt around," explained Dennis Tello, owner of ProntoWash.

At Los Osos Car Wash, about 8,000 cars go through a wash cycle each month; taking 8 to 15 gallons of water to clean each vehicle. But owner Thomas Lee said 85 percent of the water used is reclaimed water.

This is one of the reasons why Andrew Mendez frequents the car wash. He said he likes that he's saving both time and a precious resource.

"Water is part of our lives," Mendez said. "We drink it, we wash with it - without water, we wouldn't survive."

The car wash coupons will be e-mailed to customers who sign up for either the E-Z Pay or e-billing options. Through E-Z Pay, the bill will be automatically deducted from customers' checking accounts. Through e-billing, customers will receive and pay their bills online. WAYS TO SAVE

The Cucamonga Valley Water District is kick-starting a coupon program to encourage residents to pay their bills online and reduce paper waste.

Customers who sign up for either the E-Z Pay or e-billing option will receive a coupon for $5 to $15 off at Los Osos Car Wash, ProntoWash Auto

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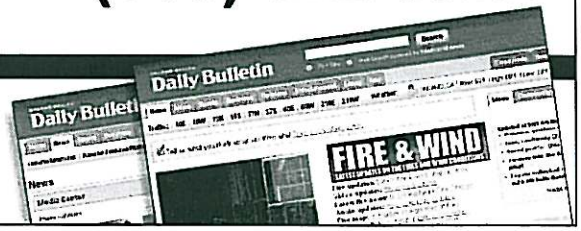

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Spa, Deer Creek Car Wash and Rancho Car Wash & Detail.

Through E-Z Pay, the bill will be automatically deducted from customers' checking accounts. Through e-billing, customers will receive and pay their bills online.

For more information about the program, call (909) 944-6000 or visit www.cvwdwater.com

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Rancho council incumbents do well, but water district elects new members

By Wendy Leung, Staff Writer

Article Created: 11/06/2008 01:20:23 AM PST

RANCHO CUCAMONGA - Incumbents hung on strong in the city races but the water district will see a new face after the final results were tabulated Wednesday in an election dominated by the presidential race.

Councilmen Dennis Michael and Sam Spagnolo were clear winners in a campaign absent of the rancor that marked previous elections. Michael took 29 percent and Spagnolo captured 26 percent of the vote.

"What it means to me is that our community and its residents are very happy with the way the city has been going," Michael said. "I believe it's a demonstration of their confidence and that's very gratifying."

In the race for city treasurer, longtime incumbent Jim Frost had the largest margin of victory in the local races with 78 percent of the vote. His only challenger was Ryan Orr.

Jan Reynolds also had a clear victory in the city clerk's race against Ron Stark. Reynolds, with 75 percent of the vote, will replace Debra Adams, who retired earlier this year.

At the Cucamonga Valley Water District, where four seats were at stake, newcomer Oscar Gonzalez and former board member Hank Stoy will join the board.

Incumbents Randall Reed, with 18 percent of the vote, and Jim Curatalo, with 15 percent, will return. Incumbents, Ron Sakala and Floyd Clark, will not.

Stoy came in third place in the race for a full-term seat with 14 percent of the vote.

Gonzalez, with 59 percent of the vote, beat Sakala in the race to fill a partial-term seat.

Results in the local races trickled in during the late hours of Tuesday. By Wednesday, Michael had started taking down his smaller political signs. Other winners fielded congratulatory calls with little sleep.

"My take on this election is that it was one of the cleanest campaigns all around," Spagnolo said.

Up to Election Day, Spagnolo answered phone calls from voters with last-minute questions. Spagnolo announced his cell phone number during a televised candidate's forum and published the number in his mailers. He said he had no regrets, especially since he convinced one voter, who didn't support Spagnolo at the beginning of a conversation, to support him.

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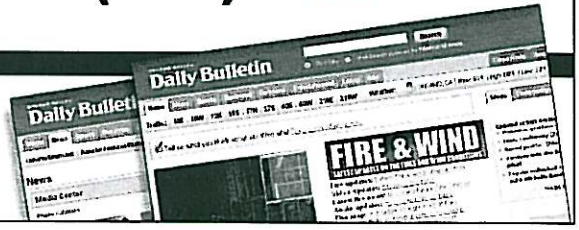

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"The community believed I was true to my word and stayed true to my campaign issues," said Spagnolo.

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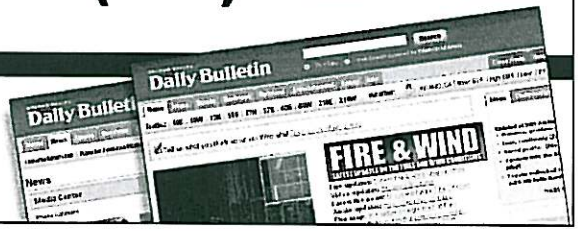

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Inland Empire Utilities Agency to launch solar power project in Chino

Wes Woods II, Staff Writer

Article Created: 10/14/2008 09:14:00 PM PDT

CHINO - The Inland Empire Utilities Agency will launch its solar-power project this morning. Equipment to generate 2.5 megawatts of energy will be installed at its recycled water facilities.

Equipment to generate another megawatt will be installed at the Inland Empire Regional Composting Facility in Rancho Cucamonga.

IEUA officials said the Chino plant's solar-power generation will reduce electrical costs, the largest component of IEUA's operating budget.

The project is expected to save the IEUA about $200,000 a year in energy costs, officials said.

"I'll tell you, this has been my dream for over a decade. We started thinking about this and pushing for it over 10 years ago," said IEUA board president Wyatt Troxel. "Some of it was waiting for technology to improve and the cost to go down."

Troxel said the IEUA had to wait for "the combination of economic incentives as well as the competitive pricing for solar systems."

Troxel said the agency indirectly serves about 800,000 people in the West End of San Bernardino County, from Fontana through Montclair and into the Chino Valley.

Today's event will be at the Inland Empire Utilities Agency Regional Plant No. 5.

"The economics of this, with what we're going to see, is a minimum of a 30 percent cost savings in power purchases," Troxel said. "If Edison keeps escalating (its prices), the benefit is greater."

The California Solar Initiative partially funds the program, Troxel said.

He said this program gives agencies an incentive-based payment when they participate in a power purchase agreement with a vendor that operates and builds the solar project.

"We have zero capital investment in it," Troxel said, but the IEUA will purchase all of the solar power the project generates.

The plant is located at 6075-C Kimball Ave., Chino. The presentation will start at 8:30 a.m., officials said.

The equipment will be installed today but won't be ready to turn on until December, Troxel said.

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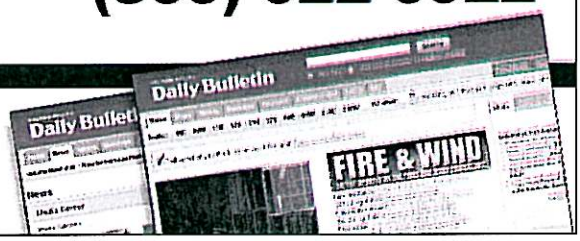

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